

ROYAL COMMISSION ON NATIONAL HEALTH INSURANCE.

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MINUTES OF EVIDENCE

TAKEN BEFORE THE

ROYAL COMMISSION ON NATIONAL HEALTH
INSURANCE.

VOLUME IV.

(THIRTY-FIFTH TO FORTY-FIFTH DAYS.)

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ROYAL COMMISSION ON NATIONAL HEALTH INSURANCE.

TERMS OF REFERENCE.

To enquire into the scheme of National Health Insurance established by the National Health Insurance Acts, 1911-22, and to report what, if any, alterations, extensions or developments should be made in regard to the scope of that scheme and the administrative, financial and medical arrangements set up under it.

MEMBERSHIP OF COMMISSION.

LORD LAWRENCE OF KINGSGATE.
THE RT. HON. SIR JOHN ANDERSON, G.C.B.
SIR HUMPHRY ROLLESTON, BART., K.C.B., M.D., P.R.C.P.
SIR ALFRED WATSON, K.C.B.
SIR ARTHUR WORLEY, C.B.E.
SIR ANDREW DUNCAN.
MR. A. D. BESANT, F.I.A.
PROFESSOR ALEXANDER GRAY.
MISS GERTRUDE TUCKWELL.
MRS. HARRISON BELL.
MR. JAMES COOK, J.P.
MR. JOHN EVANS.
MR. WILLIAM JONES.

MR. E. HACKFORTH (*Secretary*).
MR. J. W. PECK, C.B. (*Assistant Secretary*).

LIST OF WITNESSES.

(The Statements of Evidence on which the oral examination of the Witnesses was based will be found in the separately printed volumes of Appendices.)

Day.	Date on which Evidence was taken and number of relative Appendix.	Name.	Designation.	Questions.	Page.
Thirty-fifth Day.	30th June, 1925 LXXXVII. LXXXVIII. LXXXIX. LXXX. LXXXI.	Mr. ERNEST MILLER	Chairman of the Council of the East of Scotland Dentists' Panel.	19,900-20,114	961
		and Mr. WILLIAM ARBUCKLE	Member of the Council.		
		Mr. W. THOMSON	Secretary of the Scottish Co-operative Friendly Society.	20,115-20,341	969
		Mr. JOHN REID	Representing the Chartered Accountants of Scotland.	20,342-20,534	975
		Mr. M. A. REYNARD	Clerk to the Association of Parish Councils of Scotland.	20,535-20,636	982
Thirty-sixth Day.	2nd July, 1925 LXXXII. LXXXIII. LXXXIV. LXXXV. LXXXVI.	Mr. T. J. ADDLY, S.S.C.	Secretary of the Scottish Professional Assistants' Society.	20,637-20,759	987
		and Mr. ROBERT WILLIAMSON	Secretary of the Independent United Order of Scottish Mechanics.		
		Mr. E. B. TURNER, F.R.C.S.	Chairman of the Executive Committee of the British Social Hygiene Council.	20,760-20,855	991
		Dr. OTTO MAY, M.D., M.R.C.P.	Honorary Medical Secretary of the Council.		
		Mr. LEONARD BOWDEN	Treasurer of the Council.		
		and Dr. P. A. CLEMENTS, M.B., B.S.	Medical Secretary of the Council.		
		Dr. P. C. VARRIER-JONES, M.A., M.R.C.S., L.R.C.P.	Medical Director of the Cambridgeshire Tuberculosis After Care Association.	20,856-20,931	1000
		and Mr. F. BUNNETT	Member of the Committee of Management.		
		Mr. G. H. WALMSLEY, M.C.	Chairman of the Public Health Committee of the London County Council.	20,932-21,050	1004
		Mr. JAMES DONALDSON	Chairman of the National Council of Agriculture for England.	21,051-21,217	1010
		and Mr. DENTON WOODHEAD	Deputy Chairman of the Council.		
		Dr. A. D. BRENCHLEY, M.D.	Master of the Society of Apothecaries.	21,218-21,236	1019
Thirty-seventh Day.	7th July, 1925 LXXXVII. LXXXVIII. LXXXIX. XC. XCI.	Dr. REGINALD B. C. WALL, M.D.	Examiner to the Society...		
		and Mr. A. WAGER	Chairman of the Association of Certificated Dispensers.		
		Mr. E. GRAHAM BOTT	Secretary of the Association.		
		Mr. A. HENRY	Deputy Government Actuary.	21,237-21,316	1021
		Mr. J. H. BARNBY	Member of the Stepney Borough Council.	21,317-21,394	1024
		Mr. T. W. HUNTLEY	Past Most Worthy Patriarch of the Sons of Temperance Friendly Society.	21,395-21,631	1028
Thirty-eighth Day.	9th July, 1925. XCII.	Mr. R. A. LEACH	Vice-President of the Association of Poor Law Unions of England and Wales.	21,632-21,725	1037
		Mr. W. J. BRAITHWAITE	Formerly Secretary of the National Health Insurance Joint Committee.	21,726-21,127	1043
		Mr. F. KERSHAW, J.P.	President of the National Association of Trade Union Approved Societies.	21,828-22,183	1017
		and Mr. E. CORBEY, J.P.	Secretary of the Association.		
		and Mr. G. W. CANTER	Ex-president of the Association.		
and Mr. G. P. BLIZARD, J.P.	Hon. Secretary of the Public Health Advisory Committee of the Labour Party.				

Day.	Date on which Evidence was taken and number of relative Appendix.	Name.	Designation.	Questions.	Page.	
Thirty-eighth Day.	XCIII.	Sir HENRY GAUVAIN, M.A., M.D., M.C.	Vice-Chairman of the Joint Tuberculosis Council.	22,184-22,251	1067	
		and Dr. G. LISSANT COX, M.A., M.D.	Member of the Council.			
Thirty-ninth Day.	14th July, 1925. XCIV.	Mr. WALTER FARRIS	Secretary of the Loyal Hearts' Friendly Society.	22,252-22,404	1070	
		Mr. WILLIAM McLEAN	Accountant of the Grand United Order of Odd- fellows Friendly Society.			22,405-22,597
		Mr. J. M. ROBERTS and	Vice-President of the United Patriots National Benefit Society.	22,598-22,730	1084	
		Dr. FORTESCUE FOX, M.D., F.R.C.P. and Mr. JOHN HATTON	Past President of the Inter- national Society of Medical Hydrology. Secretary of the British Spas Federation.			
Fortieth Day.	16th July, 1925 XCV.	Miss M. A. HILBERY	Private Witness	22,731-22,837	1089	
		Mr. HENRY LESSER, LL.B.	Vice-Chairman of the London Insurance Com- mittee.	22,838-22,974	1096	
		XCVI.	Mrs. HUBBACK	Secretary of the National Union of Societies for Equal Citizenship.	22,975-23,024	1104
		C.	Dr. MARION PHILLIPS, D.Sc.	Secretary of the Standing Joint Committee of Industrial Women's Organisations.	23,025-23,208	1107
		CI.	Mr. W. A. MIDDLETON	Acting Chief Auditor, National Insurance Audit Department.	23,209-23,289	1120
Forty-first Day.	22nd October, 1925. CII.	Mr. J. F. G. PRICE	Principal Assistant Secre- tary, Ministry of Labour.	23,290-23,395	1125	
		Sir WALTER KINNEAR, K.B.E.	Controller, Insurance Department, Ministry of Health.	23,396-23,647	1130	
Forty-second Day.	23rd October, 1925. CIII.	Sir WALTER KINNEAR, K.B.E. and	Controller, Insurance Department, Ministry of Health.	23,648-24,024	1149	
		Mr. L. G. BROCK, C.B. and	Principal Assistant Secre- tary, Ministry of Health.			
		Dr. J. SMITH WHITAKER, M.B.C.S., L.R.C.P.	Senior Medical Officer, Ministry of Health.			
Forty-third Day.	29th October, 1925. CIV.	Sir WALTER KINNEAR, K.B.E. and	Controller, Insurance Department, Ministry of Health.	24,025-24,245	1178	
		Mr. L. G. BROCK, C.B. and	Principal Assistant Secre- tary, Ministry of Health.			
		Mr. A. B. MACLACHLAN and	Assistant Secretary, Minis- try of Health.			
		Mr. H. W. S. FRANCIS and	Assistant Secretary, Minis- try of Health.			
		Dr. J. SMITH-WHITAKER, M.B.C.S., L.R.C.P.	Senior Medical Officer, Ministry of Health.			
Forty-fourth Day.	5th November, 1925. CV.	Sir JAMES LEISHMAN and	Member of Scottish Board of Health.	24,246-24,397	1195	
		Mr. G. W. WIGHT	Assistant Secretary, Scot- tish Board of Health.			
		Sir WILLIAM GLYN-JONES	Lately, Chairman of Middlesex Insurance Committee.			
Forty-fifth Day.	25th November, 1925. CVII.	Mr. J. FORBES WATSON and	Director of the National Confederation of Em- ployers' Organisations.	24,533-24,813	1216	
		Mr. J. A. GREGORSON	Member of the General Purposes Committee of the Confederation.			
		Mr. L. G. BROCK, C.B.	Principal Assistant Secre- tary, Ministry of Health.			24,814-24,815

ROYAL COMMISSION ON NATIONAL HEALTH INSURANCE.

MINUTES OF EVIDENCE

TAKEN BEFORE THE

ROYAL COMMISSION ON NATIONAL HEALTH INSURANCE.

THIRTY-FIFTH DAY.

Tuesday, 30th June, 1925.

(MEETING HELD IN EDINBURGH.)

PRESENT:

PROFESSOR ALEXANDER GRAY, in the Chair

SIR ANDREW DUNCAN.
MR. JAMES COOK, J.P.

MR. JOHN EVANS.
MR. WILLIAM JONES.

MR. E. HACKFORTH, (*Secretary*).

MR. ERNEST MILLER and MR. WILLIAM ARBUCKLE called and examined (*See Appendix LXXVII.*)

19,900. (*Chairman*): You are Mr. Miller, Chairman of the East of Scotland Dentists' Panel?—(*Mr. Miller*): Yes.

19,901. And you are Mr. Arbuckle, a member of the Council?—(*Mr. Arbuckle*): Yes.

19,902. Could you tell us how this East of Scotland Dentists' Panel came into existence?—(*Mr. Miller*): In February, 1922, it was started on the commencement of dental benefit by approved societies. It consisted at that time of 84 dental surgeons who were willing to treat insured persons. It was felt that by forming such an organisation co-operation and uniformity of action would be obtained. On the passing of the Dentists' Act, 1921, all registered dentists in the area were invited to join the panel. The panel now consists of 223.

19,903. Can you say whether the overture came from the societies or the dentists?—The original idea, I think, emanated from the British Dental Association.

19,904. Which was representing the dental surgeons?—That is correct.

19,905. And you tell us that on the Act of 1921 being passed it was extended to cover all the new people who were put on the register?—Yes.

19,906. And did that transition cause any trouble, or was it welcome to the members?—It caused no trouble whatever. Our rules are the rules of the Dental Board, and we have a Council which has the power to expel any member infringing these rules.

19,907. Can you tell us what area you cover?—The area of the East of Scotland Branch is the same area that is used for geographical definition by the British Dental Association—Fife to Stirling, and Stirling to Gretna.

19,908. Then you tell us you have got a similar panel for the West of Scotland?—There are similar panels for the West and North of Scotland, but these two panels are branches of the Public Dental Service Association of Great Britain, Ltd.

19,909. Did the panel in the west and the panel in north of Scotland come into being in very much the same way?—I should think so—probably a little later. I think that we took in all the registered dentists before they did.

19,910. Are your arrangements made with societies in general, or with certain particular societies?—All societies. We work to the scale of fees that has been adopted by dentists and approved societies.

19,911. You are prepared to treat the members of any society that sends cases along?—Yes. An insured person has an entirely free choice of dentist. I might mention that our panel is not what we call a "closed panel"; that is, we have never endeavoured to get any approved society to accept our members and our members only, as was the case with the P.D.S.A. We have always believed, and we still believe, so far as the patient is concerned, in free choice of dentist. The whole idea of forming the panel was to get uniformity, and if anything arose requiring advice our Council could give it, and could also take disciplinary action, if necessary.

19,912. You say that you are prepared to treat the members of any society. Does any difficulty arise owing to the fact that societies give different things under the name of dental benefit?—How do you mean?

19,913. You treat members from all societies?—Yes.

19,914. Dental benefit has a different definition in various societies?—I do not think so. If the society is working on the scale of fees that has been adopted by the Approved Societies, the dental benefits are clearly defined. The difference is this, that some societies pay grants for different things, but the operations are the same.

19,915. Some societies pay in respect of extractions, others for fillings, and so on?—No society pays for extractions at all if full or nearly full dentures are supplied. That is a condition we are very much against. This is the ordinary scale of fees, but the only difference is that some societies pay all the cost of the operative treatment and half the cost of the dentures. (*Document handed in.*)

19,916. If you get a member of a society which gives rather a limited benefit, does that react on what you do?—(*Mr. Arbuckle*): We sometimes have members who are not able to proceed with the work.

30 June, 1925.]

Mr. ERNEST MILLER and Mr. WM. ARBUCKLE.

[Continued.]

19,917. Does the man who comes to you know precisely what his society is going to pay in respect of?—Not at the beginning.

19,918. So that he comes to you and finds that so much requires to be done. He does not at that stage know how much the society is prepared to pay in respect of different things?—That is so.

19,919. Does he find out before he starts operations with you?—I wish he did, because in many cases it would save us a great deal of trouble. Some cannot go on with the treatment.

19,920. You have cases where a member comes along to you and you say, "You require this, that, and the next thing done," and, as a matter of fact, in respect of certain of these operations he will get nothing from his society. If he wants them done, he has to pay them himself. Is that so?—(Mr. Miller): To a certain extent. As regards the societies in Scotland, we have had no trouble with them, it is the larger industrial societies. They have found that their funds have been exhausted, and lots of people have thought that a fair proportion of the cost would be met by the society. In most cases now the dentist does not commence until he knows what is to be allowed from a form which he gets back from the Approved Society. The man often comes with the form, and finds he has to pay three-quarters of the cost, and in many cases he has not the money, and he has to forego his claim. In many cases they only get 30s. or less out of £6 10s.

19,921. You mention somewhere that the difference has to be collected by the dentist. Do you, in fact, succeed in collecting the difference, or do you find that rather a troublesome business?—It is in many cases. Personally I have done so little; I have had very few cases. The members often do not have the money, but I have only had one bad debt in two years.

19,922. Have you had many cases where members have come along and found they had to pay half of the cost, but have been unable to pay?—(Mr. Arbuckle): I have had over fifty.

19,923. What proportion is that of the total number?—I could not give you it exactly, but I should say about 20 per cent.

19,924. You say that the system, as in operation at present, has certain marked defects. Would you care to elaborate that? You emphasise the point that it only covers certain people. It misses out the young; and I suppose you would say the amount of assistance varies according to circumstances?—(Mr. Miller): To us it seems unfair, as all insured persons pay alike, that they are not entitled to the same benefits. Many Approved Societies, I understand, give cash benefits, which, of course, takes away the money they would have for dental treatment. As I have said, it leaves the insured person such a large amount to pay that they cannot find the money; and also in the large industrial societies there is such a long wait before the patient gets back the form authorising treatment, and it worries the patient and the dentist, and very often they do not bother about it.

19,925. You would say on the experience you have had that you are satisfied that dental benefit is popular?—Very.

19,926. And if it could be extended it would be welcomed by the insured population as a whole?—Certainly.

19,927. You tell us about the beneficial effects of an extended scheme, and you say, in the first place, that you would save a good deal of the cost of sickness benefit. How far would you put in a special plea for dental benefit as compared with other things?—I think dental benefit must now be recognised as the sort of first rampart against disease of all kinds.

19,928. But one hears of so many "first ramparts"?—It is preventive, but until you start it earlier than you do start with the approved societies you won't get the full results. At the present

moment the treatment consists mainly of the extraction of septic teeth and the insertion of dentures. That is radical treatment.

19,929. We are told that if people had their eyes seen to it would cure headaches, and other illnesses. We are told that if they got trusses they could go back to work sooner, and all that kind of thing. If they got electric treatment, it would be an advantage. All these things are defended, quite rightly, on the ground that if you could give these things, there would be a saving in sickness benefit. I want to know whether dental treatment is merely one of a group of things, or whether you claim for it a pre-eminence above all the others in this respect?—It has been proved in places like Cadbury's and Rickett's, who have established a full-time dentist to do the work for their workpeople, that they have had increased time worked, and a much healthier state among the workpeople, and improved general efficiency. These are the only things we can take it from, because it has been merely an experiment. Personally, I have no doubt whatever that the beneficial effects would be enormous.

19,930. You agree that the same thing applies generally to all the other things I have mentioned?—It must.

19,931. Another consequence, you tell us, would be that there would be a saving in the cost of medical benefit ultimately. In how many years do you think we may look forward to the doctors accepting a reduction of their capitation fees?—The question of finance is one I am not competent to discuss. We have so little to do with it that I would rather not argue that point at all. I know nothing about the attitude of the medical men, so far as the capitation fee is concerned.

19,932. You would not tell us how much you would regard as the present value of the reduction in five years' time?—If you worked dentistry as it ought to be worked, it would be a big drop, because the patients would not require so much treatment, but under the present system I could not say anything.

19,933. You outline a complete scheme which, so far as I can see, goes beyond insurance?—Yes.

19,934. Your ideal scheme is one which covers the whole population whenever they require it?—Yes.

19,935. But short of that you contemplate a fairly complete scheme in respect of the insured population, is not that so?—That is so.

19,936. Can you tell us from your experience what would be the cost of providing treatment on that sort of scale?—I have some notes of five Scottish societies and what it has cost them. The figures are from the Scottish societies, and I have made up averages which you may take as approximate.

19,937. May I ask whether they are giving the complete benefit or a contribution to the cost?—I will tell you as I go on. This society, No. 1, has a membership of 68,000. It commenced dental benefit in February, 1923. The average claims per annum amounted to 3,165, 2,057 of which were men and 1,108 women. The average cost to the society per annum was £8,745 9s. 2d. The average cost per claim over a period of two years, for the society, was, for men, £2 17s. 5d., and for women, £2 11s. 1d. The insured person had to pay, in the case of men, £1 10s. 2d.; and, in the case of women, £1 5s. 1d. The general average was £4 3s. 8d. Approximately, 4½ per cent. made claims for dental treatment.

19,938. On that, is it not true that if you require the insured person to contribute, it acts as a deterrent to him? If he had not had to contribute to that, the sum would have been much bigger?—Yes. (Mr. Arbuckle): Only one person in this Society, a woman, stated that she could not take advantage of the benefit owing to her inability to pay the difference. (Mr. Miller): The men's claims there cost more than the women's, probably owing to the fact that women ask

30 June, 1925.]

Mr. ERNEST MILLER and Mr. WM. ARBUCKLE.

[Continued.]

for treatment earlier. These are the figures of one society, and it is curious how it works out in the same way in others. In another society, consisting of 7,063 members, it works out at a general average for both men and women of £4 11s. 5½d. per head. This society pays up to £5. The average the insured person pays is 16s. Approximately, 7½ per cent. asked for treatment.

19,939. On these figures can you say what capitation rate per insured person would have to be allowed? Would it be 5s. or 3s. 6d.?—(Mr. Miller): It has been mentioned already that 10 per cent. will ask for treatment. Now, I have worked it out, and the approximate cost is £4 per head. That figure is calculated on the present scale, which is considered inadequate, and which may be changed at 1st July, 1926.

19,940. This is rather disconcerting. That works out at 8s. per insured person over the whole membership under circumstances where a certain number of people may be discouraged from applying for treatment?—Supposing 10 per cent. claimed, it would work out at something like £669,600. As I have worked it out from these societies, only 6 per cent. have claimed.

19,941. On the figures you gave me it seems you would have to allow 8s. per insured person to meet the cost?—Yes. That would leave you something for supervision, administration and control, which we say must be professional.

19,942. Somewhere in the neighbourhood of that would meet the cost?—Yes, I think so.

19,943. Where is that money to come from?—Again, that is not for me. I really could not say. It would be a contribution levied from somewhere.

19,944. An increase in contribution?—I suppose it must be. Money has to be found if it has got to be done.

19,945. But you do not consider that your business?—No. Then this is rather an interesting society. This society pays not according to scale, but pays the dentist's own fee, and it is practically the whole of the fee. The membership is 5,000. The average claims per annum amounted to 356. Now, these people can go to any dentist they like, and they pay the dentist's full fee and make a claim. The average cost per annum was £965. The average cost per claim worked out at £3 1s. 10d. for the society and 12s. for the insured person. Approximately, 7 per cent. asked for treatment. Now, it seems curious that, as this society does not pay according to the scale, the rate is the lowest, except No. 4. Doubtless this is due to the fact that this particular society has a different class of member from the societies that are recruited from the industrial classes. Their teeth, since childhood, have on the average been better cared for, proving that the sooner dental treatment for children of all ages and adolescents is provided the better will it be for the health of the nation, and it will have the merit of being more economical.

19,946. With regard to work to be done, there is, of course, a great deal of arrears of work to be made up. At the present moment you get a lot of people who ought to have been treated a long time ago?—Yes.

19,947. You have a great deal of work which would have to be done in the earlier stages?—Provided these people come.

19,948. It is rather difficult to estimate how much work there would be for a considerable number of years?—It is almost impossible. You can only take it from the work we have done now, and probably add a percentage for the fact that the patient knows that he can get it paid for.

19,949. Do you think the amount of work would go down in time?—Not until you start treating the children at Child Welfare Centres and school centres

because if you leave the people with this gap between school age and the age at which they become insured persons you will get the same condition which now exists. (Mr. Arbuckle): The bulk of them have to be five years members of an Approved Society before they become entitled to dental benefit, making an interval of seven years of non-attention.

19,950. On that point, can you say whether any work is being done in respect of contributions under section 26 of the Act?—(Mr. Miller): I am not well versed in these various sections, but there is one society here which gives benefit immediately the member joins. That is the only one I know of.

19,951. There may be others?—Yes.

19,952. I was on the point of how far you could look for a diminution of work later on. You suggest in paragraph 24 that if preventive treatment was taken early, the need for further dental treatment would be much less?—Yes.

19,953. Does it not work perhaps the other way also? If, for instance, you got a case where you had to get the teeth out and put in dentures, that is more or less your work done?—For this particular person.

19,954. That is the kind of case you have just now, or will have. Take a case that comes along where the teeth are all there, and in a fairly good condition, might not you keep those 32 teeth alive until 70 with a vast amount of work?—I have not seen any with 32 teeth, and I do not think you would have them unless you started your treatment early.

19,955. But when you do get to that state of affairs, would there not be a great increase in the amount of work in view of the fact that there is a large number of teeth to be mended throughout life?—That, of course, is a much less expensive treatment.

19,956. Would you say so?—So far as the fees are concerned just now, if the patients will come and have their mouths regularly attended to, it would be less expensive.

19,957. But take the case of a person who goes to the dentist every year from the age of 16 to 70, and gets a good deal of work done each year, as, in fact, is quite possible, would not there be over that person's life a good deal more work?—Of course, that person ought to have been to the dentist when he or she was three or four.

19,958. I was thinking of the insured years?—If you start with the insured years you are not going to make much difference. Until you start dealing with the young children you will get very little difference. (Mr. Arbuckle): I think some recommendation should be made that periodic inspection ought to be undertaken.

19,959. How do you think the dentist under this scheme ought to be paid? In respect of the work he does, or on a flat payment for so many persons?—(Mr. Miller): You mean a capitation fee?

19,960. Yes?—I cannot see any way of working a capitation fee. It is quite a different problem from medicine. In medicine the doctor can see more patients per hour than the dentist can. His work is not nearly so hard, and the dentist has usually a certain amount of material to supply. He has wear and tear of his equipment, and his patients are wearing out his carpets. Moreover, the working life of a dentist is much shorter than a doctor's.

19,961. So that you put aside the capitation fee?—Yes.

19,962. And you come down to a system of payment by work done?—Yes.

19,963. How are you going to meet the difficulty there? The amount of money set aside must, after all, be limited, and the amount of work to be done is, in a sense, unlimited?—Of course, we can only go on what we have done with this panel business. As an experiment, it has showed, to a certain extent, what can be done. The difficulty is in knowing the amount you have to tackle.

30 June, 1925.]

Mr. ERNEST MILLER and Mr. WM. ARBUCKLE.

[Continued.]

19,964. Is there not this fact also? Does not the amount of work a dentist does largely—more than in the case of a doctor—rest with himself? I mean in certain cases he can take a tooth out or keep it going. A dentist, I suggest, is a much more irresponsible person than a doctor?—He ought not to be.

19,965. If you go into a dentist's chair you are entirely at his mercy?—That is want of faith on the part of the patient.

19,966. It is not quite that. When a patient comes to you and you look at his teeth, there are quite conceivably two courses open—one, to take them out, or, two, to keep them going, and either course may be quite defensible. It may be a difficult matter to tell which is the better course; but if you pay a dentist on the basis of the work done, would there not be an inducement to a young dentist starting work to do as much work as possible?—Well, it would come back on him. I mean if he does a job that is not the correct thing it will be easily detected. I do not blame a man for diagnosing a case wrongly, but if he does obviously the wrong thing it is a different matter.

19,967. It might be quite the right thing?—In that case I would leave it to the dentist himself to decide.

19,968. In that case you are back to the trouble that a dentist might do a great deal of work and might have to be paid out of a fund that is very limited?—What do you mean? If he did half a dozen stoppings instead of putting in dentures?

19,969. Yes?—Well, the difference is so little that it would not be worth while considering. (*Mr. Arbuckle*): These stoppings would be charted in the case of an insured person, and any time you could see whether the man was "fiddling away" with the teeth or not.

19,970. What kind of supervision would you have?—Professional.

19,971. Who would look after it to see that it was properly done?—(*Mr. Miller*): At the moment our council look after the work. If there is a complaint from a society they investigate it. If a member has a complaint they investigate it also. I suppose if it came to be that we had dental benefit we would have somebody to look after the work. A professional man can see at once from a series of charts if a particular man is doing a certain thing too often or not. He knows from the law of averages when there is too much of a particular operation.

19,972. There are two ways in which you could meet the trouble of there not being enough money. One would be to do as the doctors do where they are paid on an attendance basis, and if there is not enough money to meet the whole cost there is a scaling down of fees?—I am afraid I have not gone into that thoroughly. At the moment we are working on a scale of fees which, as I have already said, we consider inadequate, and I think we can strike an average from these fees, which are to be revised in July. It is very difficult to say anything more.

19,973. Suppose in respect of a simple filling, which is 5s., at the end of the year there was not enough money to pay all your bills, and instead of getting 5s. you only got a dividend of 4s., what then?—I did not think this was to be a sort of gamble.

19,974. You call that a gamble?—Yes.

19,975. Another way is by reducing the scope of treatment. Can you suggest any of these items which could be left out if there was not enough money?—I would not like to see anything left out, because I do not think the patient is getting proper dental treatment unless he has the opportunity of getting them all.

19,976. If you had to make a choice, what would your opinion be on a proposal to do some and leave others out? Supposing dentists, or anybody else, came to you and said the most important thing was to have a clean mouth, and therefore you should take out the teeth, but that dentures are an æsthetic detail, what would you say to that?—Could you

imagine anyone, particularly a woman, coming to a dentist and the dentist saying, "You must have all your teeth out, but you are not to be supplied with teeth"? I am certain she would prefer to stick to her old ones.

19,977. You do not approve of a toothless population?—I would rather see them without septic teeth.

19,978. Without the æsthetic details?—They are not æsthetic details.

19,979. On that, what would you suggest would be the most important of these items? Would you put them all on an equal level?—The only thing I would say is that the patient should do as she is doing now,—pay part of the dentures.

19,980. Your suggestion would be that the only half-way-house would be to do the operative work and leave, at any rate, part of the cost of the dentures, where necessary, to be found by the insured person?—I think there might be a fund for supplying teeth in absolutely necessitous cases. You could visualise such a fund being started. If, after inquiry, it was found necessary, the dentures might be supplied in full. There are cases where the patient may not be able to afford any fee whatever.

19,981. That is the difficulty. Any system which leaves part to be paid by the insured person acts as a discouragement, and in the case of dentures that is rather a serious matter?—It is.

19,982. (*Sir A. Duncan*): Have you looked into the Cadbury Scheme at all?—I have never studied it. I have seen the reports. In fact I know the dentist who is there, and I know they have had wonderful results.

19,983. Would you tell us a little more about the Scheme? What happens? Do they have a dentist in regular attendance at the works?—Yes; in fact they may have more than one.

19,984. Do the workpeople take much advantage of him?—Now they do, I believe. They take every advantage of him.

19,985. There is no question raised as to this man not being a man of their choice?—I understand they are not limited to going to him. Many of them no doubt have their own dentists. I believe Cadbury's insist on their employees' teeth being as sound as possible, and so long as they are sound I do not suppose they object to where they are done.

19,986. You have no figures on that?—No.

19,987. Does the dentist at the works do everything?—I could not tell you.

19,988. You do not know the details?—No.

19,989. Would there be any objection from the dentists' point of view if a complete scheme such as you suggest, but with full time salaried dentists, was put in operation?—Where do you mean?

19,990. Either by the local authority, or whatever the machinery was for carrying out the scheme?—Yes, I think there would. It is mentioned in our Statement, giving the case for and against it. In a city it might be practicable, only it would not be a paying concern. Three or four of those so-called clinics were started in England, and not one of them paid. They were worked, some of them, on a part-time arrangement, and some on a full-time arrangement.

19,991. Who started them?—Dental surgeons.

19,992. But supposing there was a scheme under the Act?—Irrespective of whether it could pay or not? I cannot tell you. In Scotland the conditions are different. In Scotland people have a distinct inherent prejudice against what they call "institutional treatment." I know any amount of people who could get panel medicine, panel doctors, and panel chemists, but they prefer to forego what they pay for to the society, and to pay for their own.

19,993. That would be a small proportion?—It is a fair number.

19,994. Have you any idea of the proportion?—I believe the medical men can tell you how much money comes to them for doing work of that kind. Another objection is, presuming you start one of these clinics

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in an industrial area, and you put a full-time dentist in there, you are taking the practice from the dentists in that area who have been accustomed to cater for these people for years. It would be a great hardship to these dentists.

19,995. I understand that this scheme is recommended on behalf of the health of the people, not on behalf of the dentists?—I do not think the people would go to a clinic if they could get treatment at a moderate fee at a place which was not an institution. They would rather go to a private practitioner.

19,996. They are paying for this under the Act?—Of course they are.

19,997. So that their Scottish independence would not be offended?—I think their sense of independence would make them go to the person of their choice.

19,998. In paragraph 32 what exactly do you mean by saying "If dental benefit could not be adopted so as to cover the whole field of operations"? What is it you suggest there?—We have said that certain treatment, namely, extractions, scalings and fillings, might be provided, the insured paying either the whole or part of the cost of dentures where these were necessary. By a means of selection the necessary treatment might be assured, and as a result of experience further extension of benefit could be given as required. That means if the money is there.

19,999. Is there anything to add to extractions, scalings and fillings? What is there to add to these?—The other things are what you might call the aesthetic things—crowns, etc.

20,000. That has nothing to do with health?—No.

20,001. I do not find any selection here; it seems to me the only suggestion you make is that the insured persons might pay the whole or part of the cost?—That is only as regards dentures; they ought to get the operative treatment free.

20,002. Your suggestion is, as I understand it, that all the operative treatment should be covered by the contribution?—That is if the contribution would allow it.

20,003. At any rate, that is the first thing?—Yes.

20,004. And, if there is enough money, by all means let them have dentures as well; but if there is not enough money, let it be that they pay the whole or part of the cost of the dentures?—Yes.

20,005. (Mr. Cook): Do Cadbury's pay the whole cost of dental treatment?—I think so.

20,006. Including the supply of dentures?—That I could not tell you. As a matter of fact, when this dentist went first of all, I do not think they did mechanical work at all; I think it was purely conservative work.

20,007. Is there any special reason why in this particular industry the employer should insist on the teeth of his employees being attended to?—Because I understand the employers of labour who have done this have found it so beneficial. There has been increased efficiency and an increase in the time worked by the employees.

20,008. You think that was the motive that they had in insisting on it?—Yes. I may be wrong, but I am almost sure it is not only for the sake of the employee, but also for the sake of the employer ultimately.

20,009. (Mr. Evans): You tell us here that treatment is often delayed. The headquarters of many of the Approved Societies delay treatment. Does that mean that the biggest delinquents are the larger societies?—(Mr. Arbuckle): In the case of the Prudential sometimes it is a complete month before I get the authorisation. It is ridiculous keeping a man with septic teeth waiting a month.

20,010. Do you suggest that this method of providing treatment benefits through these societies is not a good method?—(Mr. Miller): That is what we are trying to make out.

20,011. Take the Prudential, they have their members all over the country and their headquarters in

one place. Do you suggest that it would be better if you had a localised society?—No. We are suggesting that this should be a statutory benefit under the Act, and worked in Scotland by the Scottish Board of Health. The scheme at present so far as the patient has been concerned, has not been a great success. I do not think the insured person has been getting the benefit for his money that he should get, and these people should have the same as the other people who are getting very good benefits. It just depends on whether the insured person has the bad luck or the good luck to join a particular society. (Mr. Arbuckle): We have had members of the same family in different societies where one was entitled to dental benefit and the other was not.

20,012. Is it your suggestion that the Approved Society should have nothing at all to do with this?—(Mr. Miller): We suggest that it should be a statutory benefit.

20,013. And administered through the local health authority?—Yes.

20,014. You take the Scottish Board of Health as being the unit for Scotland?—Yes.

20,015. And this should be worked from the Scottish Board of Health?—In the same way as they work the medical benefit. The Approved Societies, of course, would be represented. There would be representatives of all the people interested I presume, in the dispensing of the benefits.

20,016. (Mr. Cook): That would mean that the insurance committees would administer dental benefit?—Yes, I believe so.

20,017. (Mr. Evans): I think you gave the approximate cost per head at £4?—I have taken the average of five Scottish societies with a membership all told of 98,318, and it works out on an average of £4 1s. 3d. That is approximately 6 per cent. asking for treatment. If more asked for treatment I have no doubt the average would be less because you would get estimates for fillings which would bring down the cost.

20,018. Assuming in the next ten years many people took advantage of this, and had their teeth attended to, would it mean that the average cost per head would be lower?—I cannot say that.

20,019. You said the bigger the percentage taking advantage, the less per head?—Yes. (Mr. Arbuckle): The whole thing is very complicated. The feeding system of the nation is not what it ought to be. (Mr. Miller): The reduction in cost which I contemplate will not take place unless you start early.

20,020. (Sir A. Duncan): For whom is the treatment at the maternity centres intended?—That is for the mother—nursing mothers, really. You want a system of propaganda, with the dentists co-operating with the doctors.

20,021. (Mr. Evans): Are you hostile to the clinics?—What kind of clinics?

20,022. You mention the school clinics, and you refer to the treatment of insured persons and their dependants. It does seem to me that the objection is merely because it would affect the profession to some extent. Don't you think the health of the nation would be very much better if they were established?—What kind do you mean?

20,023. I suppose you would have to have well-equipped centres?—I do not think it is possible to run clinics satisfactorily.

20,024. You see, you have your Child Welfare Centres looking after the mother before birth, and the child afterwards, right up through school age. Don't you think that with the whole thing thoroughly organised and co-ordinated that would affect the health of the nation?—I can see your point. So far as the child welfare centres are concerned they are necessary, but you must remember that we are dealing with working people, and they can only go at certain times to a clinic, and unless you can keep a clinic working full time it is a difficult proposition. I had experience of a military clinic during the war and unless you

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can keep these people going on working all the time it is not a paying proposition. Would you suggest full-time or part-time dentists?

20,025. Full-time?—I would be up against that personally, because you would have in an industrial area full-time dentists, who would probably be men who were newly qualified in these clinics, to the prejudice of the men who have been catering for these people all their lives.

20,026. You are looking at it from the professional point of view, not so much from the standpoint of the health of the people?—We have to look at both. If you have nobody to look after the dentists you would have nobody to look after the teeth of the people. (Mr. Arbuckle): In the case of the school clinics children are not bound to go to the clinics.

20,027. In certain areas where you have your clinics fairly well-established and well equipped with dentists, I think they are getting very popular, and I thought probably we would see the results of that in the next few years?—(Mr. Miller): Do you know how much dental work is done, and what children they treat?

20,028. I know there are thousands of cases in the year?—Well, I am a part-time dentist under the Edinburgh Education Authority, and I know how much is done in Scotland. Only children of the age of six and nine are treated, simply because the Education Authority has not the money to provide the personnel to work the thing properly. There is a gap between six and nine, and after that there is a gap between nine and when they become insured persons.

20,029. Is that all over Scotland?—Except Roxburghshire. I think Cambridge is the only place in England where they have full dental treatment, looking after the child from the day it arrives to the day it leaves school.

20,030. Do you mean arrives in the world or the school?—The school.

20,031. That is not so; Cambridge is not the only county?—It is the only one I know.

20,032. (Mr. Jones): We had some evidence the other day on behalf of the Ivory Cross in England, and they gave us some indication of the extent to which they meet the needs of necessitous persons, and they quite frankly admitted that there was a very large waiting list of necessitous persons they could not deal with. Is there any such machinery in Scotland?—The Ivory Cross, I understand, extends its operations to Scotland, but I am not a member, and I know nothing about it. (Mr. Arbuckle): They appeal for subscriptions in Scotland.

20,033. Do they do any work there?—(Mr. Arbuckle): Not that I know of. I have had one or two from the Surgical Aid Society, which is a benevolent body.

20,034. How would a necessitous person be placed in Scotland?—At present they are in an awkward and difficult position.

20,035. I am assuming a person who is not insured, who has no remedy. Do the Poor Law Authorities do anything in that way?—The Poor Law Authorities in Govan supply teeth. I do some repairs for the poorhouse in Craighleith, but I have never made any dentures for an inmate. That is charged to the Edinburgh Parish Council, but in the last 25 years I have only had repairs to do, never new dentures, and there must be people who obviously need them. (Mr. Miller): They have dental hospitals, but they have to pay a fee there as well.

20,036. To that extent the needs of necessitous persons can be met to some extent?—(Mr. Arbuckle): The necessitous person could hardly afford the charge made by the dental hospital, but I believe they make exceptions in a few cases. (Mr. Miller): I know that at one time all applicants for dental treatment had to fill up a form stating their income, or the income that was coming into the house, and if it was a necessitous case they got it for nothing; if not they had to pay a certain proportion of the cost.

20,037. To go back for a moment to school working, I have read quite frequently in these school medical reports that a few years ago there used to be as high as 70 per cent. to 80 per cent. of the children requiring dental treatment of some sort. In more recent years I think it has dropped to 60 per cent. I think that is the lowest figure I have seen?—(Mr. Arbuckle): In East Lothian recently it worked out between 70 and 80 per cent. requiring treatment.

20,038. I am quoting figures I took from the Glasgow Education Authority's Report, and I rather think the lowest figure there was 60 per cent., which did seem to suggest, compared with older figures, that there was a pretty rapid improvement?—(Mr. Miller): You are bound to get an improvement even with the work that is being done. There is an improvement. But the whole organisation is on a wrong basis. For instance, the supervision of school dental work is by a medical man. I do not object to the administration being carried out by a medical man, but for a member of a profession that knows nothing at all of another profession to supervise it seems to me all wrong. I can see instances of it in reports and statistics. I saw one the other day spoken of by medical officers in very laudatory terms. If I had been a supervisor this gentleman would have had to look for another job because of his statistics. It is perfectly obvious to me that you must have a dentist to supervise dental operations, because you can tell by looking over the statistics whether they are worth calling statistics at all or not.

20,039. The work is largely experimental. We have hardly got beyond that stage. It may be a little further developed in England?—That may be. I can only talk of the places I know of. I know several school dental officers, in England, and they only treat children of the same ages as we do here.

20,040. Naturally if the staff were increased to overtake the whole dental treatment there would be more constant supervision and organisation?—Yes.

20,041. I am able to quote from a conversation I had last night with an official of the county of Lancashire, which has also large boroughs in it which may be acting separately. They have at the moment appointed six full-time dentists for school work and the individual I was talking to is to be the senior, so that that suggests a beginning, at least, of the organisation you visualise?—Yes.

20,042. What are the kinds of defects that are found among school children that have run up to this 60 to 80 per cent.?—You get a very large percentage of children of six years of age requiring their temporary molars extracted because they have gone septic. Some of course can be stopped, but not many. If you see them at six years of age and put their mouths right, extract the septic teeth, you do not see them again, unless they have pain, until they are nine. That is what we are doing now. It is quite a common thing to have to extract the four permanent molars of a child of nine. Perhaps in my own area we do more of it because we believe in what we call "symmetrical extraction." We may extract a good tooth for the sake of the other teeth coming in. That brings up the proportion of extractions. But it is better to take it away than leave it, because it improves the articulation of the other teeth when they erupt.

20,043. You are referring to the permanent teeth?—I am referring to the four permanent molars at the age of nine. Now, unless you see that child between the age of six and the age of nine you are losing hundreds of permanent molars.

20,044. To what extent could Maternity and Child Welfare Centres undertake dental treatment? Is there not a great deal of division of opinion amongst you as to the desirability of dental work at early ages?—I do not think there is any division of opinion at all

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if the child requires it. Of course the diversity probably rests in this, that lots of dentists say you must start with dieting—dieting the mother and the child—but you will never get that unless you have people who attend these Child Welfare Centres co-operating with the medical men and doing a certain amount of propaganda work amongst the mothers. You cannot make them change their diets and tell their little children to chew crusts and bones, which they ought to do, but beyond that it will be a long time before we reach the El Dorado. I think attached to all these Maternity and Child Welfare Centres there ought to be a dental annex where these people could get dental treatment. For instance, take the case of a pregnant mother, very often it would do her a lot of good, and her child too, to get her mouth cleaned out.

20,045. So that so far as Maternity and Child Welfare Centres are concerned, you would have no objection to setting up a clinic in connection with these?—None whatever, because it is the only way you would get at these people.

20,046. If you are prepared to do it for that section of the community—you are anxious in paragraph 7 for a complete dental service—why should you not carry it on in continuity? What is your objection to carrying it on from childhood through school age; and so far as the adults are concerned, you are willing to accept the mother at the dental clinic?—As regards the mother at the dental clinic, it would not be compulsory at all.

20,047. Can you make it compulsory with anybody?—No, but if you have a certain place that they have got to go to there is a certain amount of compulsion in this way, that they have not a free choice.

20,048. Do you think there is really anything sound in that argument?—It may not be sound, but I know I like to go where I choose, and I do not think my mentality is different from anybody else's in Scotland.

20,049. Do you think there is a lack of efficiency in these public services?—No, I would not say that at all, but if you are going to establish clinics for insured persons the dentist loses his individuality. You are turning out things on the standardisation principle, which in any profession where the human element comes in cannot be done.

20,050. People attending these centres go in the knowledge that they are well equipped and efficiently staffed. Is not that a fair inducement to any of us?—(Mr. Arbuckle): The present dentists are well equipped.

20,051. I do not see where all this fetish of free choice comes in. Let us compare other services. What choice has any individual who attends a general dispensary or an infirmary?—(Mr. Miller): He has the choice of going there or not going at all.

20,052. But does he show his desire for independent treatment by neglecting these centres?—No, but I think if that individual was contributing, as he would do, to a certain scheme under the Insurance Act, that he would probably go somewhere else if he knew he was getting value for it. In dispensaries he gets it for nothing; he is not contributing anything at all. But in the other case he is entitled to a certain return for the money he is paying.

20,053. You referred to the dental hospital a little while ago. Do the dental hospitals find lack of opportunity for work?—Yes, they do. I know that because I am asked to assist them when I am at the school clinic with children we do not treat. For instance, in the case of a child who comes up who is 15 or 16, perhaps we extract the tooth that is troublesome, and if we find a certain amount of filling necessary we tell the mother to take the child to the dental hospital. The dental hospitals, I know, are short of patients.

20,054. They may be in the case of children, but are they in the case of adults?—More so. Many dental hospitals are not open all day. If they had a clinic you would just get the same thing.

20,055. Is that a necessary defect of the system? Don't you think a little organisation would get over that?—How?

20,056. Persons do take an interest in their health, and if they have this inducement to go and have their teeth properly looked after, don't you think they will sacrifice an hour or two of their work to go there?—I am afraid not. I know in connection with dispensary work of people who have been advised to go and have their teeth seen to for nothing, and I only know of one in 50 or 60 who has gone.

20,057. Is not that just the general feeling of neglect that resolves itself into this 75 per cent.—that they do not think dental treatment worth while?—That is where propaganda is necessary.

20,058. That is a state of ignorance in connection with dental matters that we would all like to see removed?—That is right.

20,059. Supposing you did set up a dental clinic and these people felt themselves entitled, because they paid for that benefit, to get that benefit, do you think it would be difficult to find whole-time work for dentists?—You would have to staff it with young men who would gain experience on the people they were working on.

20,060. If a man comes who is qualified, and you find his name on the register, can you make any objection to him?—None whatever.

20,061. (Sir A. Duncan): They all find their experience on some people?—The school clinics are practically manned by young men.

20,062. That is not my experience at all. I know of men on school clinics who have had 10 to 20 years' experience?—I did not think that the remuneration was sufficiently attractive to take a dentist from private practice after ten or twenty years. I know of cases where appointments have been made straight from the college.

20,063. (Mr. Jones): Clinics for other branches of medical service, I think we know, have been fairly successful. Take child welfare alone, people are not compelled to go there?—No.

20,064. But they are now being recognised generally as very beneficent institutions?—Have these people any choice? Have they any other place to go to?

20,065. Many people go there who might go to a private doctor?—A private doctor probably has not the time to work with these people, and certainly these clinics are better equipped for looking after expectant mothers than any doctor's surgery is.

20,066. After all, is there much equipment in them?—The premises are there, and there is plenty of room.

20,067. But is it not the quality of the medical service that attracts the women to them?—I cannot infer that.

20,068. I am rather afraid many of these Child Welfare Centres are very humble institutions, yet people take advantage of them?—Yes.

20,069. Do you think there would be any difference in regard to dental treatment?—That has been my experience. I am only talking of a military clinic and a naval clinic.

20,070. But they were under different conditions?—They were not compulsory, but lots of Tommies thought they were.

20,071. And Tommy was given to "swinging the lead" in a variety of ways?—Yes.

20,072. You did refer to a little question on the matter of organisation and supervision. Medical benefit, as you know, is administered locally through the Insurance Committees, and they may remain, or some other body may take their place, but, after all, the administration may run along the same lines. I suppose you would be quite willing to see set up a dental service committee in the same way as there is a medical service committee—that is to say, a committee composed partly of professional men and partly representatives of the beneficiaries, who would supervise the service?—I see no objection to that

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at all. It is public money you are dealing with and you have to see that it is properly spent.

20,073. (*Sir A. Duncan*): I take it you raise no objection from a professional point of view to school clinics?—None whatever. It is the only method by which you can get at some of these people.

20,074. Just as a boy is compelled to go to school?—You cannot make it compulsory. The only compulsion you can have is that if you find a child's teeth are so bad that its health is impaired, you can take the parent up under the Prevention of Cruelty to Children Act.

20,075. In the same way as if a boy does not attend school you can take them up under another Act?—Yes. But you cannot force them to have their teeth out.

20,076. Therefore, I take it you raise no objection whatever to the widest extension of dental treatment at school?—None whatever, with the proviso that you should have dental control. I do not mean so far as the administration is concerned.

20,077. Teachers are not controlled and supervised by teachers?—A headmaster is responsible for his school teachers so far as their work is concerned. It is only the work I mean. The actual treatment should be under the supervision of a dentist.

20,078. Do you mean more than that a dentist should be looking after the dental work in school?—No more than that.

20,079. (*Chairman*): How do dentists become members of your panel? Do they indicate their desire to you?—They send in an application to the secretary, and they have to be proposed and seconded by members of the panel. The application comes before the panel council and it either admits or rejects.

20,080. And he is then a member of the panel?—Yes.

20,081. Have you an annual subscription?—(*Mr. Arbuckle*): The annual subscription is 5s. and the P.D.S.A. subscription is one guinea. We already have a cash balance of £150 from our subscriptions.

20,082. How do the two scales of fees compare?—They are exactly the same.

20,083. And how does the P.D.S.A. work here?—(*Mr. Miller*): They have not really got a branch in the East of Scotland at all. In the East of Scotland they have an acting council consisting of one member resident in England on their list. At one time we considered whether or not we should join them, but we had the idea that our affairs could be managed just as well by a council of our own members in our own area giving advice when wanted. Anything that happens in connection with the P.D.S.A. has usually to be referred to London. Another reason was that a certain question arose in connection with our work. We invited the West and North of Scotland Branches to collaborate with us. They agreed with us on this particular point, and we sent up this protest to the Council of the P.D.S.A., but we considered that they took little or no notice of Scottish opinion, and we thought we would remain as we were, a separate body.

20,084. You remained as you were partly on the ground of Scottish home rule, and partly on the ground of the difference between 5s. and a guinea?—We were in existence before they were. As a matter of fact, at that time the fee had not come much into consideration because we had not made up our minds what the fee should be.

20,085. You have told us that you yourself do not know very much about the Ivory Cross. Can you say whether any of your members work for the Ivory Cross?—I have nothing to do with it. There are very few in Scotland, I think. It is really more a London organisation.

20,086. You have outlined a scheme which would require a very great increase of work. Do you think there are enough dentists to tackle that work?—I think so.

20,087. That is, taking into consideration all the dentists on the register?—Of course, I am only

speaking for Scotland. There are 1,414 on the register.

20,088. If it is not going too much into private domestic affairs, could you tell us how many were dental surgeons and how many came in under the 1921 Act?—I have not got the figures. I can give you the membership of the East of Scotland branch of the British Dental Association. Of course, these are all L.D.S. people. The number is 115 members. Now, in the East of Scotland area there are 383 dentists on the register, and 223 on the East of Scotland panel, which means that these people have signified their willingness to treat insured persons, and to my own knowledge there are a lot more doing this work who are not members of this panel or any other panel.

20,089. But I take it that, to cover the work, you must have recourse to the whole of the people on the register?—Certainly, and I have roughly made out that you would get at least 1,000 in Scotland.

20,090. You have, of course, read the report on the unqualified dentists of some years ago, and you remember the general tenor of that report. Do you think that the undesirable element has practically been eliminated?—(*Mr. Arbuckle*): It is tending to be eliminated because a very large number have been unable to pay the £5 registration fee, and I think a good proportion of these are undesirable.

20,091. Do you think there is a tendency for the undesirable element to go to the wall—to disappear?—Distinctly. (*Mr. Miller*): In the East of Scotland Dentists' Panel, which is composed of both, we have not had a case of complaint that I know of. There is one case just now pending, I believe, and, as we are not recognised by the bodies in London, they have asked me to adjudicate on this case, but that is the only case of complaint that I know of since the East of Scotland Panel started. I may say we go pretty carefully into the members we admit.

20,092. You referred to the unsatisfactory nature of the present dental benefit. I take it your objection is in a sense much more to the system of making additional benefits than to the actual societies?—(*Mr. Miller*): It is the system.

20,093. I take it that you are primarily a dentist and you do not care to go into the finance and other matters?—That is right, but the want of uniformity is very bad.

20,094. And you can only meet that by making dental benefit, like medical benefit, applicable to all?—Yes.

20,095. And when you have got that length, it has got to cease to be a thing with which the societies are concerned?—Yes.

20,096. Is not that the same in substance as you want?—That is the point.

20,097. You rather alarmed me about one thing you said about doctors. You are both from Edinburgh and district. You told us there is still a considerable number of people who, rather than go to a panel doctor, will go and pay for a doctor's services?—I know of some myself, and I suppose if I know a few there must be lots more. I do not say it is because they will not go to a panel doctor, but because they have been accustomed to a certain man who is not on the panel.

20,098. It comes down to this, that perhaps in Edinburgh more than elsewhere, certain doctors have not gone on the panel and that has complicated the situation?—Possibly.

20,099. The trouble in my mind is this, that if your suggestion was of general application how would your dental benefit in future differ from medical benefit to-day? If what you say is true, would not people say, "We are not going to that miserable third-rate panel dentist"?—I think that can be easily eliminated if the service is made attractive enough. You will get the majority of the dentists going in for this. You will also find that the majority of the people would be patients of the dentists who are taking on this work. The only

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dentists who would not take on the work would be dentists with a very high-class practice who would not have these people at any time.

20,100. Your general suggestion was that the people here are so independent that rather than go and get what they have paid for, they prefer to pay for it separately. That is a new side light on the Scottish character?—It was apropos of a different question.

20,101. I did not see why your argument applying to doctors would not be equally applicable to dentists, if you set up statutory dental treatment?—It probably would be the case that if a patient was a patient of a dentist who was not on the panel he or she would probably stick to him.

20,102. It comes down to this: the fundamental difference is that there are doctors in general practice who refrain for reasons of their own from going on the panel?—I was probably wrong in bringing in medical men at all, because I know nothing about them.

20,103. You think dentists have got more sense than that fragment of doctors?—I can only speak for myself. I certainly would go on the panel.

20,104. You have told us a great deal about the difficulty of getting the continual services from birth or before birth onwards. Does not it come to this, that the one essential thing is perhaps not so much treatment of any kind as effective propaganda?—Agreed.

20,105. What have you done along these lines as a whole?—The British Dental Association have tried to do a little. The East of Scotland Dentists' Panel is not a scientific body. The British Dental Association was formed for the purpose of promoting dental science, and the Dental Board, I understand, have got something now in view in this propaganda business, such as cinema films and lectures, and I also understand that the Insurance Committees have power to give lectures, which I do not think has been done up to now. I believe they have a fund that they can draw on for propaganda purposes.

(The Witnesses withdrew.)

Mr. W. THOMSON, called and examined. (See Appendix LXXVIII.)

20,115. (Chairman): You are Mr. W. Thomson, Secretary of the Scottish Co-operative Friendly Society?—Yes.

20,116. Could you tell us anything about the nature of that Society?—The Scottish Co-operative Friendly Society was instituted as the result of a resolution passed by the delegates of the Retail Co-operative Societies of Scotland at a meeting held in April, 1912. As a result the directors of the Scottish Co-operative Wholesale Society were instructed to form an Approved Society. Our Society was the outcome of the directors' action. We have always maintained a close association with the co-operative movement in Scotland. We operate our business through something like 100 co-operative societies in Scotland. In addition to that we have about 80 insurance agents connected with the Co-operative Insurance Society, which is another branch of Co-operative activities in Scotland, and in addition we have retained the services of 17 representatives of the 20 small Approved Societies we have taken over. Our membership at the present time is over 30,000.

20,117. So that you were formed expressly for the purpose of the Insurance Act?—Yes.

20,118. And you have taken over a number of other societies since?—Yes, 20 in all.

20,119. In a sense you have not got a private side?—No, we are distinctly an Approved Society, occupying an independent position altogether, either from the Scottish Co-operative Wholesale Society or any other.

20,120. The first point you refer to is the extension of medical benefit to dependants?—Yes.

20,121. Have you any idea what that might cost, or have you made any calculations?—No, we have

20,106. Have you any suggestions for effective propaganda in schools or otherwise, where it has not been done?—I do not see why children should not be taught a little about oral hygiene in school. A teacher will complain if a child arrives with a dirty neck, but that teacher never looks at their mouths to see if they are clean.

20,107. I suppose girl guides and boy scouts do a certain amount along these lines?—They do. They do a lot.

20,108. Is there anything else you would like to add to what you have told us this morning?—I do not think so.

20,109. (Mr. Jones): You have referred once or twice to disciplinary treatment amongst the members of your panel?—Yes.

20,110. You have probably had very few cases?—We have had one whom we expelled.

20,111. What was the effect of your disciplinary action?—We expelled him; and he was also before the Dental Board. But I may say we do not act as policemen for the Dental Board, but they got to know of his unprofessional conduct and they had him before the Board, with the result that he had to appear in six months and give a guarantee.

20,112. You might put a medical man off the panel, but you do not put him off the medical register?—Yes.

20,113. So that discipline, so far as you are concerned, is financial rather than professional, in a way?—I do not know about that.

20,114. (Chairman): Could not an insured person go to this dentist although he was not a member of your panel?—Yes. Our idea was to see that our members stuck to the rules laid down by the Dental Board. I do not know of any member of our panel except the one mentioned who has acted in any way that any professional man could object to. The whole idea is that we are there to help each other and to help the Approved Societies.

made no calculations on that. We were prompted to make that statement by the reports submitted to us by various representatives, and also by our sick visitors, who when visiting houses to pay benefits, have found other members of the family, or members of the household, ill in bed, and these persons have expressed a hope or desire that the benefit might be extended; that it would benefit them very greatly as they were not in a position financially to engage medical men themselves; but we have made no calculations as to the cost, knowing that it would be very heavy, and we are not in possession of the necessary data.

20,122. If, on the average, there are 1½ dependants to each insured person, it will make a very large addition, of course, to the cost of medical benefit. Would it be met by an increased contribution?—We did not go into the question of increased contributions, nor of the cost.

20,123. Nor of how the cost should be met?—No.

20,124. You have not thought of the relative merits of a flat-rate contribution as compared with any other form of raising the money?—No, but I have my own thoughts about that.

20,125. What are your own thoughts—as to how it is to be met?—It would require an increased contribution, of course.

20,126. Would you make that uniform on all, whether they had dependants or not?—Yes; I am in favour of the principle already established of a uniform contribution.

20,127. Quite irrespective of the number of dependants any person had, or whether he had none at all?—Yes.

20,128. Would you put that increased contribution wholly on the worker, or any part of it on the

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employer?—I would be inclined personally to put it on the employer.

20,129. You would not put the whole on the worker?—No.

20,130. After all, it does not, strictly speaking—hardening our hearts—matter to an employer how many dependants his worker has?—No.

20,131. That is not a point that concerns the employer?—All that would concern him would be the payment of the contribution.

20,132. With regard to the money benefits, you think that at present these are not sufficient to be of real assistance?—Yes.

20,133. Have you considered how far there may be at the present moment double insurance? At present an insured person gets so much under the Act, but in many cases he will be insured in other societies?—Yes.

20,134. Is your desire to make the money benefit under the Act sufficient to cover all requirements?—Oh, no, I would not go that length. But we speak, of course, simply as an Approved Society. We have no private side, we have no double insurance, but we do think that the sickness benefit should at least be level with the unemployment benefit. But we do not say that that amount at present is anything like meeting all the requirements.

20,135. Although you have not got a private side, a certain number of your members will in fact be insured elsewhere?—Yes, but they are in the minority.

20,136. And your suggestion of course would still encourage people to become insured in private societies if you stopped short, as I understand you want to stop short, of what you consider the full reasonable amount required for maintenance during sickness?—Yes; there would be no discouraging of double insurance.

20,137. On the question of arrears, what precisely are your suggestions?—Put very briefly, my suggestion is to allow the arrears penalties to stand as they are at present, but to limit the operation of these penalties to four weeks. I am prompted to that by what seems to me to be the unfairness of the incidence of arrears at the present time. A man who is unemployed and who is consequently unable to pay his arrears, is likely to be the man most heavily in arrears. If we assume he is 5s. in arrears and he is ill for 20 weeks he is fined £5. I have gone into the matter very carefully on the basis of our membership in 1923, which was about 26,000. We found there were 8,706 members in arrears—practically one-third—and of those 8,706 only 1,213 paid arrears.

20,138. I suppose a certain number had obtained the advantage of the concession which is in existence at the present moment on this point?—Yes.

20,139. That entitles them to the minimum rate of benefit?—Yes.

20,140. But beyond that they have not paid arrears?—Not as a rule.

20,141. Is it not the case that the present system of arrears operates in this way—the Society has failed to get a certain number of contributions, on the one hand?—Yes.

20,142. And it has got to make that good by paying less benefits?—Yes.

20,143. And actuarially these have got to balance?—Yes.

20,144. And the person who does not pay the premium suffers as against those who do?—Yes.

20,145. We heard a great deal about fire insurance the other day. If I allow my fire insurance to lapse for a year and do not have a fire, I score. On the other hand, if I do have a fire, I suffer badly?—Yes.

20,146. Would not your proposal here require some readjustment to enable you to balance matters?—The readjustment would not be any greater than the readjustment necessary under the proposed new additional benefit. We are taking up the question of the remission of arrears as an additional benefit. I have gone into this matter of arrears very carefully, and

my proposition would avoid the issue of these questionnaires, would leave the penalties as they stand, but would limit the operation to four weeks in any given year, and it would not cost our Society any more than the estimate given by the Scottish Board of Health.

20,147. A person who is fully employed will pay 52 contributions in a year. A person who has a certain amount of unemployment may contribute 45 or 44. Does not that second man pay a smaller premium, and therefore actuarially he is entitled to a smaller benefit?—Yes, but it does not apply to National Insurance.

20,148. You want more concessions?—In other classes under National Health Insurance that does not apply at all. I refer to class K.

20,149. Class K is a very special case. We have heard a great deal about Class K. You can hardly argue from Class K to other classes?—It is established, and we have to recognise it.

20,150. Class K is the case of a woman going out of employment when married?—Yes.

20,151. You are suggesting that Class K should be abolished?—Yes.

20,152. But I do not know whether you have taken my point. What the society recoups itself in paying reduced benefit would not be balanced by way of getting contributions?—No.

20,153. If you diminish the period to four weeks, will you not have to make a much bigger diminution or recover the money in some other way, or impose heavier penalties?—We as a society could afford it quite easily. It would only cost us £600.

20,154. It is simply a question of a bigger drain on the benefit funds?—Yes.

20,155. Do you think there is any danger there that if you make it a comparative matter of indifference whether a person pays arrears or not there may be an inducement not to pay arrears?—I should scarcely think so. At the present time there is a great deal of indifference.

20,156. Would you not increase the indifference?—I do not think so.

20,157. After all, the period you suggest is not a long one, and people might take the risk?—My way of looking at it is that persons who were inclined to pay their arrears penalties would continue.

20,158. You think that though they thought they would get off easily they would still continue to pay?—Yes, I have the conviction that the persons who pay would continue to do so if the penalty was reduced to four weeks, because a person 5s. in arrears would still lose £1. I am still of the conviction that those who are inclined would continue to pay arrears.

20,159. If you did in a certain class of the members increase the inclination not to pay arrears, you would make the problem much more serious?—Yes.

20,160. In that case you would have a larger number being subjected to this loss?—Yes.

20,161. With regard to the record cards, which you desire to see abolished, am I right in saying that the record card is more or less the member's receipt for his contribution card?—Yes.

20,162. Is the idea that when he surrenders his contribution card to an agent, the agent should enter the receipt on the record card and give it back to the member?—Yes.

20,163. On that, what is the position if an agent of a society simply says he has not received the contribution card? What defence has the member if he has not got a record card?—So far as the reports from our representatives are concerned, there is a point that they agree on, and that is that so long as they got their benefits regularly and have confidence in the society the members themselves have indicated that they see no necessity for a record card.

20,164. In a normal case there may not be, if no question arises, but I was asking you to consider a case which must happen sometimes, where an insured person gives his card to an agent and the

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agent mislays it, forgets all about it, and later on he says he has not got the card. The insured person, in the absence of a record card, cannot prove it?—No.

20,165. What happens there? Does the loss fall on the insured person?—Unless the agent could disprove the member's contention.

20,166. I am assuming that the agent did get it—misaid a card with no criminal intention—and forgot all about it?—It would fall back on the insured person.

20,167. Is there not need of some defence against a case like that?—Yes, but in my opinion the record card is a very tricky form of receipt.

20,168. You would like a less tricky form of receipt?—Yes. We have had experience in that respect where the agent or representative has marked the record card in the wrong space. That has happened frequently. He may be making the entry in a dimly lit place, and he makes his entry conscientiously enough, but the space is so small that he enters it quite easily in the wrong division.

20,169. In the wrong half-year?—Yes, and that has happened frequently.

20,170. So would your difficulties be met by devising a record card which was less tricky?—Yes, something much more simple.

20,171. Have you any suggestions as to eliminating the trickiness of this card?—I would get rid of a great deal of the printed matter on the card and make the space for the receipt larger so that it could be more easily visible. The space in which you have to mark the contributions is about three-quarters of an inch by three-eighths.

20,172. So that really your difficulty is rather on the form of record card?—Not so much that. We have found that insured persons are in the majority quite indifferent. We may occupy an unique position in that respect. For example, we carried for years 5,000 record cards in our office, and they were never asked for.

20,173. Possibly the insured persons are indifferent to most things, but look at it from the point of view of your agents. Is it not a protection to them to have something of that kind, because in the case I have imagined, if the insured person comes along and grouse and says he has surrendered a card, can't your agent say, "Where is your receipt, or record card"?—Yes.

20,174. Coming to Class K, which as you mention, is a class which you would suggest should be abolished. Is your desire in this case due to the consideration that the abolition of Class K would lead to simpler administration?—No, that does not trouble me one bit. The arrangements connected with Class K are in my opinion unduly complicated. That is, I have never seen the meaning or purpose of them, but we can get over that. But I do object to the very serious injustice inflicted on the insured person.

20,175. You mean that the married woman is treated unjustly?—Yes.

20,176. How is that?—I will give you two concrete examples. One of our members was 42 weeks in insurance, and paid 42 contributions, and got 40s. maternity benefit on a payment of contributions amounting to £1 11s. 6d. Another woman who had been for nine years in insurance and paid 473 contributions, of the value of £10 14s. 2d., only got 24s. She had never drawn a penny of sickness benefit.

20,177. Was that second woman in arrears?—She had paid all the contributions, but under the regulations governing Class K she was in arrears. For nine years she had paid in regularly.

20,178. Take any form of insurance, supposing I am insured for anything for ten years and then fall into arrears, will I not suffer as compared with a person who has been insured for a year and a half?—This person was not aware of falling in arrears. That person had given up her employment some months before the date of her marriage, and on that

turned the whole point. I would claim on the insurance principles you are advocating that that person, having been nearly ten years in insurance, was at least entitled to 40s.

20,179. In the second case she had stopped work some months before marriage?—Yes, and in the other case she had got married immediately after paying the 42 contributions.

20,180. This old member had been insured for 10 years?—Yes.

20,181. During all that time she was entitled to benefit. She may have got them or she may not have got them?—She did not in this case.

20,182. She was entitled to them, anyway. Is not that the answer, that during all these years she paid for something which she was qualified to get?—If you could satisfy the old member with that argument, I could not. She cannot, and the insured person can never see why they should not be paid as much as any other. In this case the two persons happened to know each other, and there was trouble, and you could not convince that old member that she was rightly paid with 24s. when the other person, who she knew had been in insurance for less than a year, got 40s. You cannot convince them.

20,183. Are you also unconvinced?—I hold that the older member ought to have been better treated. I would have given her the 40s.

20,184. Of course, you realise that she had stopped paying some time before marriage?—Yes. The arrangements were all in order so far as Class K was concerned.

20,185. You realise that in the case of a woman who stops work on marriage there is a definite change of economic status?—Yes.

20,186. You want to give her a marriage dowry?—Yes, a surrender value, if you like to call it that.

20,187. Do you think that is the best way in which the money could be used, a lump sum which has no connection with health? A payment of money on marriage is not a thing which comes within the ambit of a Health Insurance scheme?—The giving of a surrender value is quite a sound insurance proposition. If you take the two cases, the member with the 42 payments would have got a smaller surrender value than the person with the 473.

20,188. (Mr. Jones): What interval would you allow between ceasing work and marriage?—I would allow them one month to notify their marriage, and if they did not notify within six months I would say they were not entitled to a surrender value.

20,189. What interval would you allow between ceasing employment and marriage?—I would not fix any short interval there.

20,190. (Chairman): Would you take the case of two people, one of whom stopped work 11 months before marriage and the other who worked right up to the date of her marriage?—The one with 11 months would get it if she married within the free year.

20,191. Without regard to whether or not she contributed in that year?—Yes. I do not see that the point of contributing right up to the date of marriage is important.

20,192. (Mr. Evans): Would you take the contributions into account in arriving at the surrender value?—Yes.

20,193. (Sir A. Duncan): And deduct arrears?—I would not have arrears accumulating merely because the woman had left work to be married.

20,194. (Chairman): Take your other point, the point I was asking was whether this sort of surrender value fitted into a Health Insurance scheme, and your answer is, as a general proposition, all insurance schemes ought to contain the idea of surrender value?—Yes.

20,195. Do they, as a matter of fact?—I think there generally is in the industrial insurance world.

20,196. But this is an insurance against incapacity. This is not a life policy?—Yes.

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20,197. With regard to insurance against fire and accident, and employers' liability, you are getting all you are paying for; you get peace of mind. It is not the same as life insurance, where you are piling up funds, and the contingency has got to happen some time?—That is so.

20,198. (*Sir A. Duncan*): Is not that the foundation of the surrender value, that the contingency is bound to arise?—No, I think there should be a surrender value under any class of insurance.

20,199. (*Chairman*): There cannot be a surrender value in fire insurance. You are not bound to have a fire sooner or later, as you are bound to have a death sooner or later?—Quite.

20,200. Are they not quite different?—So far as my experience of insurance companies goes, I have never seen any difficulty.

20,201. Why should there be a surrender value in the case of fire insurance?—If a man has paid fire insurance for a long number of years, and then allows it to lapse, I do not see any reason why he should not have a surrender value.

20,202. (*Sir A. Duncan*): He does not get it?—No.

20,203. (*Chairman*): Would there not be a certain hardship under your suggestion of paying the woman out and starting her off as a fresh entrant? That is your idea?—Yes.

20,204. Take a woman who is employed continuously, she gets married and she goes on working afterwards—there is no change in that woman's status at all?—No.

20,205. In the first week after her marriage she would be, under your proposal, a new entrant, that is, she could not get sickness benefit for 26 weeks?—My thoughts were running on the Class K members; I was not thinking of those who got married and continued working.

20,206. I thought your suggestion was that all women should be bought out on marriage?—Perhaps I put it too loosely, but it applied to the Class K only.

20,207. How do you know they are Class K? How do you know they are the kind of people who ought to come under Class K?—If they intimate to their society that they have ceased work on that basis.

20,208. So that it depends entirely on their declaration whether or not they have stopped work to be married?—We would have the proof too.

20,209. What would you accept as being the giving up of all work on marriage? Is not that an extraordinarily difficult thing to prove? Was not that the cause of all the trouble in the Ruth Davidson case, and all those other troubles in the past?—There is perhaps a difficulty, because we find when we put them into Class K and intimate that to them, they often declare that they are either continuing work or intending to continue work.

20,210. Are you not getting into a rather chaotic position? You get a declaration from a woman that she has stopped work soon after marriage. You give her a surrender value. As a matter of fact, she starts work almost at once. She qualifies for maternity benefit, but cannot get it because you have made her a new entrant. Have you not in that case to review the whole situation over again? Do you ever get to finality?—If she had contributed for a sufficient number of weeks to qualify for the maternity benefit then she would be entitled to it the same as any other insured person.

20,211. But supposing she had not, she might have come to you and said, "I ought not to have had my bounty; I ought to have been continued in insurance"?—She would have to bring proof of continuity as she has to do at the present time.

20,212. My point is that she had given up work in the first place, but a month or three weeks afterwards she might go back to work and continue to work. When her child was born she might realise, after having been sick for some time and having had a baby, that she had made a mistake and that she ought to have tried to persuade you that she had

been continuously employed. She might want to reopen the question?—Yes, just as they do at present.

20,213. Do you not get into a chaotic position?—I do not think it would be more so than at present. We put them into Class K frequently, and when they find they are going to get reduced benefit they then come forward and say they are continuing in employment and we have to alter all our records.

20,214. Another point you mention is in connection with the number of separate valuation units. What is your idea there? You think there are too many units operating in Scotland?—Yes, that is my impression based on our own experience.

20,215. Do these comprise branches of affiliated orders?—Yes; according to the returns for 1923 there were 213 Societies in Scotland and 433 acting branches.

20,216. What is your idea of the right size for a society? Where would you draw the line?—It would be a natural impulse to say that the size of our society should be it, but I put it round about 50,000 as my own idea.

20,217. Nothing less than 50,000?—No.

20,218. How would you deal with branches of affiliated orders? Would you treat them differently?—Centralise them, as has been done to some extent.

20,219. You would compel them to form centralised districts?—Yes.

20,220. Would you ruthlessly wind up all societies under 50,000?—No, I would not commit suicide in that way. That would include our society.

20,221. You would absorb some of the smaller ones?—Yes.

20,222. Would you wind up all the smaller ones?—No, I would simply work on towards that figure. I would not be drastic and say that at a given date an Approved Society must have 50,000 members.

20,223. You would look for wise pressure from the Board of Health?—Yes. I know that in the case of the societies we have taken over it has been greatly to the advantage of those societies.

20,224. With regard to disputes, do I understand you regard the arrangements about disputes as not being satisfactory?—Yes.

20,225. What is your suggestion there—that there should be a direct reference of any dispute to the Board of Health?—Yes. When we were considering the new rules we put that before the Board.

20,226. But they did not welcome it?—No.

20,227. Do you think it is a suggestion that is possible? Here you have got what purport to be independent societies managing their own affairs. The moment any question arises between a member and his society you want the whole question put up for the Board of Health's decision?—These are not quite questions between the member and his society; they are questions between two medical practitioners. One says that the member is incapable, and the other says he is capable, and to bring in a layman to settle that point is absurd.

20,228. You say, "so that in the event of any dispute arising between a member and his society the matter should be remitted to the Board of Health"?—Presently under the rules it is recognised as a dispute between a member and his society, but I regard it as what it is—as a difference between two medical men. One says the member is capable, and the other says he is incapable, and as a lay individual I think it would be presumption on my part to step in and say which medical man is wrong.

20,229. I think you are over-modest. After all, it is your money; you have got the key of the box. It is surely up to you to be satisfied that it is a proper claim?—Yes, and we endeavour to be satisfied on those matters.

20,230. This suggestion is really with regard to the case of a disagreement between a panel doctor and the Regional Medical Officer?—Yes.

20,231. Do you suggest that the other rules with regard to disputes are unsatisfactory? What is your rule about disputes at present? How do you arbitrate?—We have very little arbitration, and want as little as possible.

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20,232. You have some provision in your rules?—We have no fixed arbiters. We simply call in an arbiter and put the circumstances before him, call the member, give the member an opportunity of saying what he likes, and the arbiter decides.

20,233. Do I infer from what you say about additional benefits that you would rather welcome a prescribed order in which societies should be allowed to have the additional benefits?—Yes, it would amount to that.

20,234. And would you go further and suggest that perhaps there are too many different additional benefits?—Yes, that is my impression.

20,235. (Mr. Jones): You have told Professor Gray your idea about the reduction of the number of units, and your ideal is 50,000?—Yes.

20,236. How could you stop at that?—You cannot stop at that. They might increase to any numbers. Similarly there would be a possibility of certain of those units decreasing.

20,237. Might it not go on until you had one centralised fund for the whole of Scotland?—Yes, it might.

20,238. How would you view a fund like that?—It would require some years' experience of the process of absorption before one could venture an opinion on that. That is to say, I would like to see how the matter was tending before I would venture an opinion. It might be better or it might not be. I should like to see the process going on for some time.

20,239. Can you think of any advantages it might have?—The number of insured persons in Scotland is 1,700,000. That is far too great a centralisation in my opinion.

20,240. Supposing you did not centralise it altogether; supposing you centralised it only as regards funds, and left some system of local autonomy for the administration of details, can you suggest any advantages that might arise from a centralisation of the funds in that way?—At the moment I do not think of any.

20,241. Would not it result, for instance, in a level rate of benefit throughout the country?—It would have a tendency in that direction.

20,242. Do you think that would be desirable?—There, again, my personal opinion is that it would be desirable.

20,243. It might also, under existing schemes of additional benefits—which is again the point that you were demonstrating to Professor Gray a moment ago—mean a levelling-up of the additional benefits and a uniform selection?—I do not follow you.

20,244. You were pointing out to Professor Gray the objections to the present method of administering additional benefits. One centralised fund would enable you to stabilise your additional benefits in the same way as you stabilise your primary benefits?—Yes.

20,245. Would you approve of that?—Yes.

20,246. With regard to medical referees, if you have a dispute of any sort just now your rules apparently provide for reference to an arbiter?—Yes.

20,247. If a member is dissatisfied with the arbiter's decision do you then refer it to the Board of Health?—Yes.

20,248. You have only the two stages?—Yes.

20,249. In the event of two conflicting medical certificates being placed before your arbiter, at the present time, what does he do in the matter?—The sick member is called before him if able to come, if not he visits the sick member, and he just simply weighs up the evidence, and I suppose judges the sick member from his own estimate, and gives a decision.

20,250. Does he discard the medical certificates?—He has got to disagree with one of the medical certificates. I might say with regard to the State referees that I have found in analysing the decisions of the State referees that they seem to go in the right direction. I have divided them (the patients) up into groups of ten years, and I have found that as

they grow older the State medical referees' decisions to the effect that they are capable of work decrease in number. That is in my opinion the right way. I judge from that that the State referees give careful consideration to the cases.

20,251. Does that mean that in the older ages there is a greater difference between the medical referee and the panel practitioners?—No, it would be the opposite. There are fewer differences between the State referee and the panel doctor at the older ages.

20,252. Who refers these cases to the referee? Is it the Society?—Yes.

20,253. So that as age advances you have less reason for criticism of the panel certificate?—Yes.

20,254. A sort of natural position of affairs?—Yes. I was quite gratified when I saw it worked out that way.

20,255. Among the younger members, is it the case that the panel doctor is more inclined to declare the member fit for work than the referee?—No, it is the other way about.

20,256. Let us get that quite clearly. I am afraid I read it the other way. There is a large measure of agreement in regard to older cases between the panel practitioner and the referee?—Yes.

20,257. And a less measure of agreement in the other cases?—Quite.

20,258. Is it that the referee decides more frequently against the Society in the younger cases?—No, the referee decides more frequently that the member is capable of work.

20,259. The panel practitioner, in that event, among the younger members, appears to be a little more lenient?—Yes.

20,260. In these cases when they come before your arbiter and he makes an independent decision, how far does he agree with either the medical practitioner or the referee? He has to turn down one of these certificates. Who does he agree with most?—Generally with the one who continues the member on benefit. I think that in our society particularly there is a bond of sympathy, and that has its influence.

20,261. Do you think that is peculiar to your society alone?—No.

20,262. Does it not suggest that the medical referee is inclined to take far too official an attitude towards this question of incapacity?—I have not found it that way. I must say I have been quite favourably impressed with the results of my analysis on the age groups.

20,263. Just look at the older members; you say that the medical referee agrees with the panel practitioner in a great many more cases than he does in the case of younger members. Does that not suggest exactly what the Approved Societies are for, that they should administer these benefits in the interests of the members without, of course, contravening the provisions of the Act?—It suggests to me that the arbiter is influenced more by human sympathy than the medical referee. The referee is more influenced by his medical knowledge.

20,264. If you turn it down on medical knowledge alone, is not the panel practitioner in exactly the same position?—Yes.

20,265. Does the panel practitioner add a little human sympathy to it that is non-existent in the case of the medical referee?—The arbiter generally does.

20,266. If he agrees with the panel practitioner then they are more or less working in harmony?—Yes.

20,267. Is not that a very useful function for a society to serve, to take a human view of these things rather than a purely official view?—Yes, but there is still the element of doubt in the decision.

20,268. Where does it come in?—I think it would be cleared away if you referred it back to the two medical men, who would then agree on points.

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[Continued.]

20,269. Would not that need a third medical man if you want an expert interpretation of the medical certificates?—I would have hopes that the two medical men, the Stato referee and the panel doctor, if brought together, would come to agreement.

20,270. One would have to admit he was wrong?—Yes, and one has to admit he is wrong under present circumstances.

20,271. No, he does not admit it, but he is told he is wrong. Do you think you would get any further forward? I put it to you that if it is a very essential and a very desirable thing that the societies should have power of arbitration in these matters, and that you should have independent lay views on the matter, are there not other considerations than technical considerations on the part of medical men as to whether or not the man is capable of work? Is it not rather a narrow line between capacity and incapacity?—Yes.

20,272. Is not a sympathetic layman as able to form a judgment as anyone else?—If you discount the medical men's knowledge, but I would prefer that it were settled between the two medical men themselves.

20,273. Do you think any two medical men are ever likely to agree if they differ in their diagnosis?—I cannot say.

20,274. Coming to the record cards for a moment, your members have a little more active interest than mere membership of the society. They are also co-operators?—The majority.

20,275. Consequently you operate apparently through your branch offices?—Yes, through the local co-operative societies.

20,276. Who are the officials?—Generally the managing secretary or manager of the local branch, or a clerk whom he delegates.

20,277. So far as your members are concerned, they scarcely need a record card anyway, because they know their co-operators, and they have a very ready local means of getting information?—Yes, that is so.

20,278. So that in the case of your society, perhaps, after all, the record card is not just as valuable a thing as it might be elsewhere. That is your view?—Yes.

20,279. But take it from the point of view of the large centralised societies, do you not think it is a very useful thing in that case?—We have the statement of the Board of Health that other large societies can put up as good a case as we have put up.

20,280. One could think of the large friendly societies where the interest in insurance is just as acute as where your members are interested in co-operation, but take the large societies dealing with the generality of the labouring classes, how could these people identify themselves? Are they not likely to get lost without some record, some connecting link between themselves and their society?—My experience has been that even with the record card they get lost in countless numbers. Thousands of them do not know what society they are members of.

20,281. That is among your members?—No, I am speaking generally from the evidence that comes before me in connection with transfers.

20,282. You think they are so very little interested in it?—Quite indifferent.

20,283. When these people want benefit how do they associate themselves with a society?—Then the trouble begins. They, in many cases, begin to find out what society they are members of.

20,284. Is the argument not the other way, that there should be propaganda urging upon men the value and the desirability of retaining these record cards?—That might be.

20,285. As generations grow up will they not learn to value this record card?—It might come with propaganda.

20,286. I have, for instance, had occasional cases referred to me—nurses bring them, and others—where a difficulty has arisen, and the man's record card is a sort of prima facie evidence of his position,

and you can ask him a question or two and advise him whether he has a claim or not; or with the aid of the record card he is able to get in touch with his society?—Yes.

20,287. My point is that some measures should be taken to urge the importance of it?—I would be inclined to fall in with that if some method could be found of developing a greater interest among the members.

20,288. Have not the police often found them very useful on occasions in identifying strangers?—I do not know.

20,289. You know that at the beginning there was the same difficulty with regard to medical cards; people did not value their medical cards, they laid them aside and lost them. Is that the case at the present time?—At the present time, within the last six months, I have had quite a number of the old pink original medical cards submitted as their medical cards by our members.

20,290. Still the new generation growing up places considerable value on its medical card?—As time goes on.

20,291. Don't you think it is desirable to retain the record card, although in the course of time we may have to have some alteration?—So far as our own society is concerned I would undertake to work it without a record card at all.

20,292. (Mr. Evans): In paragraph 2 you refer to the rate of sickness benefit that should be paid. You think it ought to be raised to the level of the unemployment benefit?—Yes.

20,293. Do you mean that the recipient also ought to get so much per child, so much for his wife, and so on, if he was a married man?—No, it was simply on the question of the difference between 15s. and 18s.

20,294. You do not differentiate between a married and a single man?—No.

20,295. You do not carry it as far as that?—No.

20,296. You do not suggest that 18s. a week is anything like enough to maintain a man?—No.

20,297. If he has not any other source of income, how do you suggest he might be able to live? Do you think his insurance against sickness should be enough to maintain him at his ordinary level?—I am in favour of it if you could get up to it. I merely mentioned the 18s. unemployment benefit because it was a rate that occurred to me.

20,298. You think it is an anomaly to pay 18s. unemployment benefit and 15s. for sickness benefit?—Yes.

20,299. You do not suggest that 18s. is enough?—No.

20,300. With regard to the units for administration purposes, you suggest 50,000 as the ideal Approved Society?—Yes.

20,301. What would happen to your society if you had such a scheme? Would you be absorbed?—I said I was not prepared to commit suicide.

20,302. (Sir A. Duncan): Would you rather commit murder?—I do not think it is murder so much as a paternal consideration.

20,303. (Mr. Evans): The administration would be better if you had a fairly substantial body of men to administer for?—Yes.

20,304. What additional benefits have you in your scheme?—2s. sickness, 1s. disablement, and 4s. maternity. We also administer dental benefit.

20,305. What place does nursing get? It is not mentioned in your scheme except in a general way. You refer to special medical treatment. Does nursing come in at all?—I had not thought of nursing as a special item.

20,306. We had evidence the other day from some Nursing Association and they mentioned general nursing. I was wondering what your experience was in the case of, say, ante-natal nursing, post-natal nursing, and general nursing—whether you think that there should be some provision for the nursing of the sick people?—Yes.

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[Continued.]

20,307. Do you think that that ought to be in some way within the ambit of our scheme?—Yes.

20,308. (Sir A. Duncan): On this question of arbitration, do I gather you are not very fond of arbitration?—That is so.

20,309. What is your practice under your rules at the present time? I assume you may have disputes that do not turn on any medical question at all?—No, we have never had any disputes, and I could not imagine having a dispute so long as I am there. I have never allowed it to get that length.

20,310. You would rather pay?—We have never had a dispute of that kind.

20,311. Would you be satisfied if there was an arbiter beyond the stage of the panel doctor only?—Yes, quite.

20,312. Instead of referring it to a medical referee, as at the present time, would you be satisfied with a medical opinion which could be regarded as final?—Yes, that would be quite in line with my ideas.

20,313. If there was such a thing as that—medical opinion that had to be accepted as final—would the administration of the society lose any of the personal touch or the human touch which Mr. Jones was asking questions about?—I do not think so.

20,314. Why not?—I do not see that it would apply there.

20,315. Your view is that the question of capacity or incapacity is so much more a medical question than a layman's question that the balance of advantage of having an official medical opinion would be greater than any disadvantage there might be?—Yes.

20,316. At the present moment what is your procedure? You send a man to the medical referee?—Yes.

20,317. And if he gives a contrary opinion you are still in a quandary. You send him to a State referee?—We refer the case to a State medical referee.

20,318. Is he a medical man?—Yes.

20,319. And is his opinion not final now?—No.

20,320. When you talk about the State referee you are talking about a medical referee?—Yes.

20,321. You have no special rules in your society?—No.

20,322. And if there is still a dispute, where does it go?—We have never had one that went that length.

20,323. Supposing you were left in such a quandary that you had the medical referee's opinion, but that you did not quite know what to do, but you decided to put the man off benefit, he would have an appeal to the Board of Health?—Yes.

20,324. But you have never had that experience?—No.

20,325. Is that because you have paid rather than have trouble?—Yes.

20,326. (Mr. Cook): You suggest that the maternity benefit, from the point of view of enabling the mother to get any financial benefit, is absorbed entirely by the doctor?—That is my experience on the evidence brought before me.

20,327. Do you suggest that the doctor is overcharging?—I know that when the maternity benefit was 30s. the doctors' charges were smaller than when it was increased to £2. The doctors' charges were increased then. I am afraid that if the benefit was increased further, unless some limitation was put on the doctors' charges, they would go up.

20,328. You suggest that the doctors' charges should be limited by some statutory enactment?—Yes.

20,329. In order to prevent the whole of the benefit being absorbed?—Yes.

20,330. Which was primarily intended to be a benefit to the mother?—Yes.

20,331. With regard to additional benefits, you mention in your evidence a number of additional benefits that your society gives to its members, such as optical and dental treatment?—Yes.

20,332. In addition to additional cash benefits?—Yes.

20,333. And I think you also suggest that these additional benefits should be made uniform?—Yes.

20,334. Have you any suggestion to make as to how that could be brought about? What I mean is this—you have a number of societies—some fairly large Approved Societies—that have no surplus, and therefore are not able to give more than the bare statutory benefits set forth by the Act. They have not the means to do more. Can you suggest how these societies—and some of them run into a good many thousands of members—are going to give to their members these very desirable benefits that you and others think societies should give to their members?—One possible way would be by amalgamating with some other society, and I would guarantee there would be a surplus.

20,335. Take a society that I have in mind at the moment, that numerically is as large as yours, a Scottish Miners' society?—I know the society.

20,336. Suppose that society were to link up with yours and make a society of 60,000 members, you would have all the additional burdens that that society has to carry to-day in the form of additional sickness that prevents that society at the present moment from having any surplus to give these additional benefits with—that is what would happen, so far as I can sum it up?—Unless the leaven leavened the whole lump.

20,337. How could the leaven in any way reduce the sickness experience of that society?—By spreading it over a greater number. That is what I found in taking over small societies; by taking them over we improve the position of them considerably.

20,338. Your healthier membership would assist the membership of a society that has a larger sickness experience than your members have?—Yes.

20,339. Supposing you were to carry that to its logical conclusion, would not it ultimately come to this, that your argument would be quite a logical argument in favour of linking up all the Approved Societies of the country, so that the common burden would be borne by all, and common benefits given to all?—Save that, as I say, I think there is a limit beyond which the unit becomes too unwieldy. I base that on my experience of the very large industrial Approved Societies. I do not think they have any bond of sympathy between their members and the central body.

20,340. That is the argument of the personal touch?—I am very doubtful about the personal touch in many cases, but I think that in my own society we do maintain a wonderful amount of that personal touch, and I think it should be attained in the society you mention. If, instead of forming an Approved Society for themselves, they had come into our society they would have been in a different position.

20,341. And if your members had gone into their society it would have been the same thing?—It is a different matter then.

(The Witness withdrew.)

Mr. JOHN REID, called and examined. (See Appendix LXXIX.)

20,342. (Chairman): You are Mr. John Reid, and appear on behalf of Mr. Walter Reid, who has sent in this Statement?—Yes.

20,343. Which, I gather, is submitted on behalf of the Chartered Accountants of Scotland?—Yes.

20,344. Am I right in saying that the Chartered Accountants of Scotland consist of three societies, Edinburgh, Glasgow and Aberdeen?—Yes.

20,345. And they have a kind of joint examining board, and a joint committee for looking after matters of common interest?—Yes.

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[Continued.]

20,346. And I suppose these are the views of the joint committee of the three societies?—Yes.

20,347. With regard to the evidence submitted, a few points arise. First of all, you refer to the practice under the Friendly Societies Act. I take it that the reference there is to section 26 of the Friendly Societies Act of 1896, which lays down that, "Every registered society and branch shall once at least in every year submit its accounts for audit either to one of the public auditors appointed as in this Act mentioned, or to two or more persons appointed as the rules of the society or branch provide"—Yes.

20,348. So that the position is that a society of that kind may either select an auditor from this list drawn up, or it may, if it cares to do so, take two people of any kind?—Yes.

20,349. They may, as they sometimes are, be people of no standing whatever?—Yes.

20,350. I suppose the idea is that the one would act as a check on the other?—Probably, but it is the old idea of a lay auditor.

20,351. Just to connect these points together, you refer further on to the industrial and provident societies?—Yes.

20,352. And the provisions there under the 1893 Act are precisely the same?—I think there is a provision for a limitation.

20,353. Section 13 of the Industrial and Provident Societies Act says, "Every registered society shall once at least in every year submit its accounts for audit either to one of the public auditors appointed as under this Act mentioned, or to two or more persons appointed as the rules of the society provide"—I am subject to correction, but I think there is another Act which restricts it to public auditors, but I am afraid I did not keep a reference to that Act.

20,354. It is a minor matter. In the case of friendly societies, while there is a list of public auditors, societies still have the option of submitting their accounts to two people whom they select in some manner, into which no inquiry is made?—That is so.

20,355. What I gather you want is that the accounts under the Insurance Act should be audited by professional auditors?—Yes.

20,356. And I think you go further in one part of your statement and rather suggest an extension of that system to voluntary societies as well?—Yes.

20,357. Would you care to elaborate for us the reasons on which you base that contention?—If I may. That involves, of course, my criticism of the present system.

20,358. We welcome that?—The first point which I would refer to with regard to the existing system of auditing is the extraordinary delay that takes place in completing the audits. In the 1924 report of the National Insurance Audit Department, page 24, it is stated that as regards the year of accounting, 1923, at the end of 1924 the total audits completed were 5,060, and there were 4,020 remaining outstanding. That is one year after the close of the accounts. That is to say that about 9,000 altogether came under audit, and nearly half of them remained outstanding, not completed, a year afterwards. That, in my view, conduces to inefficiency and impairs the usefulness of an audit. In our view the sooner an audit is completed after the close of the accounts the better for all concerned. The delay in auditing is conducive to assisting the accounting officer to fraud. It has a good moral effect upon the accounting officer to know that he has to produce his accounts without delay after the close of the year, and it has the opposite effect—a demoralising effect—if he knows he has a breathing space of about a year or 18 months after the close of the accounts in which he may do practically as he likes.

20,359. Can you tell me whether any particular action follows the auditing of the accounts? Is there anything dependent on the auditor except getting it done?—What depends on the auditor in finding that the accounts are correct? What happens

is that a fraud is stopped when it is discovered. If the audit is delayed the fraud is not discovered for a considerable time after the close of the accounts.

20,360. That is on the assumption of fraud, which, of course, is always present in any big scheme to a certain extent, but I think you will agree that the element of fraud is very small?—It is not very extensive, but delay in audit always induces to fraud. Then the second point I should like to mention is that in order to make auditing expeditious and have the audit completed within a reasonable time the staff at the command of the auditing department should be sufficient. The accounts all close at 31st December, and if they were to be audited, say, within six months, probably the staff would require to be doubled in order to carry out the audits within a reasonable time, which I put at six months. In a commercial business it would be a shorter time than that. Probably it is convenient for the staff that the accounts should come in in dribblets all over the year. They may be very late, but it enables the staff to get the work in dribblets, and enables them to overtake the work, whereas if they had to do it within six months of the close of the year the staff would require to be increased, and it would therefore mean a great deal more expense.

20,361. On that do I gather that you have modified to a certain extent one contention in this Statement, which was that the auditors had slack periods when there was nothing to do?—We suggested that there might be that. It is difficult to say.

20,362. I rather gather now that your contention is somewhat different. Reading this Statement, I gathered that the auditors had a lot of work to do and were idle for a while. Now your contention is, as I understand it, they have not got to hurry up and do a thing, but the work is spread over the year?—I think if the work were to be done expeditiously there would be a considerable amount of slack time. That was really the impression we wished to convey.

20,363. I rather thought you went further, and implied there was slack time?—We cannot really say. If it were done expeditiously there would be slack time.

20,364. What you contend is that if the work were done within six months, as you say it ought to be done, then there would be a slack time?—That is so; and the staff would require to be probably doubled, and the expense would be correspondingly increased. The third point is in regard to the cost of carrying out this audit. From the Civil Service estimates 1923-1924 it would appear that the cost is about £180,000, including stationery, postages, and so forth. Then the total expenditure audited, so far as I can make out, is about £19,000,000, so that the cost of audit would amount to not quite 1 per cent. I now come to the provision which you quoted from the Friendly Societies Act whereby these societies were referred to a public auditor for auditing. The scale of fees as laid down by the Treasury for auditing accounts of societies registered under the Friendly Societies Act is as follows:—Gross receipts not exceeding £3,000, 3 guineas; exceeding £3,000, and for every £1,000 in excess up to £10,000, 1 guinea; above £10,000 they have to be fixed by special arrangement. That is roughly a guinea for £1,000. That would be the charge that a public auditor could make for auditing a friendly society's accounts, except working men's clubs. The charge is 1 guinea per £1,000, roughly, as against nearly £1 per £100 in this case here. So that the cost of auditing the accounts under this Minute of the Treasury, if done by public auditors, would be, say, roughly, £22,000, as against £180,000. Then the fourth point is the inaccessibility of the present system. There are, I understand, in Scotland three centres for auditing, to which accounts have to be sent by Friendly Societies, and that, of course, is a very limited sphere. If the accounts were to be audited by chartered or incorporated accountants,

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Mr. JOHN REED.

[Continued.]

then I find there are at least 22 towns in Scotland where there are practising chartered or incorporated accountants. Thus the auditor could be in closer proximity and more readily accessible to the accounting officer than he is at present. It would be easier, I think, to carry on a continuous audit or periodic audit with better accessibility between the accounting officer and the auditor. One more point. On the general principle the chartered accountants draw a clear distinction between an auditor and an accounting officer. An accounting officer is a man who prepares the accounts of a concern, and an auditor is a man who does auditing pure and simple. That distinction is drawn attention to in the Treasury Minute which says that no public auditor can audit the accounts, balance sheets or annual return of any society of which he is the accountant. The auditor is a man who is trained in the science of auditing. He serves an apprenticeship and he passes certain examinations. But above all he gets a great deal of experience in practical audit work, and his mind and mental qualities are specially trained for the duties of auditing, and therefore he is particularly well equipped to do all sorts of audit work, and to apply his mind to the different problems that crop up in connection with audits. I say this qualification, which is attained after years of study and practical office experience, is a very valuable asset to any auditor, and a qualification which cannot be got outside of practical experience.

20,365 On these general points perhaps I should ask a few disconnected questions. First of all, what do you mean by "auditing"? Do you regard it as being merely a matter of arithmetic?—Oh, no. This is what the Treasury Minute lays down—that the auditors are to verify the annual return with the accounts and vouchers relating thereto, and must have regard to the rules of the society. That describes an audit. He must exercise his knowledge of the rules of a society as to whether receipts and payments are in accordance with the rules—not merely to sum up the two sides of the account to see if it is correct.

20,366. The reason I asked that is because you suggest that there is a confusion between auditing and administration?—Yes. The auditing should be quite distinct from purely administration work.

20,367. I agree, but do you think it does go so far as that?—I believe so.

20,368. Would you say that the duty of an auditor was not merely to check figures but to check every transaction which might reflect itself in figures and expenses?—Yes, that is so, to check every transaction which has been carried out by an accounting officer.

20,369. Take the kind of things which are possibly suggested as being outside auditing, things like membership alterations, records of marriage, and all that sort of thing—all these things get reflected in reserve values, and so on?—Yes, that is so.

20,370. So that it is quite properly the duty of the auditor to certify all these entries and records, although they are not in themselves related to money?—Yes.

20,371. In a private business, when you are auditing, do you or do you not make alterations as you go along with the consent of the parties concerned? I mean if you are auditing the accounts of electric works or gas works and there is some mistake in an entry somewhere, do you not call the people in and say this should be so and so?—Usually no alterations are made until the accounts are completely audited. They are noted at the time and probably discussed with the accounting officer, and if there are any alterations to be made then they would be all given effect to when the audit was completed, and they would be pointed out to the accounting officer.

20,372. And these alterations would then be made?—Yes, by the accounting officer.

20,373 I gather that your special objection here is to the fact that this work has been entrusted to a

special audit department, to, in fact, a body of civil servants. Is that your objection?—Yes, that is our objection.

20,374. And you say here that this department was set up on the plea that the accounting system was so intricate that no ordinary professional accountant could understand it. You surely do not mean that seriously?—We have heard that.

20,375. Surely, if I may say so, it was a very foolish person who told you that?—We have had no other substantial reason advocated.

20,376. You are a professional man, and we all have the greatest respect for professional men. Is there anything in accounts you cannot understand?—I do not say there is any foundation for that statement.

20,377. You would say that an accountant is there to understand accounts, and the more difficult the accounts are, the more you will need an expert accountant?—Yes, that is so—a trained man to grasp the facts.

20,378. But might you say this, that if any particular kind of accounts was intricate and complicated, as these accounts are, it is an argument not for having somebody other than an accountant, but for having people who are specialists, and who are, in fact, doing nothing else?—Yes, just exactly the same as it requires a very skilled man for a doctor or a lawyer.

20,379. Take the case of these Insurance Acts, they take in fifteen million insured persons, the great bulk of the population, and they cover the whole lot, and they have got to fit them all; and there is no change in the general conditions of employment which does not get reflected in the Insurance Act and Regulations. When you have a war on and soldiers are discharged, you get further Acts to deal with the case. When you have periods of unemployment, you have Acts to deal with them as well. The whole thing is going on all the time to deal with fresh circumstances. Is not that a case where you might have a case for someone who was specialising in it, who was doing nothing else?—If I might quote an analogous case, take the Territorial Army, the regulations for which are in a state of continual alteration, and would require a trained auditor for auditing the accounts in order to keep in view a great many regulations issued by the War Office; in the case of the Territorial Army the auditors have to be chartered accountants or incorporated accountants appointed by the Association themselves, and it is the duty of those gentlemen to carry out the audit efficiently. It has worked since 1908 without any complaint of any kind, and to the satisfaction of all concerned.

20,380. Take a day in the life of a chartered accountant. What happens? I suppose in the morning you are perhaps auditing the accounts of the Aberdeen Tramways; in the afternoon you are winding up a bankrupt estate; and later on in the day you will get a case of refund of income tax, and so on. Take the case of income tax and the refund of income tax, do you not become more expert in that work the more you specialise in it?—Yes.

20,381. A chartered accountant who goes along to his first case of income tax refund would be rather in a fog?—Yes. It depends on the complications.

20,382. If he was doing the thing for the first time he would have to get up the whole of the income tax regulations, and all the rest of it?—Yes.

20,383. He can only do it, in fact, because he is doing a good deal of that kind of work all the time?—Yes.

20,384. Applying that kind of idea to insurance, there are constantly regulations coming out about insurance?—Yes.

20,385. Do you think that an accountant who was merely doing this kind of work along with a great deal of other work, and not having very much of it, would in fact, conscientiously be able to find time to read the regulations as they came out, and the circulars, and get them all up as he went along?—I do not see

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anything to hinder him, because it is done in other cases. In the case of the Territorial Army, for instance, it is done there.

20,386. Have you any first-hand knowledge of the Insurance Act?—Not of the Insurance Act, but I am an auditor for a Territorial Association, and I am quite conversant with what is required to be got up in connection with it.

20,387. I should have thought it was quite a possible argument that this thing is so complicated, having to meet the exigencies of fifteen million people, that the only man who could do the audit was the man who was living with this thing every day and all the day and all the time?—I do not think so. It is a question of degree, of course.

20,388. The Territorial Army is one class of men where one is very like the other, but when you come to insurance you have a number of classes, and things are constantly changing—it is the whole population—and I put it to you that while I doubt whether anybody understands the Insurance Acts properly, but if one has a competent knowledge of the Acts it might be that there is not much room for anything else in his head at any given time?—I do not think so. I think it is quite easy to master the parts of the Act which bear upon financial problems. As a matter of fact, these parts which require the attention of the auditor are specially brought to his knowledge.

20,389. By whom?—I am speaking of the War Office. They do that. They say, "This is to be put before the auditor". That, of course, ensures that the auditor gets these notices throughout the year, and he gets a running knowledge of what is going on and what requires to be attended to.

20,390. Take the other point you raised—the comparison with voluntary friendly societies. Keeping in mind the points I have put to you, don't you think there is a great difference between the work of a voluntary society and State insurance? You suggested that by virtue of voluntary societies giving a funeral benefit they are more complicated?—It is an additional benefit you have to watch.

20,391. Is it not the case that a voluntary society is entirely its own master?—Yes.

20,392. It reduces its rules into small bulk?—Yes.

20,393. And an auditor who audits the accounts of such a society has got the rules there in small bulk; it may be a few pages only?—Yes.

20,394. But when you are dealing with the Insurance Act, you are dealing with a vast mass of regulations, you are dealing with all these instructions which have got to filter down from headquarters. You have got to preserve uniformity throughout the whole administration, and as viewed from that point of view there is no comparison between the complications of the voluntary society and State insurance?—The State section, I should think—I am speaking without much inner knowledge—must be analogous to a voluntary society. They give one or two extra benefits, it is true, such as dental treatment, but these would not be difficult to handle.

20,395. But don't you see any difference between the rules adopted by a friendly society, which has got complete control of its own affairs, and which in consequence runs its affairs in an amateurish way with a small body of rules, and other cases where you have a complication of Acts and an attempt to bring in the whole population within the four corners of one scheme with all the differences that arise?—The voluntary societies are subject to the control of the Registrar, and each voluntary society can make its own rules and give its own rates of benefit. You may have 50, all giving different rates of benefit. I should say the State section is much simpler.

20,396. The voluntary societies very often have a small body of rules which any man can read in a quarter of an hour, but in the case of State insurance it would take three weeks?—He can remember what he has gone over, and he has got the one standard set in his head and he does not need to go over them again.

20,397. With regard to the expense of the system, you do not think it is a sound general principle that when a Government office requires a professional man they should, in the first place, engage him in the open market—that is when there is not too much work to do. If a Government department wants a lawyer or an engineer or a doctor, the normal thing to begin with is to send the case out. You engage a lawyer to do the work *ad hoc*?—But not just the first lawyer you meet.

20,398. I agree, but you go into the market and employ him?—The Treasury do not follow that because they say all chartered accountants are not qualified to be public auditors.

20,399. I am not on that point. I am on the point that up to a certain stage if a Government office has got work to be done it is better, so long as the work is small in extent, to engage a professional man on the market?—Yes.

20,400. But when the work becomes fairly large, do you not think that on many grounds it is advisable from the point of view of a Government department to engage people full-time?—I do not think the Government should keep that in view. They ought to have regard to efficiency, in the first place—the efficiency of the audit.

20,401. I am not talking about auditors. I am talking about general professional men. If you have enough engineering work to keep an engineer busy, it is better to get an engineer on the staff, and so on?—That is for certain purposes—I agree—if they are to be under your control and instruction.

20,402. Not only that, is it not cheaper?—I do not know that it is.

20,403. Do you not think, for instance, that a Government department gets a first-rate doctor full time cheaper than a first-rate doctor would make outside?—I doubt that.

20,404. Why?—Because all the Government departments, speaking generally, are run on an uneconomic basis.

20,405. Putting aside that axiom with which we are all familiar, do you not think, taking professional men outside and inside, that the professional men inside are lower paid?—I do not know that you will get better brains inside than you will get outside.

20,406. Perhaps you would suggest that the remuneration is not sufficient to attract the best brains?—Yes, perhaps that is the reason why the outside man is a good man.

20,407. In the case of auditors, you refer to the figures here in the Estimates, and I think you rather suggested that you could do it possibly at about one-tenth of the cost?—That is all that is prescribed by the Treasury.

20,408. Does not that support my contention of a few minutes ago, that it is for an entirely different kind of work?—Different from what?

20,409. That, in fact, the audit of friendly societies on the private side is a much simpler affair than auditing the accounts of the State side?—I should not say it is. It is exactly similar work. They pay similar benefits, and so on.

20,410. On this staff here, as far as I can make out, there are 129 professional men. The total staff is 439, including clerks, typists and messengers. Do you think that 129 is an excessive number to do 9,226 audits, in addition to auditing the accounts of other sections?—It depends on the quality of these gentlemen.

20,411. Have you any objection to the quality?—I do not know. I understand that some of them were originally chartered accountants, probably at the start of the thing, but I learn that now no chartered accountant is eligible for admission as an auditor in this department. I understand he must be a civil servant, and pass just a civil service examination.

20,412. Is not this the position that to become a C.A. you have to be in ordinary business?—To serve an apprenticeship to another C.A.

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20,413. That is what excludes these people from being in this department?—What I mean is that a C.A. is not eligible for admission to the staff here.

20,414. A good many are incorporated accountants?—I understand that neither are eligible for admission. They must be civil servants.

20,415. To begin with, no doubt, he is a civil servant, but he is put under the training of these chartered accountants who were there to begin with, and I suggest to you that a great many of them, although they cannot by reason of their service become chartered accountants, do, in fact, get the other qualification as incorporated accountants?—An incorporated accountant is rated along with a chartered accountant in the Acts of Parliament.

20,416. Would a part of your uneasy mind be put at a rest if you were satisfied that a considerable number of these men did go up and pass the other examination?—Yes.

20,417. You say they are debarred from becoming C.A.s by virtue of the way they are selected?—That I am not sure.

20,418. (*Mr. Jones*): Take a clerk in a municipal accountant's office. He does not require to be apprenticed to an accountant? He could sit his examination in virtue of his service in the office, he may sit the F.S.A.A. examination?—They are rated in the Acts of Parliament, but of course we have our own views about that method. We hold it is fundamental that a young man who wishes to be a well qualified chartered accountant must serve an apprenticeship with another chartered accountant in practice.

20,419. You cannot help people, if you close your doors against a certain number of people—you cannot help other people closing their doors against you?—We are aiming at quality and high standard.

20,420. You do not suggest the F.S.A.A. qualification is not a high qualification?—There are gentlemen of that degree who are of high quality, but we say that if they do not go through the training that we give they have not the chance of getting such a high training as we have.

20,421. (*Chairman*): The high training is for general practice?—Yes.

20,422. These men do not aim at general practice, they are specialists, experts; they are men who we hope have the Acts and Regulations at their finger ends, and I suppose they have been trained by people who are competent accountants, and they pass the examination of the incorporated accountants?—That just brings up the point about a skilled accountant in a business not requiring an auditor. He has more experience of his own accounts than any auditor could have, but you find when an auditor comes in, with his skilled mind, and knowledge of other businesses, he can pick holes in the accountant's statement on questions of principle, and so on. That is just an analogy to show that the skilled man who is working in his own groove yet requires an auditor to come in and scrutinise the statement which he prepares.

20,423. On the other question of accessibility, your contention was that in Scotland there are only three places where there are Government auditors situated?—I understand so.

20,424. What do you think there ought to be?—As I said, the more accessible the auditor is, the better we think it would be.

20,425. But the work is not merely carried on in these three centres?—I understand that the auditing work is entirely carried on in the three centres.

20,426. My impression was that the auditors in any district worked in two ways. In the case of certain societies where it could be done conveniently they called in the books. In other cases they went out and did the books—whichever was most economical, a consideration which weighs heavily in the minds of Government officials?—You may be right.

20,427. Is there any supreme virtue in an audit taking place on the spot?—The accounting officer,

if he has any difficulty, can go and consult the auditor.

20,428. Would your difficulty be partly met if, in fact, the auditors did part of their work at head office and part of their work outside, arranging their work in groups in certain places?—No, you would require to have all the year round accessibility for the accounting officer. May I give the reference which I could not find at the beginning. It is to the Industrial and Provident Societies (Amendment) Act, 1913, which lays down that, "Every registered society shall once in every year submit its accounts for audit to one or more of the public auditors appointed under the provisions of the principal Act." So that the two lay members are now cut out.

20,429. (*Mr. Jones*): Early this morning you made some reference to the delay in the audit, quoting, I think, from the Audit Department's report?—Yes.

20,430. Does that really mean all that it appears to say? It talks about the number of completed audits and the number not completed?—Yes.

20,431. Can it be taken perhaps that the cash audit has been brought pretty rapidly down to date?—That I do not know. I take it that this means exactly what it says, that certain audits are completed and others not.

20,432. But it would be quite satisfactory from your point of view if the cash part of the audit were well up to date?—I cannot well understand the cash part being separate from the general audit.

20,433. In National Insurance there are many intricate operations. For instance, there are questions of interest on investments. A society will gather this from day to day, in so far as its funds are invested by itself. Half of their funds are invested by the National Debt Commissioners. That is allocated annually. There is no hard cash. That is a book entry and a bank entry, and it is immaterial whether it is received as at 31st December, January, or May, for that matter. Similarly there must be a great many entries in connection with reserve values, and I think that is the interpretation that is to be put upon it. The cash part of the audit may be completed fairly early, but the actual revenue may be delayed indefinitely because of the many complications?—I cannot understand that. The whole of the cash transactions are entered in the cash book, and this is a business wholly on a cash basis, and it seems to me that the audit could proceed at once if the cash book is produced.

20,434. But is it not the fact that many of the larger audits are going on practically throughout the year?—I understand not, and that it is once a year.

20,435. I think it is common knowledge that in some of the larger society offices the representative of the Audit Department, if not there continuously, will be there frequently?—I cannot speak to that.

20,436. That is the case?—Yes, if you say so.

20,437. I have some little experience of it, and I know the auditor came quite frequently throughout the year, but latterly the cash audit was pretty well up to date, and it was sometimes years before we got the final credit?—But they would not get the true state until all these entries were through.

20,438. But that was not the fault of the Audit Department?—I suppose it depends on how the auditor chases up the accountancy officers.

20,439. The auditor cannot chase up the Insurance Department in London?—I see. It is another Department.

20,440. The difficulties are acute because it is an immense business, and they have to establish their pools over the country before they make the credits for the units throughout the country?—I see.

20,441. (*Chairman*): I think the position is different from others in that it is not merely a question of cash. In any other business we are dealing with cash, but Approved Societies are worked partly on paper reserves, which are being gradually encashed?—Yes.

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20,442. And that is being gradually transformed into money, so that it is not merely a thing with so much money in it?—Yes. It seems to me from what has been said that some other Department of the Government requires overhauling to bring others up to date, because it is utterly wrong to have audits delayed so long.

20,443. (Mr. Jones): One might put it that the audit is up to date, but the revenue items are difficult to determine?—As regards the main offices in towns I quite understand it, but in the outlying districts I understand there is no such continuous cash audit as you speak of; but I may be wrong.

20,444. It is hardly worth while sending the auditor round these places till the date?—I agree, but my point is that it would be easy to overtake quarterly or half-yearly audits.

20,445. I have no doubt they do it; but I think they have a fairly efficient check nowadays. One admits that in the beginning the delay was very serious?—Yes.

20,446. Have you had experience of a friendly society audit?—Yes.

20,447. How far do you dig into detail in an audit of that sort?—We examine every transaction.

20,448. How far do you examine it? You have got the claim form and it may also be a form of receipt in one?—Yes.

20,449. You compare that with some entry in a cash book, or some register of claims paid?—Yes.

20,450. Do you go behind these claims?—Yes, to check the authority for the payment.

20,451. Do you go back and compare the member's record in the contribution register?—I was speaking of a friendly society, by which I meant a building society, for instance, that I have been auditor of, but not of an approved society.

20,452. That is very different?—But I would enunciate the principle which I am using in any friendly society that I might be dealing with, to get the authority for the payment as well as the mere bare receipt from the person to whom the money is paid.

20,453. It might be that the claim form and receipt form was initialled by the branch secretary. Would you accept that as sufficient?—No. That does not necessarily mean finality.

20,454. Would you go back and consult the contribution register and ascertain the member's position in insurance?—Generally, I would require to see that the payment was made in accordance with the National Insurance Act.

20,455. But I am talking of a purely voluntary society?—I would require to see that the payment was made under the rules of the society. I merely said what I do myself.

20,456. You have no actual experience of the thing?—Yes, I say I have had, of a building society.

20,457. But that is quite different from a friendly society, this being a small amount of a few shillings from week to week?—Yes.

20,458. The fee for the auditing of this by a public auditor is very moderate?—Yes.

20,459. Do you think it is at all practicable that an auditor can go back and investigate all these initial details as to the number who benefit and the rate of benefit?—Without doing that he would not be completing the audit.

20,460. Do you think that the fee paid suggests that he should do so?—The fee is paid to him to audit the accounts, and that is part of the audit.

20,461. You cannot say whether it is the practice of auditors to go back into these intimate details?—I have never done that except in the case of a building society.

20,462. (Sir Andrew Duncan): There will be at least test checks?—You can apply test checks as part and parcel of an auditing system, but you must be satisfied that they are suitable to make sure that the authority is there for the payments.

20,463. (Mr. Jones): I should be much surprised to learn that any auditor went to any great extent into the intimate details of these things?—Yes, that may be, but I have stated the general principle.

20,464. If I might drop into a personal matter, I was approached recently if I would act as one of the lay auditors of a branch of a friendly society, and I had a look at it, and I said to another man that I would have had to devote weeks of my time to check all that before I could conscientiously have signed the docket. I think the auditor and the public auditor is mainly concerned with the principal books?—That is not my view. In practice that is what I would carry out.

20,465. But that is the standard of the fee set for that. Compare that for a moment with the work of the auditor under the National Insurance Act. The chief auditor for the district no doubt satisfies himself as to the general accuracy and procedure and the legality of payments in the bulk, and his assistant will go into many of the details? Have you any idea what other work he undertakes?—Apart from auditing work?

20,466. Yes?—I cannot tell. I believe there is such, but I cannot tell.

20,467. For instance, to ascertain the correctness of payments he verifies pretty extensively, and perhaps the smaller the society the more extensively, the accuracy of the contributions?—Yes.

20,468. He verifies, I think, the returns to headquarters of the stamped contribution cards. Do you think a public auditor is asked to descend to that detail?—A public auditor must satisfy himself that all payments made and contributions received are in accordance with the law.

20,469. I have found that on matters of detail an auditor satisfied himself very easily?—Take a commercial audit. You do not need to go and test every little detail. You have certain tests which you apply, taking things as a class perhaps, and these things you must organise and work out suitably for each audit. No doubt in this case similar tests could be organised by the auditor. Probably every little detail might not be gone into, but he must be satisfied that his tests are sufficient and satisfy himself that the payments and receipts are in accordance with the law.

20,470. That is your idea, apart from the practice?—Yes.

20,471. In the case of a voluntary society, do you think an auditor would be asked to go and verify valuation particulars?—What do these relate to?

20,472. The vital statistics, the ages, the contributions, the lapses and all the rest of it?—You mean a return of the vital statistics during the year?

20,473. Yes?—I do not think that would be the auditor's duty.

20,474. Still, from the Government point of view that is very valuable and important information?—It may be, but they have got an administrative department for that purpose.

20,475. But is it not desirable that the one man handling the one part of the work on which payments are based, taking that out of the contribution register and the arrears register, should carry out the supervision of the other half of the records for valuation purposes?—No. I would draw a distinct line.

20,476. Wouldn't that involve a duplication of the work?—I do not think so.

20,477. It is the fact that the National Insurance Audit Department undertake that work?—In that respect there is probably overlapping, and probably also a man is auditing his own accounts.

20,478. How can he?—That is what I say, how can he? but you say he is doing that kind of work.

20,479. Oh, no. He is auditing the account prepared by the society accountants?—I understood you to say he did other work.

20,480. By that I mean he is auditing other records for insurance purposes?—But my view is that the administrative department should be kept distinct and should look after their own special work.

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20,481. But does not what I have said just avoid overlapping?—I do not think so.

20,482. If the contribution record is required for the payment of claims and for valuation, is it not overlapping if two men go over the same book?—My view is that the administrative side should deal with purely administrative work such as vital statistics.

20,483. It is a very valuable financial test, because it is on the basis of these returns that the societies obtain their credits?—Yes.

20,484. And you agree that that should be accurate?—Yes, but that is not the auditor's duty, but administration.

20,485. But even if the administrative work is not exactly the auditor's job, is it not desirable that they should carry through all that?—I think you are employing a sledge hammer to break an egg. The auditor's duties are quite distinct and separate to my mind and of a higher order.

20,486. I would put it the other way, that so much of the audit here is the checking of detail of small payments and the responsibility is really resting upon the preparation of these returns for valuation purposes?—Yes, but I say the administrative side should be quite able to deal with that part which is purely administrative work. I think I gave a fair comparison.

20,487. I suggest that your comparison is entirely unfair?—I do not think so, because the work laid down by the Treasury covers the ground.

20,488. But I suggest that it does not cover the testing of the valuation records?—I told you what it covers.

20,489. But the National Insurance audit goes further?—But I say it goes too far.

20,490. But a mere *pro rata* rate does not suggest that the audit expenses are excessive?—I say the administrative side is quite able to deal with that.

20,491. If you compare the costs of a staff purely auditing and purely administrative, you are comparing two things not the same?—You may be paying two people for doing the same thing.

20,492. You are paying one man for doing two jobs?—If you pay an audit department for doing this extra work, you have already an administrative staff which I think is capable of doing it, and that is paying two people for doing what can be done by one staff.

20,493. I am afraid you miss the point. In this you are comparing the wages of one man, and if you say the other man is doing the work that two men should be doing then you are comparing the salaries of two with one?—I do not admit that.

20,494. In an audit of this sort, how would you go about it? Would you personally undertake the checking of this detail?—I would not say that. There would be skilled assistants.

20,495. You would put assistants on to it?—Yes.

20,496. Of what class?—A skilled man of sufficient skill in my estimation to do the work.

20,497. Would that include your apprentices?—It depends on the stage they are at. There are apprentices in the first year, and there are more experienced apprentices. I would require to be satisfied as to their qualification before putting them to that.

20,498. How many chartered accountants are there in Scotland?—I think, roughly speaking, about 2,000.

20,499. How many apprentices are there?—A great many of these have not got apprentices. There are about 500 in Glasgow. There might be 1,000 or so, but I could not give it exactly.

20,500. Do you mean that the average for a chartered accountant is only five apprentices?—I said the Scottish chartered accountants, but that does not mean that they are all in Scotland.

20,501. How many are in practice in Scotland?—I cannot say.

20,502. How many apprentices do they have in Scotland?—I should say probably two each on the average. Some have more and some do not have any at all.

20,503. How much of this work would be relegated to the apprentices?—It would depend on the skill of the apprentice. Auditing offices have generally auditing clerks who have been permanently with them, and have a great deal of skill, and these gentlemen, along with the advanced apprentices—skilled apprentices—would take up such work as this.

20,504. Is it not the case that a considerable amount of the work is done by the apprentices?—A large amount is done by apprentices of varying grades.

20,505. As to work that involves a large amount of detail, is that not work that you would turn apprentices on to?—Certainly not, not haphazard.

20,506. And you must be satisfied that things would be reasonably done?—Yes.

20,507. But, generally speaking, is not this just a good deal of the class of work you would turn apprentices on to?—More advanced apprentices, I should say those who have displayed special aptitude.

20,508. Along with their duties and preparing for stiff examinations, do you think that apprentices would have time to devote their mental ability to absorbing all these multitudinous regulations of the National Health Insurance Act?—Apprentices would get directions what they are to do.

20,509. But I suggest that in this case directions are not sufficient, and it requires an absolute and intimate knowledge of these very complicated regulations?—I do not say that apprentices require special directions any more than in the case of a public company, where you have the Companies Acts and innumerable decisions to keep in view.

20,510. I suggest that there is no comparison between the two, and that the largest company has nothing whatever like the number of vouchers to check that you would find under National Insurance?—I am sorry I do not agree.

20,511. I have some knowledge of some large concerns outside National Insurance, and in a large society you have hundreds of thousands of these vouchers?—Yes.

20,512. And any one of them raising a difficult point under these regulations?—Yes.

20,513. As Professor Gray suggested, is not that essentially work for specialists?—It is the work of skilled men, men of skill thoroughly trained.

20,514. Do you suggest that the auditors under the Insurance Act, and their assistants, do not possess that skill?—I would say they have not the opportunity of acquiring the skill and efficiency required for an auditor.

20,515. Is there any evidence that the audit under National Insurance has been inefficiently done?—I do not like the delay.

20,516. I have shown that that arises from questions outside the audit altogether?—That may be. You may be quite right there.

20,517. You have had no practical experience of this work, and it is very difficult for you to draw comparisons between that and other things?—I can set down general principles that I know rule the profession and are put in practice by the profession of which I am a member.

20,518. Is there not an analogy between these men and the skilled officers of public authorities?—I do not think so. Auditing is a special branch altogether.

20,519. But here is a special branch and a limited branch and it does not require a special knowledge of all the Companies Acts and other acts?—Do you have the trained men?

20,520. Is there only one possible way of training a man?—I say our training is the best you can get for a thoroughly efficient auditor.

20,521. But in that case we would need to admit that auditing under the National Insurance is

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inefficient?—We can only infer that from the system. We have no access to the figures.

20,522. I have had some intimate acquaintance with the auditors and I say they do their work with the greatest possible skill?—I cannot speak as to that.

20,523. (*Sir Andrew Duncan*): Your general contention is that the training of an accountant is such that regulations and Acts of Parliament fall into part of his everyday work?—Yes.

20,524. And so far as you know, there can be nothing specially intricate, except regulations from the Ministry of Health, making it impossible for an accountant to perform the work?—I do not see anything more intricate in this audit than in hundreds of other audits.

20,525. You further take the view that if there is a great mass of detailed administrative work, it is wrongly assigned to the auditors and should be undertaken by another department?—That is so.

20,526. The other broad generalisation that you made is that the expense of the audit of these accounts is unreasonably high for any standard by which you can judge it?—Yes. If the audit were done under the Treasury regulations under the Friendly Society Act it would cost a great deal less.

20,527. Do you say that if chartered accountants were engaged on this work, there might be need for fewer regulations?—Perhaps that is possible.

20,528. And that the bulk of the regulations probably have nothing to do with auditing?—That may be administration, but there should be a clear distinction between administration and audit work.

20,529. (*Chairman*): Supposing your suggestion were accepted, and the matter was transferred from the Audit Department to general professional men, do you think, looking at your profession, that it would result in certain men doing the work almost exclusively? Would certain men specialise in the work?—Do you mean that the Treasury would select certain men?

20,530. I mean men who would at any rate make that a considerable part of their work?—That would depend on how the Treasury appointed them.

20,531. Do you think it would work out in practice that certain chartered accountants would do the great bulk of the work?—No. I think it would probably be distributed, in order to spread auditors over the country for the purpose of accessibility.

20,532. Is there anything else you would like to say?—I think it is mentioned in the Statement that educational accounts is another branch of Government auditing that might be referred to in this respect. In connection with education authorities there is a department in Edinburgh, the Scottish Education Department, which supervises these audits, and there is an accountant of the Department who is an auditor in name. These audits are carried out in this form. The accountant of the Department does not do the auditing. The auditing is done by a local chartered accountant who completes the audit within a reasonable time and certifies the accounts. Then these accounts are transmitted to the accountant of the Department in Edinburgh who puts a docket on the accounts for what is called the official audit. The point in regard to that is that the accountant of the Department does not do any auditing. He relies upon the local chartered accountant who is on the spot to do the auditing and certifying the accounts and then transmit them to the Department.

20,533. In Scotland accounts of local authorities are done by professional men outside, whereas in England they are not?—I am sorry I cannot tell you about England, but in Scotland the accounts as a rule are audited by chartered accountants.

20,534. If there were that distinction, that would explain why the presumption in favour of chartered accountants is perhaps stronger in Scotland than in England?—It would.

Mr. MATTHEW ANDREW REYNARD called and examined. (*See Appendix LXXX.*)

20,535. (*Chairman*): You are Mr. Reynard, and appear on behalf of the Association of Parish Councils in Scotland?—Yes, and in the first place I have to apologise for Mr. Stewart's absence, who unfortunately found he could not get off.

20,536. From the evidence you have submitted you appear substantially to give evidence on one point only, namely, the point where the Health Insurance Acts impinge on the activities in which you are interested. Could you tell us what are the sections of the Act which bear on the questions that you are laying before us? Is section 105 one of them?—I have that stated here.

20,537. That one tells us this, that in giving outdoor relief the Board of Guardians or Parish Council shall not take into consideration any such benefit, except in so far as concerns 7s. 6d. a week?—I am not making any point of that; but look at section 17 of the 1924 Act.

20,538. It debar any public authority from claiming any portion of sickness or disablement benefit?—Yes.

20,539. For that purpose you would also take section 21?—And section 28 also.

20,540. Take section 21 first, which deals with an assignment being void?—Yes, and section 28 debar local authorities from claiming certain benefits as regards deceased insured persons.

20,541. Having got these sections of the Act, would you tell us briefly what are the statutory duties of Parish Councils in the matter with regard to relief of the poor?—The Parish Council is in the unfortunate position of having to attend to every sick person that no other authority attends to. They are the ultimate authority. If the Public Health Authority neglect their duty, the Parish Council are not absolved.

20,542. (*Mr. Jones*): Do you make that accusation?—I am not making an accusation by saying if they do.

20,543. (*Chairman*): The Parish Council is there to give relief to the destitute?—Yes.

20,544. What powers have they, generally speaking, of recovering money in respect of any kind of service which they render?—We have the power to recover, except where we are debarred, as we are under the National Health Insurance Scheme. Assuming that a person becomes chargeable, not as an insured person, say the wife of an able-bodied man, we recover from the husband. If the man applies and has funds available, which are not National Health funds, but funds of his own, the funds may not be immediately realisable, but we still get paid.

20,545. You mean you can take action for recovery?—Yes.

20,546. And you do so?—Yes.

20,547. The effect of this section in the Health Insurance Act is briefly that the money is regarded as belonging to the insured person?—Yes.

20,548. I suppose the theory is that?—And not only to the insured person, but it seems to belong to his heirs, to the exclusion of the Parish Council.

20,549. But that flows from the fact that it is his money?—I am afraid it does not. It flows from the fact that it is laid down in the statute.

20,550. The theory is that this money has been contributed by the insured person, the employer and the State to be a kind of reserve for him in certain circumstances, and he can draw upon it, and I suppose that the Act makes it inalienable, which means that the person cannot assign it to the Parish Council?—But he can assign it otherwise, unfortunately. He can hand it over to any other one but the Parish Council.

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[Continued.]

20,551. But that is giving it away?—It is the same thing in effect.

20,552. But he can give it to the Parish Council if he wants to?—Not if he is dead, and if he is dead we cannot claim it.

20,553. But in the case of a person dying, do you draw a distinction between an insured person and anybody else? The insured person has got money which is tied to him, and which cannot be assigned, but he can if he likes give it to the Parish Council?—The trouble is that a great many of them are insane, and they have not got the sanity to give it, and we cannot claim it; but, nevertheless, we have these people to maintain, and if we do not get the money it goes to some next-of-kin who may be a very distant relation, and it goes to them to our exclusion.

20,554. You have certain duties in respect of people who are destitute, and I take it that under the general provisions of the Poor Law this obligation cannot be avoided?—No. We have no intention or desire to do any other than discharge our duties to them.

20,555. Your contention comes to this, that where an insured person has money payable to him under the Insurance Act, you want to have some claim upon that money?—If there are no relatives or dependants to whom it should more naturally go.

20,556. Is there anything in this kind of suggestion that the money which you require for poor relief is levied on Parish rates?—Yes.

20,557. And the other money is money which has been contributed by the State and by the employer, and is there any objection to the State's money being

used in that way, ultimately for the relief of the Parish rates?—Frankly I do not know what you are getting at. But I will put it this way, that you should put Unemployment Benefit and National Health Benefit on the same plane. If a man is not entitled through some of the regulations of the Labour Exchanges to draw his Unemployment Benefit for three or four weeks, we may advance that and reclaim it from the Labour Exchange, and I fail to see why we should have to disburse money on the medical treatment of a man and not be able to get that back.

20,558. (Mr. Jones): And maintenance as well, which is more serious?—Yes. The 12s. 6d. which he gets under the Health Insurance Act is clearly intended for improvement of the man's health, and not as a reward for being sick, is it?

20,559. No.—Then if it is intended for his welfare and to build up his body and another authority steps in (let it be a public authority or any other) and gives the necessary sustenance, why should they not be reimbursed by the Government?

20,560. (Chairman): Can you tell us whether the kind of cases you refer to are increasing in number?—I took the precaution of getting some further information from other parishes, and I have had a table made out which may be of interest, and which I hand in. It pertains to the parishes of Aberdeen, Dalziel and others. (Document handed in.) In all, the cost has been £18,018 for one year. Of that Glasgow spent £12,000, but Glasgow was in a rather different position from any other parish in Scotland in that our hospitals are on a higher standard.

Treatment of Insured Persons in Poor Law Hospitals.

Parish.	Number of Insured Persons Chargeable.					Number of Deaths.					Length of Treatment.					Cost of Treatment		
	Males.		Females.		Total.	Males.		Females.		Total.	2 weeks and under.	2 to 4 weeks.	4 to 6 weeks.	Over 6 weeks.	Total weeks.			
	With dept.	With-out dept.	With dept.	With-out dept.		With dept.	With-out dept.	With dept.	With-out dept.									
Aberdeen...	3	71	16	22	112	—	6	—	—	6	36	19	11	46	990	£	s.	d.
Dalziel ...	—	30	1	—	40	—	1	—	—	1	2	9	11	18	2664	273	3	3
Dumbarton	1	27	4	7	39	—	3	—	1	4	20	11	3	5	123	92	5	0
Dumfries...	—	28	—	—	28	—	1	—	—	1	6	7	6	9	157½	137	15	0
Dundee ...	71	53	11	168	303	16	6	1	23	46	99	73	27	104	1,401	1,208	7	0
Edinburgh	12	14	2	9	37	5	3	—	3	11	10	4	5	18	290	278	13	4
Falkirk ...	—	31	—	1	32	—	2	—	—	2	16	3	3	10	160	148	4	0
Glasgow ...	1,032	844	20	360	2,256	76	104	6	10	196	1,004	588	284	380	—	12,000	0	0
Govan ...	52	480	4	52	588	8	24	—	4	36	255	116	112	108	2,150	1,602	8	8
Paisley ...	59	90	—	22	171	5	12	—	2	19	60	41	25	45	—	916	5	8
Rutherglen	11	19	—	5	35	2	5	—	—	7	8	6	2	19	—	390	0	0
	1,241	1,696	58	646	3,641	112	167	7	43	329	1,513	877	489	762	—	18,018	17	5

20,561. (Mr. Jones): In other words, they are general hospitals?—Yes, and we have spent a great deal more.

20,562. (Chairman): You refer to the Maternity cases in Glasgow. Is that the kind of case you have in mind?—Not only that, but there are many other cases. What happens is this, that the Royal Infirmary in Glasgow, and to a lesser extent the Western Infirmary, cannot take all the cases, and if they do take all the cases they cannot keep them for a sufficiently lengthy period to send them out completely cured. If it is an operation they may take that person and have the operation performed and keep them during that period, but they send them to us for convalescence.

20,563. And you find in these cases that there is in fact less reluctance to come to you than there used to be?—Very much.

20,564. With regard to this kind of case, I infer from what you say, that strictly speaking you are

taking in people whom you need not take in?—I have not much doubt in saying that if we had perhaps 40 years ago taken in the class of persons whom we take in to-day, we would have been surcharged for it.

20,565. So that, in a sense, is not part of the difficulty this, that the general scheme of things as outlined in the Acts postulates Boards of Guardians doing something for a certain class of the population, and you are taking in a great many more people?—Yes.

20,566. People who are not destitute?—It depends altogether on the definition of "destitution." Persons destitute apply to me, and don't have funds immediately available.

20,567. But, at the same time, in the type of case which you refer to here, I suppose to a certain extent you are taking in and treating people whom under the strict letter of the law you are not bound to attend to?—It depends on your definition. If the

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[Continued.]

Lord Provost, for instance, called at my office with no money in his pocket and claimed relief, we must give it in the first instance. It is exactly the same with a man applying for his wife, or a woman in labour applying. I have not time to inquire whether that woman has a husband. If she is in labour I am bound to take her in at once.

20,568. Taking one or two examples; take a person who might presumably be relatively well off if he could only get a cheque cashed, you would not give that treatment long?—That is very true, but in the same way I would not give treatment to a woman in labour very long. She would probably be better in three weeks.

20,569. As a result of these things you are, you tell us, incurring a great deal of expenditure on people who are entitled to the money, and yet they make no payment to you?—That is so.

20,570. Your figures seem to indicate that you get about a shilling per person?—Yes.

20,571. Are there many of these people who come in and get the advantage of being with you, and then go out and get money, and come back again?—May I quote a case brought to my attention last night. A man came into my office about half-past four very much under the influence of drink. He had been in the hospital, having been taken from a model lodging-house, and when he was taken in he was so verminous that we had to burn his clothing. He was treated and discharged at his own request the day before yesterday. He was entitled to his National Insurance money from December of last year up to date, and he frankly admitted to me that he had borrowed £3 on the strength of the £20 he was going to get, and he got drunk on it, and he came in demanding a certificate to go to his Society and uplift the £20. I said to him, "What are you going to do?" He said, "It will keep me fine for a month anyway, and I will be back on you then."

20,572. (Mr. Jones): And that is not an isolated case?—No, there are hundreds more of them. It is because of that that I am asking you to devise some method whereby we will get rid of that terrible waste of public money, because you must agree that it is so.

20,573. Can you tell us anything about the extent to which people come to you because the money they are drawing under the Insurance Act is not adequate?—It would be almost impossible to give you that unless you had given me notice beforehand, but I should say that in the large majority of cases the money is inadequate to maintain the sick person, his wife and dependants. It is quite a common experience. One of the questions on the record of applications is, "What National Health Insurance is being paid?" and we have always to supplement it, just as we do by unemployment relief.

20,574. In the case of insured persons who have not got additional insurance on the private side, it is a common thing for you to give extra to bring it up to a good deal more?—Yes. Our scale for the ordinary poor (that is not the able-bodied poor) is that if a man applied and said he was sick and unable to work, and had been before the medical man, the scale would be 17s. for himself, 8s. for his wife, 5s. for the first child, and 4s. for all the others.

20,575. What is the maximum?—There is no maximum.

20,576. And you would deduct the State Insurance of that man?—No. If he had 12s. 6d., we would take 5s. of that as being available in relief, but the 7s. 6d. would be an addition to all that.

20,577. So that at present the scheme for a considerable part of the population is being supplemented through your activities?—Yes. I would not like to make anything more than a blind guess, but I say that 75 per cent. of the people in receipt of National Health Insurance, unless with funds of their own, are being supplemented by the Parish Council. Of course, many of them have funds of their own. They may have saved money, or may have other insurance.

20,578. Coming to the question of the next-of-kin, do you suggest there that the Parish should have the right to receive the money of anybody who dies while under their care?—I took the liberty of making a few suggestions, in supplement to the statement which I have put in. I shall hand it in. (Document handed in.)

TREATMENT OF INSURED PERSONS IN POOR LAW HOSPITALS.

The Statement of Evidence already submitted shows that the National Health Insurance Act, as at present established, specially restrict the rights of Parish Councils to receive Benefit from patients who are in receipt of National Health Insurance.

I have requested eleven Parishes to supply me with details of the number of Insured Persons treated in their Hospitals during the past year, and I find that a total number of 3,641 persons who were known to be in receipt of National Health Insurance were treated in Parish Councils Hospitals at an approximate cost of £18,000 to the Parish Councils.

I have also ascertained a number of typical instances of people who are receiving benefit. There is the case of a man who has been in Gartloch Mental Hospital for four years, at an approximate cost to the Parish Council of £300, and who continues to draw Insurance Benefit for the whole of that period at the rate of 8s. 6d. per week. There is the case of another man who has been two years in one of our District Hospitals. The cost has been £165 to the Parish Council, and this man also has drawn Benefit at the rate of 8s. per week. Then there is the case of a man who has been twenty months in Stobhill Hospital at a cost to the Council of £110, and who has continued to draw 7s. 6d. per week during the whole of that period. There are other cases of people who have been in Barnhill Poorhouse for two years and over, and who have drawn Insurance Benefit of 7s. 6d. and 8s. 6d. per week. In none of the cases quoted has a single penny of the Insurance money been paid to the Parish Council. There is also a case in Edinburgh of a man who accumulated benefit to the extent of £90 during his period of treatment in the Hospital there, and who refused to pay any portion of it to the Council for his keep.

Taking these cases as typical of those who are under treatment in Parish Council Hospitals, together with the case of a person who becomes insane or is certified as a mental defective and removed to Hospital, so long as these persons remain in the Institution the panel doctor continues to receive the capitation grant, but the doctor is not visiting the patient, is not reporting on the patient's condition—in fact, he is doing nothing whatever in return for his capitation grant. On the other hand, Parish Councils have not only to provide the necessary treatment for the patient but also, on demand by the patients, have to furnish the necessary medical certificates. The issue of these certificates involves a considerable amount of work. In Glasgow Parish alone, a total of almost 600 certificates are issued each week in respect of patients chargeable in Parish Council Hospitals. Not only is there considerable labour expended by the Medical Officers in filling up these certificates, but also, at the Chambers of the Council, the arrangement in proper order and the attendance required to be given to persons calling for these certificates involves a very large amount of work. When to that is added the fact that the stationery necessary for the certificates has to be provided by the Parish Council, I think you will agree that there is a considerable hardship here in the respect that no portion of this benefit can be received by the Parish Council.

I would suggest in this connection that there are three alternatives open to the Commission. First, to recommend that, where treatment is provided in a Hospital for a patient, the Insurance Benefit payable to such patient should be handed to the Hospital

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[Continued.]

Authorities, irrespective of whether that Hospital is under the jurisdiction of a Parish Council or other Local Authority or not. Second, if the Commission cannot see their way to agree to that proposal on the ground that all Hospitals under Parish Council jurisdiction are not suitable for the treatment of insured persons, that the Board of Health be empowered to grant a certificate classifying hospitals under the Poor Law for the treatment of National Health Insurance patients, and that, where a certificate is given that the hospital of a suitable nature, the benefits payable in respect of the patient should be handed to the Hospital Authorities. If neither of these alternatives be acceptable to the Commission, then I would suggest that Parish Councils and Hospital Authorities who issue the necessary medical certificate to enable the Insurance benefit to be drawn should be authorised to charge a fee of 5s. for each weekly certificate so granted, with power to the Council to waive that charge where the circumstances justify.

In particular, there seems to be no good reason why panel doctors should be paid for cases which are being treated outwith his jurisdiction and for which in very many instances, he has himself made application to the Parish Council for the admission of the patient to Hospital.

20,579. (*Sir Andrew Duncan*): In this supplementary Statement you make reference to hospitals. Do you refer to others than Stobhill?—There are really two hospitals exactly the same as Stobhill, only placed down in the centres where we expect acute sickness.

20,580. Where does that 8s. a week benefit go to while the man is in the Poor Law Hospital? Is it not saved up for the man?—It may be saved up, or go to a brother.

20,581. When he dies?—No, it can go now. Any stranger on the street can draw it.

20,582. (*Mr. Jones*): No. He must have dependants, but there may be looseness in administration?—Yes, there is, because, as a matter of fact they do draw it. At the moment we have about 600 every week for whom we get certificates from the mental hospitals, and they are sent in from the hospitals. The doctor sees the patients and sends in the certificates, which are delivered to my office. The reason was that if we did not make a centre in the town, the various relatives went out, and there was sometimes a competing claim as to who was to get the certificate to draw the benefit. These 600 come and get the certificates and then draw. If you take the time thus spent, the thing could not be written out in two minutes. Then we have to put them in alphabetical order, and that takes a certain amount of time. Put altogether, I calculate that it takes the work of one man for four days to make out the certificates and then put them in their proper order, and for that we do not get a copper.

20,583. (*Sir Andrew Duncan*): Is the person who gets the certificate free to draw the benefit?—Yes, if the Approved Society will pay, and they very often pay.

20,584. (*Chairman*): I doubt whether that is a good illustration. If a person is in a hospital like that it might go to his dependants, and if he has not got any, the Society might pay it in his interest, for example, by paying his rent?—But what is the qualification of a dependant?

20,585. (*Mr. Jones*): I interpret it as nearly as may be in the terms of the Workmen's Compensation Act, and if the man was contributing to the family purse I regard the others as dependants?—Yes, and if living with three or four brothers, the brothers come and draw it.

20,586. It says that it shall include such persons as, wholly or in part, are dependent on his earnings?—Yes.

20,587. (*Sir Andrew Duncan*): The Society has to pay this money in any event, and they are not disposed to look too closely into the question of

dependency, and a brother who is in no sense dependent may and will draw from the Society if he holds the certificate?—Yes.

20,588. (*Mr. Evans*): If nobody takes it up, then it accumulates and his next-of-kin gets it if he dies?—Yes.

20,589. (*Chairman*): I would have thought that an insured person, hoping to get out, would object to his brother going for it?—But you must bear in mind that there are many of these persons who hope never to come out and hope they will never be sent out. Take a man with chronic heart disease or Bright's disease, he is in terror of going out.

20,590. But would he not therefore hang on to his money if he is in that terror?—But he does not.

20,591. (*Sir Andrew Duncan*): And if his money accumulates, he might be sent out?—It is possible that that may be in his mind.

20,592. (*Chairman*): And a considerable number of these people may not be too strong in their heads?—If you take the case of the lunatics, that is so.

20,593. In a case like that, a person would have no inducement to give it to his brother if he expects that he will leave the institution?—No.

20,594. Is a certificate granted there just the same?—Yes. With regard to the furnishing of medical certificates, I do not know that we have to furnish them, but it has grown up. When the National Health Insurance came in first the requests for these medical certificates were small, but they have gradually grown, and as more persons have joined the scheme there are more demands, and as they know that we do furnish them, the demands have increased until they are up to 600 a week.

20,595. (*Mr. Jones*): As a matter of fact I made that arrangement for Glasgow?—Yes, but I do not know that we are bound to give the certificates, although we do. As to the first suggestion in the statement I have read, we suggest that the insurance money should be handed to the hospital concerned.

20,596. (*Chairman*): Irrespective of whether he has dependants?—If the woman has got the 12s. 6d. already, I give her the less money in relief.

20,597. So that what you lose on the swings you gain on the roundabouts?—Yes. In regard to the second proposal, if you leave out the city hospitals, the hospitals generally provided by Parish Councils are of a much lower standard, and many of them I do not think are hospitals which you would classify as suitable for the treatment of insured persons. But that again is really the Board of Health job, and if the Commission cannot see their way to this proposal, the Board of Health might be empowered to grant a certificate classifying hospitals under the Poor Law, and where a certificate is given, the payment should be handed to the hospital authorities. Then there is a proposal for a fee for the certificate.

20,598. As to the question of the next of kin, your suggestion there is as to a prior claim?—My last point is that there is not much objection where the next of kin is the wife or children; but the phrase is very wide, and in many instances it benefits persons whose claims are very remote. I have no great objection to the wife or children, who would otherwise be chargeable to the Parish. There again I get it back as you said.

20,599. How does your relation under the law differ in the case of insured persons and other people? Take the case of an insured person with you for three or four months who piles up a certain amount and leaves you; I suppose you can proceed against him?—No.

20,600. Why?—Because we do not succeed if we try. I tried it in Glasgow.

20,601. Are you not entitled to put as much pressure as is possible on such a person?—I can bring all the moral pressure I can, but I cannot bring any legal pressure, because the money is not due to the

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[Continued.]

individual until he leaves the hospital, and at that time he is out of my charge and I cannot recover. That is the legal fact that I cannot recover money for treatment given before the person became entitled to the money. Assuming that a man had been five years in one of our hospitals, absolutely destitute, and was left a legacy of £10,000, from the moment the legacy was left to him I can claim his full maintenance, but I cannot claim a penny for the period prior to that, and it is the same with the man in hospital. The money is not his until he leaves hospital.

20,602. Have you actually tried a case?—Yes.

20,603. (*Mr. Jones*): Even in that case you have no power to pursue him, although he has come into money?—I can claim it from the minute of the death of the person who left it to him. Immediately he became entitled to it, although it may not be available for months or a year after, I can claim it from the date of the death of the person who left it.

20,604. (*Sir Andrew Duncan*): Is that the legal position?—It is the law, but it is not fair.

20,605. On the question of dependency, if the Commission were able to arrive at a recommendation that a Parish Council should be able to recover in cases you have described, the Parish Council then would take great care in issuing their certificates, I mean that they would see that the question of dependency was raised?—Yes. It would be in our interests to do it.

20,606. At present in Glasgow what do you say the scale of relief is?—17s. for the husband, 8s. for the wife, 5s. for the first child, and 4s. for the others.

20,607. And if getting 12s. 6d. or 15s. from the National Health Insurance, what do you reckon that at?—If the husband is in hospital?

20,608. Assume a case not in hospital?—We would reckon the whole thing at 7s. 6d. We disregard the 15s. and take 7s. 6d.

20,609. Why is that?—Because it is a regulation under the Act.

20,610. It is in the Consolidation Act, and I assume your argument would be that that 7s. 6d. was stipulated for at a time when the benefit was much less than now?—No. The benefit was 12s. 6d. then. The real reason for it was that it was a Ministry of Health regulation that was framed originally for England, and it was felt that the 7s. 6d. portion was what the man himself paid in. The other 5s. was the portion which his employer and the State had paid, and it was in order that the local authority might benefit from what the man had not personally paid.

20,611. So a sick man in Glasgow receiving 15s. could get from you 9s. 6d. in respect of himself, 8s. for his wife, 5s. for the first child, and 4s. for each of the others?—Yes.

20,612. What is the highest that you have paid or are paying to a man and his wife and family?—Over £3. Of course these are exceptional cases. If you take the ordinary case you will rarely find a man with more than five children under 14 years of age.

20,613. What is the common figure?—Three children. That works out at 38s.

20,614. And that is higher, or almost as high as an independent labourer is able to earn?—At the moment you have men in Blochairn iron works at 34s. 6d.

20,615. So that it would pay many men better to be on relief than at work?—Yes.

20,616. (*Mr. Evans*): It has been told us by some people that they would be quite willing that this money, which may have accumulated in the interests of any patients, be paid over to the voluntary hospitals, but they object very much that any such money be paid to any rate-aided hospitals?—Did you ask them why?

20,617. Yes, but they do differentiate, and these hospitals that you refer to are all rate-aided?—Yes.

20,618. Glasgow Maternity Hospital and the Parish Council Hospital?—The Maternity Hospital is not rate-aided. It is a large voluntary institution in Glasgow. It has an overflow that goes very much to the other place.

20,619. There appears to be that sort of co-ordination between them, and your parish hospital is so organised that the treatment there is as good as given in the other?—Yes, there is that co-ordination too between the Public Health Authority and the Parish Council. If the Public Health Authority have a phthisical case that they cannot treat in their own sanatorium for want of accommodation, we commonly take these patients into our hospital. There is a definite understanding for a certain type of chronic case, and we recovered about £8,000 from them last year.

20,620. What about the stigma of the Poor Law?—There is none. That is nonsense. There is much more made of it by a certain class of politician than in the actual fact.

20,621. We have had figures given to us that in many of the Poor Law hospitals over the country there may be vacant beds, hundreds, whereas all other hospitals are overcrowded, people waiting for beds and none for them, and that the Poor Law hospitals are taboo because of the stigma of the Poor Law, but that is not the case with you?—It is not, and I do not think it is the case for Scotland. Of course the Poor Law hospitals, particularly in the Highland districts, are not properly served by medical men in the country districts. On the other hand, in Stobhill we have a resident staff of 28 doctors, and a visiting staff of 15, and there are 2,000 beds.

20,622. (*Mr. Jones*): It is on the same high plane as any other institution in the town?—Yes. In a hospital in another town that I may refer to you will find that there is no resident doctor, but a doctor who attends, but that is not the fault of the place but of the system. It is a fault, if there is one, that rather belongs to the central authority. If the Board of Health said, "We insist on you having a resident officer," it would be done, and the whole standard would be brought up.

20,623. (*Sir Andrew Duncan*): Is the superintendent of that one that you refer to a medical man himself?—No. It is a poorhouse and not a hospital.

20,624. (*Mr. Jones*): This is a very illuminating statement that you have put in. Adding the males and females together I find that of the number of insured persons chargeable you have had 1,299 with dependants and 2,842 cases without dependants, and your anxiety is more in regard to the second class than the first?—Yes.

20,625. By way of illustration, you have made reference to this arrangement with the Maternity Hospital. You have there perhaps the best example of the position you want to get at?—Yes.

20,626. If a woman goes into the Maternity Hospital it is a common custom to make an arrangement with her to pay part of the cost, and that is a voluntary arrangement which is pretty effective in practice?—Yes.

20,627. If she goes to the Maternity Hospital and is passed on to you for want of room, then the Maternity Hospital pay you the whole cost, and they may still, if they can, recover the amount from the woman?—Yes.

20,628. But if the woman went direct into your institution she would be treated as a Poor Law patient, and you would have no power to recover anything?—Yes.

20,629. And the essence of your evidence is that you wish to remove all these restrictions?—Yes.

20,630. The general hospitals have asked the same?—Yes.

20,631. It would work the same way in fever hospitals and sanatoria and in other rate-aided institutions?—Yes.

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Mr. M. A. REYNARD.

[Continued.]

20,632. (Sir Andrew Duncan): In the case of the unemployed man getting relief do you take into account everything?—We take in every copper.

20,633. In the case of the sick man who is in hospital do you come in?—We take in the whole 15s. There is another point I might mention. I understand that there is likely to be some subsidiary grants given to hospitals for special treatment where such special treatment is given, that is to say, if a man requires to go in for radiology or some particular line, and that in that case the Commission are to consider the question of whether or not they will make a special grant to these hospitals. If that should be so, I hope you will permit me to bring in some of our specialists. The specialists that we have in diseases of the ear, throat and nose are exactly the same men as in the Royal Infirmary, and if you are to make special grants to the Royal Infirmary, why not make it to our hospital where the patient will get not only the same treatment, but the same man treating him. The specialist on gynaecology is

the same man, and why not make it the same in that case.

20,634. (Chairman): Upon that you may take it that the whole thing is merely in the atmosphere of suggestion?—I did not touch it at all because I am not qualified to speak on that, but I would prefer to get one or more of the doctors to give evidence on just what are the capabilities of our hospital.

20,635. (Mr. Jones): Is not your proposition very simple. If an arrangement can be made with the Royal Infirmary to provide special treatment on certain lines of remuneration, your suggestion is a very simple one that in Parish hospitals such as your own it should be competent to extend the arrangement to them?—That is right. I did not contemplate that the Commission would be so well informed as to the hospital accommodation of Glasgow, and I made the suggestion in order that I might put forward Dr. Martin and Dr. M'Ewan as witnesses to speak on the capabilities of ours.

20,636. I think you have made it quite clear yourself?—Thank you.

(The Witness withdrew.)

Mr. THOMAS JAMES ADDLY, S.S.C., and Mr. ROBERT WILLIAMSON, called and examined.
(See Appendix LXXXI.)

20,637. (Chairman): You are Mr. Addly, and you are a Past President of the Edinburgh, Leith and District Friendly Societies' Council?—Yes.

20,638. And you are Mr. Williamson, the Secretary of the Independent United Order of Scottish Mechanics?—Yes.

20,639. And you are here, Mr. Addly, to give evidence on behalf of the Edinburgh, Leith and District Societies' Council?—(Mr. Addly): Yes.

20,640. Can you tell us something about that Council and its relation to the Societies?—The Council is composed of delegates from the various Friendly and Approved Societies within a district roughly comprising the Lothians.

20,641. And it contains, I take it, branches of Affiliated Orders?—Yes.

20,642. So that you comprise a great many, chiefly Friendly Societies round about Edinburgh?—Yes.

20,643. And these elect representatives on the Council?—Yes.

20,644. Have they frequent meetings?—The Council meets quarterly to discuss *inter alia* matters in connection with Health Insurance.

20,645. In your Statement of Evidence here you make a suggestion in regard to the extension of compulsory Health Insurance?—That is so.

20,646. What kind of people have you in mind who might be brought in who are at present out?—So far as the compulsory element is concerned, we had rather in view an extension of the income limit upwards.

20,647. You had not so much in mind people who are not under contract of service?—No, although later, if and when extended benefits can be made available, the scope of the Acts might be reconsidered. We had in view the possibility of attempting, at all events, to increase the voluntary side.

20,648. Of bringing in dependants?—No, but rather bringing in people of the same financial status as those at present compulsorily insured.

20,649. Like the old voluntary contributors?—Yes; to give them a chance of coming into a scheme which has now been tried and shown to have advantages.

20,650. Do you think that if the voluntary class were to be opened again it would be a greater success than in the past?—Yes. I am pretty clear on that, from my own experience.

20,651. Do you not find in your own case, or in your experience, that people who become voluntary contributors, after having been insured for a time, tend to lapse?—No, that has not been my experience.

20,652. You find they remain in insurance?—Yes.

20,653. With regard to certificates of exemption, why do you say that certificates of exemption are contrary to the spirit of the Act?—Because this is a national scheme, and because one of the foundations of the scheme, as I understand it, was that the healthy lives should support the less healthy, and the persons who get the exemption are usually very healthy.

20,654. What is the spirit of the Act? Is it not that help should be given to those who need it?—Yes.

20,655. And is not the cause for exempting certain persons the fact that for various reasons they don't require the assistance?—I do not think so.

20,656. But surely where they have 10s. a week private income the argument was that they might be allowed out of it, as they already had as much as the Act was ready to give them?—Yes, but you are losing in the meantime their contributions which would go to the common weal.

20,657. That is a different point. You say that such a class is in a position to contribute and so assist the more necessitous. Is that not a rather dangerous principle to introduce? There might be all kinds of people in a position to contribute?—No, I do not think so, under a national scheme. I think that a national scheme should compel everyone to contribute.

20,658. In that case you would not limit it to £250?—Not necessarily.

20,659. I do not see the force of the argument unless you are prepared to have a scheme going up to those people having £200,000 a year?—That would be an ideal scheme, because we would get their contributions, while probably they would not take the same advantage from the Societies or the funds.

20,660. But they might?—Well, they would be entitled to.

20,661. On the question of the need of these people, we have to look at things as they are. Can you imagine a case like this where an insured person has got quite a reasonably large private income, let us say £300 a year, and is employed for a very small wage. Is there any reason why that man should not be left out if he wants to? He does not need it like other people, and is not the kind of person for whose needs this Act was devised?—That is quite true; but I cannot just focus a statute which compels persons within certain limits to be insured, and defines these limits in terms of income and yet says, "Because you are more fortunate than your neighbours we are to relieve you, not of the benefits which

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Mr. T. J. ADDLY, S.S.C., and Mr. ROBERT WILLIAMSON.

[Continued.]

you might receive and which you do not require, but of giving your contribution to the general fund."

20,662. Take another kind of person who comes under the exempted clause. Take a person mainly dependant on somebody else. Is not an exemption clause useful there to meet certain kinds of people who normally get very little benefit out of the Act because they are employed irregularly?—Why should A, because he has a father to fall back on, be exempted, while B in the same office and earning the same salary but who has not a father to fall back on, but, on the other hand, has a mother to maintain, be compelled to contribute?

20,663. But I am on the other point of the insured person who only has a few weeks employment a year. If that person remains in insurance he gets in the end very little benefit?—That is a different class. That is the casual worker.

20,664. But is there not some advantage in having an exemption class for that type of person?—Undoubtedly, I think I would give exemption to that class, but that is on a different ground.

20,665. Coming to the question of the benefits paid, do you think that the employer who contributes has no say in the matter?—He has not at the present time, but I may say that in 1912 we made a strong representation that the contributions which employers were compelled to pay should come to a Society selected by their employees, so that at all events the same class would benefit.

20,666. Could you differentiate and find out who the employees were? You might have an employer with two exempted persons, and the rest of his employees in all manner of Societies?—These two employees could select their Societies and the contributions would go to these.

20,667. You want them to choose a Society?—That was our suggestion.

20,668. Why should they choose a Society?—Because in that case the insured members of that society would get the benefit of the contributions made.

20,669. But how could you compel such a person to choose a Society?—We cannot compel him.

20,670. But would he not refuse to do it just to oblige you?—Not in every case. An Insurance Committee is chosen for him at present.

20,671. You also suggest no variation in the rates of contributions and benefits?—Not at present. We think them high enough.

20,672. Do you think the amount available is large enough?—Yes.

20,673. Do you think 15s. is enough to keep a man, and his wife and family during sickness, or do you rely on the insured person being insured elsewhere?—The 15s. is certainly not enough to keep a man and his wife and family, but, after all, there is another question which requires to be considered, and that is what is a reasonable provision to make for a sick man, allowing him to make other provision voluntarily if he cares to. As to what is a reasonable sum to provide, we suggest that the maximum should be £1.

20,674. Do you think £1 is enough in itself in these circumstances at present to keep a family going?—I do not know if I quite follow what you are after.

20,675. When you say £1 is as high as you want to go, I want to know whether first, you consider that the insured population ought to be encouraged, or if you like, compelled to go in for a certain amount of voluntary insurance elsewhere?—They ought to be encouraged, certainly.

20,676. And, fixing the limit of £1 would give them that encouragement?—No, I do not know that it does. I do not think the experience has been that National Health Insurance has given that encouragement.

20,677. Suppose that you go on giving 15s., or 20s., do you think it desirable that insured persons, while in receipt of benefit, should be compelled to go

and get Parish Relief at the same time?—I certainly do not think so. If, however, you are pointing to a reintroduction of the earlier provisions, when a person with dependants got more than a person without dependants, whereby, for instance, a person without dependants will get a minimum rate of 15s. and a person with dependants will get a higher rate, I would agree with you.

20,678. You would rather have a scale on the number of dependants?—Yes.

20,679. And would you put them on a flat rate contribution?—Yes.

20,680. You mention arrears, and I gather that you want the penalty arrears reduced by 50 per cent.?—Yes, so far as imposed on sick persons.

20,681. How are you to make up the corresponding loss?—I do not think it would be difficult. It is an actuarial question.

20,682. If you take 50 per cent. off the one, you upset the balance?—It was even more serious before the time of the Ryan Committee, and a readjustment was made at that time. I do not think it is impossible to make a scheme whereby a man on the broad of his back, with a wife and family, should not be penalised to a greater extent than say 25s.

20,683. You are not afraid of any discouragement to them in paying arrears?—No.

20,684. You suggest certain extensions of benefit to be paid out of accumulations in the hands of the Government Department. Which accumulations do you mean?—We were rather pointing not at present accumulations but at a readjustment of the finance which might have the effect of preventing accumulations in the future.

20,685. But are not the funds available for this at present assigned to Societies?—Yes.

20,686. So that they are accumulations, if anywhere, in the hands of Societies or in their books?—Yes.

20,687. Coming to your proposed extensions of the primary benefits under the Act, do you want all these things which you mention and which cover a good deal of ground, made statutory benefits under the Act?—Yes.

20,688. Have you considered how much these things will cost?—No, we have not.

20,689. If you provide these by diverting part of the contribution, you might put a certain number of Societies into deficiency?—Yes, and that again might require a further diversion in order to maintain their solvency.

20,690. Have you any idea whether these things could be provided without a very considerable increase in the contribution?—Our feeling is that certain of them could be provided without any increase by a readjustment of finance.

20,691. Possibly the cheaper ones?—Yes.

20,692. You have read part of the evidence and seen figures quoted for nursing and other treatment. If you assign figures to all these it would come to a rather startling sum?—Yes.

20,693. Why do you put them in that order? Do you think nursing the most essential, or the cheapest?—It is the most essential.

20,694. What about the thing you put last, which after all is what one would have thought the natural complement of medical benefit, namely, the services of specialists and consultants?—Because it may be taken that at present, and as far as one can see in the future, these services are available to insured persons free.

20,695. Available at the hospitals?—Yes.

20,696. You mean that you think you should have something for your money in another way?—Yes.

20,697. Putting that point aside, from the purely logical point of view is not the complement of medical benefit, that is, the making of the thing complete almost the first essential?—Undoubtedly we agree.

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Mr. T. J. ADDLY, S.S.C., and Mr. ROBERT WILLIAMSON.

[Continued.]

20,698. With regard to class K are you affected primarily by the idea that that is rather difficult to administer, or do you think your suggestion is more in the interests of the women?—The latter. We thought we had succeeded in getting what we now ask in 1918, and at the last moment it was turned down, and I think the people responsible for turning it down are the people now most clamant for it.

20,699. Have the House of Lords shown any indication that they want the marriage dowry?—I think they are more accustomed to marriage dowries than people in different circumstances.

20,700. But don't you think this is outside Health Insurance. It has got no connection with health?—Neither has the refund of contributions to a man who emigrates.

20,701. But he is a man who has personally an amount standing to his credit, and who ought to get his own back on going abroad. But that is rather different with the married woman?—On the other hand at that time a woman naturally has some little expense to meet, and she finds that all she is entitled to is, let me put it, two problematical benefits, for her contributions during the years of spinsterhood.

20,702. But the arrangement whereby a woman gets benefit for six weeks is beneficial in the sense that that is the sort of thing that is related to health?—I do not put the six weeks at 7s. 6d. at a very high value to the woman.

20,703. But it come in when she is sick, does it not?—Yes. It comes in very often only when she gets sick benefit on account of pregnancy.

20,704. Is not that a very useful thing? That has some relation to health?—Yes, it has.

20,705. Then what were you going to do if the women went on working? Would you apply it to all women or only women who cease work?—To all women.

20,706. Take the case of a woman who fell ill shortly after marriage. She would be a new entrant?—She would have her husband to support her.

20,707. In that case might she find she was not qualified for sickness benefit?—There are a number of hardships even in the present scheme. I had one where the confinement took place two years and a day after the woman became Class K.

20,708. You want deposit contributors abolished, but does not your system require that there should be a deposit contributors scheme available for new entrants?—Yes a scheme of that nature.

20,709. And would you say for people who had been expelled?—I think the scheme we had in view provided that the right to expel should be withdrawn from Societies.

20,710. Do you think Societies generally would be prepared to give up that right?—So far as I have heard, a number of them would. Some would not.

20,711. (Mr. Evans): Concerning membership of the voluntary side of your Society, can you tell me whether the recruitment of members during the last twelve years since the Insurance Act came into operation has kept pace within recent years?—The recruitment of voluntary members?

20,712. You told us those who were members of the voluntary side of your Society continued their membership of the voluntary side, but have you also had new members coming in during that period?—In my Society I have no voluntary side. I was referring to insured persons who remained in insurance as voluntary contributors.

20,713. I was wondering whether the Insurance Act had delivered rather a harsh blow to the old Friendly Societies?—(Mr. Williamson): It did.

20,714. And whether the Friendly Societies had kept recruiting new members or whether the blow had hit them so hard that they were unable to keep pace?—The majority of the members continued their voluntary insurance, but during the war and up till recently we have been getting very few new members. It certainly has dealt a hard blow.

20,715. You press the point as to the maximum that should be received in benefit. I think you have told the Chairman that a man cannot live on £1 a week, a man with a family?—That is so.

20,716. Why do you say it should not exceed £1 a week?—(Mr. Addly): The reason was that a person who wishes to provide for himself during sickness should be compelled to provide apart from National Health Insurance, and I think the Friendly Societies' view was, and is, that if too high a benefit is given there will be a greater danger to the Friendly Societies.

20,717. So that you think if this £1 was added to the menace to the old Friendly Societies would be still greater?—(Mr. Williamson): Yes, and I might say a great many who could easily have gone the length of the £1 have not done so for that very reason.

20,718. (Sir A. Duncan): Are you supporting that view?—Yes.

20,719. On what ground?—On the ground that, while £1 from the National Health Insurance is not sufficient to keep a man with a family at this present moment, still it is a sickness benefit, and in comparison to the contributions payable in voluntary Societies it is quite a good benefit.

20,720. If the alternative is, as it is in many cases, that they go upon the Poor Law, would you still support it?—Oh, no, we would not, if that is the only alternative. We are a sympathetic body as a rule, and we are out for the best for our members, and sickness benefit is a very important item, because it helps in the restoration to health of the member by the introduction of nourishment into the house at a time when it is most required.

20,721. (Mr. Evans): Do these Societies all pay additional cash benefits?—I think all of them do. Of course, some of them have not got their second valuations out yet.

20,722. They are not uniform?—No.

20,723. Some may pay cash and others dental benefit, and so on?—Yes. In fact, inside some of the Orders there are differences in the different districts, where branches are registered separately and valued separately.

20,724. What do you think yourself? Do you think the benefits should be uniform?—Yes.

20,725. That all members who pay an equal contribution should get an equal benefit?—Yes, that is the feeling we have.

20,726. (Mr. Jones): To return to this 20s. a week for a moment, you have said that that is not sufficient for a family, but is it to be regarded as a contribution to the family as a whole?—(Mr. Addly): In some cases it might be sufficient to provide for the family where the family contains other wage-earners.

20,727. Is it not the case that it is a payment in respect of one individual's insurance? You do not insure the family for maintenance?—I am afraid I take a rather broader view than that. The National Health Insurance Act, as I understand it, is not a purely personal insurance.

20,728. Is it not an Act for the benefit of the insured?—It is an Act to provide for insurance against loss of health and for the prevention and cure of sickness, and, incidental to those objects the provision of a certain cash payment during sickness.

20,729. Is not the cash payment in respect of the individual insured, and not in respect of individuals who are not insured?—Now it is. In 1911 it was not entirely, because, as I explained in answer to the Chairman, there was a provision then for an increase where the insured person had dependants.

20,730. At the moment it is an insurance for the individual. My point is if you are going to undertake insurance sufficient to meet family needs then you would have to have increased contributions?—I do not quite agree with that. You might grade the

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Mr. T. J. ADDLY, S.S.C., and Mr. ROBERT WILLIAMSON.

[Continued.]

benefits to meet the case of a man or woman with dependants.

20,731. The Preamble of the Act says, "Treatment during sickness" or something of that sort. Has there been any suggestion that the present contribution should extend medical benefit to dependants?—There have been many suggestions to that effect.

20,732. That is rather a long view to take having regard to the cost of medical benefit to the dependants?—It is, and it is a problem we have not been able to solve.

20,733. Is not the solution a very simple one if you can manage it? It is a question of additional contributions, a question of cost?—The question is a question of cost. Whether that brings along with it an additional contribution is another question. Whether a complete re-arrangement of the finance of the Act might not provide at all events the bulk of the cost is also another question, that, of course, I cannot enter upon. My own feeling is that a re-adjustment of the finance would go a long way towards it.

20,734. That brings me back to this other question of accumulations in the hands of Government Departments that you referred to rather diffidently. I did not gather what you had in view?—What I explained to the Chairman.

20,735. I did not gather what you actually had in view?—That if these benefits are made primary benefits that would mean a general charge on the insurance funds, with the necessary result that the income of Societies would be diminished.

20,736. Their surplus income?—Yes, their future surplus.

20,737. So that, as the Chairman pointed out, it would really not affect accumulations in the hands of the Government, but accumulations now passing into the hands of Societies?—Yes.

20,738. In other words do you regard the present contribution as excessive?—Yes, I think it is, and I fought pretty strongly a year or two ago to get the arrangement with the doctors limited to three years, so that in the meantime the contributions might be reconsidered with the view to their being reduced.

20,739. You think if there was a new analysis of the contribution to its several decimal points we might find a fair number of points to gamble with for these other benefits?—Yes.

20,740. The natural effect is to prevent the accumulation of surpluses in the future?—Yes.

20,741. And as you say it would mean deficits in those Societies which at present are only making ends meet?—Yes.

20,742. Is it your proposal there should be a further allocation of the decimal points to a central pool to prevent these deficits?—Yes.

20,743. Tending to a levelling up of the benefits all round?—Yes, but not to a dead level all round.

20,744. But tending towards a levelling?—Yes, a levelling upwards, but on the other hand not taking away from Societies the possibility of a surplus through good administration.

20,745. That would still remain unless the demands on your funds were such as to land you all in a deficit?—Yes.

20,746. To return to exempt persons, Professor Gray indicated the extreme example of some person with some hundreds of pounds of an income and a

small job that brought him in a small salary. But is it persons like this that make the generality of the exempt persons? Who are in the main the class who make up the exempt persons' group?—So far as my own experience goes, the class who make up the exempt persons' group are those who do not wish their friends and neighbours to know that they are in receipt of a salary or a salary below a certain amount.

20,747. Do you suggest that they are mostly snobs?—I am making no suggestion of that kind.

20,748. Is it not the case that quite a large number are professional assistants, and so on?—Yes.

20,749. And you think they might be members of your Society?—Yes.

20,750. And when they passed out of the scope of the Insurance Act by getting a larger income you would benefit by falling heir to their funds?—Yes, for the benefit of others less fortunately situated.

20,751. (Chairman): Mr. Evans and Mr. Jones asked you about the extent to which you were prepared to level up benefits. In reply to Mr. Evans I understood you to say you would prefer to see uniform benefits?—Yes.

20,752. At the same time you say that you think the method of administration by Approved Societies should be continued. Do these two hang together?—Yes, I think they do, because naturally if you bring in more primary benefits, such as nursing and dental treatment, for the whole insured population they would not be administered by Societies. But apart from the cost of these there would be something left, and our view is that it would be more conducive to good management to maintain the Society system with the possibility of additional benefits through good management and the like than to make a general uniform scheme for the whole country.

20,753. You want to move in the direction of uniformity, but you do not want to get there altogether?—I think that is right.

20,754. Is there anything else you would like to add?—There is one very small point, merely administrative. It is whether in the amendment of the Act provision could be made that funds which stand invested in the name of trustees for a Society should vest in their successors without the necessity of transfers. That would simplify things. There is a difficulty I understand in England where the Bank of England does not recognise trusts, but in cases where trusts are recognised the provision would be useful. At the present time receipts and powers of attorney for the transfer of Government stocks are exempt from stamp duties. Could the same not be made to apply to transfer of stocks by Approved Societies.

20,755. (Sir A. Duncan): When do they want to transfer stock?—On sale, or to successors.

20,756. What is the special case for exemption there?—Because they are administering to a certain extent Government funds.

20,757. (Chairman): When may they want to sell?—They may wish to re-invest.

20,758. (Sir A. Duncan): That is an ordinary commercial transaction?—One would limit the exemption to the case of transfers from one set of trustees to another in succession.

20,759. (Chairman): In the other case a Society, having an eye on the market, might do it?—Yes, there is that possibility.

(The Witnesses withdrew.)

2 July, 1925.]

Mr. E. B. TURNER, F.R.C.S., Dr. OTTO MAY, M.D., M.R.C.P.,
Mr. LEONARD BOWDEN, Dr. P. A. CLEMENTS, M.B., B.S.

[Continued.]

ACCOUNT OF THE DISPOSITION OF MINISTRY OF HEALTH GRANT FOR THE YEAR ENDING 31st MARCH, 1924.

Dr.	£	s.	d.	£	s.	d.	Cr.
To Publicity Campaign, Press Advertising				1,899	2	0	
„ Propaganda by Cinema Films:—							
Production and Re- prints	311	9	4				
Maintenance, Re- pairs and Ex- penses	241	5	2				
	552	14	6				
Deduct Hiring Fees		4	17	0			
				547	17	6	
„ General Propaganda:—							
District Representa- tives	1,177	11	9				
Branch Conferences	135	1	0				
Library	193	1	2				
Special Campaigns in Backward Districts	136	7	8				
Special Conferences	144	3	6				
				1,786	5	1	
„ Cinemotor Lorry and Small Car:—							
Purchase of Ford Car	142	15	0				
Salary, Maintenance and Expenses of Operator, Drivers, and General Ex- penses	750	16	8				
				893	11	8	
„ Literature, Posters and Slides				345	1	10	
				5,471	18	1	
„ Administration Ex- penses				1,367	19	6	
				£6,839	17	7	
							£6,839 17 7

20,767. This shows in general terms your expenditure under the various heads?—It is all contained in the balance sheet, expenditure for lectures, office expenses, film propaganda, literature, and so on. Half of our work, or at least a certain amount of it, is done absolutely hand in hand with the Ministry of Health on their grant—all the film propaganda, and that sort of thing—and part is done independently of the Ministry of Health, but always working with it, from our voluntary subscriptions which last year came to between £5,000 and £6,000.

20,768. Is the work of the Council in any way supervised by or subject to the approval of the Ministry of Health?—Yes, every bit of work that is paid for by the Ministry of Health is subject to their approval and practically to their supervision.

20,769. Is the expenditure of the Council subject to audit?—Yes.

20,770. Does the Council work in co-operation with local health authorities or other public bodies?—Yes, with local authorities all over the Kingdom and with all the national voluntary organisations through their own headquarters, in such matters as Child Welfare, and Tuberculosis. We work with all of them.

20,771. In paragraph 8 you suggest that section 26 of the Act should be so extended that Approved Societies may be empowered to make subscriptions or donations to your Council?—(Mr. Bowden): Yes.

20,772. I suppose there is no doubt that your organisation is not a "Charitable institution" within the meaning of section 26 of the Act?—No, there is no doubt about that. We are a propaganda body pure and simple. We do not undertake treatment in any way and, of course, we have no facilities for

that. An enquiry was made from the Ministry of Health as to whether we did come within the scope of section 26, and we were told that we did not. The question was raised at a conference at the Ministry of Health on the 18th May, 1922. I have a short extract, if you wish it, from that discussion. Sir Alfred Mond, who was Minister at that time, stated that the amending Bill in which we wanted to have an amendment made was very limited in scope, and for certain specific reasons he did not think it would be possible to attach the amending clause to the Bill, and it would not be possible then to bring in an *ad hoc* Bill for this purpose. I gather the Minister was sympathetic at that time.

20,773. Have any Approved Societies expressed a desire to contribute if they were allowed to do so?—We have not pressed the matter with them, knowing that they could not subscribe if they wanted to.

20,774. Have you any indications that if this were allowed Societies would make such payments, and can you give us any idea of the scale on which you contemplate that payment might be made?—We cannot claim to have any indications that they would make such payments, but we believe that if the case were properly put to them we should get a number of small subscriptions, say, an average throughout the whole Societies of perhaps £1 or £2 per Society, which would give us a substantial income to extend our work. We should not appeal for large subscriptions nor expect to get them if we did.

20,775. You are satisfied that such grants, if allowed, would, so to speak, "pay their way" in the reduction of sickness benefit expenditure by Societies? Have you any detailed evidence to put before us to show that the activities of your Council have resulted in a reduction of sickness and of

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[Continued.]

incapacity for work?—(Dr. May): It is extremely difficult to get figures for the amount of sickness benefit which is paid out as the result of venereal disease owing to the difficulty of certification. I have asked a large group of Approved Societies, of which I am consulting medical officer, if they would try to get out the experience for the cases that are certified, but I am sorry to say that it is not yet complete. They are getting it out, and I could let you have later on the figures that they are getting. (The Statement promised is inserted at the end of this Answer.) Of course the amount of venereal disability which is certified is only, as we all know, a very small percentage of the total amount actually due to it. It would be impossible to give any actual figures of how much they are paying in that way at present, but I think you will all agree that it must amount to a considerable sum, and anything that we can do in the way of propaganda work is likely to reduce the amount of venereal disease. We can give you a few facts which deal with that. I have one or two extracts showing the effects of propaganda in the way of bringing to the notice of patients the desirability of attending clinics, and the importance of doing so.

For instance, there is one case here where, following the showing of a film, the attendance at the clinic was a record. There had been few cases attending the clinic in that particular town, and then we showed our film, and immediately afterwards 17 new patients turned up in one day, and in the week there were 31, instead of an average of 19. That certainly suggests that propaganda had drawn the attention of sufferers to the importance of treatment, and that they had availed themselves of the provision made. Anything like that is of direct advantage to Approved Societies because, as you know, venereal diseases are much more likely to produce sickness and disability in their late stages. They are not so much incapacitating in the early stages as in the neglected case. So that every case that goes early for treatment is less likely to produce a strain on the funds of the Society later on. We have other examples of the same sort showing that the attendance at the clinics goes up very much after any of these intensive campaigns that we have organised at different places. That was very strikingly shown at Chatham, for instance, and other places.

STATEMENT AS TO SICKNESS AND DISABLEMENT—JULY TO DECEMBER, 1924—DUE TO VENEREAL DISEASES IN A LARGE GROUP OF APPROVED SOCIETIES.

	V.D.		Gonorrhoea.		Syphilis.		Locomotor Ataxia.		G.P.I.*		Gumma.		Stricture.		Epididymitis.		Orchitis.		Vaginitis.		All "Venereal" Diseases.	
	No. of cases.	No. of weeks duration.	No. of cases.	No. of weeks duration.	No. of cases.	No. of weeks duration.	No. of cases.	No. of weeks duration.	No. of cases.	No. of weeks duration.	No. of cases.	No. of weeks duration.	No. of cases.	No. of weeks duration.	No. of cases.	No. of weeks duration.	No. of cases.	No. of weeks duration.	No. of cases.	No. of weeks duration.	No. of cases.	No. of weeks duration.
Males	4	80	14	75	17	258	899	9,426	8	144	6	98	1149	1,666	95	589	384	2,244	—	—	1,076	14,475
Females	8	40	6	65	18	178	80	1,762	—	—	3	18	6	125	1	2	4	47	47	444	163	2,681
															Males.		Females.		Total.			
Average duration during half year per Member on Funds (All illnesses)															5.8 weeks.		6.6 weeks.					
Approximate cost to Societies of V.D. incapacity for half year, July to December, 1924 (V.D.)															18.4		16.4					
Total amount paid in Benefits for all Diseases															£8,874		£1,141		£8,015			
Approximate Membership of Societies															1,768,000		1,421,000					

* This does not include the cases in public asylums, in which cases the benefits are accumulated by the Approved Society for the benefit of his next-of-kin.

Note.—The above figures refer only to groups in which venereal disease is almost certainly the origin of the disability. There will be, however, a very large number of cases certified under other headings, e.g., rheumatism, arthritis, heart disease, aneurism, arterio-sclerosis, and, in women, peritonitis, pyo-salpinx, pelvic abscess, &c., which are of venereal origin, but which have not been included in the above groups owing to the impossibility of estimating what proportion of them do originate from venereal disease.

I should be inclined to estimate the actual cost of such cases as at least ten times the above figure.

(Signed) OTTO MAY, M.D., &c., Consulting Medical Officer to the Societies.

20,776. If a particular Approved Society made a subscription to the Council the money presumably would not be used in any way specifically for the benefit of the members of that Society, but would be merged in the general funds of the Council. Is this so?—(Mr. Bowden): Generally that is so. But, of course, we should place very great weight on any representations from a Society that they desired an intensive campaign for their members. For instance, if a miners' Society felt that they were being hit by venereal disease, or a mercantile marine Society, then we should directly focus ourselves on their members or on the district in which their members lived. (Mr. Turner): Just at the present time in Dockland in London there is a strong desire among the people who are responsible for the sailors' homes and organisations that there should be a big campaign carried on there, and we are doing it with, I hope, a certain amount of success. I am going to speak to 300 sailors to-night on the subject. We take on anything like that if we are asked by any particular section, and in this case we shall be only too pleased to do it.

20,777. But as a rule an Approved Society which contributed would not secure any direct special advantage for themselves, but would be benefiting to an equal extent the other societies which did not contribute, and in fact the general community, including both insured and uninsured persons?—(Mr. Bowden): As shown in my previous answer any Approved Society could get a direct special advantage by making representations, and at the present time Approved Societies must be benefiting from the work of the Council although the bulk of the money is subscribed by non-insured persons. For instance, the bulk of children of untreated syphilitic parents would in due course, if they survive, become members of Approved Societies.

20,778. Do you not think that the service rendered by the Council is one which might more properly be assisted out of the general funds of the State rather than those of particular Approved Societies?—We think the Council should receive support from all that are interested, namely, the State, public spirited individuals with the money to spare, Approved Societies, Life Insurance Companies, and even Trade

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Unions and big industrialists. They are all hit by venereal disease.

20,779. In paragraph 18 you make a suggestion as to certification. Has this proposal the support of any large body of medical men? For example, has the British Medical Association considered it?—(Mr. Turner): It has not been placed before the British Medical Association or the Panel Conference, or any large body of medical men, but, if any such scheme of certification entailed giving or writing of extra certificates the whole of the panel doctors would be very bitterly opposed to it, and in my opinion quite rightly. What we suggest in paragraph 19 would do away with any objection to increased labour in certification. It would only require a different form of certificate.

20,780. Having regard to what you say in paragraph 20 (3), would there not be considerable risk of error and wasted effort in your proposals for certification?—(Mr. Bowden): I think, Sir, the general practitioner, if he is not certain of his diagnosis, should refer to the Medical Referee or ask the Society to refer to the Medical Referee. I think the diagnosis should be exact.

20,781. (Mr. Jones): Supposing he is quite sure of his diagnosis and does not want to write it down?—Then we suggest later on that it should be disguised from the patient but not from the Approved Society.

20,782. Would not the patient very soon learn the distinction between Class 1 and Class 2?—(Dr. May): A code could be drawn up which would overcome that. It would not matter much if the patient did know. We want patients to know what is the matter with them. It is only that one does not want to spread it outside the patient, the doctor, and a statistician. (Mr. Turner): If I remember rightly, the form of certificate that is given to the insured person is: I beg to inform you that you are suffering from " and in that case if the doctor gives a true certificate he will have to put in gonorrhoea or syphilis. It is given confidentially to the patient and the patient can then use it as he chooses.

20,783. (Chairman): Do not you think that some reasonable objection might be raised to the entering of full and explicit information on the medical certificate of an insured person suffering from venereal disease, seeing that this certificate has to pass through the hands of officers or servants of the Approved Society? Would not this, for example, apply particularly in the case of a member of a small local society?—(Mr. Bowden): The only remedy there, Sir, is that any Approved Society official improperly disclosing information should be very severely dealt with.

20,784. Do you not think that a more appropriate place for the kind of information you have in mind would be the medical record, which is a strictly confidential document, but which could be made available for statistical purposes such as you have in mind?—No, I do not think so. Our position is that the illness should be brought home to the Approved Society who are responsible for their funds, and unless they have this information they cannot take the necessary steps that they may think desirable to prevent these diseases or to get them cured in their early stages so that they do not come on to the disabling stage in later years.

20,785. Have you considered that the medical profession are strongly against any increase in the clerical work under the Insurance contract?—We do not think there is any increase in clerical work involved. It is simply that doctors would extend their vocabulary of illnesses and divide them into compartments: that they would not have to write anything extra or give an extra certificate in any way. (Mr. Turner): Of course, they would object to any increase in the giving of certificates or clerical labour. Would

it not be possible to combine it in one certificate: "To John Jones, I beg to inform you that you are suffering from —" whatever it may be, e.g., general paralysis of the insane, that is always a syphilitic manifestation; or we might say: "You are suffering from arthritis (1) or arthritis (2) or (A) (B) or (C)," which would mean, reading in the code, gonorrhoeal arthritis or rheumatoid arthritis, which might come from infection. It is an administrative question. I think it could be done without increasing certificates to any extent.

20,786. You are really satisfied that statistical results of value would be obtained?—I think so, but we are hardly discussing so much actual statistical results. Of course, if we did get this it would be invaluable to those who are working with regard to the cure and medical treatment of venereal disease. But in this question we are rather discussing whether it would come home to Approved Societies that there would be such a very large amount of late sickness pay saved to them if they could get these diseases caught and treated quite early. When you can catch and treat them quite early there is not so much likelihood of ataxia and all the diseases that come afterwards which entail weeks upon weeks and months upon months of sick pay.

20,787. Perhaps you would amplify a little what you refer to in paragraph 20 (1)?—That will take a little time, because there are so many things to be considered. In the first place, I should like to pass round this map, of which I have brought two copies, which shows all over the kingdom where clinics are established for treatment. (Map handed in.) If you notice, they cluster round the big industrial districts, Lancashire and that part of the country, and in some places in the bigger towns in the South. But you will notice these blank spaces. The clinic at Bangor has been shut up, and if you take a line right down Wales there is not a single clinic where persons suffering from these diseases can be treated. Again, in the West of England there is only one clinic in Cornwall, and from a large area people would have to go to Plymouth. Again in the North, drawing a line between Scarborough and Barrow-in-Furness and York, you see great spaces, hundreds of square miles, in which there is no provision at present made for the up-to-date modern treatment of both these diseases at clinics. I do not say they are not treated, and in some cases treated perfectly well, by individual medical practitioners or at small hospitals, but there is no provision for it in these districts, which are rather scattered and sparsely populated, where there are what one may describe as small towns and large villages. Therefore, in all those places where there are those blank spaces persons suffering from these diseases are dependent on the medical practitioners of the neighbourhood. I do not know how much you want me to tell you about the modern up-to-date treatment. It is a very specialised and lengthy procedure. Take, for instance, gonorrhoea. If a man came to a practitioner with gonorrhoea it would require about half an hour's close specialised attention—20 minutes after the second or third time—with special apparatus and machinery every day—not once a week or anything like that; it is required to be done every day to eradicate the disease. When I was a student—a long time ago now, I am sorry to say—gonorrhoea was treated with medicines, copaiba and sandal-wood oil. A certain number of cases of gonorrhoea fizzle out, the person gets well without complications; a certain number will always do that, but a very large number of cases treated in that way develop very serious complications, and now we treat them by a method of treatment which has been elaborated during the last 12 or 13 years, especially since the War, and has been—I will not say brought to perfection, because we can never attain to perfection—but is approaching perfection. That treatment requires a very long time of personal attention and apparatus

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and premises. You want an extra room, more or less, to do it. With regard to syphilis, at present syphilis is treated, as you all know, by intravenous injections of arseno-benzol compounds, derivatives of the old 606, the salvarsan treatment. Treatment in this manner is treatment requiring skill and care, and especially experience. There were a good many deaths when first it was brought in. The effect of that treatment is extremely good in cutting down the infection stage, the stage of the disease when it can be transmitted from one person to another, and rendering the person infinitely more amenable to the treatment which is carried on to cut the disease out of the system. Dr. Clements knows more about these clinics than I do; he is working at St. Thomas's. He will tell you the effect of the difference between commencing treatment on Saturday or Wednesday, the difference between getting G.P.I. and ataxia or not. You want the treatment done at once. When the Royal Commission on Venereal Diseases reported, and the Local Government Board began to take very strenuous action, they decided to issue free salvarsan, as it was then (arseno-benzol compounds, as it is now) to those practitioners who showed themselves competent to use it, and only to those practitioners who showed themselves competent to use it, and that has been carried on, and is still done, by the Ministry of Health. I am not on that list. I could not go locally and get free salvarsan to treat a case of syphilis. I do not treat them. I have given it up since the War, because I have been lecturing to nearly 800,000 people, and I will not treat them for that reason. Of the whole of the practitioners in London there are only 400 men who are qualified to be supplied with free salvarsan, and those 400 are the result of a very intensive campaign which was carried on in 1917 or 1918, principally initiated and helped by Dr. Donellan, who was then a member of the Panel Committee. He got a large number of practitioners to go and take an intensive course at Rochester Row, and these men have qualified and are on the list and may receive free salvarsan, but the ordinary practitioner is not considered a right and proper person to have free salvarsan unless he has proved himself, by a post-graduate course or by his office, to be qualified to have free salvarsan given to him. Of course any registered medical practitioner has a perfect right to buy salvarsan and to use it on his patient. That is the effect of the registration and qualification of the medical profession. I have a perfect right to go and buy arseno-benzol compounds and use them on any person who came to me to be treated, but I am not at the present time considered a fit and proper person to have salvarsan free from the Ministry. In those circumstances in these large districts it is extremely difficult, impossible practically, for a patient, an insured person, such as an agricultural labourer or a girl working on a farm or anyone of that sort, to get from their place of abode to a clinic and back again, and they certainly cannot do it every day. The result is therefore that the matter is in the hands of the local practitioner, and if there is no practitioner there who has this special experience—I do not say all practitioners have not got knowledge of how it should be done, but it does require special experience more particularly with regard to the administration of arseno-benzol compounds, because you want not only to know your dose but you want experience as to the number of times the remedy should be given, how the patient bears it, and the length of time during which it has to be continued. Those are matters of which the practitioner as a rule has but little knowledge, because most men were qualified and carrying on practice long before this improved treatment came in, and though they may have read of it they have not had experience. With regard to gonorrhoea, the treatment there is much more difficult than in the case

of syphilis. A qualified practitioner could in a very short time learn how to give salvarsan and would pick up his experience, probably by attending clinics, fairly quickly. The treatment of gonorrhoea, on the other hand, is a very specialised thing indeed and requires a great amount of care to be sure that you have eradicated the disease, because so often if a person be treated in the old way by drugs only the discharge and primary symptoms may disappear; he thinks he is quite well, he marries, and the old disease bursts out again, his wife is infected and does not know that there is anything wrong with her. Many women are infected with gonorrhoea and have no idea that they are. They take the preliminary symptoms as being something natural after marriage; they do not go for treatment, and the result is in many cases very unfortunate. They may become pregnant and have a child whose eyes when it is born are in great danger. Great care has to be taken to avoid that mischief. And not only that, but a large number of women suffer, and if you go to any hospital which looks after diseases peculiar to women you find an enormous number are suffering from the effects of gonorrhoea which in many cases has been unsuspected and untreated. So it is important that if a man has gonorrhoea he should be treated till the symptoms have all disappeared, and then before he is pronounced clean and fit for marriage he should undergo a course of what we call provocative treatment to make sure it will not burst out again. If the Ministry of Health will give leave, I should like the members of this Royal Commission to see the film on the diagnosis and treatment of gonorrhoea in the male which Colonel Harrison has produced under the Ministry of Health, and which the Council shows to meetings of doctors for the purpose of education. It would show you what a very prolonged and difficult thing it is to get a person thoroughly and properly cured. It comes to this. You have got in these districts, people who very likely are being treated, but they are not what I would call—I am not using it in any offensive way to the medical practitioner—effectually treated. They are treated as well as they can be treated. In an industrial district, in London or one of the big towns, if a person comes to a practitioner suffering from gonorrhoea or syphilis, and he is sent at once to the clinic where they will treat him properly, that is all right; but in these outlying districts it is very difficult, and that is where we think treatment under the Insurance Act is not entirely satisfactory. The ideal we should like would be that the practitioners throughout the whole country should be the first line of defence against these illnesses, that they should be encouraged in every way to become absolutely *au fait* with modern up-to-date methods, and that they should then employ them the moment they come across their cases, because it makes all the difference in the world whether you get a case of gonorrhoea or syphilis at the very beginning. In gonorrhoea it makes a difference between weeks and months of treatment; in syphilis between tertiary complications or recovery; and we should like if possible some method to be devised in outlying districts by which practitioners could be encouraged to make themselves competent to take on the treatment, because we hold that gonorrhoea and syphilis as diseases should not be outside the competence of any ordinary practitioner, and we have great hopes that in the future it will become so. Sir Humphry Rolleston can tell you that the General Medical Council in the last five years has materially altered the curriculum of medical students, and no medical student can get signed up or go up for final examination unless he is certified to have attended a venereal disease course. In the old days that was not necessary.

20,788. How long has that been?—In 1924 the new Regulations came in.

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20,789. (*Sir Humphry Rolleston*): They will not take effect for some years?—Students entering in 1924 will come under the new Regulations. We could not in the Council say that every student who had entered under one scheme of education was at once to conform to the new, but the new students who entered in 1924 and who will become qualified in 1929 or 1930 will have had this advantage. I myself am looking forward to the future—though one may not see it—when there will be all over the kingdom a very much more highly educated class of practitioner with regard to this one particular illness. The education is high enough in everything else excepting this one particular illness. There is another thing, the question of women. It is almost impossible at the present time to treat a woman satisfactorily for gonorrhoea in a consulting room, because it is extremely difficult to treat gonorrhoea in a woman, and very frequently it goes on and on and the effects are extremely serious. It requires daily treatment in a woman in exactly the same way as a man. There you see you may get a practitioner, a very good practitioner in every respect, who has not had experience in this specialised treatment. I am thankful to say that the cases are getting fewer every year now, the work which is being done is diminishing them, but a man with a big panel might have two or three cases of gonorrhoea which, if he were to treat in the way shown in this film of Colonel Harrison's, would take an hour of his time, and that in the only time when these working people can come to him, during panel hours. You are tied up by time. With regard to syphilis, if he were thoroughly competent and used to it, it would not take him so long. It does not take so long to inject salvarsan into a vein as it does to go over a man and complete the necessary treatment which I will not describe, in a case of gonorrhoea. That is where we think it is not quite as satisfactory as it might be, and of course the thing is if a person be treated ineffectually and not thoroughly cured, the results are very bad for himself, for any future wife and family, and for the community. I do not want you to understand that I am saying anything with regard to the incompetence of the practitioner, but I refer simply to want of experience. It is a matter which so many men who qualified 30, 25, or 20 years ago never came across, this intensive treatment. It is known now, and there are a certain number of men scattered over the country who did this work during the war in the Army, and they are able to take it on. Our ideal would be that in these districts, every practitioner should be able to make his microscopic examination, and if necessary, be capable of doing the Wassermann test, and that is a test to which I should pay very little attention unless it was done by a man who was specially skilled and specialised in the matter. I know the British Medical Association put up to you that there should be a great extension of laboratory treatment. That would help very much, if there were laboratories which could be got at by which these methods could be used.

20,790. (*Sir Arthur Worley*): What do you suggest could be done to improve the knowledge of panel doctors on this subject? You say they have certain knowledge which they gained years ago, and you want them to get improved knowledge?—Yes.

20,791. How can that be done as a practical proposition?—There you come into a terrible administrative difficulty. I should like that they should be encouraged to take post-graduate courses to learn this matter, that they should be encouraged in those districts to take hold of the cases and treat them themselves.

20,792. Encouraged in what way?—What is the usual thing which encourages more than anything else? Payment. If you noticed, I carefully skated away from that all the time, because it is administrative.

20,793. I do not want you to skate away from it; on the contrary, I want to get at your point, which is, I understand, that if some of these men take this course they should be suitably rewarded by some additional emolument?—It is so very difficult to say, having regard to all the Rules and Regulations in the application of the Insurance Act.

20,794. Supposing you have a lot of panel doctors in given districts who have not got this complete knowledge, you want to encourage them to get it?—Yes, I do.

20,795. You say a pecuniary reward would appeal to them?—There you come up against an extremely difficult thing. If you took the treatment of these diseases absolutely out of the Insurance Act it would mean an enormous change in every way. I do not know whether it is practicable. The difficulty under the Act is that if a general practitioner comes across a person with venereal disease he must treat him himself or see that he gets proper treatment. If it is in a place where it is impossible for him to see that the patient gets proper treatment, he should treat him himself, and then the question arises whether, if a man chose to specialise so as to make himself thoroughly competent to give this special treatment, he should take that person on as an ordinary patient on his list or whether he should be paid extra for him in order to encourage him to make himself competent.

20,796. You say there are 400 men in London with this special knowledge?—400 men to whom it is allowable for the Medical Officer of Health to issue free arseno-benzol compounds.

20,797. That is a qualification. That is 400 out of how many?—6,000 or 7,000 practitioners in London.

20,798. The theory is that if a good proportion of the remainder of the 6,000 could obtain that qualification there might be some means of giving them additional remuneration?—There might be. London is a little bit outside the purview of what I am saying. I am merely telling you the London figures because I do not know the figures in the country. I could give you the County Reports which give the accurate figures.

20,799. The proportion would not be as great?—In the country, probably not.

The following statement was submitted later:—

Number of doctors who are qualified and have applied for free arseno-benzol compounds for treatment of syphilis in the following counties:—

In Berkshire	1
Buckinghamshire ...	1
Cambridgeshire ...	6
Cheshire	20 (about)
East Yorks	3
Essex	15 (about)
Nottinghamshire ...	4
Salop	12 (about)
West Suffolk	1
West Sussex	1

20,800. (*Professor Gray*): Quite apart from London and the Insurance Act, is there not a great deal of difficulty with regard to the older men finding time to take this special qualification?—Yes, it would be difficult.

20,801. That applies to all special knowledge obtained after graduation?—It applies to a great deal of special knowledge. At the present time the Fellowship of Medicine and the British Medical Association are trying to get good post-graduate work in London for practitioners who are in practice to come and brush up and carry on. It is very difficult to get them because they cannot leave their practices.

20,802. These post-graduate courses are taken, I suppose, mostly by people under 35?—I should not say that. Probably the majority will be under 35,

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but a good many men older than that come up and take post-graduate courses in something they want to know. It depends whether your post-graduate course is attractive and whether your post-graduate teacher is a man from whom they think they will get something.

20,803. (Chairman): Is there anything you want to say, Dr. Clements?—(Dr. Clements): Mr. Turner has dealt with the matter. Unless you want me to go into the technical details I am afraid I cannot add anything.

20,804. Is there anything you want to say, Dr. May?—(Dr. May): With regard to the difficulty of getting treatment in country districts, might I just as a personal suggestion say that what seems to me the best way out would be that in each district there should be a panel of doctors who are eligible for free salvarsan and, therefore, are presumed to have some special knowledge of modern treatment, and that patients who are suffering from this disease should be referred by their panel doctor, if he is not on that list, to one of these, and that they should be paid for these in the same way as the Ministry of Health and local Boroughs pay for treatment at clinics; in other words, that the panel should be treated in the same way as a clinic is treated at the present time. That I imagine would help largely to overcome the difficulty of rural venereal patients. I do not think there would be any objection to that. (Mr. Turner): If you could get a panel of doctors such as that you would bring a great many more women under treatment, because a large number of these innocently infected respectable married women do not like to go to a clinic and wait with the ladies they meet there, and also in places where they are known they do not like to be earmarked as having gone to the V.D. Clinic. And in addition to that, the difficulty among men is very great. The other day I was speaking to a meeting of doctors at Cardiff and they were laughing and saying that Swansea patients go to Pontypridd and Pontypridd patients go to Swansea. If you could get a certain number of practitioners as well as the clinic it would be a good thing from our point of view of combating the disease.

20,805. (Sir Humphry Rolleston): Mr. Turner, your Society has changed its name?—Yes.

20,806. Why?—We are simply extending the basis. We are going on in exactly the same way with our propaganda work, but we have called it the Social Hygiene Council because we are extending what I may describe as the spade work and foundation. We are going out for the psychological instruction of teachers and persons so that in the future there will be inculcated in the young a knowledge of the facts of life, so far as is right and proper, to help them in the control of sex matters which, when you come down to rock bottom, is the one thing which will eventually do more to cut this disease out than anything else.

20,807. What has been the result of the deliberations you have had with the Society for Prevention?—The result is that both Societies have accepted the Report of the Trevelin Committee. Both Societies went as a deputation to Mr. Neville Chamberlain the other day suggesting that the Government should bring in a Bill to make it legal for chemists to sell packets of material for self-disinfection. In the memorandum approved—at any rate it has not been disapproved—by the Ministry of Health we put forward considered methods of self-disinfection as one among many other methods which might help to reduce the amount of disease, the idea of the National Council being that it is much more a case for advice between doctor and patient than for real broadcast propaganda. (Mr. Bowden): Sir Auckland Geddes is President of both Councils now.

20,808. We are all agreed that prevention is better than cure, but you lay greater stress on moral prevention than clinic because of the moral drawbacks which might possibly attach to what you speak of as the packet system?—(Mr. Turner): Yes.

20,809. If you are going to apply for permission to Approved Societies to make grants to you, do you think it is entirely right to limit it to "combat or amelioration"? You do not take in prevention?—We consider we are doing an enormous amount of prevention by setting forth what the danger means to the individual and the nation, and also by doing whatever we can to get people to go to the clinic and take treatment early and carry it on till they are well. We hold that a good deal of the great decrease there has been in the last few years has been due to that. (Mr. Bowden): Further, we ask them to go to a doctor when they have taken a risk, not when any symptoms have developed, but prior to the development of symptoms.

20,810. You do not advise them to protect themselves against the risk beforehand, do you?—(Mr. Turner): We have gone a certain way further than we did. If you want my own private opinion on the matter, I believe that if you took 1,000 young men and spoke to them in the way I have spoken to nearly 800,000, and put it right straight before them, and you got another 1,000 and gave them packets to carry about in their pockets, you would find there would be less disease in those you spoke to than those who carried the packets. I am confirmed in that opinion by the fact that I was informed the other day that in a certain body of men those 83 per cent. of who come up for treatment with venereal disease use methods of self-disinfection. It is a matter which requires a certain amount of skill and care. Also in my own experience of people who have come to me and whom I have sent on to other people to be treated—I do not treat them—46 per cent. have used methods of self-disinfection. The National Council knows and holds—and it is futile to say it is not so—that these methods of self-disinfection, if skilfully, promptly and properly applied by a person who is sober and not over-excited, do undoubtedly give a measure of protection against infection.

20,811. Seeing that when you are asking for permission for Approved Societies to provide money, I was wondering whether it ought not to be made rather broader than "combating or amelioration." Those two words would exclude prevention?—I do not say that they do. (Dr. May): I should have thought "combat" would include prevention. You are combating the disease. It does not mean combating in the individuals, it is combating in the community, and surely preventing an individual would be combating in the community. It is a small matter. If you said "for the prevention or amelioration or combating of illness" I do not think it would make any difference.

20,812. The inclusion of the word "prevention" would make a great deal of difference?—I do not think it would make any difference from our point of view. (Mr. Turner): None whatever. (Dr. May): We should not object in the slightest to any amendment. We did not put it in that way with the idea of excluding any special society.

20,813. I am sure. Would you put in "prevention"?—Personally I should not have the slightest objection.

20,814. My point is, you are applying to a large number of people who may not all hold exactly the same views that you do?—Quite so.

20,815. I have every respect for your opinion, though I do not share it, and there may be other people who think that, considering the awful amount of illness, we must take any possible measure to prevent this disease. You have laid great stress on the moral question, and you have also taken a great deal

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of trouble about the treatment and amelioration of the condition when it has been contracted, but it might be thought that it was much better to take steps to prevent the disease occurring at all, and, therefore, if you are going to apply for money, I think it would be a very gracious act on your part if you put in the word "prevention"?—(Mr. Turner): We can put that perfectly well before our Executive and Council. There is another thing to remember—we are the propaganda arm of the Ministry of Health. The Ministry of Health would by no means allow us, or rather they would not work with us if we went beyond anything of which they approved. The policy on which we work, the treaty or bargain, if I may use such an expression, that was made by our Council with Dr. Addison and Lord Astor, who were then Minister of Health and Parliamentary Secretary, was set out in a printed memorandum, and it was arranged that no alteration in that policy should take place without consultation one with the other, and if either one of the contracting parties objected it was open to the other to give six months' notice to terminate the contract. I am not sure that prevention does not come into many of our documents, and I do not think the Ministry of Health would object, but if they did object we could not put it in without breaking with them.

20,816. (Mrs. Harrison Bell): Bearing in mind the time it takes to obtain these extra qualifications and the necessity, as was expressed, for some added emolument, how would you view making the ordinary family practitioner a national servant, in the sense that he is not now, with a reasonable annual remuneration and a certain regularity in the period when he might have time off from his ordinary practitioner's duties to take these post-graduate courses which we have learned are desirable, and which seem to be necessary, not only for the practitioner, but for the public health welfare, without any loss of money on his part? I know it is a very serious matter for the ordinary family medical man; he cannot get away from a large practice because he cannot afford a locum tenens over an extended period, and should not be expected to, when he is doing work for the public good?—That means, if I may boil it down to a sentence, that you think it would be a good thing if there were a whole-time salaried service in which each doctor would be given so many patients and paid a regular salary under orders and conditions laid down by the State. I can only say—and I can speak not only for the British Medical Association but also for a very large number of practitioners outside the British Medical Association—that anything like the idea of a whole-time salaried service, except to a very few members in the profession, would be the very reddest of red rags to the most infuriated bull. I do not want to go into the whole question. We should think it infinitely better that whatever could be done should be done as far as possible as it is now, on the panel system, and as for a whole-time service if it were set forth or devised you would rouse a nest of hornets.

20,817. I was not putting it that we should contemplate a whole-time service. We have had before us a small instance of what might happen where a party of five doctors were responsible roughly for the health of 10,000 people. The people had free choice. There is the other alternative of the doctor doing so many days a week at certain clinics. There are heaps of administrative ways?—You want the thing run to a certain extent like Dr. Salter used to run his work in Bermondsey. They were five doctors, and they each used to have one day a week off. It was an exceedingly good way. He ran 10,000 or 12,000 panel patients with four or five doctors all in partnership. In that way you could always give a man so much time off, he could take his month, and the others do the work.

20,818. I was looking at it from the point of view of the treatment of this disease and from the point

of view of having more men and women to enable you to treat?—I think anything you can do in the present circumstances to give them time would be good. Of course if a practitioner were near a hospital or clinic he would not be much bothered, he could go in the afternoon when he was not doing his work; the difficulty is with the man who has to leave where he is living and practising and go to a centre. That is a matter that would require consideration. But if it was a question of making doctors State servants with recognised salaries and holidays, and that sort of thing, I should say 999 per 1,000 of the profession would be against it.

20,819. They manage to make a fairly regular income now and do manage to get two holidays a year, and every member of the community does not?—(Mr. Bowden): Would it be practicable to pay a panel practitioner extra for each case of venereal disease that he treats? For instance, he could have the men or women on his panel and if he had to treat them for venereal disease he might treat them as temporary residents or something of that sort, so that he would get an extra fee for each case he had to treat in view of the length of treatment and the difficulty, and that would perhaps stimulate the doctors to qualify themselves.

20,820. (Sir Arthur Warley): You would only make that payment to what you might call a qualified man?—Quite.

20,821. (Professor Gray): Can you tell us with regard to this matter how far the question is becoming less serious? You tell us it is not so much the earlier stages that are important as the results later in life?—(Mr. Turner): Yes.

20,822. With regard to the later things in life the harm has been done in many cases, and there is no getting away from that?—No.

20,823. How far are there fewer cases coming along, cases of new infection?—We can only tell the cases that come to the light of the clinic and hospital. We do not know the cases that are treated privately. I think there is about 50 per cent. less syphilis now. (Dr. May): New cases have fallen from 180,000 to 70,000 a year, that is over a period of five years.

20,824. That is, cases coming to your notice?—Coming as new cases to the clinic.

20,825. Do you find that they are more willing to come to centres for treatment?—(Mr. Turner): We have the testimony of clinic officers all over the Kingdom that people are much more willing to come, especially if there has been a campaign about it.—(Dr. Clements): That is so. (Mr. Turner): At the present time there is a certain proportion between cases of syphilis and cases of gonorrhoea. In men there are considerably more cases of gonorrhoea than syphilis. In women the number of cases of gonorrhoea and syphilis are very nearly equal, showing that there are a large number of cases which are not found out and do not come under treatment at all, and that is what the National Council are anxious to get hold of. There is no doubt that since 1920 there has been a regular down grade, owing to several things; first of all, the effects of the war are passing away; secondly, the enormous amount of enlightenment and treatment which has gone on; and, thirdly, there has not been so much money to spend on that particular form of amusement.

20,826. You mentioned certificates. Do you think doctors in the past have been—I am not saying it offensively—quite honest enough on that question?—I think doctors have certified the late tertiary manifestations by their names which obtained before we knew they were manifestations of syphilis. When I was a student we did not know that general paralysis of the insane was a later manifestation of syphilis.

20,827. Do you not think that doctors have shown a tendency to keep information from the person in question?—(Dr. May): I think so.

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20,828. To put down anything vague?—Yes, in many cases. (Mr. Turner): Yes.

20,829. Is that passing away?—(Mr. Bowden): I do not think there is anything like the number certified that there should be. It is very rare to get a case certified as "Gonorrhoea" or "Syphilis".

20,830. I asked the question because of your suggestion with regard to certificates, and I put it to you whether a doctor's certificate is worth much in this type of case?—(Dr. May): If we had a code which they could use without offending the susceptibilities of their patients, they would be more likely to certify correctly than if they have to put the thing in ordinary language.

20,831. At the present moment under the Insurance Act there is a procedure whereby a doctor in these cases need not certify so precisely, he can give a more vague certificate and inform the Regional Medical Officer?—That probably causes more trouble to the doctor. He has to do two things there.

20,832. So long as there is a thing which causes trouble to the doctor?—There is a temptation to take the easier way. (Mr. Bowden): I do not remember one case in our Society where that has been done.

20,833. There is the procedure which a doctor can follow in order to keep it from the knowledge of the patient?—(Dr. May): It is a cumbersome way.

20,834. Two certificates instead of one?—Exactly, that is the objection.

20,835. In view of that overwhelming objection, the doctor prefers to give a certificate that is not quite honest?—Which is camouflaged. (Mr. Turner): He gives a certificate which if I were to see I should read between the lines. (Dr. May): Not always.

20,836. (Mr. Evans): Did I catch you correctly to say that there was not a single clinic in the whole of Wales?—(Mr. Turner): No. Look at the map. What I said was that if you drew a line down from Bangor to Swansea there was not a single clinic to the West of that line.

20,837. I think that it would be wrong to say that there is not a single clinic to the west of Swansea?—Not one. That was brought up to date by our medical department yesterday.

20,838. There are some clinics left out, I know?—It is perfectly possible, but I do not think there are many left out, because we have exceedingly accurate information sent in to us always.

20,839. You have left out Barry and Port Talbot, two big sea ports in South Wales, where I know there are clinics. They are not on this map at all?—I can only give you the map as it was given to me, and I was assured by our expert in these matters that it was brought up to date yesterday. Have they been open for a long time?

20,840. Yes?—(Dr. May): Are they in the Swansea district?

20,841. No, in Glamorgan County district?—They are not included in that. We do not give every individual clinic; for instance, you have only one spot for London.

20,842. They are both big sea ports where you have a fluctuating population?—(Mr. Turner): They are more necessary at sea ports. (Dr. May): How far are they from Swansea?

20,843. 10 or 12 miles?—If within 10 miles they are probably included in the Swansea district. Our difficulty is when there is nothing within 40 or 50 miles of a place.

20,844. With regard to the propaganda work you carry out, how do you do this work, are there a number of lecturers on the staff?—(Mr. Turner): Yes.

20,845. Are they permanent?—Nobody is allowed to lecture unless he has been passed on to the panel of the National Council. They come up and they are seen. We hear about them and they are interviewed, probably by myself or by one of the other vice presidents or officers; we interview them to see

if they are fit and proper persons, and if so they are put on the panel. Of course in every district there are a certain number of lecturers, medical and lay. The lay lecturers are not allowed to deal with technical medical questions. The medical lecturers speak more definitely, more about the disease. We have a certain number who are purely voluntary and a certain number of others who are paid a fee for each lecture, a very small fee, more of a honorarium than anything else. We do the propaganda. During the war and after the Report of the Royal Commission, when there was a great deal of ferment, we had only to say "There is going to be a lecture on the subject" and 1,000 or 1,500 people come to listen to it. That has died out now to a certain extent. We now carry on propaganda by addresses illustrated by films. We have a whole set of films beginning with Gift of Life, Adolescence, dramatic films, Shadow, and so on. We do not allow these films to be shown except to proper audiences; there are some we show to men only and some to women only, and some to mixed audiences. No film is allowed to be shown unless there is somebody there perfectly qualified to explain to the people what the film means and the lessons to be drawn from it, and then after the film is shown I myself always wait and ask if they have any question they would like to put, and questions come up from all over the place. I get plenty of questions about prevention and prevention packets which I answer, and I tell them the actual facts. That is how we carry on. Then we have conferences, branch conferences, which are recognised, and the fares of the delegates are paid by the Ministry of Health. We have branch conferences in different parts of the Kingdom four or five times a year, which the local people attend, and some subject is put up for discussion and they exchange experiences and then go back and carry out the thing. In fact I can assure you it is an extremely live and extremely active body of workers.

20,846. Do you get the co-operation of the Public Health Authorities at all?—Yes.

20,847. Very generally?—Yes. In pretty nearly all our branches the Medical Officer of Health is honorary secretary, and where we have no branch the propaganda work is carried on by the Health Committee of the Local Authority working with our people. For instance, the Medical Officer of Health says "We should like a campaign here," and they send to our headquarters and they say "Yes." We have a motor lorry and films and five lay lecturers going about, one will be in the district and fix up so many nights, and then the Medical Officer of Health very often attends and speaks, and the whole thing is carried out, working with the Health Authorities. In fact I think there are only one or two districts in the Kingdom where a Medical Officer of Health will not work with us whole-heartedly, only one I know really where he does everything he can to stop the work. That is only one among many.

20,848. You told us that there was an enormous number of innocent married women who were infected?—Yes.

20,849. What do you mean by "enormous"?—I am afraid I cannot tell you, because we cannot get hold of figures. (Dr. May): I could not give figures.

20,850. Can you give a percentage?—It is impossible; you cannot get it.

20,851. You used the word "enormous"?—(Mr. Turner): To our knowledge it must be enormous, because of the great disparity in cases of gonorrhoea in women as compared with men. In men for every new case of syphilis that comes up there are four or five cases of gonorrhoea. In women the number of cases of gonorrhoea that come up to be treated and the number of cases of syphilis are about equal. Now we know from the results, such as ophthalmia neonatorum, which is the only venereal disease which is

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notifiable, and the statistics of ophthalmic neonatorum have come down very little, and that shows that there are a very large number of women who are infected with gonorrhœa without it being known.

20,852. (*Mr. Jones*): You have altered your definition of ophthalmia neonatorum, which has quite upset the value of these figures, I am afraid. The figures are of very little value from that point of view?—I only know the number of cases when I saw the last returns. They are not so much down as they ought to be.

20,853. You are notifying inflammation of the eyes?—(*Dr. May*): The other thing which shows there is a large amount is the large number of cases of gonorrhœal salpingitis in hospitals for women. These are cases where apparently there is no history of attack of gonorrhœa, but on examination one finds a gonorrhœal origin. There are a large number of cases, but it is impossible to give figures. (*Mr. Turner*): A large number of young men have gonorrhœa who are ineffectually treated or not treated at all, the outward symptoms of the disease subside, they think they are all right and they marry, and the result of the marriage is to stir up the whole of the mischief again; the woman gets infected and does not know what is the matter with her, and then afterwards she gets all these horrible complications, pelvic mischief, and all sorts of ailments you find in hos-

pitals, and she never knew that she was infected. But now, since we have been carrying on this propaganda work the women are interested in knowing. If it were put up that there were going to be meetings to talk about venereal disease, one for men and one for women, if you got 50 men you would get 500 women. They come to learn, they want to know these things, and quite rightly too; the more they learn the better we shall be pleased.

20,854. (*Mrs. Harrison Bell*): Has it been the usual practice of the ordinary medical practitioner not to tell the wife of a man who was suffering in this way?—It is very difficult.

20,855. My experience in the North of England cities leads me to that conclusion?—Sometimes it is very difficult. One has to decide whether it would be better not to tell the wife or break up the happy home. It is one of those extraordinarily difficult problems that is put before the members of my profession. And there is another thing to remember, there is a law of libel, and though probably any doctor would win any action for telling anybody that sort of thing, still he would be very uncomfortable with regard to costs and inconvenience and loss of reputation.

(*Chairman*): Thank you.

(*The Witnesses withdrew.*)

Dr. VARRIER-JONES and Mr. BUNNETT, called and examined. (See Appendix LXXXIII.)

20,856. (*Chairman*): You are Dr. Varrier-Jones, Medical Advisor to the Cambridgeshire Tuberculosis After-Care Association?—(*Dr. Varrier-Jones*): Yes.

20,857. And you are Mr. Bunnett, a Member of the Committee of Management?—(*Mr. Bunnett*): Yes.

20,858. Would you describe to us in a little detail the organisation, work and finance of the Association?—(*Dr. Varrier-Jones*): May I divide it into two and speak of the medical work, and Mr. Bunnett, who is more experienced in Friendly Society matters, will deal with that side of it. The Association was composed mostly of Friendly Society members, but other members were added to it later, the idea being that sickness benefit or disablement benefit might be made payable to ex-sanatorium patients who on return from sanatoria were found suitable work in the county. I may say I am greatly indebted to the late Sir Robert Morant, who was instrumental in helping to form this Association and making it possible for Approved Societies to contribute to the Association certain sums which would be equivalent to the disablement benefit and so could be made payable to a patient on his discharge from a sanatorium when suitable work was found for him in the county. The finance is arranged in this way, that there are private subscriptions from individuals and also subscriptions from Friendly Societies, practically all the Friendly Societies in the county.

20,859. Have you anything to say, Mr. Bunnett?—(*Mr. Bunnett*): I think that covers most of the ground. The Society is managed by a Committee which is composed of representatives from subscribing bodies, and cases are brought forward usually by the Tuberculosis Officer who recognises the cases. Principally so far we have dealt with early cases which had a reasonable hope of recovery, that is to say, a reasonable hope of getting back to full work. There are no paid officials of this Society at all, the work is honorary, and the only expenses are the ordinary administration expenses such as postage, stationery and printing, and, as Dr. Varrier-Jones has said, the income is from private subscriptions and subscriptions from various Approved Societies.

20,860. Your main recommendation is, I think, that a reduced sickness benefit should be payable to insured persons suffering from tuberculosis who, on medical advice, are doing part-time work?—It refers more particularly to disablement benefit, for this

reason, that usually an ex-sanatorium patient will naturally have had at least 26 weeks normal sickness benefit, he will have exhausted his sickness benefit, and he becomes entitled, therefore, only to disablement benefit. I think the word "sickness-benefit," was really intended to mean disablement benefit. It is suggested in that connection that the Tuberculosis officer should recommend an amount that might be necessary to enable the man to get back to work, that amount not to exceed, of course, the normal disablement benefit payable. It is also suggested that Approved Societies should have a voice in the matter, that is to say, it should not be compulsory but they should have a discretionary power. It might be unfortunate without that discretionary power.

20,861. Would you apply the principle to persons working in these circumstances in ordinary industry as well as to persons in village settlements such as you describe in paragraph 12?—(*Dr. Varrier-Jones*): Yes. The Cambridgeshire Association was set up for that particular purpose. Of course to apply it to all industries would be out of the question. We had carefully to select the industries in which these patients could be occupied. Cambridgeshire, in which the Association works, is practically a rural area. We have a few large industries where outdoor employment is provided. I have been fortunate in getting patients on part-time work, and several of these men have received from the Association their money and at the same time wages from such a firm as that.

20,862. You recognise, do you not, the economic objections to a subsidy to wages as this would be in the case of persons in ordinary industrial employment?—I am not quite sure. With proper safeguards we have found it quite a workable proposition. It has been working for some considerable time. The Association has been going on now for some years and we have not come across that difficulty.

20,863. Have you thought out any safeguards for this, for example, as to how you would ensure strict adherence by the employer and the patient to the part-time work arrangements?—Yes, we have, because in our scheme the members of the Association would be members of Friendly Societies who have their Lodges practically throughout the area which

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is covered by the Association, and therefore there is a very close personal touch with local conditions. The Society has power to withhold such a subsidy. The link is very close and the local conditions and details are very easily inspected. Besides, the arrangement was that the men should receive the proper rate of wage per hour and the number of hours could easily be ascertained.

20,864. Do I understand from paragraph 9 that you propose that the rate of sickness benefit should vary with the amount received as wages in each week?—Not necessarily. Mr. Bunnett will explain from the Approved Society point of view the arrangement we have. (Mr. Bunnett): It is really not anticipated that the amount of subsidy required will usually be less than the disablement benefit payable. The disablement benefit is 7s. 6d. normally. I think that is where the point would come in. You will normally pay the man his disablement benefit whilst he is at work. Then comes the point when he is able to return to full work. By working perhaps an extra hour a day over and above what he starts at, or what he is at at that particular time, he will earn approximately 7s. 6d. a week, that is assuming wages at 1s. 3d. an hour. When you put him on to his extra hour's work you can drop the benefit and he is at no real financial loss.

20,865. Would not this prove rather troublesome to Approved Societies? For example, what would be the machinery for enabling a Society to know at what rate benefit should be paid?—I think the point there is rather met by the previous answer that it would usually be the disablement benefit, but in special cases I take it the Tuberculosis Officer would fix the amount for a given period on his certificate. I might say, in the absence of such a scheme as this the full rate of benefit will normally be paid in most of these cases as without the aid of such a scheme comparatively few of these people will return to work, there is no machinery for them to get back, and of the few that will return to work some will break down by attempting to do too much and again become a charge on the funds; very few of them really satisfactorily return to work, so that the cost of the scheme does not appear to be great at all.

20,866. Do you think that there are many employments suitable for the purpose you have in mind in ordinary industry? Can you give us any examples?—(Dr. Varrier-Jones): Of course, the answer is No, and it was for that particular reason that I built up the Village Settlement. There are not very many industries in which the patients can return to work. The sympathetic employer is rare; commercial firms are not philanthropists, and it is very difficult to get a consumptive back into any industry. On that account we set up the Village Settlement.

20,867. We note your proposals in paragraph 11 as to certification. You think that co-operation between the panel practitioner and the Tuberculosis Officer would be readily secured?—In Cambridgeshire it was readily secured. For some time I was Tuberculosis Officer there when the scheme started, and I found no difficulty. In any case a certificate by the Tuberculosis Officer would be accepted by the Approved Societies, and therefore would be quite sufficient for the purpose.

20,868. Would it be possible, do you think, that all such certificates should be given by the Tuberculosis Officer only?—Yes, it would be possible. (Mr. Bunnett): And preferable. (Dr. Varrier-Jones): And preferable.

20,869. Would you describe to us in a little detail the organisation and financial arrangements of the Tuberculosis Village Settlement referred to in paragraph 12?—The Tuberculosis Village Settlement at Papworth was founded because of the difficulty of obtaining work for men who returned from a sanatorium. The early case could be managed by the After-Care Association by means of the subsidy, but the great mass of middle cases which now fill our sanatoria are quite incapable of returning to the ordinary

commercial world and making a struggle under uneconomic conditions. Therefore we set up the Tuberculosis Settlement. It is of gradual growth. Nine years ago we started with one patient, and with a very small capital of £500. Gradually more money came along from various funds, such as the Ministry of Health and the Prince of Wales' Fund, and also from private benefactors such as Sir Ernest Cassel, and so on. We have gradually built up not only a sanatorium but a training colony where the men can be trained at a trade to earn their living under the ideal conditions of the Village Settlement. We do not attempt to train a man to be a carpenter, or whatever it may be, and return him to the outside world, because the competition is too great; but we are able to set him up in workshops in the Village Settlement and provide him and his family with proper housing conditions, and they remain there for the rest of their lives, earning wages in the industries, which now have a turnover of over £50,000 a year.

20,870. Are there many such settlements in the country?—There are two.

20,871. What are the industries they carry on?—At Papworth we have carpentering, joinery, painting, cabinet-making, upholstering, printing, sign-writing, poultry farming, leather bags, attaché cases, travelling suit cases, trunks, and so on—a great variety.

20,872. If your proposal were restricted to these, would you regard that as, at any rate, one step forward?—It would be a very great step forward.

20,873. As to the matter referred to in paragraph 15, you are aware, no doubt, that the benefit may be applied towards defraying any expenses for which the insured person may be or become liable otherwise than to the Institution. Does this not meet your difficulty to some extent, for example, in the case of the rent of the rooms which you mention?—This is a different matter altogether; the question of the payment of sickness benefit to a patient when he is in an Institution. I have experienced great difficulty at Papworth in getting Approved Societies to pay the sickness benefit to patients while they are under treatment. We had at Papworth a special arrangement whereby our patients were allowed to work in our workshops, and at the same time earn a small wage while they were patients under treatment. That, of course, was an enormous step forward. An Approved Society has to be responsible for the sickness benefit while they were being taught in the colony workshops, but the difficulty is that that amount is held up, and I have come across cases where patients come to me to say they wished to be discharged, having been advised by the local agent that just a few days at home will put it all right, and they can get their lump sum of money and come back again. That is a very undesirable state of affairs. They go and very often they misbehave themselves in the matter of drink, and so on, and the money which has been carefully saved up is all gone and then they come back and gradually accumulate some more. Therefore, means should be provided whereby the Approved Society should, without any difficulty and on the medical certificate of the Superintendent of the Institution, pay over to the patient weekly the sickness benefit, because the old sanatorium treatment for three months or so has now gone. Middle cases cannot get cured in that short space of time, and the old idea of going to a sanatorium and being cured and having a nice sum of money waiting for you when you went home to set you up in business is quite wrong and out of the question. Therefore, you want the sickness benefit paid to the men while they are struggling to learn a new mode of life and finally to settle in the Village Settlement.

20,874. Under the Act, the accumulation of benefit, if not otherwise applied, may be paid in instalments when the insured person comes out. Does this provision not meet the danger of wasteful and extravagant expenditure to which you refer?—I did not know that it could be paid in instalments, but Mr Bunnett,

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[Continued.]

I think, has a point to make about that. (*Mr. Bunnett*): Whilst it is, of course, perfectly true that benefit can be paid in instalments, in point of fact it is not. In the first place the member will apply for his money when he comes out of the sanatorium and he will expect his Society to pay it in full. If some Societies paid it in full and others paid it in instalments there would be a conflict in that way and comparisons would be made. The usual practice is, I believe, that the man claims his sickness benefit; he is paid a lump sum as the easiest way for everybody, and there is the end of it. It is, however, by no means the most satisfactory way.

20,875. Would you explain a little more clearly the table in paragraph 16? What do the headings of the last two columns mean exactly?—(*Dr. Varrier-Jones*): These were examples taken from our records of cases treated by the After-Care Association. It is the number of weeks for which benefit was paid whilst the man was on part-time work and the total cost to the Association of so doing. In many cases after these weeks the patients were able to get on to full work. For instance, No. 16 has been at work now for some considerable number of years, and also No. 19. No. 70 is a very interesting case. He was a college cook. The college, of course, would never take a consumptive cook back, and quite rightly. He was taught boot-making at Papworth and he is now earning £3 10s. a week and has been doing so for the last five years. It cost £6 to put that man on his feet again. If we had not encouraged him there was no hope. Nobody would employ him and he would simply lose heart and go downhill altogether. So that it is not really a very expensive affair. Another man who cost £31 14s., was a young boy whom we apprenticed to a carpenter in the country, and he is a skilled carpenter earning full wages, and has continued to do so. (*Mr. Bunnett*): I saw that particular man at work yesterday. (*Dr. Varrier-Jones*): This is just a little paragraph to show that the Association has already done something.

20,876. (*Miss Tuckwell*): I want to know about the families in the Village Settlement. I suppose the cases in the Village Settlement are the worst cases. How is it possible to let their families remain with them?—The worst cases are accommodated in the hospital section of the colony. Those in the Village Settlement are those able to do six hours' work a day fairly comfortably over long periods. They are cases who have tubercle bacilli in the sputum from time to time but the children are not infected, because the housing accommodation is good. There is proper ventilation and therefore the size of the dose is reduced below a dangerous level. They are taught to live properly and decently; they are taught to avoid infecting their families, and not only so but their wages, together with, in the case of a discharged soldier, his part pension, enable the whole family to live at a higher level than they would do if the man had no work at all. Therefore, the resistance of the family is actually raised by a good food supply and they live under ideal conditions in the country. They have a proper house in which to live, and they are taught how to avoid spreading the disease from one member of the family to another.

20,877. Do they stay there permanently?—They stay permanently in the Village Settlement.

20,878. They are people who need watching; they never get well enough to go away?—They never go away. The people who are well enough to get a job in the outside world pass through the After-Care Association and they get into industry again. Those cases are rare. We simply get the fairly advanced cases—what I call the middle cases.

20,879. Do you have sunlight treatment?—Yes. We take cases of tuberculosis of the bones and joints also at Papworth. Every type of tuberculosis case is treated there and we are very successful, I think it is right to say, in the case of bones and joints with our sunlight treatment. We have not at the moment artificial light. We are considering the question of putting up a plant for that.

20,880. With regard to your £50,000 a year turnover, what is your market? Where do you sell?—Our suit cases and trunks and so on go to all the London stores. If you would be good enough to go this afternoon and ask for a suit case made by Papworth Industries they would supply you with one. Most of the London stores have our goods and sell them at proper prices, I suppose. Our furniture—chairs and so on—goes all over the country. We have three commercial travellers on the road selling our goods to various firms. They go as far as Swansea and Cardiff.

20,881. And you avoid underselling in the general market by paying the Trade Union rate for the number of hours worked?—Yes.

20,882. (*Mr. Jones*): How many patients have you in your sanatorium?—Between 200 and 220.

20,883. How many of these are receiving this trade training?—About 180 to 190 as a rule.

20,884. Are your cases particularly selected before admission?—No.

20,885. Have you followed up, or do you know the future of these cases?—The ones in the Village Settlement, of course, we have under our control always.

20,886. I mean the generality of your patients?—Those in Cambridgeshire we know of course accurately, but those from outside areas we do not follow up entirely. Some we do, but some get lost. They go back to their own areas.

20,887. So that you are not able to say whether the results in your Institution are better than or just the same as those of the generality of sanatoria throughout the country?—I know the results in the Village Settlement. It means that the expectation of life is at least three times that of a similar case in the outside world.

20,888. How many men have you in the Village Settlement?—We have 70 families. Then we have two hostels of 35 each.

20,889. How many of these men in the Village Settlement are ex-Service men?—About 75 to 80 per cent. They are much more easily dealt with because of the pension. What I am very anxious to do is to be able to treat the civilian in the same way by means of the subsidy which we have discussed.

20,890. On the whole the ex-Service man is in a very favourable position?—In a very favourable position.

20,891. Both as regards his finance and as regards his disease. Is it not the general experience that the ex-Service man was caught very early, because he was under continuous supervision?—No, I do not think that is the case.

20,892. Is that not so? Has not the London County Council pretty well demonstrated that, and has it not been demonstrated elsewhere?—Of the great number of men certified as suffering from tuberculosis a certain number, it has been pointed out, have not suffered from tuberculosis at all. The others have been pouring out tubercle bacilli. In some cases I think the regulation was that a man was not to be discharged from the Army unless his sputum was positive. That means to say that there is a definite lesion in the lung and bacilli are coming out. Such a case I hardly ever consider as a truly early case. At any rate, now we have at Papworth and at Preston Hall a great number of ex-Service men with very extensive lesions in both lungs.

20,893. We have had a Statement from the London County Council in which they draw a contrast between the ex-Service man and the civilian patient. You will perhaps remember the report published a year or two ago by Dr. Bardswell on the expectation of life, contrasting the various groups. Is your expectation any better than that of the generality of such Institutions?—In the Village Settlement I think it is distinctly better.

20,894. The expectation of life, you say, is three times greater?—Yes.

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[Continued.]

20,895. Even at that it cannot be very much. The expectation of life of a tuberculous patient is very short, is it not?—Five years.

20,896. No, I would not say anything of the sort; I should say one year?—Do you mean from the date of diagnosis?

20,897. Yes, practically?—That certainly is not my experience at Papworth.

20,898. That is what I was saying at the beginning. Are not your cases very carefully selected?—No, we receive into Papworth cases sent from Tuberculosis Officers or others, and we never select them. They are sent to us just as they are sent to any other sanatorium.

20,899. They are sent to you on a medical form which you supply, perhaps?—Yes.

20,900. You would not take in a case that is obviously dying?—Yes, we would.

20,901. You would?—We have in the hospital section specially set apart a certain part for advanced cases. We receive them from Cambridgeshire and from Huntingdon. We have received them, in a very advanced state, from London.

20,902. You take out the distinctly hospital cases and put them into the hospital section?—Yes.

20,903. So that when you compare your sanatorium section you are perhaps making a more favourable comparison than you are entitled to do as against other places in the country; you have to take the generality of patients—the one, two and three stage cases?—We take ours as stage 2, like every other sanatorium.

20,904. We are going to have evidence this afternoon from the London County Council, and I was wondering whether you could establish how much more favourable yours is?—The Village Settlement?

20,905. Yes. There has been a great deal of discussion on this question of the Village Settlement and as to whether or not they are worth the enormous expenditure that would be involved in setting them up?—But it is not an enormous expenditure.

20,906. If you provide houses for them it would be an enormous expenditure?—The “enormous” expenditure amounts to £400 per family. Our bricklayers and our carpenters at Papworth—consumptives—are employed in setting up houses for consumptive families at £400. Now, you deal with your case; you take him away from the community and he ceases to be a source of infection to the community any more. You safeguard the whole family and bring them up in decent surroundings. There is not one single case of tuberculosis amongst the children of the families in our Settlement at Papworth. That is a very small price to pay for the absolute check on infection in that particular case. It is true that if you say to me: “What has Papworth cost to set up?” it has cost £150,000. It is not £250,000, as Dr. Menzies has published; that is an incorrect statement.

20,907. I really do not want to go into details?—I am just trying to point out that it is not so expensive an affair—the Settlement itself. It is attached to the sanatorium and to the training colony; it is one complete whole.

20,908. What I wanted to get at, if possible, was some estimate of the results at Papworth as compared with the results published a year or two ago by Dr. Bardswell?—I know him very well and he knows my work at Papworth to a certain extent.

20,909. That is not affording me the comparison?—I cannot give you that now; it is so difficult to make any comparison. You must first of all be quite sure of the type of case that I send to the Village Settlement. I assure you that all the cases I send to the Village Settlement are those with positive sputum; that means to say that there are at any rate one or two lobes of the lungs diseased—not necessarily all, but there are definite well-marked lesions. In the first eight years we had one death only in the Village Settlement composed of people suffering from pulmonary tuberculosis. That is very favourable. I know quite well the criticism of the

Village Settlement, but, as a matter of fact, as Medical Director there I do not select the cases. The cases are selected by the other colonists themselves, otherwise they would not fit into the general scheme of the Village Settlement.

20,910. I know something about your organisation and it was a few facts that I wanted to elicit, but apparently they are not available in that particular way?—I cannot give you that.

20,911. (Prof. Gray): On the business side of the matter, I suppose there will be a tendency for the Village Settlement to grow. As people pass through your hands you will have more and more of each kind of worker settling down?—Yes.

20,912. I understand that you have three commercial travellers selling the goods of these people?—Yes.

20,913. Are these commercial travellers the servants of the After-Care Association?—No.

20,914. Whose servants are they?—The After-Care Association and the Papworth Colony are two entirely distinct bodies. The After-Care Association has really nothing whatever to do with the Papworth Colony. In the Colony there is the Institution with its hospital and sanatorium, and we have the industrial section managed by the consumptives themselves. The commercial travellers work for the industrial section of the colony.

20,915. Is it a kind of co-operative commonwealth of which each person in the village is a member, and they have organised themselves into a kind of trading Association? I want to know for whom the commercial traveller works. Who is the man who stamps his insurance card, if he is insured?—The Manager of Industries stamps his insurance card.

20,916. Who is he?—He is a consumptive who was a patient. He has passed through the hospital, is now residing in a cottage in the village and is managing the Industries.

20,917. Is he a kind of business firm buying goods from all these people?—The carpenters, cabinet-makers and so on are little businesses linked together in one whole as Papworth Industries and that man is the Manager of the lot. If we want timber, the Technical Manager of the Carpentering Department will pass an order for timber. That will be countersigned by a clerk who is in charge of the Department and will then be placed in front of the General Manager for his signature.

20,918. Is Papworth Industries a registered Company?—No, Papworth Industries is not, but Papworth Colony is. The Colony stands behind the trading concern.

20,919. And undertakes to buy anything produced by these people?—Undertakes to sell.

20,920. But it will undertake to buy in the first place, will it not? Suppose a person produced a bad chair, you would send it back to him?—He is working for Papworth Industries. The Cabinet making Department make the chairs. They are put on the market. The Manager will say: “We can produce, according to our costing system, chairs at 25s.” The commercial traveller is then informed that we have chairs at 25s. to place on the market and he goes round and sells them.

20,921. So that these people are in the employment of Papworth Industries?—Yes.

20,922. They are not independent workers?—No. It is a manufacturing company.

20,923. (Sir Arthur Worley): And Papworth Industries pay them their wages?—Yes.

20,924. Therefore, the property belongs to Papworth Industries, who in due course sell it at a profit, and any profit belongs to Papworth Industries and not to the ordinary individual?—Yes.

20,925. Who are Papworth Industries? To whom do the profits go?—There are not any profits.

20,926. It is an uncommercial proposition. I am not objecting to that at all?—It is an uncommercial proposition because you are employing people who are so diseased that it is really quite impossible to make any profit out of their labour.

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[Continued.]

20,927. You pay them their proper wage as if they were normal people?—Yes.

20,928. And the difference between the output of a normal person and that of someone who is sub-normal takes away any possible profit?—Yes. You might ask me how it is that the concern floats at all. The answer to that is that we do not pay any interest on capital; neither are there any Directors who draw fees. Those overhead charges having been taken away the consumptive is able to float, and that is why you cannot get a consumptive employed in ordinary industry.

20,929. (*Mrs. Harrison Bell*): I have always viewed the Papworth experiment with very great satisfaction. I speak with knowledge of an Insurance Tuberculosis Committee, and I always felt that it was a very terrible thing for a man to have to try to come back to industry. How was the capital found originally for the establishment of these industries?—In the first place certain ladies and gentlemen in Cambridge decided to form themselves into a Company with £10 as a start. They under-

stood that there would be no interest on that money. Then philanthropists, such as Sir Ernest Cassel, gave us £5,000. The Cambridgeshire County Council provided money for beds in the sanatorium, and the Huntingdonshire County Council did similarly. Then the large funds, such as the Prince of Wales's Fund, provided sums of money, and finally we had help from the Ministry of Health. So that we have local philanthropists who are interested and are actually on our Committee, and various other funds.

20,930. The benefit that your people derive is a benefit that you cannot measure in pounds, shillings and pence. I mean the added life to the individual and freedom of his family from infection cannot be expressed in money, but is very real?—That is so, and there is the freedom of the community from infection.

20,931. And it is that prevention which is so valuable?—Not only the prevention, but, of course, there is an extremely happy life for the individual.

(*Chairman*): We are much obliged to you, gentlemen.

(*The Witnesses withdrew.*)

Mr. G. H. WALMISLEY, called and examined. (*See Appendix LXXXIV.*)

20,932. (*Chairman*): You are Mr. G. H. Walmisley, Chairman of the Public Health Committee of the London County Council, and you are giving evidence on behalf of the Council on the lines of the Statement which we have before us?—Yes.

20,933. We may take it that the substance of the Council's submission is contained in the four subparagraphs of paragraph 2?—That is so. We do not say they are down there in order of importance.

20,934. You recognise, I suppose, that you are proposing exceptional arrangements for tuberculosis while the National Health Insurance Scheme covers, on a uniform principle, the whole range of sickness. But you are convinced that the treatment of tuberculosis does, in fact, occupy an exceptional position among the various public remedial schemes, and that in particular it is historically closely connected with the Insurance Scheme?—Yes.

20,935. Further, you submit that the peculiar nature of the disease itself justifies exceptional arrangements. Would you say that the three points mentioned in paragraph 3 (4) (a) (b) and (c) are fully supported by informed medical opinion?—Yes.

20,936. In the experience of the London County Council, has it, in fact, been found that the tuberculous persons for whom they are responsible have relapsed unless a relatively high standard of living has been maintained?—Yes.

20,937. Would this not apply to some other diseases with equal force?—Very possibly it would, but we say that it applies more to tuberculosis because there are more people suffering from tuberculosis, and the disease lasts longer—it lasts for life, in fact—and owing to the nature of the disease itself. We say it applies more to tuberculous persons for these three reasons.

20,938. Similarly, has it been proved by your experience that the tuberculous person gains by being put on part-time work instead of remaining idle under treatment?—Yes. Graduated labour is part of the treatment. You get a patient first to do two hours' work and then four hours, and so on.

20,939. And are there not other diseases, for example, diseases of a nervous character, in respect of which the same arguments might be put forward with equal force?—We know of none to which they would apply with equal force.

20,940. In connection with the general arrangements in London for the treatment of tuberculosis, will you tell us how many dispensaries are provided, and give us some figures as to the attendances or numbers of persons dealt with there?—The number of dispensaries in London is 31, and there are two branch dispensaries as well. The number of new

cases dealt with at dispensaries in 1924 was 26,000, and the number of attendances at dispensaries was 155,309

20,941. Similarly, can you tell us in round figures how many persons in the year you send for residential treatment under arrangements provided by the Council?—Taking the year 1924, on the 1st January, 1924, we had 1,461 adults actually in beds at institutions, and during the year we admitted 4,748, giving a total of 6,209. With regard to children, on the 1st January in 1924 there were 707 under treatment, and during the year 915 were admitted, giving a total of 1,622. The two totals together come to just over 7,800. I ought to add that in addition to the number of children I have just mentioned 297 children had convalescent treatment through the Invalid Children's Aid Association, with the financial assistance of the Council.

20,942. In paragraphs 11 to 19 you describe the arrangements for ex-Service men, and point out the more favourable treatment which they receive as compared with the ordinary tuberculous patient; but I suppose you would agree that, in the nature of things, the ex-Service men do merit such special treatment, and that their position cannot be used as a convincing argument for similar treatment for the whole population?—We agree that they should have preferential treatment.

20,943. However, I suppose your main point is that the pensions and allowances which they receive enable them to maintain a higher standard of living than the ordinary sick insured person, and so the cure is facilitated?—Yes, that is the point.

20,944. Your first main recommendation is described in paragraph 25, namely, that grants should be made from Insurance Funds in aid of approved work centres for post-sanatoria cases. You have one such centre in London. Could you describe to us in a little detail the organisation of that centre and the nature of the work which the patients there perform?—I have drawn up, in case the Commission wanted it, an account of what goes on at the Hatton Garden Workshop. Shall I give any details from it now, or shall I just leave it with you?

20,945. Perhaps you could just summarise it?—The Spero Leather Workshop at Hatton Garden was opened in July, 1922, and is managed by a Committee of five. The initial cost of equipping it was £250. All the men engaged at the workshop have previously undergone a period of treatment and training at the King George V Sanatorium, Godalming, where there are facilities for training in leather work. The workshop is situated in a central position, and is easily accessible from any part of London. All the men

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employed live in London, with the exception of one, who formerly lived in Pimlico, but now lives at Tottenham. The workshop hours at the factory are from 8.30 to 12.30, with a 10-minute interval for rest, and from 1.30 to 5.30 p.m. The technical supervision is in the hands of a manager who is a first-class technical man and a good instructor. Only high-grade goods are made in view of the severe competition in the production of low-grade leather work. The men are under the special supervision of the tuberculosis officers serving the various areas in which they live. That is part of the Council's scheme. The overhead charges of the workshop are rather heavy. The principal difficulties which the Committee have to face are those incidental to the running of a new business in a time of trade depression and the difficulty of obtaining a satisfactory market which can take the output of the workshop.

20,946. Do you know the turnover?—I have not the figures of the turnover, I am afraid. They have made an experiment in the employment of travellers, but that did not work very well and they had to abandon it, and they now rely more upon mail order business. The wages paid are based on the hours actually worked. Perhaps I had better give this in full: "If the full period of six months' training has not been completed at the sanatorium before entering on employment, the wages are 6d. per hour for the period necessary to complete the full training. After six months' training, and on obtaining the manager's certificate of competence, 8½d. per hour, that is, rather more than 30s. per week. When the worker is earning more than that sum he is paid at a still higher rate per hour, based upon the greater value of his output. Some men earn £2 0s. 4d. per week. To meet cases where the men's total available income, inclusive of pension and wage at the workshop, proves inadequate, grants-in-aid are made by the British Red Cross Committee. The grants-in-aid made by the British Red Cross Committee during the year 1923 amounted to £79 7s. 9d., and a further sum of £23 was spent by the Central Fund on grants-in-aid before the arrangement with the British Red Cross Society came into force. With regard to these grants-in-aid, the men, although they are glad to receive the help, dislike the necessity for it. They look upon it as charity. It is thought, however, that they would be quite content to receive an equivalent sum if it were included in their weekly wage and called a wage instead of charity. The average weekly wage for adults is £2, and for youths 12s. 6d. Out of 12 people, seven needed a subsidy. Approximately there is a loss of about £800 to £1,000 a year on the working."

20,947. (Miss Tuckwell): Where do you say the average wage was £2?—At this Hatton Garden Centre.

20,948. (Chairman): Could you give us any details of the financial arrangements and what you have in mind as to the amount of grant which you desire from the Insurance Fund for such centres?—It would be based on the figures I have just given, really.

20,949. Have you considered whether these work-centres are eligible to receive subscriptions or donations from Approved Societies under section 26 of the National Health Insurance Act, and, if not, whether an amendment of that section, so as to make them eligible, is desirable?—We have not considered that closely. The Council is quite satisfied to leave it to the Royal Commission to determine the means by which these Funds should be made available for the purpose.

20,950. Do you recognise any economic objections to the subsidy to wages which would result from the payment of such grants as you recommend?—I think there is a theoretical objection, but if you look at it from the practical point of view, if you do not increase the earnings up to a living wage the man either goes on public assistance, or else he tries to work more than he should, and breaks down, and therefore he comes

on the public health funds more than he otherwise would.

20,951. In paragraph 30 I see that the Council is considering the general question of finding employment for tuberculous persons. Does this mean employment in selected industries, working on ordinary commercial lines or does it mean an extension of the work centres scheme under Local Authority training arrangements?—The Council has been exploring any means of working some such scheme as this. The difficulty that the Council is always up against is lack of funds. The Council is not suggesting one method more than another, but, if I might give an example, for instance, in Hackney or Shoreditch, where a certain amount of furniture work is done, an arrangement might be made between the employers in that trade and the Local Authority to try to do something on the lines suggested by the Council—the scheme might be formulated either in one trade or in several—with a view to the experiment being extended to a larger field if successful.

20,952. Could you describe to us the occupations which are considered suitable for these patients?—I have here a long list of occupations. I may take one or two as specimens, perhaps. For men, canvassers, commissionaires, ticket collectors, watchmen. For boys, such things as errand boys, messenger boys, news boys, van boys. For women, caretakers, cashiers, cork sorters, dressmakers, lace makers, leather workers, message girls, and so on. I have a complete list of what we suggest, which I will hand in.

(The list was handed in, and is as follows.)

SUGGESTED OCCUPATIONS FOR CONVALESCENT
TUBERCULOUS PERSONS.

Men.

Basket makers.
Bath chairmen.
Brush makers.
Canvassers.
Caretakers (if accommodation is satisfactory).
Carpenters.
Chauffeurs (private, taxi, motor bus).
Coachmen.
Collectors (rents, debts, etc.).
Commissionaires.
Conductors (bus, tramway car, etc.).
Drivers (omnibus, cab, van).
Farm labourers.
Fishermen (special departments).
Foresters.
Gamekeepers.
Gardeners (private, market). (Not glasshouse work.)
General labourers (except very dusty jobs).
Hawkers.
Insurance and commission agents.
Joiners and repairers of furniture.
Lodge porters.
Motor cleaners.
Painters and decorators.
Park attendants and rangers.
Policemen (if already in the service).
Porters (light).
Postmen (if already in the service).
Sanatorium employees.
Sandwich men.
Ship stewards (if accommodation is good).
Station bookstall attendants.
Ticket collectors.
Timekeepers.
Travellers.
Watchmen.
Window cleaners.
Woodcarvers.
Woodmen.
Wood road layers.

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[Continued.]

Boys.

(Unless well enough to be apprenticed to a healthy trade.)

Errand boys.
Golf caddies.
Messenger boys.
News boys.
Telegraph boys (if already in the service).
Van boys.

Women.

Button hole makers.
Caretakers (if accommodation is satisfactory).
Cashiers (if airy premises).
Charwomen (under good conditions).
Cork sorters.
Dressmakers (if airy premises).
Farm workers (except in dairy).
Flower sellers.
French polishers.
Gardeners (private, market, etc.).
Hop pickers.
Housemaid work (in easy place, *not* in charge of children, food, etc.).
Ironers, folders and menders (in laundry).
Lace makers.
Leather workers.
Message girls.
Milliners.
Needleworkers (embroidery, etc.).
Net makers.
Pea pickers.
Poultry farmers.
Sanatorium servants.
Secretaries (skilled and unskilled).
Shop assistants (in airy premises).
Teachers in open-air schools.
Umbrella makers.
Waistcoat makers.

And such occupations suggested for men as may be suitable.

N.B.—It is imperative that, whatever the selected occupation, the accommodation and working conditions should be satisfactory.

20,953. In paragraph 31 we come to your second recommendation, namely, that the period of sickness benefit should be extended. What extension have you in mind? Do you mean for the full period necessary for restoration to health, or only for such time as complete incapacity for work continues?—As long as is necessary in the opinion of the medical superintendent of the institution. I should think, generally speaking, it would be about the full period of sanatorium treatment, and perhaps a month or two after he gets back home. There would be the medical superintendent at the sanatorium to certify, and when he gets back home there would be the tuberculosis officer.

20,954. In effect, then, your suggestion is that in the case of tuberculous insured persons there should be no replacement of sickness benefit by disablement benefit after 26 weeks of continuous incapacity for work?—Yes. We say in the case of in-patients at sanatoria, and out-patients when they get back home, on the certificate of the medical superintendent, in the one case, or of the tuberculosis officer in the other, that the patient requires the benefit to be continued, that it should be so continued on that certificate.

20,955. Might this not lead to criticism from the large bulk of insured persons who are subject to a reduction of the rate of benefit after 26 weeks?—In all probability, I should think. But we say, for the reasons given earlier, that this is a particular disease which wants special treatment.

20,956. In paragraph 34 you recommend allowances to part-time workers, namely, a reduced sickness or disablement benefit. Is that so?—Yes

20,957. Have you any suggestion as to the rate of benefit in such cases? Would you put it at half the normal rate, or something like that?—Yes, something like that. A man who could do half-time should have half-time benefit.

20,958. Here again the economic difficulty of subsidising wages arises. How would you meet the criticism that in this case the employees are scattered over a number of employers and industries?—We should say the same as before, namely, that this is an exceptional disease in regard to the number of people suffering from it and the length of time of incapacity.

20,959. Have you thought out any safeguards in this connection, for example, as to how you would ensure strict adherence by the employer and the patient to the part-time work arrangements?—The tuberculosis officer should certify what the man can do. He will have to be under him the whole time.

20,960. Do you think that there are, in fact, many employments in ordinary industries suitable for the purpose you have in mind? Can you give us any examples?—From the point of view of what work the people can do, it would be the same list as I have put in earlier. We say that in cases of this kind, where, in the ordinary way, the employer would employ one man for the whole day, he might employ two of these people, one in the morning and one in the afternoon, or something of that kind.

20,961. Would you expect any Trade Union objections to these part-time arrangements?—We contemplated that any such arrangements would be made with the co-operation of Trades Unions, so that any such difficulties would be got over in that way.

20,962. Referring to paragraphs 36 and 37, is it your suggestion that the list of additional benefits should be extended in such a way as to enable payments to be made for the purposes set out in paragraph 37?—Yes, but we attach greater value to some than to others, such as nourishment and maintaining the family while the head of the family is under treatment, and perhaps providing an extra bed to make sure of separate bed accommodation.

20,963. But this would be in respect of tuberculous patients only would it not? Some of these items appear to be equally valuable in other types of illness?—Yes; we say as before that it is an exceptional disease.

20,964. Can you tell us whether your suggestions are supported by other Local Authorities responsible for the treatment of tuberculosis?—We have not actually asked other Authorities. We really have not had time, because we thought this evidence was probably coming on earlier. Our general impression, however, would be that they would agree with our evidence.

20,965. (*Miss Tuckwell*): With regard to that list of employments which you gave for women, they were not open air employments were they? You gave dressmaking and various other employments, which all seemed to be indoors?—We have some indoor and some outdoor. I did not read them all. We have farm workers, provided they are not employed in a dairy; gardeners, hop pickers, pea pickers and poultry farmers. Those are the only open-air ones. I ought to point out, however, that we do not say that open-air employment is much better for these persons than indoor employment. One is rather apt to look upon open-air employment from the point of view of a pleasant spring morning and rather to overlook the exposure from bad weather and so on. I suppose that two-thirds of these employments that we suggest are indoor employments under proper conditions of ventilation and so forth. Of course we emphasise the importance of having airy premises and so on. Providing the indoor employment is carried on under good conditions it is probably quite as good as, if not better than, outdoor employment for these persons.

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[Continued.]

20,966. (*Mr. Besant*): Is that conclusion upheld by your medical officers?—Yes.

20,967. (*Miss Tuckwell*): In the case of dressmaking, I suppose you would be quite sure about cubic space and ventilation and all those things if you were going to put a tuberculous person into that business?—Yes. We wish to emphasise the importance of that with regard to indoor employment. It is so put down on the list that we have put in.

20,968. It is a little startling to a lay person like myself that dressmaking should be suitable for tuberculous people. What about the other people in the workroom? Is there no danger to them in working in close proximity to a tuberculous person?—We are suggesting work centres for tuberculous people—only having tuberculous people there in the same place.

20,969. (*Mr. Besant*): Cannot those people do each other harm?—The risk of infection, as a matter of fact, is not as great as lay opinion would imagine. That is a difficulty we have come up against a good deal in our propaganda work. People have become more frightened about the risk of infection than they need be. Care is necessary, but the risk of infection is exaggerated.

20,970. (*Miss Tuckwell*): You have to teach these people how to avoid infection, have you not?—Yes, that is so. We very often send people to sanatoria for the sole purpose of educating them in the safeguards they should adopt when they get back so as not to infect others. That is one of the most important things.

20,971. With regard to pay, I gather that your payment for adults is £2, and for juveniles 12s. 6d.?—Yes.

20,972. I gather that is not based on any rate paid in the district?—No.

20,973. How do you arrive at it?—I am not quite certain, because we do not run the centre ourselves. We believe it is the nearest they can get to what the youth is earning. I understand that it is based on the value of his work as near as they can get it, according to the amount of time in his state of health he is able to put in. You may remember that when I gave the figure I explained that as his skill increased the rate went up. He gets more after his six months' tuition than before.

20,974. But it only went up to £2 odd?—Yes. It does not go up to a healthy man's full time rate.

20,975. From your previous statement I understood that the maximum was £2, and that prior to that he was earning less?—Yes, that is right. That is why we say the subsidy is necessary really.

20,976. What is your market? What do you do with the goods produced?—They were sold to shops originally, but now they are sold largely through mail orders.

20,977. What does that mean?—Getting the orders by mail.

20,978. (*Sir Arthur Forley*): Where are the orders presented? Through a mail order house?—The mail order business is run from the Work Centre.

20,979. So that you would become a competitor?—The offices of the Work Centre are at Denison House. The Work Centre is not run by the Council.

20,980. (*Miss Tuckwell*): With regard to the subsidising, up to what sum do you subsidise? What do you consider enough?—It is assessed by a Committee which takes into account the family, the number in it, and so on. They have their wage, of which the maximum is £2; then they have a pension, and then what the Committee thinks is necessary to enable them to carry on is the size of the subsidy in this particular Work Centre.

20,981. And that varies with the amount they are earning?—Yes, it is bound to do so.

20,982. When you speak of pensions, to what pensions are you referring?—The men are mostly ex-Service men.

20,983. (*Mr. Evans*): Is it the intention of the Council to extend this work to include civilian patients as well?—It is for the civilians that we are really appealing, because they have not the pension to back them up. Our point is, if I may amplify that, that our experience is that the ex-Service man, because he has the backing of his pension, will not discharge himself before he should from a sanatorium to the same extent as a civilian, and when he gets back home his conditions are not so bad, because he has the backing of the pension. Therefore, the after-history of ex-Service patients is very much better than that of the non-ex-Service man. That is one of the main arguments.

20,984. How big a centre is this that you have been telling us about? You said the initial expenditure was £250?—I think it has a maximum of 20. It is one of those small places which were started as an experiment to see how it would work.

20,985. It is not residential?—No; that is the difference between a Work Centre and a Colony. In a Work Centre the man lives at home and goes to his work, while in the case of a Colony he has to go and live there.

20,986. With regard to the wages paid, do these men work eight hours per day? You say they work from 8.30 to 12.30 in the morning and from 1.30 to 5.30 in the afternoon?—Practically all of them do. They are the least advanced types of case, generally speaking, but they are under the eye of a Tuberculosis Officer, who does not allow the patient to do more than he can.

20,987. They have all been to a sanatorium, I understand?—Yes; and they have all been in the Sanatorium workshop.

20,988. And they work eight hours in this workshop?—Yes, those that are capable of it, and most of them are.

20,989. And the wages paid are 6d. per hour for the first six months. That means 4s. per day for eight hours' work?—Yes; that is why the subsidy has to be paid now for these people to make it up to a living wage. Our point is that if you are going to sell the goods in the open market you cannot pay more than a certain wage. If you pay that wage it is not enough, and therefore you must subsidise it. It is better for the man to be doing his part-time work than to be doing nothing. When a man comes back from a sanatorium you try to get him first to do two or four hours, then six hours, then eight hours, and eventually you get him back to be a full worker, and he feels much more happy. By the other way you do one of two things: You either try to get him from doing nothing, perhaps, up to eight hours a day and his health breaks down, or you keep him doing nothing, which is bad for all concerned.

20,990. But I should have thought that a man discharged from a sanatorium should be able to earn more than a shilling?—Then his subsidy would have to be greater; but, speaking generally, he would not be discharged if he was only capable of doing two hours. He would not be discharged until he could do, at any rate, four hours, and probably six.

20,991. I thought, being part of the treatment, he might simply be employed for two hours perhaps?—No, because you have to take other things into consideration. If he is not fit to leave the sanatorium and do four hours' work he probably would not leave the sanatorium at all.

20,992. With regard to this certificate of competence by which the man gets an additional 2½d. per hour, what sort of certificate is that?—It is given by the foreman at the works or by the manager. I understand they have six months' training at a sanatorium in order, if possible, to reach the second stage. If the man reaches that stage before six months he is certified as having reached that stage and he gets that rate of pay. I ought to point out that we do not run this Centre ourselves.

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[Continued.]

20,993. But I take it that it is far better for the man to be employed doing something than to be left doing nothing?—Yes, we are advised that it is on medical grounds, and of course it is a cheaper way of doing it in the long run. As I pointed out the man either tries to do too much and breaks down and then comes on the Public Authority and costs more, or he does nothing.

20,994. (Mr. Besant): If a man does eight hours' work a day in the workshop does he do full-time work in the sense that the effect of his work is as good as that of a healthy man?—No, he does not.

20,995. In other words, eight hours' work does not mean eight hours' full work?—That is so.

20,996. And that is why you think a subsidy is needed?—That is right.

20,997. (Mr. Evans): Might we know what the average income would be of a man of that type?—I think I gave the average.

20,998. I mean wages plus subsidy and plus pension, if there is a pension?—All the information I have here is that the average weekly wages for adults is £2. That would be without the subsidy and without the pension.

20,999. (Sir Arthur Worley): How would what he now gets, or what he is paid and the subsidy, compare with what he received before he became a patient

—when he was a normal person?—It is very difficult to say that, because he may have been in quite a different trade before. He may have been in either a very skilled trade or a non-skilled trade. What we are aiming at is that with the subsidy he should have enough to keep himself and his family in a reasonable way.

21,000. (Mr. Besant): If you took a workman in full health doing his full job and working, as one supposes, about eight hours a day, how would the healthy man's complete wage compare with this man's wage, plus subsidy and plus other things? In other words, are you competing with the healthy man's labour market, or are you trying to avoid it?

21,001. (Sir Arthur Worley): I do not think you should bring in the pension.

21,002. (Mr. Besant): No, I think perhaps the pension should be kept out?—I think we had better not bind ourselves to give an answer to that. When you get the figures of what these people really are getting that would answer all the questions on that line, would it not? I think that would be the best way, because we shall get the actual facts from the Work Centre.

The Statement promised is here inserted for convenience of reference.

Income statements of four patients who have received assistance at a workshop for tuberculous persons.

Case No.	Dependants, if any.	Total income.		Ex-service pension.		Wages (Workshop).		Assistance given.
		s.	d.	s.	d.	s.	d.	
No. 0 1925.	Living with parents ...	36	0	8	0	22	0	Red Cross 6s. for a time; is now with a private firm.
No. 1 1923.	Wife and seven children —two wage-earning.	143	0	80	0	22	0	Red Cross 15s. for a time—very big arrears of rent; 26s. contributed by children.
1925	Three now wage-earning	89	0	20	0	33	0	36s. contributed by children.
No. 8 1925.	Wife and two children	30	3	Not ex-service.		30	3	Guardians' allowance—amount not known.
No. 13 1923.	Wife and two children	60	6	31	0	22	0	Red Cross 7s. 6d. for a time.
1925	Wife and three children	62	6	20	0	42	6	—

21,003. (Mr. Jones): You know the evolution of this campaign against tuberculosis. Local Authorities had been perhaps tinkering with it a little before 1911. Then the National Insurance Act gave it a start and it was developed. Then there was the Government grant of 50 per cent. for the dependants—the non-insured people. Then, in 1921, I think it was, the whole thing reverted to the Local Authority. Was not that generally expressing the feeling of the Local Authorities throughout the country that we had reached a stage when the whole responsibility for the treatment of tuberculosis among all classes of patients, insured and non-insured, should rest with the Local Authority?—The line we take is the providing of treatment and things of that kind, but not those matters which come more under the heading of public assistance.

21,004. But if one wants to come down to public assistance we should revert to the Poor Law, and you are trying to avoid that. Is it not the desire of the Local Authorities all round that they should be wholly responsible for the treatment of tuberculosis, and that if treatment involves subsidy we must simply face it?—For treatment, yes; but not for public assistance. The change over to the new arrangement at the time when it was put under the Local Authorities came about because the scheme under the Insurance Authorities had more or less broken down. That was the reason why it was handed over to the Local Authority.

21,005. In what respect had it broken down?—They could not provide the treatment, because the amount of money available for sanatorium benefit was insufficient.

21,006. They could never do that from the very beginning. Was it not that the Insurance Act served a very good purpose in spurring on the Local Authorities to take this disease in hand? It might be quite right to say that the Insurance provision for tuberculosis had served its purpose, but it might not be quite right to say that it had broken down?—I understand that it had broken down, and that the arrangements were unsatisfactory, and that that is why it was handed over to the Local Authorities.

21,007. (Sir Arthur Worley): I take it you have no real knowledge of that?—I personally was not dealing with Public Health work then; but I have had an opportunity of studying previous history in the records of the Council.

21,008. But even then it is largely a question of point of view?—That may be so.

21,009. (Mr. Jones): The fact was that in 1921 a change over was made for a very definite purpose. Was not the point of view really that the whole treatment of tuberculosis having become the duty of the Local Authority and they having wakened up to their responsibilities and made provision for it in the intervening years, it was only proper that the whole responsibility should be placed on them and

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[Continued.]

Insurance Funds relieved of a burden that should fall upon the Public Health rate? In short, was it not the fact that to the extent of 1s. 3d. per head per annum the insured population were bearing a double burden?—Could I have the question again? It was rather a long one.

21,010. To put it very briefly, I was rather trying to ascertain if you knew the history of it. Is it not the fact that insured persons up to 1921 were making a certain payment out of Insurance Funds towards the cost of their own treatment, while as ratepayers they were also required to pay for the treatment of the non-insured?—That is so.

21,011. Was not that dual responsibility and payment the real reason for taking sanatorium benefit out of the Act and leaving the whole burden where it otherwise rested, namely, on the Local Authority?—I do not know whether that is so or not.

21,012. I think that is a true statement of the position. Is not this suggestion—that Approved Societies should now again contribute in one form or another towards the maintenance or subsidy of tuberculous persons—to a large extent a reversion to the previous procedure?—No, not at all, I think.

21,013. Just let us follow it for a moment. If Insurance Funds contribute to the subsidy of insured persons, will not these same insured persons be required to contribute to the subsidy funds for the non-insured, just as formerly they contributed towards the treatment?—Could I have that again? I want to make quite sure about it.

21,014. If you ask Approved Societies to make grants towards the subsidy of such insured men as may be in the workshop, will not insured persons also be required as ratepayers to make grants or payments through the rates towards subsidising the non-insured in addition?—The money that is raised in the form of a rate is raised only for treatment.

21,015. At the moment, yes.—That is what it is suggested it should be in the future under our new proposals.

21,016. But that is not sufficient. Surely non-insured persons want to be subsidised just as much as your insured ex-Service men?—We are not proposing that the Local Authority should run these Work Centres.

21,017. But why should you not? Are they not responsible for the treatment of tuberculosis to its conclusion, and if that involves a subsidy why should they not do that as well?—Because we consider that that is outside their functions as Public Health authorities.

21,018. Well, it is a matter of drawing a line as between one rating authority and another. If it does not fall upon the Public Health rate, would it not fall upon the Poor Law rate?—But it is a question of what a County Council shall or shall not do.

21,019. It is perhaps not what it professes to do, but what it ought to do?—It can only do what the law says it may.

21,020. Are you prevented by any law in England from subsidising tuberculous persons?—I have not the Council's solicitor here, and I find it difficult to say off-hand, to what extent we are empowered to subsidise these persons.

21,021. Before the Geddes Axe was applied, were there not pretty definite proposals being made for the institution of Farm Colonies, and so on, throughout the country in order to complete the treatment and cure of these people? Is it not just the same thing?—Is it your point that Public Authorities should be asked to start Farm Colonies?

21,022. My suggestion is that it is the responsibility of the Public Health Authorities to do it if they think necessary, and that they should not revert to the old system of having a dual authority and asking insured persons to pay twice, as they used to do. Perhaps we need not follow it any further. With regard to your suggestion that tuberculous

persons employed on part-time work should receive part payment of their benefit, do not you see considerable administrative difficulties arising in that connection?—I do not know about Approved Societies, but I should have thought not, because you have the Tuberculosis Officer, who is an officer of a Local Authority, who can certify as to what a man can and cannot do, and when the patient comes back from treatment he is supposed to be kept under the eye of the Tuberculosis Officer in any case.

21,023. You state—I noted your words—that you knew of no other disease to which this argument applied with equal force?—That is so.

21,024. Might it not apply with equal force in the case of bronchitis?—No, because the after effects of bronchitis would not last anything like as long as in the case of tuberculosis.

21,025. Are they not likely to last longer?—Do you mean in the case of chronic bronchitis?

21,026. Is it not the ordinary experience that a tuberculous person dies after a comparatively short time, while the bronchitic person lasts many years?—Many tuberculous persons last many years.

21,027. But most of them die within a short period?—The cases we have in mind are the least advanced cases.

21,028. Look at it from the point of view of the person who is incapacitated from work by reason of bronchitis and not by reason of tuberculosis. His disease may be more chronic and yet so much is not done for him. Would it not be equally advantageous for him to work half a day as it is for the tuberculous person?—No, we do not agree with that.

21,029. Then there is no use arguing if you do not agree. But may I take another example? Take a person suffering from some cardiac trouble. Might not he be anxious to work for only half a day instead of for a whole day?—Yes; it is quite conceivable that he might only be willing to work for half a day, but the point about tuberculosis is that if you do as we suggest you gradually build up a man who is only capable of doing very little part-time work to do more, and possibly get him up to doing full-time. With the other man you probably never reach that stage.

21,030. May I go back to bronchitis? Take the case of a miner who is incapacitated by reason of bronchitis and is quite unable—although he is perhaps capable of some work—to go back at once into the mine and work a whole day because of his general disability from chronic bronchitis. He might be able to work half a day. Do you not think that man would feel that he had as good a claim to a subsidy of this nature as the tuberculous person? I want you to look at it from the point of view of the patient?—I do not agree with that. You have to realise that you are driven to discover a rather exceptional case in only one trade for an argument, whereas we are saying that there are hundreds and thousands of people in the condition we have in mind suffering from tuberculosis.

21,031. Do you know whether tuberculosis or bronchitis or cardiac diseases make the greater demand upon the funds of the Insurance Societies?—I do not know at all.

21,032. Would not that be a very material factor?—No.

21,033. Suppose I accept your argument as being a very desirable one, would it not be equally desirable in connection with cardiac or bronchitis trouble, from the point of view of the patient, at any rate?—We do not profess to know about that.

21,034. I am asking you to look at it from that point of view. Look at the administrative difficulty you are going to raise?—I do not think we can give an opinion upon that. We do not profess to be a bronchitis authority, and we have not the facts before our minds.

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[Continued.]

21,035. In view of the possible difficulties, does it not involve the Local Authority accepting the responsibility for dealing with the matter?—I do not think so.

21,036. It is a matter of drawing a line between the one authority and the other, and giving effect to the claims of the one and not to the other?—The difficulty of drawing the line between the work of the treatment authority and the work of the Poor Law authority has been experienced. Some years ago the Council examined a proposal by one of the Borough Councils in London to establish under the medical supervision of the tuberculosis officer of the local tuberculosis dispensary a centre for the training and employment of tuberculous persons. The scheme proposed that the men to be trained should have their wages supplemented by grants from the Board of Guardians. This proposal, which did not mature, raised difficult questions as to the relation of persons, unable to earn full wages, to public assistance and to industry. The reason we could not support the proposal was that it was more Poor Law than Public Health, and until the Maclean Report was through we felt we could not do it.

21,037. I agree that we cannot do it until the arrangements are made, but the Prime Minister has already promised that the reform of the Poor Law will be taken in hand in the immediate future?—Our view is that this work would be much better done otherwise than by the Public Health Authority.

21,038. (*Professor Gray*): Is not the position that the real difficulty here, from your point of view, lies in the fact that the Act contemplates merely capacity and incapacity, with no half-way house?—That is so—no work or full work. We say that is wrong.

21,039. In all kinds of illnesses, I imagine, there is an intermediate stage when a person could do something, but could not advisedly do a whole day's work?—Yes, that is so.

21,040. You will agree that to a society giving out money in an ordinary case it is very difficult to supervise a case which is put forward under a half-way house scheme? I am not talking about tuberculosis?—I agree.

21,041. But you also contend that tuberculosis is a special case?—Yes.

21,042. You can only deal with half-way house cases, I take it, where the insured person is under constant medical supervision?—That is right.

21,043. You think that in this case there is such constant medical supervision?—Yes.

21,044. And that after people are discharged they are still under the control of the tuberculosis officer?—Yes.

21,045. I do not want to ask you about the kind of cases Mr. Jones has asked you about, but there is one kind of case I should like to ask your opinion on, as it may be within your knowledge. Have you considered the case of blindness? Take a case of a blind person who, for a time, is incapable of work, and who is treated as being incapable of work while being trained. To that extent he is somewhat analogous to the case you put forward. If he has a certain amount of training, he can start earning a certain wage, but not a full day's wage. Have you ever considered whether there is a practicable case for doing something for the blind man to get a half a day's remunerative work on the lines of your tuberculosis scheme?—I think the cases are similar to a certain point, but you do not, in the case of the blind, get the result, by doing this part-time work, of improving the man's health.

21,046. You do not restore his eye-sight.—That is so.

21,047. Your proposition is that you are only concerned with tuberculosis, and that bronchitis and heart disease and other things do not interest you; they are for other people to wrangle about?—That is so.

21,048. (*Sir Humphry Rolleston*): I gather you are more or less inclined to the opinion that sanatorium treatment alone is not successful, and that these work centres are an attempt to look after patients in a post-sanatorium stage?—Yes.

21,049. I suppose that the colony system is impracticable in these cases?—That is right.

21,050. You would advocate the colony system if it were not for the expense?—Yes. The colony system is ideal for certain cases if the expense did not prevent it, and you could get people to go to the colony, which is a practical difficulty. The expense, of course, is really quite prohibitive. One must remember, also, that the colony system cannot provide a complete solution of the urban problem as regards the employment of post-sanatoria cases.

(*Chairman*): We are much obliged to you, Mr. Walmisley.

(*The Witness withdrew.*)

Mr. JAMES DONALDSON and Mr. DENTON WOODHEAD, called and examined. (*See Appendix LXXXV.*)

21,051. (*Chairman*): You are Mr. James Donaldson, Chairman of the National Council of Agriculture for England?—(*Mr. Donaldson*): I am.

21,052. And you are Mr. Denton Woodhead, Deputy Chairman?—(*Mr. Woodhead*): Yes, of the Standing Committee.

21,053. We have read the evidence which you have submitted to us on the highly important question of the pooling of surpluses of Approved Societies under the National Health Insurance Scheme. Before we examine you on this, perhaps you would indicate briefly the general objects of the Council whose constitution you describe in paragraph 1?—(*Mr. Donaldson*): I think that would be better done by reading an extract from the Ministry of Agriculture and Fisheries Act of 1919: "Each Council of Agriculture shall meet at least twice a year"—that has now been amended to four times a year—"for the purpose of discussing matters of public interest relating to agriculture or other rural industries, and such meetings shall be held in public." At this meeting the Minister of Agriculture attends always, and his permanent staff also attend.

21,054. To what extent would you say is the Council representative of the agricultural Approved Societies

and rural worker insured persons generally?—I should say nothing more than in general. With regard to the constitution of the Council, there are certain people who are selected by the Minister for certain purposes. For instance, we have Mr. Orwin from the School of Rural Economy in Oxford, who is an expert on costings. We have also Sir John Russell, who is selected as an expert on research, and with regard to insurance, I think Mr. Woodhead in all probability knows more about insurance than the other members of the Council.

21,055. You are, I see, strongly opposed to the pooling of surpluses. Are you not prepared to see any degree of pooling at all?—(*Mr. Woodhead*): I do not think we are. We should prefer to be without it entirely.

21,056. But there is a certain measure of pooling in the Central Fund arrangements. Would you not admit any extension of that?—I do not think so. We were opposed to it at the time the Central Fund was set up—not as a body, because the Council was not formed then; but agriculture—the industry—was opposed to pooling even to the extent of the Central Fund.

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[Continued.]

21,057. You do not think that the great diversity in surpluses and additional benefits which has emerged is a feature of a national scheme to which criticism may legitimately be directed?—With regard to the question of a national scheme, I do not think we can quite agree that this is a national scheme in the exact meaning of the word. We think it is a scheme where the contributions cover all the workers of the country and where everybody is entitled to receive benefits. But we do not think it is quite a national scheme in the ordinarily accepted sense of the word. I may pursue that a little further perhaps. We think that it is not open to criticism, as is suggested, in this particular way. We agree that there are great diversities of surpluses; in fact, you can go to the other extreme, because there are deficiencies. But we think, in the case of surpluses, there you have an actual proof that these societies which have surpluses have been paying rather more, probably in contributions, or in premiums, than was sufficient to cover the risk. In the case of deficiencies, on the other hand, there you have obviously men whose lives are hazardous, whose health is hazardous, and whose occupation is hazardous, and they are not paying sufficient to cover the risk.

21,058. Do you not think that insured persons in Societies having no surpluses, and never likely to have any, have reasonable ground for complaint when they are required by statute to pay the same rate of contribution as their more fortunately placed fellow workers?—I do not think they have any reasonable ground at all for complaint. They have paid a certain contribution which was to provide a certain benefit. They have got that benefit. They have also got the Government grant of two-ninths, so that they have got practically all they paid for—all they covenanted for in the first instance.

21,059. You realise, I suppose, that occupation has played a great part in the results that have emerged on the valuation of societies?—I would put that in another way. I would put occupation along with other things as well. For instance, occupation would be one thing, and administration would be another. Medical certification would be another important point, and a further point would be the question of employment or unemployment. I think all those four are very important points, and the question how far you could say that any particular one was responsible is very difficult.

21,060. Do you consider that care in administration has played much part in this?—I think it has played an important part, the same as the question of the occupation. I know a society which has had experience of this, in fact I have before me a certificate where a certain member had belonged to a society which was transferred to another society. When the transfer took place the whole of those receiving disablement benefit were overhauled, shall I say, and this particular case, after some weeks of careful supervision, was sent to the Regional Medical Officer, and this is what he reported: "Hysterical woman who has done no work for 11½ years. The chance of getting her to do it now is not great, and in my opinion the insured person is not incapable of work."—After 11½ years. Therefore I think you will agree that administration does play some part.

21,061. (Sir Arthur Worley): She might be better in health at the end of that time?—Probably from a working point of view she had deteriorated.

21,062. She might not?—As a matter of fact, a letter was received from her in which she admitted that there was nothing the matter with her, but she pleaded that she was an orphan, and she hoped the Committee would deal leniently with her. As a matter of fact they did. They gave her a compassionate allowance for a few weeks in order that she might obtain work, and to fit her for work. That illustrates the point that administration has an important bearing on the question of surpluses.

21,063. (Chairman): Within a particular Approved Society you recognise, do you not, the principle of

the strong helping the weak, that is to say, the more fortunate members who do not have much illness helping, out of their contributions, to provide benefits for the less fortunate who are subject to considerable sickness?—Yes, within the same Approved Society, or a particular class of societies. Our reason for that is this: you find, generally speaking, that you have similar lives grouped in a particular society—a similar class of lives. That is our reason for taking up that attitude.

21,064. This is, in fact, is it not, the fundamental principle of the Insurance Act and indeed of insurance generally?—That is correct.

21,065. You would not, however, be prepared to see the principle extended as between different Approved Societies in a National Scheme of Insurance?—I do not think we should, for this reason. When you bring in other societies you are then introducing a different class of life where either the risk may be greater or where it may be less, and consequently you require a bigger or less premium to cover the risk. In the case of agriculture we feel that agriculture is one of those occupations where the worker has not to-day a big wage and where the industry does not make big profits, and therefore we do not think it would be quite right to take any surplus they may have and hand it over to somebody better paid or to an employer making bigger profits.

21,066. So you thoroughly approve the principle of segregation with all its financial consequences and desire to see it maintained?—I may say "yes" to that straight away. In 1911 the agricultural community expressed themselves very strongly indeed on this particular point, and I do not think there has been any change of opinion since then.

21,067. You refer to the miners' and the agricultural labourers' wages in paragraph 5. Can you give us any figures to illustrate the comparison under present conditions?—In agriculture now there is an Agriculture Wages Board which fixes wages. I might say the lowest wages paid are in Norfolk where they pay 29s. for 50 hours. In Suffolk they pay 7d. an hour, and in Berkshire they pay 29s. 2d. The highest wage is in the East Lancashire area, which stands out a long way above anything else, where the wage is 42s. for 60 hours.

21,068. (Professor Gray): May I ask whether Mr. Woodhead can give us the Scottish figures?—No, I cannot give you Scottish figures. I could give you Welsh figures. In regard to Scotland I have no knowledge. In fact I do not think they have a Wages Board.

21,069. (Mr. Cook): Can you give us figures for any county in the North of England?—I have given you East Lancashire.

21,070. Can you give us figures for Northumberland and Durham?—In Northumberland the wages are 34s. for 52½ hours per week; in Durham 32s. for 50 hours; in the North Riding of Yorkshire 33s. for 52½ hours; in the West Riding 36s. for 52½ hours. In the case of miners I am not so familiar with the wages, but understand they get about 12s. to 13s. a shift. But I should like to bring this to the notice of the Commission—

21,071. (Mr. Evans): Might we have the figures for Wales? You said you had them?—I can only give you them by counties. Would you like to know the figures for any particular county?

21,072. Take, say, an industrial county, or a county partly agricultural and partly industrial?—Would you take Glamorgan? That is a county that has an important industrial area. Glamorgan pays 37s. 6d. for 53 hours. These are agricultural wages as fixed by the Agricultural Wages Board.

21,073. (Sir Arthur Worley): Are you making any allowances for houses or cottages?—These are the wages, but the houses are a separate allowance again. In the case of a house the rent of the house is based on 3s. a week. If the man has a house it is deducted from whatever the wage for the district is; and the same with other allowances. Coming back to Wales,

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we have dealt with the industrial part of Wales, and now I would like to quote another type of Welsh county. Take Carmarthen; there the wages are 30s. for 54 hours. I would like to point out this to the Commission. In the case of the miner you do not often find a miner working six days a week. On the other hand, in the case of an agricultural labourer you often find him working probably seven days a week, but of course in that case he gets paid overtime rates.

21,074. (Chairman): Would you amplify a little the implications of paragraph 6?—The implication in paragraph 6 is this. We had in mind the Industrial Societies. Those are Societies that are out for life insurance, and the question of Health Insurance is only a very secondary consideration. I do not think anyone would suggest that the management of the Industrial Societies on the Health Insurance side represents the insured persons.

21,075. Can you quote to us any public statements made in 1911 and 1912 to justify your view that all the financial effects of segregation were a deliberate part of the scheme as then planned?—I have a number of press cuttings here that I have had copied out, and I am prepared with your permission to put them in. You will not wish me to read them. I presume. But they relate to very definite promises. One was in reply to a deputation to the Scottish Chamber of Commerce and the National Farmers Union of England.

STATEMENTS made on behalf of the Government in Parliament and in Parliamentary papers during 1911, to the effect that Approved Societies would be allowed to use their own funds for their own members, and administer them in their own way.

1. Memorandum by Mr. Lloyd George explanatory of the National Insurance Bill, dated 8th May, 1911. (147.)

Page 4. "According to the actuarial calculations which have been made the proposed contributions will provide a margin of approximately 10 per cent. in addition to the amounts required for the payment of the minimum benefits, the Societies' costs of administration, and the liquidation of the original deficit in fifteen to sixteen years.

"This margin will, if the actuarial anticipations are realised, be made available for the grant of 'additional' benefits, as provided for in the Bill, as soon as experience shows that it can safely be devoted to that purpose.

"Well managed Societies will thus almost from the outset be able to make a very substantial addition to the standard schedule of benefits . . ."

Page 10. "If a surplus is found upon the valuation of a society, which is not a member of an Association of Societies, the society will be entitled to prepare a scheme for granting one or more of the additional benefits specified in the Act."

2. Parliamentary Debates—Official Report. 1911, Vol XXVII, 6th July, 1911.

Mr. C. Bathurst having asked the Chancellor of the Exchequer what the position of agricultural labourers in certain circumstances would be under the Bill,

Mr. Hobhouse on behalf of the Chancellor replied as follows:—

Col. 1466. "The Hon. Member fails, I think, to realise that the whole of the saving arising from a deduction of sick pay under Cl. 9 (2) and the whole of the saving arising from a better standard of health among the members of any Approved Society remain in the hands of the society for additional benefits. A society composed of agricultural labourers will thus get whatever insurance their contributions, with the assistance of their employers and the State, will buy."

3. Parliamentary Debates—Official Report, 1911, Vol. XXX, 30th October, 1911.

Mr. C. Bathurst having stated that there was a strong feeling amongst agricultural labourers that the flat rate of contributions would impose serious burdens upon them as compared with other classes, and that if as a result of the enjoyment by them of a higher standard of health their societies had surpluses, these should be applied in reducing their contributions.

Mr. Masterman on behalf of the Government replied as follows:—

Col. 613. "All I meant to signify was that the whole discussion on the Bill, both in this House and in the country, has, up to the present, proceeded on the assumption that 4d. shall be required to meet that insurance. Any reduction of that amount would, if it came about, seem to be less desirable than the granting of additional benefits, which are in themselves exceedingly desirable, as much to the agricultural labourer as anybody else in the country."

Mr. Lloyd George discussing how surpluses would arise and be disposed of said:—

Col. 630. "How are these surpluses to be made? They will be made far more out of good management than out of good lives. Societies that happen to have skilled, able, and experienced men at their head, and not merely at their head but in all branches of local administration, that have the courage to stand against malingering, even at the risk of losing membership, will have a good surplus. Money will be lost far more from cowardice than ill-health. It is a very difficult thing for societies to apply their rules ruthlessly. Therefore I say that surpluses will not be attributable to the good health of the members or to the choosing of good or bad lives, but rather to the skill and courage of administration which will not make for immediate popularity but rather for the establishing of a sound basis, which will appeal in the long run to the best instincts of the community. Is it fair that we should go to a society that has saved a large surplus through management of that kind and say 'You have got a surplus. Here is another society that has got a deficit.' That deficit may be attributable not to the fact that they are not applying medical tests, but to the fact that they are not very strict in examining claims. Is it fair to say 'Half of your surplus you have to give in order to make up the deficiency of this ill-managed society'? It is the way in which the management of a society examines the claims for sick benefits that is important. If it just looks at a claim the moment a man sends it in with a medical certificate and decides to honour it and pay its ten or twelve shillings a week, that society will soon have a deficiency. On the other hand, a society that examines claims carefully and has checks upon them will have its surplus. I do not want to see a surplus built up in that fashion taxed to the extent of 10 or even 20 per cent. for the benefit of the other society."

4. Replies to letters addressed to the Chancellor of the Exchequer. (Cd. 5733.)

Top of page 17:—"In these circumstances, while you have correctly interpreted the effect of the Government Scheme as rendering it necessary for societies to make some alterations in their existing scales of benefits, you will now be able to appreciate more fully the advantages offered by the Government Scheme, and also that it will be, in fact, administered through the societies themselves for the benefit of their members. (May 30th, 1911.)"

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5. *Further replies to letters addressed to the Chancellor of the Exchequer. (Cd. 5885.)*

Page 3:—"The society will receive sufficient funds to provide this insurance, according to the calculations made by the actuaries employed by the Government from the actual experience of the Manchester Unity, and if it can provide the ordinary benefits at less than the calculated cost, the whole of the saving will go to the members in additional benefits. (September 4th, 1911.)

6. *Reports of Deputations to the Chancellor of the Exchequer (Cd. 5869).*

Deputation from the Scottish Chamber of Agriculture and National Farmers' Union of England on 4th July, 1911.

In the course of their statement the deputation explained that there was a great deal less illness amongst agricultural labourers than amongst town workers, and they urged that there should be differential treatment in the Bill as between agricultural and other industries. In his reply to the deputation Mr. Lloyd George stated as follows:—

Page 48:—"If the agricultural labourer wants to get the benefit of his healthier occupation all he has to do is to form rural societies, and there are a very considerable number of them at the moment, because in that case he gets the full benefit of his own money, and he could not mix up his money with the town man at all. If you form rural societies it is to the agricultural labourer's advantage to join them, and then he gets the full benefit of the $\frac{1}{2}$ d. or $\frac{3}{4}$ d. as the case may be.

7. *Memorandum explanatory of the Bill as passed by the House of Commons. (Cd. 5995.)*

Foot of p. 4:—"The scheme provides certain minimum benefits; and societies which manage their business prudently will also be able to grant some one or more of certain additional benefits.

8. *Reports of the Actuaries as to the rate of sickness prevailing in the agricultural districts of Scotland. (Cd. 5966.)*

Concluding sentence of Report by Messrs. Hardy and Wyatt, dated 16th November, 1911:—

"The principle of the Bill is, in this respect, to adopt a uniform rate of contribution throughout with a margin for contingencies, and should experience prove the contribution to be in excess of requirements in the case of any society or group of societies, this will be put right at the periodical valuations by the return of such excess contribution in the form of extra benefits."

9. *Widows, Orphans, and Old Age Contributory Pensions Bill.*

House of Commons, May 18th and 19th, 1925.

The Minister of Health, Mr. Neville Chamberlain:—

Workmen's Compensation.

"We have come to the conclusion that it is impossible to include Workmen's Compensation in a scheme of all-in insurance. To begin with, the risks in various trades vary very greatly indeed.

Either you would have to have a varying rate, in which case, of course, it could not come into a general scheme, or, if you have a flat rate, it is going to be very unjust to the safer trades, and we know a flat rate would take away from the employer, at any rate, one of the incentives which he now has to keep on continually endeavouring to reduce the risks, and, at the same time, to reduce his liability, and we think it is very desirable that that incentive should be maintained"

There is one thing that bears very intimately on this question, and that is a statement that was made more recently than 1911 and 1912, which we think has a very close relationship to the question we are now discussing. That is a statement made by the Minister of Health in the House of Commons about May 18th or 19th of this year in discussing the new Pensions Bill. In his own words I think it really sets out the case for agriculture very clearly. He says: "We have come to the conclusion that it is impossible to include workmen's compensation in a scheme of all-in insurance. To begin with the risks in various trades vary very greatly indeed; either you would have to have a varying rate, in which case of course it could not come into a general scheme, or if you have a flat rate it is going to be very unjust to the safer trades."—That is the whole of our case.—"And we know a flat rate would take away from the employer at any rate one of the incentives which he now has to keep on continually endeavouring to reduce his risks and at the same time reduce his liability, and we think it very desirable that that incentive should be maintained." I think that meets the case of agriculture with regard to Health Insurance.

21,076. (Sir Arthur Worley): But in the present case workmen's compensation is exactly in this position. There is in existence and has been for a considerable time a scheme by which the rates are adjusted or fixed in accordance with the hazard. In the other case the scheme is that there is a flat rate. That is to say, it is just the reverse as far as the actual position is concerned. So that I do not see how you can apply the argument of one to the other?—Under the Workmen's Compensation Act you have compensation in proportion to the wages. A man has been up to a certain time on half wages. In the case of agriculture the agricultural community said a flat rate would be very unfair but as a rough and ready adjustment the Chancellor of the Exchequer at the time agreed that the best way for a rough adjustment to be made was to wait and see at the end of the first valuation as to how the thing worked out, and all surpluses then were to be given back to the Society to be spent—which really comes to the same thing as having a different scale.

21,077. With all respect, I can follow the argument you put forward that the Chancellor of the Exchequer said certain things and that it was a case of waiting and seeing what the result was; but I cannot see what the connection in your mind is between the argument on that and workmen's compensation and the fact that a man was paid compensation in proportion to his earnings. If you base your argument on what the Chancellor of the Exchequer said, then I can see it?—We are not concerned particularly with compensation, but in this particular case it is quoted by the Minister.

21,078. You are applying his argument there to another case.

21,079. (Chairman): Do you consider that there was almost a bargain as to this with the agricultural interests and that to depart from it would be an act of bad faith?—We think that there was a very definite understanding amongst the agricultural community that the bargain was definite that they should have the benefit of the surplus. We go further and say that many of the rural Societies that were formed for the benefit of the agricultural and rural workers were set up in the first place on account of the promises made by the Chancellor of the Exchequer and those acting with him at the time. I think I might go further and say that the Lord Lieutenant in each county was recommended to call together all the small village clubs which were working at that time and form them into county Societies for the purposes of administering the Act.

21,080. But if the results have proved to be different, in scale at least, from what was anticipated, you would admit that Parliament might justifiably make some amendment of the scheme to meet the difficulty?—Well, I might say in the first place, so far as we are concerned the results are exactly what we expected.

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We expected big surpluses and we have got them. We had the idea that because a bargain, if you like to call it a bargain, was put in an act of Parliament, that assured us of the bargain being carried out as long as the rest of the bargain was carried out, that is, as long as the Insurance Act continued.

21,081. Would you give us your views on a suggestion which has been put before us that the State contribution should not remain, as at present, uniform for all Approved Societies irrespective of their need of assistance from the State, but should be related in some way to the needs of Societies, that is to say, the extent to which their income from contributions is insufficient to meet their expenditure on benefits?—That is a very difficult question. We do not want to be mean with those who have deficiencies. We realise that they have deficiencies, but you still come back to the principle in insurance that if they have deficiencies it is because the risk is so great. And we maintain in those cases where the risk is so great, those men are receiving in wages some compensation for the hazardous nature of their occupation.

21,082. They are not paying enough?—They are not paying enough. That is the view we take. We think if any subsidy is given a subsidy ought to be given to agriculture along with anybody else.

(At this point Sir Andrew Duncan took the Chair.)

21,083. (Sir Arthur Worley): With regard to the suggestion that Approved Societies who have advocated pooling of surpluses do not really represent their members, may I ask whether on your Council you have any Approved Society member?—Oh yes, we have on the Council for Agriculture.

21,084. You have people who are wage earners of the character that come under that?—Yes.

21,085. These Approved Societies are of course largely built up of members from the ranks of the people. The councils and the constitution of these Approved Societies are largely out of the ranks of the people?—Yes.

21,086. It is therefore reasonable to suppose that they do represent the views of their members?—Is your suggestion that in the large Industrial Societies you have the insured person sitting on the board of management?

21,087. No, I did not say so.—I was only asking.

21,088. But that is so, I believe, in the case of some of the large Societies. I would like to follow the suggestion that the Chairman put to you in his question. There are Societies who are in a weak position for various reasons, and there are others which are in much better position. Would you see any objection to the Government giving a larger subsidy to those weak Societies than to those Societies who do not really require it?—It depends. You have to take a broad view.

21,089. I am trying to do so?—I am trying to do so also. Take the case of agriculture. The agriculturist will tell you that in the best of times it takes him all his time to live, and in bad times he is very badly off.

21,090. Are you referring to the insured person or the farmer?—The whole of the agricultural community—the employers and employees. In pre-war days before the Agricultural Wages Boards were set up it was not uncommon to find wages as low down as 15s. a week, and even lower than that. Even to-day the wages, I think you will agree, with the present cost of living are very low indeed when they are only 29s., and if anything can be saved out of his contribution to be given back to the agricultural worker and to the employer we think that ought to be done, and something ought to be done as far as possible to relieve the two.

21,091. That rather leads us into a field into which we cannot go, namely as to whether agriculture is a profitable industry or not. I am afraid we cannot go into that. You say that the hazard to a certain class of people is higher and therefore they ought to pay more to get the same benefit. That is briefly your position?—Yes.

21,092. If that is so, the employer ought to pay more as well as the workman?—Yes.

21,093. And the third person, the State, being also a partner, should pay more also, to be logical?—In proportion to what is paid by the other two parties. The proportion does not need to vary, because if the other two persons paid a higher contribution and that was all paid out in benefit they would still get the 2/9ths which would be a larger sum in the aggregate, but the proportion would be the same.

21,094. I put it to you that the suggestion that the Government grant might be larger in these particular trades is not unreasonable?—I think I see what you are coming to.

21,095. What I am coming to is that it would be equally fair to say to a Society with an over-burdening surplus that they are not really entitled to Government help, that their experience shows that they do not really need Government help?—But the surplus really arises from the big contribution that the agricultural worker is paying. If anybody is to be relieved it ought not to be the Government because I want to make it quite clear that the 2/9ths Government grant is not paid until the money has been spent on benefit. So that if there is a surplus, there is just this point to be kept in view: namely, that on that surplus no 2/9ths Government grant has ever been touched.

21,096. Not until it is disbursed?—It must have been disbursed. If a Society has a surplus there has been no 2/9ths grant on that surplus.

21,097. There may be a surplus on January 1st, but not on 31st December. I am not biased against agriculture. I think my forbears were agricultural people, but I suggest to you that the agricultural worker, if he had not the 2/9ths grant, would not, as a matter of fact, have that surplus, but he would have had all the benefit for which he paid?—No, I do not think so.

21,098. He would have had all the benefit for which he paid?—No. I do not want to go into politics, but everybody knows it was promised that there should be 9d. for 4d. We know what was meant by that. The whole position is this. The insured person paid his contribution on the understanding that the employer paid a certain proportion, and that the Government paid a certain proportion, in proportion to the benefit that was paid out.

21,099. That is the law at the present time?—That is what he paid for.

21,100. No, that was the contribution that was made. What I suggest to you is this. The miner pays 3d. and he draws 3d. out, practically speaking, and there is no surplus, or if there is a small surplus it is not very much. He has practically drawn out what he has put in, and what his employer has put in. Now the agricultural worker has drawn the same amount, but he has got to the good what the Government gave him, namely, the 2/9ths grant, and I suggest that it might be a proper thing to reduce the 2/9ths in the case of Societies with large surpluses and to carry it to the benefit of Societies which had no large surpluses?—I should not agree. My reason is this: The miner has not only drawn out what he has paid in and his employer has paid in, but he has also drawn out the 2/9ths of Government grant; so that to that extent he has had the advantage compared with the agricultural worker.

21,101. But he has suffered the loss of employment consequent upon sickness?—As far as I see your suggestion it appears to be this: that you agree in the first place it is a very hazardous occupation, as is proved by the fact that he has drawn more out than he had paid in, or would have done if he could.

21,102. That does not necessarily make it a hazardous proposition?—I think it proves that he is not paying sufficient to cover the risk, or else he would not have had a deficiency.

21,103. I do not know that. He may be paying as much as he can, and you may have to assist him in some way. The method by which to assist him at the

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present time is, of course, to assist him from the Central Fund, which you say you do not want to see increased. I was trying to find another method that would not constitute pooling?—If what he is paying now is as much as he can pay when you take the ordinary wages in ordinary times—I am not taking the present times, because they are extraordinary times—and compare the wages of the miner with the wages of the agricultural worker, then the agricultural worker is paying a very great deal more than he can afford to pay, and we know it is so in very many cases.

21,104. I do not know what you call ordinary times, but perhaps you would look upon pre-War times as ordinary times. Since pre-War times the wages of the agricultural worker have gone up very much to his advantage, quite rightly and properly. On the other hand, the average amount of earnings of the miner to-day, that is to say, the money he takes home to his wife, is probably very much less than formerly. So that there has been a scaling down in one case and a scaling up in the other?—You will find, generally speaking, that the agricultural worker without overtime is ordinarily working six days a week, but I think if you take the wages of the miner for six days a week, if you reckon them on the basis of the time he actually works, his wages will be very much more.

21,105. It is no use to tell a man that, if there is no employment for him, and that is the position and has been for some time. That is rather on the question of the rate of wages than the wages?—Yes.

21,106. No one is going to argue that the rate of wages paid to the miner is not higher than the rate of wages paid to the agricultural worker, but the actual money that gets into his wife's hands at the end of the week is a different proposition?—We think that the agricultural worker is in a very much worse position from the wages point of view than the miner.

21,107. Would you have any objection to seeing the statutory benefits, for instance the cash benefits, increased?—In what cases?

21,108. Taking sickness benefit for men, instead of its being 15s. a week would you see any objection to the amount being raised to 18s.?—You mean for everybody?

21,109. Yes, the statutory amount?—So long as there is a statutory contribution to pay for it I do not see why it should not be even more than that.

21,110. On the broad proposition you would not see any objection to that?—I think there is such a thing as being over-insured. I do not suggest for one moment that 15s. is too much for a man who is ill and who has a wife and family.

21,111. If it went up to 18s. you do not think it would be too much?—I do not think so, not in ordinary cases. This is quite apart from the question of ordinary contributions.

21,112. Under the Act as it exists to-day, supposing nothing else were done but the benefits were increased from 15s. to 18s. applying to agriculture and everything else?—Do you mean with the same contribution paid?

21,113. I have not suggested increasing the contribution. Would you be willing to increase the contribution for the agricultural people?—No, I do not think we should, because the contribution in the case of agricultural workers we maintain is much too high already.

21,114. Then you would not agree to increase the contribution. You would therefore agree to increase the benefits if somebody else pays more?—If there is sufficient money to pay it. In the case of agricultural workers I might say that every Society I know—and I have here a list of a number of rural Societies—they all pay very substantial extra benefits in cash, and also in kind.

21,115. But you see no objection to the Act being amended to give a certain sum—it does not matter whether it is 16s., 17., or 18s. for the moment—above what it is now?—Providing there is sufficient paid in contributions. If you mean the agricultural

labourer must pay more money in order to provide 18s. for the miner, my answer is very definitely no.

21,116. It was your suggestion, not mine. I did not suggest increasing it. I said, leaving the contribution as it was, and simply altering the cash benefit from 15s. to 18s.?—I cannot see how you are going to do it if there is not sufficient now without creating a deficiency. If you cannot pay 15s. now without having a deficiency, I do not see where you are going to get 18s.

21,117. We should get it out of the Central Fund, presumably?—Exactly, and then the rural Societies would have to contribute more to the Central Fund. It is another way of pooling.

21,118. I am only pointing out that there is a method, and the Act was on that principle, so that that could be done?—And we opposed the Central Fund at the time it was set up.

21,119. We are taking the Act as it now stands and the machinery with which it was built. I say that machinery was created by which the cash benefit could be increased and the deficiency, if any, could come out of the Central Fund. You agree with that?—Yes.

21,120. I only want to point out that that is another system of pooling, and therefore the Act was framed in its initial stage to permit a certain amount of pooling?—(Mr. Donaldson): With regard to the Central Fund, the Council feel strongly that if you go on those lines you are asking agriculture to subsidise other industries. I must put that before you, because round that question a great deal of discussion took place.

21,121. I am only wanting to establish that the Act was framed on certain principles that permit in effect a certain amount of pooling which would come into effect only if there was a deficiency on one side and a surplus on the other. It did permit it, and the promoters of the Act did look forward sufficiently far to see it, and so the Act was framed in that way. So that there is really nothing new in the pooling scheme; it is only in the manner of doing it?—(Mr. Woodhead): I want to say emphatically that we disagree with that. I do not think we shall ever be reconciled on that point.

21,122. (Sir John Anderson): Did I understand you to say that when the Insurance Scheme was first introduced a claim was made on behalf of agriculture for an adjustment which would have resulted in a lower rate of contribution being fixed in the case of agricultural workers, that lower rate being sufficient in view of the better experience to support the normal benefits? Was that claim put forward?—We accepted a flat rate on the understanding that surpluses should go to the Society.

21,123. But you did, did you not, earlier in your evidence say that agriculture wanted an adjustment, and I thought you told us that you accepted the view of the then Government that the adjustment that you desired could in practice be secured through the operation of the valuation provisions. Was that it?—Yes. We objected first of all to the flat rate. There was very strong objection to it.

21,124. Just answer my question. That was not the question I put to you. You objected to the flat rate, you say?—Yes.

21,125. Did you want a lower rate?—We wanted a lower rate sufficient to cover the risk. But let us go forward. The position was this. If we could not get a differential rate for agriculture—

21,126. Please stop there for a moment. If you had got a differential rate for agriculture what would the position have been? Instead of a rate of 7d. you would have had a rate of, say x. Assume it was 6d.—it does not really matter what it is. Assume the ordinary benefits 10s. a week. What contribution from the State—2/9ths, I suppose?—That was the statutory amount.

21,127. Then you say you accepted as a substitute for that arrangement the existing provisions under which you pay a normal flat rate and get the benefit of any surplus that may accrue in your own Societies?—Yes.

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21,128. You told us that that being the history of the matter you think agriculture would rightly have been aggrieved if those surpluses were tampered with and if they were diverted to the benefit of other classes?—That is our opinion.

21,129. I am trying to get at what is in your mind. I am following up what Sir Arthur Worley put to you. Would it be in any way inconsistent with that original claim on behalf of agriculture if the surpluses which accrue and which represent the excess of the contribution that employers and workers in agriculture have to pay over what is necessary to support the ordinary benefits in the case of agricultural workers, if that excess were preserved for the benefit of agricultural workers without the 2/9ths State contribution?—But why should we sacrifice—

21,130. I have put a plain question to you. Would that be consistent with the original claim, or would it not?—I am sure of this, that it was not what the agriculturists had in their mind. The 2/9ths grant was promised, and if you give it to others we say we have a right to have it also for the agricultural worker.

21,131. I know. I have not invented this; I am only taking what you put to us. You said the agricultural workers said we ought to have a lower contribution but the same benefits. You told me that those benefits would carry a State contribution of 2/9ths. What I put to you is whether your claim really carries you as far as you want to press it, whether it goes beyond a claim that any excess over the contribution proper to the particular industry which employers and workers under the flat rate system have to pay should be preserved. Does it really carry you to the extent of claiming the 2/9ths on that excess contribution as a matter of right? You told Sir Arthur Worley that you thought it would be inconsistent with the original understanding, almost tantamount to a breach of faith, if anything whatever were done with those surpluses to tamper with them in any way. I want to know how you justify that as regards the 2/9ths State contribution?—We should only get the 2/9ths contribution on what was paid out in benefits.

21,132. Yes; it is of course 2/9ths on the whole thing if the surpluses are paid out. You have pointed that out, but you have not answered my question. What is the argument on which you rely to support your contention that any diversion of the State contribution, which under the normal working of the scheme the surpluses would attract when they became available for the payment of benefits, would be contrary to the original understanding and therefore would involve a breach of faith?—We think it would be contrary to the original understanding.

21,133. On what ground?—On the ground that there was a definite promise for every sum of benefit paid out 2/9ths grant would be paid by the Government.

21,134. That was the original scheme. That was the scheme you did not like. You said you wanted a lower contribution for agriculture?—But we accepted the flat rate.

21,135. You accepted, you told us, something which you thought would be equivalent to your claim. It was in fact something a good deal more than your claim?—We do not think so.

21,136. But it was?—We do not think we have had anything for nothing yet. But we do want to preserve those surpluses, and we think a rough and ready method is by our retaining the surpluses that we have.

21,137. Would you have claimed on behalf of agriculture—(this is rather hypothetical and you need not answer it unless you like; I only put it to you because it brings out the point)—if you had had a contribution of, say, 6d. for agriculture as against 7d. for industry at large, would you have claimed that the State contribution payable on benefits in the case of agricultural workers should have been not 2/7ths of 7d. but something more than 2/7ths of

7d., i.e., 2d.?—The total amount paid in effect is so much less. You only get the same proportion. You get 2/9ths. It is the same proportion as you are paying to the other people.

21,138. Not if you had had a 6d. contribution?—It is the same proportion on the benefit paid out.

21,139. It would have been 2/7ths on 6d. It would not have been 2/7ths on 7d.?—I do not see that the Department have any grievance against us if they pay 2/9ths the same as to any other Society; because they only pay on the benefits paid out.

21,140. But you are not answering my question?—I am answering to the best of my ability.

21,141. Address yourself to the question put to you. I am not trying to catch you. You thought that agriculture ought to have a lower contribution originally?—Yes.

21,142. 6d. instead of 7d. Having told us that, I want to know a little more. Do you think that that smaller contribution should attract a higher rate of State grant, or the same namely 2/9ths of the benefits?—Do not let us mix things up. The State is not paying on contributions; it is paying on benefit.

21,143. I know that. Do not try to instruct me, but just apply yourself to answering my question. You thought that agriculture should have a lower rate of contribution. That is definite, is it not?—Yes.

21,144. Did you claim at that time that the State contribution in the case of agriculture should be the ordinary 2/9ths on benefits, or something more?—The question was never raised at the time.

21,145. Was it never in your mind?—I do not think so. We took it for granted. We assumed we should get the same State grant on any benefit paid out.

21,146. When you say the same State grant, you mean 2/9ths on the benefits?—That is what we assumed.

21,147. And that in fact would have been less than you would get now if you get your ordinary benefits with the State grant, which is payable as the benefits are paid out as you have explained, plus the product of your surplus with the State grant added?—Yes, the aggregate would be less than we should receive over a number of years.

21,148. The aggregate of what you would get from the State would be more if you were paying what you originally wanted to pay, namely a lower contribution?—Because there would be no surplus to pay on.

21,149. You cannot really then say there would be a breach of faith if there was an adjustment as between surpluses which did not go beyond the amount of the State grant on the surplus?—But you must take the bargain as it was actually made. That is in the Act.

21,150. Please let us get away from any idea that the provisions of the Statute are a bargain. Any claim of that nature must be founded not on the Statute but on what lead up to the Statute. The Statute is a Statute; it is not a contract?—I agree it is a Statute, but it is a contract.

21,151. No, it is not a contract?—I presume Parliament can alter it and just do as they like, in a similar manner as they made that particular Statute.

21,152. (Sir Arthur Worley): You agree with this being a Statute. I want to take your words that it was bargain. You say it was a bargain and it has been carried out, and therefore because it has turned in your favour on the 2/9ths you say you have a right to benefit by your bargain. You must equally stand by the other provisions, though. I want to come back to the Central Fund. The Government if they chose would have a right to so adjust the benefit that there would be a bigger call on you for the Central Fund than the figure fixed at the time, and in your own words it would be within the right of the bargain to do it?—Probably

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it would, but I want to make clear that before the Central Fund was set up we opposed it and we are opposed to it now. But it is there, and we have had to accept it.

21,153. We have gone past that. You opposed the Central Fund, and having accepted it you claim all the advantages from the way the matter has turned out. I say if you claim all the advantages in that direction, on the other side, like Shylock, you must have your pound of flesh. There is the other side to it, and I should have thought what Sir John was putting to you would have been a better method from your view?—I might say this. We have never considered the matter from the point of view that is put to us. It was purely my own personal view I was expressing. I mean the Council of Agriculture has never had that point of view under consideration at all.

21,154. And you have not thought it out either?—No. (Mr. Donaldson): I can go back to the time when this was mooted and to the time when we were opposed to this matter. Had the idea that is put before us by Sir John been put before us then that we should take benefits in proportion to what we were paying we would have adjusted it at once. I am quite clear with regard to that. But that alternative was never given to us; we had no other alternative except what the Government gave to us.

21,155. (Mr. Besant): I just want to follow up what Sir John Anderson and Sir Arthur Worley have been putting to you, and sum it up. I take it that you are opposed entirely to any form of pooling?—(Mr. Woodhead): We do not like it.

21,156. On the other hand, it has been indicated by Sir John and Sir Arthur that there are other methods of pooling which are quite legal and which are in effect to-day, and that one of those is the Central Fund?—We realise that.

21,157. In other words, pooling is going on to-day in an effective but not a complete manner?—Yes.

21,158. Would you feel that the State, because in 1911 it gave you a 2/9ths grant, is always bound to give you 2/9ths?—We think that if they give it to other people they ought to give it to us.

21,159. You do not feel that the State could in its wisdom say that 2/9ths, which was a figure chosen as a flat scale at the beginning, might be modified by the experience of a national scheme, and made so that it is more than 2/9ths in some cases and less than 2/9ths in others?—A very great deal depends on the point of view. The Treasury probably might turn round and say that these people can do without it, but from our point of view we say that these are people with very low wages and we ought to do all we can for them; if we give the 2/9ths to other people we ought to give it to them.

21,160. If the State makes a change, and it makes it in that particular way, do you think that there is unfairness in such a procedure because in 1911 they started on one particular scheme?—That is rather a difficult question. It is a matter of opinion.

21,161. I am asking for your opinion?—I should not like to commit myself to an opinion on that particular point.

21,162. On that particular point from the aspect of the Commission one of the possibilities of change is that the State contribution might be modified to meet the emergencies of particular Societies?—Yes, but we do say that in the case of a low-wage batch of men like the agricultural workers if 2/9ths of the benefits is given to anybody else we ought to have the same.

21,163. (Sir Arthur Worley): May I put another case. The case I am thinking of is a case where wages are not low to-day, and where their experience is even better than yours, that is the case of insurance companies and banks. Their sickness experience is better than yours, and their wages are higher, and therefore we are quite impartial in our suggestion. Is it right that they should make the same claim? They have not got your plea of low wages?—No, the circumstances are vastly different.

21,164. So that you are only putting forward a special pleading?—Yes, we are pleading for a special body.

21,165. (Mr. Besant): As a matter of fact this is the argument I was leading up to. It seems to us that it is not a sort of dispensation of heaven that the whole of this 2/9ths must always be kept in this particular statutory form; it is open to Parliament to alter it. When you were beginning to plead on the ground of poverty, equally I was going to put to you the case where that argument did not apply either, and where I think it would be perfectly fair for a modification of the State provision to be made. I wanted to ask you quite definitely whether you think that that 2/9ths grant should never be altered under any circumstances because of what was settled by Parliament in 1911?—I think it is absolutely necessary to review the whole of the financial provisions of the Health Insurance Scheme with the view to adjusting and amending, even on the question of the 2/9ths.

21,166. In such a case as that, surely when you come to any national scheme the people who happen to be healthy through their occupation or other circumstances must be prepared up to a point to pool their benefits with the benefits of others who are less well circumstanced?—(Mr. Donaldson): I think if that were done we should say that we had begun under the reproach of asking agriculture to subsidise other industries. You have taken from us a certain amount of money which was not expended, and which has built up surpluses, and you are going to distribute that to other industries. We should say in those circumstances it would be a reproach that out of the poor industry of agriculture you should subsidise other industries. That is the feeling the Agricultural Council would have, and that is the feeling throughout England.

21,167. You do not apply that argument to people in your own body. When you take your own body, one particular Society, you admit that the healthy man has to pay for the man with an undue amount of sickness; but you are not prepared to say we will be equally unselfish as regards people outside our body. You say: "We are going to keep our own concern water-tight, and get the full benefit"?—(Mr. Woodhead): Yes, because the conditions are so vastly different in regard to wages and hours of labour.

21,168. But you do recognise that the State has so far opposed that argument to the extent of setting up a fund which is in effect a pooling, and where your half-penny has been taken from each of your people in the past that half-penny might be turned into a penny. In other words, what is now in existence does seem to undermine fairly complete the standpoint you have taken up?—That principle can be extended.

21,169. My point is that that principle is in force, and to a large extent the standpoint you have taken up no longer exists, or it has been so largely modified—and it can be further modified—that pooling in effect can be made part of the National Scheme?—I can only reiterate that we opposed it at the time and we still are opposed to the Central Fund.

21,170. I think we must leave it at that. In paragraph 5 you talk about wages being 31s. and you say that the argument may be used with force that a man is content with those low wages partly because his occupation is a healthy one. Is it a fact that he is content with his wage because it is a healthy occupation he is engaged in? Is it not a fact that he cannot get better wages, and therefore has to be content. He has done much better under the Wages Board, I take it, than before, because your colleague told us that before the Wages Board wages were as low as 15s.?—And less than that.

21,171. They are now 31s. To some extent it is a question of organisation, is it not?—Where you have large industrial towns near agricultural districts—I am thinking, for instance, of the North

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Riding of Yorkshire, in the neighbourhood of Middlesbrough, Stockton, Darlington, and such places—you find that the agricultural workers often drift off into the towns as carters and lorry men. They are not satisfied by any means, and when they can get an opportunity to do anything better they go to it. But living in the country these men do not travel about a great deal, and the opportunity does not present itself of getting anything better as a rule.

21,172. It was quite a new argument to me that anyone was content with a low wage because his occupation was healthy. I thought he got a low wage because he could not get any better.

(*Sir Andrew Duncan*): I am not sure that it has any relevance to our discussion.

(*Mr. Besant*): It is stated in paragraph 5 that the argument may be used with force that a man is content with these low wages partly because his occupation is a healthy one. I merely want to know whether the witness put that forward seriously as an argument. I do not think myself it has much force, but it is stated here that it has force.

(*Sir Andrew Duncan*): We do not need to accept the view that it has.

(*Mr. Besant*): I think we will leave it at that.

21,173. (*Miss Tuckwell*): With regard to the members of the National Council of Agriculture, are they all nominated persons?—(*Mr. Donaldson*): They are nominated by different bodies. In the first place there are two members nominated by each administrative County Council, and there are a certain number nominated by Boroughs, not exceeding 12. Then certain members are nominated by the Minister. The Minister I think was very wise to take that precaution, because then you can bring in others. Women are on the Council too. There are three ladies in our Committee—Lady Mabel Smith, Mrs. Middleton and Miss Potts.

21,174. There are no elected members?—There are no elected members. They are simply nominated by the different committees to which they belong, or by the Minister of Agriculture. I omitted to say that the Wages Board have also the power to nominate six members.

21,175. But in no sense do they represent the opinions of persons who are democratically elected. They are all nominated?—If you were sitting on that body you would think we were a very democratic body sometimes. We have all three sections represented there. We have the labourer, we have the farmer, and we have the Ministry. Then we have the persons concerned with research, and also persons nominated to look after the interests of women and others engaged in agriculture.

21,176. But my point is it is not an elected body, so that when you spoke of what agriculture was feeling all over the country I wondered how far a body that was nominated was in a position to know what agriculture was feeling?—In the first place they are elected. If you go back far enough you will find that they are an elected body, because they are elected as members of the County Council by the constituents for a certain division. A man who is thus elected is by reason of his ability elected by the County Council on a certain committee, and again by reason of his ability he is elected or nominated to take his place on the Council of Agriculture. The same applies to the labourer and the same applies to the landlord.

21,177. I quite see that if you go back far enough there would be an election, but I do not feel that a body which is nominated necessarily expresses the opinions of the insured workers?—It does to the Minister.

21,178. (*Mr. Evans*): With regard to the differentiation between workers, why do you think there ought to be a sort of barrier between agricultural workers and, say, the miners?—(*Mr. Woodhead*): There is already a barrier. We are not setting up anything new. In the case of the miner, the miner has

his Unemployment Insurance while the agricultural labourer is barred from that. So that there is nothing new in making a difference. And really he is only getting what he is promised.

21,179. Other industries have made that arrangement too, apart from the agricultural labourers. I think the railwaymen have?—In what way?

21,180. With regard to Unemployment Insurance. I mean that is not particularly and solely a matter of the agricultural workers?—But they are barred by the Act itself. Domestic servants and agricultural workers are not insured for unemployment, and I believe these are the only industries barred from Unemployment Insurance. So that there is nothing new in making a difference.

21,181. You mean there is nothing new in the principle?—There is nothing new in the principle.

21,182. Well, I do not know. If this is a national scheme you ought to have certain industrial units, but do you not take away from the national characteristics of the scheme if you are simply going to have your industrial sub-divisions?—There is not a very strict line drawn in these Societies for admitting a man employed in agriculture and nobody else. A wider view is taken than that, generally speaking. You have men who are partly engaged in agriculture at one time of the year, and at another time of the year they are engaged, say, in maintaining the roads and things of that sort.

21,183. You still say that because agricultural workers are engaged in a more healthy occupation that their contribution should be less to the National Health Scheme?—No. We have accepted the flat rate, but we say, having accepted the flat rate, you ought to keep your promise and give us the surplus together with the 2/9ths grant that was promised at the time.

21,184. And you want that surplus back in what form?—In the various forms we have already adopted in these Societies, that is, in cash benefits and treatment allowances and things of that sort. We want to get the very best value for our money out of the Insurance Act, and I think from a list I have in front of me of the present valuation of Approved Societies they are doing it very well indeed.

21,185. I was thinking of it like this—I do not know whether this would be a fair analogy. Take education; we are endeavouring to tackle the education problem nationally. I take it that the child of an agricultural labourer is handicapped as compared with the child of an artisan living in a town. You would not suggest that because that child is handicapped in its facilities for education that he ought to pay more than a man in the town would be asked to pay?—No, I would not suggest that. What I would try to do would be to increase the facilities for education for him.

21,186. (*Sir Andrew Duncan*): At whose expense?—At the expense of you and me. I have no children educated at public expense.

21,187. You are not suggesting it should be done at the agriculturist's expense?—It would practically come very largely from the agricultural district in the form of the County Council rate of education. He would have to pay the rate imposed over the whole district.

21,188. (*Mr. Evans*): But the County Council rateable value might be mainly, and probably is in the densely populated areas, such that the County Council rate would be levied upon the people living in those areas, and the child living in the country would get the benefit. Is there anything wrong in that?—Well, I do not think you are quite right.

21,189. Does not the principle of pooling come in there?—The principle of pooling is applied all the way through, for instance, in police and education and that sort of thing. But in this particular case it is rather different.

21,190. What is the difference?—The difference is this: Here you are dealing with insurance. Insurance is trying to cover a risk that may arise at some future time.

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21,191. A national risk?—Wait a minute. It is partly national; I cannot accept it as national. If you had it the same as your police and education it might be. Take the small market town such as you have in the North of England. You have 20 or 30 Societies operating in one district, and you may have three or four people from three or four Societies going to one house for contributions.

21,192. That is silly?—Yes, it is silly.

21,193. The point I want to get at is this. I do not think you are pressing the right thing by suggesting that because the agricultural labourer lives in a more healthy atmosphere and because the hazard of his occupation and the arduousness of his toil is not so great as that of the miner, therefore you should differentiate between those two?—You think I am wrong?

21,194. I do?—I do not think agriculturists do. It is a matter of opinion, of course.

21,195. I am thinking of the view of the agricultural labourer now?—I think you would find both the employer, the landowner, and the agricultural worker himself, think he ought to have all that he was promised in 1911 out of the Insurance Act. I think that is putting it very concisely.

21,196. (*Professor Gray*): Your main contention is, I think, that the contributions should be apportioned to the risks run?—Yes.

21,197. You have spoken about similar classes of lives being in the same Societies. Can you tell me whether that is in fact the case? Take your own Society, and take agricultural workers. There are agricultural workers who are in other Societies than yours, are there not? There are agricultural workers in the Prudential, the National Amalgamated, and perhaps even in Miners' Societies?—Yes.

21,198. On the other hand, you have in your Society, I take it, people who are not agricultural workers?—But equally good risks.

21,199. In the case of entering a Society like yours, the test of admission is that the applicant must live in the country?—Yes.

21,200. How far are you going to carry the principle of apportioning the premium to the risk run?—We have accepted the flat rate.

21,201. Yes, we know that. What about the agricultural worker in the National Amalgamated Society? Does he get the advantage of this specially good rate?—The farm labourer goes into the National Amalgamated Society of his own free will and accord, and if he does not come into our Society that is his loss.

21,202. Strictly speaking, does not your contention lead to a special rate for each trade?—Not necessarily, but we do that in the case of fire, and in the case of life insurance. You must have some rough classification. In life insurance you have first-class lives, and you have others that are not first-class in health. In Health Insurance you provide for deposit contributors.

21,203. (*Sir Arthur Worley*): Charging them the same rate?—Charging them the same rate, but you do not pay them the same benefit. You limit the benefit to the amount they have paid in.

21,204. That is because they will not join an Approved Society?—Not necessarily. It is not because they will not join an Approved Society, but put it the other way, it is because no Approved Society wants to take them.

21,205. (*Professor Gray*): On your basis should you not have a rate for each risk?—We have accepted the flat rate. We think that the surplus helps to adjust it fairly reasonably.

21,206. And you cannot get what you want unless in fact you group together your lives in Societies according to the risks they run?—That is what we have done in the rural Societies.

21,207. So that the ultimate outcome of your contention is in fact insurance by industry?—Not by industry.

21,208. By risks?—That is practically what it amounts to.

21,209. Farmers I suppose you would put in one classification, and you would group together in some other heterogeneous classification those who happened to be a bit lower down. Do you think it is practicable to get those people in the same Societies?—I think when the second valuation is taking place people are beginning to waken up to their own advantage. They say, here is a Society paying so much extra benefits. This is a Society where we are going to get in if we can. And it is up to the executive officer to see whether he is prepared to recommend them to be admitted to the Society. Do you not take it that that is what is likely to happen?

21,210. It is not for me to say. One last point in continuation of this. In your Societies you have all sorts of people who live in the country?—Yes.

21,211. Does it come to be a case of country versus town?—Not necessarily.

21,212. I put it to a witness last week whether a grave-digger was an agricultural labourer, and he said that if he lived in the country he would be a rural worker and he would be classed at a low rate, but that if he lived in the filth and smoke of Glasgow he would charge him a high rate. Do you think that is practical business?—I think, as in our Society, so in other Societies, every application for membership is carefully considered. We consider the occupation and residence, and all the rest of it, and if we think they are desirable members we admit them. When I spoke of administration being one of the points that helped to provide the surpluses I had in mind the question of admission.

21,213. The question of the exclusion of those who are unsuitable?—Of those who are unsuitable for that particular type of Society.

21,214. So that in point of fact the reason why you have a good surplus is that you have excluded unhealthy members in the country as well?—To a very large extent. In the country we have people who are part-time employed, such as for instance the caretaker of a village school, where they get anything from 3s. 6d. to 5s. a week. We could not accept those into our Society.

21,215. Because the temptation to come on the funds is too great?—The position was this. When they are working they get a maximum, say, of 5s. and when they are poorly they are entitled to, say, 15s.

21,216. So that in spite of the advantage of living in the healthy surroundings of Yorkshire, they are constantly ill?—No, not necessarily, but I think when they do become ill they very often take a very great deal of curing.

21,217. You foresaw the danger of that?—We did.

(*The Witnesses withdrew.*)

Dr. BRENOBLEY, Dr. WALL, Mr. E. GRAHAM BOTT, and Mr. A. WAGER, called and examined.
(See Appendix LXXXVI.)

21,218. (*Sir Andrew Duncan*): Dr. Brenchley, you are Master of the Society of Apothecaries?—(*Dr. Brenchley*): I am.

21,219. What is your position, Dr. Wall?—(*Dr. Wall*): I am a member of the Court of Assistants of the Society of Apothecaries, and Examiner in Materia Medica of the Society.

21,220. Mr. Graham Bott, you are Secretary of the Association of Certified Dispensers?—(*Mr. Graham Bott*): Yes.

21,221. And you, Mr. Wager, are the Chairman of that Association?—(*Mr. Wager*): Yes.

21,222. We have read the Statement which you have submitted to us. The substance of it is that

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you desire that those persons who hold a certificate of your Society as dispensers, and who have in addition had three years' practical experience, should be recognised as qualified to dispense and supply medicines to insured persons under the Insurance Acts. Is this so?—(Dr. Brenchley): That is exactly what we desire.

21,223. And it is only in respect of persons dispensing medicines in institutions, hospitals, dispensaries, Poor Law infirmaries and doctors' surgeries that you raise this question. It does not arise, does it, in respect of any chemists' shops?—Our dispensers do not claim at all to keep chemists' shops. They never have done and they never do. We do not see any harm in it or any reason why our assistants should not be employed in a chemist's shop if a pharmacist requires an assistant.

21,224. You are thoroughly satisfied, are you, that the examination of your Society is an adequate test of the ability to dispense medicines accurately and successfully?—Yes, we are quite satisfied on that point.

21,225. But you would add three years of practical experience as an additional qualification for Insurance Act purposes?—Yes. We think that there is no examination test devised that can guarantee the integrity and sense of responsibility of the individual, and that the three years is a valuable addition to the qualification.

21,226. Referring to paragraph 13 of your Statement, would you be satisfied with the regulation there quoted if in place of the words "or by a person who for three years immediately prior to the 16th December, 1911, has been engaged as dispenser to a practitioner or a public institution" there were substituted the words "or by a person holding the certificate of the Society of Apothecaries and who has had three years of practical experience as a dispenser"?—Yes, I think that puts it very well. That is very much what we think.

21,227. This alteration could not be made without an amendment of the Act, could it?—That is so.

21,228. Have you at any time previously endeavoured to obtain an amendment of the Act in the direction you desire, and, if so, can you tell us for what reasons your efforts were not successful?—Yes. In 1913 there was a Departmental Committee appointed to inquire into and report whether, having regard to the interests of insured persons in obtaining an efficient supply of drugs and medicines and appliances and to the conditions under which those articles were supplied before the passing of the National Insurance Act, 1911, any alteration was necessary in the conditions laid down by section 15 (5) (b) of that Act in respect of the matter. Evidence was given before this Committee on behalf of the Society and also by the then Secretary of the Association of Certificated Dispensers. Paragraph 37 of the Committee's Report includes the following:—"The Committee are not satisfied that the standard of training and attainments required for a certificate of an apothecary's assistant or for the post of Army dispenser is at present sufficient in itself to qualify for dispensing for insured people without direct supervision." That conclusion I think is not exactly what we should agree with ourselves. In paragraph 40 the Committee refer to the provisions of the Poisons and Pharmacy Act, 1907, as having some bearing on the subject of their reference. Section 4 reads: "The power of making byelaws conferred by section 2 of the Pharmacy Act, 1852, on the Council of the Pharmaceutical Society shall be deemed to include the power of making byelaws for all or any of the following purposes (that is to say), (b) providing for the registration upon payment of the prescribed fee as pharmaceutical chemists or chemists or druggists under the Pharmacy Acts, 1852 and 1868, without examination of any person holding Colonial diplomas or qualified Military dispensers or certified assistants to apothecaries under the Apothecaries Act, 1815, who

produce evidence satisfactory to the Council of the Society that they are persons of sufficient skill and knowledge to be so registered." And they expressed the opinion that it would be possible to devise some means whereby the serious grievance of four years' standing might be removed without prejudice either to the public interest or to the educational responsibilities of the Pharmaceutical Society. Another recommendation at the end of their Report is: "The Committee express the opinion that it is desirable that steps should be taken to carry into effect as regards qualified Military dispensers and certified assistants to apothecaries under the Apothecaries Act, 1815, the power conferred in the Council of the Pharmaceutical Society by sub-section (b) of section 4 of the Poisons and Pharmacy Act, 1908." The byelaw passed by the Pharmaceutical Society in 1920 was, however, of such a restricted character that only about 30 or 40 holders of those holding the dispenser's certificate of our Society were placed on the Pharmaceutical Register. But if you will allow me to point out, since that period our Society has raised the period of training from six months to nine months, and also we are, as you have just mentioned, proposing to add three years' practical dispensing experience in addition. Of course, we think they are very misguided people who made that ruling, that is the Departmental Committee.

21,229. But you submit also, do you, that the change of circumstances since then justifies the subject being reconsidered?—Yes.

21,230. Has there been any change of circumstance since that Report?—Yes, we have raised the period of training from six months to nine months, and we propose that they should have three years' practical experience in dispensing.

21,231. I see from paragraph 9 of your Statement that there are at the present time about 5,000 holders of your certificate. To what proportion of this number is the restriction of which you complain a material handicap in professional work?—I am afraid I cannot give you any definite numbers, but we have on many occasions received deputations from our dispensers, and they complain very much that they are unable to get appointments or work because of their being debarred from doing insurance dispensing. (Mr. Graham Bott): I think perhaps I am in a position to give a little more accurately the numbers. I estimate the number is 50 per cent., or 55 per cent. All those certificated dispensers of the Society of Apothecaries who qualified after the Act of 1911 have no standing whatever under the National Health Insurance Act. They are in the position of unqualified men, and it is for that reason that we think they should be included as capable of dispensing and taking charge, the same as other qualified persons. At present the man who is unqualified, provided he has had three years' experience previous to 1911, is in a position to take the place of chief dispenser under the Ministry of Health, but the person possessing the Society of Apothecaries' certificate cannot take any similar position; he is simply in the position of having to dispense under the supervision of a chemist just the same as any one unqualified by examination. We think that is a great injustice.

21,232. Is the grievance in essence that these people are, in view of the bar in the Act and Regulations, unable to obtain salaried appointments which formerly they did obtain, or that, having these appointments, they are not permitted to engage in a profit-making business of drug dispensing?—(Dr. Brenchley): The grievance is that they are unable to get appointments which they were formerly able to obtain, and has nothing to do with the sale of drugs. (Mr. Graham Bott): The fact is that our previous rights which we had before the passing of the Act of 1911 have been, if I may use the term, filched from us, and we desire our rights restored so that we may dispense without supervision. Previous to the Act of 1911 the certified dispenser of the Society of Apothecaries was the legal dispenser, and the pharmacist

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Dr. BRENCHELY, Dr. WALL, Mr. E. GRAHAM BOTT, and
Mr. A. WAGNER.

[Continued.]

had no authority whatever to dispense medicines in institutions with doctors or under the Poor Law. As a result of the National Health Insurance Act, 1911, our rights have been taken away, and we are in a position now that if any chief dispensership falls vacant such a man or woman as the case may be cannot take it up, and indeed are actually debarred from dispensing for insured persons in the circumstances mentioned. (Dr. Wall): In connection with this question, the alteration suggested goes a little further than the suggestions made by the Society. It goes further in that under the suggested clause it presumably would be possible for a certified assistant of the Society to keep an open shop for the purposes of supplying drugs and medicines to insured persons. I believe that it is not the desire of the certificated dispensers to keep an open shop or to supply drugs as such to insured persons, but rather their desire is to hold salaried appointments in institutions, hospitals, dispensaries and the like, and to supply drugs on behalf of that institution, not on behalf of themselves. They do not want to enter trade for the purpose of making gain. But the suggested alteration would give them that privilege, I gather. I do not think that either the certificated dispensers desire the privilege, nor do the Society wish that they should be given that privilege. Then with regard to the question of the addition of three years' practical experience. I have examined for the Society for a good many years now, and the type of candidate who comes is young in the majority of instances, and there are a great many women. These candidates take up the study of pharmacy directly on leaving school when their brains are fresh and receptive and they can learn the work quite easily and well. The elder candidates find very much greater difficulty in acquiring the knowledge of the subject.

21,233. That is during the nine months' course?—It is after the nine months' course. They leave school, take the nine months' course, and then come in for the examination. Supposing they get through the examination the first time they present themselves—a great many of them do not, of course—they will very likely only be about 18 years of age.

(The Witnesses withdrew.)

They have a full knowledge of the subject, they have a great deal of practical dexterity, and yet we think it would not be wise in all instances to give them the privilege of dispensing as superior officers apart from supervision. That is why we rather emphasize the importance of their having three years' practical experience under supervision before giving them the full right of dispensing independently without supervision.

21,234. (Mr. Besant): What is the youngest age at which a candidate can pass your examination to qualify?—The age is 18. They can begin to study before they are 18, but the rule is that they cannot get a certificate until they are 18.

21,235. But they can get it as early as 18?—They can get it at 18, and of course a great many of them show a very considerable knowledge of the subject and become very skilled in the actual practice of dispensing. There are many of them who are practically perfect at the age of 18 when they come up for examination. They know all their doses, they know all about the composition of the preparations, they know the sources of drugs and the textbook account of the origin of drugs, and they have a very good practical knowledge of chemistry up to the requirements of the pharmaceutical chemist, and in actual practice and accuracy they are as good as any one could desire. But one feels that perhaps they have not yet got the sense of responsibility that one would like.

21,236. (Sir Andrew Duncan): Is your examination of an equal standard with that of the pharmaceutical examination?—So far as the materia medica examination is concerned I believe the standard is as high. There are three sections of the examination, a section in materia medica, a section in dispensing, and a section in chemistry. Those three sections have all to be passed. The standard in chemistry I think is not as high as that required by the Pharmaceutical Society, the standard in materia medica is about the same, and the standard in dispensing, perhaps, is not quite so high, but it is fairly high. Of course the additional subjects required for the fully qualified pharmaceutical chemist we do not touch.

THIRTY-SEVENTH DAY.**Tuesday, 7th July, 1925.****PRESENT:**

LORD LAWRENCE OF KINGSGATE, in the Chair; later SIR ARTHUR WORLEY, C.B.E.

THE RT. HON. SIR JOHN ANDERSON, G.O.B.
SIR HUMPHRY ROLLESTON, BART., K.C.B., M.D.,
P.R.C.P.
SIR ALFRED WATSON, K.C.B.
MR. A. D. BESANT, F.I.A.
MR. JAMES COOK, J.P.

MR. JOHN EVANS.
PROFESSOR ALEXANDER GRAY.
MR. WILLIAM JONES.
MRS. HARRISON BELL.
MISS GERTRUDE TUCKWELL.

MR. E. HACKFORTH (Secretary).
MR. J. W. PECK, O.B. (Assistant Secretary).

Mr. A. HENRY called and examined. (See Appendix LXXXVII.)

21,237. (Chairman): You are Mr. Henry, Deputy Government Actuary?—Yes.

21,238. You are here to answer any question upon the Statement as to the Second Valuation which the Government Actuary has submitted to us?—Yes.

21,239. I gather that that Statement refers only to the 1922 Valuations, and in that class out of about 4,280 Units, 3,981 have been dealt with?—That is so.

21,240. How many Units approximately will be covered by the 1923 Valuation?—About 3,500, but

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Mr. A. HENRY.

[Continued.]

I ought to add that the 1923 Valuation must not be looked at from the point of view of number of Units alone, because it will comprise a large number of the very largest societies in the Kingdom and, therefore, although it will provide a rather smaller number of Units than the 1922 Valuation, it will cover a very much larger proportion of the insured population.

21,241. I see that the membership of the 3,981 Units valued as at 1922 is about 2,860,000. That leaves about 12,000,000 members to be dealt with in the 1923 group?—Quite.

21,242. I see from paragraph 3 of the Statement that out of 3,981 Units 3,943 have shown surpluses, and 38 deficiencies, the average surplus per member being nearly £3, and the average deficiency about 16s. Could you indicate to us broadly how these results compare with the total of the 1918 Valuation?—I have the figures of the 1918 Valuation which are given in the Report which was furnished by the Government Actuary on the 1918 Valuation. There is a statement given in that Report which shows that the average surplus per member was just over £1 and the average deficiency was about 5s.

21,243. Have you any reason to believe that the 1923 results will be as favourable as the 1922 results?—The 1923 results in one respect will be more favourable because there is one extra year during which profits may have been earned. I might add that as regards the amount of money available for additional benefits there is a certain amount of equalisation between the two groups of units that are valued. When we split the valuations into two groups we changed the first group from a five year period of valuation to a four year period. As a result of that change the additional benefit schemes which were to run for five years had a currency of four years only, and so for the 1922 societies we have one year's unspent residue of their old benefit schemes which is carried into the new schemes. That one year's residue in the case of the 1922 societies will not be as much as the extra year's profit which will be earned by the 1923 societies; so that on the whole the 1923 societies will be slightly better off.

21,244. Can you tell us when the final results for the whole of the present valuation will be available?—In the spring of next year, 1926.

21,245. (*Sir Arthur Worley*): I do not want to ask any question that might be at all embarrassing. I take it from these figures that the total surplus is about £8,500,000 for the Societies you now mention?—The total surplus for the 1922 group of Societies, yes.

21,246. Do you know what was the corresponding surplus in 1918 for the same Societies?—They were roughly about the average of £1, so it would have been about £3,000,000.

21,247. Roughly speaking, the surplus is about three times as much as it was in 1918?—Yes, but although that is true, in point of fact it must be borne in mind that the £8,500,000 consists to quite a material extent of moneys which were carried forward from the last valuation. It is not all surplus earned within the period under review.

21,248. You made that clear. Allowing for the surplus earned and the balance which you are now bringing in, and bearing in mind that the result of the other group of Societies will be slightly better, as there will be a fifth year, would it be fair to assume that the surplus of the whole would be something like £40,000,000 or £42,000,000?—Yes, I do not think I should dissent from that.

21,249. The total surplus at the end of the 1923 valuation, which you say will be published some time in 1926, will, as far as you can roughly estimate, show a surplus of anything between £40,000,000 and £45,000,000; I put it at £42,000,000?—Yes.

21,250. But out of the surplus of £8,500,000 that we are now speaking of the Government Actuary recommends the retention of about £3,000,000?—Yes.

21,251. Carrying forward about £5,500,000?—No, not carrying forward £5,500,000, spending £5,500,000.

21,252. Spending £5,500,000 and reserving £3,000,000?—That is right.

21,253. So that in round figures he reserves three-eighths?—It is about one third in the normal case.

21,254. So that if you have £42,000,000, and the same thing applies—I take it probably the same proportion of reserve will be carried forward in 1923, when you get the whole of it?—Very broadly so, yes. I should think it would work out at something like the same proportion.

21,255. That would mean somewhere about £14,000,000 reserved out of £42,000,000?—Yes.

21,256. It is all approximate. That would leave a disposable fund of £28,000,000?—Yes.

21,257. To that has something to be added in the shape of Government grant?—The Government grant is only paid on expenditure as it emerges. There is nothing added at the time.

21,258. No, but in effect it is the same thing, is it not?—Yes.

21,259. So that there is £28,000,000 disposable and as and when you spend it there is going to be something more?—Yes.

21,260. Which, roughly speaking, will make another £5,000,000?—More than that; it is two-sevenths.

21,261. £8,000,000?—Yes, £8,000,000.

21,262. I do not want to get into confusion. I have got £42,000,000, and I have got reserved £14,000,000, which makes £28,000,000 disposable, and adding £8,000,000 it would mean something like £36,000,000?—£36,000,000 can be spent.

21,263. Which would mean an average of about £7,000,000 a year?—Yes.

21,264. So that if things go as you anticipate it would not be unreasonable to say that there will be a sum of between £6,000,000 and £7,000,000 to be disposed of each year in the ensuing five years by Approved Societies in some way or other?—Yes.

21,265. Therefore, going a step further—I do not suppose you will agree with me—if you could anticipate that the ensuing valuation was as good, it would mean that in the following five years after 1923 societies would be earning a disposable sum of about £6,000,000 a year?—If the experience was the same.

21,266. I think as a fact the last five years' experience has been rather better than it was on the previous?—Yes, but I should like to add that since 1922 the experience has been worse.

21,267. Worse than what?—Worse than the period between 1918 and 1922.

21,268. The last year has not been so good as the first four years of this quinquennium?—No.

21,269. What about 1924?—1924 was worse still.

21,270. That means to say that since 1922 the line has been going downwards?—Yes.

21,271. (*Mr. Evans*): Did the valuation period not finish in December, 1922?—For the first group of societies the valuation period finished at December, 1922. There is a further batch of societies which finished at December 1923.

21,272. (*Sir Arthur Worley*): So that taking the whole five years you will have one year, 1923, where the curve has been downward?—Yes.

21,273. And you know that experience was followed in 1924 similarly?—Yes.

21,274. How about 1925?—1925 was worse than 1924.

21,275. So that the curve is going the other way steadily?—Yes.

21,276. (*Sir Alfred Watson*): Is it not a little dangerous to draw conclusions from the 1922 valuations on a proportional basis as to what will happen when the whole thing is completed, because the 1923 valuations include one or two very large societies whose working was conspicuously less favourable up to 1918 than that of the general body of societies?—Yes, I agree.

21,277. I merely want to bring that out. There are factors working the other way to make us cautious

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Mr. A. HENRY.

[Continued.]

in estimating what the total surplus on the second valuation will be?—Clearly.

21,278. (*Miss Tuckwell*): You said the final results would be in our hands early in the spring. Can you fix any approximate date?—I said in the spring.

21,279. How early in the spring?—It depends to some extent on the pressure there is on the department. We have to get the results out within a reasonable time because the Societies' schemes have to be framed by June. We have to give the information to the Ministry of Health some time before that in order to enable the proper procedure to be carried through. I expect the majority of the valuation reports will be in the hands of Societies by the end of March, at any rate, though our experience shows that there may be one or two big Societies who find difficulty in getting their records completed, who have been behindhand in that respect. We shall not be able perhaps to complete their valuations until towards the middle of the year.

21,280. On paragraph 9, I suppose that as your Statement is merely descriptive all you are doing is to draw our attention to the fact that under National Health Insurance conditions are not favourable for the industrial employment of married women; you are not making any suggestion?—No, we are not making any suggestion; we are merely stating the fact that claims for maternity benefit of employed married women are definitely below the standard that we should expect, deduced from the whole population.

21,281. (*Mr. Evans*): With regard to the societies that have shown deficiencies, you say there are 38. Could you give any indication as to what kind of societies those are?—I think you will find they are quite widespread. They are not all societies, they are Units, and, therefore, include individual branches of affiliated Orders.

21,282. Would there be in these 38 any individual branches of, say, the Foresters? I understand each Court is a unit for valuation purposes?—Yes.

21,283. Would there be some of those in these 38?—Undoubtedly. I have not the figures in front of me, but there is no doubt that the Foresters had Units in deficiency.

21,284. You could not say whether any of the occupational societies would be among these?—I should like to point out that these 1922 Valuations were limited to the Foresters in the main, and one or two other affiliated Orders, and all the small societies, that is to say, societies with less than 25,000 members, and within that category you will not get a large number of the special trade societies.

21,285. (*Professor Gray*): Is it beyond your powers to give us any idea of what is perhaps the biggest surplus and the biggest deficiency, the range I mean, apart from average?—As regards surpluses you get what I may call freak societies, where the membership has decreased very substantially for special reasons and where the surplus which has been earned by a much larger membership becomes the property of a very much smaller membership on the valuation date. If you get a case like that you would, of course, get quite a large surplus, but apart from that I should say the normal range of surplus would not run up to more than about—I do not like to name a figure because of the individual circumstances of particular societies, but it might easily be three times the average.

21,286. The freak Society you refer to is the kind of Society where people pass out of insurance?—Yes.

21,287. At an early age, I mean?—Yes.

21,288. At the other end, what about the largest deficiencies? Is there any possibility of a corresponding freak Society there?—Not such a great possibility.

21,289. Is it also the case there that three times the average deficiency would be the highest?—I should like to put it in this way. As far as the 1922 societies are concerned I have only come across one case in which a claim upon the Central Fund

will be necessary; that is to say, I have only come across one case which is not covered by its own Contingencies Fund.

21,290. That is the point I was going to put to you. There is one case which has to go beyond the Contingencies Fund on to the Central Fund?—Yes.

21,291. Is it possible to ask what kind of unit that it?—The particular circumstance which cause that deficiency, if I remember rightly, was very heavy loss of contributions.

21,292. That was a society which has suffered through heavy unemployment?—Yes.

21,293. Can you tell us whether there is any case where as a result of the second valuation there is a possibility of the rate of additional benefits having to be diminished?—From what it was at the valuation date?

21,294. Yes?—There are isolated cases, but they are very few.

21,295. I suppose they will be protected, in fact, at present by the Contingencies Fund coming in?—I do not follow that.

21,296. I understand that there is a considerable sum of money brought in which does not really belong to this valuation period at all, the earlier Contingencies Fund?—Yes, we brought that in on the 1st January, 1919.

21,297. And that is in a sense available; it went into the pot and is now available?—Quite.

21,298. So that there are only isolated cases where there will be a diminution of additional benefits?—Yes, very few. I have come across cases, but they are very few in number.

21,299. I suppose also in part that undesirable result has been avoided by your previous cautious policy in reserving a certain amount?—That has contributed towards it, although I may point out that the reserve which is now being made for the maintenance of the present rate of benefits in accordance with the wish of the Minister of Health is at least as substantial as the reserve made in 1918.

21,300. But still you are pursuing a cautious policy all the time, a wise policy if you do not like "cautious"?—The policy which has been pursued now is under the instruction of the Minister of Health. I should like to make that distinction. It is not a policy which is dictated from purely technical considerations.

21,301. As regards some of these profits, can you tell us something with regard to what you label "mortality," which I understand is caused by the increasing expectation of life, is that the idea?—If you like to put it in that way, yes.

21,302. Can you say where the increasing expectation of life is taking effect? By that I mean, is it the case that the child of five has now an increased expectation or is it the man of 70. Has not that some bearing on the question of societies?—Of course, the child of 5 has no bearing on societies.

21,303. No. If you have, as I understand is the case, a general lengthened life, you might get that by letting old people of 70 live longer than they used to, or it might affect the people of 35 or 40?—May I put it in the broadest sense without going into the details of the case. We have recently constructed tables of mortality based on the years 1920 and 1921. You will find those tables in the Appendix to the Government Actuary's Report on the Contributory Pensions Bill. They show that the improvement of mortality is very small indeed at the age of 16, and very small at ages over 70. The big improvement in mortality is in the middle ages of life.

21,304. That improvement, of course, would affect Societies?—Yes. Since you have mentioned the child of 5, I may add that there has been a very big improvement in infantile mortality. So far as Societies are concerned the big improvement is in the middle ages of life.

21,305. Has the other question of the fall in birth rate which takes place alongside the fall in death

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Mr. A. HENRY.

[Continued.]

rate any bearing on the matter? Does the Society gain in any way by diminished maternity benefit, diminished claims during pregnancy, and so on?—You will see that the profit on maternity benefit is included as an item in the profits.

21,306. With regard to the profits you get from interest, as I understand it, that profit of interest is partly due to the fact that interest is paid in excess of 3 per cent. and partly due to interest on surplus. Can these be distinguished?—They can be, if necessary.

21,307. They are rather different ideas, are they not?—Yes, they are somewhat different.

21,308. Ultimately I take it there is no reason why the surplus of societies should go on increasing. What they have as a surplus they disburse as benefits?—Quite.

21,309. So that if this is going to continue as a large item—and at present it is a very large item—presumably it will be very largely owing to the rate of interest paid?—Yes.

21,310. With regard to the profits which you make on additional benefits, as I understand it, that is due primarily to profits on the cash benefits: it is not profits on non-cash benefits?—No, there are no profits on non-cash benefits.

(The Witness withdrew.)

Councillor JOSEPH HENRY BARNBY called and examined. (See Appendix LXXXVIII.)

21,317. (Chairman): You are Councillor Joseph Henry Barnby, and are giving evidence on behalf of the Council of the Metropolitan Borough of Stepney; is that so?—Yes, sir.

21,318. I gather that the main point you wish to urge is that men employed casually and intermittently under any Scheme set up by Public Authorities for providing work for the unemployed should be exempt, and that their employers should also be exempt, from payment of Health Insurance contributions which are at present required?—It would be essential, because I dare say you know that if a man has not been at work for six months and he comes to do a month's work for any authority it is not classified at the Labour Exchange as a means of drawing unemployment benefit, because it is known as relief work, and the Ministry of Labour do not count those stamps; and in regard to National Health Insurance, if he has been unemployed for six months and he is an insured contributor, it is really no benefit to him at all, because in reference to arrears he would still have to pay his arrears, 12s. or 7s. as the case may be. Let me put a supposititious case: a man has been out of work 12 months: he gets one month's work from the Borough: those four stamps would be perfectly useless to him.

21,319. Do you put this proposal forward on behalf only of the Metropolitan Borough Councils mentioned in your Statement, or do you suggest that it should apply generally to men employed in this way by Public Authorities?—The Stepney Borough Council issued an outline of the steps they were going to take with regard to this matter. Certain Metropolitan Boroughs fell in with our ideas, and consequently I consider that the proposal should apply generally; but personally I was fighting it on the question of Stepney alone when it first came before us.

21,320. Have you any information as to how the proposal would be regarded by other Authorities up and down the country and by the men concerned?—I believe at present there are seven different Boroughs who have written and said that they agree with our Statement; for instance, the Metropolitan Boroughs of Holborn, Lewisham, Westminster, Camberwell, Deptford, Finsbury, and Kensington; Wandsworth and Woolwich do not employ any casual men; and only Paddington and Lambeth among the Metropolitan Boroughs have expressed themselves in disagree-

21,311. Because in non-cash benefits you set aside a certain sum which is more or less disbursed?—Quite.

21,312. The actuarial question comes in only on cash benefits?—Yes.

21,313. Must there not always be on the present arrangement a certain surplus of additional benefits because of people going out of insurance, and so on?—Yes, that is the source of the profit.

21,314. The point I had in mind was this, whether an allowance should not be made for that. As I read this Statement there always will be a profit of this kind owing to the fact that people pass out of insurance during the five years. Is that a thing that can be estimated so as to allow for a closer calculation?—We take the view that contingencies which are dependent on the exercise of individual will are not matters which should be brought into the valuation and estimated in advance.

21,315. Of course these things are not entirely dependent on the individual will, are they? People die, that is not individual will?—The contingency of death is allowed for.

21,316. This is merely the contingency of change of society or going out of insurance?—Yes.

(Chairman): Thank you. We are obliged to you for your evidence.

ment with the proposed exemption. So there are only two Boroughs in the Metropolis which do not associate themselves with this idea.

21,321. Have you considered in detail the form of words to be used to describe the kind of employment which you would wish to exclude from compulsory insurance?—No, I have not, because the Borough Councils employ men on many different kinds of work such as sweeping, road-making, electric light, painting, and such like.

21,322. With regard to paragraph 4, the period from midnight on Saturday to 7 a.m. on Sunday would not be, as you state, the beginning of a contribution week but the end, would it not? So that if a man had done any other work since the previous Sunday his card would already have been stamped and no contribution would be required in respect of his work under your Council?—That is quite right. Another thing is this, it is a recognised fact that the Port of London Authority, one of the biggest Authorities in London I believe, do not affix any stamps, either Unemployment or National Health stamps, for any Sunday work that is done; so that if a man got no work after Sunday he would still be a stamp short on his card.

21,323. I am afraid I cannot see the point of paragraph 8 (3) of your Statement. Surely in the case with which you are dealing Sunday is a working-day?—Sunday is classed as a working-day where a man has to go to work, but it must be borne in mind that should sickness come along you only receive six days' benefit, and should unemployment come along you only receive six days' unemployment benefit, though there are seven days in the week.

21,324. With regard to the first of the grounds mentioned in paragraph 13 of your Statement you realise no doubt that although many weeks may elapse between the occasions on which a man works for a particular Authority, he may in the meantime obtain occasional work from private employers who would be liable to pay contributions. How would you meet that point?—Just the same. Let me take the Port of London Authority and put a supposititious case. A man last Sunday went to the Port of London and worked there on Sunday: there was no stamp on his card: Monday and Tuesday he receives no further work: somebody may come along and give him a chance to do a job: supposing he gets a job on Wednesday: if he pays the ordinary rate so that he

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[Continued.]

becomes within the law that contribution would be paid; it is the duty of the employer to pay that; it is I think, correct. I still maintain that Sunday is not a day for the contributions to be paid.

21,325. How would you justify excusing the payment of contributions for the class of work which you have in mind, whilst requiring contributions to be paid when a man gets similar work from a private employer?—As regards both a private employer and the Council I doubt if the employer would have to pay his stamps if he employed a man on Sunday; he should not have to. Also as regards a private employer, he does not take on a man like that: he does not take on a man for one week in 12 months or one month in 12 months the same as the Borough Council does; it is really relief work.

21,326. (*Professor Gray*): What is your authority for saying that work on a Sunday alone does not carry with it the liability of insurance? Surely that is quite contrary to the Act?—Because the greatest Authority in London do not recognise it. They do not pay the contributions in such cases.

21,327. Has that been brought to the notice of the Department responsible? Have they any authority for doing that?—I should say the P.L.A. with all their wisdom should know the meaning of the Act.

21,328. You cannot refer to anything in the Act or Regulations which justifies them in this action?—I have not seen it personally.

21,329. (*Chairman*): You are aware, of course, that in normal times large numbers of men are employed in casual work at docks and elsewhere, and that contributions are required for that work?—Yes, but in the case of these men, it is their usual employment: they are registered men. Probably you know there is a Port registration, and there are a certain number of men who are registered. Probably you have seen their ticket which proves the registration. These men follow up the place, they may get two days a week, they may only get one day a week, but if they get one stamp a week, perhaps they are out five days a week, but still they come on and draw their unemployment pay, and also they draw their National Health Insurance benefit should sickness come along, because probably these men are fully paid throughout the half-year. Take my own case. I am a casual man at the docks. Perhaps I do one day per week, but still at the end of the half-year I send in a fully stamped card, and I do not fall into arrears.

21,330. Do you think that any real distinction can be drawn between cases of that type and those with which your Statement deals?—No, I do not think there can be.

21,331. Assuming that a man gets no other job in the intervals between his work for the Council, do you realise that in some cases an odd stamp or two from the Council may have important consequences in keeping his Insurance rights alive; and further, that these stamps may help to make up the number required to qualify for benefit?—I must give a similar answer to the one I gave previously. It is this. Here is an arrears card. I do not know whether you have seen it. This man had to pay 7s. It distinctly says here that if the man has only got 26 stamps on his card or under 26 in a twelve-month he has to pay 12s. arrears. If a man has been unemployed for 11 months and he gets one month's work with the Borough or one night's work with the Borough, can you tell me what is the utility of those four stamps or that one? It does not help him in any way.

21,332. With regard to the second ground in paragraph 13, would you kindly explain in a little more detail what you have in mind? Is it suggested that the fact that a craftsman during times of trade depression obtains casual work outside his ordinary trade is any reason why contributions should not be paid?—He is on a par with the casual man. I daresay you are quite aware that there are many unfortunate craftsman signing on at the Labour Exchange and they have to sign on what we call the Relief Com-

mittee book at the various Libraries, by which they get a month's work. It all comes back to the same answer as I gave previously. I do not see how it helps a man at all. Say a man has done seven month's work and he gets a month's work under the Borough Council; those four stamps help him a good deal. But in the other case I do not see where it would help him in the least.

21,333. We are also not quite clear about the third ground mentioned in paragraph 13. Have you any information tending to show that contributions are not paid for other classes of casual work which come within the Acts? Can you give us any examples?—In regard to that, taking all casual work anywhere, if a man only does one day's work in any week, as I said before he has the cost of the stamp stopped. But as regards the Borough Council work, being relief work, I cannot for the life of me see where it helps him at all. I am one of the men who sit on the Local Employment Exchange Committee, and definite instructions are laid down that this relief work and those stamps do not count. I cannot see why these men should be penalised, seeing that they only get one month's work perhaps in 12 months. Some get one month in two years. Some get one night in a twelve-month and some one night in two years. What is the use of making their burden harder than it is? God knows their burden is hard enough without any Borough Council or any Government, irrespective of what Government it is, penalising these men and making it worse for them than it is. I, being a worker and a casual man, know where the hardship hits, and am out to try and alleviate that hardship on my class.

21,334. (*Mr. Evans*): What you object to really is the stamp for Sunday work, I think, or for week-end work?—That was my chief objection.

21,335. These are men who simply do, say, a few hours' work or a day's work during the week-end just because they are unemployed?—That is right, and it is just the same with the month's work. In the Port of London I know some men who have been out of work for three or four years. All they have to depend on is this month, when their turn comes round, for work under the Borough Council. A man may get a month this year, and I get my life absolutely worried out of me by being asked: "Will you give me a letter to write in for work?" I know it is a hardship. I speak from personal knowledge, unfortunately, and I know it is a hardship for these men to have to pay insurance contributions. I know it is only a paltry 5d., but that 5d. will get a man half an ounce of tobacco.

21,336. If a man has not done any casual work is he then eligible for this relief you refer to?—Yes. The best part of these men unfortunately are signing—and not only signing but applying to the Board of Guardians—and they have to declare this night's work and the cost of the stamp is stopped from their relief. We know it is only a matter of 5d., but 5d. to a man who just for one night in the 12 months receives 16s. 9d. and has the 5d. stopped is a consideration. Also with regard to a man who gets a month in 12 months on casual work for the Borough, I do not see why they should stop the 1s. 2d. I know it is the Act, but if you gentlemen in your judgment would give the Council the power to pay it themselves—if you are going to force its being paid—the Council would be quite willing, I am sure, to bear the expense.

21,337. Of course, the month you refer to now is merely four week ends?—No; it is four full weeks' work, and for the four weeks they are on that work they are off the Guardians. It is really a matter of relief work so as to stop the deterioration of the men. People who mix with these men and know them find it is a most terrible thing to see men who have been out of work for three or four years. I think what I suggest should be done to alleviate their trouble.

21,338. Your point is that if they have four stamps on their cards?—They are useless practically.

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For one thing, if you give a man six months work in a year he would not come for unemployment benefit because it is relief work. Sitting on the Rota Committee I have had to turn these men down unfortunately, although it is strongly against my ideas and principles. You are bound so much by the instructions from the Ministry of Labour that you cannot help yourself.

21,339. (*Professor Gray*): I understand that in these cases unemployment contributions are not payable because these are relief works?—They do stop them, but they do not get paid for unemployment benefit owing to this being relief work.

21,340. Coming to this question of casual employment, your contention is, I think, that this is rather a peculiar case, and that this particular type of casual employment you get only under Local Authorities in relief works and that kind of thing?—That is quite right.

21,341. And you said that you did not find that in private employment people were taken on for a week a year or two or three days a year. Did you not say something to that effect?—No, I did not. I distinctly said that the private employer has to stop for the stamps according to the law.

21,342. But I understood you to say that you did not find so much of this kind of casual labour in ordinary employment?—The employer does not employ the men on that system. He has a different idea entirely. A man at the docks has a ticket. He is a registered man, and he applies for work and is taken on. He may get on to-day but he gets on to-morrow. If he only does one day per week he gets his stamp and also he comes in for the share of his benefits; whereas with regard to these men that I am fighting for at the present time it is absolutely useless to pay, because they receive no benefit from it.

21,343. I should like to hear what is your reply to the question put to you as to how you could justify excusing contributions in this case, whilst requiring them in the case of a private employer who takes on a man for two or three days at a time at long intervals?—Say he took him for two days a week.

21,344. No, I do not mean two days a week; I mean three days a year. How would you defend, in that case, the stamping of cards by the private employer?—Certainly he would stamp them, but I am not in touch with the private employer.

21,345. It seems to me that a very much stronger case could be made out for exceptional treatment in a different kind of casual employment from that which you have in mind. Take, for instance, the case of casual work in a small fishing town where the fish-curers have their regular workers who carry on for most of the time. If a big catch comes in—which may happen twice a year only—what happens is that they send the bellman round the place and a certain number of married women who have been workers in their youth turn out, and they may do two days' work twice in a year. Is not that a much stronger case than yours?—It may be a stronger case; but how about the man who does one night on a Sunday a year? Is not that a much stronger case?

21,346. Every Sunday?—One night a year—Sunday. I think that is a much stronger case than two days a year, seeing that it is a Sunday at that.

21,347. I will tell you why I think it is not stronger than the type of case I have put to you, and you will find other cases of a similar kind. Take, for instance, the case of a woman who is brought into a tea-shop on bank holidays. That kind of case occurs. The woman is called in to a tea-shop on Easter Monday, Whit Monday and August Bank Holidays, and that is all the work she does. In that kind of case, and in the case of the fish-girl, these people do not ever mean to work regularly. Their working days as employed contributors are past, and they do these things to oblige. They have no intention of coming back to regular employment; whereas I suggest that your people have all the time the

status of employed contributors. Your men expect to go back to work, do they not?—I hope so.

21,348. That is what they want, and in that respect I suggest to you they are in a different category from the great bulk of entirely casual workers up and down the country who are people who have no intention of ever entering into regular employment; is not that so?—I am afraid you are right to a certain extent.

21,349. From that point of view is it not the case that your people gain something by in fact being insured? I am putting aside the others with regard to whom perhaps there is more to be said. Do not your people, who have the status of employed contributors and mean to return to employment, get something from having their insurance stamps put on from time to time?—It is only the same thing again. If you can point out to me where four stamps are any use I shall be glad. Suppose a man gets a month's work a year. Can you point out to me where four stamps are any use to any contributors? If so you will greatly surprise me.

21,350. You have handed in this Notice of Arrears card and you say that the arrears were 12s. As a matter of fact the arrears penalty here is 7s.?—I know that, but have a look at the back. Under 26 weeks the penalty is 12s.

21,351. But that at the present moment is ineffective. Contributions are credited to make the number up to 26?—If the man only has four stamps on his card can you tell me where is the utility? How much arrear would he have to pay?

21,352. Apparently in this case 7s.?—Yes, he pays 7s.

21,353. If he has contributions they are made up to 26?—Men who have been out of employment three and four years have to keep paying that every year. There is no benefit for them; there is no benefit at all.

21,354. I suggest to you that in this case he is entitled to the minimum benefits and can get full benefits on a payment of 7s.; whereas he would have had to pay 12s. or he might have gone out of insurance?—Yes.

21,355. Is it not some benefit to get the minimum benefits, such as they are, if that can be arranged as against what it is now?—Yes, but that is not my argument. I say: "Where is the utility of the four stamps to him? What benefit is he going to gain by them?" They are useless as a contribution under the Unemployment Act because they are not recognised owing to the fact that it is relief work.

21,356. I suggest to you that it keeps him in insurance, if that is any advantage?—He is never out of insurance in regard to unemployment.

21,357. But we are talking about health?—That is so in regard to health. You see, this man has gone out of employment. If you look at that card you will see he has not paid up or else that card would not be there. That man has gone out of insurance. It ought to have been in on November 30 last.

21,358. Do you not realise that the payment of a contribution, even if it is once a year, links up the insurance and keeps the man in? You may argue, on the other hand, that it is no good being insured if that is the line we take?—You are a great way out there. I believe that it is a very good scheme; but the point I am fighting on is that I do not see why these men should be penalised when it is useless to them.

21,359. Do you suggest that the Council might be willing to pay the whole contribution?—Probably they would if you could not see your way to drop it.

21,360. What prevents them?—Why, the Act.

21,361. I am speaking perhaps beyond my knowledge with regard to Borough Councils, but there is nothing in the Act which prevents any employer who so desires from paying the whole contribution?—But it distinctly states in the Act that it shall be made up by three classes, the employer, the contributor and the State.

21,362. Excuse me, but what the Act says is that the insurance contribution shall be paid first by the

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employer who may recover and who may not recover, if he so desires, the worker's share, and, as a matter of fact, there are a great many employers up and down the country—particularly with regard to domestic servants—who make no attempt to recover and who pay the whole contribution?—There is my insurance card and there is the other card inside.

21,363. It says: Contribution 10d. a week; employer 5d., worker 5d?—The State contributes as well.

21,364. In the note below that it says that if the employee is between certain ages the employer can only recover the following weekly amounts. The card explains that the employer's power is to recover if he so desires; but there is nothing, I suggest, which prevents an employer paying the whole lot if he likes. It is done in any number of cases, rightly or wrongly—I mean from the point of principle. It may be—perhaps you, as a Borough Councillor can tell me—that the Borough Council do not like to do this, because of the fear of the auditor; is that so?—I should say so, yes.

21,365. Have you any knowledge of cases which have arisen where the auditor has taken exception to a Public Authority paying the whole amount?—No, I have not. I do not know of any personally.

21,366. From your point of view might it be worth while, in view of your suggestion, raising the question whether this contribution could not be paid in whole by the Council?—I would in regard to the 4-weeks man; but as regards the one-night man I should say no. I should say that the Government or the Authorities of the National Health Insurance should waive that point.

21,367. But what you did not tell the Chairman and what you have not told me, though we both tried to get it, is how you are to distinguish that particular case from the case of the private employer whom I have mentioned. I have mentioned two cases, but there are any number of them. There is the case of the casual worker at harvest time; people who are taken on to hoe turnips, which work may only last two or three days. In that type of case how are you going to distinguish the two? I suggest the other case is a much stronger case. Your people are insured people and want to get back to work. The other people are not insured people and have not been insured people. They have no desire to get back to work, and all they do is an odd few days a year?—Your idea is that they should pay contributions for that work. They cannot pay contributions if they are not insured.

21,368. But they are insured, I suggest, by reason of the day's work under a contract of service. In these cases I put it to you that what happens is that there is a provision whereby if a person works for only a few weeks in a year he can apply for a certificate of exemption on the grounds that he is not employed for enough weeks a year, and in that case the employer pays his bit and the workman gets off. But that can only be done retrospectively, and I suggest that it does not apply to your people you are actually anxious to get back to work. Your people, I take it, are really desirous of full-time employment?—If they can possibly get it, certainly.

21,369. In that respect I suggest that you differ very much from the true type of casual worker who merely does a job occasionally, and who, even in a good year, may not do more than three or four weeks a year, because he does not want to?—But take the people I am speaking about. They do one night a year or four weeks, and some of them have been unemployed for four years. Look at the position they stand in. They get one night's work at 16s. 9d., and they have 5d. stopped out of that. Before this question came on in 1923 they used to take the men on at 10 o'clock at night and they paid them 9s. 7d. They had to draw their insurance cards from the Labour Exchange, and they lost that day's pay, so that they did a night's work, and when it was shared

out it ran to about 2s. 6d. Therefore there was no incentive to the men to work at all, and that was settled.

21,370. I do not want to argue on that point with you, but I suggest to you that an occasional day's work of that kind may serve to keep insurance alive, for what it is worth. Then you spoke about sickness benefit being paid in respect of six days only and no pay being given in respect of Sunday. Is that wholly correct?—That is perfectly correct, certainly.

21,371. Is not the position that the Act and the Rules of the Society provide for a payment of so much per week?—That is correct.

21,372. And as a matter of convenience, seeing that seven is an awkward number to divide by—more awkward than six—in actual practice it is divided up into six bits, which is really a weekly payment?—You are trying to get round me in some way, but you cannot get round me that way. It distinctly says, taking the unemployment, that it is 8s. per day. If you take National Health you will find, I admit, that it says 15s. per week. But that does not mean to say that Sunday is included in it. Do you get paid for Sunday? Sunday at the first start was classed as a waiting day.

21,373. I suggest to you that if a man normally works on a Sunday he is paid in respect of Sunday?—I say no. Take the case of a man who works every Sunday—and I know there are a lot of men who only work on a Sunday—they pay for no stamps at all. How do you account for that? One of the greatest authorities there is—and the Port of London Authority is one of the biggest authorities in the British Isles—does that.

21,374. (Sir Arthur Worley): But it is not a big authority on the Insurance Act?—No, but it is as an employer of labour.

21,375. (Professor Gray): I suggest to you in the first place that there is possibly some further explanation with regard to the Port of London Authority, because I cannot imagine any inference drawn from the Act or Regulations which would justify a person employed on Sunday only not stamping. I suggest to you, further, that if you look up the Act and Regulations you will find that where an insured person works on a Sunday normally, Sunday counts for benefit?—With regard to that it distinctly says in the Act that the stamps should be placed on the card on the first day's work. If that is so, why is not the stamp placed on the card on the Sunday?

21,376. You have to define a week somehow. A week has to begin somewhere for the purpose of the Act?—You are going to twist me in some way to get your point. I do not blame you; you have your point to make and you are twisting it some way or other. But it distinctly lays down there that the employer must stamp the card on the first day's labour. If you class Sunday as the first day, why do not they stamp the card on that day? According to your version they are liable to imprisonment for not complying with the Act.

21,377. I think the Act lays it down that the week is due to begin on a Monday?—That is right.

21,378. Does not that answer the question if, for the purpose of the Act, Monday is the first day of the week?—I believe if they had had a few working men when they first drew that up they might have made a better job of it. I should not be at all surprised if they had not made a better job of it. These things are all very well in theory, but it is practical knowledge that counts. These people are all right with their lawyer sort of business you know, but there is the workman's point of view. He looks with different eyes on their wording; he has to read it twice and he works it out to his idea. They put four or five different ideas to him and never one of the ideas comes his way. His ideas are absolutely different from theirs every time, because they look at it with different eyes. Unfortunately for them they never let them see it. If they saw it they would

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see the meaning of it and they would say: "This is very odd to me." When you never receive anything and never have to pay, it is a different point entirely. Probably I should have the same idea.

21,379. (*Mr. Jones*): On that point, take the case of a tramcar driver working on a Sunday who fails to turn out one Sunday morning because he is ill. When do his waiting days count from?—From Monday. When the Act first came into force, if I am not mistaken, Sunday used to count as a waiting day, but now it does not.

21,380. When he is ordinarily employed on a Sunday?—Now it does not count as a waiting day. They start from Monday and he gets his pay on the fourth day.

21,381. My idea of it is that in the case of a tramway driver, his waiting days would be Sunday, Monday and Tuesday, and if he were sick on Wednesday and Thursday then he would be entitled to two days' benefit?—If he was taken ill on a Saturday the waiting days used to be Saturday, Sunday and Monday, and he started to receive benefit on the Tuesday.

21,382. But that is only the case now if the man is ordinarily employed on Sunday?—Yes.

21,383. If he is not ordinarily employed on Sunday, then Sunday is not a waiting day?—So that the man who is taken ill at the present time on a Saturday does not come into benefit until Wednesday.

21,384. If he ordinarily works on Sunday?—If he does not work on Sunday.

21,385. Sunday is not a waiting day if a man does not ordinarily work on a Sunday?—That is what I said.

21,386. No; you were saying something different, I think?—If a man is always working on a Sunday. They do not all work on a Sunday, do they?

(*The Witness withdrew.*)

Mr. THOMAS WOOD HUNTLEY called and examined. (*See Appendix LXXXIX.*)

21,395. (*Sir Arthur Worley*): You are Mr. Thomas Wood Huntley, Past Most Worthy Patriarch of the Order of the Sons of Temperance. You are submitting to us on behalf of the Order the Statement which we have before us?—Yes, sir.

21,396. We note the various positions in connection with Health Insurance work which you have held and that the total abstinence pledge is a condition of membership of the Society both on the private side and State side?—Yes.

21,397. I gather that the Society has a membership of about 130,000. Is that the total membership? Could you say how many are members on the State side?—That is not the total membership. What we show in our Statement is the actual State membership.

21,398. What is your total membership?—In the year 1922 the actual State membership was 90,757 men and 40,765 women, making a total of 131,522. On the private side at the same time the adult membership in Great Britain and Ireland was 133,396. At that time the dual membership was 76,417. So that the position in 1922 was that we had on the private side 133,396, and of these 76,417 were also State members, which gives a percentage of 57.

21,399. You had under 14,000 that were not on both sides?—About 56,000. On National Health Insurance we had 131,522, and the dual membership worked out at 58 per cent.

21,400. The Society is organised as a branch Society and the financial units are the Grand Divisions of which you have 35. I see that the smallest of these units has a membership of 128. In this connection we should like to hear your views on the question of a minimum size for such financial units. For example, is it your experience that a unit of 128 is large enough to support a Health Insurance Scheme?—There does not appear to be any reason why 128 persons should not support a National Health Insurance Scheme, as in fact the unit mentioned actually

21,387. No, but I am instancing the tram driver who mostly works on a Sunday and gets his seventh day off some time in the week?—That is done sometimes, but they do not all work on a Sunday.

(*Mr. Jones*): I think most of them do.

21,388. (*Miss Tuckwell*): Do you think that all these different Metropolitan Borough Councils that you are representing would be willing, if there was no other way out of the difficulty, to pay the whole contribution?—I could not say as to that. I hold no brief from the others at all. I have only come here in reference to the Stepney Borough Council. They fall in with our views, but I cannot answer for that and I should not like to take that on my own shoulders.

21,389. Why did not Paddington and Lambeth also support you?—That is a question I could not answer; I have not had the information. I do not know whether they employ anyone in this way.

21,390. Perhaps they do not?—Perhaps that is so, but I really do not know.

21,391. (*Mr. Cook*): Did you not say that in your opinion, if the law allowed it, Stepney Borough Council would pay the whole amount?—I should not be at all surprised. I should think that if the Commissioners would allow the Council they would do that, and pay the expenses themselves.

21,392. You would allow them, and Professor Gray points out that there is nothing in the law, so far as we know, to prevent that being done?—Quite so.

21,393. (*Professor Gray*): Unless it is, of course, the auditors?—Yes.

21,394. (*Mr. Jones*): As regards Sunday labour you should consult section 10 (3) of the Act of 1924. I think that makes it clear?—I will look at that.

(*Chairman*): We are much obliged to you.

does support a scheme, but the number in this unit falls far short of our ideal for a Grand Division for either our private side or Health Insurance purposes, and as will be seen from paragraph 20 of our Statement the average number of branches in our Grand Divisions is 34—that is these financial units—and the average membership 3,974. On the subject of small Societies we express our opinions in paragraph 104, 105, and 106, and we are strongly favourable to their continuance. Personally I should think that 20 persons could carry out the functions required by National Health Insurance if amongst that number there are persons willing to perform the clerical duties.

21,401. I am not talking of the efficiency of the clerical work, but would 20 or even 128 be enough to give an average. After all, National Health Insurance, like all other insurance, is a question of average?—It would not if the whole membership was divided into such small units, but I think it is possible to carry on with a small unit and have success. That is not the system on which we work. We work on larger units.

21,402. (*Professor Gray*): What would happen if one man was in benefit constantly?—It would be a very serious drain on the funds, no doubt.

21,403. (*Sir Arthur Worley*): If you had a couple of permanents you would kill the thing?—It certainly would be very dangerous.

21,404. It is quite possible without any very great stretch of imagination to imagine having two. You do not consider 128 ideal by any means?—No, certainly not.

21,405. In paragraph 23 you refer to the insufficiency of the administration allowance where membership lies between 5,000 and 10,000. Is it your argument that both above 10,000 and below 5,000 the flat rate allowance is sufficient and that it is insufficient between those two figures?—Our experience has worked out something like this: where a unit has,

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say, 3,000 to 5,000 private side members and National Health Insurance members about the same numbers, an office and one or more permanent employees are needed to carry on the work. The per capita expense is larger in small units by reason of the overhead charges, and to meet the situation the permanent staff in some of our cases has not been adequately remunerated from the administration allowance that has been paid in the past. Where there was no office accommodation to provide and in some cases no permanent officers were employed, the units of under 3,000 found the administration allowance quite adequate. Units of 5,000 to 15,000 also have had deficit experience though by adjustments made in the allocation of expenses the number of units showing deficits in administration account at the end of 1923 was reduced to 10. For that period audits in respect of five units have not yet been completed. So we come to this final conclusion: that when the numbers in units are 15,000 and over the allowance meets the requirements, and when the smaller numbers do not require office accommodation or permanent staff there again the administration allowance has been found to be sufficient.

21,406. That is rather an argument for 15,000 or more, is it not?—Yes, certainly it is.

21,407. On the other hand, with very small numbers there is a great danger of abnormal experience striking them and upsetting them?—Agreed.

21,408. And, further, unless you get the numbers the allowance which is sufficient for one of your rivals is not sufficient for you?—Quite so.

21,409. I see from paragraph 24 that in 1921 there was a net deficiency of about £2,600 on the Administration Account, but that by the end of 1922 this had been converted into a surplus of £964. Can you tell us the position at the end of 1923 and 1924?—It has to be borne in mind that the surplus of £964 referred to in that paragraph is arrived at by aggregating the surpluses and deficits of 35 units. An analysis of the membership and the condition of the relative administration accounts of those units bears out the statement expressed in our paragraph 24 as to the relation of costs to size of unit. The aggregate of the surpluses of 17 Grand Divisions—we have 35—was £3,879. Of that sum one unit, which is our largest, London, with 30,000 members claimed £2,145—that was out of the aggregate surplus of 17 Grand Divisions of £3,879—leaving £1,734 amongst 18 other units whose average membership was 1,700.

21,410. Your figures and explanations are rather a powerful argument for a larger unit?—Yes. In the year 1923 the surplus has been shown to be £846, which is not much different from that of the previous year. In the year 1924, I am sorry to say, the figures are not yet available because the audits have not in most cases been touched.

21,411. In paragraph 25 you set out the cost of administration per insured person for the year 1918, showing a total expenditure of 3s. 4½d. per head. Can you give us the corresponding figures for later years?—I am sorry I cannot. I have not had them provided for me yet. If you would like them I think I could manage to get them and put them in.

21,412. Thank you, if you would put them into your Statement. 1918 is pretty old?—Yes. 1918 was selected because that was the end of the First Valuation period.

21,413. If you can give us the other figures you will send them in?—Yes.

The additional table promised is inserted at the end of the Statement submitted by the Society (Appendix LXXXIX).

21,414. I note the investment position of your Society as stated in paragraph 26. You are quite satisfied, are you, with the arrangement by which half the amount available for investment is invested by the Society and half by the Ministry through the National Debt Commissioners?—I should like to

give a qualified answer to that question. It is understood that on the investments made by the Ministry through the National Debt Commissioners an average rate of interest of 4½ per cent. is being credited to Approved Societies, though the interest earned is actually more than 4½ per cent., and that the difference is retained ostensibly for the purpose of stabilising the rate of interest to societies at 4½ per cent. for a longer period than otherwise would be the case. To that arrangement we raise no objection so long as the whole of the interest earned eventually comes into the accounts of the Approved Societies. But as was the case in making up the per capita fee for panel practitioners, the balance left proves a source of temptation to the Department when other claims come along. Then we are decidedly of opinion that the whole of the money available should be invested by the societies rather than that that temptation should exist.

21,415. Life would be pretty dull without temptation, would it not? At any rate, that is your qualification?—Yes.

21,416. What about depreciation? Are you not more or less guaranteed against depreciation for the one half?—Yes, but the operation of stocks would be the same in the hands of the societies.

21,417. I am speaking from memory. If you took gilt-edged stocks on the 1st January this year down to date you would find there is quite a depreciation?—Quite so.

21,418. You are shielded on one side, but not on the other?—If we had the total earning power in the first instance we would be observing the same method employed by the Ministry at the present time, that is to say, we would have had greater interest added to our funds to provide for the day when interest was reduced.

21,419. It all depends on how long the depreciation goes on?—Yes. I think societies generally have proved themselves quite capable of investing their funds to the best advantage.

21,420. I notice that on the first valuation, out of the 35 divisions 29 had disposable surpluses amounting to £64,000 in the aggregate, five had surpluses too small to allow of disposal, and one was in deficit to the extent of £302. Could you give us the membership of this division which was in deficit and a general description of its occupational character?—The Grand Division, that is the financial unit in question, was Bishop Auckland, in County Durham, and it comprised 2,800 members insured persons, and their occupation was almost entirely coal mining.

21,421. I note from paragraph 40 that in spite of the loss of contribution income due to unemployment you think that a scale of arrears penalty should be maintained. You feel, do you, that this brings home the insurance principle to the contributors and is a valuable feature in the present arrangements?—Yes, we think it is worth preserving, though a modification of the penalties might be desirable.

21,422. You would keep the principle and modify the amount?—Yes.

21,423. Would you not be in favour of an arrangement under which absence of contributions in respect of a period of proved inability to obtain employment did not involve any penalty in the form of reduction of benefit, if such an arrangement was found possible?—We are afraid of the effect of dispensing with the principle of benefit being dependent upon payment of contributions. It is a principle recognised in all types of societies and institutions, and so long as the penalties are not harsh, it enables the insured to appreciate the system of insurance and prevents indifference and carelessness in respect of surrender of cards, and in answering inquiries relating to the same, which even now are present in no small degree.

21,424. I note in paragraphs 41 to 53 your proposals for the extension of the range of medical benefit. You put the provision of consultant and specialist work first and consider it of great value in rounding off the present medical service?—We do, Sir, most decidedly. We consider the provision of consultant

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and specialist and diagnostic facilities as primarily necessary in any extension of medical benefit.

21,425. You would put this extension definitely in priority to dental benefit?—As a statutory benefit, yes, Sir. Dental treatment will be available to a large proportion of the insured members during the next five years as an additional benefit, and we certainly think, taking that fact into consideration, the other benefits should have preference.

21,426. I suppose you would still desire to have the extended medical benefit administered by the Insurance Committee on a local basis?—Yes, we think that these services being purely medical in character their administration legitimately belongs to Insurance Committees.

21,427. Returning to dental benefit on the other hand (paragraphs 59 to 62) you think that if it is made a general benefit it should nevertheless be administered by the Approved Society. Why do you make this distinction between dental benefit and the extended medical benefit?—Dentistry is a form of treatment recognised as quite apart from medical, in that it is not generally given by medical practitioners. Further, Insurance Committees are not nearly so well qualified or well fitted to administer the benefit as Approved Societies.

21,428. Why?—Our reasons are: in the first place, it would be a new form of administration for Insurance Committees, whereas many Approved Societies have already had much experience in this matter; in the second place, we consider that Approved Societies, being closely in touch with their own members with regard to sickness, disablement and other benefits, and having the history of sickness, etc., of members immediately available in their own offices, and knowing their own members personally, are eminently better qualified to administer the benefit than Insurance Committees; in the third place, officers of Approved Societies are immediately available for interview by members, and meetings of branches are held at short intervals which they can attend to explain their position if necessary, which they could not do at distant Insurance Committee offices in the day time; and, further, the insured persons would prefer to have their cases dealt with by those with whom they are acquainted or have association; and, lastly, to make the benefit statutory would, of course, necessitate an amendment of the Act following an interim or the final Report of your Commission, and would not become operative, it is presumed, till the period of additional benefits now commencing has run its course, and as a large number of Approved Societies will by that time have had a further five years' experience of administration it would be folly to change the medium of administration of a piece of work which in any circumstances is foreign to the practical duties of Insurance Committees.

21,429. In paragraphs 63 and 64 I gather that you are against much addition to the cash benefits for two reasons. First, that you desire that such supplements should be left to the private side; secondly, that any available insurance funds should be devoted rather to benefits of a treatment character. But what about the position of the numerous people who are in societies which can only give the statutory cash benefits and who are not provident enough to make provision by private insurance?—I know the difficulty of answering the position you put, Sir. We are here as Friendly Society workers. The Friendly Societies have for 100 years or more been existent for the purpose of inducing and helping persons to make provision for "a rainy day." They were the only societies which undertook this work long before National Health Insurance was ever thought of, and when the Act of 1911 was "in the making" it was clearly stated that nothing would be done to injure them or impede their voluntary work. You have already had given to you quotations from speeches to that effect, so it is unnecessary to repeat them. Every

addition made to the amount of sickness insurance by compulsory contributions is adding hindrance to their progress as voluntary thrift organisations. I think that is the best answer I can give.

21,430. In particular do you consider that the present rate of disablement benefit should be continued even if further funds were found to be available which might be applied to its increase?—The present rate of disablement benefit compared to the rate of sickness benefit corresponds somewhat to the principle in the voluntary thrift schemes. Nevertheless it is patent that in long-continued illness the need is for greater assistance, and if funds can be found, we would prefer an addition to disablement before an addition to sickness benefit.

21,431. We note your recommendations as to maternity benefit in paragraphs 69 and 70. Is it the case that you have found general dissatisfaction with the present arrangement?—Yes, general dissatisfaction throughout the Order.

21,432. Apart from the possible exception of the increases referred to at the end of paragraph 69, is it your experience that the medical and midwifery fees at confinement have increased substantially and tend to absorb the whole of the maternity benefit?—Yes, Sir, that is so.

21,433. We note you desire the arrangements for Class K members to be continued. Do you find any real difficulty in administering these benefits now that they have been in operation for about seven years?—Not any real difficulty. The chief difficulty we are up against in these cases, is the woman who marries and does not intimate to the Society the date of her marriage or that she is married at all; and then she comes along later with an intimation that she wants to apply for maternity benefit; or, by the end of the half-year, when we are inquiring about insurance cards, we then find out that she is married, and then the matter is put in order straight away. There is a little difficulty, but there is nothing that is insuperable at all. We think maternity benefit payable up to two years after marriage is a great advantage to such persons.

21,434. In paragraphs 77 to 83 we note your view as to the retention of the present Insurance Committees. We should be glad to have your views on the proposal which has been put to us that a new local Health Authority should be created which would administer not only the general practitioner treatment of the Insurance Scheme but also all other local health and medical services? It is a broad subject and wants careful thinking about.—A very big subject. What I want to say about that is this. Co-ordination of similar services under one authority is good if the body is composed of persons with a knowledge of the work they have to do. A new local Health Authority would, I presume, be elected by popular vote. They might be constituted of persons suitable for the work or they might not. Besides, it is possible to overload an authority with duties. I have some knowledge of local government administration, having been a County Councillor for six years and an Urban District Councillor for 14 years, and I have found, especially in respect to County Councils, the more duties they are called upon to perform and, consequently, the greater demand made upon the time of members of those Councils, the more impossible does it become for men and women of business capacity and training to undertake or continue such public service, with the result that representation tends to fall into the hands of the leisured class, or into the hands of those who, by connection with organisations, are remunerated for loss of time; and, further, this inclines towards leaving important items of administration to the discretion of officials.

21,435. What are your reasons for thinking that the powers and duties of Insurance Committees can best be exercised and performed by an *ad hoc* authority. Why could not they be carried out by a

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Committee of the Municipal Authority, for example?—National Health Insurance is a thing which stands apart from other general health services in that it involves the necessity for special knowledge and intimacy with the Act and its numerous regulations. In a popularly elected body I am afraid we should not be able to keep that necessity sufficiently strongly before the electors as to secure the kind of person suitable for the successful administration of National Health Insurance. Voting would go on the usual lines of party and prejudice. In Insurance Committees as at present constituted we are always assured of the presence of persons of special knowledge of the work to be done.

21,436. We note your views as to the Deposit Contributors' Fund. Is it your considered opinion that the continuance of this fund is necessary in order to provide for those who do not desire to join societies, those who have not made up their minds what society to join, those whose period of insurance is temporary, and those who cannot get admission to a Society?—For those reasons we are strongly of opinion that the Deposit Contributors Fund should be continued.

21,437. Arising from this question, your Society has a special test for membership. You would oppose very strongly, would you not; any proposal to abolish the right of expulsion?—Very strongly.

21,438. From paragraphs 90 to 100 I gather that you are strongly opposed to any pooling of surpluses and that you approve of the principle of segregation, even as it has worked out in practice?—Yes.

21,439. Would you go so far as to agree to a proposal to increase the contribution to the Central Fund so as to meet the increased deficiencies brought about by making some of the present additional benefits normal benefits to be provided for all insured persons?—Speaking generally, we are not in favour of increasing the contribution to the Central Fund. It would be regarded by us as a step towards making a uniform scheme of insurance which was not intended by the promoters of the Act, nor included in the provisions of the Act. Deficiencies are brought about in various ways and we consider it better that incentive should be maintained to make the best of the Act and provide for other benefits out of surplus.

21,440. You do not think, do you, that in a national system there should be a substantial degree of support from the healthy industries to those where, owing to the nature of the occupation, the extent of illness is much greater?—We do not think the system was intended to be national in the way the word appears to be used in your question, excepting so far as the period prior to the First Valuation is concerned. It may be a fine point in discrimination, but the Act was, I think, intended to be a system of National Insurance rather than a National System of Insurance. Free choice of Society was afforded to every person coming within the Act, and those who undertook the formation of Societies knew perfectly the conditions and what the results of segregation would be. In our own case, we decided to cater for total abstainers only, and this has the effect of severely limiting our field of operations. We should have many more members if we opened our doors to the general body of insured persons. It also affects us disadvantageously in the duration of sickness and disablement benefits in the later years of insurance life, in this respect, that our average age is greater by reason of total abstinence principles, and in the later years the claims for sickness and disablement benefits, therefore, are of longer duration and more frequent. Besides, ours is a Society which carries very heavy risks. We operate in areas where occupations are dangerous, and we do not discriminate as to occupation of applicants. In Newcastle Grand Division, where I come from, 55 per cent. of our members are engaged in the dangerous occupation of coal mining, and a large number of other members in addition are engaged in shipbuilding, engineering, and the like risky trades. We took these risks and have taken

the results cheerfully. In the first valuation our surplus amounted to less than 10s. per member. We think that as all the Approved Societies receive the same rate of contribution for each member, the remedy for meeting the heavy liabilities is to be found in a scheme of membership which will share the burden by distribution of the risks.

21,441. I do not think I quite follow that last remark?—Perhaps I can illustrate it in this way. In the Newcastle Grand Division we are operating in the coalfields of Northumberland, and Durham. We cover Northumberland and a good part of the County of Durham. We take all the risks of those Counties; we take the members if they are total abstainers without any question as to whether they are miners or in any other occupation. If we were like some of the other Societies and decided that we should only have members of one occupation, we should probably find ourselves similar to them in experience; but we made that our own choice, and if some of the Societies that have had deficits instead of surpluses were to accept membership generally they would level up the risks and they would be able to work through satisfactorily. It is because of their own desire to have only one class of person in their Society that has caused their condition at valuation.

21,442. You say that at the first valuation in 1918 your surplus amounted to about 10s.—Yes, per insured person.

21,443. What was it at this last valuation, do you know?—Yes, it runs out approximately to £2 per member.

21,444. 10s. was about 50 per cent. of the average, was it not?—Yes.

21,445. And I think your £2 is below the average?—I think it is.

21,446. So that from a selfish point of view a common system would help you. If the surplus of your Society is £2 per member, and the average, for the sake of argument, was £3, you would not be doing a good thing to carry on as you are now?—Quite so.

21,447. Would that make any difference to you if that was so?—Not as far as our principles are concerned. We must confine ourselves to the principle of total abstinence.

21,448. I am not talking of total abstinence: I am thinking of a central pool, or something of that kind. If your surplus is only £2 and the general average surplus is £3, any general participation, as far as you are concerned, would mean a good deal more for your members?—Yes.

21,449. But your members say notwithstanding that, we do not want it, we would rather take less?—Yes, I think they would maintain the position they have instructed us to point out here, as I have done, I hope.

21,450. Perhaps they did not know that their surplus was much less than other peoples'?—I think they are pretty astute.

21,451. (Mr. Besant): I should like to begin at the end, if I may, with the "millions" of surplus of insurance funds and the misconception as to the sum total of insurance funds. Would you amplify that a little for us and tell us what steps you think could be taken to avoid that misconception?—What we refer to here principally is the fact that from time to time in the newspapers there have been statements of the millions of pounds that are held on behalf of National Health Insurance, and it would appear from some of the statements at least as though all this money was profit and quite unnecessary for the future carrying on of the work; that it was absolutely money gained which would not be required in the future. I thought it might be as well if some general statement were made by the Commission or by the Ministry pointing out that these funds are absolutely necessary to secure future

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benefits to the 14,000,000 or 15,000,000 insured persons; that they are not unnecessary moneys but must be there to provide for future benefits.

21,452. Dealing with your statement in two parts, there can be surely no misconception as to the amount of the funds because that is a question of fact?—Yes.

21,453. I wonder why you put down that there is a misconception as to the sum total of insurance funds?—We did not intend to convey that impression. The misconception was as to the need of the funds.

21,454. I was not dealing so much with your contention as with your statement. I do not think there can be any misconception as to the sum total of the insurance funds?—I agree.

21,455. Coming to the next point, the necessity for those funds. I was asking you what steps you would take in order to minimise or clear away that misconception?—I thought I had answered that question. I would suggest that the Ministry should issue to the Press some general statement as to the need for this large number of millions of pounds for future benefits. I think there is a misconception in the minds of some people who write to the newspapers, or the newspapers themselves, as to the need for this sum.

21,456. Have you taken any steps in your own body to clear away such misconception?—Yes. In our discussions at our quarterly and annual meetings we have had these matters dealt with, and certainly in our executive meetings of the various districts.

21,457. As regards the surpluses, the Chairman pointed out to you that your figure is somewhat below the normal standard, and indicated that if you came into a complete National scheme, a homogeneous scheme, which applied to all people, your members might do better. What view do you take on that line of argument?—The view I take is that our members would still wish to maintain their separate entity as a Society on the present system.

21,458. Do you think they are conscious of the fact that the community as a whole is earning larger surpluses under the existing scheme?—I think they are quite conscious of it.

21,459. Can you explain it to me, because it puzzles me? I should have thought your particular type of people, teetotalers, careful living people, would have been an ideal community to earn a large surplus?—We have, as I said before, a peculiar experience. On our ordinary private side it has always come out in that way. Our average death rate is much lower than the general average death rate. In our private side valuations the percentage of deaths expected runs about 60 per cent., 60 per cent. of the deaths expected according to the ordinary tables. This means, of course, that the people live to greater ages, and at the greater ages they draw sickness benefit for considerably heavier periods. Then at the early stages of life—it is a peculiar fact—in connection with the same valuations we have above the expectancy of sickness of young people between 18 and 25. Whether it is because they take more care of their lives or what, I cannot say, but the fact is there. At both ends we are having to meet these heavier liabilities. I cannot explain it in any other way.

21,460. At first sight it is not what one would expect of a selected body where the selection is of their own choice?—Quite.

21,461. And where you are particularly careful in admitting only people of a particular type?—Quite.

21,462. One would have thought that there must be some cause over and above what you have told us?—I quite agree it is a peculiar position which I do not think any abstinence society can entirely explain.

21,463. You cannot explain it otherwise?—I do not think so.

21,464. There are no other factors?—I do not think so.

21,465. (*Professor Gray*): Can you tell us whether in other Temperance Societies the same experience of longer life is observed?—That is so, certainly. In the Independent Order of Rechabites, which is a larger society than ours, they have exactly the same experience.

21,466. (*Mr. Besant*): One can understand that additional length of life causes additional expense of one type, but against that one would imagine you would have a saving in sickness benefit which might be set off against that and more than balance it?—I do not like to set off our kind of member against any other Society's member, or I might say that perhaps they are more anxious about their health, and if they feel a little unwell they might perhaps afford to take a rest and get themselves better, and in that respect the number of claims may be greater. That may be another feature.

21,467. How do your administration expenses work out per head?—I think I have stated that. On National Health Insurance in most of our units the administration allowance was not equal to the expenditure.

21,468. You spent more?—We spent a little more, yes.

21,469. Can you explain how that occurs?—No, I do not think I can explain it all away, except that we have branches of certain sizes which require to have office accommodation and permanent officers, and expenses, of course, come fairly heavy in that regard. It is not that we have paid our officers an exorbitant salary; in some districts we think we have been underpaying them.

21,470. Do you think the type of machine that you have invented for your particular purpose which is, as far as I can see, somewhat costly, has had its effect in cutting down your surplus to somewhere about £2 per member?—I do not think it would affect the surplus for benefit purposes. I thought you were speaking of administration costs. If you said the type of machine for administration was rather costly I would agree, in this respect, that we are divided into three; we have what we call our national division, which is the chief court of the Order, and which requires a certain part of the administration allowance; then we have our districts, which is the financial unit, and they require a certain portion of it; and then we have our branches where the members join and where the benefits are paid, and they require a certain amount. In that way, the original amount being divided into three, perhaps our machinery is a little costly in that respect, but I do not see how that will affect benefits.

21,471. It will affect the surplus because the sum you spend in one particular way the less you have in another?—Not when the administration allowance is kept to a certain figure. The *per capita* allowance is the same for everybody.

21,472. But you are spending it up to the hilt, are you not?—Yes, in most cases we are.

21,473. (*Sir Arthur Worley*): Not altogether?—Not altogether.

21,474. I think you said that as a result of aggregating all your units together there was a surplus in 1918 of about £800?—Yes.

21,475. (*Professor Gray*): The deficiency on administration has to be made good?—Yes.

21,476. (*Mr. Besant*): That is made good out of some other source?—It has to be made good, not out of benefit account; it has to be made good by the members by a levy, or it has to be made good by transferring sums of money from the private side funds to the State funds to clear the debt. In my own Grand Division in one year we transferred £800, which was an accumulation of several years, of course, during the War when costs of living were very high, and we had to take £800 from our private funds to clear our debt on the National Health Insurance administration account. We thought it very unfair but we had to do it. We did that rather than make a levy on the membership.

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21,477. On the whole, I think you are fairly content with your surplus of £2 a head?—Yes.

21,478. You feel that the machine is working in a satisfactory way?—Fairly smoothly, yes.

21,479. Going back to paragraph 109, can you tell us why the number who pass out of your Society is so much larger than the number who come in?—It is only explainable by the fact of the activities of Approved Societies who have what we call in the North "men on the doorstep," that is to say, who have their agents going about the villages and towns regularly every day seeking insurance of other kinds, and when they obtain those insurances finding out where the persons are covered for National Health Insurance and inducing them to transfer from the one society to the other. We have had a good deal of competition of that kind to contend with. We ourselves have no agents going about in that way.

21,480. Still, I suppose, you have a machine which operates in some form or other for getting new members and which you make as efficient as possible?—Yes. We have our fortnightly meetings of members where they consider all items connected with National Health Insurance as well as the private side work. But we have no canvassers. We do not send our men canvassing from door to door for insurance members or any other kind of members.

21,481. You cannot be content with a leakage of 400 or 500 a year?—We are not content. I am afraid we have to put up with it.

21,482. You are not taking more active steps to avoid it?—We do what we can. We have not been able to stem it yet.

21,483. As I understand the position you object to pooling?—Yes.

21,484. You want to keep your identity?—Yes.

21,485. And yet you have a loss or leakage of members of quite a large magnitude?—Yes. I can quite understand your position, but, of course, we have a large number of people who are coming in to us from sources that are not available to the ordinary Approved Society generally. I refer to the fact that we take a great interest in the training of children. We have a juvenile branch in connection with our private side in which we take members from birth up to 16 years of age, and we make these into useful members by training them in the conduct of business and thrift and total abstinence, and at the age of 16 we make it part of our duty to see that every one, if possible, of these who are coming into work become members of our National Health Insurance side.

21,486. I see you get them. What I do not understand is why you lose them, and why you cannot hold them?—Only by the every-day canvassing of other societies.

21,487. Canvassing is no use unless the canvasser has a better article to offer.

21,488. (*Professor Gray*): On general principles is it not natural to expect more will transfer from you than to you?—Yes.

21,489. Any society that lays down a strict principle of life which catches children at 16 is bound to lose more than it gets later?—Yes. I am glad for that help, Professor Gray, because it brings to my mind this point, which is rather important. During the War we had a very large percentage of our young men who went into the Service and who came back from the War non-teetotalers, and who were so conscientious that they would not remain with us, and in many cases asked for transference from us because they knew they were not keeping to our principles of total abstinence. That was a very excellent point in their character. We have had quite a large number of young people whom we have lost on that account.

21,490. (*Mr. Besant*): That would not apply to the figures you gave us for 1921 and succeeding years?—Quite true.

21,491. That leakage would be about 1919 and 1920?—Yes.

21,492. I am puzzled as to why the leakage should be so consistently heavy in a body where you have

a certain attractive power. I should have thought once you get them you would keep them?—Yes.

21,493. (*Miss Tuckwell*): In practice the secretary of the sub-division is really an agent for National Health Insurance purposes?—Yes, he acts on behalf of the Grand Division, which is the financial unit.

21,494. The right to attend and take part in the business is given to members on both sides. Can you give us any idea as to what proportion of the members on the State side only do in fact attend?—Only a small proportion do in fact attend; they have a right to attend.

21,495. A smaller proportion in comparison with the private side?—Yes. You will bear in mind, of course, that from 50 to 60 per cent. of our members are on both sides.

21,496. Quite. With regard to your statement that members have every opportunity of managing their affairs and do generally take an interest in National Health administration, you would not find members who were on the State side only taking as much interest as those who are dual members?—Not so much as dual members, but there is this added interest which we claim, we have State insured persons who of course are total abstainers, and if they are energetic in carrying on total abstinence propaganda they will attend their branches in connection with that interest.

21,497. Are the private side staff and the National Health side staff identical?—Yes, they are identical.

21,498. You do not have one set on the private side and another set for the State side?—No.

21,499. In that way administration expenses ought to be minimised, ought they not?—Yes.

21,500. With regard to maternity benefit, the instance you give of medical fees up to five guineas is very high, is it not?—Very high indeed. We sent a questionnaire round to every one of our 35 units asking their experience on these matters for the purpose of preparing this evidence, and I had only one reply to the effect that fees have been so high as five guineas. In my own district I have one of which I have the receipt with me signed by the doctor where he charged three guineas. On the other hand, there are several who charge two guineas, 35s. and 30s., but the tendency has been since the addition to the amount of maternity benefit for the doctors and midwives to get it all and sometimes more than the whole amount.

21,501. Have you formed any conclusion as to whether the doctor who charges five guineas is more efficient than the doctor who charges 35s.?—I cannot form any conclusion of that kind. Generally speaking, I should say no.

21,502. You speak of the desirability of a definite cash payment to a woman confined. Have you formed any view as to what that cash payment should be?—It will be remembered, of course, that under the original Act the sum was 30s., which was to pay for the doctor and something for the woman and child. I think the doctor's fee at that time ranged about one guinea, and it was expected that the remaining portion of the 30s. would go either in the purchase of some necessaries for the woman and child or cash to be handed over. Things are quite different from what they were in those days, and we think a woman in such a case as that, besides having all the expenses paid, should have at least £1.

21,503. And have all the expenses paid?—Yes.

21,504. From your experience have you come to any conclusion as to the length of time during which a woman should not work before and after childbirth?—I think the four weeks after is generally all right.

21,505. What about before?—It all depends on the case. If the doctor finds that a person is unfit for her duties at any time right up to the day of confinement she can be declared as incapable and have sickness benefit.

21,506. Do you find that the claims for sickness benefit are on the increase in that respect?—No.

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[Continued.]

Speaking for my own district—and I can only speak for my own district—I think they run on a pretty level average. I should say in most cases of my membership no claims are made before confinement.

21,507. No claims?—No claims in most cases.

21,508. Do they work right up to the last?—No, certainly not. In my district women as a rule do not work. In the north they do not work as a rule. They are women who have been in insurance and go into Class K and are not working; they are at home.

21,509. In paragraph 88 you refer to the competition of other Societies. You cater for a very special class. Do you think competition would do you any harm?—It is hypothetical, is it not. We cannot tell in any definite way. We are strongly opposed to a national scheme. I do not know that it would do us any serious harm as a class, but our people very much prefer to preserve their identity for their particular purpose as well as for insurance purposes.

21,510. (*Mr. Evans*): You stated that at the last Valuation one of your Divisions showed a deficiency and five showed a surplus which was not enough to be disposable?—Yes.

21,511. Can you tell me where those five are?—Sunderland, £203; South Yorkshire, £567; North Staffs, £235; Derby and Midlands, £379; Cardiff, £352; the five of them making a total of £1,736, and their membership was 10,382.

21,512. Those five would be in industrial areas, mainly mining areas?—Sunderland would be partly mining and partly shipbuilding; South Yorkshire would be iron works and mining; North Staffs mining and potteries; Derby and Midlands mining and Cardiff mining too.

21,513. What happens to a member of your Division if he removes from one area to another?—We have a system of transference from one district to another.

21,514. So that your Divisions are really geographical Divisions?—Yes, they are geographical Divisions. They are not County areas. We have defined areas of our own.

21,515. You define the area, but it is geographical?—Yes, of course.

21,516. That means that in each Division you have usually a variety of people?—Quite.

21,517. You have not people of one occupation?—No. We have 35 units in the whole country, including Scotland and Ireland.

21,518. Apart from your being interested in your own Society, do you think some scheme might be devised for the whole of the country whereby the units should be geographical units rather than have so many Approved Societies catering for the population in the same area?—Of course that would mean that the identity of the Societies would be lost.

21,519. That is so?—On that account I should raise serious objection.

21,520. You would because of that?—Yes, because of that. I think it is a good thing for National Health Insurance, as it is for other things, to keep the identity of the institution going, because people work for that particular thing, and if the other can be attached to it it increases their interest; it prevents the thing going down into a common rut.

21,521. Do all the members of your Society obtain the same benefits?—No. In the units they do, the 35 units.

21,522. The five Divisions that did not show a disposable surplus are getting no additional benefits?—No.

21,523. The one that showed a deficiency would not get any additional benefits?—No, but they had their deficiency made up out of the contingencies account.

21,524. But they had no additional benefits?—No.

21,525. So that the other members of your Society that were in the better placed Divisions would be able to get additional benefits, whereas these would not?—In some cases that is so.

21,526. Do you think that is quite fair?—We understood that would be the case when we formed these units.

21,527. What do you think of it yourself?—I think it is good.

21,528. You still think so?—Yes, because it always leaves something to the incentive of the people who have not had benefits in the past.

21,529. Do you think these surpluses are really due to good management on the part of those Divisions?—Sometimes.

21,530. But mainly due to something else?—Yes.

21,531. You still think that these members in these unfortunate six Divisions should be penalised?—I have never heard any complaint. I do not think they look upon it as a penalisation. They aim at doing the best thing they can for the future.

21,532. It does not appear to you to be an injustice that a man who pays the same contribution to the same Society should receive a differential benefit?—Not with the knowledge we have of the inception of the Act and its existence. We knew exactly what would happen.

21,533. With regard to medical benefit, you are a Society genuinely concerned with social purity—more perhaps than some other Approved Societies?—Yes.

21,534. Are you satisfied with the present medical service generally now?—Generally now the medical service is giving satisfaction. I do not say there are no flaws in it. I do not say there are no exceptions. Of course, I use the term that you used “generally now.” It has improved very much upon what it was originally. There is a better feeling between the medical profession and Approved Societies which is helping things, and we are working together very harmoniously, and I believe the medical profession as a whole are doing the best they can for insured persons.

21,535. I understand you and your Society favour the setting up of some sort of Health Committee, some *ad hoc* body, which would have the care of all health matters?—Oh, no, we are not.

21,536. What sort of body is it you would like to have set up?—We are quite satisfied with the Insurance Committees.

21,537. I was wondering whether, your Society being interested in the promotion of social purity in all its phases, you might think there ought to be some sort of co-ordination of all these various agencies. To make myself clear, you have a District Council perhaps with its Maternity and Child Welfare Centre; you have a County Council or Borough Council with its school clinics; you have your Public Health Authority with its venereal clinics; I was wondering whether you thought all that might be linked up with the work of the general practitioner and a complete Health Scheme carried out. Do you think some such thing as that might be carried out?—If the administrative body were to be an elected body I should think we should be in a worse position from our standpoint than we are at the present time.

21,538. What do you mean by your standpoint?—Our total abstinence principle, because we are a very small minority of the public and we can get our representation according to our numbers on Insurance Committees for the purposes of National Health Insurance, but we have not much chance from our particular standpoint to get representation on a public body, and I am afraid we would not get quite the class of person that we think would help our movement on a body of that kind. So far as Health Insurance is concerned we do get on the Insurance Committee.

21,539. In a National Health Scheme it would be well, do you not think, to co-ordinate these social services?—As far as possible, if your co-ordinated body is representative and capable of carrying out its functions, and not overloaded with work.

21,540. You mentioned County Councils, and I thought if an *ad hoc* body were set up the County Council would hardly be applicable?—If the new

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body was overloaded with work the same conditions would prevail.

21,541. (*Mr. Jones*): In connection with maternity benefit you said in reply to Miss Tuckwell that you thought a woman should have all her expenses paid and have £1 in addition. How would you propose to administer that?—I think the medical fee should be fixed and the midwife's fee should be fixed if a person chose to have a midwife rather than a medical practitioner at her confinement, and that a fixed sum of money should be handed over to the insured person or his wife at maternity.

21,542. Who do you suggest should pay these sums. Would it be a charge on the Insurance Fund?—Yes.

21,543. In other words it would mean increasing maternity benefit and dividing it into three separate fractions?—Yes.

21,544. That is your idea of administration?—Yes.

21,545. You said in reply to the Chairman that you preferred specialist treatment as an additional benefit in preference to dental benefit?—Yes.

21,546. Will you give me your reason for that?—We have had so many cases of persons whose need was for something more than the panel practitioner could give and we think in the interests of the health of the insured person the practice should be extended so as to bring in consultants to get to know exactly what would be the best thing to do in such cases.

21,547. There is general recognition of the limitation of the abilities of the general practitioner?—Yes.

21,548. But although he is unable to give these services, are your members deprived of these services at the present time?—Not entirely, but I think it would be better to have it made general. For instance, I have succeeded in very special cases in getting consultants brought in under the provisions already made. Sir David Drummond is a very well known man in the City of Newcastle-on-Tyne, and by means of the Regional Medical Officer he has been brought in to examine a particular case which I have in mind under the present system. But I would like to see that system extended.

21,549. Speaking generally, cannot your members get the consultant and specialist services that they require through the general institutions, infirmaries, and so on?—It is very difficult to get people into institutions. Take, for instance, Newcastle-on-Tyne Royal Infirmary. I understand they always have a waiting list of from 1,500 to 2,000, and you cannot get specialist treatment through that institution on account of that big waiting list.

21,550. You would get the consultant service by applying at the dispensary, would you not?—Yes, you might get that.

21,551. If you appointed consultants would the position be any better?—Yes, it would be better than the present, I think.

21,552. If there is a waiting list, how would the payment of consultants other than dispensary consultants improve the position?—The advice of the consultant, of course, would be a very great help to the panel practitioner.

21,553. Is it not common every-day practice for panel practitioners to refer patients to the infirmary for advice, and is it not freely and readily given?—I do not think the number of cases go into the institution that ought to.

21,554. Without going into the institution, merely with a note to the doctor at the institution?—Yes, there are some cases that do, but I think a general arrangement under National Health Insurance would be very much better for insured persons than the present haphazard arrangement.

21,555. We have heard a great deal of evidence, almost universal evidence, as to the great need for dental treatment. Is not that need just as great among your members as among others?—Yes, I should say so.

21,556. You have some branches with no disposable surplus, and one at least with a deficit. What is their

possible hope of getting dental treatment?—Their possible hope is to endeavour to have a surplus in the future.

21,557. So long as they have no disposable surplus or an absolute deficit there is no immediate hope of their getting it?—No, unless it was statutory.

21,558. Is it not just as desirable that your members should all get dental treatment, which they have not got, in preference to specialist treatment which they may get?—My Society prefer the specialist and consultant treatment before the dental treatment, because so many people will get dental treatment through the additional benefit schemes.

21,559. But I am looking to those other members of yours who cannot get it at all. You will probably let them stand where they are?—I am telling you the decision of my Society. That is all I can do.

21,560. With regard to the representation on Insurance Committees, what special advantage does direct representation on these Committees give you?—We get for certain units of numbers direct representation.

21,561. But what advantage does that representation convey?—It conveys the advantage that it gives the Society with a large number of members in a certain area the power that representation on the Committee gives in administering the various benefits.

21,562. What real power does it give?—It gives us power of attendance.

21,563. When you get there what power can you exercise?—Speech and vote.

21,564. On what?—On the matters brought before the Committee.

21,565. Let us say on medical benefit. Can you influence the administration of medical benefit in any degree whatever?—No, not very much. At Insurance Committees it is already arranged beforehand.

21,566. Is there any other duty they perform which is not practically already arranged? What is the amount of the discretion that your representative on an Insurance Committee has? Has he any?—He has the power to take part in the investigation of complaints and helping to decide what is the best to be done to keep the machine running smoothly.

21,567. You have already told us that the medical service is fairly satisfactory. Is the power of investigating the occasional complaint that may arise a very material one?—It may be very material in certain cases.

21,568. Could it not equally well be undertaken by some other body whose sole function that need not necessarily be?—I suppose it could, but I prefer the other way.

21,569. Do you really, through the Insurance Committee, exert any influence whatever on the health of your members?—Directly it is scarcely possible to do that, I should say.

21,570. Can you say the same of Local Health Authorities? Are they not, through the exercise of their functions, in a position materially to effect an improvement in the health of the community?—Of course it is part of their duty.

21,571. Does it not seem reasonable that an authority that has to accomplish things is a much better body to undertake the administration of medical benefit than one that cannot accomplish anything?—I do not agree that the Insurance Committees cannot accomplish anything.

21,572. You simply tell us there is nothing to do except to make speeches and vote?—No, I do not agree that they do not accomplish anything. I think they do.

21,573. Can you tell us what they accomplish?—They accomplish this fact: They establish confidence in the minds of the members that their interests are being watched and, when it is necessary to investigate cases, that they are investigated by their peers. These things are all valued in their way.

21,574. I ask you again whether it is necessary to have a single administrative body whose only function is to examine an occasional complaint? I agree

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with you that so far as I know that is the only occasion on which they can exercise any discretion whatsoever. But that is such a small part of the business of this work that one asks is it worth while to carry on that body for that purpose alone?—I think there are general functions which they carry out efficiently.

21,575. What other functions?—I think you know them pretty well.

21,576. I want your view, not my own. My own is quite clear and definite?—The general functions of the Committee are, of course, by assembly at meetings to hear reports probably of various sub-committees of what has been done. I have mentioned the fact of investigating complaints as a very important part of their work. Then the Insurance Committees, of course, have their own official duties which it is necessary to consult someone about on occasions with regard to records and so on.

21,577. These are pretty formal functions, are they not?—Yes.

21,578. The clerk, in fact, does the most of them. You have had experience of a local body. Compare the two. Which is the most interesting?—I think the local body with its varied items is the most interesting.

21,579. And there you can exercise some discretion as to the course of events?—That is so.

21,580. Take the matter of prevention, which has been spoken of a good deal here by the Approved Societies' representatives. Can the Insurance Committees do anything in the matter of prevention?—They can. Some Committees issue very valuable leaflets for the guidance of persons in respect of health matters.

21,581. Is not that a job which could be done equally well by a Local Authority advised by a competent medical officer?—It is done by another authority.

21,582. It is in fact done?—In some cases.

21,583. This co-ordination of the medical service does not involve merely the work of the Insurance Committees but has a broader outlook. The administration of the Poor Law is an important aspect. Suppose one were to take a case as an illustration. An Insurance Committee through this panel system may, for instance, deal with a case of tonsillitis. Can it do anything more than simply leave that to the general medical practitioner?—It cannot, I am afraid.

21,584. I am told that acute tonsillitis is sometimes the forerunner of rheumatic trouble, and that if it were properly treated in an Institution it might save considerable sickness in subsequent years. Taking that as a single illustration do you not think it would be quite possible to have a body which could co-ordinate the general aspects of medical treatment?—I think there is that possibility in the system which you mention.

21,585. That is not possible at present through Insurance Committee administration?—Not to the same extent perhaps.

21,586. If you had a body that took over the functions of the Poor Law, and of perhaps some other authorities, and was able to accomplish these things, do you not think that would be a very great step in the direction of the prevention of illness and the improvement of health generally?—I think a great deal can be done in that way.

21,587. (*Professor Gray*): First of all, on the subject of administration expenses I gather that perhaps on the whole you have been more unfortunate than most societies in living up to your allowance?—Yes.

21,588. You mention that there is a certain stage at which it is inadequate?—Yes.

21,589. Would you suggest the possibility of allowing different rates of administration expenses to different types of societies?—Yes, so long as they came out of their own benefit account.

21,590. An argument has sometimes been put to us that there are all manner of different kinds of

societies with different types of administration—Trade Unions, Friendly Societies, and so on. Being based on different principles they require different amounts. Do you think it is possible to devise some scheme whereby there shall be a varied administration allowance for different societies?—Yes, I do. I also think it would be advisable.

21,591. With regard to additional benefits, can you tell us whether it is to be inferred from one of your statements here that you keep the funds of men and women apart?—No, we do not.

21,592. Then I misunderstood it?—We keep their numbers, but we do not keep their funds apart.

21,593. You mentioned that you devote sums to an increase of cash benefits. What would you do now if you had a surplus?—We have surpluses at the present time, and we have just got our schemes passed. As an organisation we decided to recommend to our units that additional cash benefits should be paid up to 3s., making the benefit 18s., and that nothing over that should be paid, but the rest should go in benefits in kind.

21,594. Would you tell me a little more about the scheme you outline for making a better use of panel practitioners? I understand your argument is that there are doctors on the panel with some specialised skill and you consider that that skill should be available for insured persons?—Yes.

21,595. How are you going to arrange that? You suggest, I think, that as a case arises requiring the special skill which a particular panel doctor has, there should be some arrangement whereby the insurance practitioner should call in that particular man?—I think it should be done through the Regional Medical Officers. You have cases referred to the Regional Medical Officer not merely for the purpose of finding out whether a person can be declared off the funds and as fit to go to work, but whether anything more can be done to effect his recovery, and there the Regional Medical Officer, I think, would find that certain panel practitioners in his region were able to give better advice than others.

21,596. Would not that lead to this, that in different parts of the country there would be different scopes of medical benefit?—Yes.

21,597. If you take an area like one we heard about a fortnight ago in Caithness, where there are no specialists, in an area like that there would be no increase in the scope of medical benefit?—That might be so.

21,598. In another area where there might be a higher degree of medical skill the scope of medical benefit might be extended almost indefinitely?—That would be all the better for the people in that area of course.

21,599. But you have to face the fact that there would be no uniformity in the medical benefits throughout the country?—That is so.

21,600. How are you going to meet the finance of that?—I should meet the finances by the Approved Society to which an insured person belonged being called upon to pay part, if not all, of the specialist's fee.

21,601. So that it would not be a benefit under the Act, but the insured person would pay the fee?—The insured person's Society would pay the fee.

21,602. Out of what fund?—Out of the Benefit Account.

21,603. Would you pay a part of the cost of medical treatment out of the Benefit Fund?—Yes. I mean that part of the medical treatment—whatever was required for the specialist fee. I think it is really medical treatment and it should come out of the Benefit Account of the Society.

21,604. Whether or not the Society had a surplus?—Yes, in the interests of the man.

21,605. So that you fuse together the Benefit Fund and the amount payable for medical benefit?—Yes.

21,606. With regard to the activities of private Societies, you desire to have scope left for the voluntary side?—Yes.

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[Continued.]

21,607. How far would your opinion on that question be influenced by considerations of the adequacy of the benefit to those persons for whom it was in fact insufficient and who were not doubly insured?—I do not quite follow that question.

21,608. Your argument in fact is that the State ought not to give the full amount, because it is a good thing to encourage the insured person to join a private Society?—Quite so.

21,609. But there are a great many people in the population who are in fact only insured under the State scheme?—Yes.

21,610. And for them it may be that this amount which is given is inadequate and they may have to get parish relief. How far would your argument be influenced if you were to find that a considerable number of that part of the population did in fact require to supplement their insurance benefit by parish relief?—I know the difficulty of the situation is great, but my Society has given very careful consideration to the matter and they have come to the conclusion that it is not advisable in the interests of the type of Society of which they are—the Friendly Society—that the increase in cash benefits should be great.

21,611. But have they directed their minds to the other question, that there are a great many other people who may not be able to afford double insurance?—They appreciate the difficulty of that, but they have not been able to propound any way of getting over the difficulty.

21,612. On the question of the maternity benefit, Mr. Jones asked you certain questions. You want to prescribe a fee for the doctor or the midwife. Are you going to enter into an agreement with the doctors and the midwives to give their services for that amount?—Yes, I think it should be that; the same as the arrangement for the panel practitioner's fee.

21,613. So that you want, in fact, to have a new panel of doctors for maternity benefit work?—They would be the same doctors, would they not?

21,614. I know, but they need not be. It would have to be a separately arranged panel?—Yes.

21,615. On which doctors and midwives might go?—Yes.

21,616. Your suggestion implies an agreement of that sort made, I presume, by the Insurance Committee?—Yes.

21,617. With regard to deposit contributors, you express some apprehension about a State Society or a State scheme. Why should such a scheme or society be a growing competitor?—If the deposit contributors were to be entitled to the same benefits as the ordinary Approved Society members, there would be a disposition on the part of very many people to relieve themselves from control by the Approved Societies and to go under what they call the State scheme. That is the objection we have to it, because we think the State should not in any way compete with the Approved Societies.

21,618. There are two points: There is the question of additional benefits, is there not? Do you suggest that the deposit contributors would have a surplus and receive additional benefits?—If the scheme was made on the same basis as that of an Approved Society they would.

21,619. There might be a deficiency?—There might be a deficiency or there might be a surplus.

(The Witness withdrew.)

Mr. R. A. LEACH called and examined. (See Appendix XC.)

21,632. (Sir Arthur Worley): You are Mr. R. A. Leach and you are submitting to us on behalf of the Association of Poor Law Unions of England and Wales the Statement which we have before us?—I am.

21,633. You are Vice-President of the Association and have been Clerk to the Guardians of the Rochdale Union since 1886?—That is so.

21,620. Do you not realise a broad distinction between the two types of deposit contributor? First there is the person who elects to be a deposit contributor because he does not want to have anything to do with the societies. That man can look after himself, can he not?—Yes.

21,621. But what about the other man, who does exist, I suppose, who cannot get into a society because of ill-health? Does not he have some claim upon the schemes as a whole?—Undoubtedly.

21,622. Do you think it is a satisfactory answer to him that he has got his isolated personal account on which he can draw for two and a half weeks?—I recognise the fact that it seems rather a hardship on a man of that kind.

21,623. But is it not the fact that the whole of the deposit contributors' scheme was a temporary scheme which was meant to be reviewed quite early in the course of events?—I understood it was so.

21,624. With regard to the vexed question of segregation and pooling, in your case, as I understand it, your solution of the trouble was that the societies should be arranged so that each society had a fair sample of the whole population. Was not that your suggestion?—I suggested that it would equalise the risks.

21,625. If you had societies which are in fact small reproductions of the whole State, then you would get the solution you suggest?—Yes.

21,626. Apply that to your own Society. You, of course, take any kind of member in your area?—So long as they are total abstainers.

21,627. In actual practice, however, I imagine your various branches show a preponderance of certain kinds of members in certain areas. You have divisions in which there is a very large proportion of miners, and those come out badly?—Yes; that is unavoidable, of course.

21,628. Should you not, on your own principle, within your own Society extend the whole lot to get that proportionate representation of the whole people which you consider desirable?—We do that.

21,629. In what way?—We do not put any limit upon any kind of people joining any branch.

21,630. I understood you to say that in actual fact the constitution of your divisions varied according to area?—According to the geographical situation and the industrial population round about it, it is bound to do so. We can only work upon the population in the area.

21,631. Would not you get a nearer approach to that ideal which you have of a society representing a proportionate mixture of the nation, if you put all the divisions together?—We do that to a certain extent at the present time. Our districts average 34 branches and these branches cover wide areas. For instance, my own district has 72 branches and covers the whole of the County of Northumberland and a good part of the County of Durham. There you have the thing at work, but you have it in an area which can be controlled locally and controlled efficiently by our own society people. We have that mixture there and our 35 divisions throughout the whole country give us that opportunity that you are speaking about.

(Sir Arthur Worley): Thank you very much, we are much obliged to you.

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[Continued.]

vice given under the Poor Law, both domiciliary and institutional?—I consider without any qualification that it is most excellent. At one time a man might practice with one qualification in this country—medicine or surgery. Of course, every medical practitioner now only qualifies with the double qualification for registration. But as far back as 1859 no medical officer in an Institution or for a district under the Guardians could be appointed to hold his office permanently—that is, until he died, or resigned, or was found to be unfit—unless he had a double qualification. That was required by an Order issued by the Central Poor Law Authority at the time. There was a little qualification which had to be made where it was found that nobody in the district had a double qualification. Where that happened the appointment of the officer was made for a year at a time; but in the event of a gentleman with a double qualification coming into the district subsequently the Guardians, under the Order, would have to appoint him in lieu of the one who only had a single qualification, unless for some reason or other, strong enough in itself, the Central Authority confirmed the continuance of the old officer in his office. That is as regards the district. As regards the qualification and character, it applies also to the Institutional Medical Officers. The Central Authority have always been very careful in scrutinising the qualifications of the officers—who are, in these days, often ladies—reported to them for approval as Medical Officer under the Poor Law.

21,636. From what sources are the two classes of Medical Officers drawn, and to what extent are those engaged in the domiciliary service also engaged in private practice?—When the Guardians have a vacancy to fill the common practice is to issue an advertisement for candidates and to take the best that applies. In fact, if they do not do that, when the appointment has been reported to the Central Authority, the latter asks the reason why it has not been done. That all indicates that really the best available service qualifications and character should be free to offer themselves to the Guardians. The Guardians must take the best, and, as common-sense people, they do.

21,637. Are there many cases where the Medical Officers are also engaged in private practice?—The District Medical Officers generally are. That is bound to be so largely, especially in country districts. In some of the city districts it is different. For instance, the President of my Association, who is with me, comes from Fulham. They do the district work with the staff of their own infirmary, and we do it partly in Rochdale, although that is a very small district as compared with some.

21,638. As to those engaged in the institutional service, do they tend to remain salaried officers of the Guardians throughout their career?—It all depends how many there are on. There has been a great change within the last few years as regards Poor Law Institutions. You may keep the principal Medical Officer on the staff. I think at Fulham they have about five, and the younger members may come under a short time engagement like the ordinary young house surgeon does in a general hospital. We find that principal Medical Officers, both Institutional and District, tend to remain in the service of the Guardians. Of course, Poor Law service is a service with a superannuation provision, and really the superannuation came into existence owing to the advocacy of the old Poor Law Commissioners, who said that it would be one of those things that would command the highest character of service and keep it.

21,639. Have you any views on the question of the effect of a salaried service on the attitude of practitioners to the patient and the effectiveness of their curative work?—If the idea is whether a salaried man is likely to give as good service in every way as he would if the service depended upon a fee, I am bound to say, from my long experience of Medical Officers of the Poor Law service, that, although, of course, there are faults and failings everywhere, on the whole

I think the District Officers in the Poor Law service, as I have met them, have been men who thought of the patient and not of what they were getting out of the service.

21,640. Therefore, so far as the ordinary Medical Officer that you have is concerned, the question whether he is paid by salary or fee has no effect?—I agree.

21,641. Would the District Medical Officer under a Board of Guardians ordinarily be also a panel practitioner under the National Health Insurance Scheme?—I should say in industrial districts very often that is so, and probably in scattered districts it is bound to be so if there is only one man.

21,642. In such a case, might it happen that the District Medical Officer could give attendance and treatment by way of Poor Law medical relief to an insured person who was entitled to such treatment by virtue of his insurance?—If he was the only doctor in the district, and he had panel work as well as Poor Law work, very often he would have a patient who was a panel patient and might be taking assistance from the Guardians in the way of augmentation of medical treatment. A person comes to the Guardians because he is destitute, and the destitution arises from sickness. If he were not sick he very often would not be destitute.

21,643. Is it possible for a District Medical Officer to receive payment from the Guardians in respect of attendance on insured persons who are entitled to medical benefit under the Insurance Scheme?—If he was in a salaried position as District Medical Officer you could not very well cut it in pieces because he had some panel patients who were also having relief.

21,644. He might not be salaried. He might be paid by fees?—That is a very exceptional thing. Some few years ago I went very exhaustively into the whole question of medical relief—how it had been built up and how it had been extended, and about salaries and how the Medical Officers were paid in the district. I found that in not more than a dozen places, taking the whole of England and Wales, were the payments made by fees entirely. It is a fact that commonly the salaried District Medical Officer is paid by fee for some things, e.g. midwifery and operations.

21,645. Whether it was by fee or salary, the effect would be, would it not, that two public services were paying twice over for attendance on the one man?—I do not think the insured person would say that. He would say: "I am getting medical attendance as a panel patient because I have been paying for it."

21,646. By way of rates or by way of panel?—By way of his contributions under the Insurance Act.

21,647. I only wanted to get this point: the doctor might be attending him in his capacity as Poor Law Officer?—Yes.

21,648. And therefore would be being paid by the Poor Law Authorities?—If he is a servant of the Guardians he would be.

21,649. There is only one person?—Yes; but he has his service to the Guardians independent of being doctor to the patient.

21,650. I know; but if one tries to carry the thing like this to its logical conclusion, suppose that all the patients in a given district were all panel patients, and the Medical Officer went to them, and he was also a panel doctor, in effect he would be paid twice over for attendance on one patient?—You would find, if that went on to any extent, the Guardians would quickly ask for a revision of the terms of his appointment.

21,651. I am not suggesting it is going on to any extent, but I am suggesting it is possible?—There are a lot of things that are possible.

21,652. But you agree that it is possible?—I quite agree.

21,653. In paragraph 23 I note that you say that National Health Insurance has had the approval of the Guardians from the first. To what extent is this approval due to the lightening of their burden under

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the Poor Law thus brought about and to what extent is it a general approval of the system on its merits?—There is no lightening of the burden of the Guardians; it has been the other way about. If you measure it by the total amount of relief administered, as a matter of fact, the National Health Insurance System has brought a considerable burden on the Poor Law in this sense. I think I have put it in my Statement that the Chief Medical Officer of the Ministry of Health says that the duty of the panel doctor is a paramount duty first and last to see that his patient is cured as soon as he can be. What all Poor Law administrators find now is that the panel doctor finds a patient who cannot be attended in his own home and he should go into hospital in his own interests. They are constantly coming to the Guardians for an Order for admission to their hospital, and they get it. So that while there may have been a lightening of domiciliary medical relief on the Poor Law side there has certainly been a considerable increase on the institutional side.

21,654. There is also the point that the 15s. a week sickness pay has lightened the burden of the Guardians, has it not? I mean to say, you call attention to only one side of it?—But you do not get the 15s. a week. If there is 15s. a week, the Insurance Act says you shall only count it as 7s. 6d., and if it is only 7s. 6d. you count it as nothing.

21,655. We may take it, then, that apart from the particular criticism you make, on the whole you think the system has been thoroughly successful and should be continued in something like its present form?—I look at it in this way. I believe the National Health Insurance Scheme has had the effect of bringing both men and women—insured persons—who need it, medical assistance much earlier than was the case at one time. To that extent I think, on the whole, it has been a good thing.

21,656. In paragraph 24 you give us figures for the years 1911-1924? The total number of persons chargeable to the Guardians on the 1st January, 1924, exceeded the number on the 1st January, 1911, by no less than 500,000?—Yes, that is so. That is largely because of the unemployment.

21,657. What is the principle which governs the determination of the amount or value of the outdoor relief to be granted by Boards of Guardians to destitute persons?—There is an expression current in the Poor Law which is very hard to define; that is, that the relief they give shall be adequate to the needs of the case. As to what is adequate, there are differences of opinion; but you will find that, in paragraph 20 of the Statement, you get what was put before the Royal Commission. It is the qualification for relief, but it also indicates the measure of relief.

21,658. You would like that to be taken as your answer to this question, I understand?—If you please, I would say that it is incumbent upon the Relieving Officer to make a most exhaustive inquiry into the circumstances of every applicant and to bring his report before the Guardians. If it is home relief, the applicant has a right to, and does, appear when the Officer's report is considered. There are very strict regulations, which I am bound to say, from my experience, are always fulfilled, that there should be such exhaustive inquiries into the circumstances of the person applying for relief, and his dependants. Where it is for sickness, most exhaustive inquiries are insisted on and required, so that the true measure of relief required for the case shall be given.

21,659. Can you give us any idea of the average amount or value of the outdoor relief which would be given by a Board of Guardians to a single man without dependants? If, as I suppose, the amount varies in different areas, perhaps you could give us the figure for your own area?—It does vary. As a matter of fact, in Poor Law administration, under normal conditions, an able-bodied single person is not relieved outside; he has institutional relief. But since the War, owing to industrial conditions, it has been very common to give outdoor relief to a single

person. The scale varies in different parts of the country from 15s. down and up. I have a list of quite a number of places.

21,660. Would you give us samples of the lowest and highest?—In Wigan it is 10s. That is the lowest. Salford goes up to 15s. 6d.

21,661. Salford is the highest at 15s. 6d. and Wigan is the lowest at 10s?—Yes. I have the scale of the Ministry of Health. There is the Mond Scale, which for Metropolitan Common Fund purposes has an alternative basis: No. (1) is, out relief shall not be charged upon the Fund in excess of the sum which will raise the weekly income of the applicant, or of the household of which he is head or a member, beyond the sum shown in the scale as appropriate for him and for his household. For a single person it is 15s. No. (2) is, no charge beyond a sum less by 10s. a week than the standard rate of wages for the time being recommended for workpeople under Grade A under the Agreement of the London District Industrial Council for non-trading services, or, as between No. (1) and No. (2) whichever sum be the less. Fulham take the Industrial Council rate and give 10s. less. They do not always work to the scale, but they keep it before them. If the Union give more, as Poplar did, they have to bear the cost out of their own funds; but generally I find that the single man's scale outside London runs to about 15s.

21,662. Do you consider that 15s. for a single man without dependants is adequate?—Adequate for maintenance?

21,663. Yes?—A good deal depends on where the man is living, and upon his standard of living. You come down really to what is the absolute minimum to keep a person in health. If he will live on foods which are sustaining foods, but cheap foods, it is enough. But my experience has been that you have to measure what is sufficient for them by the increase in the scale of living now. I go back a long while and I remember that once upon a time, when a person got 4s. or 5s. from the Guardians it was thought to be very liberal. It is a long way back, I know. Officially I have lived a long while; but as the standard of living of all classes has gone up the scales of relief have gone up. 30 or 40 years ago the Minister of Health or his predecessor at that time the Local Government Board would never have dreamed of sanctioning a scale like this.

21,664. (Miss Tuckwell): What governs the payment of the 10s. less than the ordinary rate?

21,665. (Sir Arthur Worley): That is under the Mond Scheme?—It is an alternative: that way or the other way. Of the two you must take the scale which is the lesser. I cannot say why the Ministry did that, because I do not know, except that it has always said that a fundamental principle of the Poor Law is that the person who is being maintained by the Poor Law—it does not obtain with regard to sick people, but with regard to the healthy able-bodied—shall not be in as eligible a position as regard what is provided for him at the expense of the rates as a person who is sustaining himself by the fruits of his own industry. Of course, there have to be qualifications to that, because a man's family may be so large that really, with a houseful of little children, the needs of his household in these days are higher than any wages he is likely to be able to obtain.

21,666. What difference would be made in the amount or value of the outdoor relief if the applicant (a single man without dependants) were sick and in receipt of sickness benefit of 15s. a week under the Insurance Scheme, assuming that you gave him 15s?—The Act says that you will reckon that at 7s. 6d., so that putting 7s. 6d. to his 15s. he would get £1 2s. 6d. On the other hand, when it comes to single persons living at home, while the Guardians have their ordinary scale, this is something extraordinary. Whatever the needs of the man, that would not be met by his 15s. insurance benefit;

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if that entailed another 15s. from the Guardians they would give it.

21,667. They would?—Yes. Every Board has what are called its exceptional cases, and the difference between what ordinarily obtains in a case like that and what the District Relief Committee thinks there ought to be as an augmentation of the scale of relief is given and reported to the Board for confirmation.

21,668. And what would be the difference if he were in receipt of 7s. 6d. a week disablement benefit?—It is taken that he is not in receipt of anything.

21,669. It really means that if he gets 7s. 6d. a week disablement benefit he is taken as not getting anything?—That is so.

21,670. Is it a regular every day practice of Boards of Guardians to give outdoor relief to insured persons in receipt of sickness or disablement benefit under the Insurance scheme?—Yes, they cannot refuse them. If the benefit is not adequate to their needs they must do it.

21,671. Can you give us any figures either for the country generally or for your own area showing the extent to which insured persons in receipt of sickness or disablement benefit receive also outdoor relief from Guardians?—Two or three weeks ago I was in town at one of our meetings, and I thought of getting some information; in fact, I prepared a circular to send round to different clerks. I met Mr. Coster, of Liverpool, Sir James Curtis, from Birmingham, and Mr. MacDonald, from Manchester, and I said: "I am going before the Royal Commission, and they will very probably ask me to what extent insured people are applying to the Guardians. Let me have what you have got from your big districts." They said: "The Ministry have written down for it," and as I thought that the Ministry of Health were preparing this information, as I understood, to give it before the Royal Commission, I dropped it. I think you may rely upon it that they have this information for you. If a person has to go to the Guardians, and he or she is of working age, they generally are insured persons.

21,672. May we then take it that in the case of the single person without dependants, the present standard rate of sickness benefit is insufficient to cover the minimum cost of subsistence, and if the insured person has no other resources must, therefore, necessarily be supplemented by the Poor Law relief?—I come back to the fact that it all depends on the man or the woman, and it all depends upon their case. I do not say that the man is bound to do so, because I believe that a lot of people say: "This is an insurance benefit. I have paid for this, and I will make this do." It all depends upon the character of the person and the nature of the case.

21,673. The necessity for seeking supplementary relief from the Guardians would, of course, be greater still where the insured person had dependants, and still greater where only disablement benefit was payable?—An insured person in receipt of sickness benefit comes to the Guardians for help simply because he has some dependants. He is thrown out of work and there is nothing coming in, except his sickness or disablement benefit. In a case like that they are bound to come for Poor Law assistance, unless they have some other resources. It is just like a non-insured person coming. We do not seek them, but circumstances force them to come to us.

21,674. Is it your opinion that the amount of the benefit to which insured persons should be entitled during sickness should be sufficient to cover the minimum cost of subsistence and that the need for recourse to Poor Law relief should thereby be obviated?—It all depends how far National Insurance should go, and who is going to pay for it. If there is going to be a supplement from national funds, after all it is relief assistance coming direct to the person from the State, and I should think if that were so, the probability is that it would ultimately cost the State more than if the augmentation had to be done by the Local Authority knowing all the circumstances.

21,675. That is because the Local Authority would have more methods of getting the real facts and

information than would be possible under a national scheme?—I think so. It is surprising how much knowledge and information comes to the Relief Committee Rooms from Guardians who know.

21,676. Are you then in favour of an increase of the standard rates of sickness and disablement benefit under the Insurance Scheme?—It all depends who is going to pay for it. One has heard and read so much these last few days as to what has been said in the House of Commons about the burdens on industry resulting from National Insurance that it all depends who is going to pay for it. I come from a district in which the population grew up under the old Friendly Societies. We have an old doctor's story—I dare say it has travelled everywhere by now. He said that if a person was on three clubs you did not get them cured. They were malingersers, and that is one of the risks of any National Insurance, that if you make it too great you increase your malingersers.

21,677. May I take it that you do not want to express an opinion on this matter?—I think there are a good many points to be taken into view.

21,678. I was not asking you, if I may say so, to consider it from the financial side. It was rather a question whether, if it were increased, it would relieve the Poor Law Guardians from certain obligations. In other words, it would be taking relief away from the local side and putting it on the other side?—It is a very noteworthy thing that as other systems have been provided at the expense of the Government—National Insurance, Child Welfare and Maternity Welfare, and everything like that—the Poor Law relief figures are creeping up every year.

21,679. Then I will not press you further on that point. Would you also advocate that those standard rates should be supplemented by allowances in respect of wives and children, as is the case under the Unemployment Insurance Scheme?—No; I think that there is a wide difference between Health Insurance and Insurance against Unemployment. Even in Unemployment Insurance they are uncovenanted benefits for wife and children.

21,680. What is the real reason why you would differentiate between Unemployment and Health Insurance, because, after all, in Unemployment Insurance it is a flat rate; the man is not charged more because he has children?—But Unemployment Insurance did not start with any provision for wife and children; it is an uncovenanted benefit. As the Superintendent Registrar of Births for Rochdale I have been very busy in finding out the birth certificates of people over 50 who are to receive some money back because the profits in Unemployment Insurance had been too great.

21,681. Are the unemployment profits too great?—There was a return. I do not know how much money it was, but they got a surplus. The principle of the old Friendly Societies has always been that if the Society was making more profits by what it was gathering than were really necessary to meet sickness, it would either give free weeks or some additional benefit. If the funds allow it, benefit ought to be given or the contributions ought to be lowered. But when you come to these national things—of course one says that everything comes out of labour, and then you are contradicted—certainly you have to take into consideration the view of the employer.

21,682. I come now to your detailed criticisms of the Scheme. In paragraph 27 you suggest that Boards of Guardians should be represented on the Insurance Committees. What exactly would be the interest that they would represent, or the special knowledge which they would usefully bring to the deliberations of the Insurance Committees?—The first ground is that they are a big Public Health Authority. They are not known as such; they are spoken of as the Destitution Authority. But having regard to all these people they have in their hospitals, and having regard to the fact that the Local Health Authority, under the National Insurance Act, may,

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by the neglect of its own duty, by causing an excessive rate of sickness which may mean an excessive demand on the Poor Law, I say that reason alone would warrant that the Guardians should be on the local Insurance Committees. I could never see, really, why so much provision and so much care, and I would like to say so much pampering, should be provided for the Health Authorities, who practically have no hospitals at all, while the Guardians, who have tens of thousands of beds, of which a vast number are given over to sick people, should be kept off.

21,683. You agree that it would be very useful to have Boards of Guardians linked up with Insurance Committees?—I think so; in fact, I feel sure.

21,684. Do you feel that there is some need for greater co-ordination between the activities of the Insurance Committees and those of the Guardians, which could be obtained by such representation, and, if so, perhaps you would give us some details as to the lines on which co-ordination is required?—I suggest that when you come to look at the circumstances of the Insurance Committee you will see it is not built up on the idea of co-operation between the constituent parts of that Committee so much as it is built up on the idea that these people have some interest in public health. As regards co-ordination, there is a lot of administrative co-ordination which goes on between the Health Authorities and these Committees and the Guardians and their officers as individual cases may occur. For instance, we have taken into our own hospital cases where the Insurance Committee and nobody else has been able to get them into any hospital at all, and they have been pretty bad cases.

21,685. In paragraph 28, you suggest that Government grants should be made to the Guardians for their health work, similar to those made to the Public Health Authorities. May I take it that at the present time practically all your expenditure is defrayed from the rates?—Yes, excepting about £2,000,000. We have the old lunatic grant of 4s. a week per case unless there is something given from the estate of the patient which does not leave a margin of 4s. Then we have the grant for officers, which is a fixed grant, settled in 1889. Although it fully met the salaries of officers in 1889, it does not meet them by one-fifth to-day. The only thing we have added is a grant for venereal disease, where we have been put on the same footing as the Health Authority.

21,686. The institution of such grants at this date would imply, would it not, that the present arrangements for medical treatment of the poor are to be continued? In this connection we should be glad to hear in a little detail your views on the general proposal made to us from various quarters that the medical treatment should be taken right out of the Poor Law and made part of a new local health service embracing all forms of health activities, including medical benefit under the Insurance Act, and administered by a committee of the Local Authority?—Then you get back to the Poor Law, surely. If you are going to have any system, and it does not matter what provisions are made there must be a system for the destitute, whether destitution arises from their own folly or not. If destitution is there, your Poor Law is there, and I do not care to whom the function of the Guardians may go or under what name it is there, you cannot do without your Poor Law. The Association of Poor Law Unions at the time of the Royal Commission on the Poor Law said that all public assistance should be given by a body elected for that purpose. The Boards of Guardians are.

21,687. Your contention is that if medical treatment was put under some new local health service, it would not alter the fact that it was Poor Law treatment under another name. That is your point of view, is it not?—That is so, and I think myself it would be a great pity that the functions as regards the destitute poor should be entrusted to any

authority which has duties other than dealing with public assistance.

21,688. In paragraph 30 you refer to the delay which often takes place in the payment of sickness and maternity benefits. In what way does this delay prejudice you?—First of all it is a prejudice to the insured person. The statement I have put there is one that has come to the Association from different parts. But if there is a delay, first of all it is to the prejudice of the insured person, because he is forced to apply for relief, and if the benefit was not delayed he would avoid that necessity. Apart from that, if the Guardians have to find the sickness benefit because of this delay, there is no provision under the National Insurance Act to get that back from the insured's society. I mean to say that the domiciliary cases dealt with by the Guardians are in the same position as the institutional cases in that respect.

21,689. Presumably you would have to get it back from the insured person?—Yes, I know. I have to do with it every day, and my experience is that we do not get it.

21,690. What, in your opinion, are the causes of these delays? Do they lie with the insured person or with the agents of the society or are they inherent in the system itself?—I should not say they are inherent in the system, but I know that the Ministry of Health, or the Local Government Board, said some time ago that the delay should not be more than a week in any case. I take it that the lack of uniformity—not of intention—of people up and down the country, such as collectors, agents and others, means that some delay is bound to creep in.

21,691. It is dealing with human nature, which is apt to fail?—Yes.

21,692. Have you any evidence to show that there is any substantial volume of delay of the kind to which you refer?—No, I do not say that; but the point I put is that if the Guardians have to find the sickness benefit they ought to be able to get it back from the society, just as now, when there is a delay by the Labour Exchange in paying over unemployment benefit. There is a provision in the Unemployment Insurance Act for the Guardians to send in their bill. They send it in and collect it direct from the Labour Exchange, and not from the man at all.

21,693. In paragraph 31, you suggest that benefits should be continued after the age of 70 years. You are aware, of course, that medical benefit is so continued. But what is your argument for continuing the cash benefit, especially having regard to the fact that the old age pension is ordinarily payable?—The old age pension is payable at the age of 70 to a person who never was insured, and the person who is insured and contributing all that time, at 70 years of age has some disability. It is an age when you do not expect people to keep in employment. There is infirmity, and if "disability" does not embrace "infirmity," I do not know what it is. An insured person says: "I have been paying all through these years towards that benefit, and it is stopped simply because I am 70 and I am going to get the old age pension. That man next door, who has been kept by somebody all through his life, when he comes to 70 gets his pension for nothing. Why should not I go on having my benefit under the National Health Insurance Act as well as the old age pension? I deserve it." That is the view he takes, and I am bound to say I sympathise with it.

21,694. I take it that the contribution was fixed with a view of its not going on; that is to say, it has been fixed at such a figure as would not provide it. I suppose that is the answer?—I know that is what an actuary would say; but you know there has been a mistake lately over the collecting of these contributions.

21,695. (Sir John Anderson): I think, on a question of fact, we had better clear this up. You are not right, are you, in saying that a return had to be made out of the Unemployment Insurance Fund

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because there was a surplus?—I do not know where it has come from, but I know it has been made.

21,696. May I put it to you, because this is all going on record, that under the Unemployment Insurance Scheme as it was first introduced, contributors had a right in certain circumstances to a repayment of the amount standing to their credit. That right was abolished by recent legislation, and Parliament, in abolishing it, decided that some compensation ought to be given out of the Unemployment Fund to those persons who, by reason of age, were approaching the period when they would be able to enjoy that right, and for that reason, and for that reason only, repayments are being made?—They have been made.

21,697. It had nothing to do with mistakes of actuaries, had it, or with the financial condition of the Unemployment Fund?—My point is that it has been paid, and it might have been continued by an addition to the pension when the person attained 70 years of age. It is only a way of dealing with a surplus which, after all, was not expected, but came into existence.

21,698. I put it to you, was it a surplus?—That is the general view of it.

21,699. (*Sir Arthur Worley*): I think that in Unemployment Insurance there is a big deficiency?—We have not got far enough with the figures of unemployment to know really what is going to happen, because the uncovenanted benefits are coming out of industry by an increased contribution.

21,700. At any rate, Sir John has put forward the true explanation, I think, which you will be happy to have, I am sure?—May I put it this way, if you please? The National Insurance sickness benefit should be on such terms that it shall not lapse when a person attains 70 years of age, and that it shall go on with the pension under the Old Age Pension Act.

21,701. Your view is that that would be desirable. Do you realise that there would be very considerable administrative difficulties in supervising the claims for sickness benefit in the case of such aged persons who are probably not in regular work?—I believe that as people get older they get better. A man who has got to be 70 years of age begins to consider whether he shall rob his neighbour or not, or whether he shall malingering.

21,702. (*Professor Gray*): Do you mean morally or physically better?—Morally, certainly.

21,703. (*Sir Arthur Worley*): I come now to what I believe you consider your chief criticisms referred to in sub-paragraphs (6) and (7) of paragraph 43. You think that the Act should be so revised that payment of benefit in respect of an insured person without dependants may be made to the Guardians while that person is in the Institution. This would be to relieve the rates, would it not, to some extent?—Why should it not?

21,704. It would be to relieve the rates, would it not?—Yes, it would, and it ought to.

21,705. You do not feel that your powers to declare relief given during a stay in an Institution to be by way of loan and to recover the cost from the patients on discharge are sufficient to meet the position? Perhaps you will tell us why not?—If you are forced to sue the man for debt you have to go before a Magistrate to get his wages attached, and the man who just walks away would take care not to get into work. Or you have to go to the County Court and you find his money has gone. Guardians are very liberal about this. I have never known a man come out of our hospital who has had an accumulation of sickness benefit who has not had a fair proportion left for himself. He may have promised you all, but that is nothing, because of the wording of the Act he cannot assign. I have taken note from the very first, because my Union, after all is in an industrial area, and I have never known us to take the full accumulation. We have always left the man with sufficient money to carry him on for two or three months, at

least, or something more. If we did not do that, as soon as he came out, until he got work, we should have to give him out relief, and this is a way of meeting his needs without continuing his chargeability.

21,706. What happens is that when a man is discharged and he has got a considerable sum of money you ask him to give so much and give him the balance to carry on with?—Yes.

21,707. So that you do not need to put him in the County Court, or anywhere else?—Not if he does it.

21,708. And if he does not do it, what happens?—If he does not do it, it has gone very often in the case of a man of that sort.

21,709. And it would be no use suing him, because he would have no money behind him if you were able to sue him?—If you go before the County Court and you get what you want as far as the Court can help you, time is given to pay, and then, when you have him up on a judgment summons, you must be in a position to prove that since the Order was made by the Court the man has been in a position to pay.

21,710. It is not worth your while, that is what I put to you, when the man will not agree with your method of taking a proportion, to sue him in the County Court, because, if you get your judgment, he has nothing to pay it with?—That is so; it has gone.

21,711. Have you any figures to give us showing the amounts to which the benefit accumulates in such cases. I note you quote one case under the Aylesbury Board where it amounted to over £100. Perhaps you have a wider range of figures?—I think you may take it that probably the average will be about three months or ten weeks, especially in the case of a man who is likely to get back to his work. In his case I should not think the average would be much longer than 10 weeks. That would be £7 10s. But we had to do with a man only a few weeks since who came out with £16. He would not pay us a penny, and he was back again a few weeks afterwards with nothing.

21,712. What would you say to a proposal to limit the amount so payable to a maximum of £50? This, of course, would not relieve the rates, but would avoid the payment of excessive sums?—Do you suggest we should have the £50? Our point is to get hold of the money. That is our point all through. It seems to me an atrocious thing that where a man in our hospital is in possession through War service of a pension, the Pension Authorities, as soon as they know that he is in hospital, communicate with us and stop his pension. We send in a bill in those cases, sometimes, that the Guardians have no claim to make. It seems to me an atrocious thing that a pensioner should be under that disability when an insured person is not. I sometimes get very indignant with these people. I was talking with the President of a big local Friendly Society lately, and he said: "Do you know we paid one of your men £90?" We did not get a farthing of it.

21,713. I note in paragraph 34 your reference to the requirement that medical certificates must be given by the Medical Officer of the Poor Law hospital in respect of inmates, so that they may claim benefit. But I suppose you only object to this requirement because of the financial results to which it leads?—No, I do not put it in that way. I do think, however, that where the Guardians' Officer, whose services are paid for by the Guardians, is put under that responsibility of giving a certificate when the patient asks for it and is going to use that certificate to get the whole of the accumulated benefit when the man comes out of the hospital, that is a double reason why this sort of business of these men walking away without paying anything should be stopped.

21,714. Your point being that your machinery is utilised to obtain some advantage?—We have tended

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[Continued.]

the man; we have doctored him, and bedded him. We have made him perfectly comfortable and restored him to health, and the interests of the ratepayers are harmed if we get nothing back from him.

21,715. (*Mr. Beant*): In paragraph 23 of your statement you state your objection to the exceptions which are given in Part II of the first Schedule to the National Health Insurance Act. You say you think those exceptions are too wide. Could you tell us a little more why you feel that?—I think that if insurance is good for one class of workers they all ought to be in.

21,716. Which of those exceptions contained in the Act would you leave out?—I would not leave anybody out of those getting under £250 a year.

21,717. Let us look at the list. I think this list was most carefully thought out and these exceptions are people who are covered in some other method?—It says the employment of clerks and salaried officials in the service of a railway company. I do not see why they should be out. Then there is the employment of a teacher in an elementary school and the employment of an agent on commission or by fees. Why should they be out? It has always struck me as a queer thing that teachers, because they are in the pensioned service of the State, should be in these exceptions, while the very service in which I belong, which is a pensioned service, is not, except that we get out by a certificate. But we are not in the exceptions to the Act and it has always struck me as an inconsistency. Then there is employment of a casual nature otherwise than for the purposes of trade or business. I do not see why these people should be out at all. A person may have employment of a casual nature which, aggregated together, would equal full employment.

21,718. I take it you do not want the special people to be exempted?—I think the Schedule ought to be consistent and it is not consistent. I have given you the case where the public elementary

teachers, because theirs is a superannuated service, are outside the Statute. The Poor Law service, which is another superannuated service, is not out.

21,719. (*Mr. Evans*): In paragraph 10 you refer to domiciliary medical relief, and you tell us there, I think, that district nurses are sometimes appointed for this work. Is that done very generally?—I do not say there are a large number of Guardians who have their own nurses but my Board happen to have them, and so have Fulham. It is very general, where they have not their own nurses, to make arrangements with some local Nursing Society for the nursing of the sick poor.

21,720. You say that is general?—Yes.

21,721. In South Wales I do not know of any such cases?—I think you will find many of the Boards in South Wales do make a contribution to some Nursing Institution.

21,722. They have not a number of district nurses?—No; but they may be provided by contributions to local Nursing Institutions. There is an Order—it is only of recent years—enabling Guardians to appoint their own district nurses.

21,723. I wondered how many Boards of Guardians really did take advantage of that?—I cannot say. The Ministry of Health, who get all information of this sort, would know. The Association would not know without calling for a special return.

21,724. In the event of a Board of Guardians appointing such nurses would you call that pampering?—No, certainly not. If a person is sick and there is hope of recovery, everything should be done to ensure recovery. If a person is sick and helpless, and there is going to be no recovery, they ought to have all the alleviation they can in their affliction.

21,725. That would not be pampering?—No; it would be absurd to say that.

(*Sir Arthur Worley*): Thank you very much for your attendance.

(*The Witness withdrew.*)

Mr. W. J. BRAITHWAITE called and examined. (*See Appendix XCI.*)

21,726. (*Sir Arthur Worley*): I see, Mr. Braithwaite, that you were Secretary of the National Health Insurance Joint Committee when that body was first set up in 1911?—Yes.

21,727. Prior to that you were largely concerned with the framing of the scheme of National Health Insurance in this country?—That is so.

21,728. On what date did you cease to take part in the central administration of National Health Insurance?—31st December, 1912. I was away from the Office a few days before, but that was my official termination.

21,729. Have you, since that date, kept in touch with the work of the scheme in any way or followed the various developments and changes which have taken place?—No, I cannot claim to have kept very closely in touch with it.

21,730. I see that the Statement of Evidence which you have submitted to us is confined to one single subject, namely, the method of payment of insurance practitioners?—Yes.

21,731. I am sure that your views on other aspects of the scheme would be of interest and value to us but would you prefer that we should confine our questions to the one matter dealt with in your Statement?—I should. I will answer other questions to the best of my ability, but I have not kept up with it. I have had other jobs to do.

21,732. Before we begin to question you with regard to the case system of payment which you advocate, I should like to be quite clear as to the present position with regard to the payment of doctors. This appears to be governed by Part II of the First Schedule to the Medical Benefit Regulations under which four possible methods of remuneration are set out, namely: (1)

a capitation system, (2) an attendance system, (3) a combined system, that is to say, payment by capitation except for special services to be remunerated on the basis of the work done, and (4) any other combination or modification of these systems which the Minister of Health may approve. The decision as to the method of payment to be adopted in any area is a matter for agreement between the Insurance Committee and the Panel Committee for the area, subject to the consent of the Minister. This, I think, is the present position, is it not?—Yes.

21,733. I am not clear as to whether under these Regulations it would be possible for the case system of payment to be adopted in any area if the Insurance Committee and the Panel Committee so desired and the Ministry approved. What is your opinion on this point?—It depends, I think, on the meaning of the words: "combination or modification of these systems." I suppose the solicitor could advise better on that than I could.

21,734. Anyway, you agree that it must come within that if it comes in at all?—Yes.

21,735. In paragraph 6 of your statement you explain very briefly the methods of payment under the capitation system, the attendance system and the case system respectively. The capitation system is not really quite so simple as you state, is it? A doctor does not, in fact, receive a fixed sum of 9s. for every insured person on his list, does he?—I hope you have got the proof of my Evidence which runs (paragraph 6 (1)): "Subject of course in practice to certain deductions or additions made to meet the special cases for which Regulations must provide."

21,736. Is it not the case that a central medical pool is built up on the basis of 9s. for each insured person entitled to medical benefit?—Yes.

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[Continued.]

21,737. And this is divided between the Insurance Committee areas by a special Distribution Committee in proportion, so far as can be ascertained, to the estimated risks in each area?—Yes.

21,738. Is it not also the case that the local pool in any Insurance Committee area is divided amongst the doctors of that area, primarily on the basis of the number of names on each doctor's list, but also with regard to the actual incidence of the risk as between different doctors, the methods of distribution being a matter for agreement between the Insurance Committee and the Panel Committee as representing the doctors of the area?—I believe that is the case, but I understand that has been different in different areas, which is natural enough.

21,739. We have already had evidence from officers of the Ministry, from the British Medical Association, Insurance Committees and Approved Societies as representing insured persons, and from none of these bodies has any serious exception been taken to the capitation system of payment. Have you any reason to think that the system is not generally acceptable to any of the parties concerned?—It depends upon exactly what is meant by "reason to think." One hears in conversation a great deal against it from people you meet, conceived simply as the capitation system. The extent to which that objection is general I should not like to say. I think the capitation system has been regarded as so inevitable that perhaps alternatives have not been quite considered by the public.

21,740. You say "in the course of conversation"; but have you in mind the doctors, or the Committees, or the Approved Societies, or the insured persons when you say that?—I have both the insured persons and the doctors in my mind—people that I have met.

21,741. Is it not the case that, except in Manchester and Salford where the attendance system of payment is preferred, the capitation system has been adopted in every Insurance Committee area, although it is possible in any area for a modification of that system to be submitted for the approval of the Minister?—I take it from you.

21,742. Am I right in thinking that you advocate the case system, not so much in the interests of the doctors or any other party concerned, as on the ground that you are of opinion that on the whole it would result in a more equitable distribution of the money available?—I should like to emphasise especially paragraph 7 (3) in my Statement of Evidence. I mean the paragraph beginning: "It removes the suspicion". I hope the case system would make both sides more glad to see each other.

21,743. Do you think they are not glad to see each other now?—Not always. I will put it like that.

21,744. I think the evidence we have had before us, so far as the doctors are concerned, is that there has been a very happy feeling with their patients. I am not sure that I quite appreciate the point which you make in paragraph 6 of your Statement as to payment for slight passing ailments. Would not the same advantage arise under a capitation system?—I intended to state there shortly the advantages I see of the case system on the money side. More illnesses necessarily are short rather than long, and it follows that in the majority of cases the case system would be a better payment for the work done than the work represented, if the average payment is a fair one.

21,745. In paragraph 7 you set out what you consider to be the more important advantages of the case system of payment, and in sub-paragraph (1) you claim as an advantage that the system enables a choice of doctor to be postponed until illness actually occurs. Are you sure that this is to the advantage of the insured persons? Is there not something to be said for the doctor being selected before illness occurs?—Yes, there would be something if it were humanly possible to allocate all your patients beforehand to all your doctors in such a way as to produce satisfaction. The difficulty which was in my mind

was that people put off these things and under the capitation system you had the man coming to the doctor for the first time when he is ill. To give an illustration which a doctor gave me only three days ago, a patient, who was not on his list, came to see him. He is ill and he asks him: "How long have you been in this neighbourhood?" The answer was "Three or four years." The doctor, reasonably enough, said: "I ought to have had the capitation payment for that person all the time."

21,746. Probably someone has had it?—Yes.

21,747. He might have had it and not known it. You must take it that some doctor in the neighbourhood had had it and possibly he was the one?—His complaint was that it went to the pool.

21,748. Do you think that the extent to which insured persons change their doctors depends very much on the machinery under which the doctor is paid, or that any appreciable number of insured persons take sufficient interest in the matter to find out how doctors are paid, or to allow the knowledge, if obtained, to influence their own action in changing their doctor? Do you think the ordinary insured persons cares very much whether the doctor is paid by the case or attendance or otherwise?—No, I do not think the insured person cares how the doctor is paid, provided the doctor is glad to see him and treats him nicely when he gets there.

21,749. On paragraph 7 (2), if choice of doctor were ordinarily postponed until treatment was required, would not the power of the doctor to decline a patient be substantially less than under the present system under which the doctor is compelled to give any treatment which is required?—It would be more like private practice in that matter.

21,750. On paragraph 7 (3) in which you deal with the financial incentive to doctors to accept insured persons as patients, would there, under the case system, be any incentive to a doctor to give attendances on a "case" after the first attendance?—No; the position then would be the same as under the capitation system.

21,751. So that it is only in the first attendance that there is going to be any advantage?—It is the first meeting of the two parties, and presumably if they start on friendly terms they have a better chance of going on on such terms.

21,752. In paragraph 7 (4) you say that the case system would throw the emphasis of the whole insurance system on the diagnosis of disease. Does not the capitation system equally do this? Is it not to the interest of the doctor under that system to reduce to the minimum the amount of work required to keep his patients in health?—I think the position is the same under the two systems, except that with the capitation system it really makes no difference to the doctor whether the man continues ill or gets well.

21,753. He is anxious to cure the man in the ordinary way?—Yes; except for the first meeting the position is substantially the same in both respects.

21,754. On paragraph 7 (5), do you contemplate that the additional specialist services to which you refer should be paid for out of the money now provided for the general practitioner service? Do you not think that whatever method of distribution of the funds is adopted, it will be necessary to provide more money in the aggregate for the country as a whole if a wider medical service is to be given?—Except by agreement between the doctors; if it is agreed by the local panel of doctors that a certain doctor puts himself down for one thing—the throat, or something or other—then the case system, I think, can be worked very easily with that. It could be on the capitation system too.

21,755. The effect is that a doctor would be voluntarily taking less if someone else had to participate in the same amount of fees?—Yes.

21,756. For these specialist services, which would presumably require more skill than the ordinary case treated by a general practitioner, would you suggest

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[Continued.]

that a higher case rate should be allowed?—I should not like to make any suggestion on that. It depends on the nature of the illness. There are throats, eyes, lungs, heart, and all the rest of it.

21,757. The provision of the specialist service would then be supplementary to the general practitioner service now provided and could be equally well grafted on to a capitation system of payment for general practitioner services as on to a case system?—Yes, I agree a specialist service can be grafted on to the capitation system.

21,758. On paragraph 7 (6), are there, in fact, now any serious difficulties in dealing with payment for illnesses away from home under the capitation system? We have had no criticism of this from any quarter?—I am afraid I cannot speak about that.

21,759. On paragraph 7 (7), do you not think that the capitation system might be defended as being strictly logical in so far as the payment is based on the number of persons whom it is the doctor's business to keep in, or restore to, good health, so that roughly the payment is based on the results obtained?—If the capitation lists can be kept thoroughly up to date then the average should work out right; but even if they were kept up to date I can imagine a case where it would not work out fairly. You might have an epidemic on one side of an area and not on the other, or something of that sort.

21,760. On paragraph 9, we have been informed by the Ministry of Health that a substantial item in the cost of administration in the case of medical benefit is the cost of keeping up the register of persons entitled to benefit in each area. Would the adoption of the case system of payment afford any relief in this direction, do you think?—That is a point upon which I have had a great deal of argument with different people. Discussions can be imagined. I think it depends ultimately upon the way in which a "case" is defined and the precautions which the Ministry of Health considers necessary against fraud.

21,761. Or negligence?—Fraud or negligence. On both those, not being in an official position, I could not attempt to speak, because it is clearly a case about which the Ministry must have information which it is quite impossible for an outsider to have.

21,762. Arising out of paragraph 10, we were informed by a witness who spoke in support of the attendance system of payment, that a somewhat elaborate procedure had been found necessary to guard against over-attendance and to secure a fair distribution of money between the doctors in areas where that system had been adopted. Would not the need for such control and the difficulty of making it effective be even greater under the case system, in so far as a single attendance given to any patient will entitle the doctor to a full case value and also in so far as it would be extremely difficult after the event to demonstrate that it had been unnecessary for a patient to have been seen by a doctor at all. Perhaps you will deal with each of these points? There is the Manchester system of attendance. It was found that certain doctors gave a lot more attendances than were necessary and there had to be a sort of percentage deduction?—It depends again upon the definition of "the case." If "the case" was defined as treatment for a month or two months I do not think the difficulty arises. From the time when the doctor signed the card to the end of the month he would be responsible for everything. If the case was defined as an illness, or some effort was made to define "the case" as an "illness," then I imagine this would arise: the patient goes to the doctor with a cold in the throat and later on he gets a stomach ache and the doctor wants to count that as two.

21,763. If under the system which you advocate an insured person received treatment from more than one doctor during a period of illness, how do you suggest that each doctor should be paid? If each were to receive from a pool of fixed amount the full case value, would this be fair as compared with the ordinary case where a single doctor provides the

whole course of treatment?—If the same patient was treated by two doctors at the same time?

21,764. No, but if he should receive treatment from more than one doctor for a period of illness. It need not necessarily be at the same time though perhaps it might be one illness?—But overlapping treatment?

21,765. Not necessarily. He might not like the face of the first doctor and say: "I will have another doctor." He might do that at the end of a fortnight and have two doctors for two separate fortnights?—I suggest that you should make the case system dependent upon a time period of a month or two months as might seem advisable.

21,766. Is your recommendation that the case system of payment should be made compulsory or that, as at present, the method of payment should be a matter for agreement in each area?—Entirely a matter of agreement. I only put the scheme forward, I may say, in supplement of anything which I have put in the Evidence, on the chance of it conducing to a more friendly relationship where the relationship is strained. I hope in most areas it is not strained, but in areas where it is strained I put it in as a means of more friendly relationship.

21,767. I see that in paragraph 10 you state that some such system as you suggest has been tried as an experiment in Berlin. Can you say whether, as a result of that experiment, the system was extended to other parts of Germany?—I am speaking on memory now 15 years old, and I should not like to say whether it existed outside Berlin. I came across it in Berlin and made enquiries about it there. What I have put here is, as I say, memory 15 years old and I have no means of verifying it.

21,768. You do not know whether the system is still in existence in Berlin?—I should think it has gone smash. I should think that they have had to start something else. But I was told by the Berlin people that it was much the best system that they had. They had tried other schemes in Germany and this scheme was working better than the others.

21,769. (Sir John Anderson): In advocating the case value system you are assuming, I suppose, that a pre-determined amount in total is available for the remuneration of the doctors?—Yes.

21,770. And you are dealing only with the distribution?—Yes.

21,771. I gather that the main advantage you see in the system is a psychological advantage?—Yes.

21,772. It presents some of the advantages of the attendance system and avoids some of the disadvantages?—Yes.

21,773. Have you any knowledge as to whether the case value system has been tried at all in connection with the Health Insurance medical service in this country?—I remember before leaving that that was considered in drawing Regulations for temporary residence.

21,774. Do you know the result?—I believe it did not work very well in some areas. I am not sure what happened. I believe it still works in Scotland, but I am not sure if it works in this country. I do not know the result. That is a different problem really, because you had to bring the thing down to a different value, I think.

21,775. Do you contemplate under your case value system that insured people would be linked up in any way with a particular practitioner, or would they be free to go in any illness to any doctor?—I am prepared to contemplate it either way. I presume the doctor would sign the man's card, and the arrangement made with the doctors would provide how long that would link him up and the extent to which it did. I feel so much that it is a matter for discussion between the doctors and the people concerned.

21,776. I gather though that you are trying to aim at a system which would adopt as far as possible the characteristics of private practice?—Yes.

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[Continued.]

21,777 And you are dealing only with the method of payment?—Yes.

21,778. In the conditions of private practice it is the normal thing, is it not, for a given person to look to a given doctor for treatment when he is ill?—Certainly.

21,779. Is not that desirable?—I take it it is, and I think practically under the case system the same patients would always go to the same doctors.

21,780. It might rather tend to encourage experiment, might it not?—You mean there are certain people amongst the population who might "try it on," so to speak.

21,781. People of a roving tendency might go from doctor to doctor to get what they could in the way of nice medicine, and so on?—That is one of the things attaching to a free choice of a doctor, undoubtedly.

21,782. Yes; but, as you pointed out, I think a free choice of doctor, while it is provided under the existing regulations, is subject to certain practical limitations. It is a question, is it not, whether there should not be some minor obstacles in the way of repeated change from doctor to doctor?—Yes. Personally I think if a patient goes to a doctor he ought to sign on with the doctor for some time. I do not think it is reasonable to allow him to change too quickly.

21,783. (*Prof. Gray*): Cannot a patient change at any time now?—Yes; so that the thing cuts both ways. I feel that the experience of the Ministry of Health will gradually reach towards something which will show what is the best method.

21,784. (*Sir John Anderson*): We have heard a good deal about the importance of systematic medical supervision of people even when they seem perfectly well. How would the "case" system work out if the doctor adopted the practice of getting the people on his list to come to him periodically to be overhauled, perhaps to get a tonic or something of that sort. Might the cases multiply in a way which would be very difficult to check?—A systematic conduct of that kind I think would soon come to the notice of other doctors and of everyone in the locality.

21,785. What would happen, would they not follow suit?—If all doctors followed suit that is a matter for them; it diminishes the value of the case clearly; they are only cutting the value of the case down all round.

21,786. Is it not a practice which could be justified by specious arguments ending in a representation that the remuneration for the work done was grossly inadequate?—The case and attendance system I imagine is still more open to that objection. I do not know whether the objection has occurred there.

21,787. Would it not be necessary to apply rather elaborate safeguards?—With regard to multiplying attendance. I have not heard of that particular form of it.

21,788. It is a form which exists only in my imagination?—Of course it obviously could happen under a case and attendance system and it is obviously a danger of that system.

21,789. (*Professor Gray*): Is it not the case that once a person has seen a man that is all he requires to do; he gets a "case" for one attendance?—He gets a case for one attendance and he has no hold on the man after that.

21,790. (*Sir John Anderson*): As regards amount it would be less than the amount which you contemplate as being payable in respect of a case?—Generally speaking. They have to get the insured person to come. If he is invited to join in something which amounts to a conspiracy—I do not know whether you put it as high as that—

21,791. No, it seems to me the practice could be justified by specious argument in the interests of the health of the community?—Would the argument appeal to the insured person? People are not so fond of going to doctors.

21,792. I was addressing myself to your suggestion that it might be regarded as something in the nature of a conspiracy. I do not think one could put it as high as that?—Not in a mild form, but I can imagine a form in which it would be in the nature of a conspiracy.

21,793. If that practice were adopted by doctors who were anxious to increase the amount of their professional income, might the psychological advantages of the system not be severely discounted by the friction and ill-feeling and general suspicion which might be engendered?—The general suspicion of the doctor?

21,794. Of the doctors of one another?—You mean there might be rows on the Panel Committees of doctors?

21,795. Yes, the doctors might be suspicious of the proceedings of their professional colleagues?—That has happened on the Manchester system, I believe.

21,796. The amount at stake here would be very much greater?—The amount at stake would be greater. I was considering the matter from the insured person's point of view primarily, and the insured person would have to be very pleased with his doctor to go and see him when he was quite well just for the fun of an interview with the doctor.

21,797. A great deal depends, does it not, in the work of medical service upon the attitude of practitioners generally?—Certainly.

21,798. And their feeling with regard to the equity of the arrangement?—Yes.

21,799. (*Professor Gray*): It is extremely difficult, is it not, to define a "case" in the sense in which case is usually used?—Yes.

21,800. In fact you are almost forced back to a time limit?—Yes.

21,801. Taking the normal meaning of the word "case," as you indicated you get cases of overlapping, various illnesses overlapping where you cannot say where one ends and the other begins?—Yes.

21,802. With regard to these specialised services you speak of, do you contemplate that there might be two cases running simultaneously? My difficulty is this. The need for specialised services is not the kind of thing you can put on one side as apart from the need for medical treatment: specialised service grows out of ordinary treatment of the ordinary case?—Yes.

21,803. Would there be in a sense two cases running there?—There may be a case where a man was having his eyes or ear or throat treated and going regularly to some specialist for that purpose, and then he might be taken ill with influenza.

21,804. That is hardly the point. A man goes to his ordinary panel doctor who treats him and continues to treat him, but at a certain stage he says "This is a matter for a specialist," and the panel practitioner sends him to a specialist. Would that be two cases running simultaneously?—It depends. I feel the capitation system can be applied as well to the specialist section as the "case" system. The "case" system really runs the same way as that. As a matter of administration it seemed to me an extremely easy matter to settle.

21,805. (*Mr. Jones*): In the original Regulations there are one or two alternatives: the first is capitation, the second is attendance?—Yes.

21,806. Attendance was only adopted in one or two areas?—Yes.

21,807. We know that considerable modifications have had to be made of the apparently original simple scheme?—Yes.

21,808. There has been no need for administrative restriction in connection with the capitation system?—That is so.

21,809. Therefore we may take it that the doctors are fairly well satisfied in regard to its working?—Yes.

21,810. And that they have no ground for complaint, otherwise we might have heard of it?—I should meet that by the same remark that I made before; I am not sure whether the doctors have fully considered

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the way in which the "case" system would affect them.

21,811. I want to come to that. Without trying for the moment to define accurately what a case may be, a case at one end of London and another case at another end of London would be paid at the same rate?—That would depend on the Panel Committee. There might be a Travelling Pool.

21,812. Do not bring in any consideration like that. Within the Insurance Committee area, whatever area was taken, there would be a flat rate per case?—Yes, unless there was a Travelling Pool or some Special Pool made up for specialist services.

21,813. Contrast that with pre-Insurance practice. In pre-Insurance days a man in a poor industrial area charged small fees, but he made a decent living because of the number of occasions when he was required and the ease with which he could get round?—Yes.

21,814. Therefore he was fairly well remunerated at a relatively moderate fee?—Yes.

21,815. His colleague in a suburban district charged higher fees?—Yes.

21,816. But he probably had further to travel and he probably had to spend a longer time in the house, made more visits because of the different personnel of his practice?—Yes.

21,817. He was remunerated to that extent by charging increased fees?—Yes.

21,818. Both of them were fairly well satisfied. Does not that work out exactly under the capitation system?—If the capitation lists were kept up to date and all insured persons were distributed so that each doctor had his full capitation list and then got his average number of cases, it would work out the same as the capitation system if his area was a normal one.

21,819. The areas are pretty well uniform?—No doubt there would not be very much difference in the amount of money but, as Sir John Anderson said, there is the psychological effect.

21,820. Comparing these two cases under the capitation system, the doctor in an industrial area has the same capitation fee: he has a large number of consultations: and if he has a large number of visits they are in a prescribed area and he can get round

fairly quickly. Is he not where he was in pre-Insurance days? He has to work very hard but he earns a fairly decent living?—Yes.

21,821. Does not it work the same in a suburban area. He is dealing with a more healthy class, but the call on his time and energy is not more than it was before?—The doctors in the better-class areas, speaking of London, a great number of them are not on the panel list at all.

21,822. Where they are on the panel is the doctor not remunerated by the lesser amount of work he is called upon to do by reason of dealing with a healthier class of people? Is he not paid a capitation fee multiplied by a certain number of units but for the same number of units he is doing proportionately less work than the man in the industrial area?—Would it not be the case in an area of that kind that he would not have the people all signing on? I live in Hampstead. Very many domestic servants there are not on anybody's list at all.

21,823. That may occur elsewhere. Taking it on the whole, does not the working out of the capitation fee in these two contrasted kinds of practice secure pretty much the same result as in pre-Insurance days?—I do not know. *On the assumption* that in the better-class area there is less illness and a doctor has therefore less to do and has got a complete panel list, he gets under the capitation system, so to speak, a better case value.

21,824. A better attendance value?—A better attendance and case value.

21,825. Do you think that a man will be satisfied to remain on the panel if he simply got down to the level that your system would bring him?—I cannot see any reason why he should not.

21,826. Would his case value not be reduced by the higher number of case values that the industrial area would entail?—There might be a redistribution of income but it would be a redistribution according to work done.

21,827. That is the attendance system again and we found it to be unsatisfactory; in fact they have put so many limitations on it as practically to reduce it to the capitation system?—Yes.

(*Sir Arthur Worley*): Thank you very much.

(*The Witness withdrew.*)

THIRTY-EIGHTH DAY.

Thursday, 9th July, 1925.

PRESENT:

LORD LAWRENCE OF KINGSGATE, in the Chair; later, SIR ARTHUR WORLEY.

THE RT. HON. SIR JOHN ANDERSON, G.C.B.
SIR HUMPHREY ROLLESTON, BART, K.C.B.,
M.D., P.R.C.P.
SIR ALFRED WATSON, K.C.B.
SIR ANDREW DUNCAN.
MR. A. D. BESANT, F.I.A.

MR. JAMES COOK, J.P.
MR. JOHN EVANS.
PROFESSOR ALEXANDER GRAY.
MR. WILLIAM JONES.
MRS. HARRISON BELL.
MISS GERTRUDE TUCKWELL.

MR. E. HACKFORTH (*Secretary*).

MR. J. W. PECK, C.B. (*Assistant Secretary*).

Mr. F. KERSHAW, Mr. E. CORBEY, Mr. G. W. CANTER and Mr. G. P. BLIZARD, called and examined.
(*See Appendix XCII.*)

21,828. (*Chairman*): You are Mr. F. Kershaw, President of the National Association of Trade Union Approved Societies?—(*Mr. Kershaw*): Yes.

21,829. And you are Mr. E. Corbey, Secretary of the Association?—(*Mr. Corbey*): Yes.

21,830. I see from paragraph 1 of your Statement that your Association consists of 72 Societies with

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a membership of 1,162,000 persons. May we take it that besides representing this large body of insured workers, you also speak for the General Council of the Trade Union Congress and the Executive Committee of the National Labour Party?—(Mr. Kershaw): You may.

21,831. You claim in fact, as you state in paragraph 7, that your evidence represents the considered view of organised workers?—We do.

21,832. I will deal first with the questions you raise on the main structure of the Act. Though you see several defects in the system of Approved Societies, on a balance of considerations you desire that system to be retained?—We do not believe that it is practicable at the present time to recommend the abolition of Approved Societies, mainly for the reason that the advocates of the change would find it difficult to present their case to the insured population and so counter the agitation which would be aroused on the one hand by the agents of the collecting Societies, and on the other hand by those who retain a pathetic belief in the necessity for maintaining the traditions of mutual thrift Societies. Speaking for our own organisation, we believe that a completely efficient co-ordination of all health services is impossible under the Approved Society system and we would welcome any change which made for the betterment of the health of the people.

21,833. But the retention of Approved Societies would ultimately be only for the administration of cash benefits, having regard to what you say as to the future of medical and allied services?—If Approved Societies were continued it would be for cash services only.

21,834. You are not in favour of the replacement of Approved Societies as now existing by a system of territorial Societies? Perhaps you would amplify your views on this problem?—Our constituent Societies have not expressed their views on the subject of territorial Societies specifically. They do, however, realise that their advocacy of the principle of national valuation inevitably would involve the ultimate abolition of the existing system. We visualise that under a territorial system with all forms of public medical services co-ordinated, Local Authorities might, from the records produced by themselves, find that it would be a paying proposition to capitalise the cost of excess benefit paid in consequence of bad conditions as, for instance, bad housing conditions, and so remove the cause of the sickness. A system could be so devised as to give a direct monetary incentive to the State, the Local Authorities, the employers, and the workers to improve the health of the people rather than to continue to pay a heavy expenditure in sickness benefit.

21,835. You consider that the "fraternal" factor does not exist in the case of a vast number of insured persons and that where it does exist it is diminishing. What is the cause of this?—Several factors contribute to this. Chiefly it is due to the distinction made between State business and private business both on the part of members and officers in those Societies which at any rate desire to maintain the fraternal spirit, but, of course, in the case of at least half the insured population (7,000,000 or 8,000,000) it is not pretended that the fraternal spirit does or can exist or be created under present conditions.

21,836. Is there no form of organisation of Approved Societies which could maintain this factor?—If the range of additional benefits other than cash benefits increases, the administration of which calls for more discretionary powers being exercised on each claim, it is possible that it will encourage greater interest being taken by the members of those Societies which have constitutions and methods of administration that permit and encourage activity in the work.

21,837. Would you approve the statutory imposition of any particular type of organisation so as to secure improvement in this respect?—We would make

it a statutory condition of continued approval that a Society should give reasonable opportunities to its members to exercise some influence in its control and management. We realise the difficulty of providing for the isolated member and would consider that in most such cases, if the member desired to interest himself, he would transfer to some Society which did afford him the opportunity in his particular district.

21,838. Would you put an upper or a lower limit to the size of Societies and registered branches?—We do not think it would be practicable.

21,839. What types of organisation have you in your Association?—Mostly they are Trade Unions operating through branches.

21,840. In paragraph 20 you suggest that the intention of Parliament in the matter of control of Societies by their members could be realised, though in fact you say it is not. What are your practical suggestions to secure this result?—The Trade Union and Friendly Society systems of branch and district elections of delegates to a general meeting at least provide the means, and, subject to certain safeguards as to the eligibility of paid servants to act as delegates, developments on these lines should be possible.

21,841. In paragraphs 23 to 37 you point out the adverse effects of segregation, and in paragraphs 38 to 42 you suggest that a national valuation is desirable. Does this mean that all the separate society funds should be pooled and that thus any surplus should be equally available for the whole insured population?—Yes.

21,842. Are you suggesting in paragraphs 38 to 42 that while all National Health Insurance money should be in one central pool, each Approved Society should continue to deal with the claims of its own members?—Yes.

21,843. The Approved Societies would then, if they continued to exercise at all, be merely agents of the body responsible for the central pool, that is, presumably, the Central Government. Is this your proposal?—They would clearly be agents. They would still have a discretionary power in the payment of cash benefits, and that discretionary power, in so far as it now exists, would continue.

21,844. How many of your 72 constituent societies had surpluses in 1918 and on the Second Valuation? Can you give us any figures?—On the First Valuation 69 societies with a membership of 1,160,466 had a surplus of £1,329,072 equal to £1.14 per member. The average for the whole insured population was £1.08 per member. Two Miners' Societies with a membership of 31,124 showed a deficit of £22,843. The principal divisions in order of occupation were as follows. I will give the surplus per member in £s: Printing Trade £1.98, Postal Workers £1.65, Distributive Workers £1.46, Building £1.42, Mercantile Marine £1.4, Transport £1.16, Cotton £1.12, General Workers £1.04, Engineering £1, Iron and Steel £.71, Miners £.03. So far as our investigation goes in respect of the Second Valuation the surplus is from two to three times greater than that of the First Valuation.

21,845. What is your reply to the statement we have had in evidence that any pooling of surpluses would be a radical departure from the principles on which the original scheme was framed and a breach of the pledges given in 1911 when the acceptance of the Scheme by Parliament and the country was being sought?—We suggest that Parliament was entitled to assume from the Actuaries' report that over the whole insured population the contributions would exactly square with seven-ninths of the cost of the then normal rates of cash benefits and medical and sanatorium benefits and that, therefore, the pledge, in so far as any legislation can be a pledge for all time, did not contemplate any surplus over the whole population. We cannot agree that the claims of societies as a whole in this respect extended beyond the expected expenditure in the

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aggregate upon normal benefits. We suggest that the obligation of the State does not really extend beyond providing the necessary initial paper reserves to enable people of all ages to pay the flat rate contribution for the normal rate of benefit; indeed we suggest that that was the sole purpose of the State grant on benefits originally. We say further that, had Parliament known that over the whole insured population the normal rates of benefit could have been purchased for a lower rate of contribution, the statutory contribution would have been that lower rate.

21,846. Would you agree that it has always been quite clearly understood that the surplus funds of a Society belong to its members and that they are entitled to use them for their own advantage whatever the financial position of other societies may be?—We do agree it has always been so understood, but we do not agree that societies are entitled to use for their own advantage the results of an actuarial miscalculation, or perhaps to be more correct I should say the surplus created by reason of the only actuarial data existing at the commencement of the Act being so far removed from present day experience.

21,847. What is, in your opinion, the justification for a fundamental departure being made from that principle?—Firstly, the objects of the Act. Obviously for the prevention and cure of sickness those members of the community who by reason of earnings, occupation, or home conditions, or from any other cause, suffer from the greatest degree of sickness and ill-health are the persons who most need cash benefits when ill and the most comprehensive protective and preventive services. Under the present system the exact reverse is the position. Secondly, we submit that Parliament could not foresee the present position and should have the opportunity of saying whether or not it intended that Approved Societies as a whole should administer and control the many treatment benefits now provided.

21,848. Then you are now entirely against the principle that for the light risks there should be, not perhaps a reduced premium, but the equivalent of that in the way of additional benefits?—Yes. We believe that there is a growing appreciation of the contention that every class making up the nation are affected by the unsatisfactory state of the national health.

21,849. You think all the trades and occupations should stand together and spread the risks over the whole insured community?—Yes.

21,850. Was objection taken in any quarter in 1911 to the principle of segregation or have the objections only arisen since the valuation results have been disclosed?—Yes, but not to any great degree in 1911. It would, however, be quite wrong to think that the objections have only arisen since the valuation results were declared. It has frequently been suggested that my Association has advocated Nationalisation only because it consisted of Societies which were in a bad position compared with other Societies. The fact that on the whole our surplus exceeds the average surplus shows that we stand to lose in the sense of the suggestions; and as a matter of fact the foremost advocates of nationalisation do happen to be Societies with very good surpluses. My Association sent a deputation to the Ministry, I believe in 1914, advocating this principle, and certainly each year for the last 10 years our annual conference has carried a resolution on these lines.

21,851. From paragraphs 43 to 51 I see that if you cannot have a complete pooling of funds you suggest the setting up of a National Equalisation Fund, to be made up by a graduated levy on the surpluses of Approved Societies which have surpluses above the average of all Societies. Have you thought out this plan in any detail? For example, could you give us any idea of how your plan would work if the average surplus were taken as five units and we had four

Societies, A, B, C, and D, with a deficiency of one unit and surpluses of 3, 7, and 10 units respectively?—A rough example of A, B, C and D would be as follows: The Central Fund would, of course, continue to cover deficiencies and, therefore, A would appear at par, A being 0, B 3, C 7 and D 10, total 20, giving an average of 5. We should give 3 to A from the Equalisation Fund, and 1 to B, and we should take 1 from C and 3 from D, the final position being A 3 units, B 4, C 6, and D 7. The effect is to close up the disparity, which was 0 to 10 to 3 to 7. It will be understood that the example presumes A, B, C and D to have the same number of members.

21,852. Would you propose to retain the Central Fund on its present basis to be used solely to enable Societies in deficiency to continue to pay the normal benefits of the scheme?—Yes.

21,853. Do you not think that the object which you have in view might equally well be met by extending the scope of the normal benefits so as to include all benefits which should be available for all insured persons and by extending the Central Fund in such a way as to cover the case of any Society which falls into deficiency as the result of the provision of these extended benefits?—The effect of the suggestion in the question would be to bring the Societies which at present have a moderate surplus to a dead level through the operation of the Central Fund, and to leave the disparities in the higher reaches exactly as great as they are now, though the individual surpluses would be on a lower scale. I would also ask the Commission to consider the really hopeless position that some Societies would be in according to the Valuation report, notwithstanding that they subsequently received aid from the Central Fund. For example, a Society which has no surplus under the present conditions would, by an extension of the Central Fund, have its income decreased, and by the extension of benefits its expenditure increased, the combined effect of which might easily produce such a hopeless outlook as to kill the Society. It will be proper here to call attention to the fact that the relatively bad position of some Societies is not altogether the excessive expenditure on benefits so much as decreased income due to the depression in industry.

21,854. In paragraphs 52 to 54 you propose to reduce the lower age limit for insurability. You do not think that this would be a retrograde step, having regard to the age provisions of the Education Acts? In particular would it not provide an inducement to some parents to take their children away from school earlier than they otherwise would, especially if the Unemployment Insurance age were similarly reduced?—We worded our submission so as to avoid stating any age. We desire to raise the statutory school-leaving age, but we submit that at whatever age a young person can undertake whole-time employment he should be insurable. We do not concur in the suggestion in the last part of the question.

21,855. In paragraph 59 you recommend that the rate of remuneration limit should be raised to £350 per annum. Is there really any demand for this from the non-manual workers?—It is difficult to suggest how one could ascertain whether or not there is a demand. One repeatedly hears the statement: Why should the State do everything for the working classes? Apart, however, from a demand—one does not remember any particular demand in 1911—we believe (1) that the benefits other than cash benefits are needed by this class; (2) that anything which tends to include the greater part of the population under the State scheme will diminish the snobbery which still prevents some people from availing themselves of the services of a panel doctor; (3) that as the scheme extends this class should be allowed to participate in the benefits; and (4) that the complete co-ordination of health services must include some provision for these people. As to the need for such services for this class of person, I cannot do better

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than quote Dr. Janet Campbell, page 12, of her "Maternal Mortality." The quotation is: "The predominately working class district of West Ham actually had in 1919-22 the lowest rate of maternal mortality (2.03) of all the county boroughs. In the poor working-class Metropolitan Borough of Shoreditch the rate of maternal mortality in 1919-22 (2.55) was the lowest but two of all the Metropolitan Boroughs, surpassed only by the City of London—a very special district—(1.66), and the working-class Borough of Stepney (2.42). Both Hampstead and Lewisham had higher maternal mortality rates than Shoreditch."

21,856. You are no doubt aware that if such an enlargement came about the medical profession would strongly resist the allowance of medical benefit to the new class. Would you still desire the change if only the cash benefits were available for those higher paid non-manual workers?—We do not attach great importance to cash benefits for this class, though maternity benefit would probably be very welcome.

21,857. We note your recommendation under Section VII. On what ground do you desire that the provisions relating to exemptions should be repealed?—An income of 10s. a week is not in our judgment a set-off against the benefits of the Act. There would be no hardship in the repeal of the section. We desire to include everybody in our scheme for public health reasons.

21,858. (Mrs. Harrison Bell): Would you be so good as to amplify a little for us the economies that would result from what you suggest in paragraph 41 of your Statement?—A great part of the work of Approved Societies obviously has relation to the necessity for the actuarial calculations. That would go under a national system.

21,859. With reference to the raising of the income limit, there is, I think, within the knowledge of all of us, a demand on the part of persons with incomes of this kind for, at any rate the kind of specialist services that they now find so difficult to provide for themselves and which under a consolidated Health Service would accrue to them as part of the population. Have you any evidence to offer as to that?—As I said, it is difficult to know how far there is demand for this benefit but, strangely enough, only yesterday morning, so far as the members of this class who travelled in my carriage were concerned, they were unanimous in hoping that they could have at least the specialist services that sometimes they need.

21,860. (Mr. Cook): Mr. Kershaw, you are here representing the organised worker and, speaking on behalf of the organised worker you have indicated that you would approve and welcome some very drastic changes. In the course of this Commission we have had before us representatives from a very large number of Approved Societies, and they also claim to represent in a certain measure the organised worker, and they put before us the point of view that their members, organised workers, Trade Unionists in many cases, are strongly opposed to anything that savours of pooling, and one or two other matters that you are advocating here to-day. How do you reconcile that conflict of opinion?—My answer to that would be this. The evidence that we are putting before the Commission has been discussed very fully throughout the whole of the Trade Union Movement. We think that, even in those other Movements, if the comprehensive scheme that is at the back of our minds could be put before their members, probably their members would desire something in this direction.

21,861. You are suggesting that this scheme, which has the approval of the Trade Union Congress, is imperfectly known, or perhaps wholly unknown, to the representatives of the Friendly Societies who have come here and who object to the things that you are advocating. You think it is because of ignorance in

many cases on the part of the members of these Approved Societies that they are hostile to the things you are advocating?—I would not like to say in the main it would be want of knowledge on the part of those members. There is undoubtedly, I know, being a Friendly Society man, great enthusiasm on their part for their particular Societies. They feel very strongly that they should be continued. But I have met in conference representatives of organisations which have given evidence here, and those representatives I imagine would be much more closely in touch with the insured population than the people who have been speaking on behalf of the insured population, and they have without hesitation approved of this scheme that we are putting before you. That has happened on more than one occasion during the last few months.

21,862. Supposing the proposal you make in paragraph 42 were to be made effective certain very drastic changes would follow. At the same time you have indicated that you are reluctant to advocate the abolition of Approved Societies as they exist to-day, but the changes that you advocate would undoubtedly deprive these Societies of a good deal of the functions that they presently exercise?—Yes.

21,863. Do you think these Approved Societies would be likely to agree with and co-operate with you?—I know that they would not. My experience of the last few months while the controversy has been going on round the work of this Commission indicates to me that the moment you were to suggest the abolition of Societies there would be at least 10,000 little centres of agitation against it, and to some extent that agitation would arise from a vested interest, and to some other extent from a desire to continue their present organizations.

21,864. So it may be just as difficult after all to get these changes that you propose given effect to as it would be perhaps to bring about the abolition of the Approved Society system as you find it constituted to-day?—I think the Commission, if I may say so, has to visualise what the position might become in ten, fifteen, or twenty years from now if you do not deal with the evil as it exists. So far as one can gather from the experience of the last twelve years, in another generation the main Approved Societies will be of that type of Society to which we have the greatest objection.

21,865. That is the Industrial Society?—Yes, I do not think there is any question about that as far as figures go.

21,866. This much hackneyed phrase which we have heard from the beginning, the fraternal touch, the personal touch, and all that sort of thing, do you suggest it is quite absent in the case of Industrial Societies, if it has any existence at all beyond a mythical existence?—I do not think it is claimed that it has any existence in those Societies. We have heard of the "home-service" touch, and I suggest there might be a very different construction put on that than those who put it forward would desire.

21,867. (Mrs. Harrison Bell): It would be quite possible, would it not, for the Approved Societies to be continued just for the purpose of administering cash benefits, while all the health benefits were administered by a committee of the local authority?—They would then be a less stumbling-block to the complete co-ordination of Health services, but in my judgment the services could never be complete till the whole thing was under some different system from what we have at this moment.

21,868. (Professor Gray): On the question of Societies and the fraternal touch, how far do you think that exists in Trade Unions themselves?—It does exist to a considerable extent, and probably one of the reasons for it existing is that they have an interest in common through their industry that does not exist in other Societies.

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21,869. Do you think it is diminishing there?—No.

21,870. You make rather a general assertion that where it does exist it is diminishing, and I thought that in your own case you might possibly contend that it was not diminishing?—I do not think it is diminishing in the Trade Union Movement, but it does not have particular relation to Health Insurance at all. It would continue, whether they were administering Health Insurance or not.

21,871. So that in the Trade Unions, as perhaps elsewhere, you are conscious of a certain division between what is your own business and what is Health Insurance?—There certainly is a division.

21,872. I suppose the thing is run locally by your branch secretaries?—Yes.

21,873. How far are these branch secretaries primarily and mainly Trade Union officials looking after Trade Union business first of all, and only secondarily people running Health Insurance?—In some cases the official who looks after the Trade Union business is also looking after the Approved Society business, but in many cases that is not so; there is a special man appointed to deal with Approved Society work.

21,874. Locally as well as centrally?—Locally as well as centrally.

21,875. That would not apply when you got down to a fairly small branch?—No.

21,876. The point I wish to put to you—I am not putting it offensively at all—is this. One of these branch secretaries, when he comes down to his morning's work, does he throw himself first of all with most zeal into the Trade Union work and leave the other till the afternoon?—I could not answer that question. It would depend on which was at the moment the most important thing for him to deal with.

21,877. The suggestion has been put to us that one defect of this scheme is that it is run by people who have other jobs to do, and that they do their other job first because it is nearest their heart?—Yes, I can quite see, taking it on your own question, that on a certain day the branch secretary might consider the right thing to do, and one which he would be called over the coals for if he did not do, to make payment of benefit to members quickly, and he would do that first. Obviously if there was an industrial dispute very often that takes precedence over everything else.

21,878. On the question of the interest taken by members, I suppose it is almost impossible in a Society with a membership running up to millions for the members to take an active interest in the Society?—I do not think it is impossible if you give them the opportunity through properly organised branches and districts.

21,879. In effect decentralisation, approximating as far as possible to the Friendly Society business?—Precisely.

21,880. In your own case you mentioned something about government and how you could maintain interest in the thing, and you indicated an obstacle with regard to sending paid servants to the committee. What is the trouble there?—I think it is within the knowledge of most of us that there are Societies that do allow, either fortuitously or otherwise, paid servants to have far more power in the government of the Society than is proper.

21,881. You would not wish that?—No, certainly not. I distinctly say that I think there should be a safeguard against that.

21,882. In your own case what happens? Are any of the people who are sent up to headquarters in effect paid branch secretaries?—I think it is quite possible that numbers would be, but in the main the delegates at the general meeting of any Trade Union would be of the rank and file. I do know Societies which have a sort of general council where it is laid down that the majority must always be lay members. The principle, I ought to say, has been recognised in our movement and provided for.

21,883. (Sir Arthur Worley): Trade Union Societies are usually governed by an Executive, are they not?—Yes.

21,884. And the general council only meets once in three years as a rule?—That is not so. The illustration I was giving was of a Society where the general council of the Society might meet every two or three months or oftener if necessary, but in the meantime the work is carried on by the Executive which again has a safeguard against a predominance of officials. The general meeting of the Society might be as you suggest.

21,885. The Society that I have in mind, which is a large Trade Union, has a Trades Council which meets every three years, I think?—That would be their general meeting.

21,886. It has a General Trades Council to which members are elected, the Carpenters' and Joiners' Society, as a matter of fact?—That is their general meeting, of course.

21,887. It is not the general meeting, it is the General Council. However, I will leave that.

21,888. (Professor Gray): I am not quite sure in my mind as to how your arrangement would work out whereby you would allow Societies to remain for the present, but nevertheless you would have a kind of uniform benefit throughout, that is to say, in effect, complete pooling. What remains for the Society to do in those circumstances?—Very little.

21,889. Would they do it well under those conditions?—I think so. We can never go all the way with those people who suggest that there needs to be the incentive of a surplus for good management of a Society; in fact, in most cases probably that incentive cannot exist amongst those members of the staff who are actually dealing with the benefits.

21,890. Would they not be influenced by instructions from those who were?—What instructions can be given that are outside the provisions of the Act?

21,891. Under the system that you visualise, as far as I understand it, each Society would have a clear right to draw on the central pool?—Yes.

21,892. Anything it passes would be honoured?—Yes.

21,893. Is there any inducement whatever not to meet every claim that is made?—I think we say here that people do their job because it is their job and they do it well. We do not agree at all that we should pay out more money because it happened to be a general pool than we are paying out at the present moment. We should deal with each claim on its merits.

21,894. You would, but would everybody else?—Probably it would bring the time nearer when you would nationalise it in the proper sense.

21,895. Without mentioning any names, you can imagine a Society wanting to treat its members well, meeting every claim, and it would be known to meet every claim, making an extraordinary draft on the Central Fund. Is not that quite a possible case?—I can think of nothing better, nothing more effective, than the Government Audit. If a claim is right in a normal case the medical certificate is a blank cheque.

21,896. But the audit comes along later, after the man is better. There is no chance when the audit comes along of applying any test as to whether the man was ill. If the audit is 18 months after, you cannot send a sick visitor round to see if the person could have been working. It is too late to do anything with regard to that type of case, is it not? If any claim put forward by the insured person is, let us say, a thin one, what check is there from the Government audit which takes place 18 months later?—I suggest that in the long run we must be able to depend on the medical certificate.

21,897. Once you come to the point of paying on every medical certificate then I suggest to you that your job is done. You receive an order from the doctor and you pay. It is no longer you who are

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running the thing but the doctor. Let me draw your attention to paragraph 34 which puts your point. "An improved standard of medical certification is far more effective and more just than any efficiency on the part of Societies." You want the doctors to take the responsibility and you want to be able to pay whenever a certificate comes along. Is not that so?—That is so. That would be the position under a national scheme.

21,898. We are dealing with Societies at present. I am asking you what the function of a Society is under the scheme you are outlining whereby each Society has a full right to dip into the Central Pool as much as it likes to the impoverishment of the others if you pay unduly. It does not require a low standard of morality all over to do the mischief. I am quite prepared to admit that the great bulk of people do the right thing because it is right, but is it not the case in a thing like this that half-a-dozen moderately-sized Societies acting unscrupulously would disrupt the whole thing?—And bring the time nearer when you get nationalisation.

21,899. Perhaps. May I put it that you suggest this as a means of getting to that stage more quickly?—We know inevitably it would come to that stage. We go so far as to grant you that it might have the effect you suggest in some cases, but we are prepared to risk that.

21,900. Knowing that the greater the risk, the sooner the day?—If you like.

21,901. With regard to the future that you have outlined, what is to be your next step? As I understand your position it is this, that you do not like Societies, but you think the time is not appropriate to take the step towards their abolition; there are too many people interested in keeping them alive. Is not that more or less the position?—That is so.

21,902. Not merely interested, but with a certain amount of power to back up their interest?—Yes.

21,903. I take it that a half-way house like this is only of use if you can complete the journey some day. You do not want to stay at a half-way stage which you yourself consider unsatisfactory?—Quite.

21,904. At what stage do you think you are going to get these interests sufficiently reduced to make it possible to take the next step?—I am rather more concerned that you should not add to the power of these interests, and unless you do something immediately their power will be much more difficult to deal with in years to come. I cannot suggest what would be the next step and when we should take the next step, but I venture to suggest that unless some step is now taken in this direction you will never be able to take any step in the future.

21,905. The important thing at the present time is not to go the wrong way: you will leave the rest to development?—If you like.

21,906. (Sir Humphry Rolleston): Do I gather that the step which you suggest would be to limit the powers of Approved Societies, because you consider they are a necessary evil and should be removed, but that it would be too drastic to cut them out at the present time? The step is to be one of diminishing their power or potential utility?—I think I suggested that over the whole of the insured population Parliament only intended Societies to administer the normal benefits, and that had Parliament contemplated that over the whole there could be additions in the form of treatment benefits, Parliament would at any rate have taken a different view of the functions of Approved Societies. The true function of Approved Societies, the reason for bringing them into the scheme at all, was almost entirely that of providing sickness benefit. It had nothing to do with maternity. Few Societies gave maternity benefit. And medical benefit of course is a vastly different thing from what was medical benefit under the Society system. So I would confine their powers and their duties to what were their original powers and their

original function, that of distributing the normal cash benefits, sickness and disablement benefits.

21,907. (Sir Arthur Worley): The original Friendly Society was not confined to that, was it? Was not a great part of its work the provision of a medical service for its members?—I said so, but I said the service given, and particularly the service contemplated, under the Health Insurance Scheme, is vastly different from anything that was ever given under the Friendly Society system.

21,908. Still, it is merely an improvement, a better form of what was given. When you say you would get the Societies back to where they originally were, I only want to say that originally they gave cash benefits plus medical service to some extent?—Yes, but is it not correct for me to say, as I have already said, that the only reason for the State coming to the assistance of these Societies, assuming they demanded a right to function in this State Insurance Scheme, was to provide the reserve values necessary from an actuarial point of view, to enable them to take people in at all ages?

21,909. I am afraid I am not prepared to say what were the reasons underlying it?—Anyhow, the cash benefits are the only benefits that require reserves.

21,910. (Professor Gray): If you cannot get nationalisation at present what you suggest is a kind of graduated Income Tax on profits beyond a certain point, taking proportionately more and diverting it?—I am not sure that I have studied it sufficiently to be able to draw an analogy with Income Tax.

21,911. You want an increasing tax on surpluses?—A graduated levy on surpluses.

21,912. I take it from what you have said that in so far as a surplus was left after that it would have to go to cash benefits?—We did not say so.

21,913. You have said so inferentially by taking away all medical treatment benefits from the societies?—I think before we could answer that fully one would have to see just how far there was going to be an extension generally from your recommendations. I do not rule out the possibility of the societies administering other than cash benefits for some time to come. I think that is possible. But we give you what we think is our ideal.

21,914. On the question of exemption you suggest a complete repeal of the exemption clauses of the Act. Do you think there is any point to be said for the exempt class, not from the point of view of the man with an income, but from the point of view of the casual worker, the man who never gets enough work to make it worth his while being in insurance? Have you any suggestion to make with regard to that? It is a difficult question, the question of the man who is only employed for a very few weeks in the year?—I believe at the time of the Ryan Committee I suggested that this difficult class might be dealt with—and I was thinking mainly of women at that time, but of course it is the same problem—in this way, that the amount of benefit and the amount of contribution might have some regard to the earnings over a period immediately preceding the date of claim. I can think of no other way of overcoming what is undoubtedly a difficulty purely from the insurance point of view. From the public health point of view I think there is everything to be said for trying to keep these people in insurance in any way possible. I mean of course for medical service. All along we are submitting that cash benefits, while they are important, are less important than the service benefits that we hope ultimately will be given.

21,915. (Mr. Jones): Your ideal is a nationalised system?—Completely.

21,916. For political reasons you do not think it advisable to go the whole way at the present moment?—That is so.

21,917. We have had various arguments submitted to us here against such an idea: the individuals have been blessed with that enthusiasm for their Societies that you have spoken about, but they have alleged

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difficulties, for instance such as transfers, if the matter were valued and administered territorially, but mainly I think they have put forward the argument of extravagance in administration much in the same way as Professor Gray was suggesting a moment or two ago. In a national scheme with one national pool, what would be your view as to the effect on administration in that direction?—I think I have already indicated that under a territorial system it would be possible to show comparative incidence of sickness as between one area and another. What I have in mind is that so far as national matters went it would operate very much as the Central Fund operates now, but locally you would have autonomy, financial and otherwise.

21,918. You contemplate a central fund, and if it were administered territorially the territorial units would be showing varying demands on the central fund just as Societies show varying results at the present moment, and you think the results thus shown would at once lead to inquiry into methods of administration or incidence of sickness?—Undoubtedly.

21,919. Is not that just exactly what happened at the beginning of the Act? Did not all Societies begin level, and did not the then Commissioners immediately discern apparently extravagant demands from various societies and inquire into them and get matters put right?—In so far as want of knowledge of the administration of the Act goes, that would be true to some extent, a knowledge which has since been gained by experience, but that is a very unimportant phase of this subject, I suggest. The important thing is that the statistics and experience of administering Health Insurance should be available in such a form as would indicate what were the causes of sickness rather than the degree of efficiency in administration.

21,920. I quite agree, but if in the very early days the movement of things generally, mainly financial, suggested a need for inquiry by the Commissioners, would it not be equally possible under the very much improved administration at the present time for those in control to exercise that control readily and quickly and get over the difficulties that the people putting forward an opposite view to yours suggest on the question of extravagance?—I think it might be possible through a local Health Authority with all Health Services co-ordinated to get some statistics together that would be available even though they were not responsible for the administration of cash benefits. I think that is possible.

21,921. I was coming to that later. Perhaps I have not made myself clear. I am dealing with the question of alleged extravagance. If the Commissioners in the early days could put their finger on these items surely it would be possible for the people in control now to put their finger on them. The immediate financial results would show if there is any tendency towards extravagance in any particular area?—I believe that is so to a large extent. I ought to add this. It is possible for two given Societies to have an experience in the aggregate identical, but the actual value of that administration to the individual members might be entirely different in the two Societies. In the one Society you might have a rule-of-thumb method whereby many members get benefit who perhaps ought not and many members do not get it who ought to get it, and in the other Society you might have members who do require benefit getting it, and getting it generously, and those who ought not to be getting it not getting it at all. So that I cannot see that any test that the Ministry could impose would be perfect from that point of view. They must aggregate the results, and aggregated results do not always determine the efficiency of administration.

21,922. One cannot get at that till you have the final valuation of any particular unit?—Even then the valuation might come out exactly the same.

21,923. On the other hand, you suggest a centralised scheme, but administered territorially if need

be, would present other compensations?—Undoubtedly.

21,924. You have instanced the value of sickness experience; in what directions might this prove particularly valuable?—If the scheme were such that the State, the Local Authority, the employer, and the employee were all contributing to it, and one town as compared with another had a higher sickness rate, I think undoubtedly the town with the higher sickness rate would begin to enquire into the causes. It might be the industry, it might be the number of slums in the district, but whatever was the cause it would be a financial proposition apart from the desire for social reform, and that would make them tackle the problem.

21,925. At present, because of the wide distribution of Approved Society members all up and down the country, such results are not available?—Not available.

21,926. So that from a public health point of view the sickness experience of the Approved Societies is of very little value?—Of no value whatever, I should imagine.

21,927. Are there any other directions in which you think such a system might be of value administratively?—It follows on what I have said before really; I think it would arouse communal interest in health matters which must be reflected in every phase of social work.

21,928. That pretty well exists at the present time with regard to health matters as administered by the Local Authority. They are matters that are mainly discussed at elections and at other times?—That is so, but the result of the election would not always indicate that the population were alive to the advantages of choosing suitable people.

21,929. Perhaps not, but there is that amount of local interest in health matters that is not displayed in National Health Insurance matters as at present administered?—That is so.

21,930. You also suggest that it would simplify administration in many other ways; for instance, the number of corresponding units with the central department would be reduced; instead of having many thousands of Approved Societies you would only have a hundred or two of local administration offices?—I do not know what the number would be.

21,931. Might you not think there would be a considerable reduction?—I should think the financial units, or if you like the valuation units, would be considerably less in number than the present, but the agencies through which it was working, if you had one in each Local Authority area, might be as many as there are now.

21,932. Are there as many thousands of Local Authorities throughout the country as there are Approved Societies?—I could not tell you, but I think that is possible.

21,933. I think the facts are very different?—Probably.

21,934. In that direction you might look for considerable economy in administration?—Quite.

21,935. You referred to the raising of the income limit, and you suggested in that connection that one of the chief inducements to the non-manual worker would be the new benefits that you suggest later on, especially benefits of a specialist character?—Yes.

21,936. Is it your view and knowledge that these burdens bear pretty heavily on that class at present?—They do bear heavily when they arise; that is to say, spread over the whole they need not be heavy, but to the individual, when they do come along, they are indeed a hardship.

21,937. Would you reckon Civil Servants amongst the class to whom these benefits might be of advantage?—I think so, yes.

21,938. Are you aware that the officials of the Board of Health in Scotland have already found it

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so, and have themselves set up an Insurance Scheme to provide these particular benefits?—I am not surprised that Scotland leads the way in that direction. (Mr. Canter): The Whitley Council in England are also considering the same position.

21,939. (Mr. Evans): Mr. Kershaw, are you speaking to-day for the organised workers of the country?—(Mr. Kershaw): That is so.

21,940. The organised workers of the country now have accepted National Health Insurance as a kind of framework; the principles underlying National Health Insurance are accepted generally by the organised workers?—That is so.

21,941. For 13 years we have had the National Health Insurance Acts in operation. During that period I take it the organised workers through their various organisations have themselves been reviewing the position, and they have to-day come to certain conclusions as to how these schemes ought to work out in the future, have they not?—Through our organisation largely we have kept the subject of development of Health Insurance alive in the Trade Union branches.

21,942. And you think the time has arrived, as apparently the Government did when they appointed this Commission, to review the whole situation?—Precisely.

21,943. In that review you are particularly anxious that nothing should be done that will tend to perpetuate any evils that have become apparent during these 13 years?—That is so.

21,944. Your suggestion is that ultimately the Approved Societies should go?—Yes.

21,945. In the meantime use should be made of these Approved Societies merely because they have been functioning for a number of years and certain vested interests have grown up with them. Because of that you think it is inadvisable at the moment to scrap the whole of these agencies?—I would not say it was inadvisable. I said it was impracticable. I should say it was advisable to scrap them.

21,946. But not just at the moment?—It is not practicable and, I would like to say, I do not suggest that it is always vested interests that prevent us from getting a move on in that direction.

21,947. Would that be one factor, do you think?—It is one factor undoubtedly in many cases, and probably in more cases it is a subconscious factor.

21,948. In paragraph 41 of your Statement you refer to the separate valuation of Societies. Some of us are rather frightened when we talk about actuarial bases and dwindling figures. You tell us simply that separate valuations would not be necessary if we did recast the whole of our Health Insurance Scheme?—I think that would be generally accepted.

21,949. What would happen, do you think, if instead of having separate Society valuations we had a national valuation?—In which direction?

21,950. At the moment we are told that these separate valuations are necessary, and that to arrive at a proper actuarial conclusion Societies must be valued separately and the surplus set aside for each Society that shows a surplus. You say the whole of that might be done away with entirely, that it would be a national fund and a national valuation, and the adjustments would then be made, I take it, from national funds, or, if there is a surplus shown, that surplus could be divided, I suppose, in a national way?—You would have a national rate of contribution and a national rate of benefit operating in every Society. I think the best illustration I could give at the moment is this. I believe Mr. Neville Chamberlain said in the House of Commons or elsewhere a few weeks ago that because the Pensions Scheme was a national scheme in the full sense of the word, only the Government guarantee was necessary, and that it was not necessary to create reserve values. We suggest that under a national scheme of Health Insurance all that is required ultimately is the Government's guarantee equal to the interest on the initial reserve values.

21,951. Then there would be an adjustment of assets and liabilities, I take it, when the valuation took place?—Do you mean as between Societies?

21,952. No, I am thinking of your scheme if it were adopted?—You mentioned adjustment.

21,953. Yes. When we come to the valuation we find possibly there is a surplus. It may be there is a deficiency too. That would then be adjusted, I take it, from the National Exchequer if there was a deficiency?—It could be adjusted in that way if there was a deficiency, but quite obviously the correct thing to say is that either the contribution would be increased or decreased or the benefits would be increased or decreased every quinquennial period.

21,954. The unit would be the national unit?—Yes.

21,955. In paragraphs 69 and 70 you refer to defaulting employers and you refer particularly to the building industry. You say that in the building industry you have quite a number of people who migrate and because of that migration the member is often put to great inconvenience because his card might not be stamped. To what extent is that the case today?—(Mr. Corbey): To nothing like the extent it was some three years ago. As the Department knows, some three or four years ago there were a considerable number of these in the country. We saw the Department and the Department asked us as officials to get our branch secretaries to let us know where the defaulting employers were and they would look them up, and as a consequence quite a lot of that has been improved, but there is still a tremendous number of small employers in the building trade whom the Department have difficulty with, and we have difficulty in getting cards stamped. But the position is better than it was three years ago. It is due to the Department entirely. (Mr. Kershaw): It will be realised by the Commission that if there is only one case it is a hardship to the individual.

21,956. And you suggest where there is a hardship it should be paid for from the Unclaimed Stamps Account?—We think there is justification for claiming that.

21,957. With regard to the age of entry into insurance, you tell us that a boy commencing work at any age should immediately become an insured person?—Having reached the statutory school-leaving age.

21,958. That is right. You do not suggest for a moment that the school-leaving age should be reduced?—Not at all; in fact, we are working in the opposite direction.

21,959. Your main point is that if a boy does become a cog in the wheel of industry he should then become insured?—That is so.

21,960. (Mr. Besant): I want to follow up one question put to you by the Chairman. You were asked as to the first valuation and what happened with your 72 Societies, and I think you told us that 69 of those had a surplus, and then you gave us some exceedingly interesting statistics showing that that surplus began at the top with nearly £2 per member and ended up with the miners with a nominal surplus of a few pence per member?—That is so.

21,961. In answer to another question, you gave us an indication that this matter had been talked over amongst your people, and that there was a feeling that those Societies who had most surplus ought to hand over that surplus, or ought to be able to hand over that surplus, for the benefit of the weaker bodies. You want in effect to get pooling?—Yes.

21,962. How far did your 69 Societies discuss that in detail, and either suggest complete pooling or support your suggestion in paragraphs 46 and 47, where you set out this sort of levy, which is in effect a method of pooling. Was that fully talked out amongst your people who had this surplus of £2 per member?—Yes. As a matter of fact, my colleague, Mr. Canter, is Secretary of a Society which has a very high surplus, and that Society has been right in the forefront of this, advocating equalisation or nationalisation, and my own Society similarly.

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21,963. That means the officials at the top are advocating it. Can you take your members with you?—Yes.

21,964. Wholeheartedly with you in getting them to give up cash benefits and other benefits which they can now get in favour of members of another Society who are not so well off and who cannot get those benefits?—This evidence has been before our people and discussed in the Trade Union branches for at least three months before we had to deal with it as a Conference. We are quite satisfied that our rank and file members would approve of a scheme which applied to the whole country, and was a comprehensive scheme that made for the betterment of the public health.

21,965. But supposing you could not get quite as far as that, would your members advocate a limited pooling, a pooling amongst their own people?—It has been discussed, and I do not think we should have great difficulty if we really desired to put that forward, but quite obviously we think the whole country should be treated alike in this matter.

21,966. Putting that as an ideal, one can see that pooling to a certain extent might be facilitated if a certain number of Societies came together and, as it were, gave a lead?—Quite.

21,967. I wondered whether your Societies with big surpluses would be able to join up with other Societies with small surpluses if it were confined only to your own body?—I would not rule it out as impossible at all. I believe it would be possible to create the right spirit for that within the Movement.

21,968. It would be difficult?—It would be difficult. I think, to expect Societies within our Movement to do something different from what Societies generally had to do.

21,969. Quite, but if you could get your 72 constituent bodies merged into one by operation of existing machinery, or by some change in legislation, it would facilitate things, would it not, and it would minimise the difficulty of having, as we now have, some thousands of different bodies, each with their little interests to serve?—Quite. But is it not right to say, if the principle is good, and you would admit it was good, you ought not to ask a Group representing one-tenth or one-twelfth of the insured population to adopt it to the exclusion of the rest.

21,970. Except that it might act as a sort of leaven if a powerful body representing some millions of people definitely put it forward. That would immediately have great effect?—We have great hopes of what this Commission will recommend in this direction. When we see their recommendations, if they do not happen to be in the direction we desire, we might explore the possibility of doing something within our own ranks.

21,971. As far as your own people go, they would give a good deal of support to your recommendations in paragraphs 46 and 47 as to this Equalisation Fund?—Unhesitatingly I say they would.

21,972. (Sir Arthur Worley): There is one point I would like to clear up. You say you represent 72 Societies and also the Trade Union Congress and the Executive Committee of the National Labour Party. What is the number of insured persons approximately included within that statement?—I am afraid we could not give you an estimate.

21,973. (I do not mean to half a million?—I suppose from four million to five million would be about a correct estimate.

21,974. What I had in my mind is that out of that four or five million people the vast majority are not insured in your Approved Societies but are insured in other Approved Societies or Friendly Societies?—That is so.

21,975. The evidence we have had from the Approved Societies in which at least 70 per cent. of your members, roughly speaking, are insured, coming through these Approved Societies and Friendly Societies by authorised or elected delegates or whatever it may be—in many cases they have had meetings

in advance—is almost unanimously against your suggestion. I am placed in the difficulty that you say you represent this important body of men, while, on the other hand, I know equally that other people claim that they represent them and their views on this matter?—We claim that so far as the four million to five million people are concerned we represent their views, and other people do not, for the reason that we get their interest in a very different way and from a different motive. I imagine that the other movements would hardly get the attendance of the people whom we should get. Our people are more conscious of the need for these improvements in social services, and they in their activities in that direction neglect attending their Friendly Society and other meetings.

21,976. I cannot dispute that at all because I do not know, except that the Friendly Societies in particular state that they had had their branch meetings up and down the country and these subjects had been discussed before them. Therefore it is a little difficult for us to attach the importance to where it truly belongs?—Except that the Labour movement and the Trade Union movement does, in the many ways available to it, reach these members—I mean the individuals—very much more easily and more closely than the other Approved Societies get to their members. I think there is no question about that.

21,977. Then I should have thought that the members you reach through your Trade Unions would have been educated to express their views in their Approved Societies and Friendly Societies as a method of getting their views expressed in two places?—We cannot dispute that. At the same time, it is only within the last few years that there has been an awakening of interest in this subject of the social health services, and now we find the difficulty in regard to our people is caused by what we shall refer to a little later, namely, by the difficulties of transfer. Give us freedom of transfer in the full sense and we do not fear the home service of some other societies that have been referred to. (Mr. Canter): Is it not a fact that the Friendly Society movement as a whole, as represented by the National Conference of Friendly Societies, has accepted the basic principle that is contained in our Statement, and that is complete co-ordination and extension of the medical services under the Act. Having accepted that principle I cannot quite see how they reconcile themselves to the position that they differ from us.

21,978. (Miss Tuckwell): You said, Mr. Kershaw, when you were explaining your view, that the abolition of Approved Societies was desirable, but that you thought not at the moment practicable, and that it was due to the fact that on one side you had great industrial interests and on the other you had a body of people who were not educated. That was so, was it not?—(Mr. Kershaw): I think I said that we should have a difficulty in countering the agitation that would be worked up by these other interests.

21,979. Because you have not an educated opposition?—Yes, that would be so.

21,980. You do give a ray of hope when you say that the Trade Unions, who we all know to be intelligent and able representatives of the industrial movement, are the educational factor in this matter. Do you feel that that education will now permeate the others, because the dead weight of ignorance on the part of insured persons has been the worst thing I have come across in this matter?—Obviously the Labour movement both on the industrial and political side does pay more attention to causes and cures of ill-health than Approved Societies *per se*, and I think there must be an increased interest taken in these matters as people are educated and take an interest in other social matters.

21,981. (Sir Arthur Worley): I take it from your answers to previous questions that your opinion is that the Approved Societies can be continued for some time usefully, but you have not really given

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anything, I think, in your evidence as to any sins of omission or commission on their part as a reason why they should be put out of business. You have not made any charges against them or complained of any faults in the system particularly, beyond this question of State Insurance in general?—We hoped that we should be able to impress the Commission with the advantages of a properly co-ordinated system of health services without attempting to gather evidence together of the iniquities that we know exist.

21,982. You know they exist?—We know they exist.

21,983. It is a pity you have not given evidence as to them, because we have not had many, and we have been seeking for them. However, what I wanted to get to is that if we carried out your idea that the Approved Societies were to be permitted practically only to administer cash benefits, there would really then be the opportunity of co-ordinating all these health services and still continuing the Approved Societies to do the drudgery work that they do now. It is really the improvement of the health conditions which you have in your mind which could be brought about by a National Health scheme?—That of course is underlying what we have in our mind.

21,984. It does not seem to be necessary at the moment to kill the Friendly Societies—I am more concerned with them than with the Approved Societies—in order to do that. It is rather to limit their functions as at present exercised?—We agree that it is not practicable.

21,985. To say that it is not practicable means that the sentence is only postponed. I thought that if you got all your health propaganda and co-ordination the Friendly Societies would not then be an obstacle in your way to any extent, because you would get all the statistics?—(Mr. Canter): I think we might suggest that our main concern is the health of the people. The payment of the cash benefits is a secondary consideration. I think we might suggest to the Commission that they might examine the payment of the cash benefit from the point of view of economy in the payment of that benefit—as to whether territorial administration of the cash benefit would be more economical than the present system.

21,986. It is agreed that these Societies do not work for private profit themselves, so that you have an ideal state of people only working really at cost price and in some cases less?—Less than cost price sometimes. (Mr. Corbey): We do not propose to kill the Friendly Societies.

21,987. There rather was a suggestion that the Friendly and Approved Societies should be killed. However, I will leave that. The other point I would like to ask is with regard to the State grant—am I right in saying that the underlying principle, as you view it, is that such a State grant would really be a grant towards the cost of cash benefit?—(Mr. Kershaw): The actuaries' estimate was based upon the contribution of 7d. being made up to 9d. by the State, and on that 9d. being needed to meet the cost of the benefits.

21,988. If a Society has a large surplus and disposes of that surplus, it would get the advantage of the State grant in addition, I have one Society in my mind—I think this is correct—where they give an additional benefit by returning part of the contribution; in fact, in that case they return the whole contribution?—And the State pays two-ninths?

21,989. Yes; you would not consider that was right, would you?—I should hardly think Parliament would have agreed to anything of that kind.

21,990. I take it that if it is possible that should be considered. I have this in my mind really with regard to the pooling scheme which has been indicated in many of the questions asked. Would it not be a reasonable thing to say that the State grant as applied to surpluses should not be paid to the Society, but should be carried to some fund—a central fund

or an equalisation fund—to form the basis of equalising deficits?—I speak with very great hesitancy on actuarial matters, not being an actuary; but in a scheme such as this, which can never wind up in the sense that an ordinary Friendly Society might be wound up, I can never see the necessity for accumulating actually in cash such enormous reserves as will ultimately be accumulated. It seems to me that it would be quite sufficient, if the Approved Society system must continue, which necessitates reserves and transfers and so forth, if the State were to guarantee the interest and not trouble at all about the sinking fund and the reserves necessary.

21,991. I am sorry, but your answer does not quite tell me what I want, or perhaps I have not made my question quite plain. There is every year a State grant made to all the Societies for payments they have made either as cash benefits or additional benefits, and I am suggesting whether it would be in line with your views if the portion which is really allocatable by reason of the additional benefits, and which is paid to those Societies, was carried to another fund to be utilised for the equalisation of benefits if you like?—Would not what I was just suggesting have exactly the same effect? Assume that the reserve values necessary at the commencement of the Act represented two-ninths of the cost of the normal benefits, and assume that the actuary had been correct in his estimate over the whole, then all that the State would have been paying would have been the interest and redemption of those reserve values, apart altogether from benefits. Suppose the State kept to that and paid what would be in effect two-ninths of the actuarial cost of the statutory benefits, I suggest that it would realise perhaps several millions a year that could be devoted to other purposes.

21,992. That is rather going beyond what I want. That is going to the base of the whole thing. It may be quite proper, but it is not quite what I wanted. I wanted to draw a sharp division between the two-ninths paid for statutory benefits and for additional benefits?—I see what it would accomplish.

21,993. I have not the figures, but it would give you so many millions towards such a fund that would be utilised for helping weak Societies instead of adding to and piling up the benefits of the wealthy Societies. That is what it would do, is it not?—Yes, but is not the other way much the easier? I agree that there would be some justification for confining the State grant to what would be represented by the aggregate cost of normal benefits throughout the whole country.

21,994. Exactly; that is the point. The other is another question with which I am not competent to deal?—The other may be merely another method of doing the same thing.

21,995. (Mr. Besant): Have you considered as an alternative to your equalisation scheme under paragraphs 46 and 47, whether the State contribution of two-ninths, while maintained at the same total, might be given in different proportions to Societies as they need it; that is to say, if you have a Society which has a large surplus it does not seem to want much additional aid, and the State contribution in such a case might perhaps be less. On the other hand, if you have a Society where, by reason of occupation or otherwise, the claims are particularly heavy, such a Society would need more help, and possibly in such a case the State might give more than two-ninths. Have you considered that as an alternative method to get at much the same effect?—We have not considered it, but, if I may say so with respect, all these suggestions, short of nationalisation, are merely tinkering with the subject.

21,996. Yes, but I put it to you that you make one suggestion, which is only of a tinkering nature is of a big tinkering nature—in your paragraphs 46 and 47?—You may achieve your object, so far as these equalisation suggestions go, by various methods,

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either the one that I suggested, or the other that has been suggested, or yours.

21,997. The one that I was suggesting has been put before us by other witnesses, and there is a good deal to be said for it, I think. I wondered whether your people had considered it as one of your alternatives before you came down on this particular one you have adopted?—I do not think that that method that you have suggested would be ruled out of what we have been suggesting here. If your method would give us what we want in proportion we should not mind it at all.

21,998. But you have not discussed it amongst your members?—No. However the matter is done, if the effect is as we desire it we are satisfied.

21,999. (Sir John Anderson): You made a casual reference in answer to Sir Arthur Worley to what you call the iniquities of Approved Societies. I wondered whether you used that word deliberately, because I thought that what you found to criticise was not moral delinquency but inequality resulting from the working of the Approved Society system?—That we felt would be sufficient to convince this Commission that a change was desirable. There may be other reasons, but we do not consider that it is our duty as Approved Societies to try to get evidence against the administration of any other type of Society. That is, we submit, a matter on which the Inspectorial Department of the Ministry might be able to do much more than we can.

22,000. So that you are really saying nothing whatever to us about iniquities, whether they exist or not?—We do not propose to bring any evidence in that direction.

22,001. I do not know that we ought to hear anything that is not based on evidence. Anyhow, what you stress are the defects that you see in the system as it works out?—Yes.

22,002. In paragraph 28 of your Statement of evidence you refer to a matter which I suppose you regard as one of the serious defects, that is the fact that when the members of a society are unemployed the income available for paying insurance contributions of those societies automatically falls away?—Yes.

22,003. Do you regard that as an evil inherent in the Approved Society system?—The Approved Society can only have the contributions that come from its own members—under the present system, I mean.

22,004. I know; but if the Commission or the Department could find some way of meeting that particular criticism would you welcome it?—We should, under the present system.

22,005. You do not mind tinkering with the Approved Society system in that sort of way?—We are bound to tinker until we can have what we consider is the ideal thing.

22,006. And you frankly recognise that the ideal in your view is unattainable at the moment?—We say it is impracticable.

22,007. Therefore you want to see the existing system patched up as far as it reasonably can be?—Yes—improved.

22,008. In paragraphs 23 and 24 you take rather an airy flight into the future, do you not? You predict what is going to happen as time goes on—valuation succeeding valuation, when the rich will get richer and the poor will get poorer. Is it quite certain in your view that it will work out like that when you take into account all the factors?—I think it is inevitable. I think, as a matter of fact, it is beginning to operate now.

22,009. We have not been going for very long. Is it not at least possible that the societies with surpluses due to the composition of their original membership, might attract new members in sufficient numbers and differing sufficiently in their type of occupation, standard of living and so forth, to level down rather than to accentuate the differences which already exists? Do you not think that is just

possible? It is not easy, is it, to refuse admission to a general society if at the time of application the applicant is in good health?—I would agree so far as young people are concerned, but not so in the case of older people. There is a selection going on now on the part of societies operating against the people who may be expected to bring a heavy risk with them.

22,010. Have you any statistics of the number of rejections on the ground of health?—There is usually no reason given.

22,011. Well, on any ground at all?—We have heard of them.

22,012. Is it within your knowledge that large numbers of applicants for admission to general Societies—I am not speaking of specialised Societies, but general Societies—are refused admission?—It is coming to our knowledge, although I have no statistics on the matter, that there are more Societies to-day refusing married women than formerly refused them.

22,013. But is not that just the result of bitter experience?—Well, is not the other, obviously?

22,014. No; after all, you can see on the membership form whether a woman is married or not, but you cannot take in at a glance the state of an applicant's health?—But unless you have some information with regard to health you could not refuse them because of health. Obviously, if you had information about the health of an individual you, from bitter experience, would exclude those people.

22,015. I know, but my point is that insured persons do not fall naturally into classes according to their standard of health. I mean that it is conceivable that a general Society might refuse a miner on the ground that mining is a relatively unhealthy occupation, but I have never heard of a case; have you?—I cannot say that I have.

22,016. I wondered whether there was anything specific underlying your prophecy?—I am afraid there are no statistics, if that is what you want.

22,017. The married woman analogy does not help you very much, does it? Married women are a bad risk, no doubt, from an insurance point of view; but we have had a great deal of evidence that they are also troublesome from the point of view of administration?—But it does help. Paragraphs 23 and 24 we claim to be a commonsense estimate, if you like, or prophecy, as to what is going to happen by people who are in the business—in the work. We may be wrong, but we are in a position at least to claim that we might be right.

22,018. I only wanted to know a little more clearly what considerations had led you to come to that conclusion?—(Mr. Canter): I think that one of the points that led us to come to that conclusion is that during the last four years Societies have been giving additional benefits as a result of their first valuation, and the tendency of the present generation of the insured population who have enjoyed those additional benefits is to-day to look for the Society that is able to give such additional benefits.

22,019. Just pause there for a moment. The tendency is for the general mass of insured persons to flock to those Societies?—Yes.

22,020. What happens? Do they get in?—You would not let me finish. The general tendency is to look to the Society that is giving the additional benefits, because the present generation has been educated on that, and we find that parents to-day, when their children become insurable, are looking for that type of Society rather than putting them into their own Society, which perhaps is a Society which is not giving any additional benefits. They would rather see their child go into a Society which is giving additional benefits, and hence the Society which is not giving them to-day is not recruiting.

22,021. Is not recruiting? But I do not think that the conclusion at which you arrive here follows from

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those data. If the general body of insured persons are flocking to the Societies which have had in the past a specially favourable experience because of their selection, and if they are being admitted pretty freely to those Societies, the effect would surely be to bring down the level of those specially favoured Societies. Your conclusion is that it will accentuate what already exists, but I cannot see that?—Only so far as existing Societies are concerned which are not giving the additional benefits. They go under.

22,022. That is another point. They may fall into difficulty through not being able to recruit?—(Mr. Kershaw): I think I confine this to the people over 16 years of age.

22,023. Your colleague has put rather a different point?—I know; but I suggest to you that it is a tragedy for the married woman, or ultimately it will be a tragedy if a married woman cannot get into a Society and has to become a deposit contributor, and what you say with regard to married women is equally applicable to any other person who, by reason of carrying an extra risk, has to become a deposit contributor.

22,024. You know that the deposit contributor class has not increased?—That is under the present conditions. We are looking into the future to-day, and we suggest to you that ultimately, if Societies are giving additional benefits, the Deposit Contributors' Fund will be the fund for bad lives. Anyone with a good life would come from the Deposit Contributors' Fund into one of the best Societies that was giving all these additional benefits, unless of course there was some special reason.

22,025. I think the evidence we have had hitherto rather supports the view that a person has to be a very bad life indeed to fail to obtain admission to an Approved Society?—(Mr. Corbey): A good Society?

22,026. Yes, a good Approved Society?—(Mr. Kershaw): We know that the tests applied are not great to-day; but in the course of time this question of additional benefits and of varying additional benefits will become a source of very keen competition, and a Society that is giving even large additional benefits will consider it necessary to make quite certain that it can continue to give them in order to beat the next Society on the list.

22,027. It might be anxious to continue to give them, but your forecast is that it will give an ever increasing amount?—Surely in so far as this operates at all—it might not operate to a great extent—but in so far as it does operate it operates in this direction.

22,028. That is a speculative matter. I should have thought there are at any rate tendencies operating in the other direction, and that the competition of insured persons to get into Societies—so far as it exists, and we will assume it exists—that are paying additional benefits would tend in itself to bring down the level of those Societies, and not to accentuate their prosperity. Additional benefits do not arise from numbers. It is not the Societies with the largest membership that pay the biggest additional benefits—it is a matter of selection?—(Mr. Corbey): All insurance is subject to the operation of the law of selection, and surely this is not going to be immune from that law. (Mr. Canter): Might I put a concrete case. Take my own Society, which, during the last four years, has been paying as big additional benefits as any in the country. Assume for a moment that my Board of Management decided that they wanted to enlarge their membership considerably. We have only to make it public to the world what benefits we are giving, and we can select our lives. We can select the industry from which we take them and hence we would continue to get richer, if we wanted to do it. But at the moment we confine ourselves to one particular industry, that of the Post Office. By reason, however, of the fact that we are in such a good position to-day, if we extended the ramifications of our organisation to cover the general public, we could

select from the general public the best lives and the best occupations in order to enlarge our organisation by reason of our position.

22,029. That, no doubt, is theoretically true. You could select by occupation, but not by lives. I asked Mr. Kershaw if he had any evidence that general societies were pursuing that course?—(Mr. Kershaw): I think we only referred to it as an inevitable outcome.

22,030. It is because you are so confident that it is inevitable that I am trying to clear up what is in your mind?—I think if Approved Society governors are business men it is inevitable. (Mr. Canter): If we take advantage of our position it is inevitable. We can do it to-morrow if we like.

22,031. But you have not done it?—No, because we confine ourselves to our industry.

22,032. Do you think you are ever likely to do it?—It is possible. We are already considering the advisability of taking in the whole Civil Service, which would be taking in a greater field still of good lives.

22,033. (Miss Tuckwell): With regard to the suggestion that Trade Unions do not largely refuse bad lives, we have had evidence that other societies do so. The temperance people refuse bad lives, why do you not?—In my Society we do. (Mr. Corbey): Generally speaking, the Trade Unions do not refuse an application from a person who is following the trade they cater for. We cater for that trade in industry and we take them in.

22,034. I only raised the point because it was suggested that the organisations generally do not refuse bad lives, but we had it in evidence last week that some of them do?—I know that some do.

22,035. (Sir Andrew Duncan): I will ask Mr. Kershaw to cast his mind back to Sir Arthur Worley's question in relation to the State grant. The answer you were proceeding to give appeared to Sir Arthur to go beyond his question, but I would like you to assume that there is no question and that you can roam at large. What answer were you going to give?—(Mr. Kershaw): I think it was the answer that was required.

22,036. Did you give the answer? I thought you were interrupted?—I think I completed what I had to say on it.

22,037. That is all right. I have not gathered yet what is in your mind when you say that it is impracticable at the moment to abolish the Approved Society?—From my own advocacy of the abolition of Approved Societies I realise that the moment it becomes practical politics you will have 10,000 little centres agitating the people against the Government for taking property away from them. That is the sort of thing I am thinking of.

22,038. It is political agitation?—Yes. (Mr. Canter): It is politically inexpedient.

22,039. (Chairman): I now come to the big problem of medical benefit. You are of opinion that the medical profession as a whole has rendered competent and conscientious service to insured persons?—(Mr. Kershaw): We do aver that the malpractices of a few do not warrant a condemnation of the whole. We desire, however, to emphasise that we mean competent and conscientious service within the limits of the present range of service.

22,040. And speaking for over a million insured persons in our great industrial centres you do not think there is anything in the allegations sometimes made in the press and elsewhere that the panel service is inferior to that given in private practice by the general practitioner?—We cannot admit that there is nothing in the allegations. We believe that whether or not a limitation is imposed by individual medical men in practice, the limitations imposed by the regulations and terms of service quite naturally will give the impression that private patients get a more complete service than panel patients.

22,041. Do you suggest that each individual insurance practitioner should be required to render

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to any insured person on his list the full extent of medical service which he is competent to render?—Yes.

22,042. Would such a requirement be reasonable under a uniform capitation rate of payment, and if not, on what basis do you suggest that payment should be made?—We suggest that the method of overcoming the difficulty of fixing an equitable payment in all cases is one for the medical profession to solve. An equitable flat rate for an unrestricted range of service should be fixed. We cannot agree that the present capitation fee is equitable in all cases, but, as laymen, we cannot judge of the professional standards of medical men.

22,043. In paragraph 89 you suggest a far reaching change in the national arrangements for medical treatment, but qualify it by saying that the nation and the doctors are not ready for it yet. On the financial side, do you see no way of supporting such a service from insurance funds as well as from grants and rates?—We do not object to insurance funds, as such, providing part of the cost, but rates and taxes offer the best means of fixing the contributions according to ability to pay.

22,044. You say that the medical profession would not undertake a whole-time State service. But would it not be possible to unify all branches of health service and medical treatment under a single local authority in each area while at the same time retaining free choice of doctor, and payment by capitation fee on a contractual basis? What would you say to such a plan?—We believe that it might not be found possible to adopt one system for the whole country. We understand that even now there is a difficulty in securing a sufficient number of medical practitioners in some areas. We have no objection whatever to the plan suggested.

22,045. Payment of the doctor by salary on a whole-time basis as the servant of the local authority is not then an essential part of your ultimate scheme?—No.

22,046. You recommend the extension of the scope of medical benefit to include specialist and consultant services, full dental treatment, including dentures, hospital and convalescent home treatment, nursing, and that all this extended service should be available for dependants as well. In paragraphs 103 to 105 you admit that all this would mean a considerable addition to the cost. Would you meet the whole addition by rates and grants, or would you be prepared to increase the rate of contributions?—In considering the cost, unlike many who approach the subject of public health, we prefer to think of the net cost. If our contentions as to the need for extended services are correct, then in some form or another the nation is already paying for them, or for the absence of them, now. Apart, however, from the indirect cost to the nation of the absence of these services it is estimated that the nation is spending £40,000,000, probably nearer £50,000,000 or £60,000,000 a year for medical services. Co-ordination, it is reasonable to expect, would effect economy of a big sum; but having effected all the economy possible if further moneys were needed we would not rule out a possible increase of contributions to meet part of the cost. So long as the contributory principle must prevail, we merely ask for full value for the contributions demanded.

22,047. Have you made any estimate of the total additional cost involved by these proposals?—We have not attempted to estimate costs. We submit that we are entitled to ask the Royal Commission to place before the nation that which the evidence has shown the nation needs in the interests of national health, and to show the direct and indirect cost of the present amount of sickness and invalidity, and to make such recommendations as they feel are practicable at this time.

22,048. Do you think that under present conditions of unemployment and depression in industry, and having regard to the new contributions and grant

charges proposed under the Widows, Orphans and Old Age Pensions Bill, an increase in the charges for the Health Insurance Scheme is justifiable?—We note that the question, before it was amended to incorporate pensions, has been put to many previous witnesses. Our reply at the time our evidence was decided upon would have again been: Give us value for money and we are not afraid of the decision of our members. It is not unreasonable to assume that had we advocated an increase of 8d. in the contributions we should have been considered extravagant dreamers. Our reply to-day, notwithstanding the developments of the last few months, would be the same: Give us value for money.

22,049. In paragraphs 106 to 112 you recommend the abolition of disablement benefit as such and payment throughout the whole incapacity at a rate the same as that for unemployment benefit?—Yes.

22,050. You also recommend that sickness benefit payment should be made throughout the whole period of incapacity, at a rate at least equal to that of the Unemployment Insurance Act, in respect both of the insured persons and their dependants. This means, of course, a substantial increase in the present sickness benefit rate, a very large increase in the disablement benefit rate and a varying scale according to the number of dependants. This also would mean a large increase in the cost of the scheme. Have you made any attempt to estimate?—We have not, for the reasons given in answer to a previous question.

22,051. Do you not think that Societies would have difficulty in administering varying rates of sickness benefit according to the number of the dependants?—Several of our Societies administer unemployment benefit which makes provision for dependants, and they experience no difficulty. In view of the actuarial basis of Societies, which I would limit to the present statutory cash benefits, I suggest that payments in respect of dependants would require to be on a national basis; that is to say, a central fund or something after the style of the Women's Equalisation Fund that we had.

22,052. If it were not considered possible by reason of the cost involved to provide at once for all the extensions which you advocate, could you place in order of priority your main recommendations, for example, extension of the scope of medical benefit, extension of medical benefit to dependants, medical attendance at confinements, increase of sickness benefit, payment of full benefit throughout illness, full provision for maternity?—Our No. 1 would be the extension of the scope of medical benefit. No. 2: the extension of medical benefits to dependants. No. 3: full provision for maternity. No. 4: medical attendance at confinement. No. 5: the payment of full benefit throughout illness; and No. 6: an increase in the rate of sickness benefit.

22,053. Referring to paragraph 116, perhaps you would amplify a little your views as to the abuses and unround competition between Societies arising out of section 26 of the Act?—The provision of additional treatment benefits such as dental benefit and so forth, by Societies having a surplus has caused other Societies to give the same benefits under section 26 in order to prevent members being attracted from them.

22,054. Could you indicate the lines of the amendment of section 26 which you desire?—In so far as normal benefits might be extended to include the forms of benefit which now are additional benefits the need for section 26 should be reduced. We believe Parliament intended the continuance of the practice of Societies making small donations to hospitals, and we should limit it to a moderate sum per member per annum. We are not in a position to suggest a sum, except tentatively—probably a very small sum, say 6d., without restrictions at all, and a higher sum subject to the approval of the Ministry.

22,055. We note your recommendations in regard to pregnancy, payments on the death of a member, and naval and military pensioners, and shall give them due consideration?—Thank you.

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22,056. Arising from paragraph 122, can you tell us in what way section 107 of the Act could be made more practicable so long as in any area there may be a large number of separate societies operating?—It will be noted that we desire to retain section 107 for the time when insurance develops, and naturally we contemplate its ultimate development along the lines we advocate. We suggest that it is a power which we should not relinquish and, maybe, have a difficulty in recovering. The only possible way that suggests itself to us under the present system is that medical records are the only available data.

22,057. We note your recommendations in paragraphs 123 and 126 with regard to women who leave employment on marriage, and the reinsurance of maternity benefit. Do you wish to amplify either of these subjects?—We should, with your permission, like to amend our suggestions to include the first maternity benefit within two years of marriage. Our Conference in February asked us to do that. I am not sure that the matter has been amended in our Statement of Evidence. So far as reinsurance of maternity benefit goes, it does seem to us that the incidence of maternity should not continue to have an effect upon the valuation of Societies. The Commission will remember the evidence on this point given by our colleague Mr. Lee Shaw on the 22nd January. We, moreover, feel that the whole subject of maternity should be reviewed. It is a significant fact that the general death rate has been reduced by one-third, and the infant mortality rate has been halved since the beginning of the century, yet the maternal mortality rate is but little lower than it was half a century ago. The figures show that, although £1,500,000 a year is spent in maternity benefits, the number of deaths of mothers during confinement is only slightly less than in 1912, and for five years of the ten years following 1912 the mortality rate was higher than in 1912. Nor must the relation of this to the expenditure on sickness benefit to married women be overlooked. Indeed, we may find in the prevention of this evil a solution to the excessive expenditure upon disablement benefit now being experienced in regard to women. Sir George Newman says on this subject: "The mortality returns reveal only a part of the total damage and disability. An incalculable amount of unreported and often untreated injury and ill-health results from pregnancy and labour. It is this burden of avoidable suffering that we seek to relieve scarcely less than to save lives that need not be lost." Perhaps I may add that shortly after our Conference, at which we gave publicity to this maternal mortality problem, I had a letter from the late Mr. Benjamin Broadbent, who was a witness here, in which he calls attention to the fact that, while there had been a considerable reduction in the infantile mortality rate, there had been no reduction whatever in the deaths of children under one month old and that all the reduction had happened between the age of one month and twelve months. That is from Mr. Benjamin Broadbent, whose study of this subject enables us to accept his statement. What I want to emphasise is that, however infantile mortality may be connected with ante-natal work as a whole, you cannot divorce the deaths of these infants under one month from the whole subject of pregnancy and maternity and confinement services. (Mr. Corbey): I understand that when Mr. Lee-Shaw was here he quoted some figures, and I want to repeat them. In 1913, 1914, 1915, 1916, 1917 and 1918 we got returns from 53 Societies connected with the Association. Thirty-six of them had a membership of males of 426,471. The 17 others had a membership of females of 123,109. In the male Societies their maternity benefit cost them sums varying between £5 10s. per 100 members per annum and £19 13s. 1½d. In the Societies with women the amounts varied from 13s. 0½d. per 100 members per annum to £9 3s. 9d. per 100 members

per annum. The result of the first valuation has proved that the Societies which were paying the most in maternity benefits are the Societies which had the smallest surplus. They carried big sickness rates and very heavy maternity rates. I want to press again this morning that the maternity liability should be re-insured or distributed over the whole of the insured population. It is manifestly unfair to some societies that they should carry this burden, because there is nothing in administration, mal-administration, or anything else in connection with maternity benefit that arises. (Mr. Kershaw): I would like to emphasise, if I may, that from a much more important consideration than the financial effect upon a Society do we advocate a re-consideration of the whole of the service in connection with maternity.

22,058. Arising from paragraph 130, could you give us a detailed description of the form which you think a revised maternity benefit should take?—Paragraph 130 uses the phrase used in the Washington Maternity Convention. The suggestion which holds the field at the moment is the payment of £1 a week for six weeks before and six weeks after childbirth, mentioned by the Government Actuary in Command Paper 1293 of 1921, and free attendance by a doctor or midwife.

22,059. On the subject of arrears with which you deal in Section IX. of your Statement, is it your view that any week of proved inability to obtain employment should count as a week for which a contribution was paid and should, therefore, involve no penalty in the way of loss of benefit?—(Mr. Kershaw): Yes, so far as the member is concerned. But the societies should be reimbursed through a system which afforded the greatest relief to the societies which suffered the greatest in this respect.

22,060. What means would you suggest of verifying that the absence of the stamp was due to genuine unemployment?—We suggest registration at the Labour Exchange or other similar recognised agency.

22,061. Coming to paragraphs 138 and 139 of your Statement, which deal with the question of hospitals, you recommend that the hospital service should be organised on a comprehensive basis under the local Health Authority, with Treatment Centres in the outlying districts, Local or Cottage Hospitals in the smaller towns, County Hospitals for each Public Health area, and National Hospitals in London, Edinburgh, and other University towns?—We shall ask Mr. Blizard, the Honorary Secretary of the Labour Party Advisory Committee on Public Health, to deal with the hospital question. (Mr. Blizard): Yes, my Lord.

22,062. But you would allow the Voluntary Hospitals to continue on their present basis, provided that the local Health Authority should be represented on the Boards of Management in consideration of the receipt of grants from Public Funds?—That is so, and we would like to call attention to the analogy in some of the Colonies. In New South Wales a grant on the basis of 50/50 is made to Hospital Funds, including I may say legacies, on the understanding that representation is given on the controlling bodies of the hospitals. South Australia makes similar grants, but not to the same extent.

22,063. Under such a reorganised system would you make hospital benefit available to all insured persons?—Not only to all insured persons but to the whole population. That is our proposal.

22,064. Have you any estimate of what the cost of this complete hospital service would be?—No, we have not.

22,065. Do you suggest that under such a system the insured person should receive any priority over the uninsured in respect of admission to the hospital, or would you leave all cases to be dealt with equally on their medical merits?—All cases should be dealt

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with on their medical merits, and for that reason we view with great suspicion the extension of pay wards in our hospitals. At the recent Sheffield Conference on Hospitals one of the representatives of the hospitals stated that his hospital was making a profit of £30,000 per annum from pay wards. We think the extension of pay wards must *pro tanto* lead to a reduction of accommodation available for cases strictly on their medical merits.

22,066. You would, I take it, aim at the fullest co-ordination between the different types of hospital in each health area and a carefully planned linking up of these services with the work of the general medical practitioners?—We should, and may I call attention here to the case given by Sir Napier Burnett of three hospitals in a district of the country within a radius of 13 miles; one had a waiting list of 1,200, another had a waiting list of 800 and within a short distance of these two was another hospital with a very large number of empty beds.

22,067. Was that a Poor Law hospital?—He did not indicate. It was in the evidence which he gave to the Cave Committee. But with regard to Poor Law hospitals you may take the case of the London Hospital which has a waiting list at the present time of round about 1,000, and almost within reach of it is the Whitechapel Infirmary which has a considerable number of vacant beds. And there is another feature of that. There is a certain amount of competition by hospitals, certainly in the London area, so much so that the secretary of one of the most important hospitals made a pronouncement recently that what was desirable was for some outside body to come and smash them into line—that is quoting his actual phrase.

22,068. In paragraph 139 (9) you suggest that free dental clinics should be connected with all hospitals. Would this be only for special work, or do you suggest that such arrangement should replace the treatment now ordinarily given in the dental practitioners' own surgeries?—We contemplate a complete reorganisation of dental treatment on the basis chiefly of clinics, and if I may say so, I had experience of running a clinic in London from 1916 to 1918 at which we treated 10,000 cases, and there was scarcely a single complaint during that period. We found by treating at a centralised clinic we got uniformity of treatment, we could stress conservative treatment, and it was much more economical than any other form. We made inquiries and we found that the Army Service had arranged for the treatment of men in the Army by a panel system, and they abandoned that part-time treatment for a complete whole-time service. I believe the British Dental Association took out an analysis of the work done covering 100,000 cases treated, and it was found that by using the central clinic the cost was only 3s. 11½d. per head as against under part-time treatment a cost of 6s. 11½d.

22,069. Nearly double?—A saving of nearly half by having a central clinic in a suitable area.

22,070. Would you anticipate that the arrangements which you outline might result in a substantial reduction of the flow of voluntary contributions to the hospital?—Yes.

22,071. But you think that even so it would be better that these institutions should be financed from rates, taxes and insurance funds rather than that they should continue to rest to a substantial extent on voluntary contributions?—That needs to be qualified because there are so many different types of hospital. There is the hospital which is a medical school, and there is the Cottage Hospital, and you cannot have one system which would be applicable to the whole of them. We do visualise a scheme which would utilise the advantages of the present hospital system, and yet lead to a great development in the public control of hospitals. We had a Conference on this subject in which all medical authorities took part and we arrived at a series of five agreed resolutions. I am not sure whether those agreed resolutions are before the Commission.

22,072. No, we have not had those.—I should like to read them. They are the unanimous result of a two days' Conference in which Nursing Institutions, Hospitals, the British Medical Association, the British Dental Association, and other important bodies took part. These are the resolutions: (1) "The accommodation, equipment, and finance of hospitals generally are inadequate and must be supplemented"; (2) "The geographical distribution of hospitals is uneven, leading to overlapping, and the lack of co-ordination. The unit of co-ordination should be such as to include a sufficiently large population to constitute a satisfactory unit"; (3) "There should be closer relationship between voluntary hospitals themselves; between the voluntary hospitals and the various hospitals provided by Local Authorities; between the curative and preventive medical services; and between the hospitals and the private medical practitioners"; (4) "Some form of public assistance is essential if a complete and adequate hospital system is to be maintained, and the development and maintenance of an adequate hospital system should be provided in such fashion as will preserve the best features of the present voluntary system"; (5) "The infirmaries at present under the Poor Law should be thrown open to all citizens and removed from all taint of the Poor Law."

22,073. In paragraph 140 you recommend that the insured person should have absolute freedom in his choice of Society at any time during insurance. Have you found that the present conditions of transfer have operated harshly in any substantial number of cases?—(Mr. Kershaw): Yes. There is no freedom while the insured person forfeits his right to additional benefits. As most Societies are giving additional benefits transfers are almost impossible.

22,074. In paragraphs 144 to 148 you deal with the question of administration expenses, and suggest that the allowance should be raised to 4s. 10d. per man member and 6s. per woman member for Societies with less than 50,000 members. Have you any substantial evidence to submit to us to show that the present allowance of 4s. 5d. is really inadequate?—It is difficult to produce evidence because of the varying types and sizes of Societies. For instance, we have large Societies operating in one county and we have smaller Societies operating throughout the four countries, one through 600 branches. There cannot be an equitable amount fixed. It is suggested for the consideration of the Commission that between a given minimum and maximum the Ministry should be given powers to vary the amount.

22,075. What allowance would you suggest for Societies with more than 50,000 members?—We make no suggestion. We contend that everything else being equal there is a case for a smaller Society needing more per member than a large Society.

22,076. In paragraphs 149-150 you suggest that separate Government Departments for National Health Insurance are unnecessary and that all transactions should be with one Department, presumably in London. Do you not feel that there is any value in the direction of closer contact with reality and better appreciation of local conditions resulting from the present system of three separate Departments?—We see no reason to modify the paragraph, but if we are to judge by the evidence given by some or one representative of the Scottish Board of Health we are entitled to assume that the outlook on some of the problems associated with Insurance is different and not altogether to the interest of the insured person.

22,077. In paragraphs 151 to 156 you deal with the question of the Insurance Committees. Is it your proposal that the Insurance Committees should be retained as a separate local authority with enlarged representation?—No.

22,078. What would be your view of the proposal that all the health activities should be administered either by a Committee of the Municipal Authority or by an authority entirely elected by a local franchise?—We favour the suggestion of a Committee of each

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local authority with certain representative persons co-opted. The majority of the Committee should be members of the local authority subject to the popular franchise. We are strongly against the creation of a new elected body.

22,079. At any rate you desire that all the services of a medical character and also the provision for maternity benefit should be administered by one authority in each locality?—That is so.

22,080. (*Miss Tuckwell*): You spoke of the Society favouring cash benefits supposing there was the money. You would make some modification, would you not, in the case of women and the poorest part of the population whose livelihood at present is so restricted that any increased expenditure would mean that sickness was much more prevalent because of that?—We realise in the absence of a national minimum wage there would be classes of the community who, it may be, could not afford a higher rate of contribution and, therefore, we believe if it were found necessary to increase the rate of contribution the Commission would have to review the provisions with regard to low wage earners.

22,081. There are at present provisions, are there not?—That is so.

22,082. With regard to married women, do you have many claims from Class K?—The claims for sickness benefit in respect of Class K members so far as my experience goes, rather indicate that they do not realise always their rights under the Act. So far as maternity benefit goes we do not think there is anything to complain of in that respect.

22,083. Do you think there is a large amount of ignorance. Do you think it is the same with other Societies as well as your own?—I have no reason to think it would be different in any other Society.

22,084. So that women who might claim benefit under Class K are losing it in considerable proportion, do you think, by ignorance?—Yes. I think there are great numbers in Class K, indeed in all classes, who cannot appreciate their rights under the Act, otherwise the number of claims would be much greater than they are. In 47 per cent. of the confinements amongst ordinary employed contributors, there is no claim for sickness benefit at all; and, in Class K there is no claim at all in 85 per cent. One can hardly think if women knew, they would not claim at least for one or two weeks before confinement. They must be incapable of work at that time.

22,085. How would you meet that?—We have no means of meeting it.

22,086. Can it be done by propaganda?—Probably that is the only way. Our general proposals with regard to maternity would provide for education and an extension of ante-natal work. Obviously any extension of ante-natal work by any Authority of any kind would mean an increased demand for sickness benefit on Societies.

22,087. With regard to the Washington Convention which you favour and which would give six weeks before and six weeks after childbirth full and healthy maintenance. In the case of the six weeks before confinement if a medical certificate was produced?—That is the only thing we could work on.

22,088. Do you have a large number of sickness claims before confinement now?—47 per cent. of women who are confined make no claim at all in my Society.

22,089. When they do claim for how long do they claim? Is the period lengthening for which they claim before confinement?—The average duration of benefit paid during pregnancy per confinement is nearly four weeks; the average duration of benefit paid during pregnancy per claim is over eight weeks.

22,090. It has been put to me that a good deal of the suffering and to some extent maternal mortality could be prevented if there was an examination sufficiently long before confinement. Have you formed any conclusion about this?—I am prepared to take Dr. Janet Campbell and Sir George Newman as my authorities on that, and they stress it most emphatically in Dr. Janet Campbell's book that if women

could be induced to have an examination during pregnancy a good deal of this mortality and, perhaps what is more important, damage to those who do not die, could be prevented.

22,091. So that the Washington Convention with the necessity of producing a medical certificate if you wanted maintenance for six weeks before would help in that direction?—Undoubtedly it would mean there would be an inducement to women to have a medical examination at least six weeks before confinement.

22,092. There is something in the Government Actuary's Statement which touches on this question. He says the birth rate among married women engaged in industry is far below that of home-keeping wives, and I think the inference he was inclined to draw was that everybody ought to keep at home. What is your experience? Is it possible in the present industrial conditions to enlarge the number of home-keeping wives?—I think it will be generally admitted if married women are going out to work they need to do it from economic considerations, and therefore if going out to work produces illness it ought to be provided for.

22,093. So that what he says, and which all students of social conditions will draw their own conclusions from, points to the necessity of providing more carefully for the health of those who cannot by reason of industrial conditions be home-keeping?—I think you could draw that inference.

22,094. Are you uneasy as to the expense that these proposals are going to cost?—You mean as regards the Washington Convention?

22,095. Yes?—My own view is—and I think the figures have been produced before to-day—that if you made an entirely new examination of the whole service in connection with pregnancy, confinement, and so forth, the cost would be nothing like that which Sir Alfred Watson indicated in his Memorandum; nothing like it. I am inclined to think, as a matter of fact I think the Memorandum suggests, that the basis for the estimate of cost is the experience under the Insurance Act up to, I think, 1915. But it must have been within the knowledge of the Actuary and ourselves that at the time the Memorandum was written the 1918 Act had been passed, and in so far as it altered the position in relation to women, it would encourage the payment of benefit during pregnancy, and in so far as there was an increase or likely to be an increase in the amount paid during pregnancy, Sir Alfred Watson's estimate would be reduced; and I suggest to the Commission it might be very interesting to get the expenditure during pregnancy to-day as compared with the time upon which the Government Actuary based his figures, and even then I would say that the experience is not the experience we ought to have. Gradually calling the attention of the public to this subject would inevitably bring a higher claim for sickness benefit until the effects of the curative methods could be felt.

22,096. So that you really feel that these extensions are in a sense financially sound as well as sound because of the preventive character that they must have as regards the health of the whole community apart from the social argument?—I would rather say they are not so financially impossible as the Government Actuary would lead one to expect in the Memorandum.

22,097. The midwives in giving evidence before us gave some very interesting instances of something in the nature of bargaining when the baby arrived, and that until the baby was insured benefit was not always paid. Have you ever come across cases of that sort?—I have not. I am much more concerned about the ultimate effect of certain Societies having in their possession the exact age at which people become 16. I think we shall begin to feel the effects of that 16 years from the commencement of the Act, and that will be a gradually growing influence against what I should term the democratic Societies.

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22,098. Do you mean that those who have insured the child on the one side will draw it into National Health Insurance when it becomes 16?—Yes. Only they, generally speaking, know that people are about to become 16, and they will use that of course to get them into their Societies for Health Insurance.

22,099. So that gradually you might have all the people in monster Societies, which had insured on their private side?—I have no doubt that will be the ultimate development unless changes are made.

22,100. I gather you do not know of the sort of instances that the midwives brought before us: one case in which a maternity benefit had been withheld, another case in which the maternity benefit had not been paid for two years and was only recovered by the midwife herself when she helped the woman to claim for her second confinement. You have not come across these cases?—I have not come across any abuse in connection with maternity claims.

22,101. Is it worth the while of an agent to insure a baby?—Presumably; that is his main business, to look after the private side of insurance.

22,102. So he directly profits by it?—Undoubtedly.

22,103. A question has arisen with regard to tuberculosis and also with regard to neurasthenic people who would recover before if they were institutionally treated and were working part-time. What safeguards should you think necessary to prevent the economic difficulties which might arise from part-time employment of this description?—Taking tuberculosis as an example, I believe if part-time work under the control of the proper authority was a condition of treatment it would be a proper thing for the Societies to pay benefit in proportion. So far as the economic effect or the industrial effect goes, I am not competent to express an opinion. I am here only to deal with how it would affect the Societies.

22,104. You think if the trade union rate was paid and the thing was safeguarded it would be quite possible?—I do, but I am more concerned with the difficulty of administration in the Approved Society. However, I do feel that under proper control (I believe experiments have been made) it should be possible to continue payment at a proportionate rate of sickness benefit to such people.

22,105. With regard to workmen's compensation, you put forward that every employer of labour ought to be compelled to insure against his liabilities. In the long view, is not a great deal more than that desirable? Logically, ought not the provision of National Health to cover disablement however arising, whether through sickness or accident?—Yes, we think the time is arriving when all these risks of life will have to be covered under one comprehensive scheme.

22,106. (Mr. Evans): You refer in your statement to private and panel patients, and you suggest that the private patient gets more complete medical service than the panel patient does. Is there anything in that to-day?—Yes, we think there is.

22,107. That the private patient gets better medical treatment than the panel patient does?—The medical practitioner under the Act is only called upon to give those services which come within the range of service. That may in some cases mean that the private patient of that man would get the full benefit of that man's scientific knowledge, whereas the panel patient would not.

22,108. In paragraph 85 there is a reference to draughty passages being used as waiting rooms. To what extent does that obtain to-day?—There has been considerable improvement unquestionably in surgery accommodation during the last few years, largely by the action taken or suggested by the Ministry. We have had it put to us that the accommodation is not all that could be desired in every case at this time.

22,109. The Chairman asked you whether payment of the doctor by salary on a whole time basis as the servant of the Local Authority was an essential part of your scheme, and you said, no. The suggestion behind that is that a whole-time salaried man does not give as good service as a man who is paid by

results. Do you think there is anything in that?—The objections to a State service are usually illogical and based upon an inadequate study of the subject. We submit that the history and traditions of the medical profession show that it stands out as one in which devotion to duty, to science, and to public welfare take first place. We cannot agree that the make up of medical men would be transformed if they became public servants instead of the servants of the public. We would refer the opponents to the services of the existing public medical officers. It would be proper to observe also that this change would be part only of a very much greater change in which is incorporated opportunities for medical study and research such as are denied the average practitioner to-day.

22,110. With regard to hospitals, the whole of this scheme which you have labelled as the Labour Party policy means co-ordination of medical services?—(Mr. Blizard): That is so.

22,111. What would be the kind of unit that you suggest?—The scheme would be based upon geographical units.

22,112. Take the County Council, would you take that to be outside the Boroughs and big towns: do you think the County Council would provide the sort of unit for this purpose?—No, we do not. We think we should have to be guided by the present method of dividing geographical areas into local health authorities. We should base the whole of our scheme upon the present preventive service. We say the curative and preventive services should be so linked up and worked together that it would be necessary to have exactly the same boundaries for one as for the other.

22,113. Speaking for the Labour Movement you are particularly concerned with the preventive side of medicine, are you not?—Yes; but not more so than the curative.

22,114. Except that preventive treatment strikes at the root of things?—Yes.

22,115. That is what you want particularly?—Quite.

22,116. You think the various medical services ought to be co-ordinated?—We do.

22,117. With a view to stamping out disease, as far as possible?—Yes, and we think very highly of the educative value, for instance, of the school clinic where you bring the doctor, the dentist, the teacher, the parent and scholar into intimate relationship. The result is you have mass education going on, health propaganda.

22,118. You would measure this not so much in £ s. d. In years to come I suppose you anticipate that there will be such an improvement in the public health that the payments in cash benefits will be very much reduced?—I think we talk too much about the cost of this or that preventive or curative treatment. There should be no need, because if you could strike an actuarial balance sheet you would probably find there was a surplus, and though your expenditure is going to be very high the results will be more than justified over a period.

22,119. We have had witnesses here who have told us that clinic treatment is not at all popular and not as efficient and as economical as private treatment. You rather stress the establishment of clinics as being the most effective way of dealing with these matters?—We do.

22,120. That is the view of the people whom you represent?—That is so. We say in the clinic you are doing what you cannot do by mere preaching. By practice you are inculcating ideas which will enure to the benefit of the community.

22,121. (Mr. Jones): Mr. Blizard, you read some resolutions regarding hospitals that were passed at a Conference, and you said you thought if those resolutions were adopted they would secure the maintenance of the best features of the present voluntary system. What features had you in view?—You have to particularise what you mean by "voluntary hos-

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pital system." The voluntary hospital system is going through a period of great change. Hitherto it has been voluntary as regards three features,—voluntary management, voluntary funds, and voluntary services of the doctors attending the hospitals. The two latter features are gradually disappearing. Voluntary funds are being supplemented by payments from Approved Societies, payments from patients and payments from Government Departments; and as regards voluntary services the doctors are rightly saying that if those payments are to be made to the hospital their services must receive some recognition. So that at the moment, speaking generally, they are concentrating on one feature, voluntary management. They want to retain voluntary management. In voluntary management you have an essential feature which would be very valuable to the community and we do not propose to destroy that. We should like to follow, as I indicated just now, the analogy of the Colonies where in some cases the State are making 50/50 grants in accordance with the income of the hospital, and they have a 50/50 representation on the management.

22,122. The essential feature remaining is the question of voluntary management. So far as grants are concerned you would increase your proportion of representation on the public health authority to the amount of the grant they give?—That is so.

22,123. What would be the effect of that? Would it in the long run benefit the health of the community?—It would benefit the health of the community in this respect that you would not allow the £ s. d. barrier to remain any longer. I think it is common knowledge that every hospital without exception in the country could spend, and spend to advantage, very much more money than it is getting at the present time in the interests of the community.

22,124. Would it add an additional bed to the existing accommodation?—I did not go into the question of the number of beds.

22,125. Would these grants towards making the way easy, paying the doctors, and so on, and perhaps make it easy for the admission of patients without payment, add to the total accommodation?—A very heavy increased capital expenditure is needed at the moment. It is estimated by competent authorities that the number of beds per 1,000 population should be round about 3, whereas in some counties—it varies over the country—this is far from being the case. No area that I know of reaches a total of 2 per 1,000. Of course, capital expenditure would therefore be needed.

22,126. This is my point, would grants in the manner in which you suggest add to the total number of beds anywhere?—The grants are for maintenance rather than for capital expenditure. There is no reason why the State should not come in and make grants with regard to capital expenditure. Take the case of New South Wales to which I have referred. In New South Wales, I understand, if a wealthy donor gives £50,000 for the increase of hospital accommodation the State immediately puts down another £50,000: in other words they give 50/50 for all income that is derived, thus holding out an inducement to keep up voluntary subscriptions.

22,127. You are also in favour of taking over the Poor Law hospitals?—Yes.

22,128. Would not that be a much more practical solution of the difficulty?—It would be. The present position with regard to Poor Law hospitals is this, that although they have 92,000 beds, one-third of those are empty during the summer, and a little less than one-third are empty during the winter, so that throughout the year of 92,000 beds you may take it that 25,000 are empty.

22,129. Is it not, generally speaking, the case that the present voluntary hospital provision is more than adequate to meet the needs of the acute case. We have had it in evidence here?—You say "the acute

case." You must remember a very large number of cases never get to the hospital; they are in that unhappy position of being on the waiting list.

22,130. If a case remains on the waiting list for any long period it can scarcely be described as an acute case?—That is so.

22,131. Is it not the fact that the shortage of accommodation is with regard to what might be described as the chronic type of case, the case that can wait till there is a convenient opportunity for admitting it?—I should not like to say; it varies in different areas.

22,132. It will vary with the sufficiency or otherwise of beds?—Quite.

22,133. Would it not be much better to concentrate on some movement that would give you perhaps an immediate or at least a very early addition to your total capacity, for instance, by taking over the Poor Law?—That is so. There again I refer you to item No. 2 in the Scheme set out in our Statement. We deal there with something not quite in the nature of hospitals. We advocate the establishment of Treatment Centres in outlying districts, we advocate also the establishment of small receiving stations equipped with two to four beds. Things like that would relieve the strain on the larger hospitals. Then again if there is to be an extension of medical benefit such as has been suggested to the Commission by many of the bodies that have given evidence, that will considerably relieve the present strain on the hospitals.

22,134. After all, the hospitals are limited in their function at the present time in the main to dealing with the acute cases?—Our scheme does not visualise that. Our scheme goes into the question of acquiring convalescent homes and using these as collateral services to the existing hospitals.

22,135. My suggestion is that by giving grants to these institutions you are not in the least relieving what is a very large part of the problem, the problem of the chronic case, the case that is costing Approved Societies money. Would it not be better to devote such funds as you have, if you take over the Poor Law, to increasing the status of these hospitals?—We propose to take over the Poor Law; we also propose to relieve pressure on the hospital beds in cities and towns by acquiring convalescent homes in the country into which could be admitted cases of threatened breakdown and cases no longer requiring hospital treatment but not sufficiently recovered to return home.

22,136. (*Professor Gray*): Mr. Kershaw, with regard to medical benefit, I understand you want to extend medical benefit in two ways: first you want to get the higher services made available, and also you want the panel practitioner to give to the insured person all he can do. Is not that so? They are both required?—(*Mr. Kershaw*): If we got the one the other would follow, would it not? If we got all that medical science can provide that must include the knowledge of the particular medical man.

22,137. On the first point, the highest skill of the medical profession in any direction is extraordinarily limited, is it not?—Yes.

22,138. It seems rather difficult to say that the highest skill along each direction shall be available for everybody. I presume you apply this doctrine having regard to these limitations. You cannot have the highest Harley Street specialist available for everybody throughout the country?—What we say is this. You must have and will have a general practitioner service, and beyond that with whatever safeguards or with whatever arrangements you felt were necessary, you would give the services of the profession as a whole. It may be that you would get to Harley Street.

22,139. In certain cases?—Yes.

22,140. But in certain cases only?—Quite.

22,141. On the other point, can you say whether there are in fact any large number of cases in which the doctor, having a certain type of skill, refuses to

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exercise it?—No. We think, generally speaking, the doctor will give the service that he is capable of giving apart altogether from any range of service. What we are more concerned about is the psychological effect upon the minds of the people in the knowledge that there is a limitation to their demand on the doctor.

22,142. You say it is irksome and irritating to the doctor not to be able to do this, but in fact if he cares to do it there is nothing to prevent it?—I think we are going a little further than what you have in mind. What we have in mind there is not precisely perhaps the scientific knowledge of the medical profession. It may be in the opinion of the medical man necessary for certain treatment to go outside the strict scope of the medical profession—I mean dentures and so on.

22,143. In reply to a question from the Chair you said it was no part of your scheme to have payment of the doctor by salary on a whole-time basis. What precisely would your scheme be?—It is not an essential part. It might be one of many ways that we should adopt in dealing with a difficulty in any given area. As I think I indicated, it has been said to us that there are difficulties even now under the present free system in some areas. In those areas it might be quite essential to the service of the Act that you should have a full-time medical man.

22,144. With regard to maternity benefit, when you speak of attendance at confinement do you refer to attendance by doctor and midwife, or either?—The general feeling is that a woman should be encouraged to be examined by a professional man at some time during pregnancy, and if he has reason to believe it is not a complicated case then the midwife's service would be sufficient. The onus would be on the doctor.

22,145. There are two small points that have arisen in the examination by Miss Tuckwell which related to a Memorandum prepared by the Government Actuary. I do not know whether you have seen that Memorandum?—I have it here.

22,146. The point to which Miss Tuckwell drew attention was the fact that in the case of women who went out to work there were fewer children born than in the case of home-staying women?—That is not here. I thought you were referring to the Memorandum of the Government Actuary on the Washington Convention.

22,147. No, it is the Statement which has been put before the Commission this last week. If it is the case that the woman who goes out to work has fewer children than the woman who stays at home, in a sense that does not bear on the question of health, does it?—I think possibly it may.

22,148. It is also possible it might not. It is a question of the number of children born, not a question of the kind of attendance women get when children are born?—Except from economic causes, they may take steps not to have children.

22,149. There are people who tell us that is desirable?—I was not thinking of it in that sense. There are such things as abortions which have a bad effect.

22,150. That would be reflected in medical benefit?—Yes, but not in maternity benefit.

22,151. On the other point, do you not think you are a little pessimistic with regard to the future of the Trade Union Movement? You told us that these large companies catch children at the end of a week and keep their clutches on them when they are 16. Is it as bad as you think? Firstly, assuming there are these policies taken out at the age of a day, how many of them will be in force when the child is 16?—I should think the number that lapse in the case of children is much less than in the case of adults to begin with.

22,152. I take it that some of these policies will be for a limited term of years?—No, mostly it is 1d. a week for the child, and it is limited by law.

22,153. (Sir Arthur Worley). It cannot be more than £20, can it?—No, it is limited by law.

22,154. So the commission on that is not a big thing for the agent?—(Mr. Blizzard): On successively lapsed policies it is. (Mr. Kershaw): It is his business.

22,155. Not to insure children only?—It has been suggested—perhaps I ought not to say it—that applications to insure the life of a child are sometimes made before the child is born: so I gather from that there is competition for the business.

22,156. (Prof. Gray): You said no other type of Society was in touch with these people before they were 16. Is that true? Do you not think there are many Societies, for instance, the Sons of Temperance, and others who have a juvenile section and get at children before they are 16?—I cannot overlook this fact that from one cause or another the increase in membership of the Collecting Societies during the first valuation period was 3½ times that of all the other Societies put together. I cannot give you the reason obviously, but there it is. That, coupled with what I feel is the inevitable development of this child insurance, will make it more difficult—perhaps that is as far as I should go—for other types of Society to maintain their position.

22,157. You refer to the difficulties caused by transfer. Do these difficulties occur in the first two years of insurance? Is there a transfer fee payable in the first two years of insurance?—The transfer fee we do not consider to be a great barrier; it is the additional benefits.

22,158. Is that as effective in the first two years as later? It is much easier, is it not, for an insured person to transfer in the first two years than later on?—Obviously. The additional benefits will only apply in future after five years' membership.

22,159. Even supposing these potential members of yours are detached from you in this way, have you not an opportunity when they come into insurance between 16 and 18 to get them back again?—I am afraid you do not realise the pathetic confidence that people have in the agents who go round.

22,160. Surely they have confidence in you too?—I suggest that if you desire evidence in that direction as to the pathetic confidence that people repose in the agents you can get it; and you must remember they are on the doorstep week by week, and the wife at home is not always the husband who is a Trade Unionist as far as children are concerned.

22,161. I am merely putting these points because your confession of inability rather shocks my faith in the Trade Union Movement?—I should be sorry to give you that impression. Let me remove it at once. I am quite satisfied we can hold our own with other Societies, but it will be much more difficult to do so in the future than it would be if they had not the records of the children at 16. That is the whole point of it. It is comparative.

22,162. As I said before, I should have thought you would have got them soon enough afterwards and be able to hold your own?—Let me give an instance. I was speaking, as a matter of fact, to a Conference of Agents not many months ago, and after the Conference a person came up to me and said "Can I really insist upon my transfer?" I said "Certainly if you desire"—"Well, my agent tells me that he is only allowed by the Ministry to transfer so many people per quarter"—after the style of the United States Immigration Laws—"and he has reached his quota." That is the sort of thing.

22,163. Was this person who spoke to you a Trade Unionist?—I should think probably.

22,164. Was he not in touch with his Trade Union Branch, with an intelligent branch secretary?—I am not saying what are the shortcomings of the Trade Union Movement, I am rather emphasizing the wonderful ability of the agents.

22,165. I should have thought the intelligence of the Trade Union would have matched that?—Give us time and we will educate them to it.

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22,166. (Sir Arthur Worley): You are rather emphasizing what is called the "home-service"?—If you like.

22,167. Without being at all cynical, it does seem hardly conceivable that people should have such respect for a Society unless they have been fairly well treated. It rather goes to show that they have given a sort of service that has grown up to be respected and gets its reward?—It is some sort of service that has never had the test put to it as to its accuracy.

22,168. Fifteen years? Unless they looked after the interests of their members—all the insured people talk to one another as to what they get and how they are treated—in time one would have thought it would damage the agent not only on the approved side but on the private side too?—You might think so. I will give you an instance that came to my knowledge. There are quite a number of others that can be given by other people probably. A woman suffering from an illness receives benefit for a long time and is sent to the Medical Referee, who declares her fit for light work: in her ignorance of the Act she takes that as final, as the end of all things: within two or three weeks she goes through a series of very difficult operations: she is in hospital: her condition in and out of hospital goes on for 12 to 18 months—I am speaking from memory: something then prompts her to apply again for sickness benefit, and she is at once told "You have run through the free year, you are out of insurance": she was prepared to accept that: action was taken, however, and she got the money, but, what was more important, she got reinstated into insurance. They blindly accept whatever may be stated to them by these people, rightly or wrongly, and if they are prepared to accept it obviously there is no agitation forthcoming.

22,169. Are you putting that down to *mala fides*?—I do not.

22,170. Or ignorance?—No, I do not suggest—

22,171. That might be done by any Approved Society secretary who did not know the rules throughout?—Except that a Society that really had the welfare of the member at heart would make some enquiries as to what had happened after the Medical Referee declared her fit.

22,172. From the commercial side, as I look at it, that agent would have benefited if he had got the full benefit for that woman; he would have been in a better position *vis à-vis* that client than if he had been careless or had not known the Act, as he should have done. He gained nothing but he lost a good friend?—I am not suggesting it is done for the purpose of gain at all either by the Society or by the agent personally. In many cases these things are due to want of knowledge.

22,173. (Mr. Cook): Is there anything in your proposal with regard to medical benefit that would militate against free choice of doctor by the panel patient?—We consider that is essential to our scheme.

22,174. You are dissatisfied with the present cash benefits provided for in the Act, and I think you propose that the minimum benefit payable to the insured contributor should be at least what is paid under Unemployment Insurance, and on the same principle, a payment to the insured individual and a payment to his dependants. Do you approve of that principle?—That is what we suggest.

22,175. That would involve very considerable additional expenditure. Do you think the Trade Union Movement would be prepared if necessary to pay a larger contribution to ensure these benefits which you are recommending?—We believe the Trade Union Movement is contemplating an increased payment, but at the same time as you demanded that increased payment you would have to satisfy the movement that there was no wastage in other directions, because we feel that a good many of the things we are advocating are possible within the financial compass of the present Act.

22,176. Assuming that the proposals you have made could be given practical effect to, it would not be necessary in your opinion that an increased contribution should be paid?—I would not put it quite so definite. It may be necessary, but not so necessary as on the face of it it would appear to be.

22,177. You have expressed a good deal of anxiety with regard to the handicap you feel from the fact that the industrial organisations pick up members immediately they reach insurable age, the age of 16. Have you any suggestion apart from revolutionising the whole Health Insurance scheme by way of nationalisation to destroy this handicap, as it were?—If the Approved Society system must continue and if as a result of the deliberations of this Royal Commission every Society is in fact controlled by its members, I do not think we should mind particularly that the members did go to these other Societies.

22,178. You would not?—I do not think so. That is not the main point. The main point is, as things are now, the Commission would need to visualise, there being ultimately practically the whole of the insured population in Societies which were not democratic in any sense of the term, and, therefore, if that was to be the inevitable development, why not face the thing at once and make it a national scheme?

22,179. Your opinion is that these Industrial Societies are not democratically managed or controlled?—If I must have bureaucracy give me the Civil Service.

22,180. (Mrs. Harrison Bell): With regard to your paragraphs 103, 104 and 105, would there not be with a universal national scheme a very great economy to set against the possible addition in the cost of medical service. What I mean is this. One would have thought there were reasonable prospects of many more working days in the year for each person and that would surely be a set-off against the additional cost that would have to be paid for these services?—In one of my answers—I hope the Commission might perhaps have a second look at it—I do feel very strongly that in some form or another the country is paying at the moment for the ill-health of the community, and for the absence of proper services, and any consideration of cost must be net cost. We are quite certain that to a very great extent the suggestion in your question is correct, that apart from the automatic economies due to co-ordination and administration the saving would be enormous in indirect ways.

22,181. On the subject of expense of maternity benefit, have you any suggestions to make to us as to the possibility of avoiding the payment of so much maternity benefit in the case of Societies where it has become a very severe burden?—No. It has come to our knowledge as a matter of fact that the Secretary of one Society has disseminated information on birth control to his members in order to keep down the cost of maternity benefit. What substance there is in it I do not know. It rather emphasises if it is true that such things should not be in the hands of Approved Societies.

22,182. (Sir Arthur Worley): In connection with your suggestion that there should be a comprehensive scheme for Workmen's Compensation and Health Insurance, I take it you are aware that the Holman Gregory Committee reported against State insurance for Workmen's Compensation?—I believe that was so.

22,183. You probably will be aware that the Minister of Health recently in the House of Commons stated that as a matter of Government policy they had come to the conclusion that it was not a practical matter?—That may be so. We are quite certain if the State did take it over and added something to the employers' contribution in the Health Insurance stamp, the whole question of Workmen's Compensation could be covered much more economically than it is being covered at this time, and with less litigation in order to get the benefits.

(Chairman): Thank you.

(The Witnesses withdrew.)

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Sir HENRY GAUVAIN, M.A., M.D., M.C., and
Dr. G. LISSANT COX, M.A., M.D.

[Continued.]

Sir HENRY GAUVAIN and Dr. G. LISSANT COX called and examined. (See Appendix XCIII.)

22,184. (Chairman): You are Sir Henry Gauvain?
—(Sir Henry Gauvain): I am.

22,185. And you are Dr. Lissant Cox?—(Dr. Lissant Cox): I am.

22,186. You represent the Joint Tuberculosis Council and are submitting the Statement of Evidence which we have before us. We may take it, I suppose, that your Council represents the collective views of those engaged either officially or otherwise in combating tuberculosis?—(Sir Henry Gauvain): Yes.

22,187. We note the objects of the Council stated in paragraph 2 and the description of the various services for dealing with tuberculosis in paragraphs 5 to 9; but as your recommendations in relation to the Insurance Scheme are contained in paragraphs 10 to 16, I will now go on to these. I see from paragraph 10 that you think a continuous extension and improvement of the Ministry of Health schemes is desirable under the present administrative arrangements. Why do you think that any return to administrative control by Insurance Committees would be retrograde and undesirable?—For several reasons. First, the prevention and treatment of tuberculosis is, in the main, a part of Public Health work, and requires to be dealt with in close relation to other Public Health work; for example, the School Medical Service and Maternity and Child Welfare. Secondly, overlapping and unnecessary expense would occur if the population is split into insured persons and others and is dealt with by two bodies. Thirdly, in the past a patient suffering from tuberculosis might first be an insured person, then an uninsured person, and later on an insured person again. Those are the main reasons.

22,188. It has been represented to us that insured persons are at a disadvantage under the present arrangements for the treatment of tuberculosis, as compared with those prevailing when sanatorium benefit was included in the Insurance Scheme, in that they are now required to contribute part of the cost of their treatment and also that there is less sympathetic interest in individual cases than was taken by members of Insurance Committees. Have you anything to say on either of these points?—(Dr. Lissant Cox): With regard to the payment of contributions, this was suggested by the Geddes Committee. It is not by any means universal, or even usual; for example, the Lancashire County Council, which is the largest single unit of administration in England, do not require contributions. Then as to the less sympathetic interest in the individual, we have seen no evidence that that is so.

22,189. So that you are in favour of the present system under which the Public Health Authority administers the remedial measures available for the whole population of its area?—Yes.

22,190. In what directions do you consider that extension and improvement of the existing schemes should be made?—It is most essential to take a wide view and a long view, and to concentrate on means for the prevention of the disease. We would urge particularly the application of scientific knowledge. Further, the schemes in the smaller administrative areas require to be brought up to the standard of some of the largest Authorities, especially as regards the detection of tuberculosis in its earliest manifestations and proper and ample provision of treatment for patients in the early stages of the disease.

22,191. In paragraph 11 you make a recommendation as to the extension of the period of sickness benefit in the case of tuberculous persons. What extension have you in mind? Do you mean for the full period necessary for restoration to health in each case?—We realise that any extension will depend upon financial considerations. Ideally it should be as long as the patient requires it. A definite step in advance would be to extend the full benefit from 26 to 52 weeks and, if possible, half benefit for another 52 weeks.

22,192. You are convinced, are you, that premature return to work generally results in relapse of the tuberculous patient and that the present time-limit of sickness benefit induces patients so to return?—Yes.

22,193. You consider, do you, that the peculiar nature of the disease justifies such exceptional treatment? Are there no other diseases for which the same arguments might be put forward?—While there are other diseases to which the same arguments apply we think they are specially applicable to cases of tuberculosis. On the one hand, carefully supervised work is of direct medical benefit. Its amount can easily be gauged and the country has a staff of specialists—tuberculosis officers—willing and ready to supervise such work.

22,194. In paragraph 12 you recommend a reduced sickness and disablement benefit during part-time employment of tuberculous persons. Have you any suggestions as to the rate of benefit in such cases. Would you put it at half the normal rate, or at something like that?—The proportion should depend on the patient's capacity to work. We would suggest rates at one-third, one-half and two-thirds.

22,195. Are there not any diseases, for example, diseases of a nervous character, in respect of which the same suggestion might be put forward with equal force?—A good case can be made out for diseases of a nervous character, but we think there is a better case for tuberculosis patients.

22,196. Have you considered at all that such a proposal might mean subsidising wages?—Unless the concession be grossly abused it should not occur. We do not consider that such a proposal would mean subsidising wages.

22,197. Have you thought out any safeguards in this connection, for example, as to how you would ensure strict adherence by the insured person and the employer to the prescribed part-time work?—A form of declaration should be signed by the patient, and also signed by the patient's doctor and countersigned by the tuberculosis officer, that a patient was fit for and should undertake his or her one-third, one-half or two-thirds full-time work. The patient would have to send his portion to his Approved Society. This, in brief, would perhaps form the basis of the safeguard.

22,198. Do you think that there are, in fact, many employments in ordinary industries suitable for the purpose you have in mind. Can you give us any examples?—We contemplate in most cases a man or a woman going back to his or her original employment.

22,199. Would you expect any Trade Union objections to such part-time arrangements?—No, not so long as the arrangements were not abused.

22,200. Would you anticipate that employers would willingly meet the difficulties of organisation of their work consequent upon taking on part-time men who probably would require special arrangements in view of their medical history?—We do not suggest that employers should be expected to alter their arrangements for odd cases, but most cases, we think, could be fitted in without special arrangements upsetting other workers.

22,201. I see in paragraph 14 you recommend that dentistry should be included among the statutory benefits. By this, do you mean complete surgical attendance and the provision of dentures?—Yes.

22,202. Is dental care and the provision of dentures conducive to improvement in the health of the tuberculous patient?—Yes.

22,203. We note your recommendations as to deposit contributors in paragraph 15. Your main concern here, is it not, is that a greater amount of money should be available for the tuberculous deposit contributor so that he may obtain the necessary nourishment?—We consider it a hardship that a deposit contributor who happens to contract tuber-

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[Continued.]

culosis should be liable to run out of his individual account.

22,204. On what grounds do you, in paragraph 16, recommend that insured persons should be allowed to arrange their own treatment outside the Insurance Scheme. I assume you mean medical treatment. Do you imply any criticism of the normal panel arrangements, and if so, would you give us some details?—We think that there is some confusion here. The Joint Council does not wish to suggest contracting out of medical benefit. What we really had in mind was the case of a patient being allowed to go to a particular sanatorium, which was either specially necessary for his treatment or on account of his own circumstances. This, of course, is really, perhaps, more a matter for the Local Authority and the Ministry, and does not really come under the purview of Health Insurance.

22,205. (*Mr. Besant*): With regard to the Chairman's question about part-time employment, have you thought out the possible danger to other people of a tuberculous patient who comes in, say, for one-third time? In other words, I mean a man who is quite on the margin as to whether he is just fit for light work or not?—Yes, we have very carefully considered that. The question as to whether this man should go among his fellows would be an important point to be settled by the patient's doctor and the tuberculous officer, and would, in every case, be most carefully kept in mind.

22,206. I think that point was perhaps intended to be conveyed to you in the question as to the future occupation, and where the patient could be fitted in?—We visualise the majority of persons going back to their original occupation. It may be, of course, that in some instances the original occupation would not be suitable, and one reason for the unsuitability would be that he might be in a particular way more liable to infect his fellow workers. In that case the patient would not be recommended to go back to that work. It is often thought, and very often it is expressed, that patients after treatment are only able to perform, or should only undertake, some other kind of work from what they have originally been accustomed to do; but that is not really what does occur, or what, in our opinion, should occur.

22,207. I can see a difficulty as regards two types of work, as to whether a man who is doing one-third of a day's work ought to take the whole day over doing that one-third of a day's work, or whether he only ought to work for a short number of hours?—Quite so. (*Sir Henry Gauvain*): That would depend a good deal, we think, on the nature of the occupation which he would be undertaking.

22,208. But the question was whether you could give us any examples, and I do not think we have had an answer to that?—(*Dr. Lissant Cox*): Do you mean examples of a man changing his occupation?

22,209. No, I mean the type of occupation in which a man at the beginning, when he could only do light work and where you think he could begin to become a wage-earner again, could be safely placed, bearing in mind not only his own physical condition, but the danger he might inflict on his colleagues if he was closely associated with them in any indoor occupation?—May I take an illustration from Lancashire? The largest number, at any rate of the insured persons in Lancashire, are connected with the cotton trade, and a very large proportion of those are weavers. It so happens that weaving is a very healthy trade as regards the incidence of tuberculosis. If a weaver was certified by the doctor as fit to undertake so many hours' work, that person, man or woman, would go back to weaving. It might not be the case, perhaps, with certain other branches of the cotton trade. Is that the answer you wish?

22,210. I am trying to get an answer to the Chairman's question as to whether you could give us any examples as to how you would work this problem out in detail. I take it on the whole that the Manchester climate is not ideal, with its dampness and

so on, for this particular type of patient. If you could get that patient away somewhere else, it would be better?—No, I would not agree to that.

22,211. You would leave him there?—Certainly. You cannot transfer enormous numbers of the population; I do not think it is feasible.

22,212. Not of a tuberculous type?—No.

22,213. Apart from weaving, what about some of the other occupations which are perhaps less suitable?—There is coalmining. It is true the Lancashire coalfield has unfortunately a rather bad name, but every case would be taken on its merits. There would be many coal miners who would be able to go back to coalmining. I do not say they all would, but what we visualise is that persons would be able on the average to undertake part-time work in their own trade.

22,214. Even though the work is physically of a heavy type?—They, of course, would only be able to do as much as their physical condition allowed. There are certain types of work, for instance, window-cleaning, watchmen, doorkeepers, collectors, and so on, which are perhaps particularly favourable, and some persons would be advised to change, but that is not what would happen in the majority of cases.

22,215. Apart from what I may call the economic condition of the patients, if you were to put them in the best conditions for getting well would you put the bulk of them back in their former works?—Yes, I would.

22,216. (*Mr. Evans*): I was wondering how practicable that would be. I take it that this light work would be part of their treatment?—That is so.

22,217. That is your main object, not in order that they should earn money particularly, but that by this light work they would probably be made fitter. I happen to know the coal industry fairly well. Do you suggest that any of these men should go back to the coal industry and work side by side with their fellows?—Yes, on the whole I think so. It depends upon the individual case and it depends, perhaps on circumstances; but I think there will certainly be cases that would be able to go back. They might be transferred, of course, from being at the coal face in a very awkward place, and so on, to another part perhaps of the industry. It is one of the difficulties, I admit.

22,218. But would you not disorganise the industry altogether? You would have a man perhaps who can only do four hours' work a day, and there would be a great many people butting in throughout the day. Would not that disorganise the whole thing?—No, we do not think so. We think it is better for arrangements to be made for the individual to get quite well and that facilities should be available for him to do that work.

22,219. We had evidence given to us the other day from the Papworth Settlement at Cambridge that rather impressed me. What does your Council think of some such scheme as the colonising of these men?—The Papworth experiment, which I know pretty well, is a very great success, but it only settles a fraction of the men who in the first place go into that Institution; as far as I know about 25 per cent. In the second place, it depends for its success on the genius of Dr. Varrier-Jones, who is a man of excellent business ability. It is also a place which is run entirely under private management and there are no difficulties with public finance. While it in itself is a brilliant success I doubt myself very much whether it could be copied throughout the country.

22,220. You do not think it could be copied?—I do not say it could not, but I doubt very much whether it is at all likely that the same sort of thing could be done throughout the country under public management.

22,221. If you had these men coming back into their industry it would mean that we would have to make some sort of arrangement with the employers and there would have to be some sympathy between

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[Continued.]

them. They would be employed largely out of compassion, would they not?—I do not think so.

22,222. They would not be an economic proposition, would they?—If a man is able to do two hours or half a day at the normal rate and gets the normal Trade Union wage for that, why is that not an economic business transaction?

22,223. I have in mind the disorganisation of the workshop or the mine, or whatever it happens to be. They would rather not employ these men; they would rather employ a sound man who could give a full day's work at full stretch?—I agree that there will be difficulties in certain cases, but we think that in the main it can be done, and there are a great many occupations in which I think it would be quite easy to work it. (*Sir Henry Gauvain*): Certain employers already do it; for instance, Henry Ford, of America, I believe, makes a regular practice of that in his workshops, with success.

22,224. He employs 30 per cent. of such men, does he not?—I believe so. But I do not know the percentage. I know he employs a certain number of men who are not able-bodied.

22,225. Is that because he is interested in their cure?—I believe he is interested in it; but in addition to that he does find that financially successful, I understand.

22,226. (*Sir Arthur Worley*): But it is hardly a fair case to cite, is it? First of all he has not the Trade Union difficulties, and, secondly, his is a very specialised method of work. Each man simply does one thing every day the whole of his time, so that an unskilled man rapidly becomes skilled in that particular job?—Yes.

22,227. We have nothing like it in this country?—That is quite true, but we feel that with the sympathetic assistance of employers a great deal could be done on these lines which would be of very great help and advantage to the workmen concerned.

22,228. (*Mr. Evans*): Of course you would want their sympathy?—We would want their sympathy. (*Dr. Lissant Cox*): Undoubtedly.

22,229. I think there is the difficulty?—(*Sir Henry Gauvain*): I imagine that the sympathy would be forthcoming from a very considerable proportion. There would be a public feeling in favour of it, I think.

22,230. And you think that would be preferable to establishing colonies?—Yes. I think the feeling of the Council without doubt is that wherever it is feasible—and we do not for one minute suggest that it is always feasible—it is much better that a man should go back to his original occupation than to be put into some new occupation altogether.

22,231. In that way you think you can reduce the number of tuberculous people and that you would be stamping out the disease in this country?—I do not think we would go so far as to say that; but we think it would be a help to the patient who is being treated in this manner.

22,232. To the individual patient?—Yes.

22,233. (*Mr. Jones*): Have you made any effort to replace men in part-time employment like that?—(*Dr. Lissant Cox*): We have placed a few people—of course, we all realise it is very difficult at the present time—either where there have been sympathetic employers or through the help of some of our Cure Committees.

22,234. Is it an infinitesimal proportion of your total number?—At present it is quite a small proportion.

22,235. I may say that having to deal with this matter for some years I should think it is well nigh hopeless. Why do you think the Papworth scheme could not be repeated elsewhere?—I think in the Papworth scheme so much depends in the first place upon having a Superintendent of absolutely first-class business ability. In the second place it is an Institution which is run privately and has not the difficulty insuperable with public finance, and, thirdly, I do not quite see how places like that

throughout the country could sell the goods if the goods were being made on an enormous scale.

22,236. If they were sold at commercial prices would they not have the same chance in the open market as any other production?—Yes, they would; but my point is that work similar to that done at Papworth would produce such a large amount of similar articles that there would not be sufficient consumers to take them.

22,237. Of course, if that were the case it would mean there would not be employment. They could not go on making goods for stock for ever. The question of capital expenditure is another very important feature, is it not?—Yes.

22,238. You urge the addition of dentistry to the statutory benefits. That of course would benefit the tuberculous person as well as others; but is it not the case at the present time that dentistry is a proper charge against the tuberculosis grant?—It does not really matter out of whose pocket it comes. It would be far better if it was made universal throughout the country.

22,239. We have had a lot of evidence to that effect; in fact we have had almost universal evidence in favour of it, but so far as the tuberculous persons are concerned you already are in a fair way of being able to grant them that benefit. Is it not the fact, indeed, that many authorities throughout the country grant the benefit as part of the treatment?—I am told that about 15 do it.

22,240. Fifteen throughout all England?—So I am told.

22,241. (*Professor Gray*): I gather that you realise that the payment of part-benefit in the case of all kinds of illnesses would be administratively rather difficult?—That is so.

22,242. I did not quite gather from your answer on what grounds you would defend the extension to this one type of illness and refuse it to others?—We say that tuberculosis is, as a rule, a long chronic disease, but that in a large number of cases the patient gets better. We also further state that graduated work is actually and in fact part of the medical treatment of such tuberculous persons in order to enable their resistance so to be built up that they will in fact get well.

22,243. You postulate then, do you, a constant medical supervision?—That is so.

22,244. Would you get that under the conditions which you have indicated, under which the worker went back to his old job. Putting aside difficulties of fitting in with the scheme of things where a machine is working all day, would he in fact get the constant medical supervision which would be required to make the burden suit the man?—Yes. You have throughout the country your specialists ready and willing to undertake such work in the daytime or in the evening, and the patient would be under the constant supervision both of his doctor and particularly of the experts, the tuberculosis officers.

22,245. Would these experts and these doctors actually see the man at work?—They could do, but normally they would not.

22,246. Is not that rather an essential? Take the case of a miner or a cotton spinner. Suppose a man went back to be a miner or a cotton spinner, would it be possible for the doctor to go in and see what he was doing and whether he was standing it? If not, would he be under that sufficiently close supervision which would be required?—I think he would be, without the doctor necessarily going and acquainting himself with every detail of the work.

22,247. You also suggest an extension of sickness benefit beyond 26 weeks. Do you think it is possible to define the kind of case for which you want such an extension without inflicting an injury in other kinds of illnesses or raising undesirable comparisons?—(*Sir Henry Gauvain*): You certainly can in non-pulmonary tuberculosis cases. A man with hip disease will at least require two years to get sufficiently well to return to his work. In a case like that it is essential

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[Continued.]

that he should be completely at rest for a long period. That is perhaps one of the best examples of where, if he is given the facilities, he will really be able to return to his work at the end of that period.

22,248. Perhaps on that point more than on the other there are other illnesses in the same position where a prolonged rest is extremely desirable, and where the drop from sickness to disablement benefit involves considerable injury to the insured person. Could you not make out a stronger case for other illnesses there than you can do with regard to the part-time payment?—(Dr. Lissant Cox): We think not, but then we deal specially with tuberculosis.

22,249. (Mrs. Harrison Bell): Do you think that it is at all likely that employers will take back in the ordinary way tuberculous persons who can only do part-time work? Is it not true that industry is organised on a basis of 7 or 8 hours a day and that when a man goes back he is expected to do that? My knowledge of employers does not lead me to expect that they would be likely to attempt a re-organisation of even a part of their industry to provide for these people?—(Sir Henry Gauvain): That would be true of very many employers, but that would not necessarily apply to all, and surely it would be well to give those men who were capable of doing such work the benefit of it in the case of those employers who would be willing to take them on. That is the attitude we adopt.

22,250. There is one other difficulty in my mind, and I speak with knowledge of a big sanatorium, that is the amount of work that is regarded as full-time

work for our patients. When I saw what was regarded as full-time work I always dreaded the time when the persons were to go back to their jobs, if they ever went back to them. Is it not a difficulty that the doctor's opinion of what is sufficient work for that man can hardly ever be realised in modern industry?—Yes, that is quite true, but that is, I think, an additional argument in favour of our proposal that when the patient is sufficiently fit in the doctor's opinion to do a certain amount of work he should, where it is feasible, be given the opportunity of doing that work. We do not suggest that he should go back to full-time work at once; that is the tragedy of it, and that is the reason why so many men break down again. If it were realised that these men are not capable of doing full-time work and they had a chance of doing part-time work, that would be the very greatest help to them both for the recovery from their disease and to enable them to get ready to go back again to full industrial conditions.

22,251. There is one other point that arises: in the event of schemes, not identical with, but on the same lines as the Papworth scheme, becoming more general, if not universal, and if you can get an efficient person to manage the concern, you could not use them all over the country instead of just in the one neighbourhood? You do not suggest, I think, that because a man becomes an officer of a Municipality he loses his capacity and his intelligence?—No, he does not, but he loses his initiative.

(Chairman): Thank you very much.

(The Witnesses withdrew.)

Mr. WALTER FARRIS called and examined. (See Appendix XCIV.)

22,252. (Sir Arthur Worley): I propose to ask Sir Alfred Watson to question you on your Statement, if that is quite agreeable to you?—Very good.

22,253. (Sir Alfred Watson): You are, I understand, the Organiser and Secretary of the Loyal Hearts Friendly Society?—Yes, that is so.

22,254. Is that an ordinary Friendly Society paying sickness benefit?—It is rather a mixed-up Friendly Society. It is an ordinary Friendly Society paying sickness benefit, but at the same time we are dealing now largely with death insurance as well, and some unemployment insurance.

22,255. You are also Secretary of two Courts of the Ancient Order of Foresters?—Yes.

22,256. We may take it therefore that you have a fairly wide knowledge of Friendly Society work and practice?—Yes, I have.

22,257. You have favoured us with a Statement in which you begin by setting out what in your view are the disadvantages of the present financial system of National Health Insurance. If I do not take up time in examining you on your criticisms of the present system you will please understand that we are not necessarily accepting what you say on the disadvantages, as you allege them, of the present system; it is simply because the hour of the day makes it important that I should come to the concrete proposals that you put forward in substitution for the present system. You propose that instead of the present system by which each Approved Society has its own fund, all the contributions that are received from the whole of the insured persons in each year should be put into a common pool?—That is so.

22,258. And you propose that all the existing funds of Approved Societies should also be put into a common pool?—No, not necessarily all the existing funds, because I think you will find later on that I say they should have a part of their surplus. Apart from that, yes.

22,259. Making a liberal allowance for the surplus?—Yes.

22,260. I think you call the fund something over £130,000,000, and out of that the surpluses you say are £17,000,000. You would allow the Societies to have a substantial part of their own existing sur-

pluses, but of the rest of the funds the major part would be pooled?—Yes, that is so.

22,261. You propose, if I understand rightly, that each Society shall be given at the beginning of each year an amount calculated to meet the expected cost of sickness, disablement and maternity benefits, with an allowance for administration during the ensuing year?—No; of course you could not give them the allowance until the year was over. You could not get their number of members until after the year was finished. What my suggestion really means is that they should have sums handed over to them to disburse in benefits at the present time, but their account necessarily should not be made up until the following year, when it was found out exactly what members they had and what ages the members were during the year that has gone by.

22,262. You would give them a provisional sum at the beginning of the year with a final adjustment at the end of the year?—Yes, or as soon as the accounts were audited.

22,263. The Society, out of the money you would give to it, would proceed to pay its members what benefits they required during the year?—That is so.

22,264. If you only give them a provisional sum, and if it would possibly take a year to find out what their true membership was, so that necessarily you had to give them something less than their properly calculated quantum, would not there be a certain amount of risk that the funds would run out before the end of the year and the members would be wanting benefits and could not get them?—No. I am not suggesting giving them provisional amounts. I am suggesting giving the Societies amounts just the same as they have them now. The Society at the end of the month makes out how much it expects to pay out during the following month, and the Ministry hand them the money to meet that. Whatever they paid out during the year, they would have been handed money to meet that. There would only be a rectifying balance after the end of the year.

22,265. You say the Society would be given credit for the expected sickness of their members. If you give a Society whatever its members require for

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benefits, and if the members require more than the expectation on the standard tables and you have given them a monthly allowance, you may find towards the end of the year that the Society has overdrawn its account very considerably—During that particular year it would have a deficiency, and that deficiency would be made good out of the Solvency Guarantee Fund that I suggest.

22,266. So that your system does involve a calculation, which some people may think elaborate, of the expected cost of benefits for each Society and each branch during the year?—That is right.

22,267. And yet the calculation may be nullified, because if the money for the year is spent by August, we will say, the Society would be paid for the rest of the year out of the Solvency Guarantee Fund?—Just in the same way as a Society at the present time spends money and after five years it is found that it has spent more money than it was expected to spend, and it results in a deficiency.

22,268. You must not try to draw an analogy from the present system, because you are proposing a complete change of system, if I may say so. You will correct me if I am wrong, but you propose that in each of the 8,000 units there shall be a calculation every year, based on the number of members at each age, of the amount of sickness benefit, disablement benefit and maternity benefit likely to be drawn in the year?—Yes.

22,269. And after that sum has been arrived at, if in fact the Society spends more than that it has an immediate claim on the Solvency Guarantee Fund?—That is so.

22,270. If the Society is to claim on the Solvency Guarantee Fund, as you call it, must there not be some examination of its expenditure to determine whether it is proper that it should be subsidised from that Fund?—Naturally, the accounts would be audited.

22,271. I go further than that. I said, must there not be some investigation as to the circumstances in which its claims have been so heavy? Must there not be an investigation into its management to say whether it has been careless or the reverse?—That would certainly be arranged by the Ministry under their regulations. They would not allow a Society to go on spending money when they thought they were paying unnecessary claims and not enquiring into them. I admit all that. That is a question for the regulations of the Ministry.

22,272. But your scheme is all upon a yearly basis. There has to be a calculation. You say, as I understand you, that you would feed a Society month by month according to what it required, and then at the end of the year it would be found that it had overspent we will say by £500, and you say it would then have a claim on the Solvency Guarantee Fund?—That is so.

22,273. But at that moment the question would arise: Did the Society properly spend that £500 or is it a result of the carelessness and slackness of the Committee of Management?—That would be so. You would go into it, but you must always understand that there is an incentive to a Society to keep its claims down because any balance between what it actually receives and what it expends is to be utilized in additional benefits, the same as now.

22,274. I understand that, but I am on the question of the examination of the Society's working. Would you go on feeding that Society with money during the time that the investigation would necessarily occupy?—Personally I should not have a voice in the matter; but the Ministry of Health and those who have control of the matter would certainly use their own discretion as to whether it was desirable.

22,275. I want to know what you intend under your scheme. We come to the 31st December and the Ministry of Health has ascertained that the Society's expectation under the actuarial tables for the year just past was £2,000. It has actually drawn

and spent £2,500. Now, you say it would draw the £500 from the Solvency Guarantee Fund?—Yes, it would do so, but there would be the same restrictions as now. We have the Contingency Fund now.

22,276. May we leave out the present system?—I cannot really leave out the present system, because you are saying that something should be done to prevent Societies paying additional benefits.

22,277. I am asking you what kind of procedure would be set up to determine whether this Society which has overspent by £500, and was in debt to the Ministry of Health for £500, should be allowed £500 to discharge its debt out of the Solvency Guarantee Fund?—Certainly there would be some sort of investigation, I take it, if you felt that they were paying out money unnecessarily.

22,278. Would you go on paying to them money at the same rate during the time that the investigation was proceeding?—I should not, because the Committee of Management may have mismanaged the Society. You could not debar the members of their sickness benefit, however, and I should allow it to proceed until you had proved that the Committee of Management had not been carrying the Society on in the way they should.

22,279. Suppose it was found that the Committee of Management had administered the Society badly and that the deficiency was due to that mismanagement, what would you say?—I suggest that the Minister would shut the Society up or get a new Committee of Management to conduct the Society in a proper manner.

22,280. In the meantime, would the members have had the £500 or not?—Let them have the £500. Surely a matter of £500 would not be a large amount. It would hardly be worth while setting up the machinery.

22,281. Either you do not understand me or I do not understand your scheme. I did not speak of one Society with a deficiency of £500. I took a Society in a particular corner that has a deficiency of £500, but there might be 30, 50 or 1,000 Societies in that position. I want to be able to see how the Ministry of Health is to administer a system under which Societies are freely allowed to run into debt up to the end of the year, and then only is a question to be raised as to whether the debt is to be made good out of this Guarantee Fund?—At the present time the Society runs on for five years without being questioned as to whether it is spending its money rightly or wrongly. At the end of five years you are in a position to say: "You have spent your money badly and we shall not grant you any relief." This is only a period of a year. If you let them run for five years, surely there would be no harm in letting them go on for one year.

22,282. You would let them run on for a year and if, as I understand, there is money in hand at the end of the year they may increase their benefits for the year next following?—Yes, that is so.

22,283. If they have overspent and a grant on the Solvency Guarantee Fund is refused, they must reduce their benefits?—That would be for the Ministry. I should not think it would be the correct thing for the Minister to refuse unless you proved that they were spending money unjustly.

22,284. I am assuming that in a certain number of cases the Minister would come to the conclusion that it was improper to allow the Society to draw money out of a central fund, other than its own share of the contributions, because it had been administering its affairs badly. Now, if that were the case, the benefits would have to be reduced or suspended, would they not?—If the Ministry took that action.

22,285. Does not this possibility of increasing the benefits in yearly instalments or having to reduce them after a year and just for a year, induce a great possibility of continual variation of benefits?—Not necessarily any more than is the case now. If on valuation a Society has a certain surplus, it can utilise that surplus for five years. If it has no surplus at the end of the five years it has to go five years

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without any benefits at all. But under the valuation provisions there is always a reserve put aside, and in this case if they had a large surplus in one year surely the Ministry would allow them to utilise perhaps half of that surplus during the year so that they could carry forward for the next year. It is very easy to get a sort of average ratio from year to year.

22,286. Is not the difference that under the existing system the unit of time is five years, and if a Society has a very favourable experience in one year it may have a less favourable experience in the next year, and perhaps a bad experience in another year, but the result of those five years' operations is taken together. The surplus is ascertained, and if it is a sufficient surplus to grant additional benefits then they are fixed for the next five years?—Yes.

22,287. That is true, is it not?—Yes, that is true.

22,288. Under your system these operations would take place yearly?—They would take place yearly, but I say certain reserves would be made from year to year so as to make the additional benefits fairly constant.

22,289. If you are getting to that stage, why not adhere to the five-yearly arrangement?—We are talking now of generalities.

22,290. I am not talking of generalities, I am trying to get the details?—I am talking about the generalities: they are not the crux of the scheme. The whole intention of the scheme is to release the reserve values, and to release the large amounts of reserve values which would be accumulated in future, for the purpose of giving to insured persons increased benefits. All these details are matters that can easily be arranged afterwards.

22,291. You are asking us for a sort of blank cheque?—No, I am not asking you for a blank cheque at all.

22,292. Does it not strike you that there is a very much simpler method than yours, if you are dissatisfied with the present system of insurance on Friendly Society lines, and that is to pool the whole thing and administer it, say, through the local authorities?—If it is to give the insured persons the benefit of the £14,000,000 per year which is being accumulated now, to my mind unnecessarily, I would have nationalisation to-morrow; but this is nationalisation through the Approved Societies. If the insured persons are to have all this money hoarded up, that could be given to them in the form of additional benefit, I do not care what system you take. I am not up here for any particular system—Friendly Society or anything else. I am here for the insured person.

22,293. So that you are quite prepared to face the centralisation of the whole thing?—I am quite prepared to face it so long as the insured person gets all that I say he is entitled to.

22,294. I understand you to claim that a great deal of simplification would be achieved by your system?—Yes, I suggest so.

22,295. If you are going to simplify the working of Approved Societies, and in particular their accounts, would it not be fair to reduce the Society's administration allowance, which you propose to increase?—Yes, if it is thought that they will not require that amount of administration allowance. But it is suggested by many Societies that the administration allowance at the present time is hardly sufficient to carry on. If you reduce the work, by all means reduce the administration allowance. If you could get rid of ten or twenty per cent. of the staff, then your administration allowance would be reduced proportionately.

22,296. Do you think that the present system gives the Societies any inducement to see that their members' cards are properly brought in?—Yes, I do.

22,297. They get credit for the funds represented by the stamps on the cards?—Yes.

22,298. Are you not a little afraid that any change of system would lead to a great relaxation of a Society's efforts to get in the cards?—No; I have guarded against that with regard to the making good

of deficiencies by charging each Society at the rate of 4d. per stamp. If they do not get the cards in, they lose that during that particular year or during the year on which the figures are based.

22,299. There is a possibility, is there not, that a large number of members' cards would never be collected at all if the Societies were not entitled to the funds represented by the cards?—I do not see why it should be so. I say they are being penalised to the extent of 4d. for every stamp not on those cards under my suggestion, or you can make it higher if you think it would debar them from not getting the cards in.

22,300. But the time comes when a person is no longer a member, if no cards are received from him for a particular period?—Yes.

22,301. You could not penalise a Society for every unstamped space on a card that was not there?—But why not? As a matter of fact, if that member was put out of benefit the Society would be benefited by it. The member himself would consider he was out of benefit, and the Society would be getting credit for his expected sickness during that year. As a matter of fact, that is going to be available to the Society, but we must guard against it to see that the Society does put in proper claims.

22,302. Is not that rather what it comes to—that under your system it would be to the advantage of a Society not to look after its cards, because it would get credits for a time, whether the person was in insurance or not?—It would undoubtedly, but we are very soon going to find those things out, are we not? At the present time Societies take every advantage they possibly can to get the administration allowance. It has sometimes an allowance for a member while he is out of work. Many Societies give a member the benefit of the doubt for the purpose of getting the administration allowance without inquiring whether he is dead or out of employment.

22,303. When no card is sent in at all?—Undoubtedly.

22,304. What about the auditors?—We have the accounts audited, but at the present time we do not have to produce documentary evidence of every member to see if he has been unemployed during that particular time. That sort of thing should be done.

22,305. You have to produce a card for him, do you not?—No, we do not have to produce a card for him. The auditors do not check the cards at all.

22,306. Do you mean to say that you get a grant under the Prolongation of Insurance Act, and your administration appropriation is allowed irrespective of evidence that the insured person is there or not there?—That is so. He has been an insured person, and all one has to do is to carry forward and put down his allowance without any documentary evidence at all, and you get the administration allowance.

22,307. Carry forward his name in your books?—Carry forward his name in the books.

22,308. With no evidence?—With no evidence.

22,309. Perhaps a person has not paid any contributions at all for the last three years?—That is so. There should be evidence. There should be a signed declaration by the member that he has been out of work, but at the present time it has not been done.

22,310. I will take your evidence on that point. If the auditors want to challenge it they can do so?—They can challenge it.

22,311. Do not you consider that a system of this kind, under which the Society has no inducement to look after the card, may lead to a serious slackening in compliance by employers?—But the Society has the inducement. I am only suggesting that they shall pay 4d. for each arrear; but you may make it 1s. or 2s. if you want to bring the Societies up to the scratch.

22,312. Under the present system the Society looks after the card, and, in effect, therefore, looks after the stamping by the employer, because it is entitled to

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the funds represented by the stamps on the card?—
Yes.

22,313. Under your system I am suggesting to you that as the Society would have no particular interest in the stamps on a certain member's card there may be a danger that the Society will be indifferent as to whether certain persons surrender their cards or not and as to whether those persons have got cards or not. I want to know how you would meet that?—Suppose a member does not return a card for the whole of the year; then I am suggesting penalising the Society 4d. for each stamp for that card not being there. Now, reckoning 48 stamps, that is 16s. the Society would have to pay, while, on the other hand, they would not get an allowance of 16s. for anyone under 80. They would not get 16s. returned for the expected sickness.

22,314. You credit the member with his expected sickness cost and maternity benefit cost?—Yes.

22,315. On the other hand you would debit the Society with 4d. a week for every week for which contributions has not been paid?—That is so.

22,316. That is all very well; there would be certain credits and certain debits in the year in which he was undoubtedly a member. But what about the following year, when, through the non-surrender of a card, he would have ceased to be a member? There would be no penalty on the Society then?—The Society might prove that member had left and did not intend to return.

22,317. If the member had sent in no cards for two or three years he would have left?—Not necessarily. He has 12 months to go and then under the Prolongation Act he would continue in Insurance.

22,318. But if he does not prove his unemployment and get the benefit of the Prolongation Act he has left the Society after two half years?—Yes.

22,319. Then the Society has nothing to prove?—Nothing to prove at all. They do not get the sickness allowance and they do not also pay the 4d. per week for the stamp that he did not produce. Naturally one goes against the other.

22,320. In fact, the thing that happens is precisely what I am suggesting to you, namely, that after the first year there is a slackening off. The Society has no incentive to look after that person to see whether he is insured or not or whether stamps are being paid for for him or not. Nobody looks after him?—Why no incentive?

22,321. There is no incentive?—It is a question of what is an incentive as far as the Society is concerned. Speaking from an official point of view and from a Committee of Management point of view, the main incentive is to see that we get an administration allowance for that individual.

22,322. You think that the allowance to a Society of the administration money is sufficient to induce them to look after the insured person, and to see that, as far as they can, in his case the conditions of the Act are carried out?—Not sufficient to induce them; there are other matters, undoubtedly. They like to retain their member apart from that; but that is a great inducement for them to see that they get the cards in.

22,323. Part of your proposal is that the funds invested by the Societies, with the exception of the surpluses, should be transferred to the Central Department?—The funds of the Societies?

22,324. Are there not £40,000,000 or £50,000,000 in the hands of Societies invested by their own trustees?—Yes, that is so.

22,325. Your system would require that money to be re-transferred to the Ministry, would it not?—The whole thing would come into a Central Fund from which they would draw their expectation of sickness.

22,326. It involves, does it not, the selling out of their securities and the re-transferring of the money to the Central Department?—Not the selling out of the securities. When one takes over a business one does not necessarily sell the business; it would run on. The Ministry of Health would retain the securities.

22,327. It involves the transfer of the securities to the Ministry of Health?—Undoubtedly.

22,328. What would be the view of the Societies upon a proposal of that kind?—Personally, I am not concerned with the view of the Societies. I am concerned with the view of the insured person. I know the view of the Secretaries.

22,329. Can you say to us that the insured person would be benefited by the Societies being deprived of the right of making their own investments?—Yes. If you are going to retain the present system wholly and solely and have the Insurance Societies invest their funds, I say that the individual would be benefited. He would get free dental treatment, apart from anything else, over and above the present benefits.

22,330. The Societies at present invest their money for the most part very skilfully, as far as I am able to judge, and get quite a good rate of interest?—Yes.

22,331. In what way would it be to the advantage of the insured person to deprive them of the right to invest money and throw the duty of investing on the Central Department?—They get a very small proportion of the interest, apart from what the Ministry give. They might get 5 per cent. and the Ministry might give them $\frac{1}{2}$ per cent. less, but the Ministry are putting aside a reserve, and it is nearly the same thing. The Societies have no reserve for losses.

22,332. You said that it would be to the advantage of the insured person if the right of investment were taken away from Societies?—I do not say it would be to the advantage of the insured person, but I do not see that it would be to his disadvantage. I think it would be to the advantage of the insured person if the system were altered and he could utilise these large amounts that are being hoarded up.

22,333. You propose to establish a Solvency Guarantee Fund. As far as I can judge, you propose to obtain that money by confiscating one-half of the surpluses of those Societies possessing surpluses?—I say it could be done, and the Societies, apparently, are prepared to do something like that, because in nearly every case they say they will put part into a Central Pool to provide for dental or medical treatment. If we do not interfere with the Societies at all we have £100,000,000 which does not really belong to the Societies.

22,334. May we keep to your proposal; we shall get on better if we keep to the Statement that you have been good enough to send us. You say: "Should there be a change to my system I suggest that £15,000,000, representing two years' surplus, should be distributed to Societies in proportion to their total surpluses. With the remaining £20,000,000, together with a balance of about £2,000,000 from the Deposit Contributors' Fund, a Solvency Guarantee Fund should be formed for the purpose of making good the deficiencies of Societies who experience heavy sickness and overspend their sickness allowance." I read that to mean that you would take away from the well-managed Societies, including Societies consisting in some cases of very poor people, such as agricultural workers, at least one-half of their surpluses, and use the money for the purpose of subsidising other Societies?—I am suggesting that, and I think, with the advantage that would be got in other directions, they would not be very badly off. I must still stick to the point that there is £14,000,000 to be released a year and that they would participate in this £14,000,000. Any disadvantage they get in working the scheme in other directions would be set off by the advantages they would get in other respects.

22,335. What is the £14,000,000 a year?—That is the present excess over the expectation.

22,336. Do you realise that the last five years has been a period of very favourable experience, and that the conditions are not nearly so favourable now?—I do not know, as I am only a lay individual, but I think the expectation of sickness in general is somewhere about 80 per cent. below the expectation.

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22,337. You told us that the saving lately has been £14,000,000 a year?—£14,000,000 a year over and above what the expectation would be.

22,338. That cannot be. Do you mean that the saving of funds has been £14,000,000 a year?—No.

22,339. What is this £14,000,000?—It is calculated on the number of insured persons in 1923; the total available. It is my statement in paragraph 28.

22,340. £12,000,000?—Yes; we will take £12,000,000. From year to year, as the compound interest comes into operation, we would very soon get up to £14,000,000.

22,341. We will call it £12,000,000 a year. In the first place in calculating that sum you assume that the Exchequer pays two-sevenths of the contributions, but it does not, does it?—It does not at the present time. It pays two-ninths of the benefits; that is where the 9d. for 4d. does not come in.

22,342. I understand it is your proposal that the State shall pay two-sevenths of the contributions?—Yes. If the State wants to reimburse itself, there will be plenty of ways in other directions by which it could cut this expense down.

22,343. Do I understand from this part of your proposal that the State should pay two-sevenths of the contributions as they are received instead of two-ninths of the benefits as they are paid out?—Yes; it amounts to the same thing in the long run, except that this enormous amount will always remain as reserve value. The State would never pay on that.

22,344. Let us keep to this £12,000,000. You have assumed, in the first instance, that the State grant is two-sevenths of the contributions?—Yes.

22,345. Secondly, you have assumed that the expenditure in benefits will always be at the rate that you have put down in the table in paragraph 28 of your Statement. You tell me that there will be a saving of £12,000,000 a year?—Yes.

22,346. That is on a basis of expenditure of, say, 4½d. a week?—Yes.

22,347. That assumes that the very light expenditure of some recent year, perhaps 1923, will be maintained perpetually?—When the Ryan Report was on it was anticipated that the average cost of sickness would be 3d. per member. That was when the sickness benefit was at the 10s. rate. Now it is practically double, so I have turned it into 4½d. for the average sickness.

22,348. I will take your explanation of the calculation?—I do not want you to take it too much.

22,349. If you compare your statement in paragraph 28 with your statement in the table in paragraph 39 you will see that in the latter you have put down 16s. 6d. for sickness and disablement for men and 3s. for maternity benefit; that is 19s. 6d. a year; which is exactly 4½d., is it not?—It would be somewhere about that.

22,350. You appear to show that it is very like the actual expenditure during the year 1923?—Yes, possibly.

22,351. Do I gather from that that 4½d. represents the normal expenditure in what was undoubtedly a very favourable year and that you are assuming that that favourable experience will continue for all time?—The average expectation of sickness would be the same. If we take the assumed proportion of ages from 16 up to 70 and work that out on the actual cost of expectation at those respective ages and divide them among the whole of the insured persons it would undoubtedly give us an average expectation.

22,352. Your calculation certainly provides nothing in paragraph 28 for any additional benefits?—No, nothing at all for additional benefits.

22,353. You would agree, I take it, that additional benefits on a greatly extended scale are going to be paid from this present week onwards in the case of a large number of Societies?—That is so, because the general expectation has been less than 4½d. per member.

22,354. Never mind the reason for it; there are going to be additional benefits for which in this

calculation you have allowed nothing. I see you have given us in paragraph 28 that the total accumulation in 1955 will be £518,000,000?—I assume that.

22,355. I naturally look to see how you get such a sum of money, and the first thing that strikes me is that you have provided for a very low rate of expenditure on sickness and disablement benefits through the whole of the 30 years, and you have allowed for no expenditure on additional benefits. You have treated the present valuation provisions and all the provisions for additional benefits as a dead letter?—Oh, no; the 4½d. covers the normal expectation of sickness, and if we do not experience a normal expectation of sickness but we experience a favourable expectation of sickness, there will necessarily be additional benefits.

22,356. Then I am compelled to say to you that somehow you are under some great misapprehension as to the cost of these things. So far as I can judge from my knowledge of the finance of National Health Insurance, the weekly cost, taking the average of the whole insured persons, is more nearly 6d. than 4½d.?—Assume it is 6d. Then you have an enormous accumulation, allowing for 6d. as an average expectation.

22,357. As I understand the matter, part of your indictment of the system of National Health Insurance is that in the year 1955 the accumulation of funds will be £818,000,000. I am going to suggest that if that state of things did exist, a valuation taken in 1950 would show a surplus of between £30 and £40 a member, and any such state of things must be inconsistent with statutory provisions under which the surplus, or a substantial part of it, may be distributed in five-yearly schemes as it accrues?—But there would not be surpluses if you continued to put reserve values forward for expected sickness of people who expected to be alive in future years.

22,358. I am suggesting to you that in 1955 the reserve values will have been redeemed?—That is so.

22,359. That is your own hypothesis?—That is so.

22,360. And that is in agreement with general expectation. You then say that there will be £18,000,000 cash in hand, and that is your indictment of the system?—Yes.

22,361. That instead of spending money as we go, we are hoarding it up, so that in 30 years we shall have £818,000,000 in hand?—It does appear so on the face of it.

22,362. It appears to you to be so?—Yes, I will put it that it appears to me to be so.

22,363. I suggest to you that if that is the state of things, on a valuation at that time there must be a surplus of between £30 and £40 for each insured person?—Do you mean to say that no money is necessary in 1955 to be in reserve.

22,364. If in 1955 there are 17,000,000 insured persons, which is probably about the right figure, then your £818,000,000 will represent very nearly £50 cash for every insured person?—Yes, possibly it would.

22,365. If that is the suggestion, I suggest to you that a valuation taken at that time must show a surplus of somewhere about £30 and £40 for each insured person?—How.

22,366. Do you know what the total amount of reserves are in National Health Insurance at the present time?—I suppose they would not be the full total just now. On the spur of the moment I cannot dig up these figures.

22,367. You know what reserve values are, do you not?—Yes.

22,368. A table of reserve values gives you a very fair indication of what the reserve per head should be at the various ages?—Yes.

22,369. It only represents, roughly, the funds that would be there if the insured persons at each age had been insured persons from the age of 16?—Yes.

22,370. Taking the reserve values, they begin at nothing at 16 and rise to £11 or £12, or perhaps £14 or £15 under the new benefits, and about the

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[Continued.]

age of 60. It may average £7 or £8 over the whole insured population?—It may do.

22,371. Then if in 1955 you have £50 per insured person would not you say that you have an enormous surplus?—Wait a minute. You have 15,000,000 insured persons and they will never have more in reserve value than the average amount of £7; that is £105,000,000, and the accumulation can never exceed £105,000,000; is that so?

22,372. Apart from surpluses. Perhaps you have under-stated it a little, but it is in that order of things?—It can never exceed £105,000,000? Will you allow me to reply to that question at some future date?

22,373. (Sir Arthur Worley): If you like to send in a further statement on Sir Alfred's point you can do so—That £105,000,000 will be the total amount that will ever accumulate. That means to say that the present £100,000,000, apart from the surpluses, will practically never increase.

22,374. (Sir Alfred Watson): Except from the increase in the insured population?—Apart from that, the present reserve is going to remain stationary?

(Sir Alfred Watson): I think in some way or other you have so completely misunderstood the eventual position that it has led you to a criticism of the present system that circumstances hardly warrant.

22,375. (Sir Arthur Worley): I expect that that statement would probably alter your views?—Straight away I could not accept that figure, with all due regard to Sir Alfred. There is £105,000,000 at the present time, apart from surpluses. That £105,000,000 is not going to diminish; it is going to increase at compound interest.

22,376. Is not that the snag we are up against—the compound interest? Is not that the difficulty between the two points of view? I am only suggesting that to you. If you are going to assume it is £105,000,000 and you are going to calculate compound interest for 30 years, it is going to be a big sum?—Quite so.

22,377. (Sir Alfred Watson): Is not the truth of the matter that the Act provides for a valuation every five years and, as the surplus is thrown up, arrangements are made for its being spent?—But the reserves have not reached the maximum at the present time.

22,378. What makes you say that?—You are getting me on some point that I have never had notice of. If you will give me notice of these questions I will hand in a statement, and I think that is only fair.

22,379. (Sir John Anderson): I am only a layman like yourself, so that you will be at no disadvantage in answering me. Did you contemplate when you drew up that statement that the initial paper reserves would remain intact accumulating at compound interest for 30 or 40 years?—Part of them would.

22,380. What part?—The only assumption that I am on is that the cost of sickness cannot increase except in proportion to the insured population. Is that clear? If we worked on a national basis we could arrange that one year's income would meet the out-goings.

22,381. How do you arrive at this enormous accumulation which you say there will be in the year 1955?—I have put down how I arrive at it.

22,382. I want you to tell me whether you assumed in that calculation that the initial reserves, round about £100,000,000, let us say, would remain intact accumulating at compound interest?—They must accumulate if it is going on.

22,383. You say they must accumulate and that is a sufficient answer for me. Now look at it from this point of view. Is there not all the time going on in the scheme of Health Insurance a process of eating up existing reserves and replacing them by new ones? The reserves with which the scheme started were necessary to support the benefits of people whose age at the commencement of the scheme was more than 16?—On an actuarial basis, that has worked to the present time.

22,384. Do you accept that?—Under the present system.

22,385. On a strict actuarial basis the reserves were necessary?—Under the existing scheme.

22,386. You say that under the existing scheme we will have £800,000,000 at a certain date. I put to you that the initial reserves for the purpose I mentioned were necessary under the existing scheme?—Yes.

22,387. Those reserves must be eaten up because they are necessary to support the benefits as those older people draw benefit, according to the actuarial expectation, and in the end drop out of insurance when they die?—But other people are coming in.

22,388. Those reserves are eaten up. Fresh reserves take their place for the new people who come in. Those fresh reserves are built up out of the contributions which they pay, but as those fresh reserves roll up the old reserves are devoured in the process of paying benefit. Surely it is quite apparent, even to the lay mind, that under that system—and we are only dealing with the existing system—the reserves, assuming that the actuarial expectation is exactly realised, at any moment are proportionate to the number and age distribution of the insured population at that moment?—That is so.

22,389. They can never arrive, by compound interest or any other process, to the bloated figure that you have put down in this paper. The accumulations in the fund at any moment, I put it to you, are the actuarial reserves, plus any surplus available at the moment. I put it to you because you have examined this scheme critically, and surely you recognise that a critic must be able to explain in an elementary way to a layman the basis of his criticism. Do you accept what I have put to you from your study of the scheme? If you say you do not accept it or do not know or do not understand it I will take that and pass on?—I say that I am not prepared to answer such questions as that on the spur of the moment.

22,390. What questions?—The questions that have been put forward here.

22,391. Cannot you answer my question?—What question is that?

22,392. The one you have just failed to answer. I will put it to you again, if you like. Do you accept that the amount of the accumulation in the fund at any moment must represent on the one hand the actuarial reserves necessary to produce solvency on valuation, plus any actuarial surplus? Now that is not a technical question.—I am not in a position to answer that just now. If I could have it put to me in writing I can reply in writing.

22,393. (Sir Arthur Worley): We cannot very well do that. You have put in a Statement, and you are being examined on it. Sir John is really putting to you what is fact and asking you if you agree that it is fact—I think you almost agree that it is—and then he is going to draw a conclusion. You say: "Put that in writing and I will reply." But we cannot carry on like that?—If you are going to say that the fund will never increase and that the reserve values will always remain the same, the amount of the reserve must be the same.

22,394. (Sir John Anderson): Allowing for the increase in population?—But the population has not increased very much.

22,395. Is not that bound to be so under the scheme as it stands?—You say that under the present scheme it is so. Let it be so; I am not dealing with the present scheme.

22,396. (Sir Alfred Watson): You have said you are dealing with the present scheme in paragraph 28 where you say that the fund will be £318,000,000 in 30 years' time. That is where you deal with the present scheme and that is your indictment against it, an indictment which, by the way, I seem to remember having seen prominently set out in the daily Press some time ago?—It might have been.

22,397. I suggest to you that in 1955, allowing for the increase in population, and allowing for any little change in the age distribution and allowing for the unspent surpluses that will then be in hand—either surpluses that are in process of being spent or carried forward—and any Contingencies Fund

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[Continued.]

money that may be in hand, it is very improbable that the funds will be much more than £200,000,000. Now your indictment of the present system is that it is a shameful thing to take money from the insured persons to such an extent, and that £109,000,000 at the end of 1923 will grow to £818,000,000 at the end of 1955. I suggest to you that the figure at the end of 1955 is much more likely to be nearer £200,000,000 than £300,000,000, and I want to know whether that trifling difference would make any change in your point of view with regard to the present system?—Even if I accepted that figure I should still contend that the system that I suggest would be far preferable and there would be greater benefits to the insured person.

22,398. (*Sir Arthur Worley*): If you opened two bank accounts for the whole thing and one was credited with what were the paper reserves you would be continually drawing on that if you placed there all the payments of those of more mature years from the beginning?—Yes.

22,399. Simultaneously you open another bank account in which you put the contributions of those who start at 16. The result would be that the accounts would be kept more or less level with one another, with the exception that No. 2 would probably contain amounts which would give a surplus, and the surplus would be more or less drained off every five years. I am putting it in a very lay way. That is the proposition, as I understand it, that Sir John Anderson has put to you. I want you to take it as a book-keeping entry. You start with a bank account of £100,000,000 and you want to draw on it for all those people who have a reserve—those

over 16. You get the contributions, which are not sufficient. They are not sufficient to pay all the benefits plus the reserve, but naturally that would be a declining loss?—I agree with all that though not necessarily with the amount.

22,400. But the principle?—The principle I am suggesting is that it could be worked on an income and outgoing principle on the lines I suggest. It would simplify matters and it would release the enormous amounts of money that are being accumulated.

22,401. No, not accumulated. It would release a paper reserve. Let us start off that way. If there was no paper reserve at the start you say then you could have gone along with your receipts and payments. You say that if when the Act was started there had been no paper reserves, your income would have come in and you would have paid your outgoings?—If at the commencement of the Act the contribution simply was put there without any allowance from the Government the amount paid by the insured person and the employer would have been sufficient to meet the liability.

22,402. But there would have been no £818,000,000?—No. You would be without the State's 2d., or more than 2d. it is now.

22,403. But there would have been no £818,000,000, which is the accumulated reserve which you are speaking of at compound interest?—That is so.

22,404. That has gone because we agree in view of what has been said to you that that is probably a wrong calculation. However, I will not press it.—But it is not the main point of my argument.

(*Sir Arthur Worley*): Thank you very much.

(*The Witness withdrew.*)

[*The Witness subsequently notified his agreement with Sir Alfred Watson's statement that the average expectation for sickness, disablement, and maternity benefits was about sixpence per week per male member, and submitted a table showing how he arrived at that figure.*]

THIRTY-NINTH DAY.

Tuesday, 14th July, 1925.

PRESENT:

PROFESSOR ALEXANDER GRAY in the Chair.

THE RT. HON. SIR JOHN ANDERSON, G.C.B.
MR. A. D. BESANT, F.I.A.
MR. JAMES COOK, J.P.

Mrs. HARRISON BELL.
Miss GERTRUDE TUCKWELL.

MR. E. HACKFORTH (*Secretary*).
MR. J. W. PECK, C.B. (*Assistant Secretary*).

Mr. WILLIAM McLEAN, called and examined. (*See Appendix XCV.*)

22,405. (*Chairman*): Mr. McLean, you are the Accountant of the Grand United Order of Oddfellows Friendly Society?—Yes.

22,406. I see that your Society has a membership of about 98,000, and that it is organised in 19 area branches. I take it that the area branches are registered branches for the purposes of the Act?—Yes.

22,407. Those registered area branches have a membership varying from 3,000 to about 8,000?—That is so.

22,408. Can you tell me what is the position on the private side; have you got branches there?—Yes. The branches on the private side still consist of the units referred to in the evidence, namely, 675

existing lodges and 78 districts; probably a few short of 675 now, round about 600.

22,409. So that on the State side you have arrived at your present position by a centralisation of these branches?—Yes.

22,410. And the formation of what are known as State districts?—Yes.

22,411. What would be the size of these branches on the private side?—They vary from very small numbers, say, from 50 up to as many as 1,000 or 1,200.

22,412. When did this change take place?—With effect from July, 1914.

22,413. Quite early in the history of National Health Insurance?—Yes.

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[Continued.]

22,414. On the State side you have these 19 areas, of which 17 have a disposable surplus?—Yes.

22,415. In the case of those which have given non-cash additional benefits, what was the motive underlying their decision; was it because there was not enough money to give cash?—They all gave cash benefits so far as they were available.

22,416. They have all got cash additional benefits, and in addition a certain number have non-cash?—That is so.

22,417. There are a certain number of points upon which you desire to give evidence in detail. The first is with regard to the Central Fund. The point which you want to make there is that the Central Fund operates harshly in the case of a society with branches, is that so?—That is so.

22,418. In the first place so far as concerns the contributions made, I suppose all societies are on the same footing?—That is so.

22,419. But your contention is, is it not, that in the case of a society with branches the branch has, first of all, to have recourse to the Contingencies Fund of the whole society before it can go on to the Central Fund?—That is so, yes.

22,420. So that you argue that it is extremely unlikely that a society with branches will ever be able to come on to the Central Fund?—That is the position from our standpoint. We do not see that it is possible for our branches at all events ever to reach the position of being able to claim on the Central Fund.

22,421. Is it your suggestion that a branch society should, therefore, make a smaller contribution to the Central Fund?—Not so much that, as that whatever contributions are made by societies with branches should be ear-marked in the Central Fund, and contributions to the Central Fund should cease absolutely when that proportion of the Central Fund which represents the contributions of societies with branches has reached a figure which is sufficient to meet the liability imposed upon it by those contributory societies with branches.

22,422. You would split up the Central Fund into two parts, one for centralised societies, and the other for societies with branches?—Yes.

22,423. If I may say so, that is hardly suggested in your evidence, is it?—Yes, I think it is in paragraph 13.

22,424. I rather interpreted the last sentence as suggesting that the contribution to the Central Fund should be in proportion to the risk?—I do not think that would be practicable or fair either.

22,425. I do not think it would be. Take the case of an Employer's Provident Fund Society, is not that even a stronger case than yours for some special treatment? An Employer's Society where the solvency is guaranteed can in effect never come on to the Central Fund at all?—Perhaps so, but the statutory provision which regulates the liability of the employer to that Fund is really based upon other considerations.

22,426. Still, the Society is contributing to a fund from which it gets nothing?—Quite, I would agree, if it was suggested to me, that the solution of that particular anomaly might be for the employer to have recourse to the Central Fund before having to meet a deficiency, to the extent at least of his contribution to the Central Fund.

22,427. How far in this view have you been influenced by the general prosperity of societies? Suppose that instead of having had surpluses all the time, everywhere, you had had surpluses and deficiencies in more or less equal proportion, would it not have been the case that the branch society would have got its fair advantage out of the Central Fund?—We have not been influenced in this argument by any consideration arising out of the valuation results. As a matter of fact in the year 1918, when Sir Alfred Watson attended with Sir Walter Kinnear a meeting in Manchester for the purpose of explaining

the effect of the 1918 Act, it was pointed out to him what the effect of this provision would be. It was apparent to begin with.

22,428. Consider the position of branch societies in general. I take it that you, in none of your branches, have had to claim on the Contingencies Fund: all of your funds have been independent; they have stood on their own feet?—There have been no deficiencies, but at the 1918 Valuation two branches had no disposable surplus.

22,429. They did not come on the Contingencies Fund of the Society?—Not actually, no.

22,430. Do you think that the position of branch Societies is so anomalous, having regard to the general scheme of things? You are aware, of course, of the provisions of section 76 (6) of the Act, which deals with Societies which form Associations?—Yes.

22,431. That provides that where you have got small Societies they may form Associations?—Yes.

22,432. Which have to have a total membership of 5,000?—Yes.

22,433. Once that happens, then to them also you apply the same provisions as you apply to a branch Society?—If they make a voluntary effort, yes.

22,434. With regard to small Societies which do not make these Associations, is not the position dealt with under section 76 (5)?—Yes.

22,435. What happens there?—There the Minister, if necessary, has power to compel those Societies to be grouped for valuation purposes to make units, and the Contingencies Fund, subject to a limitation of one half, may be appropriated for the purpose of redeeming deficiencies.

22,436. So that in the case of all small Societies, whether they make an Association or whether they stand outside an Association, there is a certain amount of recourse to a Contingencies Fund belonging to other people before they come on the Central Fund?—But in the case of small Societies that liability is limited to one half.

22,437. I know, but the principle is there?—Quite.

22,438. They do not stand entirely on their own legs, do they?—No, but in our case, of course, our branches are all 5,000 or round about 5,000.

22,439. You have come to that position, have you not, by virtue of this system of centralisation?—Quite.

22,440. Originally, I take it, practically all the branches of Affiliated Orders were quite small?—Yes.

22,441. I suppose you would agree that the smaller the unit, the greater the likelihood of the unit coming on to the Central Fund?—Quite.

22,442. Does not that suggest that in the case of branch Societies you require some sort of reinsurance before you come on to the Central Fund?—Yes, but if you take the position of an independent small Society which may be compelled to participate in the formation of a Contingencies Fund one half of those small units may, if the expectation were realised, have access to the Central Fund, which equally small branches of a branch Society have not got.

22,443. Are you quite sure about the effect of section 76 (5)? When a Society is in deficiency the whole deficiency is made good. It is only the amount that is contributed from the Contingencies Fund of other Societies that is limited to one half?—That is my point, that the liability to draw on the Contingencies Fund is limited to one half of that Fund, whereas in the case of a Society with branches the whole pool of the Contingencies Fund must be absorbed.

22,444. Why should not an Affiliated Order have this measure of reinsurance inside itself before it comes on to the Central Fund?—It should have.

22,445. Why should you not be prepared to come on to your own Contingencies Fund?—We are. We have no complaint to make with regard to the arrangement so far as the Contingencies Fund is concerned. What we complain of is that we have no access beyond the Contingencies Fund to the Central Fund such as is available to other independent units,

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[Continued.]

and yet we are required to make our proportionate contribution.

22,446. Your complaint is that after each branch has exhausted its own Contingencies Fund it goes on to the Contingencies Fund of other branches?—We do not complain of that, not a bit. What we complain of is that, that being so, we are yet compelled to contribute to the Central Fund, from which we receive no assistance.

22,447. I think perhaps you are putting it too high; it can conceivably get assistance?—It is extremely improbable.

22,448. I think you are applying what has happened to what may happen, and you are assuming that what has happened will always be the case?—I do not think so. Take any conceivable Society with branches; the smaller the individual branches and the larger the aggregate number of branches the less likelihood is there of the Contingencies Fund of the whole Society being swamped. For instance, in our Contingencies Fund in 1918 we had £46,724.

22,449. May I ask you this point? Compare your own Society, with a membership of 98,000, with the National Deposit or the Hearts of Oak. Are they more likely to come on the Central Fund than you are?—They are not Societies with branches.

22,450. I know; that is why I am taking that example?—I should say they are more likely, for this reason. The *per capita* value of the surplus disclosed in the National Union for Insurance was £1 16s. 8d., as against a *per capita* value of £1 0s. 11d. on the average of the aggregate of our branches.

22,451. What does that prove?—It only goes to show this, that the position in relation to the National Union for Insurance was accidental in the true sense, and that the Society is not protected beyond its own Contingencies Fund. It is a single valuation, and if the Society is in deficiency, provided the required conditions are complied with, it has immediate access to the Central Fund. In our case a valuation surplus of, if you like, an equal value *per capita* of the aggregate, represents a pool, and it is not a bit likely that the whole of the 19 branches would be in deficiency, not nearly so likely as that a single Society would be in deficiency.

22,452. If I may say so, you arrive at that position by splitting up your risk into a certain number of bits?—It has been arrived at for us.

22,453. I presume you chose that particular structure for your Society. May I go back to the comparison between yourself and any centralised Society? Take, for instance, the Hearts of Oak. It is quite conceivable that if you split up the Hearts of Oak into 19 bits you might have one bit in deficiency if you could view it separately in an unhealthy area, is not that so?—And if that were so there would be less likelihood of the Hearts of Oak claiming on the Central Fund than there is at present.

22,454. You view them as a whole?—Exactly.

22,455. Why should you not be regarded as a whole? After all, you are brothers in your Society?—Yes. You have just illustrated exactly our argument. If the Hearts of Oak were split up into units and one part of it was found in deficiency, then there would be less likelihood of the Hearts of Oak being able to claim upon the Central Fund than there is in fact.

22,456. I suppose that is a possibility at the present day, that the Hearts of Oak conceal deficiencies here and there behind their general surplus?—Yes.

22,457. Your structure brings it out, but in actual fact, so far as your whole Society is concerned, there is no difference?—Take the case of one of the Miners' Societies which did have recourse to the Central Fund. I could equally use the argument that if that Society had been split up into branches certain of the branches would have disclosed deficiencies and others surpluses, and there would have been no claim on the

Central Fund. One argument is just as legitimate as the other.

22,458. I am not sure about that. If the whole thing was in deficiency and one part was in surplus, would not the other have been in still greater deficiency? However, I think we have your point. The next point you deal with is the question of payments on death in respect of inmates of institutions. What is your proposal there? You object, I understand, to money going to the next-of-kin in certain cases?—Yes, and to persons who are not next-of-kin.

22,459. People nominated?—Yes.

22,460. Is not the theory of the matter, for what it is worth, this, that the money belongs to the insured person; it is something he has bought with his contributions and it vests in him?—We do not think so. It did not vest in him prior to the amendment made by the Act of 1918.

22,461. What was the position then?—The provisions were introduced by section 20 of the Act of 1918, amending the Act of 1911. Down to that date there was no title to this accrued benefit on death.

22,462. What happened to the money in that case?—Nothing happened; it remained in the funds of the Society.

22,463. Your objection is to the amendment made by the Act of 1918, whereby the money was in a sense vested in the insured person?—Yes.

22,464. You think it ought not to be his money in that sense?—We think it ought not to be other people's money.

22,465. I do not want to get into legal quibbles. If money vests in a person and he dies, it goes to his next-of-kin?—Yes.

22,466. Or he has power to leave it by will to anybody he likes?—Yes, but our contention is that the benefit does not or should not accrue in the circumstances; that it should not vest at all; that in fact it is a liability which we ought not to have cast upon us.

22,467. That is what I want you to explain. Your point is that the money ought not to vest in the man?—Yes.

22,468. What is your suggestion in the case of a person who dies?—That we should revert to the position as it existed before the amendment brought about by the Act of 1918.

22,469. Would you allow the whole amount then to revert to the Society?—It is not so much revert as remain.

22,470. What were the reasons which made Parliament take that, shall we say, foolish action in 1918, and how are you going to persuade them to undo it now?—I do not think Parliament, in enacting that provision in 1918, could possibly have visualised what was going to happen. I do not know what will happen in the cases of which we have given you particulars in paragraph 19, but I have before me the case of a youth who became a member of our Society in December, 1917, at the age of 16 years, who received benefits in respect of heart disease from July, 1918, to July, 1919, and in respect of conjunctivitis from July, 1920, for a fortnight, and then in March, 1921, he became insane and received benefits till December, 1922, when he was sent into an asylum; he has no dependants; there is now £53 12s. 0d. due apparently to that youth, and that amount will increase year by year until, if he remains there till the age of 65, the amount due will be £1,119 at present rates of benefit.

22,471. I suppose that even before the Act of 1918 the money piled up for those who went into institutions and was paid to them when they came out?—Yes. I had a case before I left London in Victoria Hospital here.

22,472. So that your suggestion would not cure that evil. Even if you met the case of the man who died, if a man came out at the age of 65, you would still have the case of this £1,100?—That is true, and that is a great evil to which, however, we have not called attention.

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[Continued.]

- 22,473. Why should you not draw attention to it now?—We can give you examples of men who go into places like the workhouse and make a practice of remaining there so long as they can decently stay there, come out, and draw their accrued benefit, have a jolly good time, and then go back again into the workhouse.
- 22,474. What would you say to a suggestion to limit the amount which might pile up?—That would help considerably.
- 22,475. What would you say to £50?—Except that it vitiates the principle.
- 22,476. What is the principle?—The principle is that the money ought not to accrue; it ought not to vest in the individual. If that cannot be granted then, of course, a limitation to £50 would fix the thing and put an end to it undoubtedly.
- 22,477. Your great grievance is that in this particular case, to take that as an example, you may have a sum of over £1,000 piling up to be paid to a man at the age of 65 or 70, or, if he dies, it may be left to a remote relative. Would not that be met by a limitation of the amount?—Undoubtedly. We recently paid to a woman in Leeds, a mere neighbour of a member, £51 2s. 6d. That is case "O" in paragraph 19 of our Statement. She was a neighbour who had helped the member, no doubt, but she was not entitled to the money.
- 22,478. What about the workhouse case, how are you going to meet that?—We have not considered it for the purpose of submitting evidence to this Commission, because the major question seemed to be so much more important. The other happens. You cannot help it happening. I came across a case in North Wales two years ago when I was administering the North Wales Area in which a member sent us a note to say, "I am going into Wrexham Workhouse; please pay my benefit into Parr's Bank, Wrexham."
- 22,479. Did he draw that by cheque when he came out?—It did not go into the bank.
- 22,480. What would you say to the proposition that to meet that position the Poor Law hospitals should be recognised in some way by making payments to them? The point put to us by various people interested in that side is that they take in people and maintain them for months or years, and when they leave, they are powerless to recover from them?—I do not think that would be a wise thing to do. One does not like to suggest it, but, as a matter of fact, in our considered opinion—and we have discussed this more than once—people are retained in workhouse hospitals when they ought not to be retained.
- 22,481. Your remedy is to tighten up the workhouse administration and make them send the inmates out sooner?—They are not incapacitated in many instances, though the benefit is accruing.
- 22,482. Your suggestion is that the Poor Law Authorities are receiving people whom they ought not to receive?—They are covering them.
- 22,483. If there was any arrangement made whereby an insured person receiving support from the Poor Law Authorities were to have his money diverted to them, it would encourage them to go on doing that more than ever. Is that the point?—We do not suggest that it should be diverted to them. We do not think that would be the right thing to do.
- 22,484. The third point on which you give evidence is with regard to audit. Your desire is that audit should take place as soon after the period is completed as possible?—Yes.
- 22,485. You tell us that this would have an effect which would be entirely beneficial to the Society. In what respect would the effect be beneficial?—At present it happens that at every annual meeting the annual meeting has, in effect, before it two cash statements, one for the immediately preceding year of account prepared by the branch Secretary and not audited, and the other an audited cash summary and auditor's report relating to the previous year.
- 22,486. When is your annual meeting held?—In September.
- 22,487. Each branch?—One or two in October.
- 22,488. How long do you find it takes to get the completed the final audit?—In the past few years it has been nine months, 40 weeks, on the average after the end of the year, and as long as 12 months sometimes.
- 22,489. Do you find that the members are interested in this matter?—Not vitally.
- 22,490. Is it a theoretical ideal, that it is a good thing to have the audit as soon as possible?—It is more from the point of view of the Board of Directors than from the point of view of the members. Certain of our Board are interested as principals, partners, or directors of commercial undertakings, and they think it is extremely unbusinesslike that they should in their capacity as members of the Executive Committee not have an audited statement.
- 22,491. It is a professional accountant's point of view that the audit should take place as soon as possible, and that it is unbusinesslike to have it hanging over?—It is the business man's point of view.
- 22,492. Accountants, after all, are business men. It has been put to us that it is an encouragement to fraud to delay the audit, what do you think of that?—It follows, does it not. One would not suggest it has led to fraud, but obviously—
- 22,493. Perhaps I am unjust; the contention is not so much that it leads to fraud, as that if fraud exists it makes it more difficult to follow it?—That is true. I should like to draw attention to this parallel so far as relates to audit. Under the Friendly Societies Act our branches on the private side are required to submit their audited returns to the Registrar before 31st May in each year following the year of account, and the views of our Board of Directors are coloured by their experience and practice on the private side as compared with their experience and practice on the National Health Insurance side.
- 22,494. On the private side is the audit a Treasury audit or an independent audit?—Either by independent auditors or public auditors.
- 22,495. You are not consistent in your procedure; you have some public auditors and some private auditors?—The rules permit of branch audits being conducted by the public auditors or by persons appointed by the Society.
- 22,496. With regard to your dental arrangement, you argue for retaining this in the hands of Approved Societies. If you had a general scheme do you not think it would be as well to put it on general grounds on the same footing as medical benefit?—By no means.
- 22,497. Will you tell us why?—It would be fatal if the administration of dental benefit were to fall into the same way as medical benefit.
- 22,498. Fatal to whom?—Fatal to the interests of the insured person. I say that quite deliberately.
- 22,499. Why?—Because he is averse to the methods that are employed in relation to medical benefit in many instances. He does not desire to have panel practice because he thinks he is getting treatment of a lower quality perhaps.
- 22,500. Do you find that amongst your members?—Oh, yes.
- 22,501. Generally or in certain areas?—It is difficult to speak generally, only as one is in contact with the members. To give an instance, a working woman came into the office, and she brought in her record card, and incidentally her medical card tumbled down; she said, "You can have this, if you like"; I said, "I do not want that, you want that for medical benefit"; she said, "I would not use it for medical benefit, I go to a doctor independently, I would not go for panel medicine."
- 22,502. How are you going to guard against this, assuming it happens, in the case of your dentist?—We would guard against it by the Society having direct relationship with the dentist.

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- 22,503. Would you recommend, in the case of medical benefit, going back to the direct relationship between doctors and societies?—Speaking personally, yes.
- 22,504. You would rather go back to the old arrangement whereby societies engaged the doctors?—Yes, I think that is pretty generally the view among officers of our own society.
- 22,505. Does that view generally hold in other societies?—I hardly like to speak as to that.
- 22,506. Your point of view is that once a doctor gets on the panel, the bloom is off the peach and something is lost?—From the point of view of the insured person, yes. Perhaps not so actually, but it is the psychological effect, shall I say.
- 22,507. I do not see why that should not react on the dentists also. After all they are going to do Insurance work, are they not?—Yes, and in so far as certain of them have already put up cards on their walls that panel patients—why they call them panel patients I do not know—will be attended on certain days of the week or at certain hours, it is the beginning of exactly the same lowering of the standard. It is vicious.
- 22,508. The doctors do not do that, do they?—No.
- 22,509. So the dentists have outrun the doctors on the downward path?—Exactly. We want to prevent that, and we can only prevent it if we retain direct relationship between ourselves and the dentists.
- 22,510. Your last point is with regard to the Consultative Council. I gather you wish to make this a more representative body. Is that so?—That is so.
- 22,511. Can you say whether the Consultative Council has been on the whole a fairly successful body, or can you not say?—In the main from our point of view it has been neither successful nor unsuccessful.
- 22,512. What is the mean between success and lack of success?—It has not impinged upon our consciousness, as it were.
- 22,513. It has left you alone?—Yes, except on one or two occasions when we differed from the views which we understood had been conveyed to the Department.
- 22,514. I have some difficulty in visualising the sort of thing you want. I gather you want to elect certain representatives of Approved Societies who shall be officially recognised as the spokesmen of Societies, is that so?—First of all we think it would be necessary to have some statutory provision enabling Approved Societies to come together as a national organisation independently of all other Associations, and if that were made possible by statute and then advantage were taken of the statute by Societies and they came together as one organisation for National Health Insurance purposes only, that form of organisation could appoint Committees for administrative and technical purposes, on the one hand, and consultative purposes on the other, and such a body as last named would be truly representative.
- 22,515. How is it going to work? You know Societies better than I do. Do you think you could get them to lie down in one fold in this manner? Half of them say the other half should not exist?—I think it would be possible. If some statutory provision were made and Societies did come together as they have come on one or two occasions of, shall I say, crisis, they would come together ordinarily as a normal thing, and function regularly.
- 22,516. Do you know anything about the election of Insurance Committees?—Yes. We conduct them from the office.
- 22,517. That is rather a troublesome job, is it not?—It is.
- 22,518. What happens to the smaller Societies there; they get squeezed out, do they not?—We ourselves in that respect may be classed among the smaller Societies, because our membership is widely distributed. I do not know that we are conscious of being squashed, but we have no majority in any Insurance Committee area.
- 22,519. Do you think it is possible to get a body which would command the confidence of all Societies? For instance, if you took any normal kind of election, by size or otherwise, would not the dominating influence go to the Industrial Societies straight away?—We do not contemplate anything of that kind. It is not so much that we wish to use the Societies as units for the purpose of the election of persons to be on the Consultative Council, but that Societies should be allowed by statute to form a national organisation to which they would send representatives as to any given annual conference which exists at the present time in their various capacities, and that national conference would itself at the conference *ad hoc* elect a representative body from the floor.
- 22,520. Would you allow each Society to send one representative?—That would be a matter to be provided for in the constitution. There might be numbers of representatives according to the size of the individual Societies.
- 22,521. How many Societies are there? What about branches? Is it not an extraordinarily difficult thing?—I would say Societies, not Societies and Branches.
- 22,522. Societies only?—If you take Societies only you get quite a reasonable number for the purpose of a conference of this character.
- 22,523. It would be a fairly large meeting if you had one representative from each Society, if they all turned up?—There would be about 1,000.
- 22,524. Would you allow a Society like the Improved Order of the Total Abstinent Sons of the Phoenix to send one member and the Prudential one?—Possibly. I do not know the membership of the Total Abstinent Sons of the Phoenix, but I should say it is a much smaller Society than the Prudential, and the Prudential ought to send more representatives.
- 22,525. There you are. Not only so, but do you think that when you have got a body like that, the small societies having elected their delegates would acquiesce in what was done?—I think so.
- 22,526. After all there are any number of small peculiar Societies—I do not use the word offensively—with special bases?—In so far as a very small Society might not care from financial or other reasons to be associated with a national body of that kind, I do not think the conference which did assemble would be any the less representative.
- 22,527. You suggest that any decision which this body should take would be binding on Societies. Could it be so?—Obviously it must be so. It would be impossible to conceive of a set of circumstances in which a body were elected to give advice to the Minister and then that the body which it represented should in any way seek to dissociate itself from any such decision or opinion communicated. If you take the National Conference of Friendly Societies or The Conference of Industrial Insurance Societies, in any expression of opinion which either of those Conferences might give publicly—which they do regularly—nobody asks whether there are individual Societies in the minority—and frequently there are large minorities—whose views differ from those which are expressed. After all, the view which predominates is taken to be the view of the Societies.
- 22,528. Is that sufficient?—Any decision which might be reached by the National Conference might be taken as binding on the whole of the Societies.
- 22,529. You want a definite body set up which will represent all Societies and whose decision will be binding on every Society?—Quite, not so far as administrative measures are concerned but so far as concerns any matter given as an opinion of the Societies to the Minister.
- 22,530. What would you do with a Society if it dissented; it would not be bound?—We should do the same as we do now with any dissentient minority in

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any national organisation. There is no difference, as far as I can see.

22,531. In fact this body which you suggest would merely be a kind of mouthpiece?—It would be a means of expression, yes.

22,532. (Mr. Besant): I do not want to take up quite the same points that the Chairman dealt with in detail at the beginning when you were talking of the advantages or, as you thought, the disadvantages, of the system of the Contingencies Fund and the Central Fund. You mentioned, in answer to one of his questions, that your view was not influenced by valuation results; would you mind amplifying that a little?—When the Act of 1918 was passed we criticised the provisions and formed the conclusion that this provision, as it affected Societies and branches, was inequitable. We arrived at that conclusion without any experience because, of course, a valuation had not taken place, but on the terms themselves.

22,533. In 1925, when you sent in this evidence, you had had the valuation?—And our opinion is not altered.

22,534. When you said your opinion was not influenced you had taken the valuation factor into consideration?—No, because we expressed the same view in 1918 that we are expressing in 1925, and therefore our view in 1925 is not influenced by the valuation results.

22,535. Although the valuation results do form an important factor in what builds up these various funds and these surpluses and deficiencies?—I do not think so, because even if it had happened that Societies with branches were in deficiency to an extent to swamp the Contingencies Fund of the Society, and the branches had in those circumstances had recourse to the Central Fund, that simple fact would not alter the view that, so far as the principle is concerned, the system is itself inequitable, and that therefore our suggestion that the Central Fund should be split into two parts, one consisting of contributions of Societies with branches and the other consisting of contributions of societies that are centralised, is right.

22,536. The suggestion which the Chairman put forward by comparing one centralised Society with your own and indicating that in that Society, where a single valuation is made, there may be, in fact, if we were to split it up behind the scenes into 19 pieces, certain deficiencies and certain surpluses, does not modify your view?—Not at all.

22,537. Now, passing to the question of the dental methods which you adopt, set out in paragraphs 29 to 34, can you explain to us a little further how you would deal with an individual member? I see you allow your member to pay his share either in one sum or by instalments of 10s. a week?—Yes.

22,538. How do you fix his share, do you deal with each case individually?—Yes. Each member receives a grant according to scale dependent upon the total cost of treatment which he receives from the dentist. He is advised, after receipt of the dentist's report, of the cost of the treatment which he is to receive; in certain cases, both on a maximum and on a minimum basis, where the dentist reports on both bases, after taking into account travelling expenses which are added to the total cost. That gives us a figure, and the amount of the member's contribution is determined by the amount of the Society's grant according to scale. I have the scale here if you would care to see it. Supposing a member's bill amounted to £8 2s. 6d., then under our original scale his share would have been 10s.; under our present scale it would be 8s. 6d. He would be advised of that.

22,539. If you had two members, each of whom needed dental treatment which would cost that figure of £8 2s. 6d., you would in each case make the member pay an identical figure?—Quite.

22,540. There is no question of taking into consideration his means to meet that?—Not in the

proportion that he shall pay, but certainly in the manner in which he shall pay it. For instance, we have a standard rate of repayment of 10s. a week, but that is a standard only and can be reduced to cases of necessitous members. In order to enable them to receive the treatment we reduce the amount of the weekly repayments according to the member's capacity to pay.

22,541. While you make the instalments smaller per week you do not make the total any smaller, do you?—No, it would be very difficult to differentiate; in fact it would be unfair as between member and member to attempt to differentiate in a matter of the amount to be granted to each member.

22,542. Is that quite consistent with your paragraph 30, in which you say your object is to ensure that each member who is in need of dental treatment shall receive such treatment?—Yes, because we make the terms as easy as possible for the necessitous member.

22,543. Only by giving him a little longer time in which to pay?—Exactly.

22,544. In the case of medical benefit the man gets what he needs in all cases, does he not, whereas in the case of your dental system he only gets an expensive bill paid if he can himself find something like two-thirds of the money?—Yes, but that merely arises from the circumstances of the case. They are not parallel.

22,545. I think they are. I am trying to understand your system to see whether it does meet the objection that a poor man can never get dental treatment at all?—There is a discretionary power in the Executive Committee which it exercises in certain cases, but those are extreme cases. If, for instance, a member, having undertaken to pay his proportionate share of the cost, falls upon evil times, and the Executive is satisfied that it would not be just to require the member to pay any outstanding part of the amount originally due from him, they have power, and they do exercise their right, to pay that proportion from the funds of the Society.

22,546. That is exceptional?—Yes.

22,547. If, in other words, you had a poor man who had bad teeth, and who was out of employment, and had not the least chance of being able to pay two-thirds of a large dental bill, he would be excluded altogether from any possibility of dental benefit under your system?—If he was unemployed and unable to make any contribution, however small, per week, I suppose that would follow.

22,548. And even if he was employed at low wages and could not face a dentist's bill of £10 of which he would have to pay two-thirds or more, he would have to give up any hope of coming under your system?—We meet him in another way. You speak of a member who has a dentist's bill of £10 which in itself, taken in conjunction with the exceptional case of the individual, would be rather an unusual case. We say to the dentist on referring the man for examination: "Tell us not only what are the maximum needs of this patient but what are the minimum requirements in order to put his mouth into a healthy condition," and thus, if the man was not able to take £10 worth of treatment, having gone so far, supposing the minimum requirements were something in the nature of £5 or £4 (and that of course has been disclosed as the result of the Society's method of administration), he is induced to take £4 worth of treatment and his mouth is placed in a healthy condition and he receives the Society's grant, and the Society would accept the lowest contribution per week from him towards his share of that reduced cost if he was unable to pay the whole cost or the 10s. a week.

22,549. Let me follow that case a little further. Take a poor man earning low wages and perhaps in intermittent employment; his teeth have got into bad order; they want an entire overhaul; your

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dentist says "To do this work well will cost £8 or £10, but up to a point I can get his teeth better for £5"; that man would have to pay nearly £4 of that under your scale?—No, not if his treatment was £5.

22,550. What would he pay then?—Under our new scale, that is, the scale we are operating at the moment, it would be 30s.; under our old scale it would be 50s.

22,551. 30s. out of £5?—Yes.

22,552. If he could not find that 30s. he would have to give it up?—If he absolutely could not find it. Having gone so far, if he could not find his contribution it would be a matter for the Executive Committee to take into consideration as to whether, in the exceptional circumstances of the case, they should grant free treatment.

22,553. It seems to me—I may be unfair in interpreting the system—your system does best for the most wealthy members and does least for the most poor members?—I could hardly agree to that.

22,554. If, as has been advocated by many witnesses, dentistry were given as a statutory benefit, then you would get to the position when each one of your members, whatever his pecuniary condition, would be entitled to have his mouth well looked after, and not a Class 1 for the wealthy man and a Class 2 for the poor man?—Without admitting that there is a Class 1 and Class 2, I should certainly say it would follow that a member would get more adequate dental treatment if it were made a free statutory benefit if the State could afford to pay it.

22,555. I take it there can be no question that Class 1 and Class 2 is a fair way of describing what you call maximum and minimum?—Oh, no. The terms maximum and minimum relate to the degree of treatment required by the member, not his capacity to pay.

22,556. From the point of view of his mouth afterwards, he has either a first-class mouth or a second-class mouth, according to whether he has had the maximum or minimum expended on his teeth?—Possibly so.

22,557. If this were made a statutory benefit in each case he would get all that was necessary to be done to his teeth?—Yes.

22,558. To that extent he would no doubt be a member of a more healthy community?—Quite. No doubt it would be better for him.

22,559. Will you tell us how the total cost works out per member?—The cost in the year 1924 was round about 2s. 3d., but obviously that is no reliable index of what the cost of dental benefit would be.

22,560. I am conscious that it is not a complete picture, but I wanted to get the figure?—2s. 3d.

22,561. Taking your totals in 1924, when you had 925 cases, and in 1923 when you had 694 cases, are those two figures due to an extension of your system or are they due to the inclusion of two more sections in the latter part of the time?—No, they are rather due to an increased demand for benefit.

22,562. It is a genuine increase in the activities on that side?—Yes. I may say in that connection that in 1921, when we made our estimate of the sums to be allocated to dental benefit, we estimated a claim ratio of 2 per cent. That ratio was not reached. It came nearest in 1924, when it was 1.9 per cent.

22,563. In 1924, when there was an extension of these benefits—I mean a genuine extension—did you find the extension tended more to the smaller cases or to large cases where a great deal of work was needed?—I should say there was not very much

difference in the class of treatment administered in 1924 from any other year. We have not yet reached the stage when the member goes regularly to his dentist.

22,564. You have not; that is what I was hoping was happening?—Nor are we likely to.

22,565. For some years, I know, you will be tapping a new set of people each year?—Yes, that is so. It is not recurring treatment.

22,566. (Chairman): You say your Society gives favourable terms in the matter of repayment. What is the longest period over which they allow payment to be spread?—There is no fixed period or maximum period. The Secretary has entire discretion to accept such reduced amount as he thinks fit, having regard to the duration of time which will be involved in the acceptance of smaller sums.

22,567. It was not so much the question of reduction of the amount as the extension of the time with which I was concerned?—I would not like to say what the longest time has been. In the case of extensive treatment, of course, the contributions by the member, if they were paid at the rate of 10s. a week, would be repaid to the Society before the Society meets the dentist's account. That enables us to give a longer period of time to the smaller cases.

22,568. On the general question, if the insured person is called upon to pay a certain proportion of any benefit it must act as a deterrent, must it not?—It does, and it is for that reason that you cannot accept any given figure of 2s. 6d. or any other figure as a reliable estimate of the cost of the benefit.

22,569. The bigger the bill and the bigger the proportion, the more powerful the deterrent?—Quite.

22,570. (Mr. Besant): How do you in effect pay your dentist; do you pay him immediately out of your own funds?—We have an arrangement for quarterly settlement, but in practice we probably pay him almost immediately.

22,571. How do you conduct the finance yourselves? Do you lend the money to pay the dentist, and then get it back from your member?—I should say that in eight cases out of 10 the member has paid his quota towards the cost before the dentist is paid.

22,572. You hold back the dentist's bill for a time?—No. The treatment itself takes a certain amount of time, and therefore at the average rate of repayment it actually happens that the member's contributions have been sufficient. Actually in the normal case he has paid his quota before the dentist's bill is received. If a man goes in July for dental treatment and begins paying to us 8s. or 10s. a week, his treatment is not concluded till the end of August or September and the dentist's bill comes in later than that, and in the meantime the member's contributions have been fully paid; in fact we are usually in the position of holding money on account of our members at the end of the year.

22,573. You have money in hand?—Yes.

22,574. (Miss Tuckwell): In paragraph 1 you say that under the new system the districts ceased to act whilst the former lodge units were retained in the capacity of agents in the area groups. That means, I suppose, that those who had experience on the private side passed to the National Health Insurance side?—Those who had experience on the private side were continued in the capacity of agents for the newly-constituted State branches. They did not exercise the same functions as before in relation to National Health Insurance because the new unit which was set up was a new branch entirely with an administrative officer in charge who was solely responsible for the technicality of the administration, and the former branch secretary became the agent for paying benefits and collecting contributions.

22,575. Was he an agent only for National Health Insurance or for both sides?—In some cases, in the majority of cases probably, he was the secretary for private side purposes and the agent for State purposes, but in quite a large, and I daresay a growing number of instances the functions are being separated.

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22,576. We have heard a great deal as to the want of interest which members take in National Health Insurance. What steps do you take to try and combat that?—So far as the individual rank and file member is concerned, he can only be influenced first of all by the local lodge meetings which he has a right to attend and by circulars which are sent out periodically and which are intended to have a propaganda effect, and in which information is communicated as regards the position of the Society and its relation to National Health Insurance, and a great deal of pride is taken in that. Members are asked to co-operate with the Society in making the administration successful and so on. We try to enlist the interest of our members as much as possible. Obviously the principle source of that interest is derived from association with the local lodge.

22,577. On the private side?—Yes.

22,578. You spoke very strongly and with a good deal of emphasis as to the way in which money was piled up for those who came out of institutions or who died in institutions. It is your experience that there may be great benefit to a person who comes out of an institution from money which has accumulated?—In some instances, yes. One can quite see that in what one would call *bona fide* cases the accrued benefit is of very great assistance to an individual, and we have had experience of men who have been set up in various ways as the result of the application of moneys standing to their credit, and they have been allowed £1 a week or £2 a week till they found work. We administer the fund. We do not pay the benefit over in one lump sum. We make it available to the member in a manner desired to promote his interest of course, and to that extent it is undoubtedly a good thing.

22,579. In paragraph 22 you speak of the great assistance that the Treasury Auditors have been to Approved Societies. What do the Treasury Auditors do for Societies? If you had a man who was not particularly competent with his accounts, how much would the Treasury Auditor do—would he make up a balance sheet?—They are not required to make up a balance sheet of each branch. The balance sheets are prepared at the head office. The Treasury Auditor has in the past been of very great advantage. I am speaking now, of course, retrospectively of the influence that the Auditors exercised, particularly in the early days of the administration of National Health Insurance, when there was naturally a good deal of inexperience. The Auditors were well equipped, and did assist Societies very greatly.

22,580. You still find them effective?—Yes.

22,581. (Mr. Cook): In the remarks you made with regard to the panel system, I formed the impression that you were expressing dissatisfaction with the medical service under the panel system?—Yes, but I think I said if I were to give a personal opinion. We have not tendered any evidence on that subject.

22,582. I think also you made a comparison between medical service provided under the Health Insurance Act and the service provided under the old Friendly Society method?—I do not think so.

22,583. I thought you made a comparison to the disadvantage of the present medical service?—No, I think the question was whether we should revert to that method of making arrangements direct rather than as to the quality of the service.

22,584. Not the quality of the service, but simply the method of administering medical benefit?—That is all.

22,585. With regard to the interesting case that you cited of the individual who was an inmate of a Poor Law Institution and after a certain amount of money had accrued left the Institution and got the money and had a good time and then returned to the Institution, could that go on indefinitely?—Yes, practically, in an extreme case.

22,586. But if an individual were to carry on that practice for any length of time he would not have

the necessary stamps, would he, to entitle him to obtain benefit?—But then the present arrears arrangements make it extremely easy for him to be in that position. I would not, however, like to lead you to believe that a man does that to our knowledge and that he can do it indefinitely. The time would come when we should say to that man: "Look here, although you are in a Poor Law Hospital, in our view you are not incapacitated."

22,587. (Chairman): So long as the man is incapable of work, Mr. Cook's question does not arise?—That is so.

22,588. If you found a man piling up six months' benefit and going out and having a good time, you would either say that he was capable of work or you would have him up for misconduct?—Quite so.

22,589. (Mr. Cook): I wanted to know how long an unprincipled individual could carry on that sort of thing?—In theory it could go on indefinitely, but in practice it does not.

22,590. (Chairman): Do the poor law people ever tell societies of these cases or intimate to the societies when the members are leaving the Institutions?—I have not known of an instance of that. It might happen of course, but I do not know of it.

22,591. To come back to the point of the Contingencies Fund, as I understand your position it is that you do not object to what is happening just now so far as you are concerned, but that you want to split up the Central Fund into two parts?—Yes.

22,592. One for centralised societies and one for branch societies; is that so?—Yes; in order, of course, that the contributions to the Funds so far as societies with branches are concerned shall cease when the risk itself is covered.

22,593. The Central Fund is a fund, is it not, which is there ultimately to form some sort of barrier against societies which have a bad sickness experience?—Yes.

22,594. I do not quite see what you gain by having two such barriers for different types of societies?—From a certain point of view nothing is to be gained. The only reason why that fund would be split up into two parts, if it were split up, would be to meet our objection that the Central Fund, as it is at present constituted, is inaccessible to us, and therefore it is inequitable that we should be compelled to make a contribution to that part of the fund which is inaccessible to us.

22,595. You want in time to be relieved from contributing or to have a reduced contribution?—We want to provide only for the risk to which we are susceptible.

22,596. When I put it to you that you wanted a diminished contribution you said No, and that you were content; but I gather now that what you really want is in course of time to be relieved from the contribution?—A diminished contribution would not affect the situation at all, because the diminished contribution would simply have the effect of putting more money into the Society's own Contingencies Fund or benefit fund, as the case may be, and it might be quite inequitable for a society to pay only in proportion to its risk, because it would be robbing itself. If you enlarge the contribution to the Central Fund to be made by a society it is more liable to come on to the Central Fund. You are diminishing its Contingencies Fund or benefit fund, and you are creating a situation in which it is more likely to make a claim on the Central Fund.

22,597. Would not your argument as applied to your case apply, let us say, to some centralised societies in a strong financial position, such as those whose members consist of bank clerks or agricultural workers? Have not these people also the same right as you have to argue that they would

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almost never come on the Central Fund?—Not exactly, for this reason: In the first instance, we do not agree with the phrase "a strong financial position." There are certain societies which are in a favourable position, like the bankers and the domestic servants and rural workers. It is, of course, in accordance with the theory on which the Central Fund has been set up that they should be

required to make a contribution to that fund. We do not take exception to making a contribution to the Central Fund by reason of the theory at all; we take exception because, in our view, the theory itself is not and cannot be applied to us.

(Chairman): We are getting back to the point we were on before. I think we had better leave it there. Thank you very much.

(The Witness withdrew.)

Mr. J. M. ROBERTS, Dr. FORTESCUE FOX and Mr. JOHN HATTON called and examined. (See Appendix XCVI.)

22,598. (Chairman): You are Mr. J. M. Roberts, Vice-President of the United Patriots' National Benefit Society?—(Mr. Roberts): I am.

22,599. You are Dr. Fortescue Fox, Past President of the International Society of Medical Hydrology?—(Dr. Fox): Yes, I am.

22,600. You are Mr. John Hatton, Secretary of the British Spas Federation?—(Mr. Hatton): That is so.

22,601. We have read through this interesting Statement you have submitted, and in essence I think it comes to a recommendation that spa treatment in respect of people suffering from rheumatic ailments should be provided under the National Health Insurance Act?—(Mr. Roberts): That is so.

22,602. And, moreover, that it should not be provided as an additional benefit but as one of the fundamental statutory benefits of the Act?—Exactly.

22,603. First of all with regard to the Society which you represent, can you tell us how large a membership it has?—We are somewhere in the neighbourhood of about 33,000.

22,604. What kind of persons are represented in that Society? What kind of members does it take in?—Generally they would be working-class members.

22,605. It is a general mixed Society?—Yes.

22,606. Very largely in London and the South?—There is a very large number in London, but it is spread all over the provinces, particularly in England and Wales. I do not think we have any branches in Ireland or in Scotland.

22,607. Can you tell us how your Society came to be interested in this matter?—We have for some considerable time, as you know by the statement made, been very much concerned with the number of rheumatic cases that have been declared on the funds of our Society, which, for the want of proper treatment, have developed quickly into chronic cases. We have felt for a considerable time that some steps would have to be taken in order that treatment might be made available for these cases so as to prevent their becoming chronic, which we consider a serious loss economically to the country as a whole and entailing a lot of unnecessary suffering.

22,608. Can you tell us whether this matter has been before other Societies?—Yes, I think the matter was discussed at the National Friendly Societies Conference at Aberystwyth.

22,609. Was that last year?—No; it was two years ago. We took upon ourselves to prepare this data. There were various phases of the National Health administration that were brought forward at the Conference and we determined that we would, on the offchance of something happening on the lines of this Commission, prepare a statement in order that we might possibly secure some results.

22,610. What happened at Aberystwyth when that was brought before the other Societies?—There was general agreement that something ought to be done.

22,611. Did they pass a resolution?—I could not say as to that.

22,612. At any rate, they left you to carry on alone?—Quite. In other words, perhaps we made it our job.

22,613. You made it your job, but would you not have been in a stronger position if you had been able to get support from other Societies?—Possibly, but we rather took the view that what is everybody's job is nobody's job, and we set ourselves down to prepare

these data, and we have submitted copies to the Executive of the National Friendly Societies' Conference.

22,614. When was that?—Since we prepared this Statement—quite recently. We really considered that if there was to be anything done now that this Committee was sitting it was absolutely necessary to bring it before you. Unless the matter can be dealt with now, we realise the futility of going on with it at all.

22,615. May I ask, from the point of view of the British Spas Federation, how far they desire to be assured of some other support than that of one Society only?—The British Spas Federation, as far as I understand their position, wanted really to get the principle adopted by this Commission. If the Commission reports in favour of something being done, obviously there will be some other work to be done before it becomes operative.

22,616. Did you approach the British Spas Federation on your own account?—Yes.

22,617. And did they enquire of you how far, in the event of this going forward, there would be general support among other Societies?—Yes.

22,618. Did you reply that you were satisfied this would be supported by other Societies?—Absolutely; there is no question as to that at all.

22,619. So that you claim to be here not merely as representing a Society of 30,000, but potentially the views of other Societies also?—That is so.

22,620. Although, in fact, these Societies have not expressed any very decided opinion on the matter?—We have not really had an opportunity to report. We may have one at the Conference that will be held at Brighton on the 17th and 18th September.

22,621. I suppose the British Spas Federation have relied on your assurance that there was a general feeling among Societies in favour of this amendment being made?—Quite so.

22,622. Your suggestion, as far as I understand it, is that this should be made a normal benefit, and not an additional benefit?—Quite so.

22,623. Why not an additional benefit?—We rely on the fact that while possibly some of the stronger Friendly Societies might be able to give this particular benefit, some of the weaker Societies might not.

22,624. Is not that true of all extras of this kind?—Possibly.

22,625. Is not that true of dental benefit, convalescent benefit, and everything else?—Yes, possibly. What we really aim at is to make it the right of every insured person to secure proper treatment quite independently of what Society he happens to belong to.

22,626. That argument is possible with regard to all additional benefits?—Yes, possibly.

22,627. So long as you have a Society system—whether it is a good or a bad system does not concern me—you have got differential benefits, and some Societies will give more benefits than others?—That is so.

22,628. Would there not be a certain advantage, assuming something was to be so done in this matter, to give it an additional benefit, in order to see how it worked and to find out the size of the question?—That is rather a difficult question to answer at the moment. We anticipate that when we are able to report at the National Friendly Societies' Conference, which will be held at Brighton, there will be

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unanimity in supporting our point of view. We confidently anticipate that.

22,629. Why do you say so?—Because we have every reason to believe that after the initial stage—and there will obviously be need of some considerable expenditure in setting this scheme on its feet—the thing will finance itself by reason of the surpluses of various societies.

22,630. Do you think that Societies in general who may be pressing us, for instance, to put dental benefit in the first place will give up their teeth and press for this?—I think that what we are seeking to establish is of such a universal character that that will be so.

22,631. I suggest that all these things are of a universal character?—Quite so.

22,632. If you want to make this a normal benefit under the Act and not merely an additional benefit, have you not to show that it is a much more fundamental thing than dental benefit or convalescent benefit or specialist treatment, or anything else you like to mention?—I respectfully suggest that that is a question which might be put to Dr. Fox or to some of the experts who deal with the treatment of these diseases, who can speak with more authority than I can on the matter.

22,633. What has Dr. Fox to say to that?—(Dr. Fox): As regards the prevalence of rheumatic diseases do you mean?

22,634. No; as regards the point whether in a scheme of Health Insurance like the one we have at present, the treatment of this particular group of ailments has a prior right to consideration in any extension over, let us say, dental treatment or an extension of specialist treatment or diagnosis, and all the rest of it?—We have the official reports now of England and Sweden, which give us the actual position, and they place rheumatism even before tuberculosis as a cause of serious disablement.

22,635. What sort of a surplus will your Society have?—(Mr. Roberts): We have not yet received the report on the second valuation of our State side.

22,636. What did you give in the way of extra benefits last time?—We increased our sickness benefit by 2s.

22,637. Anything else?—No.

22,638. Did you contemplate the possibility of doing anything in the way of an allowance during convalescence?—We have not discussed that yet.

22,639. What do you contemplate doing in the future with regard to additional benefits?—That will largely depend upon what is done with the case we present before you to-day. We anticipate that you will ask that a certain amount of the available surplus shall be allocated for this purpose. What we do outside that will obviously depend on what can be done.

22,640. It will depend on how much of the general surplus is allocated to the purpose?—Yes.

22,641. I see you mention 17.9 of the total sickness as being of a rheumatic character. Did you have medical advice as to the assignment of cases to the rheumatic and non-rheumatic groups?—Of course, we have been largely guided by the medical certificates declaring a particular member on the fund of the Society in arriving at that figure.

22,642. You get in a whole shoal of certificates every week?—Yes.

22,643. Who separates them out?—The staff at the office.

22,644. Are they competent to do that?—Yes, I think so.

22,645. What kinds of cases go into the rheumatic group?—I am afraid I am not in the position to answer that. It is really left to the staff to sort them out. They have gone very carefully into it, and after their work was completed they reported to us.

22,646. I presume they have instructions as to what kinds of cases are to go into the rheumatic group?—Yes.

22,647. Who draws up the instructions?—The General Secretary.

22,648. Does he take medical advice?—I cannot say. Possibly he automatically groups them. After many years' experience a man will gain a tremendous lot of knowledge of this kind, I should think.

22,649. Can you tell me how far medical opinion has really made up its mind on this question as to how far things are rheumatic in origin or are not rheumatic in origin? Is there not a good deal of divergence of opinion among doctors on that matter?—(Dr. Fox): There is a good deal of vagueness in nomenclature. We have followed the classification adopted by the Ministry of Health in England with regard to rheumatic affections, in certain groups, and it has now become much more easy to assign cases to the rheumatic group for treatment purposes.

22,650. Of the things in the rheumatic group is it, or is it not, the case that a certain proportion may be due to causes other than rheumatism?—No, I think not. We follow the lines of the Ministry of Health, who have very much cleared the ground for us, and it is a comparatively simple matter. We have six or eight categories which are clearly and definitely considered to be chronic rheumatic illnesses.

22,651. What kind of things come under that?—One group is the articular cases—the arthritic and particular kinds of joint rheumatism. Then there are cases of rheumatism in the soft tissues, such as lumbago, sciatica and brachial neuritis and a number of other illnesses definitely attacking the soft tissues.

22,652. How do you find the doctor's certificate? Have you complaints of vagueness with regard to the certificates?—(Mr. Roberts): They are reduced in number.

22,653. Not so many as you used to have?—I do not think so.

22,654. Have you made any estimate of the cost of this volume of sickness in your Society—this 17.9 per cent.?—No, I am afraid I have not done that. We have not the figures which can be classed against the actual percentage of the amount paid in sickness claims; but they must be considerable, obviously.

22,655. Coming to the scheme outlined here, I infer that the British Spas Federation is prepared to give treatment to all insured persons under the Act in certain conditions; but that, I gather, is subject to seasonal variations?—(Mr. Hatton): That is so.

22,656. I imagine, as you say here, that a good many of these hospitals have, in fact, long waiting lists?—Almost all of them.

22,657. How are you going to manage this business?—This scheme does not affect the waiting lists of the hospitals, because the scheme proposed by the Spas Federation is for treatment at the bathing establishments, which are apart from the hospitals.

22,658. It is treatment at the bathing centres with arrangements made for these people to be put into hostels or lodgings?—That is so.

22,659. Then how does the seasonal element come in?—Because the spas have busy seasons, when they are crowded with their ordinary paying patients, and quieter seasons when there are not so many visitors there.

22,660. I do not know how it strikes you, but if you are going to make this a benefit under the National Health Insurance Act, professedly open to all insured persons, I am not sure that you can defend an arrangement under which these people get in in the slack season only?—I appreciate the point, but we are trying to draw up a scheme which could be carried out with our existing accommodation.

22,661. How would it be if you set aside two of these spas for this purpose alone? Suppose you set aside Harrogate and Buxton and reserved them for

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Health Insurance purposes, would not that meet the point?—Do you mean from the point of view of the insured people, or from the point of view of the spas?

22,662. I understand you are speaking here from the point of view of the insured persons, because rheumatism is a devastating disease. I suggest to you that you can hardly put up a proposition to take the insured persons in the slack season, and I ask you what would be the objection to putting aside Harrogate and Buxton as being reserved for this purpose?—I think there is a very considerable amount of capital sunk in Harrogate and Buxton for the use of the ordinary visitors which would be very seriously lost if you turned Harrogate or Buxton into a hostel for insured persons only.

22,663. You mean capital sunk in concert halls, and similar things, that one finds at these places?—No; I would say hotels and boarding houses.

22,664. Could not these be taken over as the hostels which you outlined here?—I have no doubt they could be made into very comfortable hostels. I think it is a financial question.

22,665. When the insured person gets to these places you want him to go to approved lodgings. I understand you have abandoned the suggestion of the hostels?—(Mr. Roberts): No, not altogether. I take it if you accept the principle that something should be done, there would obviously be some heavy work in making the necessary arrangements. That would entail, of course, some meetings of some kind at which advice will be taken as to how the thing can be accomplished and what centres should be utilised for the purpose.

22,666. But for the present you rather suggest that the hostel arrangement is out of the question?—Yes, possibly, as a commencement.

22,667. The alternative is approved lodgings to which the people would be sent, if I understand, on the recommendation of the panel doctor. Do you really think that in all these most select quarters you could get rooms and board for 35s. a week?—So we are advised by the British Spas Federation, who have gone very carefully into this matter.

22,668. Does that apply to the whole lot—Strathpeffer, Buxton, Droitwich, and all the rest of them?—(Mr. Hatton): We believe it is possible to find those lodgings. We have made inquiries. I do not mean to say that we have made inquiries to the extent of 400 people in Bath. We have not, but we have made tentative inquiries which lead us to believe that the accommodation can be found.

22,669. But is not that the whole point? It is quite conceivable that even in Strathpeffer you might find board and attendance for 35s. in rooms; but on this scheme you have to find in Bath 400 places of that kind. I would have thought you were too optimistic from the point of view of the cost of reasonable rooms?—We made some inquiry before putting the figure at 35s.

22,670. How far, in your estimate of the cost of this, have you allowed for the cost of getting from one place to another? You have here got nine places. The insured persons would have to travel a considerable distance. Is not that a considerable element in the expense involved?—Do you mean the railway fare?

22,671. Yes?—We have not included that.

22,672. Will that not add considerably to the cost of the scheme?—We have later in our Statement suggested that the railway companies might be asked to consider the issue of specially reduced tickets to insured persons.

22,673. That, again, is rather an optimistic suggestion?—We have suggested that the patients should, as far as possible, be drawn from the areas conveniently situated in respect of each place.

22,674. In my own case, when Strathpeffer is closed in the winter, where would you send me to—living as I do in Aberdeen? I would have a considerable journey to make?—Mr. Broome suggests Harrogate, but I would say Bath.

22,675. It is the case that for a large part of the country the railway journey would be great?—Certainly.

22,676. With regard to procedure while the insured person is there, you would have him, I understand, under the attendance of some doctor?—(Mr. Roberts): That is so.

22,677. He would go on, would he not, as a temporary resident?—That is so.

22,678. How far would you supervise him otherwise? I see that you say that Approved Society members are responsible persons who are generally anxious to get better, and will do all they can to help forward their treatment. Do you think that responsible people always do all they ought to do?—Possibly not.

22,679. Do you think that everybody will do all they can in order to get better?—I am not a medical man, but, having moved amongst masses of working men all my life, I can quite understand a man suffering from rheumatism doing all he can to get better. I have a friend who has been to Droitwich, and I was talking over this matter with him two or three days ago. I am sure he would do everything that would offer a solution to his trouble.

22,680. Is he bedridden?—No; he does hobble about. My own mother suffered intensely from rheumatism, and it becomes almost an impossible thing for me to conceive anybody suffering from rheumatism who would not do everything to expedite their recovery.

22,681. Assuming you send severe cases there, they are not likely to be gadding about at night?—Quite so.

22,682. But your suggestion is that the local branches of other societies might help with regard to supervision?—Quite; that is what we suggest.

22,683. Do you think that is possible?—Yes, I think something may be done on these lines. The local branches of all Friendly Societies would be only too glad to co-operate with that intention.

22,684. Would they expect payment?—I do not think so; but that is a matter of detail which would have to be settled later on.

22,685. Would it not come to there being a sort of common agent of all societies there, appointed for the purpose?—Possibly.

22,686. To whose remuneration and expenses societies contributed in proportion to the number of people they had there?—Quite.

22,687. What length of treatment, on an average, do you think would be required in these cases?—(Dr. Fox): From three to four weeks.

22,688. In from three to four weeks after going there you think that the insured person would be sent away again?—It is found inexpedient to prolong treatment in the majority of these cases beyond 21 to 28 days at a time.

22,689. And then it is repeated the next year, possibly?—Very often. I have a point or two to make with regard to that.

22,690. But if you have a really severe case of rheumatism, can you do much in three or four weeks?—You can do a very great deal to relieve the condition. Great mistakes have been made in prolonging the treatment, because there comes a point at which the bath treatment in particular may be injurious in rheumatic cases.

22,691. What is the right treatment beyond that point?—The treatment in these cases is, in our opinion, a combined treatment, including baths, manipulations, diet, in some cases the use of medicinal waters, and in others the removal of septic foci. This combined treatment ought to be taken in spells of from three to four weeks, following which no treatment should be taken. It is necessary, in many cases, to repeat it from year to year, and well-to-do people, who are accustomed to go to spas, keep themselves well by these periodical spells of treatment.

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22,692. So that in most of the cases you have in mind it would be an annual repeat?—(Mr. Roberts): No, I do not think so. Perhaps the most important thing that we are anxious about is that, according to the statement issued by the Ministry of Health, there are many thousands of fresh cases occurring annually, and what we are particularly anxious to impress you with is the necessity of early treatment in these cases, which might mean that you would get rid of the complaint for good and all. That is the real thing we are anxious about.

22,693. You have mentioned a capitation fee. I suppose by that you mean that there ought not to be a charge proportionate to the amount of treatment, but a charge of so much per week while the insured persons are there?—Quite. As far as we have been able to learn, there have been a great number of men who have more or less been able to afford the expense of going to a spa, and they have been charged for treatment at so much per treatment. We have been advised that very often what has happened has been that, simply and solely because of their inability to pay, they have had a certain amount of treatment without having sufficient to put them right or to do them some permanent good. What we suggest is that it is really waste of time and money. We do not want a person to be at the mercy of anybody just because he is unable to get sufficient treatment. In other words, we put in a capitation grant for the purpose, so that the medical man in charge of a case should be the person to decide how much treatment was necessary.

22,694. How much would that capitation rate be?—That is really a matter to be determined later, I should say.

22,695. How many insured persons can the spas take in at a certain time?—About 1,500. (Mr. Hatton): An average of that. We reckon that the lowest figure would be 1,150.

22,696. That is in the Summer?—Yes. The seasons vary a little at the spas.

22,697. Apparently everyone wants to go to Harrogate in the Summer?—Yes.

22,698. What proportion does 1,500 represent of the people who ought to get treatment?—The figure in the Ministry of Health's Report is, I believe, 372,000.

22,699. People who are suffering from rheumatic diseases?—Yes.

22,700. But you do not suggest that the 372,000 all require treatment at spas, do you?—The Spa Federation does not suggest they are all suitable for spa treatment. I think Dr. Fox would say that not every rheumatic case is suitable for spa treatment.

22,701. We are told by the Spa Federation that they can take in 1,500. What proportion of the really essential cases does that 1,500 represent?—(Mr. Roberts): In the Statement we have submitted to you we quote the Ministry of Health's Report, which will give you an approximate estimate of the number of cases that would require treatment.

22,702. But we have just been told that all these cases do not require spa treatment, and that a great many of them can be treated otherwise. I want to know how many of the cases requiring spa treatment would be left outside in the queue?—We have had no opportunity of preparing data. There must be many thousands in the country with regard to whom it could be certified that they would be benefited immensely from spa treatment of whom the spas know nothing. (Mr. Hatton): The spas can take, on the figures we have submitted to you, 25,500 cases per year for an average of three weeks each. These figures, you understand, are without any structural additions.

22,703. I take it that this figure of the number of insured people you can take would bring your capacity up to full all the year round?—Practically that is so.

22,704. These fill in the blank periods from your point of view?—Yes.

22,705. The fact is, is it not, that on the financial side as to the amount of work to be done here, you are pretty much in the dark?—(Mr. Roberts): Yes.

22,706. That is perhaps why you suggest that the railway companies might give cheap tickets, and that the Treasury might also give something?—What we had in our minds was that we are now possibly hoping to prepare a statement that would cover the whole of the ground. We thought that if you would accept the principle of something urgent being required to be done, a proper investigation could take place as to how it could be done, and then facts and figures could be prepared. I am speaking for my own Society, and I daresay it may be taken as being for the National Friendly Societies' Conference.

22,707. (Mr. Besant): I should like to follow up the Chairman's question and apply it to this particular Society. I think you said your Society had some 30,000 odd members?—Yes.

22,708. Could you tell us how many members you think would be benefited by being sent to these spas?—We certainly think that the percentage of 17.9 that we put in would be benefited.

22,709. That is 17.9 of your total sickness; but of course I have not the figure of the total number of sick members. I take it that would be a fairly large percentage?—Yes.

22,710. Do you think it would be 5 or 10 per cent. of your members?—It would be sure to be.

22,711. Suppose we took it as 10 per cent. and say there are 700 members you would like to send off. The difficulty I see—and this is the point I think the Chairman was making—is that the accommodation available at the spas would give you about a limit of 1,500 people who could be looked after at one time?—I tried to convey the idea that if the principle of this treatment is accepted it would obviously mean that more accommodation would have to be provided.

22,712. Let us imagine for the moment that it could be doubled, so that instead of having 1,500 people being looked after at the moment you have double that. On the assumption we are making you have now some 200 or 300 people who would be benefited by being sent to a spa?—I do not say that. What I say is that that is the number of people who suffer from rheumatic complaints. It would obviously be necessary for the medical people to consider if spa treatment would be necessary.

22,713. Out of your 30,000 odd members could you give me some idea of the number that would be benefited by spa treatment?—(Dr. Fox): I would say that with regard to chronic rheumatism as it occurs in the members of this gentleman's Society, three out of ten cases would be suitable for spas or medicinal waters. Seven out of ten cases could be quite well dealt with by external treatment only in suitable clinics.

22,714. Could you tell me how many cases of this kind would be likely to exist in a Society with 30,000 members? Would there be 1,000 of those who in some form or another had this particular disease?—I am afraid I have no data to guide me upon that point. As to the proportion of the members who suffer from chronic rheumatism, it is alleged to be 17 or 18 per cent. Suppose it is 15 or 17 per cent., then I would say that three out of ten of those cases would be eligible for waters, and seven out of ten could be quite well dealt with at rheumatic clinics in the towns.

22,715. But you would say that at least 10 per cent. of the total membership of this body would be suffering in some form or another from this particular complaint. That would not be an excessive figure, would it?—I am afraid I could not say that; but 10 per cent. of the total disablement is likely to be rheumatic. We know that from the Swedish reports. 9.8 per cent. is really chronic rheumatism, and the Ministry of Health has told us the same thing in England, and probably the same thing applies to this gentleman's Society.

22,716. I am only asking you to give me an estimate merely for the purpose of illustration. Here are 30,000 people of a mixed class, as I gather, living in

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different places. Do you think amongst them there would be, shall we say, 50 or 100 who ought to go to a spa?—I think it would be very fortunate if only 50 or 100 required treatment out of 30,000. I should think it would probably be a much larger number, but I have no means of judging.

22,717. Suppose we took it as 100; that, I think, would be an exceedingly moderate figure?—Yes.

22,718. This particular Society with its 30,000 members compares, I think, with a total of some 15 million insured people, and therefore as nearly as possible constitutes one out of 500 of the insured members?—Yes.

22,719. If within this little Society you have 100 people at least who would be benefited by going to a spa and having treatment there, we have to multiply that by 500—the same proportion over the whole insured community; so that you see we have then as people who need this, and who ought to have it, 100 multiplied by 500?—I should only take three-tenths of the rheumatic cases as suitable for spas. I should take about 30.

22,720. Let me take 30 to illustrate the point I am seeking to put. You have 30 people who ought to go to a spa as quite a minimum in this particular little community of 30,000 which represents one in 500 of the whole insured population?—Yes.

22,721. Therefore, by analogy I think it is fair to say that your 30 in this Society would be multiplied by 500 to get a minimum statement of the number that would be benefited by spa treatment. 30 multiplied by 500 means that you have at this moment accommodation for only one-tenth of the people who ought to have this treatment and get the benefit from it. Is it possible in the spas of this country to multiply the accommodation by 10?—At all events it could be very greatly multiplied I feel sure. We have in England, of course, only a few places. I have here a memorandum on spa treatment of rheumatic affections in insured persons in Germany. These are distributed over 10 or 15 German spas and they get special terms. In certain cases the Friendly Societies have erected special Institutions for their patients in the German spas. We cannot do anything on the same scale, but we have four or five types of spas which are specially suitable for rheumatism. Droitwich was mentioned just now. Very much more could be done at Droitwich. Perhaps it could be increased tenfold.

22,722. It is humanly possible to multiply the spas or the amount of waters by 10?—Yes.

22,723. And then in that way you would have more or less sufficient for the whole community?—I would

not despair of it at all. There was another point that was raised with reference to the relapses of rheumatic patients. It is well recognised now that a large number of these chronic patients are only relieved by this form of treatment. For example, in the Devonshire Hospital at Buxton there is a very small proportion of cures year by year, but a very large proportion are relieved. I wanted to point out that that corresponds with the treatment of well-to-do people at the spas, and that, as I said just now, three or four weeks' treatment very often keeps people going, and enables them to continue at work. Moreover, we find medically that the prognosis of well-to-do people suffering from chronic rheumatism is very much better than that of poor people, because on the whole these poorer sufferers have no treatment available for them, and they come out of Poor Law infirmaries or general hospitals and become gradually crippled in a manner which we consider is quite preventable in a large proportion of cases. A certain number of these rheumatic cases, if I might say so, are cured out of hand by treatment at an early stage. We have a very large mass of chronic rheumatism, some of which can only be relieved by periodical cures. Judging from our experience of well-to-do people, the periodical cure does keep the greater proportion of these people fit for work. I should like to put in a note I have drawn up, including a statement from Germany, which I only got on Saturday, from the Chief Secretary of the Balneological Society in Berlin, which has been going on for 50 years, and has a large membership. He has put together a short reply, showing the methods of treatment followed in Germany in these cases.

22,724. Could you put that in?—Yes, I will do so. I might also add that the International Society of Medical Hydrology has been very much impressed by the publication of the British and Swedish reports, and that following on them they appointed a Committee on rheumatism, consisting of representatives of the Northern Nations of Europe, because the Northern Nations of Europe have the same disability. They are troubled with rheumatism far more than the Southern Nations, and our Committee is studying the question with a view to proposing definitely practical methods of treatment for the prevention of disability by rheumatism. What I venture to say is, with the authority of this Committee, that seven-tenths of the chronic rheumatic cases are not suitable for treatment with waters, and can be handled quite well in clinics in the great centres of population.

NOTE ON THE TREATMENT OF CHRONIC RHEUMATISM IN INSURED PERSONS By R. FORTESCUE FOX, M.D., F.R.C.P., Chairman of Council of the International Society of Medical Hydrology. Formerly Physician at Strathpeffer Spa, and one of the founders of the Mineral Water Hospital there. Original Member and late President of the British Balneological and Climatological Society. Editor of the "Archives of Medical Hydrology," and Author of "Physical Remedies for Disabled Soldiers," 1917, and numerous papers upon the treatment of chronic disease by physical methods.

Long experience of the various methods of treatment of rheumatic affections at British and Continental spas.

Following the reports of the British and Swedish health authorities on the Incidence of Chronic Rheumatism in Insured Persons, the International Society of Medical Hydrology appointed a Committee on Rheumatism to report upon the best methods of treatment for disablement by rheumatism in the northern countries of Europe.

The Committee is not responsible for the recommendations now before the Royal Commission, but wish to support the substance of these recommendations in the strongest manner.

The case for more systematic treatment of these crippling diseases rests upon the following considerations:—

1. The existing treatment of chronic rheumatic affections fails to cure, or even check, the disorder in a large proportion of cases. Many of the poorer

classes have no treatment but occasional visits to Poor Law Infirmaries and General Hospitals. Much quite preventible crippling thus takes place.

2. The results of treatment of the same diseases in well-to-do persons, who frequent the spas, are much more favourable, both in joint cases and non-articular cases (adopting the classification of the Ministry of Health).

3. In the mineral waters hospitals, such as the Devonshire Hospital at Buxton, there is a small proportion of "cured" cases and a much larger proportion of "improved" cases. Many insured persons return year by year to such hospitals, and though they may not be cured this annual treatment "keeps them going" and enables them to work. The same is true with better-class rheumatic patients frequenting the spas.

4. At hydrotherapeutic establishments and out-patient clinics the results of treatment of rheumatic affections compare favourably with those obtained at

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[Continued.]

the spa hospitals (see account of the Clinic at Amsterdam, "Lancet," July 11, 1925).

CONCLUSIONS.

1. That a large proportion of the disablement in chronic rheumatism could be prevented, and insured workers returned fit to carry on if given special treatment (periods of 3 to 4 weeks).

2. This treatment ought to be a "combined" treatment, including baths (local or general), manipulations, diet, in some cases medicinal waters, in others removal of septic foci, etc.

3. In view of the great variety of rheumatic affections, the Committee on Rheumatism consider it essential that investigation of industrial cases should be combined with treatment. It is probable that the knowledge of the causes and treatment of chronic rheumatism would be thereby greatly increased.

4. The treatment of these cases ought to be directed by specialists. Rheumatism is sometimes aggravated by the injudicious use of baths.

5. Chronic rheumatic cases may be divided as follows: Say three-tenths would be benefited by medicinal waters and treatment in a spa hospital. The other seven-tenths do not require medicinal waters, and can be best treated by external methods in clinics for Rheumatism in the towns.

6. A large number of cases of chronic rheumatism, especially the arthritic cases, cannot be completely cured in the state of existing knowledge. But the great majority of such cases would be benefited by an annual course of treatment at a spa or clinic.

7. A note on the treatment of insured persons in the German spas is appended.

NOTE ON THE TREATMENT OF RHEUMATIC AFFECTIONS IN INSURED PERSONS IN GERMANY.

Views of Professor Hirsch, Secretary of the Balneological Society in Berlin, 30 June, 1925. In answer to our questions re the treatment of rheumatic insured persons at the German spas, (1) whether any special arrangements are made with spa authorities, (2) whether the insured persons have any special institutions or sanatoria at these spas, Dr. Hirsch states:—

[In Germany during the War period and post-War period (and "hunger blockade") the number of tuberculous patients has increased. So that the word has been "fight tuberculosis." The health resorts and spas have also recently given much care to those who have suffered through the War by wounds.]

As regards *rheumatic and arthritic cases*: Dr. Hirsch considers that it would be of enormous value to industry if these cases could be adequately treated at spas.

There is one spa institution occupied with the treatment of Rheumatism. It was founded (1911) by the Insurance Organisation of the Rhine Province. This has 350 beds, with Dr. Krebs Medical Director, a well-known authority in rheumatic illnesses. At present, owing to special needs, this Institution does service for other illnesses as well. Generally speaking, the German Committees for Social Insurance cannot at present run special institutions at the German spas. As a rule, therefore, they have arrangements with the spa management and with the sanatoria and spa hospitals, which enable them to send patients at reduced charges.

1. The *Berlin Insurance Committee* (embracing a large area) may be regarded as an exemplary one. It sends only those cases which have not become irreparable (incurable). These rheumatic patients are treated by *Moor Baths*, under the local medical

man, and preferably at *sanatoria*. This Berlin Committee, however, does not claim success for such treatment in every case.

2. The *Berlin (City) Insurance Committee*, which was much interested before the War in treatment by baths, states that it acquired for insured persons the Iron and Moor Baths in Doberan in the Province of Mecklenburg.

3. The *special Society of Bricklayers* has a Moor Bath at Polzin, and also has its own institution at Bad Kudowa and Bad Hinsberg. The Bath Management at these places makes a reduction in the price of Moor Baths when treating insured rheumatic persons.

4. The *State Insurance Institution for Clerks* states that in organising its general treatment arrangements, it made special provision for the arthritic and rheumatic patients of its district. Their treatment takes place in selected bathing places which have for decades been frequented by private patients for the same complaints. These are Elster, Kreuznach, Landeck, Nenndorf, Pretzsch, Wending, Weisbaden and (in combination with cardiac cases) Altheide, Kadova, Kissingen, Nauheim, Orb, Salzflun. This State Insurance Institution has sanatoria of its own at these spas. The members have long considered it of great value for insured rheumatic patients to have at these spas the best possible sanatorium (i.e., resident) treatment, and be under the constant observation of doctors who have at their disposal all the necessary means for a successful treatment.

22,725. (*Miss Tuckwell*): Is there any other country besides Germany in which the insured persons make use of this special treatment provided for insured persons?—The Friendly Societies in Italy make use of the Spa Treatment for rheumatism, and in Ozecho-Slovakia a great deal was done during the war for rheumatic people at Pistyan.

22,726. What about Sweden?—In Sweden they have just started a special hospital for rheumatic people. In Holland, where they have no waters, they have opened a clinic in Amsterdam, which is doing very good work.

22,727. (*Chairman*): Are there any more waters which are not being used at the present moment, or have you made use of all the possible spas?—We have a good many sources which have not been properly used.

22,728. Is there anything you would like to add?—(*Dr. Fox*): Our Committee on rheumatism has a very strong feeling that if the treatment of industrial rheumatism is taken in hand in a serious way it ought to be combined with investigation and research. That is rather an important point, because it means that the clinics, whether at the spas or at the great centres, ought to be under special direction. We think that the number of rheumatic diseases is so various and ill-defined that it would probably add very much to our knowledge as to the causes of rheumatism and the treatment of rheumatism if these groups of industrial cases were properly investigated at the clinics.

22,729. I suppose there is a good deal of room for research and further knowledge in this matter?—There is a very great need for it, and this is a very great opportunity. (*Mr. Hatton*): May I say on that point, at two or three of the larger spas a good deal of research work is being done now, with which you are probably familiar.

22,730. By medical men attached to the hospitals?—Yes, and by trained analytical chemists; and very often under difficulties at these small hospitals.

(*Chairman*): We are very much obliged to you, gentlemen.

(*The Witnesses withdrew.*)

Miss M. A. HILBERY called and examined. (*See Appendix XCVII.*)

22,731. *Chairman*: You are Miss Hilbery?—I am.

22,732. And you have come to give evidence on certain points in connection with the administration of Health Insurance?—Yes.

22,733. I gather from the statement you have put in that your evidence falls under two headings. In the first place you wish to draw attention to certain abuses under the Act, and, secondly, there are certain

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[Continued.]

matters relating more to an amendment of the Act; is that not so?—Yes.

22,734. In the first part you specify four different kinds of things which happen in connection with the work carried out by the agents of Approved Societies?—Yes.

22,735. Can you tell us, first of all, whether you have in mind any particular kind of society?—I have found that the Prudential is one. I must tell you that I lectured for the Act before it came out; that I took a keen interest in National Health Insurance; and that I took an appointment under the Prudential to see how the Act was administered, knowing that it was to be administered for poor people who were unable to look after themselves. In the course of my work I found other societies not doing as they ought to do.

22,736. How long were you with the Prudential?—5½ years. I resigned when I had sufficient information and I had seen the way the Act was being administered. The first thing that struck me was that no work was to be done.

22,737. Do you mean no work by the agents?—No work by the people who were on the funds—the sick people. You will understand that poor people are obliged to do a little work if it does not interfere with their health. For instance, they can wash up a cup and saucer; but a patient of mine was told that she must not wash up a cup and saucer.

22,738. Were you a sick visitor?—Yes. I paid 500 or 600 visits every month, and I visited them for 5½ years, and I know a large number of people. I found that they were not to do any work inside or outside the house; but that was altered to the condition that they were not to follow an occupation. Of course, "follow an occupation" meant for money. It did not mean that they were not to be occupied.

22,739. Are you not confusing two things? Firstly, in order to qualify for benefit a person, under the Act, has to be incapable of work, whatever that may mean. Moreover, under the Act, an insured person, while in receipt of benefit, has to comply with the regulations laid down as to behaviour during illness?—Yes. They were not to follow an occupation inside or outside the house. Washing up a cup and saucer is not following an occupation. Therefore they should not be forbidden to do work which does not in any way retard their recovery, if it is not an occupation.

22,740. Can you tell me what the rule of the Society was with regard to behaviour during sickness?—It was simply not to follow an occupation. My second observation was that for a time benefits were paid, and I was quite pleased that benefits were paid, punctually and properly; but after a time a new regulation was made, that they were not to be paid until they were visited by me.

22,741. (*Miss Tuckwell*): That is a regulation of the Prudential?—Yes, that is a regulation of the Prudential. You will understand that, with a large area, and visiting numbers of people, you cannot get round very quickly.

22,742. (*Chairman*): Do you know how many visitors the Prudential has?—In Brighton, one. When I was there I did more than Brighton. I had Kemp Town and Hove too at one time. They are very large areas to cover. But I never delayed visiting the people, because I wanted them to have their pay when it was due. Not only did they not give the pay when I had visited the people, but they kept it back for weeks and even months afterwards. Now I think you will want a little proof of that. Am I allowed to put in an official document? You will understand that I do not want to do anything that is wrong. I could easily tell you by word of mouth, but if you see for yourselves, you cannot get away from black and white.

22,743. You could let us see this?—This is the first one I take up haphazard, and I have piles and piles of them.

22,744. Are these forms belonging to the Prudential Society?—These are forms sent to the sick visitor and the agent. At the top it says: "Applications for benefit have been received in the following cases, and authority to pay benefit has been issued to the agents concerned," but when there is not authority they put "Not authorised." This one that I have before me shows that this authority came on the eighth day of the twelfth month of 1918, but the benefit was due to be paid on the twelfth day of the tenth month of 1918. Therefore that is withholding it for two months. Now the fact that this paper authorises 10s. a week for 26 weeks shows that he was in no arrears. Therefore my proof is on that piece of paper, which says that he is to be paid 10s. for 26 weeks two months after the date when he ought to have been paid.

22,745. Is that a case that came through your hands?—Yes; I visited all these cases.

22,746. What was the explanation of that case?—No explanation is ever given. I have a case here of a girl who was kept four months without her money, and no explanation was given. She was given her money in the end. My note made at the time is that in 1918 she received her money, after having been kept without it four months and after having written twice for it. There was no apology and no reason given, and she said she would transfer to another Society. There is her paper—"Not authorised." She did not owe anything.

22,747. Why was that not authorised?—They had no reason for not paying it, and they never gave any reason, although written to twice. You cannot make people give a reason if they will not. She owed nothing. She was fully paid in the end, after four months.

22,748. Was there any change of address, or anything of that sort?—No; she was a hospital nurse. She said that a good many of the nurses belonged to a different Society, and she should change.

22,749. Can you tell us, in what proportion of cases these delays occurred?—I have piles and piles of them, but I cannot tell you. I only know that I have had to put my hand in my pocket to give people food because their money was withheld. You cannot tell what it is for poor people to have a glass of water instead of milk when they are ordered milk by their doctor; you cannot tell what it is for them anxiously to look for the coming of that money when their tradespeople believe they are misinformed and will not get it and will not give them credit. The empty grate in winter time!—you do not know what it is unless you go in and see it. For us who have our dinners, and get what the doctors have ordered it is very pleasant, but not for those people who are every day expecting their money and knowing they ought to get it, but also at the back of their heads having the idea that they may be told there is a missing half year's card, or something of that sort, and they cannot get it at all.

22,750. How do you explain these occurrences?—I wrote to Mrs. Handel Booth who was at the head of the Sick Visiting Department, and told her that I had had to help people to get food, and they were complaining of delay. She wrote me back: "Thank you very much for your long and explicit letter. I quite understand that there is a little difficulty in the adoption of the new system"—which was that I had to visit before they were paid—"but I think you will find that in a short time the trouble about the delay in payment of sick benefit will be overcome. I know that there is none on your part." You will see that she acknowledges the delay in the payment. She says it is owing to the new system by which I had to visit people before they were paid. But I had sent in reports long before they got their money.

22,751. Is the suggestion that the adoption of this system caused delay?—I do not know, because I was very quick. I did not like the people to wait.

22,752. When was this system adopted?—This letter was written in 1916, when I complained, and

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at the end of 1918, when I sent in my resignation some of the people were still without payment at the proper time.

22,753. Can you say whether the Society still requires the insured person to be visited before benefit is paid?—I cannot say, because I am not visiting at the present time.

22,754. Can you say whether the Society increased the number of its sick visitors about that time?—They did not. I asked for help when I wrote to Mrs. Handel Booth, and she said I might have help, which I had, because I was then doing a large area. I had help, but it was not the delay in the sick visiting which caused the keeping back of the money.

22,755. How do you explain it?—They did not explain it, and would not.

22,756. But how do you explain it?—I will explain one case. It says here: "Payment not authorised," "payment not authorised," "payment not authorised." This woman had hæmorrhage of the lungs and she was in the infirmary for a time. Then she came out of the infirmary, and for many weeks after she came out she had nothing. I did not complain about this case, but I helped her and she got her money. I did complain at the Brighton Office about another case that went into the infirmary because they had not paid her, and I helped her. They said, "Oh, this kind of woman would go into the infirmary and live on the rates, and come out and live on us." I said in this case: "You are quite mistaken, because her son is fighting for our homes in the War and paid for her when in the infirmary. Therefore she has not been living on the rates in the infirmary, and she is entitled to her money for her food."

22,757. Was this person an inmate of a hospital?—No. She went into the infirmary because her heart was so bad that her doctor said she required special nursing and must go into the infirmary to be nursed.

22,758. Is there not a provision in the Act that benefit is not payable while a person is in an institution?—She did not ask for it while she was there. I am speaking of weeks and weeks after.

22,759. You were going to explain how these things happen. Is it, do you suggest, criminal malice on the part of the agents, or is it merely carelessness?—It is not the agents; it is the Society. The agents may not pay until they are authorised. It is the Head Office, because agents have often told me: "I wish I could get that letter to the Head Office answered and get that woman's money."

22,760. The agents are all right?—It is the Society not authorising them to make payment. My idea is that there are two results of this sort of thing. People either declare off before they are able to work because they have no food, or they get help from the Poor Relief, or the Charity Organisation Society. But they usually declare off the funds before they are well.

22,761. (Mr. Besant): I thought you said just now that one agent had a book in his pocket which had been given to him by some other agent. Surely the Head Office did not come into that particular picture. That surely was the fault of the local agent?—No. He said there was a book missing. Well, the Head Office do not pay because of a book; they pay because they have a record.

22,762. I thought you said one agent had a book and handed it over to the other, who had it in his pocket. Surely there the mischief was not at the Head Office?—Yes, it was at the Head Office, because they have a record of every person's position, and the agent could not pay until he was authorised.

22,763. But which agent?—The agent serving her.

22,764. Was that the one with the book at the end or the one with the book at the beginning?—The one with the book in his pocket at the end.

22,765. Why did agent No. 1 pass that book on to agent No. 2?—Because she was under agent No. 2, and agent No. 1 therefore no longer had any interest in her.

22,766. (Chairman): Was there a change of address?—A change of address on coming out of the infirmary.

22,767. These cases you mention are cases you came across while you were a sick visitor?—Yes.

22,768. Down to what date do these cases go?—Until I resigned, at the end of 1918.

22,769. Have you any knowledge how things are to-day?—I have not, because I have been too busy. I have not been able to make inquiries, and, besides, when people like myself left, the insured people were not visited with an idea of seeing whether the Act was administered for and not against them.

22,770. I do not want to minimise what you say, but you will bear in mind, will you not, that in 1918 the staffs of all Societies and of every organisation were down to the bare minimum?—Yes; but they need not say: "Payment not authorised," when their books showed that they ought to authorise payment. Their books were made up long before the people were paid, and it did not matter whether we had one agent or 50. As long as the benefit was not authorised they could not pay it.

22,771. I am merely suggesting to you that in a big machine like this, at the end of the War, when the staff may have been down to one-tenth or one-twentieth of the staff—?—You will see what Mrs. Handel Booth says. She does not make that excuse.

22,772. That was much earlier in the War?—Yes, but it was still going on then, and she said it was owing to the new system by which I visited them before they were paid. But long after my visits and after my reports had gone in, people I knew were not in arrear were not paid. They were not authorised to be paid.

22,773. But you cannot tell us what has happened in the last seven years?—I do not go round to see. I like to see for myself, and that is why the cases I have looked into are cases that I know about from the very beginning to the very end, and I know whether they are in arrear or not. I would not take a second person's opinion unless I looked into the documents for myself. I have not done so, and therefore I should not like to give an opinion. I mention those cases. As I tell you, I have piles and piles of them.

22,774. Are those forms issued by the Society?—These are forms issued by the Society.

22,775. Should these not belong to the Society?—No. They are never asked for. I could take a copy if I liked. It makes no difference whether you have a certified copy or whether you have the document. There is proof, as I say. It is no good making a statement to a Royal Commission if you do not give a proof, and my proof is there. Mrs. Handel Booth was the Head of the Sick Visiting Staff, and she admits that it was so.

22,776. You mentioned the case of a nurse who transferred to another Society?—No; I said she only mentioned it to me: "I shall do so." I do not know that she did. She was kept for months without her money.

22,777. She said she was going to transfer?—Yes.

22,778. Had you many cases of insured persons who transferred because of unsatisfactory service?—No.

22,779. Is not that rather surprising, in view of your other statements?—It was only because her fellow nurses were all in another Society and they got their money when they were ill and she did not. Therefore she thought they were better off in the other Society. Whether she carried it out or not, I do not know.

22,780. I should have thought that if these cases which you mention are matters of common occurrence, as you suggest, the Society would become so unpopular that it would lose all its members?—Not at all. The people are ignorant, and they think there is some cause for the delay. Sometimes they say there is a half-year's card missing. It

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has been given to the agent and it has been sent to the Head Office, but they have lost it at the Head Office. They afterwards acknowledge that they have it. People are kept without their money until I follow the card through and bring it home.

22,781. The point I was really on was why, in view of this position of affairs, the members do not transfer to other Societies?—I do not think that that has anything to do with it. When they have got their money they are satisfied. Some of them die and some of them go away. All sorts of things happen. Most members said that they did not think there was much difference between one Society and another and that they had policies with the Prudential. I am just going to read this to you: "In November, 1918, a member of the Prudential Approved Society received only 17s. 6d. in payment for nine weeks' illness"—now that, as you see, is not a withholding of payment altogether—"although she had been insured since the Act came out. She complained to the agent, and she informed me that he assured her that "they would be right at the Head Office," and so she felt that nothing could be done. She had only received 17s. 6d. for nine weeks, and she thought nothing could be done. I advised her not to be satisfied, but to write to the Head Office and ask why they had paid her so little. She did so. The Secretary replied that she was 23 contributions in arrear for penalty year ending June, 1917, as they had not received a first half of 1917 contribution card from her. The member then wrote to the agent who had collected this card, and found that the agent had duly sent it to the Head Office. She then wrote informing the Prudential Secretary that he was wrong. The Secretary answered that they had traced her first half 1917 contribution card, and they authorised payment of the back money. But why was the half-year's card from January to June, 1917, not entered in the Society's books in November, 1918? Agents send with the half-year contribution cards a list of them. What becomes of those lists? The Insurance Commissioners inform members that a statement of their benefit record for the year in the books of their Society may be obtained on application to the Society. But this information is worse than useless if not correct. Who is responsible? You see here is a half-year's card acknowledged by the Society to be duly sent in at the proper time more than a year after it has happened."

22,782. This is the point you deal with in paragraph 4 of your Evidence. I understand from that that you would be against the abolition of the record card. The insured persons are supposed to have a record card?—They have now, but they had not at that time. They had an insurance book, which they had to give up when they were ill. That is why they could not see the entries when they were ill, because they had to give their books up, and some had a very great deal of trouble to get them back. I do not think they give up the record cards. I retired at the end of 1918, and the record cards were issued during the second half of 1918.

22,783. On the second point, dealing with the 104 weeks, there again do you suppose that the matter is one of ignorance on the part of the agents?—How can an agent be ignorant when he must have many, many cases to deal with? 26 weeks' sick pay, and after two years' insurance the member can pay up 104 stamps and have disablement. That is a very elementary part of the Act.

22,784. Your suggestion is that the agent is not ignorant, but misleads the insured person?—I do not wish to make suggestions. I can only give you the cases.

22,785. Is not that rather against your previous suggestion that the agent wants to be kind, but is prevented by the Head Office?—There are agents and agents. I know some splendid agents. You must remember I am dealing with a large number.

22,786. That applies to every body of people which runs up to 40,000?—Some agents are good, and some are not. Some say one thing and some say another. This is another case: In December, 1917, the wife of a member insured in the Prudential Approved Society could not obtain any benefit for her husband, who had been ill at that date for more than a year. I advised her to write to the Head Office at Holborn Bars and ascertain the reason. She replied that the agent had already done so, but could not let her know her husband's position in insurance, nor when he would be entitled to any money. I urged her not to wait any longer for an answer through the agent, but to write herself. She did so. The agent received the reply which, she said, he could not let her see, stating that her husband owed seven stamps and, consequently, was not entitled to benefit. She then asked to pay them up. But she informed me that the agent replied that he could not do so. I then advised her to write to the Head Office and ask if she could pay them and to tell them what the agent had said. The Prudential Secretary replied, "We are prepared to accept arrears in respect of your husband to entitle him to benefit, and we are instructing our local representative to call upon you in reference to the same."

22,787. So in that case the Head Office put the local officer right?—The member then wrote and asked if they would allow a little from the past, as her husband had been laid up for such a very long time, and she would have paid up months ago if she had known how things stood. The agent had said that she could not pay up. The Prudential Secretary wrote, "We have instructed our local representative to proceed with the payment of your husband's benefit from the date we received arrears, and would point out that we are unable to make any payment prior to that date," although it was not the woman's fault. Thus, without appearing to be at all displeased with their agent, they paid the member from a later date than would have been the case had their agent accepted the stamps at once.

22,788. How can you explain the ignorance of the agents in this matter? Or do you suggest that they are not ignorant?—I do not want to make any suggestion. I want to give the things that have come straight through me. I do not bear any grudge to anybody. They treated me extremely well, and I do not wish to infer that I have any grudge towards anybody.

22,789. What is the date of that case?—December, 1917.

22,790. And when was the provision made about qualifying for disablement benefit? That was not in the original Act?—Yes they could always pay up 104 stamps. These are only six cases that I have here, but I must tell you that they involve little short of £100, of which the people would not have had one penny but for me. I want to read you another case: "The following is another example of the Prudential Management attempting to take advantage of a young member having been prevented by the agent from qualifying for disablement benefit at the earliest date by refusing to authorise payment to commence prior to the receipt of the qualifying stamps, but they did in the end, because we wrote to them and insisted. This member and her mother stated that the Prudential agent informed them that the qualifying stamps could not be paid up, but that the member must first return to work and stamp her card while at work. That is not true at all. Until I advised the member, she was quite convinced that the agent had given her the correct information, and would not have made further effort to obtain disablement benefit. As she was in splints owing to hip joint trouble she could not have obtained any disablement benefit during the whole period of her illness if it had been true that she must return to work before she could pay the qualifying stamps. This young member's mother was advised by me to go to the

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[Continued.]

Prudential local office and ask to pay up the qualifying stamps. She did so and stated that a gentleman there replied, 'My good woman, everybody would want to do that.' She returned quite convinced that I was wrong, and feeling hurt that she had laid herself open to appearing to ask for something that she was not entitled to have. She was a coachman's wife, and her husband had been in the service of one gentleman for 10 years. Of course, I knew that it would not have been possible for the Prudential Head Office to write and refuse to accept payment of the stamps, and I could have advised her at first to write to the Head Office instead of advising her to go to the local office, but I wanted to ascertain how the Insurance Act was being administered by word of mouth, which naturally settles the matter with most members, who would be entirely unaware of any unjust treatment, or that the information given to them was wrong. I then advised the member to write to the Head Office. She wrote and asked if she might forward the stamps to them 'as I have already been informed by your local representative that she (meaning her daughter) must go to work again to get the 104 stamps. Will you kindly let me know if that is so?' The Prudential Secretary replied that the contributions should be affixed to a card and handed to the agent, whom they have instructed to call upon her in reference to the matter. Of course, they were obliged to accept the stamps; it is illegal not to do so. There was no expression of surprise or regret with regard to the agent's conduct, nor any remark to lead the member to think that they were displeased with him, nor any promise to investigate the matter; and they continued to send the same agent to her. After this delay the stamps were paid, but as the agent was authorised to start payment of disablement benefit only from the date when the stamps were actually received, member wrote and asked why they had only paid from July 19th. The Prudential Secretary replied that the 104 contributions were not completed until 19.7.17, that therefore disablement benefit was not payable until 20.7.17, that payment was authorised from that date, and that they held receipt for £2 9s. 4d. from July 20th to October 13th, both days inclusive, which was quite correct. This speaks for itself. The member's mother then wrote, 'In answer to your letter, the delay to July 19th was not my fault. I have told you that your agent said my daughter must go to work before she could pay up the stamps, and that the gentleman at the office had said everybody would want to do that. I wanted to pay them long before June 25th, 1917, when my doctor first told me I could, but your agent said he (meaning the doctor) knew nothing about it. Will you please tell me if you let your agents put me off, and then make me the loser?'

22,791. What is your suggestion in the matter?—Wait a minute. "The Prudential Secretary replied on January 11th, 1918, that they had instructed the local representative to call in reference to the matter. After much further delay the member at last wrote to Head Office and asked them to let her know whether they refused to pay disablement benefit from June 25th, as she could then decide what to do, and she reminded them that she went to the Prudential office the first week in June to ask if she might pay the stamps up and was pooh-poohed. The Prudential Secretary replied on March 6th, 1918, that they were instructing their local representative to call with reference to the matter. At the beginning of April, 1918, member was paid for these back weeks prior to the date when the 104 stamps were paid."

22,792. Perhaps you will mention briefly what you have to say under the third heading?—I have these six cases representing nearly £100, and I have the original correspondence on both sides—copies of the letters sent by the people and the replies from the Head Office. Therefore, if you want those letters put in with certified correct copies I am able to give you them.

22,793. (Mr. Besant): Does it not all come to this, that the local man made a blunder?—No. Take a person like another boy I had whose feet were both amputated, and who could not go to work. Through me the Head Office had to accept the stamps, but months later than they should have done. The Head Office did not answer the boy's letter at first. If they try to take advantage of those six months they do not pay for the whole time; but they paid him at a later date through me.

22,794. (Chairman): What is your practical suggestion as to what should be done? My practical suggestion is that the Act should not be administered against the people; that both the head office and the agents should give people the information straight away, that is to say, after 26 weeks' sickness, instead of stopping their money and not giving them any reason they should state, "You owe two stamps or one stamp, and until we receive them we cannot give you disablement benefit". Then they would send up the stamps.

22,795. You want the agents to be better instructed?—I do not want the head office to take advantage of the agent's wrong-doing. I want the head office to pay up from the date when they first ask to pay the stamps and not from the date when they are accepted.

22,796. If I may say so, there is a legal difficulty there?—What is it?

22,797. The person is not qualified under the Act for benefit until the stamps are paid?—Neither is an agent allowed not to take them. They ought to take them.

22,798. I agree. Then that is the fault of the person who is representing the society. You want him better instructed?—And the societies themselves. How can the societies expect their agents to do right if the agents see the society wants to take advantage of their doing wrong?

22,799. You suggest that that is the position?—I mean, there it is; they offer the payment at a later date, when they have been informed that the agents have prevented the stamps being paid earlier. If the agents see that the head office wish or intend to try to get a later payment than should have been made, through their having misled the members, how can we expect them to conduct themselves properly?

22,800. On the second part of your evidence, what precisely do you mean by the suggestion that insured persons should be allowed to take legal proceedings? That, I think, is the essence of your second part?—But I have not finished the first part yet, because I say incorrect entries on record cards are most important.

22,801. I thought you had mentioned that point?—No. I have mentioned missing cards, but this is wrong entries by the agents. This is accepted by the Head Office, because the Head Office wrote to Mr. Betteridge: "Dear Sir, I am in receipt of your further letter of the 30th ult., and have to inform you that even if arrears had been paid in respect of your daughter it would not have had the effect of keeping her in insurance. The agent was not justified in entering 'sick' in your daughter's record card when she was capable of work, but apparently unable to obtain same. In any event, however, this clerical error has in no way prejudiced your daughter's position under the National Insurance Act." He calls it a clerical error, but I do not. Her agent entered "sick," but he knew she was declared off the funds six months before. He had had no medical certificate for six months, and he had seen her all the time. She had tried to get light work. She was put off as able to do light work. If she had found work during the following six months she would not have paid her arrears, because weeks of sickness count as arrears when there are no medical certificates.

22,802. Who made the mistake there, the agent or the Head Office?—The Head Office calls it a clerical error. I say that every agent should know. The

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people were promised 20,000 trained men to administer the Act. Poor people do not know the Act, and the agent says to the daughter: "You have not been very well all this time." Of course she had not been. She had hip-joint disease, but she was put off the funds and was not getting medical certificates, and anybody administering the Act should know that without medical certificates weeks of sickness count as arrears, and therefore he prevented her paying her arrears.

(Mr. Besant): Was not this under entirely abnormal conditions?

22,803. (Chairman): I have pointed out that this was in 1917 and 1918?—This letter about the entry on this girl's card is 1921. They are not all the same date.

22,804. (Mr. Besant): I thought you said your evidence dated back to 1918?—My evidence as to their not receiving payment in due time, yes; but with regard to these other cases I carried on with them. This girl got her disablement money through me, which lasted two years—£28.

22,805. (Chairman): I take it that what you want is a better education for the agent?—No, I want better management at the Head Office. I do not want lost cards, and when agents do not make correct entries I want an apology. I want the people at the Head Office to express regret to the insured people to show that they are displeased with their agent. I do not want them to accept a thing as though the insured people must put up with it.

22,806. I come back to the other point. How big a question is this, because when you are dealing with five million or six million people in two Societies administered, let us say, by 20,000 or 30,000 agents, you cannot expect perfection. Mistakes must occur. How can you prevent mistakes occurring?—These agents have some hundreds of people on their books. Every one of the six cases I have placed before you has a different agent. It is very reasonable to suppose that they tell the same thing to all their people, and that the same thing goes on all over the Kingdom. I have had a letter from a member who went to Durham, and the same thing went on there. She was not allowed to pay her 104 stamps, and that is a very important point, because it is for disablement. It always means a long illness, and is the very thing that the Societies do not like.

22,807. So that you are pleading for greater efficiency?—I am pleading for justice for the people.

22,808. That is an abstract conception of justice and we want something more definite than that?—I do not want them to be misinformed, and I do not want the head office to take advantage of their being misinformed.

22,809. May we proceed to the second part of your evidence?—Let me see. That was the wrong entries on cards. I have others. You do not want to hear them all perhaps. You are satisfied that there have been wrong entries?

22,810. I think we are satisfied that mistakes do occur?—But they are not mistakes. They are not clerical errors. I say that nobody has a right to make such a mistake and put a girl out of benefits for the following benefit year. My own nephew who was in the country had returned me his arrears stamps because the agent refused to take them, saying: "It will be no good to you to pay." He meant that this man would be turned out of insurance at a certain time, but he was mistaken. My nephew transferred to the voluntary class and therefore he kept in insurance, and the effect of my sending back his arrears a second time and making the agent take them or state in writing why he refused them got him his sick pay when he was ill with a poisoned hand.

22,811. On the question of legal proceedings taken by insured persons, what have you to say about that?—I want to refer to the case of Mr. Jeffrys, an ex-soldier, whom the Society put out of insurance, and the Counsel for the Poor Persons Department advised that in his opinion he was wrongly ejected.

22,812. Did he appeal?—No, because he wanted a case stated.

22,813. Is it not obvious that a case can only be stated after an appeal?—The appeal is to the same people. The appeal is to the Society. I say that the appeal should be to an independent body.

22,814. Do not all appeals first of all go to the arbitration provided by the Society?—Provided by the Society.

22,815. Is that the end of the proceedings?—Is a man to be kept on going all over the place? Is a sick man to be treated like that?

22,816. You want more litigation, I understand. After the appeal to the Society's tribunal, is it not a fact that there is an appeal to the referees appointed by the Ministry of Health?—You say that he first of all ought to appeal to the Society. Or to arbitrators appointed under the Society's rules.

22,817. They are not the Society?—The arbitrators appointed under the Society's rules are not the Society you say?

22,818. That is so. From them there is an appeal to the Ministry of Health. That is provided under section 90 of the Act?—I take your word that that is all right. I want to say that the Prudential would not pay this man for his time in hospital before they turned him out of insurance, because they said he had not sent medical certificates. He had sent them from the hospital and his agent agreed that he had sent them. This is what the Superintendent of his agent wrote. "I understand from Mr. Tester, the late agent of the Company, that the certificates mentioned were duly received by him and forwarded to the Central Office."

22,819. I am not particularly interested in that particular case. It is a case which, as I understand—?—Of the head office saying that they had not medical certificates, but two years later they say: "Medical certificates now to hand." I say that it is wrong to say after two years that their medical evidence is now to hand. (We asked: Where did it come from and when?) and we got no answer at all.

22,820. Seeing that you have put into your evidence a statement with regard to stating a case for the High Court, I think you ought to realise the position. The insured person can appeal to referees under the Ministry of Health. At that stage the Act says that the regulations made may apply the provisions of the Arbitration Act, and the regulations dealing with the subject do in fact incorporate section 19 of the Arbitration Act of 1889, which says that any referee, arbitrator, or umpire may at any stage of the proceedings under reference, and shall if so directed by the Court or Judge state in the form of a special case for the opinion of the Court any question of law arising in the course of the reference?—I remember that.

22,821. I should have thought that as Mr. Jeffrys' case went back so many years he should have been informed of this already?—But I wanted to know if they had wrongly ejected him. The ejection was under section 13 of the 1918 Act, and he maintains that it did not apply to him because, as the Department wrote in 1919, a person may cancel his arrears, and he had cancelled his arrears. Notwithstanding that, the Society carried those arrears forward.

22,822. Cancellation of arrears does not extend insurance?—But he was an employed person only unemployed through illness.

22,823. Have you reported this case to the Department?—Yes.

22,824. Have not they told you that the course is to appeal to the referees?—Yes, but we wanted a test case as to whether the 1918 Act, section 13, could apply to an unemployed person who was temporarily unemployed. We wanted a test case in the High Court, and as this was a very clear case and the Society had acknowledged the medical certificates two years afterwards, and as it was the case that he was turned out of insurance

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for 12 months' unemployment, although on the record card and on the letter of the Department people were allowed at the end of June to cancel their weeks of unemployment, which he had done, we wanted to test whether people who gave up insurable work altogether and were given a year's free insurance were to be better treated than the temporarily unemployed.

22,825. You wanted to give your evidence that insured persons should have a right to have a case stated to the High Court without going through the procedure of appeal at all?—As a test case under section 13.

22,826. You cannot have a special procedure of that kind for one question?—As a test case on a very important point.

22,827. But there are all sorts of important points?—But the turning of a large number of people out of insurance without letting them know that they could be turned out, without any notice or without telling them that they could become voluntary contributors and without disclosing any of those facts to them by which they could have saved their past contributions—these were matters we wanted the Court to hear about and to decide upon.

22,828. You talk about a large number of people turned out of insurance. Who was turned out of insurance?—There is a large number to my knowledge turned out after 12 months' unemployment. I know that Mr. Jeffrys, being an ex-soldier, could not get into arrears, because the Government stamped his card to June, 1920, but he was turned out of insurance on the 6th March, 1920.

22,829. There are two different questions. There is the question of being in insurance and the question of having your arrears cancelled?—If you cancel arrears why should they be carried forward in the case of an unemployed person looking for work? They are not cancelled if they are carried forward. If he got work they would have been cancelled. It is only a matter of whether he could get work or not, which is very unfair. Some of the people got work in the year and some did not.

22,830. You mentioned towards the end of your statement the insured population, according to a statement of the Ministry of Health, as being 12,500,000, and that in Parliament, according to the discussion on the 1918 Act, the number was 15 millions and you suggest that 2,500,000 difference represents what you called the ejections under Section 13?—Yes; that may not be correct; that is only a surmise.

22,831. Do not you think it is obviously on the face of it glaringly incorrect? I suggest to you that the publication of the Ministry of Health refers to the population of England only, that the 12,500,000 refers to England alone, while 15 millions represents the insured population of England, Ireland, Scotland and Wales?—I agree that my statement is incorrect, but I do know of a large number of people personally who have been ejected from insurance for 12 months' unemployment, and we wanted to test whether they could come under section 13 of the 1918

Act and be so ejected. We understood the people who were given a free year could not be the unemployed who were insured from 16 to 70. They could not be given a free year's insurance, because they were insured. It was only the people who gave up insurable work.

22,832. The free year applies to people who stopped working?—No; it was not free. They had paid for it and also were entitled to be in insurance. There was a free year's insurance to people who had given up insurable work, and before the 1918 Act they went out of insurance the very day they gave it up. Under section 13 they were given 12 months. That is what Mr. Locker-Lampson termed in Parliament a surrender value meaning to those who would have gone out the very day they gave up insurable work. But there is no surrender value by taking away the insurance from the unemployed. They get no surrender value. You understand the treatment is wrong altogether, because weeks of sickness count as contributions for the unemployed and they do not count as contributions for those who give up insurable work. They only extend the free year. We wanted to test it in Court. I was going to take it through, and the Poor Persons Department were only blocked by not having a case stated. I should have thought the Ministry would have liked that course to be taken and to know if they were acting legally or illegally under section 13 of the 1918 Act.

22,833. The Ministry have not had a chance. They have to have an appeal first?—Yes. I want that altered.

22,834. (*Mr. Besant*): I should like to get the Chairman's statement complete. You were in the middle of a sentence indicating to us that the 12,500,000 and the 15,000,000 are not homogeneous?—I have said I was incorrect. I only said that was a suggestion of mine. Of course, I have no proof. I want to add that the agent of the National Amalgamated Society said that a lady who had been ill could only have 26 weeks sick pay and no disablement, and she had paid more than 104 stamps, was in no arrear, and had been insured four years. I told her to write to headquarters and at headquarters they were obliged to allow it.

22,835. (*Chairman*): You refer to that case in your evidence?—Yes. She would not have had any money. Then I must tell you about my niece. By section 13 of the 1918 Act people who gave up insurable work were allowed a free year. My niece gave up War work and, therefore, she was allowed a free year, but she did not know it.

22,836. We are obliged to you.—Have I proved all the points I have sent in because I have plenty more proof?

22,837. If we want any further proof we will write to you for it. I think you have dealt with all the points set out in your Statement, or at least all the points on which we desire comment.—I wish to say that I should not have taken up the work if I had not been enthusiastic, I should never have lectured for the Act if I had not believed in it, and I want to be quite sure that it is administered for and not against the people.

(*The Witness withdraws.*)

FORTIETH DAY.

Thursday, 16th July, 1925.

PRESENT:

LORD LAWRENCE OF KINGSGATE, in the Chair; later SIR ARTHUR WORLEY, C.B.E.

THE RT. HON. SIR JOHN ANDERSON, G.C.B.
SIR HUMPHRY ROLLESTON, BART., K.C.B.,
M.D., P.R.C.P.
SIR ANDREW DUNCAN.
MR. A. D. BESANT, F.I.A.
MR. JAMES COOK, J.P.

MR. JOHN EVANS.
PROFESSOR ALEXANDER GRAY.
MR. WILLIAM JONES.
MRS. HARRISON BELL.
MISS GERTRUDE TUCKWELL.

MR. E. HACKFORTH (*Secretary*).

MR. J. W. PECK, C.B. (*Assistant Secretary*).

Mr. HENRY LESSER, called and examined. (*See Appendix XVIII.*)

22,838. (*Chairman*): You are Mr. Henry Lesser, Vice-Chairman of the Insurance Committee for the County of London?—(*Mr. Lesser*): I am.

22,839. I see that in certain parts of your evidence you express your concurrence in the views already expressed to us by the Federation Committee of the English, Scottish and Welsh Associations of Insurance Committees. May I take it that on other points, unless the contrary is stated, you are in general agreement with the evidence we have already received from them?—No, Sir.

22,840. I understand that you contend that the problems with regard to the administration of medical benefit are in certain respects peculiar to the County of London by reason of the large number of insured persons who are there resident?—Yes.

22,841. Can you explain to us why the number of insured persons in London has apparently diminished since 1921?—Prior to 1924 the Central Clearance of Index Registers was in operation and the resultant reduction of the counts of those registers was not effective till that year when it amounted to some 188,000, and, of course, there has also been a gradual reduction due to war workers ceasing to be entitled to benefit, and to the slump in employment, and to the tendency of workers in the county to reside beyond its limits.

22,842. Am I right in assuming from your statement that you regard the arrangements made for the administration of medical benefit as being generally satisfactory?—Yes.

22,843. And you consider that the Insurance Committee fulfils a useful function in connection with the administration of the benefits with which it is entrusted?—Certainly.

22,844. I observe that there are eight Sub-committees of the Insurance Committee. Do you consider that each of these sub-committees has responsible work to discharge?—Yes.

22,845. Your opinion is that the scope of medical benefit should be extended to what you call an adequate general practitioner service. By this I understand you to mean, amongst other things, that an insured person should be entitled to receive from his panel practitioner any treatment which that practitioner is in fact able to give?—The Commission will notice that our recommendation for a complete general practitioner service goes hand in hand with our recommendation that the medical service should be extended. We think that much of the prejudice against the panel service to-day in London has arisen from the fact that the panel doctor limits his treatment to the standard defined in the regulations and will not go beyond it unless the insured person pays a fee. In other words, the insured person is entitled

only to such of his doctor's skill as will fall within the four corners of the departmental definition. We think that is bad both from the point of view of the insured persons and, with much respect, of the medical profession itself. We are advised that medical education to-day provides for the training of students in various special branches of knowledge such as throat, nose and ear, etc. Accordingly it is our view that under the present system the insured person is denied the benefit of such special knowledge as the practitioner may possess unless he pays a special fee. We think the superior skill of the panel doctor might well, and indeed should properly, form an important element in the choice made by the insured person of a particular doctor, and that a doctor who has taken the trouble to get better knowledge or skill than another should, as in other professions, stand a better chance of succeeding in competition with his fellow practitioners. If, however, a specialist service as such is set up, then we suggest that any general practitioner who desired to receive payment for specialist services should be recognised by an authoritative body as a fit and proper person to render such service before giving treatment, and not after giving it as at present. The procedure now is for the panel doctor to perform the operation or give the special treatment and then to give notice of the fact to the Insurance Committee; the Insurance Committee refer it to the Local Medical Committee; the Local Medical Committee thereupon consider the qualification of the doctor who performed the service, and then decide whether it is within or without the scope of the definition. The position is curious. The Local Medical Committee may decide that the doctor was not qualified to perform the operation, even though it may have been completely successfully performed, or in other words they may say that the operation was within the scope of the medical service. On the other hand, they may decide that having regard to the doctor's qualifications—not to the nature of the service—he was competent to perform the specialist service. You then have this anomalous result, two services similar in character are performed by different doctors: one doctor has had special training, and the other has not. In the first case the service is held to be without the scope, and in the second it is held to be within the scope. In any event the poor insured person has submitted to the operation and it is left to the Local Medical Committee afterwards to say whether the doctor was competent to perform it or not. Obviously, we suggest, there is something wrong about that. For these reasons I repeat that our suggestion is that a doctor practising as a general practitioner should do his best for his patients without extra charge irrespective of the

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[Continued.]

nature of the service, so long as he is competent to perform it. He ought not to practise among insured persons both as a general practitioner and as a specialist at the same time; but, if a specialist service is set up under the Act which would entitle the insured person to treatment without extra charge, then a man who is normally a general practitioner could be officially recognised as a specialist in certain branches of work before he is allowed to render that service and to charge a fee for it.

22,846. (*Sir Humphry Rolleston*): With regard to the premises, you say you are advised that doctors have to take a compulsory course in special departments?—Yes.

22,847. When did that come into being?—We are advised that that was laid down in the regulations of the General Medical Council for 1924.

22,848. So that your suggestion would not be applicable till five or six years from that date?—It might not be, Sir, but we do not limit our case to that part of it alone. We say it is a fact that large numbers of general medical practitioners have acquired knowledge in special branches, and practising in industrial areas, as they do, they give that service and are known to be able to provide that service to the uninsured population, namely, to the other members of the family of the insured person. This is an important matter, and I am very anxious to put it clearly to the Commission. Our point is that whilst the general practitioner holds himself out to be such and practises under the Insurance service as a general practitioner he should give the best service to the insured person, and that the line should not be drawn too closely by some form of definition, that there should be a margin which would allow of this so-called special service.

22,849. So that you have got a double premise: the latter one is all right, the other one does not apply very much at present?—We are looking forward to the future, Sir, and to the recommendations of this Royal Commission.

22,850. (*Chairman*): If there was a doctor with specialist qualifications on the panel, would you require him to place at the disposal of his insurance patients all his skill without any extra remuneration?—Yes, at the present time; not necessarily if there was a specialist service or an extended service in the sense we have suggested.

22,851. You suggest in paragraph 14 that there should be some restriction on the right of qualified medical practitioners to be included on application in the panel list. Do you not consider that this would give rise to considerable difficulties?—No. The Committee's view is that they do not anticipate that the restriction on the right of a doctor to be placed on the medical list would create any difficulty. The position of the doctor appears to be adequately safeguarded in that the Insurance Committee could refuse an application only after consultation with the Panel Committee, and if the decision of the two bodies were unfavourable to the doctor he would still have a right to appeal to the Minister of Health.

22,852. Presumably the Insurance Committee would be under no obligation to state the grounds on which it considered it to be desirable that any given practitioner should be excluded from the list?—It is submitted that the Committee would be under no obligation to state to the practitioner in informing him of their decision the grounds of their refusal to accept his name for inclusion in the medical list. These grounds would, however, have to be disclosed to the Minister in the event of any appeal.

22,853. In paragraph 16 you express the view that the existing limit on the number of insured persons who may be accepted by a practitioner is still too high. That limit, of course, is, as you state, not absolute but may be reduced by agreement between the Insurance Committee and the Panel Committee. Have you endeavoured in London to secure such

agreement and, if so, have you been able to agree to the adoption of a lower limit?—No, Sir, we have not secured any agreement in London. We feel that our view as a Committee is a little in advance of that of the Panel Committee. The Panel Committee—we say it without offence—in London has taken on most matters connected with the service a somewhat conservative professional view, and we endeavour to represent the lay view as it emerges from the discussions that take place from time to time in the Insurance Committee.

22,854. Are the medical men in the Insurance Committee associated with you in this evidence?—Yes. I would like to say at this point, Sir, that the Statement of Evidence was submitted to a special meeting of the whole Committee and thoroughly discussed.

22,855. What lower limit to the size of a doctor's list do you suggest should be adopted for the country as a whole? You no doubt realise that when regard is had to the number of insured persons and the number of doctors in any area it may not be possible to determine a number which will be universally applicable to the whole country?—The Committee realise that the question of any limitation of lists is not free from difficulty. It might be that a lower limit than 2,500 would cause some difficulty in other areas, but in this respect it is suggested that the Minister should reserve power to increase the limit in any particular area in which the circumstances rendered such a course necessary or desirable.

22,856. Even in the case of London, I suppose it may be possible that if a substantially lower limit than 2,500 were fixed, difficulties might arise in certain areas where the number of doctors is not wholly adequate?—It is not anticipated that any difficulty would arise generally in London if the limit were reduced. It is thought that one advantage which would accrue from such a reduction would be to attract into the service young practitioners as they would be thereby afforded a better opportunity of securing a livelihood in that there would be a better prospect of working up a practice.

22,857. Do I understand the suggestion contained in paragraph 17 to be this, that if a doctor accepts insured persons beyond a certain number he should nevertheless receive no remuneration in respect of those whom he may have accepted beyond that number?—Yes.

22,858. I am not sure why you make the suggestion and why it would not be equally effective and more simple to refuse permission to accept beyond a certain number?—As a matter of fact it is not at the present time a very simple matter to arrive at the maximum number on a doctor's list. The figure of 2,500 is really a fictitious or notional figure because of the methods laid down in the allocation scheme of arriving at that number. What is done shortly is this. We have to take the total sum available for medical benefit in each area. It is known as the areal pool. We then ascertain the aggregate number of units of credit, as they are called, on the doctors' lists in that area. Those units of credit consist of the number of persons actually on the doctors' lists subject to certain adjustments which are made for temporary residents, limited lists and additional credits to certain doctors, and so forth. We then have to divide the sum available for the area by this aggregate number of units of credit, and the resultant figure is the basis upon which payment is made to the individual doctor. That is to say, we multiply that figure by the actual number of units of credit on the individual doctor's list. When we have arrived at that figure we divide it by the nominal capitation rate for the quarter which, on the basis of 9s., would be 2s. 3d., and if this result is in excess of 2,500, an adjustment has to be made in the number on the doctor's list. The result works out, to give a concrete case very briefly, something like this: let us assume that the area capitation rate arrived at in the manner I have indicated is 2s. 4d. The maximum figure for a doctor with 2,500 units of

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[Continued.]

credit would be 2,408. If the area capitation rate were 2s. 2d. it would be 2,593. The area capitation rate cannot be determined till the total of the units of credit of the practitioners in the area for the quarter has been ascertained, and the rates varies from quarter to quarter. It takes a considerable time for us to arrive at that figure. Then the duty is laid on the Insurance Committee to require the doctor to reduce his number to the maximum if on this basis of computation it is in excess of the maximum; and there as an Insurance Committee we find ourselves in difficulty because according to the allocation scheme—and I am quoting now from paragraph 7 of a form known as "M.C.2, Revised January, 1924"—the duty laid on the Insurance Committee is stated as follows: "If he has not within two months of the date on which the excess is discovered brought his list within the limit fixed the Committee may take action in the manner provided in paragraph 6 of this clause"—which is to bring the case before the Allocation Sub-committee—"and remove from the list the necessary number of names, the selection of such names being at the discretion of the Allocation Sub-committee." Our officials have been a little anxious about that because they are concerned to know how far the auditor would be disposed to surcharge the Committee if they pay in excess of the number, and they have not been able to carry out this obligation as it appears and, therefore, it is not an easy matter in the first place to arrive at the number. We do not take the actual number of persons on the doctor's list and we, therefore, think as we proceed now on a basis of payment it would be easier for us to do this: where we know a doctor has more than 2,500 units of credit on his list—and we can ascertain that pretty quickly—we say it would be much better and simpler if we could pay that doctor on the basis of the capitation fee itself of 2s. 3d. a quarter for the maximum number only. If there was any excess thrown into the general pool then that, of course, would be divided amongst the other doctors. We further think it would have this effect, it would be an inducement to the doctor himself to keep his list correct as nearly as possible and, therefore, we make this recommendation. Although, as put here, it might appear that the doctor would not get payment for people on his list, yet taking into account the fact that these lists at the present time are very largely inflated, it would as a matter of strict justice be properly dealt with. I hope I have made that point clear.

22,859. I observe that by agreement amongst the parties concerned the capitation system of payment was adopted at the outset in London. Has this method of payment given general satisfaction or have there been suggestions that payment should be made on some alternative system, such as, for example, the method of payment on attendance?—The question has been raised from time to time in the appropriate Sub-committee, which would in the first place consider a matter of this kind, but it has never proceeded further. Generally we are of the opinion that the present system on the whole for London is a favourable one. We understand, too, that the doctors object to any other than the present system, and we have no great desire to depart from it.

22,860. Have you found any inconvenience arise from the type of case to which you refer in paragraph 23, that is to say, where a doctor who lives in Kew carries on a practice in Stepney?—Yes, we have quite definitely. Complaints have been made to the Committee that a doctor is not available. Of course we require the doctor to make arrangements for a deputy, but we hold that that is not really the kind of service which the doctor undertakes to give, which is personal service if it is required by the insured person. We think in that connection that the distance at which a doctor may reside from his surgery should be defined by the Ministry by regulation. We think also there should be a requirement for the doctor to instal a telephone so that telephonic

communication could be made with him if necessary. We have a number of surgeries where I am surprised to find that there is no telephone installed.

22,861. We have noted the interesting account which you have given of the work of the Medical Service Sub-committee. I observe that the Medical Service Sub-committee held 34 meetings during the year 1923-24. In an area so large as London there must be more or less constant work for this Sub-committee?—Yes.

22,862. Do you in fact find that one Committee is sufficient to undertake the work?—Yes. We recently, for instance, fell into arrears as a result of an unfortunate dispute that arose, and we set up two Committees with a view to recovering the arrears. The additional Committee functioned for three months and wiped off all the arrears.

22,863. On the whole you consider that the Medical Service Sub-committee works well, but it is your opinion that there would be advantage if it had greater powers in securing the attendance of necessary witnesses and of taking evidence on oath. Would you care to enlarge on this point, explaining the difficulties with which in fact you have been confronted?—We do consider that the Medical Service Sub-committee works well, but we often find that we get conflicting evidence, and we are of opinion that if we had power to administer the oath it would give to the proceedings an atmosphere of solemnity which would impress witnesses with the need of being careful of the truth. To show you how difficult it is and how it works out in practice, I should like to take advantage of your kind suggestion to enlarge on the point somewhat, because we feel it has led to a great deal of misunderstanding on the part of the public generally, particularly in the Press. We sometimes get before the Insurance Committee on report from the Medical Service Sub-committee cases which appear to us of a very grave character—the insured person may have died, for example, as the result of treatment—and we feel that the facts ought to be inquired into under conditions more deliberate and suitable than those which are available to the Medical Service Sub-committee. We are sometimes obliged for that reason only to alter the recommendation of the Medical Service Sub-committee, and to say that representations should be made to the Minister in order that a full and formal Inquiry on oath, where both sides can appear by Solicitor and Counsel and the most expert opinion can be brought on the case, may take place. It is not that we know that the case is so serious that, for example, we are in fact prepared to suggest that the continuance of the doctor's name on the panel would be prejudicial to the service; it is rather that we want the truth arrived at in a case which appears very grave. Two cases of that kind arose recently. One was a case—the Commission may recall it as comment was made on it in the public press somewhat widely—of diphtheria, and the fact was reported to us that the doctor had not taken a swab. We get various opinions, we are laymen, and some of our medical members of the Committee say that it is a conventional and recognised practice of medical men to take a swab, and others are of a different opinion. We had one experienced doctor tell us, for instance, that in his hospital it was the rule to take a swab, but in his own personal opinion there was nothing much in it. We are all familiar with the individualistic character of members of the medical profession and we respect it, but at all events it became clear that it was the rule in that particular hospital to which that practitioner himself was attached to take a swab in such cases. That was a very grave case, and the man died. We as laymen naturally were impressed by that, and we thought that representations ought to be made in order that the matter might be enquired into. As the result of that Inquiry we were told that the case ought never to have been brought. Nevertheless the Minister imposed a fine and made it clear that he did so

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because the service given did not come up to the standard which the doctor had contracted to give. There was another case—I need not go into the details of it—of appendicitis, and again the man died, and in that case the Committee thought there had been gross negligence. After inquiry it was held there was not gross negligence but that there were certain unfortunate circumstances in it, and again the doctor was fined. The press, commenting upon that, say that it is contrary to our constitutional methods in this country, and they write leading articles on it. I should like to comment on this because it shows how misinformed even some of our leading newspapers of very considerable influence are on this particular matter. In a leading article of the "Times" of the 18th March, 1925, this statement is made:—"In these days of bureaucratic interference it is apt to be forgotten that sick men and women, equally with other citizens, have their rights at common law. It is an advantage of the ordinary Courts of Justice that they possess an altogether exceptional experience in the conduct of their business, and that their findings seldom shock the public conscience." We should like to make it clear that the issue here is not the ordinary common law issue of negligence, but it is whether or not the doctor has conformed to his terms of service, and it is on that ground that the fine is imposed. Moreover, it would render the whole administration impossible if the insured person every time he had a complaint against his doctor had to have recourse to the ordinary Courts of Justice. Therefore we hold that the present system of tribunals, which are in the nature of Conciliation Committees in the first instance, is eminently suitable to the administration of the service in the decision of these disputes, and we very much regret that influential Journals like "The Times"—and there was also an article in "The Law Journal" on the point—should be so unaware of the intention and purpose and character of the service as to make comments of that kind. Incidentally it does bring us back to the question of the oath, for we have to make these representations because we feel that we cannot let matters of so grave a character pass without a proper and full inquiry. There is also this further point. We find that when an appeal is made from a decision of the Committee, the findings of fact of the Medical Service Subcommittee and the Insurance Committee are disregarded altogether and the case is re-heard, and when the case is re-heard there are statements made which were never made before the Insurance Committee and yet it is the decision of the Insurance Committee which is under review. In the result it might have this very lamentable effect. It might give the appearance, where the statements differ largely from those made before the Insurance Committee, of the Committee's decisions being overruled in a large number of cases and so point to inefficiency or inadequacy of service on the part of the Insurance Committee, which in fact was not due to any fault of their own but due simply to the fact that there was no guarantee that the statements made before the two tribunals were the same. We have no protection of any kind against that, and we think that the Scottish system, which does allow evidence on oath, is preferable to the system in England, and we should like to see it adopted in this country.

22,864. Do you find any difficulty in connection with the work which falls to your Committee in the administration of the benefits of members of the Navy, Army, and Air Force Fund?—No, Sir.

22,865. How much does this branch of your work represent?—An inconsiderable part of it. I could give you figures if you desire them, but I take it you do not.

22,866. No. I gather that in principle you are in favour of dental benefit being made one of the statutory benefits of the Act, but you are of opinion, are you not, that there would be some advantage, from the point of view of gaining further experience,

in leaving the present position undisturbed whereby this benefit is administered as an additional benefit by Approved Societies?—Yes.

22,867. (Professor Gray): Mr. Lesser, on the question of the extension of medical benefit, putting aside the question of an extension later through other means, do you not see considerable difficulty in the way of your suggestion that a panel practitioner should give to his insured persons the utmost skill of which he is capable?—I can quite imagine that there might be objections to it, but I do not think they would be well founded, especially having regard to the system which is at present in operation in Manchester.

22,868. Do you find in fact many cases where doctors limit what they are going to give under the powers which they are said to possess? Do many cases come to your notice of doctors who say, "I could do that, but I will not because I need not"?—We do have a number of cases coming to us.

22,869. Are they frequent?—No, they are not frequent.

22,870. Do you not think there are a good many doctors who at the present time, without raising any question at all, give treatment which is perhaps on the strict letter of the law beyond what they need give?—There might well be. I have no evidence of it.

22,871. Have you any examples of the other anomaly you mentioned, whereby a particular kind of treatment might be within or without the scope of medical benefit according to the training of the doctor?—There was a list brought before the Consultative Council on Approved Societies Work, of which Mr. Rockliff and I are members, at one time when this matter was under discussion, showing in some cases that the same kind of service was held to be within the scope and in other cases without the scope. It was then a question as to whether or not a schedule of services outside the insurance practitioners' contract should be drawn up, and whilst at first there was a balance of feeling, if I remember rightly in favour of a schedule, when the new definition was brought before us we thought we would give it a trial and leave the matter open.

22,872. If you had that system in operation whereby it was made known that panel practitioners should give a full service in every case, would you not have this anomaly resulting amongst other things, that the content of medical benefit would vary from one part of the country to another?—It does now.

22,873. Yes, but not so seriously, does it?—I think it might be said to vary very seriously, if you take the system in Manchester and the system in London. In Manchester the insured person without extra fee can have quite an expensive operation performed and payment is made out of the Panel Fund.

22,874. I am not sure that I agree with that from the evidence we received from the Manchester doctors themselves, who rather repudiated the idea that their system led to an extension of medical benefit. You suggest that under the attendance system there is a tendency for the scope of medical benefit to be widened?—Yes. You speak of the content of medical benefit. As far as the Act is concerned there is pretty well no limit; it is an adequate service which has to be provided, and I was careful to say that it has been limited by departmental definition.

22,875. We are all familiar with it?—I am sure you are, but I want to emphasise it because it is important that that should be recognised.

22,876. On that same point, one kind of trouble which might arise possibly is this. If you had an area like London, where you have a number of doctors with different types of specialist skill, you might have a temporary concentration on those doctors by people who required that particular kind of attendance?—If I may say so, it is a somewhat remote possibility, having regard to what we know

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of the methods by which the mass of the insured population choose their doctor.

22,877. Are you sure? At present an insured person can change his doctor when he likes, can he not?—Yes.

22,878. If he requires specialist service of some kind and his doctor cannot give it, would it not become known that he might go to another doctor and get it and then later on, if he desired, change back to his own doctor?—Possibly, but not to any large extent; and as a matter of fact experience shows that there are a great many general practitioners who are able to render service and do render service to their private patients which under the Insurance Scheme would be called specialist service. We believe there would not be the necessity for people to change their doctors; it would be found that their own doctors could perform the service quite well.

22,879. I think it is possible that the kind of doctor you mention would also give the service to his insured patient?—In particular cases that might happen, but generally speaking I should not say so.

22,880. My fear is that from the point of view of the medical service itself if there was this kind of possibility of a man with special skill being unduly called upon by one kind of patient it might discourage the better men from going on the panel?—Not to any extent. I think it would be a rare case and in that case the man would be regarded as a specialist; and that is our point, he is a specialist.

22,881. To come to your second point, namely, that there ought to be an extension of medical benefit whereby these people should be able to give specialist services, would you pay them in respect of work done?—Yes, if the doctor was formally recognised by an authoritative body before rendering the service as a fit and proper person to render that service.

22,882. You would have to define pretty carefully what was outside the scope of medical benefit so as to prevent a man being paid a special fee?—That would be a matter for the doctors to arrange, because it would then come out of the amount available for medical benefit. May I on that draw attention to the very curious effect of the regulations. I endeavoured to deal with that. At the present time it will be noticed that all services rendered by a doctor are at first deemed to be within the scope, and in order to decide whether a particular service is outside the scope you do not look at the service itself, you look at the qualifications of the man who performs the service, which appeals to us as being rather curious and not logical.

22,883. I think you put that point quite clearly. On the other point you raised of the desirability of excluding doctors who were not considered desirable, have you considered what that might lead to? What kind of cases have you in mind where the Insurance Committee might desire to exclude a doctor without cause shown?—We have had cases where doctors have acquired a very bad reputation in certain areas, incurably drunk, men of bad character, quite apart from their medical skill, and just before the blow falls on them in that particular area they resign and come to London; and, of course, London is a place which, in the language of a celebrated Pickwickian, is "extensive and peculiar," and people are more concealed in London than they are perhaps in the rural areas or the provinces. These doctors come to London and apply for admission to the panel. We in some cases know their record, but we can do nothing. They apply and we are bound as an Insurance Committee to allow them to go on the panel. I believe as a matter of fact we could make representations to the Minister, but it is a difficult thing to make representations unless the matter actually comes within your own experience as a Committee. We think that state of things is undesirable.

22,884. Do you think this is purely a London question, or does it affect the whole country? Your suggestion is that these people who are particularly undesirable are the outcasts of the profession?—We

should not put it in those words. It might be put in various ways. We do say that London offers more opportunities for that class of man to come on the panel than any other part of the country.

22,885. My trouble in the matter is that here you are endeavouring to take power to exclude a person without in fact saying anything against him. You would discuss this matter in the Insurance Committee, you would consult the Local Medical Committee or the Panel Committee, but you would not in fact tell the man what the charge against him was, if there was in fact any charge. It might be merely vague general disrepute?—It might be the kindest way of dealing with the man. It would be open to appeal to the Ministry.

22,886. When you come to that stage would you table the charge?—Yes, we should present then the information under privileged conditions to the Ministry.

22,887. And would the information be given confidentially to the Ministry?—Yes, in the first instance.

22,888. Does not that put the Minister in an extremely delicate position? You have told us about these various organs of the press which attack Ministers and other people at times. Would not the Minister be an agreeable target in such a case when he had turned down an innocent doctor against whom nothing could be said?—No, I do not think he would. As a matter of fact the principle after all is one in practice in the ordinary affairs of life. If you want to engage a servant the first thing you do is to enquire into his past history. It is perfectly common sense, the ordinary cautious thing to do, and it is obvious that in a case like that no responsible public body would act lightly.

22,889. There is all the difference in the world between the two cases. If you are engaging a servant, when you engage her you become her employer, but in the case of a panel practitioner he is not the servant of the Government or even of the Insurance Committee?—But he contracts with us, and to that extent serves us. We—not the doctor—are liable for the efficiency of the service. Then there is another class of case. I mentioned the degenerate type. We have cases where a doctor is so old that he is absolutely deaf, in a state almost of senile decay, and unable to carry out the ordinary duties, as for instance, to listen to heart beats. We have a case the actual facts of which I can give to the Commission if desired.

22,890. I presume that man has grown old in your service?—I should not say he had grown old in our service considering we have only been in existence since 1911.

22,891. Did he apply for the first time to be put on the panel?—No, but supposing a man came from another area to our area then we are powerless; that is the trouble.

22,892. You are putting forward a plea for power to remove from the panel on the ground of senile decay. That raises a different question from the question of refusing permission to come on the panel for the first time?—Not only to remove him from the panel, but also to exclude a doctor of ill repute from entering our service in London.

22,893. You have them turning up in that condition?—Yes, we do. In one case in the North it is a fact that the Panel Committee themselves were so emphatic about the undesirability of a doctor of that kind that even although the Insurance Committee were prepared to take him the Panel Committee threatened that they would cease to have any further negotiations with the Insurance Committee in the friendly way they had been going on unless the man was kept out, and the Insurance Committee gave way. That, I think, ought to be said in fairness, if I may say so, to the doctors.

22,894. You mentioned two cases about which there has been comment in the press. Is not part of the

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trouble this? The case comes before the Insurance Committee; if you take a grave view of the matter you have to represent to the Minister of Health that the doctor should be removed from the panel?—Yes.

22,895. And, strictly speaking, the question before the Minister of Health is that of removal from the panel?—Yes.

22,896. Would it not meet your case or the case raised by the papers if the Minister had before him not merely the graver charge of removal from the panel, but also the minor charge?—Yes, it would considerably.

22,897. It seems to me that the Minister is put in an awkward position by having the grave charge put before him without the option of finding the man guilty on the minor charge?—Yes. May I illustrate that? The only issue before the Minister in both these cases was whether or not the man should be removed from the panel. In the report that came before the Sub-committee in one of the cases we had this fact, that he had been sent for, and that he lived not more than five minutes from the insured person, and in another case the statement was made that the widow stated that the practitioner said he would call only if the deceased was worse; that he received three requests from the widow for his services, all of which requests were in the opinion of the Sub-committee indicative of urgency. In the course of our discussion we thought we should have a ruling that the practitioner was not to wait till he was sent for, but it was for him to use his own judgment and take the responsibility of deciding whether or not he ought to go back. Coming before lay people these would make a great impression; they are minor points, of course, compared with the major one of his removal from the panel; but they did arise and in the course of the judgment I think the ruling was given that it was the duty of the practitioner to use his own judgment as to whether he should call in those cases. That decision had not been previously given. That was one of the reasons why the matter was referred. That does illustrate how the difficulty arises in practice.

22,898. You think the position would be better if the regulations were amended so that when you go before the Minister you do not pin yourself wholly to the graver charge but keep the lesser charge open?—I do, Sir.

22,899. (Mr. Jones): In answer to the Chairman you said you were satisfied with the arrangements for medical service in London. Are you satisfied with the performance of them?—They are far short of our ideal, but taking the general practitioner service for what it is, apart from the Panel, we think we could not do better at the present time on the whole.

22,900. We have had statements made to us here more than once that the general practitioner service in London and in certain parts of the Midlands under Health Insurance was very inferior to the general practitioner service elsewhere, and these statements were made by responsible representatives of insured persons. Do you agree with these statements?—Those persons may have information in their possession, being in direct contact with insured persons, which would not come to the Insurance Committee as such, and I say quite frankly that there are members of our own Committee who are associated prominently with Approved Society work who are very dissatisfied with the present service, but I can only speak from actual evidence in our possession, and while I am sure it is not the best guide, because the number of people who make complaints to the Insurance Committee are an infinitesimal fraction of the number of people who complain without bringing their cases before the Insurance Committee we are bound to say as a committee that we have no evidence to show that the service generally is an inferior one; it is a fair one and an improving one.

22,901. As regards this question of extra service, is it the case that the qualification of the doctor rendering the service is taken into consideration?—Yes

22,902. Must it be taken into consideration under the Regulation?—It must. It is Article 8 of the First Schedule to the National Health Insurance Medical Benefit Regulations 1924:—"The treatment which a practitioner is required to give to his patients comprises all proper and necessary medical services other than those involving the application of special skill and experience of a degree or kind which general practitioners as a class cannot reasonably be expected to possess." Then in paragraph 4:—"In determining whether a particular service is a service involving the application of such special skill and experience as aforesaid, regard is to be had to the question whether services of the kind are or are not usually undertaken by general practitioners practising in the area in which the question arose." Paragraph 5: "When the service has been rendered by the practitioners it shall be deemed to be a service not involving the application of such special skill and experience as aforesaid, unless he proves either (a) that he has held hospital or other appointments affording special opportunities for acquiring special skill and experience of the kind required for the performance of the service rendered, and has had actual recent practice in performing the service rendered or services of a similar character, or (b) that he has had special academic or post-graduate study of a subject which comprises the service rendered, and has had actual recent practice as aforesaid, or (c) that he is generally recognised by other practitioners in the area as having special proficiency and experience in a subject which comprises the service rendered." It will be noticed, as I have said, that it is all personal to the individual and does not touch the service.

22,903. That Regulation is new to me; it has been altered since I was familiar with them. I was trying to think of specific cases. Take the case, for instance, of a doctor who was for some 24 years associated with a well-known Eye Infirmary and at the same time conducted a large general practice and has had a fairly large panel since the beginning of Insurance: would you expect that man to give specialist eye service without further fee or reward?—Yes, if he practises as an Insurance doctor.

22,904. As a matter of fact he does, the individual I have in view, and he raises no question as to the extent of that service?—I am not surprised to hear that.

22,905. Let me take two other cases. One man to my knowledge in the early days of salvarsan treatment (and that has been held to be a service beyond the range of the ordinary practitioner) went through a special course, and in respect of that special course he is entitled to charge under that Regulation and as a matter of fact does charge. How are you going to regard that man in relation to his immediate neighbour who is a younger man more recently qualified and as part of his general training has received instruction and knowledge to enable him to take that up without having undergone any specific course. Why should not that man be entitled to charge because he is able to do it as against the man who attended a few consultations at a clinic or something of that sort?—That is the very anomaly to which I call attention. I think the solution lies in allowing neither of them to charge. In practice does it not come to this, that the degree of special skill which the average general practitioner possesses as compared with specialist practice as such, and only as such, cannot be very great. We have consulted specialists who teach in hospitals, and on a matter of general practice they say quite frankly they would not give any opinion. The general practitioner would come into contact with all sorts of cases and would be much better able to give an opinion in that class of case, but on the other hand they tell us that the knowledge which the average general practitioner may possess on a special branch, whilst it may have been acquired in following a certain post-graduate course, could not be compared to that of a man who gives his life to that specialised service and who is a specialist

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properly so called as recognised generally to-day—by most of us in this room at any rate.

22,906. However, the anomaly is bound to arise, and there are difficulties either way are there not?—There may be, but when we are faced with this, that the content of the service is a very arguable matter and at least we have on our side the words of the Act "adequate service," I think that the benefit of the doubt should be given to the insured person. Before I pass from that I should like the Commission to bear in mind, because this is in the mind of the Committee that the suggestion that the man giving a special service should not receive payment only applies so long as there is no specialist service provided as part of medical benefit. I do not want to be unfair to them.

22,907. The solution of the whole problem is the specialist service. Regarding the question of the reduction of the number on panel lists, did you agree with the London Panel Committee at the time on the number of 2,500?—No. We generally thought it ought to be 2,000. I might say that as far back as 1913 there was a resolution passed by the Committee that the number should be limited to 2,000.

22,908. When the Regulations came into force about 1920 or so, giving you power to reduce the list from the unlimited number before, what action did you take then?—The Regulations, of course, fixed 2,500 except in special cases.

22,909. My recollection is that it was 3,000, but that may have been in Scotland?—Originally it was 3,000.

22,910. And you have had a subsequent Regulation fixing it at 2,500?—Yes, in 1924.

22,911. But do your Regulations not provide that if you choose to suggest a lower number and the Panel Committee does not agree, then you may send it to the Ministry for determination?—Yes, that is so, I understand; the Regulations do provide that.

22,912. Several places in Scotland to my knowledge have a figure of 2,000?—I have now a copy of the Regulations. They provide that the Committee and the Panel Committee shall jointly prepare a scheme known as the Allocation Scheme, which shall provide for certain matters, among others the maximum number of insured persons which a practitioner may have on his list and that such number must not exceed 2,500. It is quite clear, therefore, that unless the Panel Committee agree, we cannot prepare the scheme.

22,913. But are you entirely limited to agreement? If you disagree cannot you take it to the Ministry?—There is this further provision: Subject to the approval of the Minister the Allocation Scheme may from time to time be amended jointly by the Committee and the Panel Committee or, in default of agreement between the two Committees, by the Minister, and the provisions of the scheme for the time being in force shall be part of the terms of service for insurance practitioners.

22,914. It says: In default of agreement. At the very beginning Glasgow went forward for 2,000 and the Panel Committee wished to retain the maximum, and objected to any reduction, of 3,000. The Committee declined even to accept a compromise, and in default of agreement it was determined by the Board of Health at 2,000. I suggest to you that you already have means of getting towards the goal you are aiming at?—Theoretically you are right.

22,915. No, practically?—May I say that in practice what happens is this. Unfortunately, as I have said, for some years there has not been between the Panel Committee for London and the Insurance Committee that sympathetic understanding which really makes for pleasant working and that has very largely, I think, accounted for the feeling against the service in London. I am glad to say that it is very much better to-day. If we feel, and we have means of knowing, that the Panel Committee would take strong objection to anything of that kind, and that they have not arrived at that view, then we hesitate about inviting a quarrel. That is what I mean when I say

that in practice it is not so simple. We could do it, but we want to try and live harmoniously with the doctors if we can.

22,916. It has been done, and the Panel Committee and the Insurance Committee are still living harmoniously. On the question of the oath, is not that merely incorporated in a Regulation in Scotland? Is not that a matter upon which, if you approached the Ministry, they would readily give you a hearing?—The matter has been mentioned before, but no steps have been taken—not necessarily by London but by other bodies with which we are associated.

22,917. It seems anomalous, if Scotland can get that power quite easily, that England cannot get it?—Yes, except that the law of Scotland is so different from that of England. That probably is the explanation.

22,918. You think there may be legal difficulties apart from the administrative aspect of the question?—I personally do not think so, but the legal advisers of the Ministry might.

22,919. (Mr. Evans): in paragraph 2 of your Statement you tell us that your Committee consists of 40 members, 24 of whom are representatives of insured persons. Will you tell us how those 24 are appointed?—Eleven of those 24 are appointed directly by certain Societies. Certain Societies, you know, have a very large membership, and the method of election is based on quotas. If they have so many quotas then they can appoint the equivalent number of representatives direct. Those persons are not subject to election generally. But in the case of the smaller Societies they have to pool their numbers and join in a general election. On that basis the numbers are divided up as follows: Eleven are appointed, 12 are elected and one is a deposit contributor representative who is elected by the neutral members of the Committee in the absence of an Association of deposit contributors, and there is no Association of deposit contributors that I am aware of.

22,920. Are those members elected by the members of the Approved Societies or merely by the Executives of the various Approved Societies?—They are elected by the representatives of the insured persons in the Approved Societies.

22,921. That means the Executive Committee apparently?—The voting machine is the Approved Society. In other words the vote is a representative one.

22,922. Take the Prudential as a very big industrial Society. Do the members of the Prudential have a hand at all in choosing their representatives, or is it merely done by the Executive body?—Only in the sense that they have the right to elect their Executive.

22,923. That means indirectly?—You could not have 15 million insured persons going to the poll. I think perhaps the machinery would be very cumbersome and would not work. On the whole we find the system works very well.

22,924. But once a man is on the Committee I suppose he is there for life?—Oh, dear no; he is only there for three years. As the result of the war the period of office was extended because of the state of the country; I believe there have been two elections since 1913.

22,925. In paragraph 16 you suggest a limit to the list of a panel doctor. Would you take into account there the extent of his private practice?—We should; in fact we do that.

22,926. You have not mentioned that here?—No, and I am glad to have the opportunity now. It should be borne in mind, and we had it in our mind, that probably for each insured person there would be at least two others connected with the family. Therefore, when you say 2,000 you visualise a practice of somewhere about 6,000.

22,927. Usually the dependants would have the same doctor, I suppose?—Usually, yes.

22,928. Will you turn to paragraph 23? There you tell us that a number of the panel doctors do not reside in the area where they practise?—That is so.

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22,929. Do you think that is highly undesirable?—We do.

22,930. The only suggestion you have made is that the doctor should have a telephone service?—No, we did not make that suggestion only. We said first of all that the Minister should define the distance away from his surgery at which a doctor should be allowed to live. Of course, we recognise that there are two sides to this case. Doctors have to practise in some of the very congested areas of London which are not very salubrious, and one can understand that a man of some refinement might perhaps be more sensitive to his surroundings than the people who have been brought up there. It is not unnatural that he should desire to live in as suitable a neighbourhood as he can find. But there ought to be some check to that, and to practise in Bermondsey and to live at Bromley, for instance, or to practise in Stepney and live at Kew, does seem to us to be beyond all reason, having regard to the service which the doctor undertakes to give.

22,931. Miss Tuckwell suggests to me that if there was not a night service it would be very bad for the patient?—Very bad, and we say that the doctor should be required to make arrangements. He is at least required by us to provide a deputy, but we do not say that that is really satisfactory.

22,932. In paragraph 24 you refer to surgery accommodation. You say in the last sentence of that paragraph that you understand that there are cases where patients have had to wait outside a surgery exposed to the weather. That has been told to us before as a reason why the panel service in London is not altogether popular. We have been told that the panel patient is not always treated in the same manner as the private patient?—There is undoubtedly a feeling about that in London. Of course there are a variety of causes. I think that the lime-light is put on to the cases by the London press whenever they get the chance. The panel service is a favourite "stunt" for London newspapers, and while there may be every justification for their comments in a particular case, it is very unfortunate if the impression gets abroad that it is anything like general. We do not think it is right to generalise from these particular cases.

22,933. But there are some cases?—Yes.

22,934. If one is brought to your notice what does the Committee do?—The Committee at once has the surgery inspected, and we require the doctor to make suitable alterations. Generally speaking, the doctors have fallen in with the Committee's suggestions. The Chairman of our Medical Benefit Sub-committee, in company with the Secretary of the London Panel Committee, visit quite a number of these surgeries, and in many they have succeeded in having them suitably altered.

22,935. In paragraphs 51 to 59 you deal with dental treatment. Then in paragraph 60 you have nursing, and in paragraphs 61 and 62, treatment by hospitals?—That is so.

22,936. If the whole of those were brought within the ambit of the National Health Insurance Scheme what would that mean? Would it not approximate rather to a State medical service?—No. First of all we do not say that nursing should be a statutory service nor do we say that the hospital service should be statutory. Nursing, of course, is auxiliary to medical attendance. What we wanted to provide in those two cases was a sort of connecting link. With regard to the hospital service our recommendation amounts to this: we think that where a patient who is under treatment by his doctor enters a hospital, that doctor should be in touch with the doctor in charge of the patient while he is in hospital, so that when he leaves hospital he can go on with his treatment and know exactly what the patient's history has been since he ceased to be directly under his own care. That is what we are aiming at here. We do not provide for State hospitals.

22,937. What do you mean by paragraph 62 where you say that steps should be taken to secure recognition of the medical service provided by hospitals? Recognition in what way?—It is well known that a first-class specialist service is available in London through the hospitals. Panel practitioners do, as a matter of fact, send their patients to the hospitals when they are unable to consult a specialist privately in Harley Street. We think it might be possible for some arrangement to be made for the hospitals to give this service as a matter of course under conditions defined by the Minister, and that payment should be made accordingly. For instance, grants might be made by the Approved Societies, not, as now, voluntarily, but compulsorily. I am not saying that this is at the present time a feasible proposition, but it is certainly one which might well be considered. In the same way with regard to nursing. Some Societies at the present time make grants to Nursing Associations and we are careful to say, as you will notice in paragraph 60, that the existing organisations should be made use of. We mean that it would be possible for grants to be made in that way. We do not visualise a State medical service, as the phrase is used by politicians, for instance. I might say that the London Insurance Committee has actually made in one case a donation to a Nursing Association in order to secure certain services.

22,938. If grants were made to these voluntary hospitals, then I take it there ought to be some control?—It would depend upon the conditions under which the grant was made.

22,939. But in order to co-ordinate the medical service you admit that it would be necessary to bring the hospitals into closer touch?—If you decide to do anything to interfere with the management of the hospitals I do not think the hospitals for a moment would help. Speaking personally, I have something to do with the hospital system, and one of the greatest difficulties we find is the spirit of independence, shall I say, of the particular hospital. They are not properly co-ordinated at the present time. Each has its own system, and there is a certain pride of hospital among the staff, and difficulties arise in that case. Nothing we suggest here means interference with the management of the hospitals.

22,940. But you do say in recommendation (k) in paragraph 64 that the hospital medical service should be co-ordinated with the general practitioner treatment of insured persons?—Only to the limited extent that I have explained. The idea is shortly to prevent the hiatus in the record.

22,941. (Miss Tuckwell): I see that you are in favour of the extension of medical benefit to dependants?—Yes, in principle.

22,942. What do you mean by "in principle"?—We mean that we are unable to say that there is money enough available at the present time to give the service.

22,943. But I suppose there is some reason underlying the suggestion. I mean that you feel that it would be desirable to give it to dependants?—Certainly.

22,944. Do you find that the members of your Committee and Sub-Committees attend and take an interest in the work?—We do.

22,945. Are you in relations with other Insurance Committees over the country?—We are. We are members of the National Association of Insurance Committees, and I personally happen to be a member of its Executive, representing the London Insurance Committee, and I have another colleague with me.

22,946. Do you think that over the country the other Insurance Committees are alive and interested?—I should not like to express an opinion. I am appearing now for London, and I did not appear with my colleagues of the Federation Committee.

22,947. Among my cuttings this morning I have one from a provincial paper which stated with regard to the Medical Benefit Sub-Committee of that Insurance Committee, that two members had had a

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meeting and had passed a resolution deploring the want of interest shown in the matter. Do you think that is usual?—I am not surprised to learn that that is the case, but I am sure it would be unfair, from what I know, to take an individual case of that kind and to generalise from it. I certainly have, through the Association of Insurance Committees, met individuals who are keenly enthusiastic about the work. Sometimes if there is only one such individual he can inspire enthusiasm in those about him. If he did not do so I should say that he would become disheartened. But, generally speaking, I should say that Insurance Committees do their work well. London is in a peculiar position. We have had to dissociate ourselves from the Federation Committee, and to draw invidious distinctions now before this Royal Commission would not be, I am sure, what you would desire me to do.

22,948. (*Mr. Besant*): On the constitution of the Committee, Mr. Evans dealt with some of the points I was going to ask you, but I believe that under the Act the maximum number of members of Insurance Committees is 40?—That is so.

22,949. And in your case the Minister has chosen 40 for London?—Yes.

22,950. Do you find that 40 is sufficient to cover the multitudinous field of activities?—We are able to get through our work, but we think it would have been better if the number in London had not been reduced. There is a good deal of work to be done in London, and when you have a large number of people attending your Sub-Committees and your main Committees, it impresses everybody with a sense of the importance of the work that you are engaged in, and it also leaves a wider margin for a quorum, and so forth.

22,951. But you have to cover an immense field of work and you have a lot of Sub-Committees. I should think a total membership of 40 must put a heavy burden of work on individual members?—It does upon those individuals who take a keener interest in the work and are more enthusiastic about it than others. As is the case with most public bodies, you have to rely to some extent upon the intelligence and efficiency of your staff.

22,952. Did you find much difficulty when you had to reduce your 80 members to 40?—Not at the time.

22,953. Not in the working of the machine?—No, except that the quorum was a bit difficult. Of course we had to arrange for Sub-Committees to meet on the same day. After, say, the General Purposes Committee we would meet as a Medical Benefit Committee. It is a fact, no doubt, that the same persons are members of both Committees.

22,954. As a matter of fact, you did surmount your difficulties?—Yes.

22,955. Without the machine being severely upset by the change?—That is so.

22,956. On the whole, it worked pretty well, but you think it might be a larger number?—Considering the great population of London we do think that the larger number would have been better.

22,957. You told Mr. Evans about the election of the 24 members to represent the insured persons. Could you tell us about the London County Council members? Are they elected for the same term of years?—Yes.

22,958. Do they choose any doctors amongst their eight?—Yes.

22,959. Could you tell us how many doctors they have?—Two doctors.

22,960. Two doctors out of that eight?—Yes.

22,961. Then the local Medical Committee give you two more doctors?—That is right.

22,962. Then there is one medical practitioner appointed by the London County Council?—Yes.

22,963. And a medical practitioner appointed by the Ministry of Health?—Yes.

22,964. Then there are two women appointed by the Ministry of Health. Would they include a doctor?—They might include a doctor. As a matter of fact they did at one time, but do not at present.

22,965. I take it that the London County Council are not compelled to elect two doctors out of their eight members?—No; it is quite voluntary.

22,966. In other words you now have six doctors on the Committee?—Yes.

22,967. Do you find that that is sufficient to cover the medical side of your activities?—Yes. The doctors are very vocal when any matters arise concerning them, I can assure you, and they are listened to with great respect, and they influence the Committee on matters affecting medical practice or etiquette.

22,968. You think that six medical men are sufficient to cover the field of work which you have in so big a place as London?—We certainly do, having regard also to the size of the Committee. We think the proportion is ample.

22,969. (*Sir Arthur Worley*): I think you agree that there has been a good deal said with regard to the medical service in London not being so popular as elsewhere?—Yes.

22,970. And incidentally a reason might be that you have certain doctors who have been found to be undesirable in other parts of the country who have migrated to London?—Yes.

22,971. You would like some better means of preventing your being obliged to take them on the panel?—Exactly.

22,972. Could it not be done in some way by which no doctor could be placed on the panel unless he was recommended by the Panel Committee and confirmed by the Insurance Committee? I was thinking that that would throw some of the responsibility on to the medical profession itself. In the case you gave the Panel Committee did not want the man. Would not you throw more onus on to the medical side and give that as a recommendation to us?—We should not object to consultation with the Panel Committee, but we think that the Insurance Committee, as responsible for the efficiency of the service, should have the ultimate power.

22,973. I was putting it that the Insurance Committee should appoint subject to the recommendation of the Panel Committee?—If you would put it in this way and say that the Panel Committee might recommend a certain man, but the Insurance Committee might act quite independently of the Panel Committee if it chose to do so, I would agree. But we could not agree to surrender our supreme right of deciding so long as we were by statute responsible for the administration of the service.

22,974. I was wanting you to have some technical body who could say: "This man, from the information we have, is not a fit man. He is not going to do justice to the patients, nor is he suitable to take part in the service." That would give the Committee a very strong hand in turning him down?—It would indeed. So long as it is limited to consultation we would be glad to avail ourselves of the power to confer with the Panel Committee.

(*Chairman*): We are very much obliged to you.

(*The Witness withdrew.*)

Mrs. HUBBACK called and examined. (*See Appendix XCIX.*)

22,975. (*Chairman*): You are Mrs. Hubback and you are submitting to us the Statement of Evidence which we have before us on behalf of the National Union of Societies for Equal Citizenship?—Yes.

22,976. You recommend that both the cash benefits and also medical benefit under the National Health Insurance Scheme should be so extended as to make adequate provision for the dependants of insured persons?—Yes.

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[Continued.]

22,977. However desirable this extension might be I suppose you realise that it would involve a very considerable expenditure. Have you made any attempt to estimate the cost under the two heads?—We have made an attempt. It is necessarily an approximation, although it is based on official figures. The estimate we have worked out could, I suggest, be quite easily checked by the Government Actuary's Department. Of course, it naturally depends, to take the question of money benefit, on your scale. I would suggest that there are two alternative scales which it is worth while considering. One is a scale similar to that which has been proposed under the Widows, Orphans and Old Age Contributory Pensions Bill of 10s. to the wife and, shall we say, a flat rate of 4s. for each child. Under the Bill you will remember the children's scale is 5s. and 3s. Suppose we take that scale as a basis and work out, as far as possible, an average year. I find that the 1923 figures—the number of weeks of sickness and so on—were rather higher than the average, so I have worked out now what, as far as I can make out, is about an average yearly number of weeks' sickness, because it does depend, as you can see immediately, on the number of weeks' sickness per year. Taking an average, more like 1921 or 1922, we would reckon the cost of the first scale would come to somewhere between £4,000,000 and £5,000,000. If, on the other hand, you take a scale which is, as a matter of fact, just half that—that is the scale given under the Unemployment Insurance scheme at the present moment—of course you get your figures reduced by half. Then with regard to what the medical benefit would cost, that is even more difficult to arrive at; but I think we have reason to suggest that it would be somewhat less than is the total medical benefit at the moment; that the amount of sickness among wives would be somewhat higher and the numbers somewhat comparable to the amount of sickness among the insured women under the Insurance Act, but that the sickness of the children would be considerably less than the men have now.

22,978. So that altogether it would be less?—I think, if anything, it would more than balance it. It would work out at less, I think, and then one would also have to take into account the fact that if a doctor is attending a whole family at once his charges, and the administrative charges and all the rest of it, would be considerably reduced, so that, although I cannot give an approximation, I think it would come out to something less than the present total. Therefore, what is being given at present would not need to be doubled.

22,979. Are you prepared to recommend that the contributions of employed persons should be increased so far as necessary to meet this added call on the funds?—I should say that it is not for us to suggest how this money is to be found. Sir Robert Horne has put forward suggestions which would not necessarily involve an increase in contributions; but I am prepared to say that if it should be found to mean an increase in contributions we should still advocate it. We think it is so important that it should be given.

22,980. The same would apply to the employer's and the State's contributions?—Exactly.

22,981. Do you consider that in the present state of industry and employment, and particularly having regard to the increased burden to be imposed under the new scheme for widows, orphans and old age pensions, such increases as would be necessary to give effect to your proposals could be justified?—I do not know now whether I am speaking more on my own behalf than on behalf of my organisation, but if it is a question of the children I would myself, if it has to come to an increased contribution all round, rather see the major burden of the increased contribution placed on the State. I suggest, however, that that may not be necessary at all.

22,982. Do you not agree that so far as cash benefits are concerned there is a fairly widespread provision

already existing under voluntary insurance arrangements, whereby the insured person with dependants could supplement the benefits provided under the State Scheme?—I would agree that there is some provision, but there has been provision for every form of insurance which it has now been found desirable to be taken over by the State. Moreover, in point of fact, although that voluntary provision does exist, I think there is a good deal of evidence to show that it is an expensive form of provision. In order to get benefits on the scale I was suggesting it would mean very large premiums—very much more than would be necessary under a State Scheme.

22,983. Does not the long continued existence of such voluntary insurance rather differentiate the Health Insurance problem from the Unemployment Insurance problem in this respect?—I should not have thought so. Again, that would apply practically to any other form of Insurance.

22,984. As to medical benefit, are you in favour of the proposal we have had from some quarters that medical benefit should be taken right out of the Insurance Scheme, and that full medical service for all the inhabitants of an area should be organised under a new local health authority and supported by grants and rates?—That, again, is a proposal that my Committee has not had an opportunity of considering. But, speaking for myself quite personally, I should be in favour of that rather than of our own suggestion, for other social reasons. It covers a larger section of the population, and so forth. I have, however, not considered that carefully, and I do not know any of the considerations which would attach to it.

22,985. Do you not think that if the cost could be faced this might be a more satisfactory way of dealing with the matter than by the extension of medical benefit to dependents under the existing insurance arrangements?—At first glance I should think so, but, after all, it all depends on the particular form of arrangement—the service supplied, and all the rest of it.

22,986. I come now to your proposal as to women voluntary contributors. Is it your recommendation that a woman who ceases insurable employment on marriage should be entitled to become a voluntary contributor under the same conditions as men and unmarried women who cease to be employed for any reason?—Yes.

22,987. But do you not see administrative difficulties in applying the test of incapacity for work in the case of a married woman whose normal occupation is looking after her home?—I do see that there are administrative difficulties in applying the test of incapacity for work to all persons who are not working in full employment. I do not think that that is more difficult in the case of married women, however, than in the case of unmarried women.

22,988. It applies to all classes?—It applies, I think to all classes of voluntary contributors.

22,989. Would you suggest that when such a woman is ill she should be debarred from attending to any of her ordinary home duties as a condition of drawing sickness benefit, and, if so, how do you think a Society would satisfy itself that this condition was complied with?—I suggest that there would have to be the same arrangements as there are now in the case of voluntary contributors; that is, that you would primarily have to depend on the word of the doctor. If the doctor is of opinion that her illness is such that it should keep her in bed, shall we say, then the benefit should be given. Of course, it is always open to the bigger Societies to send round inspectors. I see the difficulties, but I think it would mean imposing the responsibility on the doctor.

22,990. Do you not consider that the present arrangements under which the married woman receives certain benefits for a period of about two years after marriage meet the peculiar circumstances of her case in a satisfactory manner?—No, I do not think so. I think it goes some way, but you may have a woman

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marry late in life. She would have made her contributions for a great number of years, and I think she should have the opportunity of becoming a voluntary contributor in order that she should remain insured during the rest of her life, if she wishes to make the payment.

22,991. You recommend that the system of voluntary contribution should be given very much greater publicity than at present. You realise, of course, that the success of the voluntary contributor scheme was not very great under the original arrangements, nor is it very great under the present more restricted scheme. Have you any reason to believe that publicity would secure much better results?—I suggest that one of the reasons why it has not been a success, either under the original scheme or under the present more restricted one, is that there has not been given sufficient publicity to the advantages that accrue from it, and that it would only have a fair chance if a definite propoganda were undertaken or it, and if, when a person leaves off being insured, it is thrust under their nose, as it were, what are the advantages. Might I add something to this in view of the amendment which has been made to the Widows' Pensions Bill? You will remember that this same question was raised in the debate as to the position of the voluntary contributor when a woman married an uninsured man, and the answer was given that such a woman could not be included in the Widows' Pensions Bill, because, for the administrative reasons referred to, it had not been found practicable to include her under the National Health Insurance Act. You will remember that the Minister is attempting to meet this difficulty by providing that when a woman, hitherto insured—insured up to the time of her marriage—marries an uninsured man, he should be able to become a voluntary contributor by virtue of her contributions. One of the reasons we put forward our proposal before we knew of this concession was because, as a married woman was barred from becoming a voluntary contributor under this Act, she was also barred from becoming one under the Pensions Bill. That case has been partly met, and it occurs to me that it might be possible to have a similar provision in the case of Health Insurance.

22,992. Would that satisfy you?—I prefer the proposal that we have put forward, because the other is always open to the obvious objection that the man might not bother to do it; but that suggestion is better than the present state of affairs.

22,993. (*Mr. Besant*): Would you just explain to us a little your statement at the beginning as to the constitution of your Society. I want to ascertain on behalf of whom you speak and on behalf of what number you speak?—Our Society was the National Union of Women's Suffrage Societies, which, after the grant of the suffrage in 1918, turned its attention to general questions of equality, and so forth, between men and women. We have about 200 branches in the constituencies, and at our recent Council Meetings various resolutions have been sent in and passed by these Societies on these and similar points. They are specially concerned, you will notice from my Memorandum, with the position of the woman in the home, because it is her position that we feel is so unsatisfactory; in fact, it is not recognised under the present National Health Insurance Act.

22,994. Dealing with your 200 affiliated branches all over the country, what would their membership collectively cover?—I do not think I know. They vary very considerably. They vary from between 2,000 and 3,000 in Glasgow to quite small numbers.

22,995. They would include thousands of people; perhaps tens of thousands of people?—They would include large numbers, but I do not think it would be quite as many as ten thousand. They are, however, a very representative group, because we are entirely non-party. We have women of all sorts and all parties.

22,996. And they have taken a keen interest in this evidence and in the facts which have built up this evidence?—Yes, this evidence is based on their

expressed wishes, as far as a large body can express its wishes through the Annual Council Meeting.

22,997. But it has been actually talked about up and down the country, has it, that you were coming here and were going to put forward definite evidence on these lines?—No, I would not say that, because there has not been time. But we asked to put forward this evidence on account of resolutions which have been passed at previous times.

22,998. I suppose your Central Executive body have taken it up?—Yes. This Memorandum has been considered by our Executive Committee in London, certainly.

22,999. And I suppose, on the whole, this is a fairly unanimous epitome of their opinion?—Yes; where it is not so I have expressly said so.

23,000. Do you think that that is equally so as regards your members all over the country and that they would, in the main, take the same line as you have indicated here?—Yes.

23,001. (*Miss Tuckwell*): With regard to the question of increased contributions, I have here a table of women's wages for low-paid workers. These range from about 17s. 8d. a week. The contributions are already more than 1s. a week. Do you feel that further charges on the low-paid workers are possible?—Of course, I should very much rather that no such charges were made on the low-paid workers. I would rather that they had come in under a special arrangement for low-paid workers. I would rather, in fact, that the contributions of the women were not increased at all. I have suggested that, anyhow with regard to the cash benefit for the dependants, it is such a small sum that it ought quite easily to be met without increased contributions.

23,002. You feel that any increase must deteriorate the health of the low-paid workers, and that any extra benefits ought to be paid for by the State?—Yes.

23,003. There is another point on which I think you can give us some evidence, although perhaps you intentionally did not do so; that is the question of maternity. For instance, under the Washington Convention, much greater provision for the period of maternity is made. Have you gone into that at all?—We have not gone into that in any detail, but we are very greatly concerned with the problem of maternal mortality, and on that ground we would wish to see the maternity benefits very considerably increased.

23,004. I know how very deeply you are interested in all these questions. The Washington Convention proposed to give increased benefits before and after childbirth. You personally would be in agreement with that, I take it?—Personally I should.

23,005. But you could not commit your Society, because they had not considered it?—That is so.

23,006. There is also the question of free medical or mid-wife attendance during confinement?—Yes. That again is personal; it has not been considered by my Executive.

23,007. (*Mr. Evans*): In paragraph 8 you deal with women as voluntary contributors. I am not sure if I have thoroughly understood this sentence: "This hardship is felt especially where a woman has married a man whose income falls within the limits of the Act, but who is ineligible himself to become a voluntary contributor." Is it your suggestion that should the man fall ill she would then be able to claim?—Are you referring to what I have said here or to the point I was making to the Chairman?

23,008. I was wondering how you would work this out where you refer to the hardship when a man would be outside the bounds of the Insurance Act?—I was not suggesting that he should be receiving any benefit. But you see such a woman would not be eligible for any maternity benefit, for example. If she is married to an insured man, whether a voluntary contributor or an ordinary insured person, she is able to get benefit. As I have explained to the Chairman, when we made this point we were also concerned with the

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exclusion of the married woman from being a voluntary contributor, with regard to its effect on the Pensions Bill, the two forms of insurance being interlocked.

23,009. You are merely concerned here with the maternity benefit?—Yes, in this connexion at present as we now have had that concession on the other Bill. At the time I sent this in, the fact that she could not become a voluntary contributor, even though married to an uninsured man, meant that she could not get any of the benefits under the Widows' Pension Bill either, nor would she receive benefits given to dependants.

23,010. (*Prof. Gray*): In estimating the cost of medical benefit for dependants, I think you said that the cost for women might be more than for men, but that, on the other hand, the children would cost less, so that you suggested that on the whole the cost might not be more than double?—It would probably be the same amount again.

23,011. Did you allow for the fact that, taking the insured population as a whole, the dependants are possibly $1\frac{1}{2}$ times as many as the number of insured persons?—I should have said that the dependants are $1\frac{1}{2}$ times the number of male insured persons; not of the insured persons as a whole.

23,012. I may have been mistaken; I thought it was the whole number. Then you suggested that possibly an increased contribution would not be necessary. Had you in mind there the suggestion of another grant, or some re-arrangement of the finance in some other way?—I had in mind either a re-arrangement based on the suggestions which have been put forward so frequently now, or an increase of the State grant.

23,013. On the voluntary contributor question, you agree that there would be some trouble in supervising the married women voluntary contributors, but your suggestion was that the class would not be more difficult to supervise than voluntary contributors generally?—That is so.

23,014. Do you think that is so?—I should have thought it undoubtedly is so in the case of, say, single women.

23,015. But are single women voluntary contributors to any large extent?—I do not know exactly to what extent, but you can have single women who are.

23,016. The original voluntary contributor was the person who was doing some kind on his own account; for instance, a blacksmith, who had not an employer?—Quite.

23,017. In the course of time that was closed down, and the present voluntary contributors are the employed contributors who have ceased in some way to be under the Act. I should think that most of them are people who have gone over the income limit. But is it not the case with regard to most of those people that they still have a job to go to?—I should think

that is probably the case where men are concerned. But when you get an unmarried woman who has left her work in order, shall we say, to keep house for a brother, she is in precisely the same position as the married woman.

23,018. I agree that so long as the voluntary contributor has not any obvious job to go to the question is similar. But if the voluntary contributor is a person who has gone over the income limit or has got a job, you have there a test, have you not, which you cannot apply to the married woman?—Undoubtedly you have. But I suggest that in the case of a hawker, for instance, it is very difficult to spot if he has gone out with his barrow for a hour or so, and in the same way, it is difficult to spot if a woman has got up to get her children's breakfast. That is why you must place the matter in the hands of the doctor.

23,019. (*Sir Humphry Rolleston*): With regard to the extension of medical benefit to dependants, did I understand you to say in answer to the Chairman that you had evidence to show that the illness of children was less extensive than that of men?—I did not go so far as to say that I had evidence of it. I said there was reason to think so.

23,020. What is the reason?—Because the average child population surely does not suffer from illness to the same extent. I mean serious illnesses which require medical attendance.

23,021. That seems to me, as a doctor, to be contrary to experience?—I would suggest that what children suffer from as a rule are the ordinary infectious diseases, such as whooping cough, measles, and so on. If you take a case of whooping cough, the services of a doctor are seldom required. The illness may last over a period of months, but the services of a doctor may not be required more than one or twice during the whole time.

23,022. I thought possibly your statement might be based on the fact that you thought the illnesses of children were to a certain extent met by the school clinic?—The minor diseases are, but I do not think that that was in my mind. I had more in mind the ordinary infectious diseases of children.

23,023. It is only a matter of impression?—It is purely a matter of impression, but I think it is an impression which is based on some practical experience about the number of times that one requires medical attendance for the ordinary children's diseases.

23,024. (*Sir John Anderson*): Why do not you provide for the husband of an uninsured woman as well as for the wife of an uninsured man?—In a suggestion to the Chairman I did point out that it would be possible to apply in this Act the provision for the husband of an uninsured woman which had been made under the Widows' Pensions Bill.

(*Chairman*): Thank you very much indeed; we are much obliged.

(*The Witness withdrew.*)

Dr. MARION PHILLIPS, called and examined. (*See Appendix C.*)

23,025. (*Chairman*): You are Dr. Marion Phillips, Secretary of the Standing Joint Committee of Industrial Women's Organisations?—Yes, and with me is another representative of the Committee, Miss Madeleine J. Symons, J.P.

23,026. You are submitting to us the Statement of Evidence which we have before us on behalf of the Standing Joint Committee of Industrial Women's Organisations, and I note that the Committee represents over 1,000,000 working women, including insured women as well as wives and daughters of insured men. We note the bodies which you represent as set out in paragraph 1 and the steps which you have taken to submit the evidence to various Labour and Trade Union organisations. May we take it, then, that your Statement represents the

considered views of organised working women?—Yes, and in addition the views of organised workers generally, for you will see it has been prepared in conjunction with the other bodies.

23,027. Your first important recommendation is that medical benefit should be extended to the wives and dependants of all insured persons. You have not, I suppose, made any estimate of the cost of this wide extension?—It is not possible for us to do that, since we have not full official statements on these matters. But in making any estimate there are two sides to consider. One side is the loss to the community generally from ill-health; the other is the actual cost of the service you propose. And in addition to that there is the cost of the varying

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medical services to-day which would be absorbed into a general medical service, e.g., practically the whole of the Poor Law medical service. The expense of the ill-health of the working class woman has never been estimated as it should—the expense of the ill-health of the woman who is not a wage earner.

23,028. Again in paragraphs 14 and 15 you make some drastic recommendations for the extension of the scope of medical benefit. This also would involve considerable additional expenditure, would it not?—It would involve additional insurance expenditure, but there again it would do away with other forms of medical expenditure by the community in general, and it would also reduce progressively the amount of expenditure on sickness.

23,029. By prevention?—Yes.

23,030. Are you prepared to see a substantial increase in the contribution for these purposes?—No, we are not. The deductions made from wages to-day are very heavy, especially when you consider the low wages paid to working women. From their point of view especially further deductions are quite impossible. I think that if you had the service wholly reorganised on the lines we suggest, and extended, it is just possible, if you have eliminated every possibility of waste expenditure and are giving a great deal for the money, you may have some increase of contribution by the better-paid workers, but even if you have that, you will have to have some very definite provision for releasing from contribution the lower-paid workers. If you care for us to give figures of the present rate of women's wages, which show very clearly that they cannot stand further deduction, we have them to give you.

23,031. I think we may take it from what you say. Have you any suggestion to make to us as to the order of priority of these extensions of the scheme? For example, as to whether medical benefit for the wives and dependants of insured men should come before the extension of the scope of medical benefit for insured persons; or which of the eight items referred to in paragraph 15 should be placed first in order of importance?—We have not specially considered it. There might be arguments which would go against the conclusions we have at present reached. I should say our view would be as follows: first, medical benefit for wives and dependants; second, provision for maternity and free medical treatment at confinement; third, extension of the scope of medical benefit for insured persons. With regard to the different items included in paragraph 15, those were not intended to be an exhaustive list, but only examples of some of the things that should be included, and of these the most important are the provision for maternity and child welfare, for dental treatment, and those services included under (c) which are general specialist treatment. Dental treatment we do want to call special attention to, because the position with regard to it now is so very bad, and it has become more and more recognised as the most important of preventive services. We have got some information as to the tremendous cost of dental treatment for working women and the difficulties they have in getting it.

23,032. I see in paragraph 16 you say that there should continue to be free choice of doctor. May we take it, then, that you are satisfied with the present panel system and that you do not desire to see it replaced by a scheme of salaried medical officers?—I do not think the one implies the other. What we mean especially by that reference to free choice of doctor is this, that where you have an insured man he has free choice of those doctors who are on the panel in his district; his wife becomes entitled to medical benefit, and she should have free choice of the doctors on the panel in the district.

23,033. Just the same as the man?—Yes. So it will not necessarily be the case that if a man is the doctor of an insured man he becomes the family doctor. That gives the woman freedom to

have a woman doctor if she chooses or a special doctor for her children, and we take it the woman would be the person to choose the doctor in the case of children. As to the panel system in general, our view would be that it has worked fairly well. But there is a strong tendency towards an increase in the number of salaried full time medical officers in the health services generally. We take no objection to that tendency increasing. We think it will. As to the panel system, it might be necessary to modify that in some ways. Now it is a *per capita* system. Personally I have rather a preference for the system followed in some of the Continental countries, where a doctor is paid so much an hour for seeing patients in his own surgery, or rather in the insurance surgery, and so much per visit. I think there are a good many advantages in that. But we are not proposing to press at the present moment for any one particular form. Specialist treatment could not be *per capita*, it must be per visit or per case.

23,034. In paragraphs 17 to 27 you make very important recommendations for extending the provision made for women in connection with childbirth. Here again, I suppose, you cannot give us any estimate of what the cost would be?—We do give an estimate of the cost of the Washington benefits in paragraph 39, of the additional cost which the 12 weeks would be, and the additional cost is not a very great one. I think we have made it rather larger than is reasonable. I think the additional cost would really be less. That is, of course, worked out, as you know, on Sir Alfred Watson's figures—

23,035. For employed women only?—We are only proposing Washington benefits for employed women, but Sir Alfred Watson made an estimate for those women who were in insurance which, of course, includes the women who have just left on marriage as well, and I think he estimated as too small the amount of sickness benefit during pregnancy, which is an increasing item. So the additional cost of the Washington benefit would, I think, be less than we have said rather than more. As to the cost of medical treatment and nursing, that is in exactly the same position as other medical treatment. You have to set it off against the wastage of life and strength and against the disordered medical services which now exist.

23,036. Are you really satisfied that insured women are not fully aware of their rights to sickness benefit during pregnancy?—Yes. They have got more knowledge of it than they used to have, but there is real chaos on the subject. It is not only the insured women but it is the Societies and the doctors who are also doubtful about it. We have, for instance, information from a doctor that he may not give sickness benefit until the last four weeks of pregnancy. That is a statement of a doctor made to the secretary of one of our women's organisations. We have another statement, in fact we have the same statement made about two Societies, that they do not give it at all, and about another that they do not give it till the last weeks. Further, there is the fact that some women think they have a right to it at a certain time. There is complete chaos in the matter. On the whole far fewer women apply for it than need it because of all these doubts. My own opinion is that without your being able just to find out the details of how it is done that impression is created by many insurance agents amongst the women to whom they go; they let them think that they cannot apply; they lay such pressure on the fact that they must be very much incapacitated or they will not be able to get it. There was another point put to us that many insured women cannot afford to have a doctor for their confinement and they, therefore, do not go to the doctor to arrange for the confinement and they do not like to go and ask him for a certificate during their pregnancy when they are not engaging him for the confinement.

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23,037. You advocate the unification of the work done by the Maternity and Child Welfare Centres with the Maternity provisions of the Insurance Scheme, do you not? Would you go so far as to say that maternity benefit might with advantage be removed entirely from the Insurance Scheme and placed under the control of the Health Committee of the Local Authority so that this effective unification could be achieved?—Yes, certainly we would.

23,038. In that case would you say that Insurance funds should still be drawn upon to support the conjoined scheme?—Yes, certainly. You could do it by a sort of pool or re-insurance scheme, and we think it is very important that the whole of maternity work should be carried out by people who are engaged in health work, not in insurance work, so that women are visited not by insurance agents, but by people who understand something of their condition.

23,039. Arising from paragraph 20, we should be glad to have some information as to the extent to which the doctors' and midwives' fees have absorbed the maternity benefit?—We made an enquiry about this through our organisations. Our information deals with—I do not say covers—about 130 places in England and a much smaller number in Scotland and Wales. In England we have information from practically every county and from both urban and rural areas. The Welsh and Scottish information is much scantier but it all comes to very much the same thing. For the doctor the prevailing fee is two guineas, but there are far more who charge above two guineas than below it. Some charge as much as six guineas. The charges run from two guineas upward, but most of them are round about two guineas. The midwives are not much less, one and half guineas is the commonest, but many of them are above it. Where a nurse is engaged, not a midwife, the charge seems to be roughly 25s. Where the women are members of a Nursing Association the charge is less, but then they pay their weekly contributions. Some places say they have no midwives at all, but there they have the handy woman with about 10s. a week, neither a nurse nor a midwife.

23,040. The nurse does not look after the confinement?—She cannot legally. Presumably a doctor is called in in those cases, but of course a woman does need both a doctor and a nurse. The doctors' fees vary curiously. We have doctors who charge more for the first confinement than for the second and later ones. That is fairly common. Sometimes the difference is as big as a guinea. Some of them charge extra for an anaesthetic which you will see is a very serious thing. The additional charge is usually a guinea or 10s. and, of course, that means that the poorer woman cannot afford to have an anaesthetic and may go through a great deal more suffering on that account. Some again actually make an extra charge if they are called out at night. There are some reductions that are made for various things. Some reduce for club members. That of course, is quite natural. Some doctors reduce their fee if they are called in in an emergency. There are others who charge a lower fee if the confinement is arranged for beforehand. I think that is a case of genuine medical enthusiasm. They want the woman to visit them beforehand and they make an easier arrangement to encourage them to do so. I need hardly say that is not very frequent, and, of course, it is the very good practitioners who do it. But more of them charge less if it is in an emergency than if it has been arranged for and they have had visits from the women beforehand. You will see, therefore, from these figures, that more than the whole of maternity benefit is absorbed in the doctor's fee; that if a woman has a doctor and a nurse it is nearly double. In some cases the charge is more than double the benefit for the doctor alone. We had in 1923 an inquiry into the charges in maternity hospitals and the conditions in them, and we have had some facts about that quite recently. All of them go to show the same thing, that the charges in maternity homes and hospitals are much higher than the

amount of maternity benefit, though in some cases they are reduced if the women are said to be necessitous. The beds, of course, are very insufficient in number, but in some places the beds are not all used simply because the fees charged are too high.

23,041. Are you referring to wards in maternity hospitals?—Both maternity homes and wards in hospitals. Some of the lying-in wards charge quite a high amount. I should say the hospital charges were just about the same as the maternity home charges.

23,042. Would you amplify for us a little the subject of paragraph 30, namely, that the administration of what you call private doctoring should be closely interlocked with the general health work. We should like to hear about this on its medical, administrative and financial sides?—Our view on that is also the view of Sir George Newman, if I might refer to his most recent report, where he deals with the subject in very much the same way as we should like to see it dealt with. What we feel is this: you have got educational work going on in Maternity and Child Welfare Centres, and you have a certain amount of actual treatment work. We consider they should go on with their educational work and develop it as much as possible and make it possible for every woman, both before her child is born and afterwards, to get such information as she can. But, on the other hand, we do want an extension of the treatment side, our view being that these maternity centres should play an important part in specialist work with regard to women and children. The general practitioner on the panel comes in in this way. He deals with the child at home, he gains a great deal by the mother being better educated in health matters, but he ought also to be able to gain a great deal by the information that he can get from the consultative clinic. He should be able to send his patient there for specialised things, and they should develop on specialist lines. He should also be able to go there to refresh his own knowledge, to hear what the latest ideas are, and so on. We want these Maternity and Child Welfare Centres to develop into real specialist centres for maternity and child care. That is on the medical side. The administration side has got to be dealt with by the people who are actually engaged in the administration, but if one speaks just broadly I should say that what you want is a complete interchange of reports, to make it possible for general practitioners to get reports from the clinics, and in the reverse way make their work dovetail in so that if a child is being taken to the clinic the child's own doctor knows about it and knows the opinion of the clinic. I think administratively if you were working the whole system from one common centre of the Public Health Authority there would be very little difficulty. Then from the financial side, we have already said we are in favour of the whole of that being merged. I think you ought also to take this into consideration. If the general practitioner is getting all this help from the development of maternity work in the district from the public health side, the question of his remuneration should be considered in the light of that. He is getting a great deal of assistance in carrying on his own work, and the specialists at those clinics would themselves be very largely men who had specialised on that line but who were doctors practising in the district. That, by the way, is pointed out by Sir George Newman in his Report, and I think that is very important. As your whole work is combined, the question of remuneration should be combined also.

23,043. From paragraphs 33 to 36 we gather that you are in favour of a unification of all the medical services in each locality and the abolition of the Insurance Committees. In what respect do you think the Insurance Committees have failed to do the work set them?—They have become entirely out of touch with both insured people and the general population, who are very much the same thing. Their method of

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election is exceedingly bureaucratic; the people elected are by a large majority the representatives of the big Industrial Societies; and the Committee becomes a Committee for the purpose of keeping down expenses of Insurance Societies, with very little interest indeed in the welfare and health of the insured person. It is a very curious thing, that though we have a movement taking a very active part in local work of all sorts, you scarcely ever hear the Insurance Committees even mentioned, because it is so difficult to get any sort of contact between public opinion, and public work in the area and the Insurance Committees. They are what you might call dead from any outside point of view. They are moribund bodies.

23,044. If, as you suggest, the administration of medical, Washington and other maternity benefits were taken out of the hands of the Approved Societies and Insurance Committees, what would you suggest should be the financial arrangement for supporting such a scheme, and should it be available to the whole population or only to the insured and their dependants?—In the first place, we think the Insurance funds should be used for it, and that those funds should only be supplemented if they are proved to fall short. There are some services in the public health work which, of course, would remain, as now, a charge on the ordinary funds of the Public Health Authorities. With regard to the people to be insured under this scheme, I think it is about 88 per cent. who would come in as insured persons and the wives and dependants of insured persons. That leaves a very small portion of the community whose incomes are such that they would desire these services that are outside, and the improvement in the service would be such that they would want to come in. For them we think it would be possible to have some system of voluntary insurance. It would be so very much in their interest to be included that we think a scheme could be devised which would be much more successful than any of the previous efforts have been. Of course, the whole tendency is towards the inclusion of everybody, and I think once you have got 88 per cent. in, the pressure to make it a complete scheme would be too great to be resisted. But I think a voluntary scheme might be tried.

23,045. In paragraphs 37 to 43 you deal (though not in any detail) with the financial provisions involved in your proposals. Do I understand that you advocate that effect should be given at once to the whole of your recommendations, and that in so far as this would involve a cost beyond the limits of the present Health Insurance contributions and their accumulations, the balance should be provided out of the Exchequer?—Yes, I should think so. I think you are taking a view which is rather different from ours as to what the Commission wants to have before it. We were taking the view that our job was to put to you the things that we thought most important to secure the health of the people, that that was the object of the National Health Insurance Scheme. That, therefore, has been our first interest. We are ready to leave it to Chancellors of the Exchequer, and to Ministers of Health, and Governments, and especially to the Civil Service, to find the exact method, but we are of opinion that as far as the low wage earners are concerned they cannot make provision to protect their own health out of the wages they are now getting.

23,046. Am I right in thinking from paragraph 41 that you are in favour of throwing the whole of the surpluses of all Approved Societies into a common pool for providing uniform benefits to all insured persons?—Yes, we are. We think it is a mistaken policy to pile up big surpluses. In our opinion the money should not be kept for possible future extensions, but should be used while the people who have paid it are still there to benefit by it so as to lay the foundation for possible reductions later on. I think there is this difference between the actuarial considerations of a national and a private concern. In a national concern you are not so much concerned in what money you will have 30

years hence as in what better conditions of the population you will have 30 years hence. With Health Insurance the more you spend on prevention to-day the better will be the financial position of the community 30 years hence and, therefore, in any actuarial consideration I think you have to take into account the fact that what you are doing to-day will make the building up of reserves for the future unnecessary.

23,047. Accumulations are being used for extended benefits now to some extent?—Yes, they are, but there are also accumulated reserves that have been there for a very long time.

23,048. From paragraph 42 I see that you consider that sickness benefit should be brought up at least to the level of unemployment benefit. Would this apply to disablement benefit also?—Yes. I think on the whole it is even more important with regard to disablement benefit. People who have short sicknesses can make provision of a sort for the moment, but people who are never going to be well again or are going to be ill for a very long time cannot look forward to anything more and they need more each week.

23,049. Do you recommend that the rates of sickness and disablement benefit should be increased by allowances in respect of wives and children as in the case of unemployment benefit?—Yes. It would be certainly a very great improvement. That is specially so with disablement; where a man is permanently disabled the necessity for allowances for his children as well is a very great one.

23,050. (Mr. Cook): In connection with the statement you made with regard to the fees charged by doctors and midwives, is it your opinion that in a good many instances these fees are excessive?—It is very difficult to say. They are very much more than they used to be before the maternity benefit was there to pay them, but it is always a very difficult thing to say whether a doctor's fee is excessive or not. It is quite clear, if you have a range going from a guinea and a-half to six guineas, as you have here, some people regard their services as much more valuable than others. I have no means of judging whether the services given by a doctor who is charging a guinea and a-half is equal to that of the doctor who is charging five guineas.

23,051. Is it not well understood that doctors, as a rule, when charging fees for professional service, make a charge proportionate to the financial ability of the patient to pay?—I think doctors do undoubtedly go on the plan of getting out of their patients what they think they can manage to secure. That is what makes it so difficult to say which of them are charging excessively. Some of them charge a lot and give bad service.

23,052. Where the charge is four or five guineas in the case of a working man or working woman who has a very small wage, is the doctor departing from that professional practice to which I have referred?—I think if free medical treatment at confinement was part of a general national scheme the payment to the doctor would certainly be lower than the charge which some private doctors make to-day.

23,053. Would it not be well worth considering making the fee for this particular service a statutory fee?—If you had it under National Health Insurance you would have to make it a statutory fee, or, rather, a fee under regulation. The doctor would have to take that as part of his work as a panel practitioner with a certain sum attached to it, and I expect that certain sum would be arrived at by the usual bargaining process.

23,054. (Sir Humphry Rolleston): Did I understand you to say that there were many doctors who charged six guineas to patients under the Insurance Scheme?—I do not know that there are many. I cannot tell you. We have been given instances.

23,055. Would it be fair to say that they are exceptional?—I have not got sufficient information to decide.

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23,056. Have you had ten instances?—I do not think so, but then we did not have a great number of instances as a whole.

23,057. You said the vast majority charged about two guineas; if anything rather over than under?—Yes, two to three guineas.

23,058. Six guineas strike me as being rather exceptional, and I wondered whether you agreed?—I should think it was, but I have not got any sure basis to go on. (I should say the much more frequent fee would be two to three guineas.)

23,059. (*Professor Gray*): You were asked about the order or priority of certain extensions. Am I right in saying that your point of view to-day is this, that to a certain extent you are not concerned with the cost of these things which you are putting forward as essential, and that you have always got at the back of your mind the idea that the State can or may contribute to the cost of these things?—Yes.

23,060. Therefore, in a sense, when you put down a number of extensions it is hardly for you to say which is the more urgent; you want to get them all?—Yes.

23,061. If you could not get them all I wondered why you put the extension of the scope of medical benefit, to make it a complete medical service, comparatively low down in the list. After all, it has been a common criticism from the first that medical benefit is a limited affair. If that is so, would not one of the most urgent claims be to make that which is given under the Act as complete as possible?—An extension of the scope of medical benefit is, as you know, necessary to make the present medical benefit complete. There is an enormously strong case for it. If you are going to spend the money that you at present spend properly, it is obviously necessary to extend the service. The pressure for it is a growing pressure, and everybody sees how important it is. The number of people to come under it is perhaps less obvious. By including more people you are increasing obviously the cost of insurance, but once you have included more people the demand for a proper medical service for all of them will, on the whole, be stronger than ever.

23,062. It is a matter of tactics?—Possibly. I think the inclusion of wives and dependants, which we know to be so enormously important, is not fully realised by the insured public, the people who are at present insured, and we do think that is one of the things which for the public welfare itself does need very active pressure. Even the Approved Society that has nothing but a financial interest in this business may see that it is to their interest to improve the medical service, but looking at it from the public point of view, I think it is of first importance to make medical service applicable to wives and dependants.

23,063. Does it come to this, that the extension of the scope of medical benefit from its present ambit to something larger is less impressive than taking in other people or giving dental benefit, or something of that sort?—No. I think it is enormously important to get everybody within some form of medical service, and it is so obvious that you must make your medical service as good as possible for everybody that you include that I should put the other in the front.

23,064. Trusting that the other will come later by force of circumstances?—I think it will come very quickly in any case. And as to the mothers, our reason for putting that second is that at present maternal mortality is so high and there has been so little real attention given to the appalling ill-health created amongst women by lack of care at times of confinement.

23,065. On the question of pregnancy, taking things as they are, without looking forward to elaborate extensions, have you any suggestion to make as to getting rid of these conditions which arise whereby certain insured persons think they are entitled to come on four weeks before confinement, while others think they are entitled to nothing at all,

and, as you express it, there is chaos in the opinions as to what is available? The position is this, is it not, that if there is incapacity, benefit is payable?—The difficulty is to decide what is incapacity. A woman feels if her incapacity is due entirely to her pregnancy she is not entitled to get sickness benefit unless it is four weeks beforehand.

23,066. I suppose that is a wholly erroneous idea?—It is erroneous. If her incapacity exists she is entitled to it.

23,067. If incapacity exists benefit is payable?—Yes.

23,068. Do you think Societies are ignorant as well as insured persons?—I doubt if Societies are ignorant. I think Societies lay great emphasis on the idea that members must prove that they are quite incapable of work.

23,069. How is that pressure exerted? I imagine in many cases the question will arise by a claim coming in. Take a centralised Society which is not in active touch with its members: a claim may come in through the post. Has not the Society to make up its mind there and then? How will a Society exert pressure to keep that kind of case from coming forward?—That is a case where the woman has already got her certificate from the doctor.

23,070. Yes?—But, of course, these things do not always go so far as that. The woman is told "Oh, no, you cannot get pregnancy benefit," by the agent or by the person who takes her contribution, or by the person who has been to see her when she has been sick before, "You do not get sickness benefit for pregnancy, you must have something more than that."

23,071. Do you suggest that this kind of pressure exists more where there are agents calling week by week than in the case of other Societies?—I should think that that was so. As I say, you cannot tell quite where the impression arises from.

23,072. Have you any suggestions to make for removing this erroneous impression?—I think there ought to be a correct and simple statement on the matter, and Societies should be very sharply dealt with who are proved to have given a wrong impression. I think the women should have a very clear and full statement of all their rights on the subject, and have it at hand.

23,073. With regard to these Insurance Committees, these moribund bodies as you term them, there is one statement you made about them that I do not quite understand. You told us they chiefly existed for keeping down expenses of Approved Societies. How can an Insurance Committee exercise influence in keeping down expenses of Approved Societies?—Perhaps I expressed it a little loosely. Shall I put it in a different way: for dealing with the economic side of insurance; for seeing how in various ways in the methods of carrying on their work they can carry out their legal obligations with the least possible expense.

23,074. Once the Insurance Committee is there, however it comes about and however elected, it does not, does it, exercise any influence over the action of Approved Societies? There is no reaction. Approved Societies may put the Insurance Committee there, but the Insurance Committee does not supervise in any way what an Approved Society does?—I think it can influence a good deal what happens.

23,075. In what way?—I cannot understand why you should ask in what way. It is an administrative body concerned with insurance. It may not give orders to the Approved Society, but common agreement is come to on the Insurance Committee, common policy is adopted on the Insurance Committee which very much affects the work of insurance.

23,076. Is it your suggestion that at the Insurance Committee there is a kind of informal meeting of various officials of Approved Societies where they put their heads together, that in fact the Insurance Committee does nothing, that it is a kind of club where Approved Society people meet? Is that the suggestion?—No, that is not the suggestion.

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23,077. I am afraid I do not see the point. I fail to see how an Insurance Committee reacts on the work of an Approved Society and is effective in keeping down, let us say, the number of claims made on an Approved Society?—It is effective in influencing the general methods by which the Societies follow out their work, the general methods of directing medical benefit, with which it has a lot to do. I do not say it is an informal meeting of Society officials, it is a perfectly formal meeting; and instead of occupying itself, as the Act undoubtedly intended an Insurance Committee should, in finding ways in which Societies could act for the improvement of the health of the community, it has, I think, tried to minimise any possible methods of increasing the liabilities of Societies towards the people.

23,078. I am still at a loss to see how it works back?—You have probably seen Insurance Committees at work.

23,079. I have, fairly closely at times?—And you have probably seen Borough Councils at work.

23,080. No, I cannot plead guilty to that?—I was on a Borough Council for a good many years where the whole work of the Borough Council was directed in general to one job, keeping down the expenses of the Borough without any interest whatever in improving the welfare of the Borough.

23,081. That is an entirely different matter. There is an intimate relation between the Borough Council and the rates, which does not exist between an Insurance Committee and Approved Societies, who are doing quite a different job?—I think perhaps I might say its work is negative rather than positive.

23,082. That comes back to what you said before; that is the peculiarity of moribund bodies. You spoke of your desire to see the funds of Approved Societies pooled. I take it from that, in effect and substance, that you are prepared to abolish Societies?—I suppose you may take it that it is a step in that direction, if you pool their surpluses.

23,083. If you put all the money together there is no room for Societies, is not that so? There is no longer any reason for their existence?—If you put their surpluses together? I do not think that would at the moment be the view taken by a large number of Societies who are in the Health Insurance business for purposes which have nothing whatever to do with Health Insurance, but as an assistance to them in other parts of their insurance business. I think it would still be worth while to them.

23,084. I was not quite clear on which of the two lines your objection to these things went. You spoke about Societies piling up big surpluses. You might object to Societies having surpluses on the ground that things ought to be equalised. Is it partly that?—I did not object to Societies having surpluses. I objected to their keeping them for some period in the future instead of using them for the creation of better health immediately. That is not an objection to Societies having big surpluses. The bigger surplus they have the better work they can do now.

23,085. The surpluses which are at the disposal of Societies are used, are they not? They are spent in the next five years?—Are they?

23,086. Is it not the case that if a Society has a surplus it prepares a scheme of additional benefits to cover five years, and theoretically it ought to be spent in five years?—There are still a good many that have not been, are there not? All the accumulations of Societies have not been spent within the next five years after their accumulation.

23,087. Are you referring to the amount which the Actuary considered ought to be kept as a kind of reserve against the next valuation?—I think the reserves that are kept are far bigger than are necessary.

23,088. From one thing you said I rather understood you to object to the whole system of reserve values?—I said actuarial calculations often put too much importance on reserves. That does not say a

Society should keep no reserve whatever, into which question I did not go.

23,089. You spoke of the difference between private enterprise and State enterprise, and because the State might count on being there 30 years hence it had not got the problem of a particular Society where the members might all grow old. I understood that to be your point, and that therefore the State did not require to pile up a big surplus?—I did not mean exactly that. What I meant was rather this, that the purpose of a National Insurance Scheme is not that of having money to distribute, but of creating on an Insurance basis certain services for the community, and the more it creates a good service now the better will it be able to meet its future needs, and, in the case of health, the smaller will those needs be 30 years hence, and, therefore, in making actuarial calculations that side needs to be taken into account, whereas in an ordinary private company the financial side is regarded from a much more static point of view.

23,090. (Mr. Jones): I take it, Dr. Phillips, that your general opinion is that, quite apart from the source of the money, any money wisely spent on health administration is a good investment?—Yes, certainly.

23,091. And that it will bring its own reward in due course?—Yes, that it is an exceedingly bad thing to have the loss of work which is described in Sir George Newman's Report from sickness which, I think, is something like one year's work of 400,000 people.

23,092. Your opinion is that economically money spent on Health is a good investment for the nation?—Yes.

23,093. We have had a suggestion put to us from the British Medical Association in regard to maternity service, that all the doctors in an area should be put on a maternity panel if they wish to go, and that the wives of insured men, and others perhaps, should apply to these men when they are required. Does that scheme meet with your approval?—I should think they might. You mean that there should be a separate panel of maternity doctors similar to the other panel?

23,094. Yes, it practically amounts to that except that the doctor would not have families on his list for the purpose of maternity but when an individual required a doctor she would choose one from the panel?—I suppose it would be possible for that doctor to be the same doctor as the woman went to ordinarily.

23,095. Provided he chose to go upon the maternity panel, because each doctor is to have a right of choice; there will be that amount of limitation in the scheme. —Yes.

23,096. You can imagine certain doctors who are on the insurance panel generally might, for personal reasons, not wish to go on the maternity panel?—Yes, I should say that was quite a reasonable scheme.

23,097. If such a scheme were adopted it would probably result in a uniform fee being paid which would get rid of these anomalies that you have been pointing out. It would almost naturally follow?—I take it if you had the doctors on a panel part of their undertaking would be to attend for a certain sum.

23,098. In connection with emergency calls under the Midwives Act, when doctors are called out by midwives there is already an established fee and the doctors take that quite willingly. It would probably not be difficult to arrange an agreed fee in the case of the maternity panel?—No.

23,099. Probably a very simple matter. Assuming the adoption of such a scheme, how could that be linked up with Maternity and Child Welfare Centre and the maternity and child welfare work of the Public Health Authority generally?—I should like to point out in the first place what happens now. To-day a woman chooses her own doctor for her confinement, and she is also very

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frequently in attendance at a pre-natal clinic. I think if you had a certain number of doctors on the maternity panel those doctors would also be advised to have a close co-operation with the clinic and might even do pre-natal work at the clinic. But the connection would be closer than it is now because there could be an exchange of records between them.

23,100. What is to hinder that close connection at the present time? You are merely putting the names of a certain number of general practitioners on a list which does not exist at the present moment but still they would be the same men. What connection exists at present between the general practitioner and the Public Health Authority?—Practically none, because it is not an organized service at all. The private practitioner to-day makes his own individual arrangement with his patient with no connection with anybody else. I take it your suggestion is a panel—

23,101. The suggestion is not mine; it is the suggestion of the British Medical Association?—The suggestion is a panel which would be like the panel of the ordinary practitioners. The individual does not pay the doctor; it is part of a general insurance scheme under which free medical treatment is given at confinement. That doctor then immediately comes into contact with the public service and with maternity and child welfare.

23,102. It is also a feature of the British Medical Association scheme that in the near future Maternity and Child Welfare Centres would not be necessary?—We think both the private doctor and general preventive work and specialist work are all necessary. The private practitioner to-day cannot get along without having some access to specialist treatment at hospitals. A great deal more access is needed, especially on the question of maternity and child welfare, which has been so little studied in the past. We should certainly be in strong disagreement with the British Medical Association in thinking that the bringing of maternity work into insurance should mean the disappearance of the public health work of maternity and child welfare.

23,103. They have definitely stated so to us in evidence here. They have extended it and said that in a few years not only maternity and child welfare through the Public Health Authorities, but Tuberculosis and V.D. Centres, and so on, should vanish and the whole work should become the work of the general practitioner. You do not agree with such a proposition?—I do not agree.

23,104. Alternatively, how would you view a proposition that this maternity work should be placed wholly in the hands of the Local Authority?—We are in favour of that. We think the whole administration of medical benefit would be better in the hands of the local Health Authority, and especially the administration of anything connected with maternity and with children.

23,105. How would you propose to organise that?—How do you mean, from what side?

23,106. How would you staff the service, for instance? The British Medical Association propose to staff the service by a panel of general practitioners. If it was handed over to the Local Authority how would you propose to staff the service?—The Local Authority could do that.

23,107. How?—It would be part of the insurance scheme.

23,108. If you put it over to the Local Authority would it not then become part of a public health scheme?—Yes, but drawing from insurance funds.

23,109. I will come to finance later. Let us think for the moment of the work. Would you suggest that the Local Authority should appoint its own panel or a staff of men and women to undertake maternity work?—No, not precisely. We would not suggest at the present time that the panel system should be done away with, the system of bringing the medical general practitioner into this work. The question of the way in which you would remunerate attendance at confinement would have to be settled.

23,110. I regard that as a simple matter; after all, it is a matter of agreement?—But it would be quite within the power of the Local Authority to open a panel on which private doctors would put their names as willing to undertake the work of looking after women at confinement. It would be a kind of panel just as there is the other panel.

23,111. Would there be any advantage in having a public health panel for maternity work as against the panel that the British Medical Association suggests?—The advantage that while the one remains outside the rest of the health work carried out by the authority and entirely under the control of the private practitioner, the other one comes in to a general scheme which will be under the general control of the public authority.

23,112. You are aware, I have no doubt, that the great majority of confinements throughout the country are attended at present by midwives and not by doctors?—Yes.

23,113. Would you favour the setting up of a panel of midwives by the Local Authority?—I think at the present time you have to face the fact that you could not get enough doctors to do the whole of the maternity work, and therefore you must include midwives, but I think it should be done more under the supervision of doctors than it is now by an extension of the pre-natal work.

23,114. That is just the point I was coming to. If we assume the existence of a municipal midwives' panel, would it not be possible to work that directly under the control of Maternity and Child Welfare Centres?—How do you mean under the control of Maternity and Child Welfare Centres?

23,115. Under the direction of the medical staff at those Centres. At the moment you have a doctor in private practice, and you have a midwife, and they carry through their work with all the disastrous consequences that one hears about and reads about; and they are responsible to nobody but themselves. If you adopt the scheme of the British Medical Association you are not going to be any further forward than you are at the present time; there will be no connecting link between the two. I suggest that if you were to set up a panel of midwives under the Local Authority and directed from, if you like, the Child Welfare Centre, then you would have the link that you desire to see established?—I should prefer that you should have a panel of doctors and a panel of midwives, and that the two of them should be under the general control of the Medical Services Committee of the Local Authority, and perhaps a special branch of that dealing with maternity work, for this reason, that I do not want to have a public service of midwives and a private service of doctors; I want a true medical service for confinements, which is directed by doctors and is in the main doctors, midwives being supplemental to it and not taking the place of doctors.

23,116. The midwives to a large extent have taken their place at the present time in the actual work, have they not?—I think it is rather a dangerous position we have at present where a midwife is not allowed to carry through certain cases and must send for a doctor, but has not at present the means of knowing when such a case is likely to arise. I should like every woman to be seen by a doctor before the time of confinement, and then, if the confinement is, in his opinion, likely to be of such a kind that the midwife might safely undertake it, I think you have got much greater security. Of course it may even then happen that a doctor will have to be sent for, but it does minimise the danger, and I want the service to be one in which doctors have very clearly the control and midwives are supplemental. It does reverse the present position where, as far as working class women are concerned, they are mostly dependent on midwives, with the doctor in an emergency.

23,117. How do you get that unless you have the scheme directly under the control of the Local Authority?

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city?—I do not think you can have it unless you have the scheme directly under the control of the Local Authority. I want to bring it under, but I want the doctors and midwives to be under it.

23,118. You have no objection to both panels, but under the control of the Local Authority?—Yes, certainly.

23,119. So you would favour a scheme which would bring the service, whether it is a panel service or some other arrangement, under the immediate control of the Public Health Authority?—Yes.

23,120. And so link it up with the other work?—Yes.

23,121. (*Mr. Evans*): Dr. Phillips, you are particularly keen upon a comprehensive medical service?—Yes.

23,122. If we had such a service it would need, would it not, the establishment of clinics at various centres. You would have a maternity and child welfare clinic, a school clinic, and I suppose other clinics as well. It has been put to us in evidence that the public generally has a rooted objection to anything in the nature of a clinic and to clinic treatment: is that your experience, and do you think that would be the attitude of the working women of this country?—When you say an extension of clinics I do not quite understand what you mean.

23,123. I gather from the statement you have already made that you think there ought to be a co-ordination of all the medical services with a view to the prevention of disease?—Yes.

23,124. More so perhaps than on the curative side. To do that you would have a maternity and child welfare clinic in your local area, you would have your school clinic treating the school children, and you would have other clinics as well. That would mean rather an extensive scheme of clinic treatment, and we have been told by the British Medical Association representatives, and by other people too, that the general public has a rooted objection to anything in the nature of clinic treatment?—As opposed to domiciliary treatment?

23,125?—Yes?—We do not want these clinics to be substitutes for domiciliary treatment. We are very strongly of the opinion that the first need is the private doctor for every individual. The clinic treatment, which is after all a small out-patient department of the hospital, is supplemental to that, not to take its place. Take for example, the school child. The school child as a dependant has a doctor that comes to see it at home; it may go to see the doctor at the doctor's surgery, but it has that private doctor, and more and more the school clinic becomes a specialised centre dealing with a certain number of particular complaints, as it does to-day, and having time and scope to do much more scientific work than it has ever had a chance to do yet because it would have healthier children to deal with, the child would be under the care of a doctor at home from the beginning of its life, it would be better material, and the school medical officer could devote himself much more to the study of important questions of school hygiene and child development. The school medical service would be an important consultative service for the private doctor. I think that is the way in which we would put it. I think the objection that has been put to you by the British Medical Association is this: that the worker does not like the provision of a clinic for the poor where they have to go under uncomfortable circumstances, wait for hours and get a very hurried and poor service very often in the end. He does not like clinic treatment, out-patient treatment as it really is, as a substitute for domiciliary treatment, and that is what he has got at present, but when it is a supplement to it, it is in a totally different position, and then it is not so much a service for the poor but a service for the community. It has a different atmosphere.

23,126. The object being preventive?—Yes, preventive and curative too.

23,127. I thought domiciliary treatment would largely be curative treatment. If a man is ill he

might not be able to leave the house at all, and the doctor would have to go to him?—That is so.

23,128. If, on the other hand, we intensify preventive measures, it might be necessary to establish these clinics with a view to stamping out disease, and they could be used to a very large extent in that direction?—Yes. There is a most important need now for the establishment of mental clinics for early treatment, which the general practitioner is not skilled enough to give, because he has not had the chance to get the skill to do it.

23,129. I had in mind also ante-natal clinics. Do not you think clinics would be necessary so that that work might be done well?—Yes. I think the work there grows more and more important. It has been now quite definitely shown that infant mortality can be more affected by pre-natal treatment and treatment in the very early days of infant life than at any other time. That shows you need two things: you need pre-natal doctoring, and you need good attendance at confinement. Those two things are absolutely essential. The one may be conducted at the clinic. The other must be conducted by the private doctor. The two things are essential if you are going to have a good system.

23,130. You referred just now in answer to the Chairman to the high cost of treatment in maternity homes. Were you referring to municipal maternity homes or mainly to these private nursing homes?—Some of the municipal ones are very high. It was just as much municipal ones really. Some of them have some provision that in necessitous cases the fee can be reduced. Others of them regulate the fee according to income, but it is sometimes very high, even according to income for that does not mean necessarily that they charge a low rate.

23,131. What is the attitude of the Ministry generally? Half the cost of a municipal nursing home is borne by the Ministry. What is the attitude of the Ministry? Is it content that high charges shall be made?—I cannot tell you.

23,132. You do not know that?—No. This will give you some idea of the extraordinary differences. In Dunfermline Hospital the charge is £2 plus 1s. a day. At Crewe it varies from £1 to £5 a week, according to the patient's means. At the Highfield Maternity Home in Wallasey there is an elaborate scale, based on the family income, ranging from £1 10s. to six guineas a week. The Public Hospital at Bishop Auckland makes a nominal charge of one guinea a week. The Robinson Maternity Home at Stockton charges two guineas, and four guineas to patients from outside their own municipal area. So you see there is an enormous difference, but they are all rather high.

23,133. To what extent do working class women make use of these maternity homes?—The variations are very great. Taking it in general there are always more applications than there are beds, and the Ministry comment, especially in this last year's report, on the fact that some maternity hospitals have become very overcrowded because they have not liked to refuse beds to people, and they have not got enough space for them; but in some cases the applications are small, and you can always, I think, find the reason for that in the high charges. Where the charges are low, there seem to be always more applications than they can deal with, so many more applications that the rule is general of only taking women in at the very last moment, which is a very dangerous regulation.

23,134. You do not like that at all?—No, they are taken in too late, causing very great anxiety and very great danger.

23,135. I do not know whether I would be fair in putting this question, but you have a note to paragraph 17, sub-section (d) which says that if she is nursing her child—you refer to the mother—she should be allowed so and so. I think those are the Washington

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benefits. To what extent do you think these working-class mothers rear their babies with the breast?—I should say to a very great extent. That paragraph in the Maternity Convention was opposed very strongly by the British women who represented Labour. We have never favoured bringing a woman back to the factory whilst she is still nursing her child, which is the custom in many of the Continental countries. It is really a terrible custom, because no woman can rush from the machine she is working at to feed her child with benefit to herself and the child.

23,136. It would be better if the child were fed by artificial means?—Yes, or if the woman was working reasonably short hours it would be quite unnecessary.

23,137. But you do favour breast-fed children?—Yes; and a woman could do it. If she stayed away for a decent period after the child was born, the child would then be on long feeds if it was properly treated, and she could do it by going home. We have always disliked the idea of bringing the babies into the factory.

23,138. There was one question arising out of a question put by the Chairman with regard to the benefits. If the benefits now paid out of the National Health Insurance Fund, are made equal to the benefits paid under the Unemployment Scheme, that would mean a very serious damage to the present Friendly Societies in this way: If we increase the pay, say from 15s. and add 6s. for the wife, and 2s. for the child that would mean adding very much to the benefits to a married man with children. If that were done the probability is that the Friendly Societies would be dealt a very serious blow. Would that worry very much, do you think, the working women of this country?—If they were getting the benefit I do not see how it would.

23,139. We had it given to us here in evidence that it would be rather a bad thing if the old Friendly Societies died out, and if the Insurance Fund is set up, say, in conflict with the old Friendly Societies, that would not be at all a good thing. I do not know what the view of the Labour movement is generally—whether it is not really that it would be far better to pay these benefits, even if it does mean that the Old Friendly Societies would die out. Is that the general view of the women, do you think?—I should think it would be.

23,140. (*Miss Tuckwell*): The Government amount of sickness benefit paid during maternity is, I believe, based on the experience of 1915. Has it not been considered since then that it should be on a more generous scale?—Yes.

23,141. The interest in maternity and child welfare work is growing, and there is an increasing claim during pregnancy?—Yes; it is very distinctly increasing. The claims are very much larger than they were in 1915; I should say at least treble or perhaps more.

23,142. Then another point is the higher rate of benefit generally being paid in consequence of the amount of the surplus. All these points go to show that the expenditure would increase under any circumstances?—Yes.

23,143. We shall have to look to a higher financial burden even under insurance as it is?—Yes.

23,144. Mr. Kershaw in his evidence put to us that really the payment of maternity benefit since the commencement of the Act does not appear to have had any effect upon the maternal mortality and the infantile mortality rate?—It certainly has had none whatever on the maternal mortality rate. It has remained practically stationary. I think this year it is exactly the same as it was 20 years ago, and the reason for it is that the maternity benefit has never been used as it was intended it should be. It has just paid fees and sometimes has been insufficient for those.

23,145. In any case expenses are increasing, and the expected results have nothing like been achieved under the present system?—That is so.

23,146. I wondered what your experience was of the present position by which it is only when a woman is ill that she can claim sick benefit during pregnancy. The experience I have had pointed to a number of women staying at work until the last moment for fear they should be dismissed, or for fear of losing their wages; is that so?—I think that is in general the case. A woman hangs on as long as she can manage it.

23,147. And that means that both she and the child she is going to bear presumably suffer?—Yes. I think, you know, the infant mortality figures given in this year's Report are remarkably conclusive on that point.

23,148. And the proposals of the Washington Convention would to a great extent deal with that, would they not, giving six weeks' benefit before child-birth with a doctor's certificate?—Yes.

23,149. There is one point you laid some stress on which the Maternity Convention does not deal with, and that is the need for a doctor's examination in order to prevent abnormal confinements?—In a way I think the Washington Convention does, because it does two things: It allows the woman to leave her work and it gives her free medical attention and nursing. She has got those things quite definitely, and therefore there would be much more care given before the confinement takes place.

23,150. But what you said seemed to me to bear out what a distinguished medical man was saying to me, namely, that six weeks would be a great deal better than nothing at all, but you really wanted a very much earlier and a periodical ante-natal examination. I gather from what you said that the Clinics would deal with that?—Not altogether. If a woman is going to have free medical attention from a doctor and she can go to him to make the arrangements as soon as she knows she is pregnant, she comes under his care, and if he thinks her case is a special case he refers her for a proper specialist examination, and that, I think, should be encouraged as far as possible. She may go also regularly to a clinic, and the clinic may send him reports of her afterwards. That may be done; the two must cooperate in that.

23,151. Do you think there is any reason for the difference between sickness and disablement benefit as we have it at present—the drop between the two?—I think it is a terrible thing that there should be that drop. It would really be much better if there was an increase. The person who is sick for a few weeks is not in anything like as bad a position as the person who is sick for ever or sick for two years. The financial suffering of the person on disablement benefit is appalling. People can manage somehow to deal with a temporary stringency, but to have a drop come just when they are facing a very long period of it is terrible.

23,152. Did you not offer to put in some figures as to wages?—I did.

23,153. Can you give us them now?—No, but I will see that a statement is sent in.

(*The Statement promised in answer to Question 23,153 is here inserted for convenience of reference.*)

Statement as to Women's Wages.

It is admittedly difficult to obtain an accurate and adequate survey of women's wages, owing to the fact that there has been no wages census since 1906, but in considering the possibility of increased insurance contributions for women workers it is useful to bear in mind the wages under the Trade Boards Acts. It is estimated that Trade Boards cover three million workers, of whom approximately 70 per cent. are women, and the average minimum rate for adult women under these Boards is 6½d. per hour—that is, 27s.—for a forty-eight hour week. While pieceworkers, specially skilled workers, and workers under Trade Union agreements may receive in excess of the

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minimum rate, it should be remembered that the comparative youth of the women in industry means that large numbers will be at, or below, the minimum adult rate.

The new Census returns show that out of 5,650,332 women in occupations of all kinds, 2,453,794 are under 25 years of age, whereas in the case of 12,111,718 men in occupations of all kinds only 3,204,284 are under 25.

Take a striking industrial instance—in the Sugar Confectionery trade out of a total number of 13,939 workers, 10,543—or six-eighths—are under 25, whereas in a technically male industry such as the building trade, only one-eighth of the total number of workers employed are under 25 years of age.

Excluding the workers covered by the Trade Boards Acts, while it is true that in well organised industries women generally receive wages in excess of the average minimum rate under the Trade Boards, it is also true that in poorly organised and unprotected trades, such as many of the distributive trades and catering, wages fall well below the Trade Board level. In catering, for instance, the Trade Unions represented on the Standing Joint Committee have experience of wages falling as low as 5s. a week, and for precise information in these trades they would refer the Commission to the investigations into the Catering and Drapery trades which have recently been completed by the Ministry of Labour.

In view of this position, the Standing Joint Committee of Industrial Women's Organisations are convinced that women workers in general could only make provision for their health by means of increased contributions out of such wages by sacrificing the necessaries of life and thus endangering their health.

23,154. There is only one other question, and I do not know whether it is fair to put it to you. You have spoken about the agents and their ignorance and the ignorance of the women. On several occasions when I have raised questions about the agents it has been pointed out to me that it is really in the interests of the agent to be on good terms with the insured person, and certainly not the other way. But it has occurred to me that a good deal of the little economies might result from the fact that the central office would be pressing for economy in administration, and that in that way benefit would be affected, because the agent who was being pressed to economise and asked why he was spending so much would naturally try to economise, so that really a vicious effect might come from the fact of economies being put into operation?—I do not think there is any doubt that that is so; but I think that one of the difficulties is that where the insurance agent has most power is where the people are most ignorant and that there he does not bother to be on friendly terms with them—not a bit of it. He is just the person of whom they are afraid, and they would not dare to go against him in any way at all. It is not a bit necessary for him to be on friendly terms with them; he just bullies them. My own feeling often is that where you get fewer cases than you would expect in which you can prove that an agent has behaved badly, it is because he is dealing with very ignorant people who do not understand the forms he gives them and do not understand what they are really entitled to. They cannot fight him. He says: "This means so and so." They could not even put it in a letter of complaint so that the official who got the letter of complaint would really understand it. Even if they get that length, the agent usually has taken good care to give them nothing in writing, and they become far too confused about the whole business to give a clear account of it.

23,155. It occurs to me that this is another result of the Approved Society system?—I think it is entirely, because many of the people who are dealing with insurance are not dealing with it from the point of view of the people's health. Some of the Societies are. With regard to some of the Societies, it would be far more damaging to have a case in

which they had treated a sick person roughly and unjustly than to have paid the money. Trade Union Approved Societies, for instance, could not possibly afford to err on that side. But there are many Societies who can afford to err on that side, and do, and their agents are under pressure to keep expenses down and claims low. I do not think, however, it is news to anybody on the Commission that the inclusion for Health Insurance purposes, of Societies whose main object was not that purpose, has always been opposed by the Labour movement.

23,156. (*Mrs. Harrison Bell*): On the question of keeping down expenditure on maternity benefit and sickness benefit for pregnancy, has it ever come to your knowledge that some of the Societies are giving their members instruction which is designed to prevent the occasion for such claims arising?—No, it has not come to my knowledge. I know of no instances. They may do so.

23,157. (*Mr. Besant*): May I take you back for a moment to the question of the doctor's fees? I want to learn, if I can, whether there is any tendency on the part of the doctors to charge a higher fee for maternity than they did, say, a few years ago? I will not take you back to before the War, but taking it that the last four or five years has shown a more or less stable condition with regard to the value of money, do you see any tendency amongst the doctors to ask for a larger maternity fee than they would three or four years ago?—I have heard it stated. I do not know whether it is the case. I have no figures to show it. If you take it over a longer period—over eight years—it is so.

23,158. But that would be due to the economic value of money to a large extent, would it not? I wanted to avoid that element, and just see whether it was merely asking for a larger fee for the same service at a time when money has more or less the same purchasing power?—The fee has gone up very much since maternity benefit started. Then, of course, all fees went up rather with a jump at a period during the War. The tendency has been upward all the time. It has never gone downward again. But whether there has been a further jump in the last three years I cannot tell you.

23,159. I was not very much aiming at asking you as to whether there was a jump, but as to whether these fees have taken an upward curve?—I do not know if the curve has commenced to flatten or not. It has been an upward curve. It may have been fairly stationary for the last two or three years, but I do not know.

23,160. But before that you would say there had been an upward tendency?—Yes, there had been an upward tendency before that.

23,161. Would that apply equally or more powerfully in the case of the midwives?—I think perhaps it does apply more powerfully.

23,162. I think we have had a certain amount of evidence which seems to show that the fees of the midwives have gone up more in proportion than those of the doctors?—Yes; I think they have gone up even more.

23,163. Of course they cover a large proportion of cases?—I have been rather surprised in making this inquiry from our own workers recently to find that so many of them seem to have a doctor. I thought that we would get far more figures relating to midwives than to doctors, but it is not so. Still, the majority must have midwives because the shortage of doctors is so great.

23,164. Especially amongst the poorer types of your workers?—It is amongst the working women generally. I could not say really whether they are poor or not. In some places there are not any midwives and they have to pay very heavily for the doctors who travel a long way. You get that in some of the coalfields.

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[Continued.]

23,165. Have you noticed any tendency, when an additional benefit for this purpose has been applied which put the benefit up to 40s. or 44s., for the doctors or midwives to absorb that additional benefit?—No, I cannot say that I have. I have no information on that point.

23,166. (*Sir Humphry Rolleston*): Has the curve with regard to commodities in general accompanied any rise in the medical fees? It is obvious that if there is an increased benefit it may be because commodities in general are costing more. It would be very interesting to know whether the two curves—the commodities in general and these fees for medical attention and the midwives' care—correspond?—I think against that you have the fact that the jump occurred with remarkable quickness after the maternity benefit was started. It had not anything to do with food prices at all, because it was before that came into the question.

23,167. It was apart from that?—Apart from that I expect the doctors' fees have tended to rise. I will tell you one thing that has tended to increase the maternity fees. The panel system has assured the position of a good many doctors, who are now able to refuse maternity work, who in previous times would have taken maternity work because they did not dare refuse it, because they might have lost patients through doing so. I think that has tended to make maternity charges higher.

23,168. (*Mr. Besant*): I think from what you said to me just now that your main view is that there is still an upward curve in the maternity fee, though possibly it may be flattening. But undoubtedly on the commodity side the curve in the last four or five years has been downwards?—Yes.

23,169. To that extent they are not going alongside?—No, there is no downward tendency in the maternity fee.

23,170. That, I think, answers *Sir Humphry's* question?—Yes.

23,171. Passing from maternity benefit—this is not quite in your evidence and perhaps the Chairman will stop me if I am not entirely in order—I should be much interested if you could help us on the general question of claims for women's sickness. There are two points. The first is that the actual amount of women's sickness may or may not have gone up. That, of course, changes from year to year, according to whether we have a healthy year or an unhealthy year—a hot or a wet summer, or whatever it is. I want to find out whether the knowledge which the insured person is getting as to the claims that he or she is entitled to make under the Act is causing claims to up, although the actual amount of sickness may not be any greater than before. Suppose there was a woman who was not quite sure whether or not she could make a claim five years ago, and now, with fuller knowledge of what the Act allows her, she knows she can make a claim with success. Do you think the tendency amongst your women would be to be more and more conscious of the power they have to claim sickness benefit compared with, say, five years ago?—Yes, I should think that undoubtedly would be so.

23,172. And from the economic point of view that would imply that there might be an increased cost without an additional amount of genuine sickness; in other words, sickness benefit which should have been paid a few years ago but was not claimed, and therefore did not come into the statistics of sickness?—That, I think, is so. I think that the general level of knowledge would be greater, and claims would now be better made.

23,173. Do you think that that is a factor of much importance in considering the total cost of sickness to-day?—I think that it is a factor of distinct importance with regard to benefit during pregnancy; but whether it is for general sickness I am not quite sure, because you have to remember that the fact that the insured person has a doctor who is paid the same amount, however many visits they make to him, has led to a great many more preventive visits than of old, and so the better care of people's health has

started. Therefore, I should say that their better knowledge of their powers may have led to fewer claims for sickness in some ways which would counteract any increase. Doctors, for instance, on the panel, who are good doctors, will tell you that they find that they have proportionately more and more surgery visits and fewer and fewer domiciliary visits because people come to them directly they begin to feel ill instead of waiting and hesitating and thinking whether they can afford it, and I should say that counteracts it. With regard to maternity benefit, however, I do not think it does, and I think there are increasing demands for sickness benefit during pregnancy, partly because they have more knowledge and partly because we are getting a higher standard of maternal care, and women take more care of themselves during pregnancy than they used to do.

23,174. To some extent would not that apply to their taking more care of themselves in the early stages of illness where they would have left more to chance a few years ago?—Taking care of yourself in an early stage of an illness usually means that you make a much shorter claim to sickness benefit.

23,175. They would call in a doctor, would they not, at an earlier stage?—Yes, but that would make them cheaper to their Society.

23,176. Undoubtedly in the long run?—Yes.

23,177. Would you mind applying the same argument to disablement? Do you consider that with regard to disablement there is a tendency to lessen the disablement claims or the other way round?—I do not quite see how you mean. Do you mean is there a tendency for people not to be disabled?

23,178. I conceive that with a fairly long illness, when there is an income which is exceedingly small, there might be a tendency to endeavour to go back to work. On the other hand, there might be, if some of the additional benefits of some of the Societies had made the benefit a little larger, a tendency for a woman to say: "Well, I will stop away a bit longer," and most likely that would be for the good of her health. I wondered if you could tell us from your practical experience whether you think that women go on too long or too short a time with sickness benefit, some eventually coming on to the disablement class?—My experience lies chiefly amongst women who are in the Labour movement; that is, organised women. That implies a higher standard of moral feeling towards public funds than amongst those who are not organised, and therefore I cannot be taken as judging of the whole population. But my own experience is that the tendency amongst women is invariably to go back too soon, and not remain on the funds long enough. I cannot very well judge of what you would say of other people. I do not know whether it is so or not.

23,179. Let us take your organised women, and let me deal with what you might call the conscientious type. Do you think the doctors are keeping women on disablement pay longer than they did a few years ago—for the good of the women all the time—or do you think that the women are going back to work too soon, even if they get into the disablement class?—I should say that the pressure was terribly strong to get back, and, of course, it is very much stronger when the disablement pay is very, very small. You know these things are very difficult to judge. The Medical Referee, for instance, in many cases has to take a view which leads to terrible hardship. Let me explain what I mean. Take a very low-wage town like Dundee, where the women are terribly underfed and overworked. Those women are always in bad health, and, therefore, in judging whether they are fit to go back to work, a definitely lower standard is taken than in the case of the women in the surrounding district, where they are better fed and healthier women. The doctor will say of the Dundee woman: "She will never be any better than this, so that we had better put her off disablement pay." A disabled woman comes from another

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[Continued.]

part, and he says: "Oh, she is not well enough yet. We must not let her go back to work," although, as a matter of fact, her health is better than that of the Dundee woman whom he sends back. When you have all these variations, to make a general statement is, I think, absolutely impossible.

23,180. You see my object in asking this. Somehow or another this Commission has to endeavour to get some sort of standard as to the cost of disablement pay, and on the economic side it is difficult to get any statistics so far homogeneous that you can safely compare one with another. That is the particular aspect which I hoped you would have been able to throw some light on; but I admit the enormous difficulty of it, and I think you have given me some light. There ought not to be, it seems to me, a "Dundee" class and some other class in a national scheme?—There ought not to be, but, as a matter of fact, there is.

23,181. That seems to me to be a piece of valuable knowledge if that exists in any large number of cases?—I think you would find if you investigated it that that is the view which is taken.

23,182. I think you made a somewhat sweeping statement with regard to the Insurance Committees. You thought they did not take much interest in the welfare of the insured person. We have had this morning the Insurance Committee of the County of London, which looks after two million people. Have you any views as to whether such words as you use would apply to any particular Insurance Committees, or would you apply them to the smaller ones?—I think that my reference was simply a general one. I did not pick out any particular Committees. I think, for instance, you would find if you compared it that even the London County Council as a whole would be keener on the people's welfare than the London Insurance Committee. I may, however, be wrong in one particular case. Speaking quite generally, I think that it is true that the Insurance Committees are bodies out of touch with the people's needs, uninterested in the general questions of their health and chiefly interested in the cost of insurance being low.

23,183. Take the County of London Insurance Committee, which is a Committee of 40, eight of whom are elected by the London County Council. Surely those people would be chosen with judgment and with a certainty that they would be keenly alive to the duties that their position throws upon them?—The greater majority of the Committee is not chosen by the London County Council. Eight out of 40 is a very small number. That is just one of the objections.

23,184. If you get eight energetic people on a committee they can do a good deal. Then you have appointed by the Minister of Health another five, so that you have 13. There is also a medical practitioner appointed by the London County Council and another by the Local Committee. You have six doctors and four or five others who are more or less specialists. I take it that the London County Council would take care to appoint people who would do this work well. Certainly the impression left on my mind is that this is a most alive Committee and keenly conscious of their duty?—I am very glad to hear it has made such a good impression.

23,185. I only wanted to see whether you could perhaps make a little qualification of such a sweeping statement that as a body they did not take their work seriously?—The Insurance Committees as a body? The list you have read out shows very clearly the lack of touch with the body of the people; they are so largely appointed members, and only a small number of those are appointed by an elected body. That is just the reason why the Insurance Committees are so out of touch with the needs of the people.

23,186. I did not want to follow up the method of the election of the 24 members who represent the insured persons?—And who are the majority.

23,187. May I pass on to paragraph 38 of your statement about the cost of maternity. You speak of that as being heavy both in ill-health and loss of life. I want to say a word on the loss of life, because you say some thousands of women die each year in this country from this cause. Do you know the number of births? I think it is between 800,000 and 900,000, is it not?—Last year for England and Wales—I am not taking the Scottish figures—it was something over 700,000. The number of women who died in childbirth was, I think, 2,700, and the percentage of deaths is 27 per 1,000.

23,188. If you take your 700,000 for England, and my 800,000 odd as including Scotland, it is not far from the fact. It has been pointed out that in spite of the additional care taken it does not seem possible to get the maternity death rate materially decreased. It does not go down as quickly as it ought to do with the additional care taken. When you talk of the State spending a few millions, it would not be so much, would it, to save the lives of those who die as to save the ill-health, which I think is a more important factor from the point of view of what can be done to make a change for the better?—I think both those factors are important. I think it is perfectly clear that maternal mortality itself could be very largely reduced, and that the chief factor in the reduction would be free medical attendance and nursing. That would also have the effect of reducing infantile mortality. With all the work that is being done in respect to infantile mortality the question of free medical attention has not been tackled. The number of mothers who have proper medical care has not been increased to any extent—a little bit perhaps, but very little. Against that you have to put these very hard years with regard to housing and unemployment, which have made it more difficult. I mean these very few years when a little more has been done for the pre-natal care of mothers have been those particularly bad years when it has been specially difficult to get good results. I think they have gone some way towards saving mothers, but I do not think there is any doubt that the death of those mothers could be prevented to a very large degree by the adoption of the Washington Convention proposals.

23,189. My point is that as far as I know, the statistics, even in the case of wealthy mothers, who can have every possible attention—and there are a good many statistics—show that there seems to be a certain figure below which the death rate cannot be reduced. There is always a semi-accidental factor of some magnitude by which a certain percentage of mothers will die?—The accidental percentage is very much smaller than the present percentage. It is a very small one, and I would follow there the Chief Medical Officer of the Ministry of Health, whose experience is naturally more practical and wider than my own. He certainly expressed very definitely the view that there would be a decrease in maternal mortality if there was more care given to maternity.

23,190. Quite; but when you come to the ill-health you are there dealing with an enormous number of cases and an enormous magnitude of evil. That appears to me as the one in which change could be more easily made effective on a large scale?—Of course, that is so, because there are more people in ill-health than there are people who die. It is broadly speaking, true that every working-class woman of 40 who has had children has had something the matter with her as the result of it—some ailment of one kind or another. She has deteriorated in health as a result of being a mother, and that I think you could almost do away with if there was proper care given to her.

23,191. You could mitigate that enormously?—Yes; and there, of course, it is doctoring and nursing and the need of having somebody to care for her household during illness that are the crux of the matter.

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23,192. Your paragraph 41 deals with the vexed question of pooling. Have you considered there the difficulty there would be in upsetting existing Societies and existing surpluses by taking away something which the particular members claim belongs to themselves?—No, I have not. You know I am not an insurance expert, and I do not think that it is really fair to expect me to have an opinion worth hearing on what are obviously technical questions of insurance.

23,193. I did not mean to be technical at all. You say you understand the insurance surpluses are sufficient for more than the purposes you refer to. My point was that those insurance surpluses—the £40,000,000—are hypothecated to certain individuals locked into certain societies, and that you would have the utmost difficulty in inducing those particular people, who have certain additional benefits, to give those up into a national pool?—Are you asking me a moral or political question? As far as the societies are concerned, the Trade Union Societies have advocated it, so that there is a big block of societies in favour of doing it. It is also reasonable to consider with regard to the others that if you propose extensions such as the extension of medical care to the wives and dependants, you are proposing a benefit which will be of great value to their members as well as to others. If you are increasing the benefits and ensuring to all of them better benefits, I do not think you need fear the opposition of the members themselves. The difficulty is that in some of the Industrial Insurance Societies, the members themselves have so very little to say. I think if you put it to the members themselves, you would not have any difficulty.

23,194. You do not think they would be selfish for their own elect little body in regard to giving that money to 12 million or 14 million people, that is at this moment allocated to possibly a few hundred or a few thousand people?—My own experience has been that there is more national spirit in these matters than people reckon for.

23,195. (*Sir Arthur Worley*): You were speaking about Friendly Societies, and I think you gave it as your opinion that in certain circumstances women would welcome the suppression of the Friendly Societies?—It was not a case of suppression, was it? It was whether if bigger benefits would cause the death of the Friendly Societies they would be in favour of the preservation of the Friendly Societies or the bigger benefits, and I thought that on the whole the bigger benefits would please them most.

23,196. It was perhaps not the suppression of the Societies; it was the death of the Societies?—It was not that they were in favour of the death of the Friendly Societies, but they would prefer the bigger benefits.

23,197. If you put it that if larger benefits were offered they would probably accept them, I think one can agree. I think the Friendly Societies have about four million members of whom, roughly speaking, 1,500,000 are women, and there must be a large number of your members amongst this 1,500,000. You know there is a great deal of sentiment attached to Friendly Societies, and I cannot think that these members would willingly want to see them suppressed or put out of business or die. I can see that they would like the larger benefits, but I do not think the other is a corollary. You have no views of your Society's members on that, I understand? You are only expressing your own point of view?—I do not quite know what it is you are asking me. Do you mean, are our members against the continuance of the Approved Society methods?

23,198. I said Friendly Societies. There is a little difference in that. What I wanted to know was whether you spoke for your Society in saying that the women members of the Friendly Societies would not object to seeing them go out?—I did not say that. What I said was quite definitely a different thing. I was asked whether they would prefer higher benefits

or the continuance of the Societies. If higher benefits meant the death of the Societies, I said I thought that even in that case they would prefer higher benefits. I do not mind your asking me a different question, but I do not like to have what I said put the other way.

23,199. Please do not think I am trying to misrepresent what you said. I am quite content with that, and I should have been equally content if the question had been: Would they like higher benefits? Because I think that is as far as it goes?—That particular question.

23,200. I believe it was put to you that the central offices of Approved Societies might have instructed their agents to be pretty severe with regard to claims?

(*Miss Tuckwell*): I pointed out that it was conceivable that a central office might advise its agents to be economical.

(*Sir Arthur Worley*): I am willing to accept that. (*To the Witness*): You said no doubt that was so, but on the other hand you really do not know of any such case, do you?—I could not give you chapter and verse for any such case, but that such things do happen and are talked of I do know. Because of their central office's anxieties, agents are anxious to show a low amount of claims in their districts. That I do know, and that sick visitors are often pressed to be very firm with the people they visit, and to get them off as quickly as they can. Whether any letters exist in which that is put in clear definite terms I do not know. I have no knowledge of them; but that that is the sentiment that often exists between agents and their Societies I have no reasonable grounds for disbelieving.

23,201. I suppose the sick visitor has certain duties whether he is acting for an Approved Society or a Trade Union Society? I mean the Trade Unions have the same system of employing sick visitors?—Yes, but the way of carrying out the law, which is what they are there to do, may differ very greatly.

23,202. With regard to maternity benefit, it has been put to us that the cost has been put up by the doctors, and one reason for that was that formerly they did not get a fee which was at all commensurate with what they should have had, and that when maternity benefit came into force there was more money available?—Undoubtedly when maternity benefit came in they thought there was more money and that they could get more.

23,203. They thought they were entitled to what was really a proper fee?—I am not a member of the medical profession, and I cannot go into the question of whether they were entitled to it.

23,204. That is the point of view that was put. There may be something in that, may there not?—I do not know that there is. If you take the amount of the fee charged for a maternity case and the amount of the fee that a doctor charges for his many visits to people in the same class of life, I think the doctors' maternity fees are a bit on the high grade.

23,205. To-day?—I think they are proportionately rather higher than the others. I am not quite sure whether they are exorbitant. I think it is difficult to decide; but I do think undoubtedly that directly there was more money to get they tried to get it.

23,206. I think years ago it used to be a question of something like a guinea, and they thought that was not enough; but it was no use trying to get more because they could not get it?—On the other hand, they make fewer bad debts nowadays, because there is the maternity benefit to get it from. Of course doctors used to make very many bad debts.

23,207. (*Professor Gray*): You mentioned Dundee and the differing standards of disablement which exist in connection with a Referee's examination. Do you think that in a place like that the atmosphere reacts on the minds of the doctors and makes the doctors there different in a sense from doctors elsewhere?—I do not think it is so, because what I

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was referring to was not the panel doctors. I think, however, if you enquire into it you will find that the Referees take that view.

23,208. You mean the Regional Medical Officer who may have in his district, for all I know, Dundee.

Forfar and Montrose?—Yes. I think he goes by different standards. If you know Dundee you will understand why it is so; but it is a very terrible thing.

(Chairman): We are very much obliged to you.

(The Witness withdrew.)

(At this point SIR ARTHUR WORLEY took the Chair.)

Mr. W. A. MIDDLETON, called and examined. (See Appendix CI.)

23,209. (Sir Arthur Worley): You are Mr. W. A. Middleton, Acting Chief Auditor of the National Insurance Audit Department?—Yes.

23,210. We have read the Statement which you have submitted to us describing in detail the work of your Department. That Statement covers the ground so completely that I shall not find it necessary to put many questions to you. We have, however, received from another witness some criticism of the existing arrangements for the audit of Approved Societies' accounts, and I should be glad to hear what you have to say on some of the points which were raised. Have you had an opportunity of reading the Statement of evidence submitted to us by the Chartered Accountants of Scotland?—Yes.

23,211. The main point of criticism raised by that body was that the audit of Societies' accounts should have been entrusted to professional auditors in general practice, and that the setting up of a special Government Audit Department for the purpose was an unwise step from several points of view. Is there any statutory provision which required the setting up of a special Audit Department?—No.

23,212. The Act, I think, merely states that Approved Societies must submit their accounts to audit by auditors to be appointed by the Treasury. Is this so?—That is so.

23,213. The wording of the Act in this respect is very similar, is it not, to that of the Friendly Societies Act and the Industrial and Provident Societies Act with reference to the audit of the accounts of such Societies?—I should distinguish. The National Insurance Act speaks of auditors to be appointed by the Treasury. The Friendly Societies Act speaks about the audit of the accounts being done by public auditors appointed by the Treasury or, alternatively, by persons appointed by the Society under powers contained in its rules. A similar provision to that Friendly Society provision occurred in the Industrial and Provident Societies Act, but that was amended by an Act of 1913, which eliminated the alternative of a lay audit, so that only the panel of public auditors is now contemplated for that second class.

23,214. And they are to be appointed by the Treasury?—They are a panel of practitioners set up by the Treasury.

23,215. Under those Acts no special Audit Department was set up, but a list of auditors in general practice was drawn up by the Treasury, and Societies are at liberty to engage any of the auditors on that list to audit their accounts, with the qualifications you have just mentioned?—Yes.

23,216. A similar procedure would have been quite possible and in order under the Insurance Act, would it not?—The procedure would have been possible and in order, but I do not think the audit would have been possible under those circumstances.

23,217. What advantages do you think were secured by setting up a separate Audit Department for the purpose?—I think the setting up of the Audit Department provided a whole-time, highly skilled staff capable of organising a skilled audit, giving the necessary guidance to Societies that were embarking upon a scheme of work entirely novel to them; and, on the other side, it made possible, by the Central Insurance Department, the administration of that

novel scheme in a way that simply would not have been possible had there not been a central control of the auditors so appointed for the purpose of the Act. I do not think I can improve upon the views of the working of such a system as expressed in the Inter-departmental Committee's Report, Cd. 6232 of 1912, where this Inter-departmental Committee considered the alternative proposals of appointing professional auditors or of setting up a whole-time staff in the way that has actually been done. They say: "We find ourselves, however, strongly in favour of the employment of a whole-time staff for, at any rate, the great bulk of the work. The volume of work will be very great, and of a character at once uniform and highly specialised. It must be borne in mind also that at the inception of a new scheme of so far-reaching a nature many novel and complicated problems will arise, in dealing with which it is essential to avoid divergency of practice. The audit staff will have to be familiar with the uniform system of accounts which the Commissioners will have to prescribe, and must be made available for the purpose of giving advice and assistance generally to the various Societies in accounting matters where they so desire. We are convinced, therefore, that the appointment of a whole-time staff would not only be the most efficient but also the most economical method of meeting the immediate requirements of the situation."

23,218. In the evidence of the Chartered Accountants of Scotland it was stated that the work could have been done at much smaller cost by outside auditors. Will you tell us the aggregate of the expenditure of Approved Societies which was audited by your Department for the last complete year for which figures are available and the cost of carrying out the work?—The Approved Society expenditure audited by the Department in 1924, as shown on page 25 of its last published Report, is £19,005,000. For present purposes we may set aside the audit of about £38,000,000 of invested moneys of these Approved Societies, and we shall also leave out of account about £9,500,000 of Insurance Committee expenditure. We then say that the cost of the Department in auditing the expenditure which I have mentioned was £172,050, including £10,150 for what we may call allied services, that is, office accommodation, furniture, postage, and all the other expenditures met by other public Departments but incurred for our work.

23,219. An allocation of certain overhead charges?—Yes.

23,220. We were told that in the case of Friendly Societies the Treasury scale of payment for auditors appointed by them was one guinea for each £1,000 of expenditure audited. This is very much below the figure of your Department, is it not?—It certainly is. The figure I have given you is some £8 10s. per £1,000 of Approved Society expenditure. I think the figure you mention in the question, one guinea per £1,000 of expenditure, is a very incomplete statement. I have here the conditions of appointment of the public auditors under the Friendly Societies Act, and I find that the fee is not one guinea per £1,000 of expenditure; it is to be a question of a minimum fee of three guineas, which will apply up to £3,000 of expenditure. There is more than a verbal difference there. The effect of that difference is this in relation to societies, that that £3,000 of

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expenditure represents State units, that is, Societies and Branches, up to about 2,400 members, and we find that the total number of Societies and Branches going up to 2,400 would approximate to 8,000. We would therefore have to provide a three guineas scale fee for each one of those 8,000 units, some of them with less than 100 members, which would be more than the guinea per £1,000 spoken of. The expenditure actually incurred by those 8,000 smaller units would leave the great bulk of the £19,000,000 which is audited, so that that great bulk would have to be provided for at the guinea per £1,000, or some other scale rate. I mention that because the rate you mention scarcely seems to be a fair statement of the case. Further, these same conditions under which the public auditors are appointed do not only mention one rate, that is for Friendly Societies, the three guineas minimum fee up to a £3,000 expenditure. We find that there is a second class where there is a three-guinea fee for receipts and payments added together, not exceeding £2,000. That means £1,000 of expenditure, first received and then paid, gets a three-guinea fee, which is equal to saying that that is three guineas for £1,000 of expenditure. We also find a third class mentioned—Collecting Societies—where the fee is five guineas for receipts and payments taken together not exceeding £1,000. In other words when £500 is received and then paid out, you get receipts and payments together of £1,000, so that the £500 expenditure means a five-guinea fee, which is 1 per cent. That approximately is our cost, and we do more work in our audit operations than I think was contemplated by that scale. The costs of our Department that I mentioned also include the travelling expenses; and they include the extra audit work that we give by way of assistance and corrections and other things. We find that the public auditors are not debarred from giving that assistance under the conditions of their appointment. They are, in fact, expressly authorised to charge additional fees, first, for correcting the accounts that are under audit, and, secondly, for any additional work that they may arrange with the Society to undertake. The profession represented to the Inter-Departmental Committee of 1912 that the scale of remuneration would need to be substantially higher than that fixed for Friendly Societies' audits.

23,221. Did you say that the charge would be 1 per cent. in one of those cases you mentioned?—Yes.

23,222. I gather from your Statement that the auditors of your Department undertake a good deal of work which would not ordinarily be considered to fall within the scope of an auditor's duties. Is this the case?—We certainly do undertake a great deal of work that has no precedent within the range of audit duties; but I think there is no precedent for working a National Health Insurance Act before the present one, and I am not aware that there is any definition of "audit" that would appear to rule out doing any part of the work that we in fact undertake. This question has been mentioned more than once in past years, and I cannot help regarding it as arising out of the Central Department's administration. We have to remember that in National Insurance, as in nothing else of which I am aware, we have a Government Department acting as the Societies' bankers; that credits are given by those bankers in the Societies' accounts arrived at in a particular way; that certain items are credited for reserve values and debited for reserve values and transfer values and other things and these are done without the permission, if you like, of the Societies. What I cannot get over is that if an auditor of an Approved Society has to certify a balance sheet, in which probably the biggest asset is stated as reserve values, meaning the Society's credit for reserve values with the Central Department, is he to be prepared, without any inquiry whatever, to certify that balance sheet as setting out the Society's true state of affairs, even if he may have misgivings as to the Society being in a position to give the Central Department accurately the details required on which

to calculate these reserve values? In other words, the Central Department gives debits and credits calculated on certain details furnished by the Societies; where the Societies, from their very limited efficiency, of which the auditor would know, were probably blundering in rendering those details to the Central Department, he could not confidently accept the debits and credits that were advised from the Central Department without having the original data reviewed. Therefore I cannot see that the audit would be complete if the auditors did not undertake a review of the data on which the credits and debits in account with these central bankers had been calculated.

23,223. Can you tell us how many of your auditors are chartered accountants or incorporated accountants; in other words, certified men within the meaning of your profession?—At the present time, of the two categories named, on the total staff of all grades we have 99. Of the chartered accountants, 18 are auditors, 18 are subordinate grades to the auditors. I is an inspector of Audit and the other is myself.

23,224. That is 38?—That is 38 chartered accountants. Among the incorporated accountants we have 18 auditors, 38 subordinate grades, and 5 Inspectors of Audit, 61 in all, the two groups together making 99 at the present date.

23,225. Does that comprise the whole of your staff?—Not the 99. These are the qualified men that we have on the staff.

23,226. In what way are your auditors now recruited?—From the grades below.

23,227. Let us start with when they enter. Where do the grades below come from?—The grades below the auditors were for the most part recruited in 1912 and 1913 as Assistant Auditors of two grades by a special competitive examination, involving an examination on subjects of accounting. They were required to have certain experience in accounting matters, and a good many of them had, in fact, training with practising accountants. Some of them were qualified chartered accountants; others then held the incorporated qualification and many of them have since completed the incorporated qualification.

23,228. That is telling us how you started, so to speak, with your staff. Since then there have probably been further extensions and promotions, so that each year you get a certain further number, or, at any rate, whether it is each year or not, you do get new people coming in. How do you get those?—They are only recruited in the very lowest grade of all at the present time. We are not recruiting any with professional training or experience.

23,229. Are they required and expected to go in for examinations?—No. Many of them do take the incorporated examinations. We encourage them, but we do not require them to do so.

23,230. Is that verbal encouragement or is there a pecuniary encouragement? Certain of the Insurance Companies give bonuses and additional salaries to anyone who qualifies?—We do not give pecuniary encouragement, and we do not know that a man is any better for having professional qualifications.

23,231. But he would not be any worse?—He ought not to be.

23,232. I take it in case of advancement a man with qualifications would get the preference?—He would get the preference only if he beat the other man who has not those qualifications. We promote strictly by merit, and we do not attach great importance to a label.

23,233. One usually thinks that if a man takes sufficient interest to qualify in his profession he is a better man than the one who does not?—He has a hall mark.

23,234. Are you satisfied that this method of recruitment secures men fully qualified to undertake the work which falls to them?—Assuredly. They have an intensive training. It is not as broad as the professional qualification. It is not required to be so broad, but it is very intensive.

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[Continued.]

23,235. Is there any truth in the statement that your auditors in many cases, and particularly in cases of small Societies, actually assist the responsible officers in the preparation of their accounts? I think we have had that in evidence?—The question is of rather a peculiar cast. Assist them in the preparation of the accounts? No, in so far as it is a writing up of the primary books that are going to be presented for audit. But in so far as it means assistance in the rectification of blundered books or guidance in the completion of difficult operations in closing the books, and the like, yes. If we had not done that the work would not have been done.

23,236. It has been represented to us that there is under the present system of audit a serious delay in the completion of the audit of the accounts of Societies. What have you to say as to this?—That would depend on what is meant by delay and what the implication of the charge is, for it must be a kind of charge that someone is damnified by apparent delay. I am unaware of any requirement for speedy certification of accounts. I want to emphasize that normally no Society is left unaudited for a period of over 12 months. When delay is mentioned I take it that it is only delay in the certification of accounts for a calendar year. But, probably, in the currency of that calendar year and the immediately following months we have been twice on the ground, certifying earlier calendar years only then ripened for certification on the official forms. We have, in fact, carried through much of the real scrutiny of the transactions up to date at the time of our other visits.

23,237. You have really done a good deal of the work and scrutinised the transactions, but you have not been in a position to give your certificate?—That is so. The delay, so far as it can be called delay, is inherent in the system. It is not a delay on the part of our audit staff in overtaking the work; it is that Societies are not in a position to state certain figures that have to be incorporated in the account that is finally certified. For example, one of the important accounts that has to be certified for any official account year is the Administration Account. That Administration Account derives its resources from an appropriation out of contribution revenue. That credit out of contribution revenue is based upon a mean membership, which can only be ascertained long after the account year has closed and certain other action has been taken with the subsequently surrendered contribution cards, because it is only then that it can be seen what the mean membership is, having regard to those who, by non-surrender of cards in the last half year, have to be included among the lapses—ceased to be insurably employed, and the like. It is the ascertainment of the mean membership for that purpose which is a principal cause of the long delay in the certification of an account for a financial period.

23,238. If anyone is really damnified by the delay, would it not be possible to formulate some scheme of provisional credits whereby matters could be expedited?—That is merely a matter of the amendment of the regulations. It is entirely within the power of the Ministry.

23,239. But it would be possible to do something of that sort?—Assuredly.

23,240. Without, perhaps, undue danger of crediting them with more than they ought to have?—It would be difficult to make a provisional credit there, because of the effect of any deficiency that is disclosed in the Administration Account. It becomes a question of the liability of the individual members to a levy to make that good, and a provisional credit would hardly be sufficient on which to close the account with that in view; but undoubtedly expedients could be devised to overcome the difficulty.

23,241. Anyway, it is a subject which might very well be thought over?—Undoubtedly.

23,242. Do you think that on the whole the officers of Approved Societies and branches who are charged with the duty of keeping the accounts are reasonably competent?—The expression "reasonably competent"

is rather elastic. I think it may be best answered by reference to paragraph 24 of the Statement I have put in. We have there tabular information as to the matters which we found it necessary to report in a series of three years. I should certainly hesitate to say that the officials are reasonably competent when we have found it necessary to report to the extent that we have done under heads (i), (ii), and (iii) particularly, on that page. Also, I think reasonably competent officials could effect a very substantial reduction in the number of reports necessary under the other heads, (iv) to (viii), of that Statement.

23,243. You have referred us to them, and that will go in your evidence. You would agree, I suppose, that for the proper keeping of the accounts of a society an intimate acquaintance with the provisions of the Insurance Act and regulations and departmental instructions is necessary?—Not for keeping accounts in the narrow sense—that is the account books—but for keeping all the statistical records that, after all, are the foundation of all State Insurance transactions, certainly a knowledge of the Act and regulations is imperative.

23,244. Do you find that the officers of Societies, and particularly of the smaller Societies and branches, have the necessary knowledge of these provisions?—Their knowledge is partial. They are good at dealing with the normal type of case, with which, of course, they are intimately acquainted, but when a case requires exceptional treatment they slip.

23,245. Is it a fact that it is the smaller Societies that cause you greater trouble in your audit than the larger Societies?—There is no shadow of doubt about that. It is a question of part-time officials having these complicated Acts and regulations which are beyond their capacity—not beyond their zeal.

23,246. The part-time official is usually not so well up in these matters as the whole-time man, and consequently your audit is not got through expeditiously?—Certainly the part-time official is much less efficient on the average than the whole-time official.

23,247. Do you consider that the accounts which are required to be kept by Societies have been made as simple as is possible, having regard to the provisions of the Act and the regulations to carry those provisions out?—Yes. I would say that the Department has lost no opportunity, in all the past years of operation of the Act, of consulting with the Central Department and making suggestions to them as to the simplification of the accounts, because we realised the practical difficulties that confronted us in the course of audit, and we made suggestions as to the remedies.

23,248. Generally speaking, are your recommendations carried out?—Yes.

23,249. From the figures given in your Statement it would seem that the percentage of cases of fraud disclosed on audit is extremely small. I suppose you are satisfied that any case of fraudulent practice would be discovered on audit?—Yes. I do not think it can be suggested that 4s. out of every £1,000 can be regarded as an excessive loss. When we regard the number of cases actually involved and the tremendous turnover of funds, I think the amount of loss under this head is extremely small.

23,250. Can you pick out any class of Society where fraud is more prevalent than in other classes, such as in the case of the whole-time servant or the part-time servant, or the large Society or the small Society?—No, I could not undertake to distinguish like that. The frauds do normally occur in Societies that we regard as of the less efficient groups. It is not among the highly skilled officials that we find most fraud. We might almost infer from that that some of the specially reported cases grouped here under the "Fraud" heading are to be explained by ignorance of accounts.

23,251. I am coming to whether, as a matter of fact, these people, or a number of them, do not muddle things up?—Many of them do.

23,252. And it is not really so much fraud as muddle, and the money has gone?—Yes, and when

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the books are produced they cannot produce the balance that the books disclosed against them.

23,253. Do you find many cases, not only of money short, but of wrong entries?—Yes.

23,254. There is no question of muddle if a man makes wrong entries and tries to deceive people. That is a different story?—There are frequent entries taking credit for certain payments which have not, in fact, been made. That is easily discovered, because the items are unvouched. But our greatest difficulty, and it is possibly the commonest case that we have, is a falsification of documents. The date, say, of the doctor's final certificate may be altered, usually by ten days, which is usually done by a very simple addition to the date, thus making a further ten days' benefit apparently proper. We have found cases where doctors' signatures have actually been traced by carbon on to blank forms that have been obtained. It is very difficult for us to detect these cases of fabricated documents, because it means that we would have to be intimately acquainted with the signature of the doctor and the signatures of the members who purport to have given the receipts that are produced to us in support of the payment of these benefits.

23,255. The doctor's signature would not be very difficult to verify, would it? There are only so many doctors connected with a Society where you are auditing. If you had an alphabetical list of the doctors with their signatures it would, at any rate, do something to detect fraud?—As regards the doctors, it is usually a question of the falsification of dates on proper certificates; it is very seldom the other way, though we have had the absolute fabrication of complete medical certificates. So that the doctor's signature is not in question on the normal altered medical certificate, but the member's receipt that is produced in support of the benefit purported to have been paid to him has had to be fabricated. We are confronted in National Insurance with a very real difficulty there. Many members are partly illiterate; many others do not appreciate the value of an authentic receipt, and the pay stewards frequently sign on behalf of the members—a very irregular proceeding to anyone who thinks of it for a moment. But when we regard the circumstances of the pay steward finding the member ill in bed, it is a very natural proceeding to one who does not appreciate the value that is to be attached in the audit to that benefit receipt.

23,256. Is it the case that the work of your Department is rendered very much greater by reason of the large number of separate financial and accounting units?—Yes. The fewer the units the less work, because every unit entails a kind of a nucleus or irreducible minimum of routine which could be absolutely dispensed with if its real transactions were merged with the transactions of another existing unit.

23,257. What is the number you have in mind as being a reasonable one—worth being audited? A small Society is not worth it, is it? You have to audit the accounts of a unit with 25 members only?—I daresay we have some units as small as that. I do not know that we have any opinion, except on one point, and that is we should expect to find an efficient audit most readily possible where there is a whole-time official in charge of the group. To maintain a whole-time official you have to have a certain Administration Account credit, sufficient to provide his remuneration, and that means a certain membership of that group to support the whole-time official.

23,258. What would it mean, roughly—8000?—Considerably less than that would do it.

23,259. How would the work of auditing one Society of 5000 members compare with that of auditing 20 Societies with an average of 250?—We might put it that 20 separate units of 250 members each would occupy two men for 30 days. That gives 60 man-days. A 5,000 membership group would

occupy the two men for about 12 days; that gives us 24 man-days as against the 60.

23,260. But that would probably be 20 times more time in travelling and walking to different places?—In the case of the branches, we should assuredly endeavour to get the books sent in parcels to our audit office, so that we should not waste any time in travelling. With regard to the 5000 units, the books there would probably be so bulky, and the volume of the transactions so big, that we should only do justice to the work by going to the office that would be provided for us.

23,261. There is nothing in the question of audit there except that the smaller units would take twice as long as the larger ones?—Yes; we would expect the large one to be more efficient than the small ones.

23,262. There has been a very considerable decrease in the number of separate accounting units since the Act first came into operation, has there not?—Yes, it is about half now what it was originally.

23,263. Is this one of the main causes which has rendered possible the reduction which has been made in the staff of your Department?—It is one of the main causes. I should rather say that the initial burden of work in setting up the Insurance machine was so great that we could not really measure the effort required, and we do not know that we have quite got down to normal yet; the higher staff we have had in the past has been occupied in overtaking different parts of the initial burden, including the first Valuation, and then the second Valuation following so closely on its heels.

23,264. So that there is a possibility of your staff going down and not going up?—It ought not to go up unless new legislation introduces fresh complications. We consider that the 1913 and 1918 Acts made very substantial simplifications. These have also tended to reduce our staff.

23,265. I note that, in the case of Insurance Committees, auditors have the power of surcharge, but that this is not so in the case of Approved Societies. Can you suggest any reason for this differentiation?—I believe this matter was considered at the time the power to disallow and surcharge in the case of Insurance Committees was introduced into the 1918 Act. I do not know the reason that led to Approved Societies being dealt with otherwise, but I would suggest that they are essentially different. When we disallow and surcharge in the case of Insurance Committees we have to allege negligence or misconduct on the part of the people who are being surcharged. When we consider how Approved Society expenditure is actually incurred we should find that the Secretary of the group is normally a man wielding a fairly wide general executive power, in many cases merely having his action ratified at a later time. That would involve, I think, the almost inevitable surcharging of him in practically every case of improper Approved Society expenditure, and that would be an impossible position.

23,266. There are so many cases, I suppose?—No; but when the cases did arise I do not think it would be fair to lay the burden upon his shoulders.

23,267. As a matter of fact, have you many cases where you surcharge Insurance Committees?—Yes.

23,268. Could you tell us what the numbers are that you are referring to?—In the year 1924 we disallowed without surcharge in 17 cases, and in four cases we disallowed and surcharged.

23,269. Are you satisfied with the existing procedure relating to improper expenditure by societies, and that it provides a sufficient deterrent to such expenditure?—I am satisfied as to the lines of the regulations governing the procedure. I am not prepared to say that the provisions of the regulations do indeed act as a sufficient deterrent.

23,270. Do you suggest anything more?—No; it is a question probably of the stringency of application of these provisions. We have, from time to time, cases before us that appear to suggest that some societies expect absolution without repentance, if I

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[Continued.]

may put it that way; they expect the power of excusal that is vested in the Minister under the regulations to be exercised in their favour without admitting any error or deciding that recurrence will be prevented.

23,271. (*Professor Gray*): Would you return for one moment to the question of delay in the auditing of accounts. As I understand it, a considerable time elapses until you can finally give the last certificate in the matter. Does anything depend on the date on which it is given? Has it to go before the Society?—Nothing whatever depends on the date of certification of the accounts, as far as I am aware.

23,272. Do Societies, in fact, bring the finally certified copy before their members?—In very few cases have I any reason to believe that is done.

23,273. Have you any information with regard to the practice and the law on the Friendly Society side? Is there some provision there whereby the final audited account has to be presented within a certain time?—I believe there is such a provision, but at this long date after my handling such matters I cannot undertake to define it.

23,274. The reason I ask it is that one witness rather took the point that on the voluntary side he was under an obligation under Statute to present the final account within a certain date, and that on the State side it lagged behind and he could only present one side and not the other, which did not look well to the members. Do you think there is anything in that?—I believe that it is right that he must present the accounts, and I believe he has to make the return to the Registrar of Friendly Societies within a given period. He certainly cannot present audited accounts of the State side for the same account year to the members simultaneously with his voluntary side.

23,275. Then I understand you to say that where there is this delay it is much more specious than real; that in fact you have done the work and you are possibly merely waiting for certain figures to be put in?—In a very large measure that is so.

23,276. On that, what do you say to the argument that a long delayed audit makes it more possible for a fraudulent official to get off? Would it be the case that if you had gone over the ground and were merely waiting for some final figures you would be on the man's track in time?—Fraud is only committed in relation to the abstraction of moneys. If, therefore, we carry out either an exhaustive audit to date or an efficient scrutiny of all cash transactions, any fraud would be disclosed in the course of that scrutiny, which is quite independent of the date of our certification on the official account form.

23,277. So that the final date there has nothing to do with the question of the detection of fraud?—Nothing whatever.

23,278. I suppose it is the case, is it not, that there is, in fact, no slack time in your office, as may be suggested?—I have not known it.

23,279. You do not, in fact, audit a great bulk of things at a time and then have a period of delay?—No, we have what we regard as the ideal year of audit, that is the 12 months in which we should like to overtake the whole of a calendar year's accounts. We invariably find that there are some lagging units, mostly due to the failure of these units to produce their books when called upon.

23,280. I suppose with a good many Societies you have a kind of running audit; you have people on the spot all the time?—In the big Societies we must have, or we should never overtake the work.

23,281. You mentioned certain cases of falsification of dates, and things of that sort. How far do you think these misdeeds arise from deliberate design to be dishonest, or are they in part the result of a desire to give an appearance of rectitude to the muddle a man may have got into?—The falsification of dates, I think, has been ascertained fairly definitely to belong to both categories you mention. Sometimes it has been alleged by an official that he altered the dates of medical certificates to give to a member the benefit of some period of incapacity which was known to the official to be, in fact, incapacity, but the medical certificate did not go far enough back to put it in order, or he has given some such explanation. In the great majority of cases, however, where medical certificates have their dates altered it is done with the deliberate intention of putting the additional money into his own pocket.

23,282. On the question of the size of unit, we have had this question up from the point of view of administration. I take it from your point that you definitely recommend as a good thing a reduction in the number of units, firstly, from the point of view of reducing your work, and, secondly, from the point of view of eliminating the incompetent secretary?—A reduction in the number of units by fixing a fairly high minimum number to constitute the unit would have both the effects you indicate.

23,283. I suppose your auditors check the membership figures on which administration allowance is payable?—Certainly. Those figures emerge as more or less the end of a chain of operations.

23,284. But it is part of your business to check that?—Yes.

23,285. What happens in the case of those members who are not submitting contribution cards, but whose insurance is being continued under the Prolongation of Insurance Act? Does the society claim administration expenses there?—I have no special knowledge on the precise point, but I should approach any examination of it with the idea that those people are members of the Society for the purposes of the Act, and unless they are expressly excluded in the Regulations from the definition of membership for appropriation purposes I should certainly include them.

23,286. But would such an appropriation by the Society be passed by you, quite apart from any evidence that the Society has made any effort to find out whether the man was alive or whether there was at any rate some reasonable presumption in favour of the man being alive?—We do not expect to be furnished with positive evidence that the man is alive in those circumstances. It would be a somewhat exacting inquiry if we were to ask for positive evidence of the continued life of members who had simply failed to return cards for the period.

23,287. (*Sir Arthur Worley*): Would it help you with regard to predating if a rule was made with regard, at any rate, to the larger Societies that a date stamp should be put on?—If the Society had to put on a date, do you mean?

23,288. Yes, when they got it?—That date stamp, I suppose, would be put on by the secretary of the ledge, who is the man who wants to falsify the date.

(*Sir Arthur Worley*): I was thinking that in a large Society it would not go to the same man. In a one-man show, of course, it would.

23,289. (*Mr. Jones*): Even in the case of the Prudential the agent gets the certificate and recovers, so that again it is a one-man job?—Possibly.

(*Sir Arthur Worley*): Thank you very much.

(*The Witness withdrew.*)

FORTY-FIRST DAY.

Thursday, 22nd October, 1925.

PRESENT:

LORD LAWRENCE OF KINGSGATE, in the Chair.

THE RIGHT HON. SIR JOHN ANDERSON, G.C.B.
 SIR HUMPHREY ROLLESTON, BART., K.C.B.,
 M.D., P.R.C.P.
 SIR ALFRED WATSON, K.C.B.
 SIR ARTHUR WORLEY, C.B.E.
 MR. A. D. BESANT, F.I.A.

MR. JAMES COOK, J.P.
 MR. JOHN EVANS.
 PROFESSOR ALEXANDER GRAY.
 MR. WILLIAM JONES.
 MRS. HARRISON BELL.
 MISS GERTRUDE TUCKWELL.

MR. E. HACKFORTH (*Secretary*).
 MR. J. W. PECK, C.B. (*Assistant Secretary*).

Mr. J. F. G. PRICE, called and examined. (*See Appendix CII.*)

23,290. (*Chairman*): Mr. Price, you are Principal Assistant Secretary of the Ministry of Labour?—Yes.

23,291. Your duties bring you into close contact with the working of the Employment Exchanges throughout the country?—Yes.

23,292. We have asked you to come before us to see whether any scheme for certifying genuine unemployment through the Exchanges is feasible in order that such information might be utilised for dealing with the problem of Health Insurance arrears. That being so, I will ask Sir Alfred Watson to examine you on this important and difficult problem.

23,293. (*Sir Alfred Watson*): Mr. Price, the suggestion before the Royal Commission in connection with arrears of insured persons springs out of the plan which was temporarily in force during the period of Unemployment Donation?—I remember.

23,294. Perhaps you will tell the Commission exactly what happened in connection with Unemployment Donation and Health Insurance contributions?—What happened was this. The insured person for health purposes who was claiming out-of-work donation at the Employment Exchange was told to bring his health contribution card to the Exchange once a week when he was claiming donation, and a rubber stamp was then put on that card at the Exchange to record the fact that during that week he had been unemployed every day. The cards in the ordinary course were sent to the Approved Societies at the end of the half-year; the Approved Societies (I forget whether it was either directly or through the Ministry of Health) then made claims on the Ministry of Labour for the value of the stamps represented by the rubber impress that we had put on the contribution cards; we paid over the amount and that, I think, was the end of the business as far as we were concerned. As a matter of fact we made the last payment only within this last year. I think we do regard it as at an end now.

23,295. You understand that there is no suggestion here that the Ministry of Labour should be asked to pay these contributions?—I understood that was not part of the proposal.

23,296. The view is that, inasmuch as unemployment is one of the contingencies taken into account in settling the actuarial basis of the contribution, there is no need to apply for a contribution from anybody for weeks of unemployment that can be established as such?—Yes. I do not pretend to know how the rate of contribution is arrived at and to what extent unemployment is provided for, but I have never understood that it was suggested that either from the Unemployment Fund or elsewhere any contribution should be paid from our funds in respect of unemployment of health contributors.

23,297. I want to make that clear lest you should feel some embarrassment as to how far we are committing you.—I did not think you were going to ask me to pay at all.

23,298. We are encouraged to see from the second paragraph of your Statement that you think means could probably be devised by which the Exchanges could perform the work of impressing Health Insurance cards. If the onus lies on the insured person to satisfy his Approved Society need we require that the impress made at the Employment Exchange is any more than evidence that on a certain day the card that was presented at the Employment Exchange was blank and the Exchange impressed it accordingly?—I think that is more a question for the Ministry of Health or the Approved Societies to say whether they would be satisfied with an impression put on at the Exchange recording the mere fact that on a particular day or during the whole of the week the man, in fact, proved unemployment at the Exchange. I think I ought to point out that, although in the Statement I put in I did say that means could probably be found to do it, I went on to describe certain difficulties that undoubtedly would arise, and later in the Statement I put forward what I personally regard as a much better suggestion for dealing with the question if it has to be dealt with through our machinery.

23,299. Reading your Statement, I notice you seem to be impressed by a great number of difficulties. My own feeling is—and I put it to you—that these difficulties would be greatly reduced if the responsibility of the Ministry of Labour were clearly marked out, and the implications of an impression on the card were clearly laid down, so that no responsibility for proving unemployment and doing a variety of things regarding it rested on the Exchange before it put the impression on the card?—I realise, of course, that some of the difficulties might be removed by it being definitely understood that the stamp meant a definite thing, but the main objection I feel to anything like the procedure that was in operation for the Donation scheme is that it would inevitably lead to a tremendous waste of effort and labour. Every man who was unemployed, and who knew that there was something to be got possibly by having his contribution card stamped, would bring it to the Exchange and get it stamped. I need not tell you that the proportion of those people who will ultimately claim benefit at a time when the payment of their benefit from sickness funds will depend on whether or not they have the full stamped contributions during the material period is very small indeed, and we in the meantime should be stamping hundreds of thousands of contribution cards for no purpose whatever.

23,300. Is it so small?—You know far better than I.

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[Continued.]

23,301. It all depends on the nature of the arrears penalty that the regulations of the Ministry of Health impose. At any rate, the proportion may be as high as one in five or one in four of all the insured persons who will claim sickness benefit in the course of the year, so that there is quite a considerable probability that a person who has had some unemployment will be claiming sickness benefit?—Still, it means that we shall be doing four or five times the amount of work that is really necessary.

23,302. Under the present arrears system if a man has been unemployed and has a number of blank spaces on his card, when he sends in his card the contribution year then ends: in the following weeks he is able to pay a sum by way of penalty arrears that will relieve him of the penalty if he falls sick in the following benefit year. Those penalty arrears represent more or less the value of the risk that he will be sick, and consequently he does not pay the full contributions in arrears or anything like it: he pays for the chance that he will be sick. That is an understandable system. Now supposing we had an arrangement under which, as you propose, in the event of him falling sick during the benefit year and having a large number of arrears on his card it would then be necessary for the Approved Society to go to the Employment Exchange and ascertain whether those were weeks of unemployment, what would happen to the man in whose case the blanks on the card could not be proved to be due to unemployment?—I imagine he would fall under your ordinary arrears penalty.

23,303. Does not that mean that he would have his benefit reduced without having had an opportunity of discharging his arrears by these very moderate penalties payable in the period of grace?—I am sorry, I do not think I can have followed you properly. I thought you began by saying that at the end of the contribution year a man who had arrears was enabled by payment of something considerably less than the contribution value of the stamps that were missing to put himself right for benefit.

23,304. Quite right.—If failure to stamp does not arise from unemployment, surely he will take the opportunity of putting himself right under the ordinary arrears scheme. If it does arise from unemployment he knows he can wait till he makes a sickness benefit claim and then can get a certificate from the Exchange.

23,305. He knows then that the thing has to be adjudicated. He cannot be quite certain that the Exchange will give a certificate or that the Society will be satisfied with it?—Surely that depends on the arrangement. If the arrangement is that when a man says failure to stamp for certain weeks is because of unemployment we shall give a certificate that our records show that he was unemployed, and if we do so, surely the Approved Society will be under an obligation to accept that certificate.

23,306. I hope they will.—That is the suggestion that is contained here. It is no more than a suggestion.

23,307. I am wondering what kind of notice the Society will send out to the insured person. They send him a notice saying: You have 20 weeks of arrears in this last benefit year, and in order to clear those arrears you have to pay a penalty of 4s. I do not know whether that is the right amount, but we will assume that. Then they ought to add: but if your 20 weeks are due to genuine unemployment you need not pay, and if in due course you are sick we shall then take up the matter with the Employment Exchange; and then they would have to go on to say: it may be that only part of your 20 weeks are due to that, you must make up your mind how many of your 20 weeks are due to unemployment which can be proved by the Employment Exchange and how many of them are due to other causes, and you must study the schedule of arrears penalties and make up your mind what amount of cash to pay us. I do not quite see how the thing would work in

practice?—I do not know how far you would propose that the insured contributor should be responsible for seeing that his own position is right and how far it is the duty of the Approved Society or the Ministry of Health to see that he is put right, but normally in a case where a man has been unemployed for some considerable period he knows when it was, and if at the end of the contribution year he knows that he is in arrear for any considerable number of weeks or gets a notice from his Approved Society telling him so, he knows at once whether either the whole of it or the greater part of it is due to unemployment, and he can then make up his mind straight away what arrears penalty he ought to pay and how much he can rely on getting certified as due to unemployment.

23,308. The procedure you suggest is that on getting his arrears notice if he claims that his arrears are wholly or in part due to unemployment, he would have to lodge that with the Society, and then at a later date if he falls sick No. (1) of paragraph 27 arises, or does No. (1) arise when he gets his arrears penalty notice from the Society?—I did not contemplate when I put this forward that any action would be taken till a claim for sickness benefit was made. Obviously it is the procedure that would give us least work, and I am at the moment in view of the heavy pressure there, not asking for work for the Employment Exchanges.

23,309. It would really mean that the arrears penalty notice of the Approved Society would be useless and their work would be of no value and very misleading, because they would tell the unfortunate insured person that he had got to pay, say, 3s. by way of discharging his arrears when the true fact was that if he took no notice of that demand and waited till he was sick he could then get relief from his 3s. penalty by going to the Employment Exchange?—I am not very concerned how it works and at what stage it works so long as we are not asked to give wholesale certificates for hundreds of thousands of people who are never going to claim sickness benefit. I think it is a reasonable proposition to ask us to certify the unemployment of people who have actually claimed benefit, but it is going too far to suggest that we should stamp the contribution card of every individual who attends his Employment Exchange because he is unemployed.

23,310. There seem to be certain merits in that plan. As far as the Approved Society and insured persons are concerned it would work quite automatically?—It is not an automatic thing at the Exchange.

23,311. Is it not?—No.

23,312. I want to get at how far it is not. An insured person comes to you on Friday claiming benefit up to the previous Wednesday; at the moment when the cash is handed over to him, is it a serious addition to the work to put a rubber stamp impression on the card for the previous Friday?—Yes, it is a very serious addition.

23,313. Even though no documents would have to be referred to?—Yes. You cannot plant a rubber stamp on a card meaning a certificate that the man was unemployed for the whole of the week without looking up his unemployment record to see that he was unemployed for the whole week. You do not want us to put rubber stamps on all cards automatically.

23,314. That is just where the question arises of the danger of putting the thing a little too high. For instance, if instead of Wednesday he comes on Friday when you are paying benefit, you say that would be highly inconvenient?—Yes.

23,315. He signs on Wednesday and he presents his card which shows that there was no contribution affixed for the previous week. Presumably therefore he was not working during the previous week. If he signs your book on the following Wednesday with a view to getting benefit on Friday, is not the

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presumption so tremendously in favour of the fact that he was unemployed for the previous week that you can put an impression where the stamp would have been had he done any work?—No. I am sorry it is not so. That is subject to very serious and numerous exceptions. It is quite wrong, as you know as well as anybody I think, Sir Alfred, to suppose that because we have on the register a million and a quarter unemployed people every week that it is the same million and a quarter unemployed. The register is constantly turning over at a very high rate. There are a certain number of people who do remain unemployed for long periods without getting an odd day or two of employment, but there are hundreds of thousands on the register each week who do get days of employment and for which days their contribution cards for Health Insurance purposes would or should be stamped. If, for instance, a card of such a man is not stamped we should be putting a rubber impression on that card although in fact the man was employed on a day in that week and we should have evidence of it, or rather, we should not have evidence of unemployment.

23,316. You mean although the man might have been employed?—Yes.

23,317. The first presumption is, is it not, when a card is presented to you with a blank on it that the man did no work in that week?—That is the presumption, I agree.

23,318. That presumption could be rebutted, but is there so much doubt about it that means ought to be taken to establish the fact before putting the impression on the card?—Certainly. I am clear that means should be taken by reference to our record of the man's unemployment. I do not think I could be any party to putting a rubber stamp on automatically because the man produced an unstamped Health contribution card.

23,319. Of course you would be in no way damned in putting the impression on if the Ministry of Health and the Approved Societies agree that was all they wanted?—You are asking me to assume that they would agree. I really think it is rather a difficult assumption for me to make.

23,320. I am exploring the subject to see what the points are. In fact you have not at the Employment Exchanges evidence that the people were unemployed on every day of the week, have you?—Yes.

23,321. They sign the book on Monday, Wednesday and Friday?—You may take it that is the common time for signing now. They are the ordinary days. But when a man attends, for instance, on Wednesday he is asked whether he has been wholly unemployed since the last time he signed, and what we call an "excused" stamp is put on to his unemployed register to indicate that he has himself certified that he was unemployed on the days when he was not required to come to the Exchange to sign.

23,322. Precisely. He would in effect himself certify that he had been unemployed in the previous week if he presented to you a Health card that bore no stamp on it and asked you to put your impression on it?—If you are really asking us to put a stamp on more or less automatically, I think we ought to know quite clearly what are the implications and suggestions behind that. We ought to be told, I think, what is to be the face value of the rubber stamp we put on. If we were asked to do the work we should normally assume that we were only asked to put the stamp on the contribution cards in cases where we were satisfied from our own records that the man had been wholly unemployed during the week. We should never merely take the fact that the contribution card for Health purposes was unstamped as being good enough evidence to justify us in putting the rubber stamp on the card.

23,323. I can see that would mean a good deal of work for you. The people who have to be satisfied are the people who have to stand the financial racket, that is the Approved Societies?—Would not the first thing they would say to us be: Are you satisfied that

the stamps you have put on really represent total unemployment for those weeks? If they have to pay they will certainly want to be satisfied that they are paying in respect of genuine unemployment, and unless we take steps to verify that unemployment I do not think we could take the responsibility of stamping the cards.

23,324. Supposing no obligation to verify is placed upon you and the meaning of stamping an impression on the card is clearly laid down beforehand, does not that relieve you from any obligation to verify further than that implies?—I do not think I can give a "Yes" or "No" answer to that question. I should like to see what it is suggested the rubber stamp would indicate and certify before I could say we would put it on before verifying the facts.

23,325. Do you say that the number of people who do a little work but not a complete week's work within the week and are on the Exchange for benefits or otherwise in the following week for the preceding week is material?—Yes, quite material.

23,326. Of course, among those people who do work would be found a large proportion whose Health cards had been properly stamped by the employer in the discharge of his obligation?—Certainly, I should expect that.

23,327. So that it is a block of people who have more or less intermittent work. There would be some people where the employer had not discharged his obligation and where the impression on the card by the Employment Exchange would convey a wrong impression?—Yes. I do not put that at a very high figure myself.

23,328. That is the whole thing, is it not?—No, I do not think it is. You have to take the whole of the register. We cannot say at any moment that A. B. and C. have done some work and always do some work during a week, and they are the people whose cards may or may not be stamped for health purposes. We have to look at the whole of the register and see what is the record of unemployment for each individual—I am going back to the old point—if our stamp impression is to be worth anything.

23,329. I am trying to find out what is the possible extent of what may be termed, for want of a better term, leakage. A., B. and C. are working intermittently and intermittently drawing benefit. If the three of them come up on Wednesday to sign for benefit on Wednesday, having done some work in the previous week, it is highly probable, is it not, that at any rate the cards of A. and B. will have been properly stamped by the employer?—Yes.

23,330. It is only C. whose card would bear your impression?—Yes, provided his card has not been stamped and our records show that he has proved unemployment.

23,331. The problem only arises in regard to C.?—It only arises in regard to those people who produce contribution cards that are not stamped.

23,332. The question is how numerous they are in relation to the total number of people who have done part of a week's work?—Although there is a big turnover of the register and hundreds of thousands of people do some work during the week there is still a large block who do not do any work and who would produce unstamped contribution cards.

23,333. And you are going to pay them a full week's benefit?—Certainly.

23,334. The mere fact that you are going to pay them a full week's benefit should be good enough surely to enable you to impress their cards at once?—It would be absolutely good if our week corresponded to yours, but it does not. We pay from Thursday to Wednesday. Your cards run from Monday to Saturday.

23,335. I am conscious of that. If you are paying a week's benefit up to Wednesday and a fellow has a card that does not bear a stamp for the previous week, the presumption that he was out of work in that week is pretty high, is it not?—I think you

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can put it higher than presumption in quite a lot of cases. I would like to give you the best of that point so far as I can. We shall have many cases of course during the week when we are actually paying six days where we can see by a glance back that we paid for six days in the previous week. Those two together would cover your contribution week.

23,336. What about the waiting week cases? You would see those too?—Yes, we should see those.

23,337. That helps me?—Forgive me for one moment. On the waiting week cases there is no record of payment and therefore you have to see how the waiting week was satisfied, whether it was six consecutive days for which we were paying which would cover your contribution week. You know the waiting period need not necessarily be six consecutive working days.

23,338. Yes, I know that; still, you do help me to some extent. Now I come to another point. You say you have a very large weekly turnover. Of course, a great proportion of those who go off the benefit list in a week find employment that lasts at any rate for some weeks, it may be permanently?—Yes.

23,339. So that in those cases the health card is pretty sure to be stamped properly, is it not?—Yes, certainly. If they find a job and go off then the problem is at an end; they have taken our unemployment book, they have got their health card and presumably both are being stamped.

23,340. I put it to you that doubt as to whether your impress, if you make no investigation before putting it on, is, shall I say, properly put on, can only arise in a small residue of cases?—I am not sure that I follow you there. Have you still in mind the case of the man who goes off our register in a particular week and gets a job that may last some weeks or even permanently?

23,341. Yes, I think that man is sure to have his card stamped?—Yes. I thought he was out of the way?

23,342. Yes.—Then I do not follow the question.

23,343. The question is, that man being out of the way, the people in respect of whom there may be a doubt are those who have been working intermittently. Some of them may have worked for employers who because they only worked for one or two days of the week did not stamp their health cards?—Yes, I know. I see now what you have in mind. Certainly as far as cases of doubt are concerned I think that is right. But you are not forgetting, I am sure, the large number of people on the books who have been wholly unemployed and who get the full week's benefit for whom we should have to look back to the previous week in order to cover your contribution week. Our task is not limited to the few people who get intermittent employment.

23,344. I agree. I should have thought where people are getting benefit more or less continuously for a number of weeks (you pay benefit on the Friday up to the previous Wednesday) there would be a blank space on the card for the previous week. You said just now that in quite a large number of cases you can see instantly that a man was unemployed for that week because you paid him benefit?—Yes.

23,345. Even where you have not the information immediately at hand I should have thought the inference that he was out of work for the whole of that week was so substantial that there would have been very little risk in putting the rubber stamp on his card?—I think we are back to the old point. I am not prepared to make any inference myself or to run any risk. If it is suggested to us definitely that we are required to do certain things in certain circumstances which will involve certain implications then we know where we are, and we will say whether we are prepared to do them, but, speaking for myself, and, I think, for the Department, I could not accept the position that we should put a rubber stamp on which depended on an inference, which we should have to draw, being correct or not.

23,346. Is the number of cases in which you pay less than a week's benefit large relatively to the total?—It is a large proportion, but I am not prepared to say off-hand what it is. It does not carry you all the way, you know, if your suggestion is that because we are only paying for something less than six days therefore we know that no rubber stamp would have to be impressed. It may be that the days for which we are paying all fall within your contribution week which with the days we paid in the previous week would make up your complete contribution week and show total unemployment.

23,347. I do not think this difference between the weeks very much matters if we can assume that where a man has an unstamped card for the week ending on one Saturday you are paying him benefits in the following week for a period that will cover some part of that first week?—It would cover three days of it normally, Thursday, Friday and Saturday.

23,348. It may be that it does not matter, that we can take the risk (it is really no more than that) that he was employed in the first three days of that prior week by an employer who neglected to discharge his obligation of stamping?—It is your risk, not mine.

23,349. Exactly so. Provided we are willing to take that risk and the true interpretation, so far as the Ministry of Labour is concerned, of what a rubber stamp on the Health Insurance card means is clearly laid down, so that no responsibility carries you further than that interpretation, would you be satisfied to do the work on that condition?—No. Personally, I should not be satisfied. I dislike the idea of having to put on a rubber stamp which, however clearly it may be expressed and explained between Departments, would always lay us open to the interpretation that we had certified a man as being unemployed for the whole of a certain period when we had not verified the facts to find out whether he was.

23,350. We will take what you say on that and consider how far we think it is conclusive having regard to the financial element involved. There is one other point. I observe you state that the work we contemplate would involve a considerable amount of time and labour and would require additional staff, the cost of which could not be charged to the Unemployment Fund under this Statute. Is that more than a matter of arrangement between the two Departments?—No, I do not think it is, so long as the payment is to be made by the other Department.

23,351. At the present moment the Ministry of Health outdoor staff does all your compliance work?—Yes.

23,352. You do not pay for that?—Yes, we do.

23,353. Actually out of your Fund?—Yes, part of our appropriation-in-aid.

23,354. Is it more than a record that that work has been done for you?—Oh, yes. We pay for that just in the same way as we pay for our premises and stationery.

23,355. You do not pay for your premises and stationery; that is the point?—We do pay for them.

23,356. (Sir John Anderson): Unless the system has been entirely changed quite recently, you do not pay for work done by the Post Office, do you?—Yes.

23,357. I thought you only showed in a statistical note on the Estimate that the work had been done for the Department?—No.

23,358. Does the cost of administration of the Unemployment Fund come out of the Fund itself?—Yes, wholly.

23,359. Not borne on the vote?—No. It is borne on the vote as gross, of course. There is actually an appropriation-in-aid which amounts to roughly 4½ millions a year which comes out of the income of the Fund and is actually a payment to the Treasury made month by month.

23,360. (Sir Alfred Watson): Do you, in ascertaining the amount you pay to the Treasury, include the cost of services rendered to you by other Departments?—Yes, we do.

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23,361. That is quite unusual, of course?—Quite unusual, because I do not know any other scheme that stands on the same footing as Unemployment Insurance.

23,362. It merely means, does it not, that if you did this work for the Ministry of Health out of any sums placed at their disposal by Parliament for administration, they would make a payment to you?—Absolutely. That is all I suggest.

23,363. I do not see that there is any difficulty in it myself.

23,364. (Sir John Anderson): I do not think Mr. Price has given a complete answer to your question. He said the cost, for example, of the work which is done by the Ministry of Health for the Ministry of Labour is paid for; then he said it is shown as an appropriation-in-aid of the Ministry of Labour vote?—Yes.

23,365. The complete answer to Sir Alfred's question involves this also, is a transfer made of cash to the Ministry of Health?—No, it is made, I think, through the Treasury. I do not know whether the Ministry of Health get the money.

23,366. Is it not purely domestic? It is only as between the Vote account and the Fund account of the Ministry of Labour?—Certainly.

23,367. It does not go beyond that?—The Fund pays the money.

23,368. I know. It does not go beyond that. It is an adjustment between the Vote account and the Fund account of the Ministry of Labour?—Yes.

23,369. There is no adjustment between the vote of the Ministry of Labour and the vote of the Ministry of Health?—No.

23,370. Therefore the answer to the question is that the Ministry of Labour do not pay the Ministry of Health for that work?—Very likely, but the Unemployment Fund pays.

23,371. The Unemployment Fund pays the vote of the Ministry of Labour, but the Ministry of Health do not get anything of it?—No.

23,372. (Sir Alfred Watson): With great respect that was my question. It merely means that the Unemployment Fund makes a payment to the vote of the Ministry of Labour which reduces the general cost of the Ministry of Labour to the taxpayer?—Yes.

23,373. I should have thought the Ministry of Health would have been interested in that?—It is their affair. The Unemployment Fund pays the money.

23,374. It merely comes to this, that if work is done by one Department for another there will have to be a proper accounting between the two Departments?—Yes.

23,375. You point out, Mr. Price, that agricultural workers and others of the uninsured class in whose case there are no adjacent Exchanges would have difficulty in availing themselves of these new facilities?—Yes.

23,376. Does not it stop there? They have to satisfy their Society that they are unemployed. If there is no Employment Exchange to which they can take their cards for impress they have to satisfy their society in some other way?—No doubt. I merely point out the fact. I do not lay any stress on it. It is for the Commission to consider whether it is a material point.

23,377. On the point of identification and impersonation, is it not rather a remote contingency that a person not out of work in the ordinary way, but not having a stamp affixed to his card for a particular week, will go to the local Employment Exchange and sign the book and get his card stamped so as to relieve himself of what is a matter of chance, that he would lose sickness benefit at some time, it may be six months hence, or 18 months hence, or anything between the two?—It is remote. The point is, of course, we should have no means at all of identifying the person who produced the contribution card. I agree it would happen in a comparatively small number of cases.

23,378. People who do not maintain registration though they continue to be unemployed. They have no right to benefit, and they do not bother to maintain their registration with the Exchange. It is for them to maintain their registration if they want these facilities?—Yes; so long as it is not going to be for us afterwards to stamp their cards in arrears.

23,379. That could hardly be suggested, could it?—So long as it is not suggested then I am not concerned with it.

23,380. You have quite a large number of cases that you give us in paragraph 19 where people are disqualified for Unemployment Insurance benefit. If, notwithstanding the fact that they are disqualified, they are unemployed and present themselves and register, they can get the stamps impressed on their cards all right?—If they present themselves, yes. Some people who have their claims for benefit disallowed do maintain registration at the Exchange. They want work, though they cannot get benefit.

23,381. Does not it all come to this, that a society has to be satisfied and certain facilities would have to be provided by the Employment Exchanges? If the insured persons do not avail themselves of those facilities they have to satisfy their societies in some other way or go without the advantages we want to give them?—Yes, I imagine that is so, but, as I said originally, that is not the main point that really concerns me. If our liability is clearly laid down we shall be able to say more definitely how far we can go to meet the problem that is in your mind. The thing that really does concern me is the unnecessary stamping of the great bulk of the cards.

23,382. What you regard as unnecessary stamping?—Certainly, what I suggest is really unnecessary stamping.

23,383. From the point of view of the Health machine which has to issue its myriads of arrears notices every August or September and give periods of grace to vast numbers of people who have fallen into arrears, it might seem to be more systematic and more automatic altogether, easier to work, on their side, if you did that which you rather deprecate, namely, stamp for everybody?—Yes, but I think you should not lose sight of the fact that it is they who want the work done, and I think if it can be done in more facile manner by the machine that has to do it in one way rather than in another, that more easy way should be adopted, and I should have thought that by one of your Arrears Regulations you could have had a system by which we were only asked to certify unemployment in cases which actually arise.

23,384. I see your point. Really, I think, assuming you give us the main point that you can co-operate in relieving these unfortunate people from penalty arrears for genuine unemployment, and provided the limits of your own liability in so doing are clearly laid down in the Report of the Royal Commission, all the rest becomes a matter for detailed consideration between the two Departments?—Yes, but my main objection, if I may say so respectfully, still remains.

23,385. That objection would remain even if you got your point of payment at the cost of the Ministry of Health?—I am not really very concerned with that, but it was obviously a thing I had to say. If you want the work done, the Unemployment Fund cannot pay for it. It is not a matter I want to stress at all. I am really on the point of the work that the Exchanges are being asked to do, or might be asked to do. They are, and have been for years, heavily burdened, and they are likely to go on being seriously strained now for some time, and to impose a piece of work upon them which I think could be done more easily by other methods is a thing that I shrink from.

23,386. (Professor Gray): There are one or two small points I would like to put to you. Under your arrangement, would there not be a certain amount of trouble in looking up individual cases afterwards?—I understood from Sir Alfred that if the man did

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not present his card in the manner suggested at the Exchange for ordinary purposes, we should not be asked to do anything retrospectively.

23,387. The alternatives are these. Either you make some mark at the time of all cases coming along, or alternatively later on, when the claim for sickness arises, you go back and look up that particular case?—Yes.

23,388. I should have thought, offhand, that doing something which was more or less automatic at the time would have been less trouble than getting out the records of a thing which happened 18 months previously?—I think that goes into the merits of the thing; Sir Alfred was saying it is a question of the more or less automatic. I think it would be less rather than more automatic.

23,389. Still it would be done as you went along?—It would be done at the same time. Saying that it would be done as we went along rather implies that it is a thing that does not matter and would give no trouble. I cannot accept that.

23,390. (Sir Alfred Watson): I forgot to ask you what delay it would involve doing it in your way?—I am glad you have given me the opportunity of dealing with that. I think probably the thing would be done very expeditiously indeed. If you would just tell me the material period of contributions for your benefit year, I think I could tell you rather more definitely. Am I right in thinking that your contribution year is July to July, and it applies to claims made from the January succeeding the second July?

23,391. That is right.—In that case the great bulk of our benefit claims which would affect this question would have been sent up to our Central Office at Kew, so that the Approved Societies could apply direct to Kew, and in normal circumstances could get the things back practically by return of post.

(The Witness withdrew.)

Sir WALTER KINNEAR, K.B.E., recalled and further examined.

23,396. (Chairman): Sir Walter, we have now concluded our examination of the outside witnesses, and we have received from them a large number of suggestions for modifications or extensions of the Health Insurance Scheme in various directions. Before we arrive at our conclusions with reference to the suggestions, we should be glad to hear the official view on each of them. I propose, therefore, to take each of the subjects in turn, arranged in as convenient an order as possible, and to invite you to tell us, as fully and as freely as you feel able to, what is the official attitude with reference to each. This will, I hope, be convenient to you?—Yes.

23,397. I will take first the general question of the persons to be included within the scope of the Scheme of National Health Insurance. It has been pointed out to us that certain classes of non-manual workers, such as bank clerks and insurance officials who are at present required to be insured, derive very little advantage from the Scheme by reason of the fact that at a comparatively early age they ordinarily pass the income limit and cease to be insured. Do you think that persons of this class should be required to be insured?—On the whole, there is no reason to think that non-manual workers of the classes in question who are already insured desire to be taken out of the Insurance Scheme. The Societies catering for these special classes are in a position to give very generous additional benefits. We think that any attempt to exclude these classes from the scope of the Scheme would involve very difficult questions of demarcation, and might have serious reactions on the Pensions and Unemployment Insurance Schemes as well possibly as on the Workmen's Compensation Acts. The real difficulty is, as indicated in your question, that many of these persons pass over the remunera-

Our Kew office is most efficient, and has to work like a machine for our benefit purposes.

23,392. (Professor Gray): How far would there be complications arising from the fact that the scope of the two schemes is not the same?—I think that is mainly covered by agriculture and domestic service which Sir Alfred dealt with. If there is not a place to which an agricultural worker or domestic servant can take the card, then they cannot have the benefit of the system, whatever it may be, that is set up; but, of course, that would not be important under the alternative method I have suggested, because normally they would not come to the Exchange to prove unemployment, and we would have no record of it.

23,393. It might be more difficult under your scheme?—I think the two things run together. If they come to one of our Exchanges because it is convenient for the purposes of proving unemployment, we could stamp their card at the time of the unemployment just as we could for our own insured people. If they do not come, we cannot do it then, and we could not do it later.

23,394. How far do you think there is any substance in this idea—it is perhaps outside your proper province. It might be suggested that a scheme of this kind whereby you stamp cards might encourage a casual employer not to stamp health insurance cards?—I do not know. I think it might mean increased inspection of the casual employer, as there might be an additional inducement not to stamp the card. But I should have thought your real safeguard was the insured person himself.

23,395. It would not matter much to the insured person who was casually employed whether his employer put on a stamp or whether under this system the risk were taken of imprinting a stamp on his card?—I think that is so, but I would not like to suggest that the employers of casual labour would be likely to take advantage of it.

tion limit at a fairly early age and thus cease to be insured unless they become voluntary contributors. Under the present Scheme they can get no benefits after their insurance ceases, except medical benefit for a limited period, although during the period of their insurance they helped to build up a substantial surplus. That is the real difficulty. The Commission may like to consider methods of meeting that particular difficulty. There is one suggestion that I was going to make. On the whole, what the Department thinks on this matter is that the Commission might consider the expediency of amending the Act in such a way as to empower the Minister to sanction additional benefit schemes put forward by societies of this kind, which had sufficient available surplus, whereby members whose insurance had ceased for the reason given would be able to continue to participate for a limited period in certain of the additional benefits. We would suggest that this should only apply to treatment benefits and should not apply to increases in cash benefits. We think that that, possibly, might meet the difficulty.

23,398. We have been told that there are certain classes of persons who are in just as great need of Health Insurance as the general body of insured persons but who do not at present come within the Scheme, for example, the small contractor, the crofter, the small shopkeeper, etc. Do you think it desirable that people of this type should be brought within the Scheme either as employed, or as voluntary contributors?—There is one class of persons engaged in manual labour in respect of whom a very real hardship exists. I refer to persons who although belonging to the wage-earning classes as ordinarily understood, cannot be shown to be working under a con-

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tract of service and are therefore outside the scope of the Act. Many such persons are tree fellers, hay cutters, thatchers, stone breakers, market porters, slaughtermen, etc. The question of slaughtermen arose recently in a very acute manner in connection with the Pensions Act. Generally speaking, there is a desire for Health Insurance among these persons and undoubtedly the Pensions Scheme has intensified this desire. Ever since 1913 or 1914, questions have been arising about such persons, many of whom from time to time work for wages and are employed, while at other times they fail to get contributions because of the technicality that they are not under a contract of service with an employer. The Commission might consider the advisability of amending the First Schedule of the Act so that by some means we might provide for compulsory insurance in the case of employment under a contract for the performance of manual labour for the purposes of a trade or business, and that the person for whose business the work is performed should be deemed to be the employer. It would, of course, be necessary to exclude by special order any persons not ordinarily themselves engaged in performing manual labour under the contract. I may say with regard to the question of voluntary insurance of the small shopkeeper, and persons of that class, that there is of course no employer in respect of such persons, so that there is no machinery by which we could properly get in the contributions. The Commission are aware that the 1911 Act allowed such persons to be insured as voluntary contributors at a rate of contribution graded according to their ages. The Ryan Committee in 1916 recommended that admission to this class should be abolished on the ground that only some 28,000 persons had availed themselves of the right of voluntary insurance and this number did not justify the troublesome administrative machinery that was required. This was done by the 1918 Act. Under the Contributory Pensions Act passed during this year a very wide door has been opened for a limited time to entry into voluntary insurance of persons who have at some time since July, 1912, had 104 weeks insurance or excepted employment, so that, of course, the matter to a large extent has rectified itself. This will meet the case of the great majority of persons not now insured who may reasonably be allowed into voluntary insurance. It would not be practicable without a grading of contributions to give a continuing right to uninsured persons to come in as voluntary contributors, and we rather suggest that no extension of the existing provisions in this respect is called for, especially in view of the Pensions Act of this year.

23,399. (*Sir Arthur Worley*): With regard to the question of bank people and insurance people, the suggestion is, I gather, that where one of that class has gone out of the scheme by reason of his salary taking him out and not caring to remain in voluntarily, some arrangement would be made by which he could continue for a period to have the advantage of additional benefits out of the surplus of the particular society to which he belonged?—Yes, subject to the circumstances of the particular society, and our being satisfied that ordinarily the employment is more or less of a transitional character.

23,400. The other point for consideration is whether people who to-day may be under a contract of service in the ordinary way but who to-morrow may be doing jobbing work on their own account, should be brought in compulsorily. There are quite a large number of people of that type?—Yes.

23,401. The question is that some arrangement should be made to bring them compulsorily within the Act?—Yes. They would be a clearly defined and limited class.

23,402. (*Sir John Anderson*): In that connection I gather that you are not thinking so much of the person who takes casual jobs as of the man whose occupation is fairly regular, who has some permanent employer, so to speak, to whom he looks for payment,

but who is taken out because of the technicality of the form of his engagement. He is not under a contract of service?—No, it is a contract for service. It is a technicality.

23,403. (*Professor Gray*): With regard to the bank clerk, I suppose part of your trouble in connection with demarcation is to be found in the further fact that bank clerks are not all in one society?—That is so.

23,404. Then you spoke about voluntary insurance and the undesirability of extending it. I suppose at present you are equally opposed to any suggestion of restricting it. It might be argued that seeing that voluntary insurance in the past has been taken so little advantage of, and as has been suggested to us, that people who become voluntary contributors frequently lapse in a very few years, that it is hardly worth maintaining?—I certainly think the present provision should be retained so that a person who has been an employed person for a specified time and insured under the Act should have power to continue as a voluntary contributor if he so desires, and have the benefit if he goes out of employment.

23,405. Your opinion on that point would not be influenced by the fact that a very great number of them lapse from insurance fairly soon?—No.

23,406. Has this question been affected very considerably by the Pensions Act?—Yes. The demand for voluntary insurance has been intensified by the passing of the Pensions Act.

23,407. (*Mr. Besant*): Going back to Sir Arthur Worley's question and to your suggestion with regard to the amendment of the Act and extending benefits in the case of the bank clerk and the insurance clerk, would not that take you a good deal further in the case of other societies where you might not have such a large percentage of people going out, but a certain number going out on account of increase in their salaries. Would not they feel that they equally ought to be entitled to some extension of benefits on similar lines?—It would primarily be conditioned by the amount of the surplus. I am afraid there are not many societies in precisely the same happy position as the Bankers' Society as regards surplus.

23,408. It seems to me a little dangerous to set up a particular class for some of these societies?—We should have to have regard, first of all, to the amount of the surplus; we should next have to have regard to the fact that the members of that particular society belonged to a class which ordinarily passed out of insurance fairly quickly by passing over the £250 limit. That is the non-manual worker. After that the Minister will have full power to consider or not whether he will approve the scheme.

23,409. But still you would in effect take out of that surplus some portion for people who would normally have passed out of the society?—Yes. But it must be borne in mind that we are going to allow to participate in a surplus for a limited period persons who themselves have helped to build up that surplus.

23,410. Would not that apply to certain other societies where the surplus was smaller, but still where there was a surplus; might not there be a claim that some portion of that surplus might be hypothecated?—Members of the ordinary society do not ordinarily pass out of insurance in the same way as the insurance clerk or bank clerk.

23,411. I am putting it to you that it is not so entirely clear-cut that there are two particular classes, namely, the bank clerk and the insurance clerk, and no others?—There are others. For instance, the law clerks would possibly be in the same position.

23,412. In other words, your extension would open the door to a certain amount of surplus being hypothecated in certain other societies. It would be difficult, would it not, to find the limit where you could make your extension permissible?—I do not think so.

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(*Professor Gray*): Is not part of your difficulty this? In the case of the bank clerk in, let us say, the Prudential, he would not have this advantage, and he might be envious of the bank clerk in another society who got this advantage.

23,413. (*Mr. Besant*): It might also apply to others than bank clerks; it might apply to commercial undertakings of another sort?—You must have the definite societies to which it would apply.

23,414. (*Sir Arthur Worley*): You would suggest that certain gauges would be applied, which really in effect would only bring in what you might call preferred societies, but it would not be localised to any particular trade?—Not necessarily.

23,415. (*Mr. Besant*): My point is that there would be a great deal of difficulty in fixing the limit where you would permit such an extension of benefit to operate?—I think the amount of the surplus will be the first consideration and that in itself will be a very effective limit.

23,416. (*Sir Alfred Watson*): I take it you do not recommend it in regard to all people who go out of insurance?—No.

23,417. You simply say that unless they are willing to become voluntary contributors and to assume the burden of the whole contribution themselves, they are compelled to go out of insurance on certain things happening to them, and on that ground you would give that class the privilege, in certain circumstances, of remaining insured for additional benefits for a period after their real insurance has ceased?—Precisely.

23,418. (*Professor Gray*): But surely it would not depend so much upon the class of person. If in the Bankers' Society there was someone who was not a banker, he would get the same privilege?—Oh, yes.

(*Sir Alfred Watson*): The class I refer to is the class of people who lose their insurance because their income goes above a certain figure. I am not thinking of an occupation class.

23,419. (*Mr. Evans*): Is there a principle involved here? The payment of additional benefits itself is somewhat of an anomaly?—Yes.

23,420. That comes in here. You suggest that if there is a surplus, whatever the surplus is, that surplus might be used still further to pay additional benefits?—We suggest that it should be utilised to enable certain types of persons who have been compelled to drop insurance, but who have themselves helped to build up the surplus, to participate for a limited period in the surplus. I am dealing with a very limited question at the moment, and I think that on the question of payment of additional benefits you may examine me later on.

23,421. But to a limited extent this would be accentuating the question of additional benefits. We have had evidence from certain of these societies—I think Lloyds and some other society—to the effect that very little of the money was used at all in ordinary statutory benefits, and as a matter of fact they are adding to their surplus year after year?—That is because the members who earned the surplus and passed out of insurance before the scheme came into operation are not entitled, as the Act stands at present, to participate in the surplus; and consequently the surplus is piling up. I make my suggestion in order to obviate that state of affairs.

23,422. (*Sir Arthur Worley*): It is somewhat analogous to the women in Class K. You give them certain advantages when they pass out?—Well, I do not think there is much analogy.

23,423. These people are obliged to insure, but as a fact they pass out very rapidly, and during the time they are insured the sickness experience is very light, and therefore there is a large surplus?—Yes.

23,424. Your view is to give them assistance out of that, and you are going to do it by a series of gauges, the surplus being the main point. That being so, it will only apply to a very limited number of Societies?—Yes.

23,425. (*Professor Gray*): The trouble is, is it not, that these people, as things are, cannot participate in additional benefits; they cannot qualify in time?—By the very conditions of their employment they are debarred from participating in the surplus which they have built up.

23,426. (*Sir Arthur Worley*): They pass out before they are entitled to participate?—Yes.

23,427. In other words, they are forced to pay for something that in practice they never get, either in respect of Statutory benefits or additional benefits?—Yes.

23,428. (*Chairman*): One witness represented to us very strongly that persons who are given relief work by Local Authorities during unemployment ought not to be required to be insured. What have you to say as to this?—We suggest that no change should be made. Some of these workers are not insurable because they are not under a contract of service, but are, in effect, receiving poor relief and performing a labour test. But where they are employed for wages there is no reason for differentiating between them and others casually employed in various occupations; some men, who are unemployed in their ordinary trade, may get temporary work in other occupations under ordinary employers, and some may take work under the relief schemes of Local Authorities, and any difference of treatment between the two types of case could not be justified. Indeed, a payment of even a few Health Insurance contributions may have important consequences on title to health or pension benefits.

23,429. We should be glad to have your views on the question of dropping the manual labour test altogether and determining insurability simply by rate of remuneration—possibly increasing the limit to £300 per annum?—This, of course, is a question which has come before us frequently during the last few years, and the view of the Department is that the proposal to drop the manual labour test would involve cutting out of compulsory insurance the manual workers above the remuneration limit who are now within the scope of the Act. We think this would be rather difficult to justify. Indeed, it has always been recognised, following the provisions originally inserted in the Workmen's Compensation Act, that manual workers, earning high wages, are not in as stable an economic position as non-manual workers, and cannot be expected to make the same provisions for insurance for themselves. While it might be simpler, in some ways, to have one remuneration limit applying all round, the present test is now well known and should not, it is suggested, be altered without very good reason. A high rate of remuneration does not necessarily mean continuous employment, and if such a suggestion as is put before us in your question were adopted, you might find that the docker, who was earning a high rate of remuneration for two or three days in the week, would be cut out of insurance, although his total income may not be very much larger than £250 a year. For non-manual workers the limit of £250 a year is generally regarded as the appropriate one for insurance purposes, and on the whole the Department think that it should not be altered.

23,430. Do you think that any change in the age limits for insurance is desirable? We should like you to deal particularly with the suggestion we have received that instead of the lower age limit 16, insurability should begin as soon as employment begins.—When I appeared before the Commission on the last occasion I was examined on two points—the question of the lower age limit of 16, and the upper age limit of 70 as regards health insurance. The latter question, viz., the upper age limit, has been disposed of by the introduction of the Contributory Pensions Scheme. As regards the lower age limit we do not suggest any change in the present age of 16. The tendency of modern legislation is to treat the period up to age 16 as one of education rather than employment. Thus, the Contributory Pensions Act gives allowances to children up to 16 if still attending

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school, and the Unemployment Insurance Acts give allowances to children of unemployed persons on similar lines. In the Unemployment Insurance (No. 2) Bill of 1924 it was proposed to make children between 14 and 16 insurable, but the general sense of the House was against the proposal as tending to give legislative recognition to the employment of children in industry, and the proposal was dropped. It is suggested, therefore, that the reduction of the insurance age limit would be a retrograde step, and so far as is known, there is no widespread demand for any such change.

23,431. (*Miss Tuckwell*): I appreciate all you say, but I think you are not right in thinking there is not a good deal of feeling about it. For instance, we had strong evidence from the Trade Union Approved Societies on the subject. There are a very great many children of 14 years of age who are employed, but who are not insurable, and it would be very desirable to insure them, guarding the words in such a way that it should not be taken to controvert the principle that 16 ought to be the school-leaving age.—The House of Commons had very strong views on this when it was discussed last year on the Unemployment Insurance Bill, and it was felt that any form of insurance, either health or unemployment, from 14 to 16 years of age was rather cutting across the general principle that it was better to encourage parents to keep their children at school until 16 years of age.

23,432. (*Sir Alfred Watson*): Did not the House of Commons feel that so strongly that the provision to carry the age down was struck out?—Yes.

23,433. (*Miss Tuckwell*): I think you are perfectly right, but when there is no room in the schools for them what are you going to do? It seems to me there are so many things at the present moment that make one rather question the whole thing. In theory it is perfect, but in practice it does not seem to me to work quite so well. You say it is too dangerous?—You will understand that I hesitate to express an opinion on a political question, but the experience of the Department is that we do not feel there is a very big demand for an alteration from the present age of 16, and our opinion, for what it is worth, is that it would be rather a retrograde step.

23,434. Because of its implications?—Yes. I put it no higher than that.

23,435. (*Professor Gray*): To return to the question of the fixed income limit for manual labour—do I understand your objection to be, not so much that the manual worker with a large income may not be able to look after these things, but the practical difficulty of fixing an income limit at all? It is very largely a practical administrative problem taking it the whole way round?—Yes.

23,436. With regard to the age limit have you anything to say about a point which was constantly put to us in the earlier proceedings, namely, the hardship on people who gave up work before they reached a certain age and thereby lost all their benefits when they might be particularly anxious to keep on medical benefit? The case which was put to us frequently was that of the man who was pensioned off or stopped work at 60—particularly the man pensioned off at 60—who did not want to remain in insurance as a voluntary contributor, who could not afford it, but who nevertheless wished to remain entitled to medical benefit in one way or another?—The question was rather an acute one until the introduction of the Pensions Act. We were constantly faced with the question, why should men who dropped out of employment at 65 years of age lose their medical benefit rights for life? That, of course, has been dealt with as regards persons from 65 upwards under the Pensions Act. Insurance will cease at 65, and if a man is insured until then he will be entitled to medical benefit for the rest of his life. As regards persons ceasing employment at 60 years of age we rather suggest that all these

persons will be very keen to continue in full insurance until 65, especially in view of the Old Age Pension rights to which they will be entitled, and that they will not desire to get facilities to insure for medical benefit only.

23,437. The answer is this, then: by virtue of the Pensions Act the inducement to remain voluntary contributors in the case of those persons pensioned at 60, will be so great that this question solves itself?—Yes.

23,438. (*Mr. Besant*): In connection with non-manual labour, would you give us your views as to whether you think the existing limit of income should be put up? It is partly implied in the question the Chairman put to you, but I do not think you dealt with it?—I thought I did say that we think the existing limit of £250 a year for non-manual workers is regarded as the appropriate one for insurance purposes, and we suggest it should not be altered.

23,439. (*Chairman*): As to the sources of revenue and rates of contribution, do you think that the present apportionment of the contribution between the employer and the worker should be retained and in this connection would you deal particularly with the case of the low-wage earner?—The present apportionment of the contribution between the employer and the worker has worked without difficulty. It has been under review in the present year in the adjustments required under the Contributory Pensions Act and the general ratio has been retained. So far as the Department is concerned we do not suggest any change in the present proportion. The rates and limits for low-wage earners were adjusted in 1920 when the contributions were increased. We should not be in favour of repealing the low-wage provisions, which afford a measure of relief to the poorest paid workers; nor does the experience of the Department suggest that any change either in the downward or in the upward direction is called for.

23,440. (*Miss Tuckwell*): When you say that you are satisfied with the provisions as to the low-wage earner, you will remember that Mr. Hackforth obtained information from the Ministry of Labour with regard to such cases. The answer was that "as regards workers of 18 years of age and over there are no cases as far as we are aware in which a rate of wages as low as 3s. a day has been agreed." The memorandum goes on to say, that there are very few cases of women in which less than 3s. a day has been agreed upon, and altogether the numbers are almost negligible. Does not that point to the fact that the limit has been placed rather low? We know there is a great deal of suffering, and yet you fix your rate so low that it seems to relieve hardly anybody. Does not that point to some rather higher scale than 3s. a day being taken?—We have of course no recent statistics as to the number of low-wage earners under the National Health Insurance Scheme. Up to about 1919 we had statistics, because up to that year the State made a contribution of 1d. a week in respect of the contribution of each low-wage earner. That provision was repealed in the Act of 1920 for a variety of reasons, mainly because it was thought the State should not, practically, give a subsidy to low-wage labour. It is a matter entirely for the employer. The most recent statistics we have, which are in respect of 1919, show that out of 13,000,000 people we had 70,000 low-wage earners, the majority of whom, I may say, were women. I ought to explain that that was based on the old wage rates of 2s. per day as a minimum. The figure has since been raised as a minimum to 3s. per day, but at the present moment we have no means of ascertaining exactly how many persons are insured under that particular part of the scheme.

23,441. You have no statistics later than 1919?—That is so. They have the ordinary contribution cards, and it is simply a matter of the employer paying a larger proportion of the contribution than

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the worker. We have no means of identifying them at headquarters.

23,442. (*Chairman*): Are you satisfied with the present powers of the Ministry for enforcing the provisions of the Act as to the payment of contributions, or do you think that they need strengthening in any respect?—There are one or two comparatively minor points upon which we think it would be to the advantage of insured persons and to the administration of the Act if we had some further powers. The time limit for taking criminal proceedings we suggest should be twelve months in the case of all offences specified under section 96 of the Act. Section 97 allows a time limit of one year in the case of failure to pay contributions and in the case of trafficking in cards and used stamps, but proceedings for all other offences against the Act and Regulations are governed by the time limit of six months under the Summary Jurisdiction Acts, subject to the power of the Minister to extend the time by a certificate under section 97 (1) (b). Many of these other offences are, however, closely linked up with the non-payment of contributions; for example, it often happens that prosecution for non-stamping is impracticable because the employer is believed to hold the relative card and prosecution for detention of the card is already barred by the six months' limit. In fact, we do not know of the offence until the six months' limit has expired. Other instances are the offences of fixing used stamps to a card, obstructing an inspector, failing to produce cards to an inspector, and making illegal deductions from wages. We are greatly hampered by the present time limit in the Act, and suggest that it should be made twelve months. There are one or two other smaller points. We suggest the period for which unpaid contributions can be recovered preferentially in bankruptcy or liquidation should be extended from four to twelve months. When the provision of four months was originally put into the Act we had a quarterly card, but now that we have a half-yearly card we think the period of twelve months would enable us to recover from the assets of a bankrupt unpaid contributions, and so help to keep the insured persons in benefit. There is another small point. We have had some cases recently of small limited companies which we have not been able to prosecute because of their being run by simply two or three directors, and we cannot prosecute for illegal deductions or for non-payment of contributions directors of companies. We rather think that, following the precedent of legislation set up in the Coal Mines Emergency Act, 1920, we should have power in the case of these small companies to conduct a prosecution against the directors where they were actively running the concern themselves, unless they could show that they could not reasonably be expected to have any knowledge of the non-compliance in question.

23,443. (*Professor Gray*): You think there is precedent for dealing in that way with that particular kind of case?—It has been dealt with under the Coal Mines Emergency Act on the question of the illegal deduction of wages. There is one point we did get right under the Unemployment Insurance and Pensions Schemes, and which we want badly in the Health Insurance Scheme. When our inspectors go round and visit employers to see if the cards are properly stamped, fraudulent statements are very often made. An employer may say, "I have two men," when in fact he may have six. Consequently, persons lose their benefit rights because the employer has been defrauding under the Act, and we suggest that the making of fraudulent statements in order to avoid payments under the Act should be made an offence under the Act in a similar manner as it is under the Unemployment Insurance Scheme and the Pensions Act.

23,444. (*Chairman*): It has been suggested to us that insured persons should not be penalised by way of reduction of Health Insurance benefits on

account of arrears of contributions due to genuine unemployment. Are you in favour of such a change, and, if so, do you think that satisfactory procedure could be devised for establishing that the absence of a weekly contribution was due to genuine inability to obtain work?—This was the subject under discussion with Mr. Price of the Ministry of Labour this morning, and I was very interested in listening to his evidence. So far as the Health Insurance Department is concerned, we are very anxious that some scheme of this kind should be adopted if it is at all practicable. I think it can hardly be disputed that a period during which a person is genuinely out of work and may be receiving unemployment benefit should not be counted against him for the purpose of his qualification for Health Insurance benefits. We have had to deal with this matter in a variety of ways during the last few years in order to prevent men who were genuinely unemployed and heavily in arrears under the Health Insurance Scheme losing their title to cash benefits. This principle was that underlying the emergency provisions in force since 1921 under the Prolongation of Insurance Act and the concessions made by Regulations in respect of arrears due to unemployment, but I think it should also be part of the normal provisions of the Scheme. At present we are working under a purely temporary arrangement. I suggest that these emergency provisions are not in a form suitable for permanent adoption in the Scheme, and should, if possible, be replaced by some plan for enabling periods of genuine unemployment to rank for Health Insurance purposes as if they were periods of employment. Arrears should not accrue for such periods, and they should not be counted as part of the free year after ceasing employment for which insurance remains effective. Of course, as you can readily infer from the evidence given this morning, the matter is not free from administrative difficulties, but we would fain hope that if the Commission would be good enough to recommend something on the lines we suggest we should be able to overcome some of the difficulties which were outlined this morning.

23,445. (*Professor Gray*): Arising out of Mr. Price's evidence this morning, he referred in paragraph 19 of his Statement to a certain number of cases where claims for benefit may be disallowed. I take it on your general theory that in these cases there is no justification for excusing arrears on your side?—There may be in some of the cases.

23,446. If an insured person is not making an effort to obtain employment, or if he refuses an offer of employment, you have no longer any interest in him?—We should like to take a very broad view of the whole scheme and say that if a person who is normally in the employed category is genuinely unemployed, apart from any qualification as to whether he is entitled to unemployment insurance benefit or not, that man ought to get credit for a contribution during that particular week of unemployment.

23,447. Even though not seeking for work or having refused to work?—Of course if he is not seeking for work the question might arise as to whether he had remained in the normally employed class.

23,448. The reason I put it to you was because of a question put to Mr. Price this morning to which his answer, if I understood it, seemed to imply that it was desirable that all these cases dealt with in paragraph 19 of his Statement should be excused from the point of view of Health Insurance?—No, we should not suggest that. The real difficulty which occurred to my mind when Mr. Price was giving his evidence was this. He suggested that when a man falls ill we should then send to the Ministry of Labour for a certificate of what his position was in the preceding year under the Unemployment Insurance Scheme. The difficulty in my mind is that at the headquarters of the Ministry

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of Labour they would not have any records of this category of cases; they would only have records of the cases which were claiming benefit and entitled to benefit.

23,449. (*Sir Alfred Watson*): They would have no record, I take it then, of people who had signed the book as being unemployed, who were looking for work but were not within the trades insured against unemployment?—None whatever.

23,450. They only have records at Kew of their own insurance population?—Yes.

23,451. May I put a question that goes back a little further towards the beginning. I take it the reason we have arrears penalties to-day is that when the Act was established it was seen that unless there were penalties for a shortage of contributions there would be a grave risk that insured persons would not take steps to see that their employers stamped their cards?—That is so.

23,452. At that time there was no Unemployment Insurance except of a very limited kind. Would you agree that the establishment of Unemployment Insurance for three-fourths of the population insured under the Health Insurance Scheme has created a radical change in the situation, and that unemployment that originally could not possibly be proved can now be proved with a reasonable amount of labour in regard to the great mass of your insured population?—I think it is indefensible that where under one State scheme a man is getting unemployment benefit because of genuine unemployment, concurrently with the receipt of that benefit he should be piling up arrears with the possibility of reduced sickness benefit under another State scheme. That is an indefensible position.

23,453. You would agree that the establishment of a very wide-spread system of Unemployment Insurance has made it possible to do something for the insured person under health insurance that was not possible previously?—I am strongly of that opinion.

23,454. (*Mrs. Harrison Bell*): You may have a man who is genuinely unemployed and seeking employment but who is not entitled to unemployment benefit. That man, I take it, would be very difficult to bring inside the net of certification to enable him to escape the arrears of sickness benefit?—If he was under the Unemployment Insurance Scheme although not entitled to unemployment benefit we should certainly give him the advantage of this concession; but if he were not under the Unemployment Insurance Scheme, such as the agricultural worker or domestic servant, we should possibly have to set up special arrangements in order that that man might have facilities to prove to his or her society that he or she was unemployed.

23,455. (*Sir Alfred Watson*): Even where a person is not insured against unemployment, if he happens to live within reasonable distance of an Employment Exchange and is out of work, he is entitled to go to that Exchange and put his name down and ask them to do their best to find him a job. So that, I take it, in those cases they have some means of establishing, at any rate, *prima facie* evidence that the man was unemployed?—Yes.

23,456. It is really the establishment of the Employment Exchanges which creates the facilities?—Yes.

23,457. (*Chairman*): We should be glad to hear anything you may have to say with reference to the continuance of the present arrangements for prolonging insurance and crediting free contributions in the case of insured persons who have suffered from prolonged unemployment?—The Department does not particularly like these emergency provisions. We do not think they should form a permanent feature of the scheme, but in the absence of some such arrangement as we have just been discussing and in view of the widespread character of unemployment in the country, we feel that these emergency arrangements must continue for a considerable time longer.

23,458. Many witnesses, particularly those representing Friendly Societies, have suggested that a limit should be placed on the extent to which the standard rates of benefit should be allowed to be increased by way of additional benefit. What have you to say on this subject?—We have considered this question very carefully, and the view of the Department is that it is not desirable to place a statutory limit to the possible increase of standard rates of benefit. While most societies limit themselves to 5s. increase in sickness benefit, there are some societies for which as much as 7s. 6d. has been thought reasonable. A statutory limit would have to be above 5s. and would tend to be regarded as normal. The problem is to get societies to adopt a reasonable balance between the amount allocated to cash increases and to treatment benefits, respectively. I think that the powers of the Minister, in regard to approval of schemes of additional benefits, are sufficient to enable a check to be applied in practice on the extent of increases in cash benefits.

23,459. It has been represented to us that the present standard rate of sickness benefit is too low and should be raised at least to the level of unemployment benefit. Can you give us an estimate of the cost which would be involved in this proposal?—As regards the cost, I suggest that that is a matter which you might refer to the Actuarial Committee, which is attached to the Commission. Perhaps in this connection I might point out, as a matter of interest, that during this last year we have approved about 3,000 valuation schemes of Approved Societies in connection with additional benefits, and over 80 per cent. of those schemes have provided for sickness benefit at rates not less than what I might call the basic figures for unemployment insurance. The basic figures are 18s. for men and 15s. for women. In the majority of those schemes they provide for somewhat larger figures than those basic benefits.

23,460. It has been suggested to us that the standard rates of sickness and disablement benefit ought to be supplemented by allowances in respect of wives and children, as is done under the Unemployment Insurance Scheme. Can you give us an estimate of the cost which would be involved in this?—There, again, I would refer you to the Actuarial Committee. But perhaps, as you have asked me the question, as a matter of interest there are one or two administrative considerations which I should like to mention in case the Commission thought of placing the sickness and disablement benefits on much the same basis as the Unemployment Insurance Scheme. Under the Unemployment Insurance Act supplementary payments are granted where the wife and children are in fact dependent on the insured man. In considering the question in relation to Health Insurance, I think it would be desirable for the Commission to consider whether a working definition of dependency could be found which would be within the competency of Approved Societies to administer. That is, of course, on the assumption that the Approved Societies would be administering the scheme. Under the Unemployment Insurance Scheme enquiries have to be made into the family income and circumstances before it can be determined whether the wife and all the children can be counted as dependants. Tests such as these would appear to be unsuitable on general grounds and impracticable for administrative reasons for Approved Societies to apply. I think if a scheme of benefits somewhat similar to the Unemployment Scheme were adopted, it would be necessary from the point of view of Approved Society administration to apply the simple tests of whether a man had a wife living, and the number of children under a certain age, omitting the question of actual dependency. The application of a scheme of this kind to insured married women would require very careful consideration, as variations in the benefits might have to be made as regards widows, wives of insured men and wives

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of uninsured men. I thought the Commission might like me just to mention these administrative questions in case they were seriously considering an extension of the scheme on the unemployment insurance lines.

23,461. Some witnesses advocated the merging of Workmen's Compensation in the Health Insurance Scheme. I see many obvious objections to the adoption of the suggestion, but perhaps you would let us have your views on the subject?—This is a subject which has cropped up for many years, and perhaps you would allow me to give a rather lengthy explanation of the views of the Department on the subject. The Department considers that it would not be practicable or desirable to merge the Workmen's Compensation Scheme in the Health Insurance Scheme. The Minister of Health dealt with the subject very fully in his Second Reading speech on the 18th May last, dealing with the Contributory Pensions Bill. He pointed out that the risks covered by the Workmen's Compensation Act vary very greatly in various trades. These risks entail considerable variation in the rates of premium as between different occupations and a frequent revision of rates according to claim experience. I suggest that such a system could not be worked in conjunction with a general scheme of insurance based on flat contributions. If a flat rate of contribution were charged, it is suggested that such a system would be inequitable to the trades carrying the lighter risks, and would in any case remove from employers the incentive which at present exists to reduce the risk of accidents and thus secure a reduction in their premiums. In any case, the Department considers that it would not be practicable for Approved Societies organised on their present lines to administer workmen's compensation insurance. The workers contribute a substantial proportion of the contributions to the funds of the Approved Societies, and the Act provides for those societies being under the absolute control of their members. If on the valuation of a society's funds a deficiency is found, the members may be rendered liable to an increase in their contributions or a reduction in their benefits. In workmen's compensation insurance the whole of the premiums are contributed by the employers, who alone would be affected by any excess of claims and expenses over income. The working of such a scheme could not be entrusted to societies controlled solely by the workers. Moreover the financial liabilities of workmen's compensation insurance are more onerous than could with prudence be undertaken by many of the 9,000 Approved Societies and branches throughout the country, and if these liabilities were pooled in a central fund I submit to the Commission that the societies could not retain that independence in government and administration which characterises their operations at the present time.

23,462. Are you satisfied with the present arrangements under which societies are notified of cases in which their members become entitled to claim compensation under the Workmen's Compensation Act?—Under the Workmen's Compensation Act, 1923, and the Rules of Court made under that Act, Approved Societies are now recognised as interested parties in any agreements for the payment of a lump sum, and arrangements have been made for the notification of such agreements by the Registrars of the County Courts to the Approved Society concerned. These arrangements are working well and should enable a society to receive prompt information of the cases about which it is important that it should know. There is still in force section 16 (1) (c) of the Act, which requires the employer or insurance company—in fact it is really the insurance company—to forward a notification to the Ministry or society where there is an agreement for compensation at less than 15s. a week, or for redemption of a weekly payment by a lump sum. This provision has never been of much use, as out of thousands of cases notified it has not been possible to get the information to the

society in more than a minute fraction of cases. As the cases of lump sum payments are now covered otherwise, as the result of the passing of the Workmen's Compensation Act, 1923, and the cases of weekly payments at less than 15s. a week are relatively unimportant, I suggest to the Commission that section 16 (1) (c) of the Act might now be repealed.

23,463. (Miss Tuckwell): Your objection to merging Workmen's Compensation in the Health Insurance Scheme lies to a great extent, does it not, in the existence of Approved Societies?—That is one argument, but that is not the only argument. I think the main argument is that if you have a scheme of National Insurance administered by anybody you like you must have a flat rate of contribution, and it would be inequitable, I suggest, to the employers of the country to place workmen's compensation with its great divergencies of risk on a flat rate basis of premium.

23,464. I suggest that all insurance is inequitable, but it provides a general justice?—I agree. It depends on the extent to which the risk fluctuates.

23,465. Supposing workmen's compensation were on a contributory basis you would not raise the same objection then because it would be inequitable to the employees as well as the employers?—The workmen's compensation risk is limited solely to accidents arising out of the employment. I do not think therefore there is much case for asking the employees to contribute to the risk. It is a proper establishment charge on industry.

23,466. I do not know whether it is fair to ask you whether you consider that a scheme by which 40 to 50 per cent. of the contributions goes in administrative expenses and litigation can continue as it is?—I do not think that is the present position, if I may say so. Under the arrangement which has now been made with the Home Office and the insurance companies in the City the expenses ratio of workmen's compensation has been very considerably reduced.

23,467. To what has it been reduced?—If I remember rightly the companies must pay in claims at least 62½ per cent. of the premiums, the balance being left for working expenses and profit.

23,468. (Mr. Besant): It is 60 per cent. at the moment?—It is 60 per cent. at the moment, rising ultimately to 62½ per cent.

23,469. (Miss Tuckwell): That is as against 8.3 for unemployment insurance and 13.3 for health insurance?—Of course, there is really no comparison. I am not here to defend the companies, but the two systems are wholly dissimilar. The one system is an automatic system by which the contributions come in by compulsion of the State, and in the other system the companies have to collect the premiums through agents and have to get the business.

23,470. (Mr. Besant): Following up Miss Tuckwell's question, has not the Act of 1923 to a large extent altered the position under which the companies could make large dividends out of employers' liability?—It is not so much the Act as the arrangement which has been come to between the Home Office and the insurance companies.

23,471. But the arrangement is a double one, is it not? First of all the claims must somehow be worked up to be at least 60 per cent. of the premiums, or if the average claims of the whole lot get below that figure an adjustment is made the next year by which the companies pay back so much percentage as the actual figures fall below 60 or 62½ per cent.?—That is so.

23,472. Sir William Beveridge's argument was quite sound at this date, but it has been largely, I think, compensated for by the Act of two years ago?—Yes.

23,473. What it comes to in effect is that the power of the insurance companies to make a large profit out of this has been largely curtailed because the loss limit must be a minimum of something which,

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with the expenses, will not leave much to the insurance companies?—I think they will have a little left. The position, if I may say so, has altered radically. Up to about 1920 or 1921 the average claim ratio on workmen's compensation business over a period of time was something like 38 to 40 per cent.; it must now be something like 60 per cent.

23,474. I know it is much more expensive than the other two schemes. I wanted to be quite clear in my mind as to why you say you could not merge workmen's compensation in the Health Insurance scheme.

23,475. (*Sir Arthur Worley*): I think there is no comparison between the expenses of the one scheme and the other. You cannot compare the two any more than you can compare day and night.—I agree. There is no comparison between the two schemes.

23,476. What was done in the negotiations with the Home Office was that everything was gone into very carefully and fully and a certain arrangement was come to with the result that if there is any profit at all after paying administration expenses that profit is reduce to a very fine figure.

(*Mr. Besant*): While Sir William Beveridge's figures—which I think we need not dispute for the moment; we will take them as they stand—indicated that there was a large percentage which in the past was divided as dividends amongst insurance companies, I think the position under the Act as it now exists is that any division of surplus amongst shareholders must be on a minute scale, if, as Sir Arthur Worley says, it has not vanished altogether.

(*Sir Alfred Watson*): I should like to raise the point in another way. You have been answering questions directed to the possibility of combining Health Insurance and workmen's compensation insurance, and you have given us some very cogent reasons why it is impossible, in particular the enormous variety of the risk in workmen's compensation which would flood the Approved Societies with liabilities of absolutely unknown amount. It may be possible—I express no opinion about it—to have some scheme of State administration of workmen's compensation insurance; but I submit we are not concerned with that, because the question before us now is, can workmen's compensation be operated as part of the Approved Society system. I submit that no question that travels outside that sphere is quite in order.

23,477. (*Professor Gray*): I should like to ask you one question, Sir Walter, in order to elucidate one point. I gather from what you have said that in the case of workmen's compensation there would have to be a different rate for different employers. Miss Tuckwell has suggested that all insurance is inequitable, but waiving the point of the equity of different rates for different risks, did I understand you to say that one of the chief reasons you put forward was that, in this particular case at least, it was desirable that there should be different rates from the point of view of bringing home to certain employers the greater risks of their employment?—I think if you have a uniform rate in workmen's compensation insurance you will remove from employers the incentive to lessen the accident risks in their works.

24,478. So that quite apart from any question of equity, it is desirable, from your point of view, that there should be different rates of premium?—I have no point of view on the subject at all. I am simply pointing out the actual position so far as it presents itself to my mind.

23,479. (*Mrs. Harrison Bell*): Is there not just this point to bear in mind? At present, under the flat rate of Health Insurance contribution, different societies, made up in the main of a particular class of worker, do carry in fact much larger sickness risks than other societies?—I quite appreciate that point, but in Health Insurance the risk at most varies from 1 to 2. Under Workmen's Compensation you have the risk of 2s. 6d. per year for the domestic servant, and

you have the risk of £10 10s. per year for the stevedore. There is a very great difference of fluctuation in the two schemes.

23,480. (*Chairman*): We should be glad to hear what you have to say on the subject of the re-insurance of maternity benefit, for which provision is contained in the Act, but which has not been brought into operation?—The question of re-insurance of maternity benefit was examined in 1912 by an Actuarial Advisory Committee, who concluded that re-insurance of the benefit was not to be recommended. It has been under the consideration of the Department repeatedly since that date, and we have, as a Department, regularly arrived at the same conclusion. On the first (1918) valuation the Government Actuary reported a saving in maternity benefit payments on men's insurance of 20 per cent. of the expected payments, and on women's insurances of 36 per cent. One factor was the reduced birth-rate during the war; but an examination of the experience since 1918 suggests that the maternity payments are still in general within the financial provision for the benefit, and any slight excess in particular societies—especially when it is borne in mind that the cost of the maternity benefit is almost a negligible factor compared with the total expenditure on benefits—is not, in the opinion of the Department, of anything like sufficient importance to justify the introduction of a complicated system of re-insurance.

23,481. The present arrangements for linking up illnesses are said to operate rather harshly in certain cases of intermittent short illnesses. Will you give us your views on this problem?—When last I appeared before the Commission I did mention that there was some little hardship in the present linking-up provisions, and I am glad that you have given me an opportunity of explaining my views a little more fully. Section 13 (5) of the Act provides that for the purpose of determining the duration of sickness benefit, which is payable for 26 weeks, illnesses are to be linked-up if they are separated by a period of less than 12 months. This provision operates harshly in the case of a person who is ill for a short period in each year, and the hardship is one which increases as the person grows older. It does not appear to be equitable that a week's sickness at some previous date should make the possible difference between 26 weeks of sickness benefit and 26 weeks of disablement benefit for a subsequent incapacity, and it seems desirable to avoid any inducement to an insured person to delay claiming benefit in order to secure a title to sickness instead of disablement benefit. We have thought over the matter very carefully, and I have one suggestion to put before the Commission; but I do not know if the Commission in its previous deliberations has formed any views on the subject. Would you like to ask me any questions about it? If not, I will just mention what is in our minds.

23,482. Will you tell us what it is?—It is suggested that Section 13 (5) might be amended so as to provide that for linking-up purposes any period of 12 months during which the insured person has not received benefit in respect of more than six days of incapacity should be regarded as a year free from incapacity. If the Commission could see their way to recommend something like that, I think it would be a great boon to persons, say, between 50 and 60 years of age who normally anticipate being laid up for a few days in each year.

23,483. (*Sir Alfred Watson*): Has the Department any actual statistics collected which have led to that suggestion, or do you put it forward merely on general grounds?—We have no reliable statistics on the subject, but in the course of administration many hard cases have been brought under our notice.

23,484. (*Miss Tuckwell*): Why do you suggest a period of six days?—It is a purely empirical figure. It is simply that an illness that lasts for not more than six days should not be counted for linking-up purposes. It is purely a suggestion.

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23,485. (*Sir Alfred Watson*): The arrangement in the present Act is based upon the practice of Friendly Societies, is it not, and has been in the rules of some of the most important of them for many years?—Yes.

23,486. It is admittedly no more than a device for controlling the cases where people are repeatedly on the funds, and who in the absence of some precaution would draw an undue amount out of the sickness benefit fund?—Yes.

23,487. As I understand it, you put forward a modest proposal for diminishing what may be the harsh operation of that rule?—Yes.

23,488. Miss Tuckwell asks you why you take six days, but as I understand the matter you do not want to make any radical change. You want to reduce what seems to the Department a possible harshness of the rule in its operation in certain cases?—That is so.

23,489. It is no more than that, is it?—That is all it is.

23,490. (*Professor Gray*): As things are at present do you link up illnesses in respect of which the insured person has not claimed benefit? Is it the case that if a person was ill without claiming for one day the society might link up?—They might. We would apply the receipt of benefit as the real test for linking-up purposes.

23,491. So that under present circumstances if a society were going to make minute inquiries to find out whether a claimant had been off work for one day with a headache you, as a Department, can take no action?—We can take no action. We do know that some societies are applying rather a harsh rule at the present moment in that direction, and we would suggest that the test should be the actual receipt of benefit.

23,492. (*Sir Alfred Watson*): Would your proposal have this effect: that whereas the six days in question would be the days for which benefit was paid there would be no waiting days in respect of those days. By obliterating them and not using them for linking-up purposes, then on a subsequent occasion after the end of the 12 months to which you refer, when a person claims benefit he would be subject to the three waiting days. That would follow automatically, would it not?—It would be a new illness.

23,493. You cannot have it both ways?—No. The waiting period would apply. It would be a new illness.

23,494. Therefore, on balance, your suggestion would probably add nothing to the liabilities?—I should think it would add very little, if anything.

23,495. (*Chairman*): Our attention was directed by one witness to the hardship caused to insured persons by strict application of the provisions of the Act with regard to late notice of incapacity. Do you think any modification of these provisions is desirable?—Yes. There is a little difficulty as regards the section dealing with late notification of incapacity. Late notice is not to be penalised if, in the wording of the Act, "the insured person was not reasonably able to give notice." It has been suggested that these words must be construed as implying only physical inability, and indeed this view has been taken by one of our legal referees who has given a decision to that effect. It is suggested that the whole circumstances of the illness shall be taken into consideration and not the mere question of physical inability to give notice, and that in cases where, for instance, the member has gone into hospital, he should not be penalised for delay in giving notice. Consequently, the Department rather think that that section of the Act should be slightly amended, and that it should be provided that the society or committee when administering the benefit should have regard rather to the general circumstances of the incapacity, and whether the insured person had reasonable excuse for his failure to give notice. I think that would be helpful in the interests of insured persons.

23,496. Now we come to the question of administration. With regard to central administration, there is only one question which I desire to put to you. Are you satisfied with the powers which the Department already possesses in the way of control over Approved Societies and Insurance Committees, or do you think that any extension of those powers is necessary in order to enable the Department to exercise an effective supervision over the administration of the Scheme?—This is a subject which has given the Department considerable anxiety. We always hesitate in putting forward suggestions on points of control over Approved Societies and Insurance Committees. So far as Insurance Committees are concerned, the Department has all the powers it desires in the Fourth Schedule of the Act, which gives the auditors power to disallow and surcharge in respect of improper expenditure, the Minister having the right either to remit the surcharge or to recover the overpayment. We have had a few cases where the auditors have exercised these powers, but the Minister—at any rate so far as England is concerned; I cannot speak, of course, for the other countries—has remitted the surcharge in each case as the amounts involved were not large, and we found that the bringing of the irregularities to the notice of the Committee was sufficient to prevent a recurrence. We have no corresponding powers as regards Approved Societies. The position is a rather anomalous one. Under section 98 of the Act we have power to withdraw approval in case of maladministration, but this is much too drastic a remedy for minor irregularities and involves too formal a procedure. The Ryan Committee recognised the anomalous state of affairs when examining the position in 1916, and as a result of their recommendations certain provisions of the Friendly Societies Act relating to offences were applied to Approved Societies in the Insurance Act of 1918. But these provisions involve proceedings in a Court of Summary Jurisdiction—a course that is rarely justified—and indeed I might say that such a course would be repugnant to the Department in view of the cordial relations which subsist between the Department and the societies generally. The vast majority of societies do their work in a most excellent manner and we have no cause for complaint. We have only minor complaints. But occasionally matters are brought to our notice by the auditors in respect of improper payments connected with administration, unfair apportionment of common costs between the State and voluntary sides, and indeed extravagant expenditure as regards particular items. A slight indication of what I refer to will be found in paragraph 10 of the Report for 1924 of the National Insurance Audit Department. The Auditors' Reports go to the Treasury and on several occasions the Treasury has brought these matters before us and suggested some tightening up. Each year the Department has to appear before the Public Accounts Committee of the House of Commons in connection with the Auditors' Reports. To take only one instance which is recorded in the Auditors' Report:—I suggest to the Commission that it is really impossible for the Department to defend a position under which a comparatively small society is allowed to spend £74 in sending seven representatives to a Conference. As a rule when we bring these matters to the notice of societies the position is rectified at once, but this is not always so. At the present moment we have a small number of cases in which the auditor has reported certain payments as extravagant or improper. We, after full investigation, have decided that the auditor is right—and we do not always accept the views of the auditors—but the society on our bringing the matter before it, has refused to do anything, and a deadlock has ensued. Obviously we cannot withdraw approval from a society for a comparatively small matter of this kind, and we submit to the Commission, therefore, that the Department ought to be invested with some powers which will enable it to deal effectively with these minor irregularities.

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23,497. (*Sir Arthur Worley*): I think that point came out in the examination of some societies in connection with what are called movable feasts. We have certain details and figures given about various high festivals which took place at Bournemouth and Scarborough and other places. I do not know whether they did so in those cases, but they could put an undue allocation on the Approved Society in connection with those matters. Is that the type of thing you have in your mind?—Yes, that is the type of thing, though the particular case you refer to has not come under my notice. Cases have arisen, however, where a society has incurred expenditure, which we cannot say is proper expenditure in connection with the administration of the benefits under the Act.

23,498. (*Sir Alfred Watson*): Just to put the matter right, the proper expression is "Annual Movable Conferences." So far as there is any feast or festive element, the Friendly Societies are not allowed to spend either State funds or voluntary funds?—That is so.

23,499. (*Sir Arthur Worley*): I will drop the name I gave them, but that was the sort of arrangement. I take it you would not really have control in regard to a Friendly Society at its voluntary meeting and an Approved Society at its special meeting over the allocation of expenses between the two?—When it is brought under our notice by the auditors that there is an unfair apportionment, we bring it to the notice of the society, and we argue the case with the Society, and as a rule we get the matter put right; but of course if the society takes up a very obstinate position, and says No, then we have very little power.

23,500. (*Professor Gray*): In the case of most expenditure improperly incurred by local authorities, there is the power of surcharge, is there not?—Yes.

23,501. You have told us that you have that power with regard to Insurance Committees, whether it is effective or not?—Yes.

23,502. Doubtless you argue very well with these people, but argument does not always get you where you want to get?—I am not always successful.

23,503. You want something more definite?—I am afraid we must have something more definite.

23,504. What you want to do is to find some way of making people who have been responsible for improper expenditure pay that expenditure themselves?—We think we should have some power of that kind.

23,505. That would mean the extension to Approved Societies of the power you have with regard to Insurance Committees?—Any extension of that kind would help us very much.

23,506. (*Miss Tuckwell*): Have you ever withdrawn approval from an Approved Society?—We do not actually withdraw approval from an Approved Society, because it leaves the members in a very embarrassing position. What we do is this. We insist on the society being shut down and its engagements transferred to another society, so as to ensure continuity of insurance for the members. In effect we have really shut down quite a large number of societies. Our usual procedure is to put in a manager, which we have power to do under the Withdrawal of Approval Regulations. The manager may be able to pull the society round and put it on its legs again, and if so we do not exercise the power to shut down. But after the manager has been put in, should he really find it impossible to put the society on a proper basis, then we bring to bear such pressure and influence that we succeed in getting some other society to take over its engagements.

23,507. Is it always a question of finance? Are there any other things which societies do? Are their faults always financial faults?—I should like to say a word or two if the Chairman would allow me on the question of administration generally of societies.

23,508. (*Professor Gray*): May I ask one question just to clear up what Miss Tuckwell has been putting?

Withdrawal of approval is your final weapon, I take it. Is that the position?—Yes.

23,509. That is a weapon which you prefer to keep in reserve?—Yes.

23,510. But you can achieve the same end by other methods which are more easily put into operation?—And methods more to the interests of the members. There is one further small point I should like to mention. There is the question of defective methods of administration, not of so serious a kind as to amount to general maladministration, which would justify us in shutting down a society. A defective standard of administration in a limited number of societies reacts against the popularity of the scheme as a whole, and I am bound to say that societies generally have approved and endorsed the firm stand which the Department has taken in endeavouring to secure a good all-round standard of efficiency. When a society shows a defective standard of administration—and, of course, we get information about societies from a variety of sources, from inspectors, from auditors and from correspondents to headquarters—we generally have the officers or Committee interviewed by a local inspector, and if he is not able to deal with them, I have the unpleasant duty of seeing them, and, as a rule, we manage to get them to put their affairs in order. But I am sorry to say that sometimes the appeals of the Department fall upon deaf ears, and recurring reports are received about the same society in respect of such matters as delays in payment of benefits, delays in correspondence, inadequate supervision and deficient administration generally, but not so deficient as to justify the society being closed down. That is our real difficulty. I do not know what the Commission will think of it, but this is what occurs to my mind. I have already expressed the opinion when last before the Commission that the maximum administration allowance of 4s. 6d. per member per annum, although not, in my opinion, over generous, ought to be sufficient to ensure a good standard of administration, and we should like the Commission to consider whether there is any reason, if in any particular case the administration of a society is generally defective, why that society should be allowed to appropriate for administrative purposes the amount which was fixed with a view to secure a proper standard of administration. That is the point of view I want to put to the Commission. I should like the Commission to consider this very carefully, because it is an independent body looking over the scheme as a whole and naturally an official takes a more limited view. I should like you to consider the suggestion that where the Minister is satisfied on investigation, and after hearing the Officers and members of the Committee, that there is general laxity, he may be empowered to order a reduction of the amount that may be appropriated by the Society for expenditure on administration. In other words, if we are not getting value to the extent of 4s. 6d., we should allow less than 4s. 6d. I recognise that the power should only be exercised in very exceptional cases—indeed, I would hope that the mere presence of the power would render its exercise unnecessary. If any scheme of that kind were adopted, of course due warning of any contemplated use of the provision would, in the first instance, be given to the Officers and Committee of the Society, and the period for which the reduced appropriation would be made should not commence until the Society has had an opportunity of effecting a reform in its administration.

23,511. What would be the later effects of that arrangement? I take it that societies which are inefficient are in many cases also wasteful?—That is so.

23,512. So that possibly those societies which are up against maladministration will be already spending their 4s. 6d.?—Yes.

23,513. In that case, when you reduce the administration allowance, they will not have enough to meet their expenses?—That is so.

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23,514. What is the next step?—A deficiency in the administration account will then arise, and if that deficiency is in excess of 6d. per member per annum, there must be a levy on the members—and there is no more effective check on deficiency of administration than a levy on the members.

23,515. You bring it home to the members to sack the officers?—That would be a possible result.

23,516. (*Sir Arthur Worley*): Presumably the object is to bring about such a state of things that it will get to the knowledge of the general body of members that their society has been maladministered?—That would be the effect of it. I do not wish to over-emphasise this point, because it would only arise in a very limited number of cases. I believe if we had the power the effect of having the power would enable us really to get societies to put their house in order.

23,517. (*Mr. Evans*): You told us this morning that difficulties arose when you have two State organisations each having a separate basis for its administration fundamentally different?—I was there referring to health versus unemployment insurance.

23,518. You perhaps would not care to say whether the present method of administering unemployment benefits might also be applied to the administration of health benefits?—I think that is a matter for the Commission. I do not think it is a matter for me to express any opinion on.

23,519. (*Mr. Besant*): Do you think that a flat figure of 4s. 5d. a head is the best measure for administrative expenses? I can quite see that membership may be one of the elements which govern expenditure, and that a large society might be able to administer more cheaply than a small society, and, therefore, the mere figure of administering at so much per head is not a complete answer to the efficiency of the administration?—That is a perfectly fair question. The administration allowance of 4s. 5d. per member per annum is the maximum, and, of course, quite a considerable percentage of societies are able to administer appreciably within that figure, and the saving thereby effected inures to the benefit of the members; it goes to increase the additional benefits.

23,520. That was not quite the point I was putting to you. If you have a membership of, say, 1,000,000, I imagine that with the same efficiency of administration you might do it a little more cheaply than with a membership of 100,000, and equally you may have an advantage with a membership of 100,000 as compared with a membership of 10,000 or 1,000. I wanted to know whether you think a uniform figure of 4s. 5d. as a maximum is the most efficient measure that we can take for the needs of divergent societies with divergent memberships?—If we were dealing with societies similarly constituted and similarly organised, then I think the good business principle that the larger your membership the cheaper ought to be your cost ought to apply. But we are dealing with a great variety of societies wholly differently constituted, and you cannot apply the same test. For instance, you may find a society with a comparatively small membership concentrated in one area, with possibly quite an appreciable amount of voluntary service being rendered, and consequently able to work very economically. It is really difficult to compare, from the point of view of administration expenditure, the large society with the small society, because wholly different conditions of organisation and staffing, etc., apply throughout the country.

23,521. But on the whole you would support the existing maximum for all societies quite irrespective of membership conditions?—We have carefully considered the question of the variation of administration allowance from time to time, and we are of opinion that the administration allowance ought to be a uniform figure. If a society is able to save money on that administration allowance, well and good, but it would be almost impossible for us to

vary the administration allowance according to the size of the society. That would be inequitable because the societies vary so very much in constitution and merit. Take the Friendly Societies. You have societies with a highly decentralised organisation, with lodges and district branches. A society of that kind, no matter what its size may be, cannot work as cheaply as a small local centralised society. So that we in the Department think the best method is to say, "We will fix the administration allowance which, looking at the scheme as a whole, is an ample figure for the average society, and if you can save on that, well and good, it inures to the benefit of your members. If you cannot administer the scheme on that figure, you will have to reorganise the society on some more economical lines."

23,522. As a Department you would support a flat figure for the maximum?—Yes.

23,523. (*Sir Arthur Worley*): Being satisfied with the protection that the word "maximum" gives you?—Yes.

23,524. And being satisfied with the power which you have with respect to certain societies to make arrangements for a payment of a lump sum on the membership if you like?—That is a matter generally introduced by the society.

23,525. But the Ministry have power to make that arrangement, subject to the society being agreeable?—We have power to sanction such an arrangement. It is put before us by the society.

23,526. (*Chairman*): As regards administration through Approved Societies, has the Department reason to think that this method of administration is not acceptable to insured persons generally or to any considerable section of them?—The Department has no evidence which suggests that the administration of benefits through Approved Societies is not acceptable to the insured population generally.

23,527. (*Sir Alfred Watson*): We had it in evidence that in certain societies the administration allowance is paid to a parent body who undertake the whole administration without being required to submit detailed accounts to the Auditors. We have also reason to think there are occasionally cases where the administration allowance is paid by the Committee of Management to individuals who undertake to contract for the whole administration of the society. I think it would be useful if we had the views of the Department as to whether that arrangement should continue, or whether, alternatively, it would not be better that the usual course should be followed in all cases and all expenses of administration brought properly into account and subjected to audit?—We have a limited number of cases, possibly not more than a dozen in number, where a certain proportion, not the whole, of the administration allowance is paid over with the sanction of the Minister to what I might call the independent side of the organisation. As a rule we insist that the cost of certain services which are peculiar to National Health Insurance, such as medical referees, sick visitors, and matters of that kind, must be paid for and retained on the Approved Society side of the organisation. But certain societies have represented to us that they have common organisation and common staffing in the offices, and they said it would be a businesslike arrangement for us to allow a proportion of the administration allowance to be handed over to the parent body and the latter would contract with the Approved Society to give the services of the whole organisation to the benefit of the Approved Society for that sum, apart from any special services which are peculiar and can be rendered only for the purpose of National Health Insurance. That is a system which has been in force for a good many years, and I am not inclined to think it is abused. It is true that at headquarters we have no means by which we can analyse how the amount is spent, once having fixed upon a lump sum. We have simply to look at the cost of that society as compared with the cost of other societies, and endeavour as best we

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can to decide whether that lump sum which is agreed upon is a fair and equitable amount. I do not think the system has been abused; I do not think that the society is placed at any serious disadvantage by the arrangement; but of course it is open to the criticism that there is a very considerable expenditure over which we have no supervision or no auditorial rights.

23,528. Is it not also the fact that the members of these professedly self-governing societies themselves have no opportunity of criticising the expenditure on administration because their Committees of Management have made arrangements with the parent body by which the whole thing is undertaken *en bloc* by the parent body for what is in effect a lump sum?—I take it that the members have the power to raise the question at the Annual General Meeting.

23,529. (*Mr. Besant*): Might I pursue that point a little? I think you said there were about a dozen societies in that category?—Yes.

23,530. That is to say, a dozen out of many thousands?—Yes, but representing, of course, a very large proportion of the insured population.

23,531. That is what I wanted to get at. Would you mind telling us, if you can, the membership of the dozen societies you refer to?—Speaking purely from recollection, I should think their membership represents at least 50 per cent. of the insured population.

23,532. In other words, whereas the number of societies to which this applies is a mere nominal percentage of the total number of societies, they represent something like half of the insured population?—Yes. But I think I am bound to point out that in the aggregate the expenditure of those societies is not in excess of the average expenditure of all other societies.

23,533. (*Sir Arthur Worley*): Do those societies show a surplus on the administration account?—Just as much as the others.

23,534. (*Mr. Besant*): Owing to their enormous membership ought they not to show a much lower percentage cost for administration than small bodies which may be scattered all over the country?—Again that depends upon the organisation of the society. You may have an enormous membership, but you may have an enormous number of agents and so have a fairly costly administration. But if you have an enormous membership and, shall I say, a concentration of agents, then I think you ought to have a fairly economical administration.

23,535. But would you think it so economical if you had the actual charges worked out, instead of this block system by which nobody can tell the actual cost?—My answer is that the total cost of this arrangement—that is the amount expended under the contract plus the amount expended on the Approved Society side—is not in excess of the average cost of other societies.

23,536. That I understand. But ought it not to be much lower than the normal cost of the other 9,000 odd societies and branches, because you have very small societies where incidental costs must be, one would imagine, higher per individual member. One would expect the cost of the big society to be ever so much lower?—It depends very largely on the agency system. An agency system under which there is a very large number of agents up and down the country, may possibly have not more than 100 or 200 members attached to an agent for Health Insurance purposes, and that will of necessity be a costly system. But if you have an agency system of the type known as the block system, where one agent would cover the whole area and no other agent of that particular society would obtrude in that area, you ought to have substantial economy.

23,537. Do you think you obtain enough in the way of economy to justify the block system?—I am always hoping for improvements.

23,538. In other words, you do not think they have yet reached the minimum?—I am still an optimist.

23,539. (*Sir Arthur Worley*): As a matter of fact, I take it you do reconsider these arrangements from time to time?—We review them each year.

23,540. But it is not only the factor of the block system, but they are having to work side by side with ordinary insurance companies, and if those insurance companies proceed by way of reduction of their overhead charges, directors' fees, and such like, their charges should be reduced in proportion?—Reductions effected on the independent side are not overlooked when we examine the agreement on the Approved Society side.

23,541. You have it in your mind that there naturally should be some reflection on the Approved Society side?—Yes.

23,542. (*Professor Gray*): Have you anything to say on the other point which Sir Alfred Watson raised about the cases in which, as I understand, there is an arrangement made whereby practically the whole of the administration account is given to the Secretary and he, on his own, arranges for the engagement of clerks and all the rest of it, and keeps for himself whatever is left over? Have you many cases like that?—We have a few. I may say quite frankly that we should like the Commission to give us power to insist on certain amendments in the rules of societies. The rules of certain societies which were approved in 1912, permit of inclusive arrangements under which the Secretary of the society gets the major portion of the administration allowance and pays the clerical staff out of his own pocket. That is not a system of which we approve, and we are hoping that if the Department are given power to insist on the amendment of rules which are, in our opinion, acting prejudicially to the interests of members and do not provide for the proper government of the society, we shall be able to effect some necessary reforms in that direction.

23,543. (*Chairman*): We should like to hear you generally on the subject of the efficiency of Approved Societies as agencies for the collection of contributions and the administration of cash and treatment benefits respectively?—The Approved Societies have shown themselves, on the whole, a highly efficient medium for the collection of contributions. Personal contact between a society and its members, through visits of agents, meetings, etc., enables this work to be done without difficulty in most cases, and it is unlikely that any other system would be more efficient from the point of view of the collection of contributions. I think the Department is bound to say that the administration of cash benefits by societies works, on the whole, quite well, and from the audit reports it is to be gathered that the standard of their administration has now reached a high average. The administration of schemes of treatment benefits is still largely in the experimental stage. The societies have handled these benefits fairly well, considering the difficulties under which they work, but many of the societies, and particularly the smaller ones, are experiencing considerable difficulties in making the necessary arrangements for treatment benefits, and, as a result, different standards of benefit are being granted by different societies throughout the country. Few societies are entirely local, and, as most societies may have members anywhere, the provision of treatment services implies an obligation to provide the treatment in areas where the society not infrequently has not got adequate machinery for the task. The marked increase in the amount of money devoted to treatment benefits is accentuating the necessity for the administration of these benefits being co-ordinated through one local committee in each area.

23,544. (*Miss Tuckwell*): I suppose when you say that the Approved Society is excellent as far as accounting goes, you have said all there is to be said?—From the point of view of audit, the administration has now got to quite a high standard.

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23,545. It has to be borne in mind that many of the officers administering the business are unused to business methods?—Having regard to the facts that these benefits are administered by 9,000 societies and branches, many of which must of necessity be officered by part-time men, I think they have, on the whole, attained a very high standard of efficiency. One must make allowances for the human element, and for the fact that in small societies there is not sufficient administration money to employ highly competent men; but the analysis of the audit reports year after year does show that they are steadily improving in efficiency, and I am bound to say, on the whole, they do their work quite well.

23,546. They do their work quite well, but they would not be an agency through which it would be possible to get any extended information and knowledge as to the whole national health question from every point of view?—Of course, they suffer from obvious limitations as regards the provision of health services for the population as a whole.

23,547. (*Sir Arthur Worley*): May I take it with regard to treatment benefits that societies can make arrangements whereby those benefits can be dispensed through another body? Is that possible?—It is possible for an Approved Society to make an agency arrangement with another body.

23,548. Is that desirable, in your opinion? Is it not possible that such an arrangement may be open to abuse?—From the point of view of expenditure, as an additional benefit under a scheme approved by the Department, there is not much objection, because it is subject to audit and constant supervision by the Department.

23,549. (*Mr. Jones*): You have said that these small societies are finding difficulty in administering these additional benefits, and you suggest that some arrangements should be made by them through some local committee. May I ask what is the nature of the difficulties, and what is the nature of the committee you suggest?—I have not suggested that. I said that the increasing amount which is now being devoted to treatment benefits is emphasising the necessity or the desirability at some time, sooner or later, of this work being done through one local committee. For instance, take dental benefit; one society is able to spend 6s. per member per annum on dental benefit and is able to give a fairly comprehensive treatment, while another society may not be able to pay more than 2s. 6d. per member per annum for dental service. It may be a very small unit, and the amount of money available for dental benefit will be swamped in four or five bad cases. There may be a member 100 miles away from that particular society, and it is difficult to make the necessary arrangements for that particular member if he wants dental benefit. The same applies also in connection with optical treatment, or in connection with the provision of medical and surgical appliances.

23,550. Do you mean a committee of Approved Societies, with a certain pooling of funds?—I have not made any suggestion. I have simply drawn the attention of the Commission to this problem in replying to a question from the Chairman; that at each successive valuation a larger amount of money is now being devoted to what we call treatment benefits, and that certain societies, particularly the smaller ones or those societies with a very limited amount available, are under certain handicaps in the administering of these benefits; and it seems to me, without putting it any higher, that the increasing amount of money which is being devoted to treatment benefits is emphasising the necessity of, sooner or later, those benefits being administered through some kind of local committee. But I have no scheme in my mind.

23,551. (*Sir Alfred Watson*): Could you tell us what kind of local committees you mean? You have instanced the case of a society that has a member

100 miles away who wants dental treatment. Surely, that society would have to have some say as to the amount that should be expended on that member; you could not leave it to a local committee with which it had no concern and over which it had no control?—So long as societies have varying amounts available for various additional benefits, in some cases the amount being so small that the recipients of the additional benefit must be selected, there would be considerable objections to taking away the administration of those benefits from the Approved Societies.

23,552. (*Chairman*): We have noted that the total number of Approved Societies and branches administering National Health Insurance has fallen by about one-half since the scheme first came into operation, but there are still about 10,000 separate financial and accounting units remaining. Do you think that any steps are practicable and desirable with a view to the reduction of this number? In your reply we should be glad if you would deal with the question of a possible minimum membership for an Approved Society and also the possibility of restricting the area of operation of societies?—So long as a society is satisfactorily administered, the Department does not suggest that steps should be taken to close it down on account of smallness of membership. This is, however, subject to the qualification that where the membership is so small that the valuer is unable to certify any portion of a surplus as disposable, it is suggested that there should be power to require the society to transfer its engagements to a larger unit. Where the Department is not satisfied that a society is being efficiently administered, it is thought that the Department should have power to order an inquiry, and if it is found, as the result of the inquiry, that there is defective administration which is attributable in part to smallness of the membership when considered in relation to the general circumstances of the society and its members, e.g., with regard to geographical distribution, there should be power to withdraw approval and require the transfer of engagements to another society. But, speaking generally, we do not suggest that any minimum should be laid down for the size of a society that may remain approved, or that any restriction should be imposed by statute on the area of its operation. I may say as regards branches and affiliated societies, that the Central Executive have power under the regulations to deal with the question of small membership, and it is not suggested that any further provision as regards branches is necessary.

23,553. (*Mr. Besant*): As far as I understand the position, there are some 10,000 Approved Societies and branches in this country, and there are some 15,000,000 or 16,000,000 insured persons. Is it not the fact that quite a large percentage of those Approved Societies cover only a tiny percentage of the insured population? Let me take as an illustration, say, 2 per cent. of the insured population of about 15,000,000; call it 300,000. Could you tell me what percentage of the Approved Societies have a total membership which does not exceed 300,000, or 2 per cent. of the insured population?—These are the figures put in evidence last year—of course there is a slight reduction in the number of societies each year. There are still 72 societies in England each with a membership of 100 or less; 183 societies with a membership of between 101 and 200 members; 106 societies with a membership of between 201 and 300 members. A regular falling off in the number of societies in each successive 100 group then takes place until the 1,000 series is reached. There are 94 societies which have each a membership of between 1,000 and 2,000 members; 250 societies which have a membership between 2,000 and 10,000; 62 societies which have a membership between 10,000 and 50,000; and 24 societies which have a membership of over 50,000 members. But I think this is the point that you really draw

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attention to. The broad feature is that 65 per cent. of the total number of societies in England have only 2 per cent. of the total of insured persons, while 2½ per cent. of the societies control 76 per cent. of the total number of members.

23,554. That is really what I wanted to get from you. I wanted to see whether those earlier figures are still more or less confirmed?—They are still more or less accurate.

23,555. I take it they have not been much altered since the date when that evidence was given; roughly speaking, your earlier evidence is confirmed, namely, that something like 65 per cent. of the total number of societies only represent something like 2 per cent. of the insured population?—That is so.

23,556. And those figures are not materially changing by the events of the past few months?—No. We as a Department have no policy. We are influenced entirely by administration.

23,557. (Sir Alfred Watson): The figures you have just given are in themselves mere statistics?—Yes.

23,558. No inference is to be drawn from them as to the relative efficiency of small and large units in the administration of National Health Insurance?—None whatever.

23,559. I would like to suggest to you that the whole system of National Health Insurance really sprang out of needs which were first met by the Friendly Society system that took the form of the establishment of a little fund with a body of members in practically every village and township in the land. National Health Insurance is merely to a large extent a continuation of that system?—Yes.

23,560. And consequently we ought not to be led into any belief that because of the uneven distribution of the membership among societies of particular types, the smaller units, whether societies or branches, denote a weakness in the system which ought to be eliminated?—I agree.

23,561. (Mr. Besant): Since Sir Alfred Watson has put that question, I may say that I did not mean by my question to imply any reflection whatever. My question was purely limited to the statistical side, and it had no ulterior motive in that respect?—I quite recognise that.

23,562. But it had an ulterior motive in another respect, and the ulterior motive was this. Do you think any steps are desirable with a view to a reduction of the number of societies? The object of my question was really to see whether you thought that would be desirable?—I have suggested that a society should not be judged solely on the question of the number of its membership. We have a large number of small societies which are most efficient. But what I do suggest is that where we are not quite satisfied as regards the efficiency of a society, and we find that the defective administration is attributable in part to the smallness of the membership, and having regard also to the distribution of the membership—one of the difficulties of some of the small societies is that they may have a very small membership and that membership may be scattered over several counties, which is naturally a handicap—we should then have power to order an inquiry and, if necessary, withdraw approval. I do not suggest that it should be decided on the mere test of actual numbers of membership.

23,563. (Miss Tuckwell): But on distribution?—On the defective administration, which might be attributable in part to the smallness of the membership, and the scattered membership of the small unit.

23,564. (Mr. Besant): My ulterior motive in connection with this question was to lead up later on, when we come to it, to the question of the valuation of units—which is quite a different matter from administration?—Yes.

23,565. Mere administration is covered by the Chairman's question to you, but the point I wanted to get at will come up later?—Yes. Of course, in cases where the Valuer has certified that the membership is so small that he cannot safely recommend any

disposal of the surplus, then in those cases we think we ought to have power to look into the matter carefully and, if necessary, withdraw approval.

23,566. I think I will hold back any question of valuation until a later stage. I only wanted to be quite candid in saying that that was my main object in putting the question.

23,567. (Mrs. Harrison Bell): I take it that in looking at the position of one of the larger societies, so far as its competence and administration was concerned, you would take into your view of the society the fact that although it had a very large membership, and might reasonably be expected to be one of the best managed and most economical and enjoy the most surplus, you would require some account of the society if it had no additional benefits to propose for its members?—Yes. If a society, especially a large society, has no disposable surplus on valuation, and we have reason to think that that state of affairs is due to defective administration, then we take the matter in hand and we want to know why, and we want such an alteration in the administration as will put the society on a proper basis.

23,568. (Sir Arthur Worley): Following up that question, I take it that the question of defective administration will arise, not only in the case of societies which are in deficiency, but also in the case of societies that have no disposable surplus; they may be equally deficient in administration because if they were efficiently and properly administered they would have a surplus?—I may say that we have a certain control over a society which is in deficiency, because if that society is in deficiency and has exhausted its funds it comes to us for a grant from the Central Fund to make up its deficiency, and that grant is not given unless we are satisfied that the deficiency was not due to maladministration.

23,569. Do you not also want some power over a society which may not be in deficiency but which it may be inferred is badly administered, because if it were properly administered it might have a handsome surplus?—Oh yes, we have societies whose administration is rather defective but which cannot avoid having a surplus by reason of the nature of their membership.

23,570. Have you any power over those societies?—Well, we are suggesting that we should have some power.

23,571. (Chairman): Have you any suggestions to make for the amendment of the constitution of very large centralised societies in such a way as to provide the members with a means of exercising an effective control over the affairs of the societies if they desire to do so?—Of course the Act provides that a society must be under the absolute control of its members, and when the rules were approved in 1912 we did everything in our power to approve a system which we thought would secure that position to the members. But I confess that we did not reckon with the amount of apathy which exists amongst insured persons. I am bound to say that in the light of experience we do not think that the rules of a few large centralised societies provide for the control by the members of that society to the extent which the rules ought to provide. It is a very difficult question, because a very large proportion of insured members do not take any interest in the management of their Approved Societies. I think if insured members in any society had a burning grievance and wanted to ventilate that grievance they would find means and methods of doing so, and they would force some reform in their particular society. What has really happened in recent years has been that when a member of an Approved Society is disgruntled he communicates with the Department, and the Department does its best to get the matter put right. For instance, if a member thinks that he has been badly treated in connection with a benefit claim it is a very usual thing for him to write to the Department. At one stage we

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were severely handicapped in dealing with such complaints because the Insurance Commission heard the appeals and we were limited in dealing with complaints because the answer might appropriately be made by the society that "This case may come to you on appeal, and consequently we think you should not look into the merits of the particular complaint at the present moment." But in recent years a system has been set up under which all appeals are heard by legal referees who are quite independent of the Department, and that system has enabled us to take a much stronger position as regards complaints than we were able to take in previous years. In the light of experience we are of opinion that as regards certain large centralised societies the rules do not provide for an adequate degree of control by the members, or at any rate adequate machinery by which proper representations may be made by members in the case of, for instance, a grievance. In 1921 and 1922 we took the matter up with some of these societies, and I am bound to say that we did get some further representation by areas given to the members, but we had no power to insist on an alteration of the rules, and consequently the rules were a matter of compromise. I think if you give some further power to the Department as regards insisting on the amendment of rules which we think are not altogether satisfactory, it will be a subject which we shall have to take up with these large societies. Undoubtedly the ultimate governing body of a society should be the annual general meeting of the members. Now this is really not practicable in the case of large societies, and it might be possible to set up a system of local representation, or a system of delegates elected by the members on a proportional basis; but I am bound to explain to the Commission that experience has shown that in certain types of societies the method of delegate representation has certain disadvantages such as the tendency for the control of the society to fall into the hands of unsuitable representatives. Where a system of delegates to an annual general meeting is adopted, it is necessary to make provision for the exclusion of officers and agents from acting as delegates or taking any part in their election. That is one of the disadvantages of the delegate system. If a delegate system is, in particular cases, not thought suitable or advisable, other methods might be devised whereby members, although not able to exercise the same effective and continuous control, could make their voice heard on matters suitable for consideration or decision by the whole body of members. For instance, I might suggest as one method the facilitating of holding district meetings under such conditions as to *quorum* and the number required to call such meetings as would, in all the circumstances, be reasonable and practicable. I think that is a matter which ought to be considered seriously. Another suggestion which occurred to our mind was that you might wish to consider the advisability of requiring the large societies to issue periodically with the contribution card a short summary of the annual report of the society and other information of importance to the members. It might also be considered whether that summary could not contain some inquiry as to the views of the members on certain matters in regard to which it might be helpful to the Committee of Management to know the feeling of the members. For example, there is the very important question of the selection of additional treatment benefits. I also suggest that it is desirable, if we do get power to examine the rules afresh, that members should be notified, either by some such issue as already indicated or otherwise, of the time and place of the general meeting. And I also suggest that in all cases some proportion of the members of the Committee of Management should retire annually.

23,572. (*Sir Arthur Worley*): Most of those suggestions would lead to considerable expense, would they not?—Not in relation to the very considerable income of these large societies.

23,573. But would it not lead to considerable expense in relation to the benefit that is going to be obtained?—Well, I think that we ought to make an effort to give the members of these large societies better machinery for expressing their views on matters which affect their interests. It is a very difficult question.

23,574. (*Chairman*): Do you think they would take advantage of the machinery, or would indolence come in?—I am afraid indolence is a very difficult factor to contend against. I am not suggesting for one moment that the members of these large societies are any worse treated than members of any other society.

23,575. (*Sir Arthur Worley*): If there is no question of hardship, why do you think it necessary? District meetings with the necessary printing, and statements of account and so on, and ballots going on would all be costly things. The point I want to keep in mind is the benefit the members would gain out of it, other than a theoretical benefit. We know in theory that they are supposed to control, and that in practice they do not. They could control if they wished to. This is a suggestion for trying to compel them to do something which they do not wish to?—And to give them facilities whereby if they wish to express their views and bring them to the notice of headquarters they can do so.

23,576. (*Miss Tuckwell*): Would you not say that in a good many cases there is really a discouragement against their expressing their opinion?—I do not think so. I think it is simply that the machinery is not there.

23,577. (*Professor Gray*): Does it not come to this—this is rather a fundamental point—the Act contemplated that insured persons should take an interest in the society and run it. There are Friendly Societies and Trade Unions where that state of things already exists, and people who are interested in these things can join these societies. On the other hand there is a very large proportion of the population who do not want to be bothered, and it is extraordinarily difficult to get any kind of self-government unless you can first of all get the co-operation of the insured persons in the matter?—That is precisely the position.

23,578. If those people really feel the desire to take a part in the running of Health Insurance, I presume they could transfer elsewhere?—Yes.

23,579. (*Miss Tuckwell*): Surely there is something more than that in it. Take the case of a society where the members simply take their benefit and there is no attempt to interest them in the running of the society, or to do anything for them in the same way as there is in the case of a Friendly Society. In that sense there is, perhaps not actual discouragement, but no encouragement, and no attempt to interest them. As long as the money is paid out, the thing is done with?—I am afraid that is about all the average insured person wants.

23,580. I have experience of these meetings and I know about them. It seems to me there is something radically wrong with the way in which people are treated over this question.

23,581. (*Professor Gray*): A point which is difficult to my mind is this. After all, as Health Insurance is run, there are perhaps not very many things in which the insured person can take an interest. Where there is an interest, as in the case of the Friendly Societies and Trade Unions, there is some sort of private business as well?—Yes, there is another link. I confess I have been profoundly disappointed as to the extent in which insured persons have taken an interest in the management of their societies. I had hoped that with the advent of additional benefits, and especially with the growing provision of treatment benefits, insured persons would show a greater interest in the scheme.

23,582. (*Miss Tuckwell*): Do you not think that the societies running a sort of home service and sending people round to the houses are really militating against developing an interest? I mean, do you

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not think that delivering the goods to the house affects the matter?—I should be very reluctant to say anything which would discourage societies from bringing the sick benefit to the home of the sick man.

23,583. Yes, if you put it in that way—but there is a great deal more than that?—I think that, whereas in the Friendly Society movement, the members are encouraged to attend the local meetings and confer on general questions, there is a greater interest in the National Health Insurance scheme.

23,584. (Sir Alfred Watson): We have cleared our minds, I think, of a good many suggestions that the smallness of membership of a society and poorness of administration are closely co-related. You tell us that that is not so. On this question of the Chairman, I am led to put one or two points that have been in my mind a long time with regard to some of the largest societies. You have, I think, in the Medical Benefit Regulations a provision that no doctor shall attend to more than 2,000 insured persons, on the ground that if he has a greater number than that he cannot be expected to give them reasonable attention. I think you will agree that the Approved Society which does its work properly has to give to the individual insured person a great deal of attention?—Yes.

23,585. There is the collection of the insured persons' contributions and the record of his membership, and various things the society has to insert in its books about him, his claims for benefit, supervision of benefit and so on?—Yes.

23,586. May I preface my question still further? I have noticed in my experience as an officer responsible for the valuations of Approved Societies a good deal of delay owing to the need for correction of data originally supplied by some of the largest societies, and that has led me to consider whether we have not got societies that are too large, I will not say for the capacity of any human being to administer, but too large for the capacity of the type of persons on whom we are compelled to rely for the administration of the society system. My question is: Have you ever considered whether it would be advisable to have an upper limit on the number of members in a centralised society?—No, I have never seriously considered that question. I cannot say that the largest Approved Society which we have is badly administered.

23,587. Without suggesting that any one in the group of the largest societies is badly administered—I do not suggest that for a moment—I must say that I have wondered whether, if the societies were smaller, say with the limit of 500,000 each, they would not be better administered?—As regards the large societies, I think the standard of administration is conditioned largely by the control which headquarters has over the circumference. We have one or two large societies where I think the control of headquarters over the outside activities of those societies is not sufficient.

23,588. What would be the ideal remedy for that?—The ideal remedy for the organisation of that society would be to divide it up into a number of separate organisations.

23,589. That reminds me that in the Act of 1918 there was power to divide societies into recognised branches?—That is so.

23,590. That is to say, not splitting them up into different societies, but splitting them up into self-contained branches, with the central body as the nexus between them? Has effect been given to that in any direction?—I do not know of any case.

23,591. You have no recognised branches even to-day?—No.

23,592. (Sir Arthur Worley): That was merely a power to do it; it was not a power to compel it?—That is so.

23,593. Do you think it would be wise to have the power of compelling? I gather you have in your mind some society or societies which might be split

up into smaller sections, branches and so on. In your view would the management be more efficient in such cases?—I think possibly so.

23,594. You would probably have great difficulty in convincing them of that, and therefore you are not likely to obtain that result unless you have some power of compelling them if they do not agree?—I have not previously thought of that, but I think on the whole it might be an advantage to have that power.

23,595. You say you have power in certain small societies to do certain things. I was wondering whether it could not be a common power under certain circumstances?—Yes.

23,596. You would not apply that power without justification?—Oh, no.

23,597. Apart from putting that power into operation, the mere fact of possessing the power might have a very salutary effect?—Yes.

23,598. (Chairman): Do you think Associations of Approved Societies should be continued, and if so, in what form?—The basis of the statutory provision regarding Associations of Approved Societies is an arrangement for a partial pooling of the Contingencies Funds of the constituent societies, if in any such society a deficiency, which cannot be made good out of the society's own Contingencies Fund, is found on valuation. No case has arisen in which it has been necessary to put into operation this main function for which Associations were formed. While Associations had a proper place in the original scheme their main purpose does not now exist, having regard to the adequate protection afforded to small societies by the financial provisions introduced in 1918 relating to the Contingencies Funds and the Central Fund. It is accordingly suggested that the provision for Associations should be repealed, but I may say that this will not prevent the continuance on a voluntary basis of such of them as may be doing useful work in the way of guidance to individual societies. Those that at present serve no useful purpose and entail an unnecessary charge on societies' funds might then be expected to disappear.

23,599. Do you consider that any alterations are desirable in the existing arrangements for the investment of Approved Societies' funds?—No. I can explain that, and give my reasons if you so desire, but I think they are obvious.

23,600. (Professor Gray): Might I ask, in extension of an answer you gave some time ago with regard to the power to require amendment of the rules of Societies, whether you contemplate a general power? You gave an answer with regard to a particular case of a secretary getting practically all the administration amount and paying expenses out of that. Am I right in assuming that you would rather welcome a more general power of the same kind with regard to other rules?—It is very difficult to answer that, because to answer it fully I should have to examine the rules of about 1,000 societies; but in the main I think we ought to get power to deal with such rules where in the light of experience they have been shown to operate to the disadvantage of the members; or where we are satisfied in the light of experience that they do not provide for the proper government of the society; or where certain rules are not sufficiently explicit.

23,601. Or on questions of appeal?—Or questions of appeal—matters of that kind which really affect the rights of the members. It is not that the Department is seeking for more power, but it is that cases have arisen where it has been shown in the light of experience that the present rules do not provide adequate safeguards for the members and the general representation of the members.

23,602. Your answer is that your suggestion is not confined to the particular case that was mentioned before?—No. We should like more general power, with such safeguards as the Commission may think fit to impose in the interests of the societies.

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[Continued.]

23,603. (*Chairman*): We should be glad to hear your considered views as to the future of section 26 of the Act?—The original intention of this section (which was section 21 in the 1911 Act) was to enable Approved Societies and branches, without any question of receiving an equivalent return, to make subscriptions or donations to hospitals or charitable institutions which serve the interests of the public health. The idea was a good one, and it is desirable that this power should be continued. Unfortunately, the section is now used by a number of societies for the purpose of providing benefits in the nature of additional benefits to all members, whether qualified to receive additional benefits or not, by paying quite considerable sums in anticipation of surpluses to organisations specially set up to receive such payments. However worthy may have been the motives which prompted some societies to provide benefits in this way, the Department has received quite a considerable number of complaints from other societies that this recent development of section 26 is being utilised for canvassing purposes, and is detrimental to those societies which follow the normal procedure of providing additional benefits only under schemes approved as a result of valuation. We are inclined to think that, now that most societies have substantial surpluses, it is only right that any subscriptions or donations to hospitals or charitable institutions should be made out of surplus and not out of the ordinary Benefit Fund; and we think that the payments should be made under schemes approved by the Department. The scheme might provide for general or specific assent of the Department to the items of expenditure. We think the institutions to be benefited might be hospitals, dispensaries, and other charitable institutions which provide on a voluntary basis substantial benefits of a remedial character to the population at large, or some considerable section, including insured persons. We suggest that the section should be amended in that direction.

23,604. (*Sir Arthur Worley*): As the section now stands, when a society in the ordinary way gives treatment additional benefits, it is subject to audit and close investigation by the Department?—Yes.

23,605. It would be possible—in fact I dare say it is the case—for a society to make substantial payments to a third party and then finish, the third party distributing them or not as the case may be. But the Department have no opportunity, I take it, of auditing what really becomes of that money once it passes into the hands of a third party?—Under section 26 that is so.

23,606. That is really the direct opposite of what was intended. It comes under the somewhat loose wording of "other charitable institution"?—Yes.

23,607. Do you not want the words "other charitable institution" strengthening?—We think they ought to be properly defined. We think the Legislature really intended by "charitable institution" to refer to hospitals and dispensaries and other institutions which provide on a voluntary basis benefits for the population as a whole, and not organisations purely set up for National Health Insurance.

23,608. Is it possible for an organisation to which a large sum of money is paid to dispose of it wholly or chiefly among the body of insured persons its own subscribers?—Yes. We think these payments ought to be made out of surplus and subject to proper scrutiny.

23,609. You say, firstly, these payments ought to be made out of surplus, and, secondly, all these things ought to be subject to audit or previous approval by the Department?—We are not suggesting that subscriptions to charitable institutions should be subject to strict audit as regards detail, but substantially we ought to know what has become of the money.

23,610. You ought to know what has become of the money which is really the money of the insured persons?—Yes.

23,611. (*Professor Gray*): May I assume that, under section 26 as it at present stands, a society which is, in fact, in deficiency can give what are, in effect, additional benefits?—Theoretically that is so, but I think we would take up a question of that kind.

23,612. But apart from your persuasive powers, section 26 might be interpreted in that way?—Yes.

23,613. I take it also that one purpose of a valuation is to determine how much money a society has for additional benefits?—Yes.

23,614. So that it might be suggested that section 26 could be interpreted in such a way as to make valuations useless?—Yes.

23,615. (*Miss Tuckwell*): It should come more under the control of the Ministry. You think by limiting the power of a society to make grants that meets the situation?—I think so.

23,616. (*Chairman*): We should be glad to have your views with regard to the Deposit Contributors Fund, and more particularly as to the possibility of providing benefits on an insurance basis for deposit contributors who prove that they are unable by reason of the state of their health to obtain admission to an Approved Society?—When I appeared before the Commission about a year ago, I promised to supply the Commission with some particulars of the composition of the Deposit Contributors Fund, especially as regards membership in each year and the average duration of membership. I have now supplied these particulars to the Commission. The Commission will have noted that the membership of the Fund is steadily falling. In 1919 the membership was 417,000; at the present moment the membership is about 225,000. Mainly as a result of the additional benefits which are now being granted by societies, deposit contributors are realising that it is to their interest to join Approved Societies, and I may say that the Department takes every reasonable opportunity of bringing the advantages of Approved Society membership to their notice. As a consequence, the Deposit Contributors Fund has gradually become a clearing house for the societies, except as regards the comparatively small number of persons who either on principle object to joining societies, or are unable to obtain admission to a society by reason of ill-health. Of the present membership of the English Fund less than 8 per cent. became deposit contributors in 1912, and a very large proportion of the total exits represents transfers to Approved Societies. I have carefully perused the evidence which has been placed before the Commission from various sources, and I find that three different suggestions have been put before the Commission. One suggestion was that the Deposit Contributors Fund should be transformed into a State society on a proper insurance basis. Another suggestion was that deposit contributors should be compulsorily allocated amongst the Approved Societies, and a third suggestion was that the Deposit Contributors Fund should be made permanent on the present basis. I may say as regards the first suggestion that the Department does not recommend the establishment of a State society. Such a society would be in competition with other Approved Societies, and it might be compelled to offer benefits which, even if restricted, might have to be guaranteed by the Government. As regards the second suggestion, the Department does not consider the compulsory allocation of deposit contributors among Approved Societies as practicable. Of course, for the moment I am speaking only as regards England, which is the big problem. It would be expensive and contentious, it would be a difficult and continuing problem, it would probably involve renunciation by all societies of their right to reject an applicant or expel a member. Many societies would be quite unwilling to agree to this. The compulsory allocation would, in the opinion of the Department, destroy the fundamental conception of Approved Societies as voluntary associations of insured persons, and the Department could scarcely be a party to forcing unwilling members on unwilling

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[Continued.]

societies, especially as in the case of small units the allocation of one bad member might on valuation adversely affect the interests of all the other members. Compulsory allocation might not be so difficult in Scotland or Wales, but it must be remembered that in England deposit contributors enter the Fund at the rate of about 100,000 a year, and it will be readily recognised that the difficulty of allocating such a large number among 8,000 different societies and branches would be a very formidable one. As regards the possibility of providing benefits on an insurance basis for deposit contributors who are unable to obtain admission to an Approved Society, the Department thinks that if the Deposit Contributors Fund is to be continued something must be done in that direction. Under the present system the contribution credits of these persons are quickly exhausted, and it is felt that in a national scheme of Health Insurance under which compulsory contributions are exacted, the disadvantages under which this class of person labours leaves the system open to serious criticism. I may say that the Department has considered various methods of meeting this difficulty, but possibly the members of the Commission have views of their own upon the subject, and before I say anything more on the matter I would be prepared to answer any questions the members may wish to put to me.

23,617. (*Professor Gray*): I take it that there are various types of persons amongst the deposit contributors?—Yes.

23,618. You have, in the first instance, those who are there because they do not want to join societies?—Yes.

23,619. In the second place, you have, I imagine, a considerable number who are there in the course of transition, and who will in any case join a society in the matter of a year or so?—Yes.

23,620. Thirdly, you have what I may describe as the real problem—the man who really cannot enter a society?—Yes.

23,621. I suppose it is only in regard to the third of those three classes that any real concern need be felt?—That is the opinion of the Department.

23,622. So that no particular hardship would be involved in leaving deposit contributors as they are so far as the first two classes are concerned?—I do not think so. They are there by their own election.

23,623. If we want to do some good to deposit contributors it is merely a question of sorting out from this body that particular class of men who have tried to get into a society and who have failed?—Yes.

23,624. Have you any idea what proportion they represent?—It would be quite impossible to say because we have never applied the test as yet. We have a somewhat similar test as regards membership of the Navy and Army Fund. When a man is in the Navy and Army Fund for a certain length of time we say to him, "You had better get into an Approved Society," and we only allow him to remain in the Navy and Army Fund when he shows to our satisfaction that he has not been able, by reason of his state of health, to get into an Approved Society. We suggest some such system as that. But otherwise, a man who is not able to show that he is debarred on the grounds of health from getting into a Society, who elects to remain as a deposit contributor, would be left on the present basis.

23,625. The application of some such system as that would sift out those who require no sympathy, but what about those who are left? Could they be grouped together on some sort of insurance basis as to their contribution, or would they, by reason of ill-health, be in such a position that their contributions would not be enough?—I think it is obvious that as regards the small number of persons who by reason of their state of health would be unable to get into an Approved Society, the contributions would be quite inadequate to meet the benefits if we have to meet the benefits on an insurance basis.

What was in the mind of the Department was this. We would have two sections in the Deposit Contributors Fund; there would be an individual account section on the present basis, and there would be an insurance section on a mutual basis. The insurance section would provide for persons in ill-health who prove to the satisfaction of the Department that they are unable to obtain admission to an Approved Society. The individual account section would provide for the balance. In order to finance the insurance section—and that is the real problem—we suggest that on death or emigration the present arrangement for paying out half the balance of the deposit contributor's credit should be abolished, and that those half-balances should be utilised to put the insurance section on a proper insurance basis. I would suggest, at any rate at the outset, that in the insurance section the normal benefits of the Act, not the additional benefits, should be paid for a certain period of years, and if at the end of that period the valuation shows that these benefits cannot be sustained, such lower scale of benefits would be prescribed as the valuation would show to be necessary. I think we might be able to get funds for the insurance section from three or four different sources. We should have, first of all, the contributions of the members of the section; we should have the State grants; we should have the balances of deposit contributors in the individual accounts released on death or emigration; and then I think we might possibly utilise the accruing interest on the whole fund which runs to something like £30,000 or £40,000 a year. It is impossible to say whether the total of those resources would sustain the Fund, as there is uncertainty as to the number in the insurance section, but I think the number would be so small that for the experimental period the full normal rates of benefits would be worth trying. If we could set up some scheme of that kind it would remove a rather serious reproach on the Deposit Contributors Fund as at present constituted.

23,626. What happens at present to the interest on the Deposit Contributors Fund?—The position is a rather unsatisfactory one. Right back since 1912 there has been an accumulation of something like £400,000 of interest on the Deposit Contributors Fund, and there is no statutory authority for disposing of this sum. Now that Professor Gray has mentioned the matter I should like to suggest to the Commission that they might consider what we ought to do with that money. I would suggest that some clause ought to be put into the Act as to what to do with these accumulated balances. Our own personal view is that the money should be transferred to the Reserve Suspense Fund because it is out of the Reserve Suspense Fund that deposit contributors, when they join Approved Societies, get the necessary reserve value which enables them to be taken on at the flat rate contribution equivalent to age 16.

23,627. At present when a deposit contributor becomes a member of an Approved Society he gets a reserve value from the Reserve Suspense Fund?—Yes.

23,628. How is that fed?—The reserve value is taken from societies in respect of members who have gone out of insurance.

23,629. Your suggestion would mean that a deposit contributor going into an Approved Society would get the money which he required in effect from the interest on his own contributions?—In effect.

23,630. He would not be sponging on other people?—I think in effect that would be the position.

23,631. (*Miss Tuckwell*): What are the objections to a State society? I think it has been recommended on various occasions? Why should it be less solid than other societies; what is the trouble about it?—I do not know whether you are raising the question of a State society for the whole insured population, or dealing for the moment with the Deposit Contributors Fund?

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[Continued.]

23,632. I was on the point you had raised with regard to the Deposit Contributors Fund. Why should there not be a State society as affecting the Deposit Contributors' Fund?—I think when you have an Approved Society system in existence it is undesirable that the State should set up one society which will to some extent be in competition with Approved Societies run by outside bodies.

23,633. That is your only objection?—That is one objection. I think also, if I may quote another objection, that in a State society we should probably have to limit the amount of benefit. I do not think the State society should compete fiercely with other societies in the matter of additional benefits.

23,634. There again, it is the question of the Approved Societies which is upsetting you?—I do not think you can satisfactorily have, with the Approved Society system recognised, a State society in competition. I think there are many objections to it.

23,635. It is not that there is any objection to a State society as a State society; it is simply because of the present position of the Approved Societies. You think it is not fair to them?—I am not expressing any opinion as to the merits or demerits of a State society as such.

23,636. (Sir Alfred Watson): Does it not mean this? If you had a State society into which people could go as an alternative to going into ordinary Approved Societies the inertia of the population is such that tens of thousands of those who pass through the Deposit Contributors' Fund into Approved Societies would go straight away into the State society, and in the course of a very few years you would have built up a large State society. That is the position, is it not?—I think that would probably happen.

23,637. Quite apart from any question of competition with the existing societies, that would create a very serious problem of administration?—Yes.

23,638. It would put the Department in the anomalous position of having to administer one society while controlling the administration of all the other societies?—Yes.

23,639. That would be an impossible position for the Department, would it not?—Yes.

23,640. With regard to the limited proposal that you make to us, nobody would be in that State society but those persons whose state of health was such that they had satisfied the Department that no Approved Society would admit them?—That is so.

23,641. And that is the reason, is it not, why that Society would presumably be in a worse financial position than the general run of Approved Societies?—Yes.

23,642. It would consist of bad lives?—Yes.

23,643. You have given us a suggestion as to the various directions from which it should be financed. Inasmuch as the Approved Societies had relieved themselves of the burden of the members of this society by refusing to take them, would it be fair, in order to avoid a reduction of benefits in the event of a valuation showing a deficiency after all your available assets had been brought in—because no charge of maladministration could lie against that society—to give a right of recourse to the Central Fund to keep the society solvent?—I do not think there could be much objection to that. I see a certain logical argument in favour of it.

23,644. It would be rather a matter of justice, would it not?—Yes.

23,645. The Central Fund exists for the avoidance of deficiencies in cases where no charge of maladministration is brought?—Yes.

23,646. The members of this particular society would have been segregated by the action of the individual societies—an action they were fully entitled

to take. If it was in a deficiency the Central Fund, which is contributed only partly by the Approved Societies and to a very considerable extent from the Exchequer, ought surely to be at the disposal of that society as much as it is at the disposal of other societies?—Yes, I think that would be quite reasonable.

23,647. (Chairman): We have received in evidence a good deal of criticism of the present scheme of benefits for insured women who cease work on marriage, generally referred to as Class K, and amongst other suggestions witnesses have urged that such women should be treated as far as possible on the same basis as other persons who cease insurable employment. We should be glad to hear you on this suggestion.—We agree that as far as possible married women should be treated on the same basis as other insured persons, but the Department is of opinion that it is impossible to extend to insured women who cease employment on marriage the ordinary provisions as to granting a free year's insurance. Marriage marks not only a change in the economic status of the woman, but also a change in her liability to the risks against which she is insured. We think, therefore, that a special class for married women who cease employment must remain, but we are rather inclined to the opinion that what are known as the present Class K provisions might be improved. One of the disadvantages of the present system is that there is no incentive for women on marriage to notify their marriage to the Approved Societies. This is due to a variety of reasons. One reason is that when a woman is transferred to Class K she is subject to a reduction in the rate of sickness benefit, and she is also subject to a rather complicated scheme of arrears in connection with maternity benefit. The provisions of the Prolongation of Insurance Act have also rendered the administration of this rather complicated section of the Act much more difficult. The suggestion of a free year's insurance is, of course, attractive, but one must have regard to the extra liabilities to sickness as regards this particular class. One must remember that the free year is not a fixed period; it is subject to an extension for periods of sickness, and it is also subject to the possibility of it being extended for a very considerable time simply by a person getting one week's employment. What the Department is inclined to recommend is this: The test of eight weeks' absence from work which determines transfer to the special class might remain, but we suggest that, instead of applying to these eight weeks the provisions of the Prolongation of Insurance Act, there should be a permanent provision that weeks of genuine inability to obtain employment, in addition to weeks of sickness, should not be counted towards the eight weeks. I think that a great simplification in the working of the scheme would be effected if the sickness and disablement benefits to the women in this special class were given at the ordinary rates for such number of weeks as can be allowed on an actuarial basis during the period of 12 months from the date of transfer to the special class. Of course, these benefits should be subject to the ordinary provisions as to reduction for arrears, but as regards the maternity benefit, we think that the special calculation of arrears for purposes of maternity benefit, which are very complicated, should be abolished, and that the maternity benefit as regards this particular class should be paid in full in all cases. I suggest that if we could get an amendment of the Section on some lines such as these it would be a great advantage, and would remove to a considerable extent the objections which quite a number of representatives of Approved Societies hold as regards the administrative difficulties of the Section.

FORTY-SECOND DAY.

Friday, 23rd October, 1925.

PRESENT:

SIR ARTHUR WORLEY, C.B.E. (in the Chair).

THE RIGHT HON. SIR JOHN ANDERSON, G.C.B.
SIR HUMPHRY ROLLESTON, BART., K.C.B., M.D.,
P.R.C.P.
SIR ALFRED WATSON, K.C.B.
MR. A. D. BESANT, F.I.A.

MR. JAMES COOK, J.P.
MR. JOHN EVANS.
PROFESSOR ALEXANDER GRAY.
MR. WILLIAM JONES.
MISS GERTRUDE TUCKWELL.

MR. E. HACKFORTH (*Secretary*).
MR. J. W. PECK, C.B. (*Assistant Secretary*).

Sir WALTER KINNEAR, K.B.E., recalled and further examined.

23,648. (*Chairman*): Sir Walter, we have had some suggestions for modification of the provisions as to exempt persons. Some witnesses have advocated the abolition of all title to exemption, while others have suggested that if exempt persons are to remain there is no reason why they should have any benefits. What have you to say?—Although exempt persons are a small class and require special administrative arrangements, I think the abolition of the class would hardly be justifiable. Exemption is useful for many persons who, although employed within the meaning of the Act, are not regularly employed, or are already provided for in case of sickness, and it thus provides a certain elasticity in a compulsory scheme. The obligation of employers to contribute for such persons should also be maintained. Although in practice there might not be much risk of discrimination in favour of employing exempt persons if no contributions were payable, there might be a tendency in some cases in this direction, and it is a sound principle that the employer should have to pay his quota to the funds according to the labour which he employs, without regard to the individual circumstances of the employees. You asked me whether these persons should be entitled to any benefits?

23,649. Whether they should remain entitled.—Whether they should remain entitled to any benefits? I am inclined to think that as these persons have been entitled to medical benefit for some years, and the statistics go to show that the great majority of them do take advantage of the medical benefit which is provided for them, to deprive these persons of the benefit which they have enjoyed for so many years would be rather a retrograde step, and, on the whole, I think employers would agree that, as they are required to pay contributions, it is only right that those contributions should be applied in the interests of the health of their employees.

23,650. It has been suggested that the income limit for exempt persons, who should be required to make their own arrangements for medical benefit, should be raised from £160 to £250. Do you think this change desirable?—Yes. I think that the income limit might now be increased as regards this particular class of persons to £250 a year so as to bring them into line with the limit adopted for voluntary contributors and also for the exception of non-manual workers from insurance.

23,651. Are you satisfied with the present arrangements for the valuation of Approved Societies and the preparation of schemes of additional benefits, or have you any modification to suggest?—There are two or three small matters I should like to bring before you in connection with the question of valuations of Approved Societies. If I remember aright, a few societies made application to the Commission that they should be given a renewed option under

the Act to review the question of national valuations. The position is this: International Societies, having separate valuations for the members in different parts of the United Kingdom have asked that the option which was given for six months in the 1918 Act, which enabled them to reverse their decision to have national valuations, should be revived for a limited period. The principle of separate valuations for the different countries was abandoned in 1913 and a single valuation for the whole society is now the normal plan. But where there are separate national valuations, difficulties are arising with regard to additional benefits in the case of members removing from one part of the United Kingdom to another. If two separate societies amalgamate a single valuation would apply, although the members might be in different countries, and the Department is inclined to think that a single Society should equally be able to elect to have only one valuation; and consequently the application which has been put to the Commission that this option should be revived for a further limited period ought to be granted. There are one or two other small points. As the Commission is aware, schemes of additional benefits have in fact been limited to a period of five years though there is no definite warrant for this period of five years in the Act. It would be very awkward to follow any other plan, such as one under which there might be in operation concurrently schemes arising out of different valuations, one superimposed on the other. The point is one on which it is suggested that there should be specific provision in the Act limiting the period of currency of schemes to, say, such period as may be fixed by the Minister, so that we might have a uniform period fixed for all Societies. Then arising out of that there is the further point that the amount of surplus released for distribution during the five years of a scheme should be restricted so as to avoid any prospect of reduction in the additional benefits given by the Society in a future scheme. At present the Act gives no lead on this point to the valuer, who would find it difficult to say that merely on this ground a portion of the surplus was not disposable. In the second valuations the valuers have in general certified the whole surplus as disposable and given at the request of the Ministry as a separate figure the amount which they recommend may be distributed with safety over a five years' scheme. It is suggested that section 75 of the Act might be amplified to provide that the Treasury Valuer, in certifying what part of a realised surplus is disposable, should have regard to the continued maintenance of additional benefits available out of surpluses after the period of currency of any scheme following valuation. There is one further small point in connection with valuations. The title of particular members of a society to additional benefits at present rests partly upon section 75 (4)

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[Continued.]

of the Act, partly on the regulations made under that section, and partly on the provisions of the schemes. The ordinary rule is that a member becomes entitled to additional benefits at the beginning of the fifth year after that in which he joined the society. It is felt that the Act should make more direct and positive provision as to the eligibility for additional benefits and should give recognition to the five years' rule. A suggestion to meet this is that there might be some provision under which it would be provided that persons who have been members of a society for less than the period fixed by the five years' rule should be entitled to additional benefits under such conditions as may be provided by regulations. It is contemplated that under such regulations the period of membership for the purposes of treatment benefits might be reduced from five years to three years or possibly two years. That is a point to which I want to direct the attention of the Commission a little later on.

23,652. (*Professor Gray*): You were speaking about international valuations. I suppose in certain cases the fact that societies overlap into the three countries causes a good deal of trouble?—Yes.

23,653. There are separate books to be kept, separate returns to be made, and so on?—Yes.

23,654. In certain cases I suppose a society has very few members in the country in question?—Yes. We have certain societies operating and approved in two or three countries with separate records in each country though possibly those societies may have a very limited number of members in one of the other countries. Is that your point?

23,655. Yes. It is, perhaps, an improper question, but is it worth while in certain cases?—I should like the Commission to consider that point as to whether, in cases where a society is approved for a country in which it has a very restricted number of members, and we are driven to the necessity of keeping separate records and separate books, we should not have power in such circumstances to withdraw approval from the society for that particular country. It would be a considerable saving from the point of view of accounting and administration generally; we should only have to do it, of course, where the membership in that other country was strictly limited to a very small membership. And, of course, it does not mean that the members in that country would be driven out of the society; it would simply mean that they would be included in the big bulk of the members in the district where the great bulk of membership was.

23,656. It would mean that a person living in Scotland would be deemed to be living in England?—Yes, for a very limited number of persons in Scotland.

23,657. (*Mr. Besant*): It would also mean to some extent, a pooling of benefits?—Yes, it would mean a common valuation. Of course, there might be a common valuation at the present moment. It is quite possible for an international society to have a common valuation.

23,658. That is only optional?—Yes, it would entail those very limited number of members who have been transferred, so to speak, to the district where the head office was situate, being valued with the members located in the head office district.

23,659. They might have in their minds the question whether, under this option, they would do better or worse by coming in with the main body?—Yes, and, of course, that would be ever present to the minds of any societies which take a vote of their members as regards whether they would exercise this option or not.

23,660. Your suggestion would involve that option being exercised for them?—Because of the very limited number of members—we contemplate something like 30 or 40 stray members in a country of a society having, possibly, a membership of 5,000 or 10,000—we say it is not worth while keeping separate books and separate records for these very limited number of stray members in another

country: that it is better to withdraw approval and simply lump them in with the very large membership in the main country.

23,661. (*Professor Gray*): In a case where an international society has one pool for the whole of its members it is, nevertheless, run partly from Cardiff, partly from London, and partly from Edinburgh?—Yes.

23,662. Nevertheless its members are all in one pool together?—Yes.

23,663. It is one society for all purposes?—Yes.

23,664. What would be lost in the case of that society if, instead of being run from three centres supervised from one quarter, it was supervised from one quarter only?—You are speaking now of supervision, not of valuation?

23,665. And of general administration. What, in fact, does a society like that gain by having the administration of the Act split up into three countries?—Of course, the local members have local supervision. Take the members of a very large international society whose head office may be in London and the members in Wales. They, of course, are supervised and can refer all complaints to, and are generally looked after by, the Welsh Board of Health. They are more in touch with the local body. To that extent they have an advantage.

23,666. If I may go back to one other point which you raised earlier with regard to exempt persons, as I understand it, the exempt person is a man who might be insured but who has elected not to be insured?—That is so.

23,667. Although he ought to be under the Act by definition, he has taken himself out of it?—Yes.

23,668. And the administration of the Act has gone after him and given him benefits?—Yes.

23,669. It is rather an anomalous position, is it not, to give something for nothing?—But the employer is contributing his full proportion of the contribution.

23,670. Do you think the employer cares in these cases what becomes of his contribution?—Yes. I think employers generally would be interested to know. If an employer is paying the normal employer's contribution in respect of an employee, that employee ought to get something in return for his (the employer's) contribution, and I think the average employer would be glad to hear that his employee is getting properly looked after and getting medical attendance in return for his contribution.

23,671. I suppose the primary purpose of the arrangement was to prevent any inducement to employers to engage people who were exempt rather than those who were normally insured?—Yes. I do not think it would operate to any great extent, but we could not defend a situation under which an employer would be relieved from his obligation in respect of a person who possessed a private income.

23,672. That possibly was the primary reason?—Yes.

23,673. Because the insured person could, if he wanted, get medical benefit and all the other benefits?—Yes.

23,674. What would be the effect if that money was diverted into the Reserve Suspense Fund? Would it not be there available for the advantage of these same persons if at any time they elected to take the advantages and benefits of the Act?—Yes, it would be available and would enable them, if they joined an Approved Society and became fully insured at a later date, to be taken on at the flat rate of contribution.

23,675. Do you not think that that knowledge would comfort the mind of a scrupulous employer?—The exempt person has that right now.

23,676. Would not that right be adequate and sufficient?—I do not think so. Undoubtedly the employer at the present moment is paying a little more than the value of the benefit which is given to his employee. Medical benefit does not cost quite so much as the value of the employer's proportion of the contribution, and we have found, as far as we

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can ascertain from statistics, that between 80 and 90 per cent. of these exempt persons do take the rather considerable trouble of getting medical benefit.

23,677. I suppose there are no figures to indicate what proportion of these exempt persons become insured in the normal way?—I do not think we could give that information.

23,678. You say there is rather more money paid than is required for medical benefit?—Yes.

23,679. I was wondering whether, looking at it from the other point of view, these exempt persons on entering societies and getting the reserve values out of the Reserve Suspense Fund got more than the contributions?—It is possible. Your argument is a very logical one, but I should regret to see exempt persons deprived of medical benefit.

23,680. If I may say so, Sir Walter, my suggestion would not deprive them of medical benefit: it would deprive them of the opportunity of getting medical benefit in a particularly easy manner.

23,681. (*Chairman*): They have always got the remedy in their own hands, you know?—Yes.

23,682. (*Miss Tuckwell*): What do you think of this suggestion from the Trade Union Approved Societies: "In order to make the medical service as complete as possible, and also having regard to the enhanced value to the community of the suggested comprehensive medical benefit, the Association submits that if the difficulties connected with the collection of contributions can be surmounted, medical benefit should be available to persons, not employed within the meaning of the Act, whose total income does not exceed £350 a year, and that medical benefit other than general practitioner treatment should be provided for persons whose income exceeds £350 a year but does not exceed a higher figure to be determined later, and for dependants of such persons." Do you think that is desirable?—Yes, speaking generally it is desirable. The question of finance, I am afraid, would render it almost impossible at the present time.

23,683. Putting finance aside, you do feel it is desirable?—I feel it would be desirable if finance permitted. I am not quite sure as to whether it would be possible to secure a medical benefit arrangement on the present insurance lines up to a limit of £350 a year for non-manual workers. If that was suggested in the question I did not quite get it. I think the medical profession feel that the present limit of £250 a year for non-manual workers is pretty high.

23,684. It was suggested it was too high?—I think they would view with reluctance any extension of the present medical benefit to a higher limit for non-manual workers.

23,685. You think it is desirable, but you doubt whether the medical profession would agree to it and you are uneasy about finance?—I am quite sure there is no finance at present in sight, as far as I can see, that would permit of it.

23,686. I do not want to bother about finance; I want to get your views as to what is desirable. Finance is always with us, of course?—Yes.

23,687. (*Chairman*): Can you give us your views as to any extension or curtailment of the present list of additional benefits?—At present we have a very lengthy list of additional benefits. The list is set forth in the Third Schedule to the Act of 1924 and also in the Regulations made under that Schedule. At the present moment we have no less than 18 additional benefits. I am inclined to think that it would be desirable to limit the list of additional benefits to those that are reasonably practicable and with this in view I would suggest the deletion of some of them. Take the first additional benefit, "Medical treatment and attendance for any person dependent upon the labour of a member." As far as England is concerned this benefit has never been adopted by any society, and the provision is really one appropriate for consideration in connection with the general scope of medical

benefit. It is scarcely suitable as an additional benefit. It is of much greater importance than the question of a mere additional benefit, and its cost would be much greater than could possibly be given, as far as I can conceive, by any individual society as an additional benefit. I therefore suggest that that additional benefit, if you are going to revise the list, should be eliminated.

23,688. (*Mr. Besant*): Has that ever been exercised by any society?—No. If it were exercised, of course it would have to be administered through Insurance Committees.

23,689. (*Professor Gray*): In any case are there not all manner of difficulties about the definition of "dependency"?—Yes, the phraseology is very difficult. What is a person dependent on the labour of a member? We have never been able to get a proper definition. Then I would draw your attention to additional benefit No. 3, which reads as follows: "An increase of sickness benefit and disablement benefit in the case either of all members of the society or of such of them as have any children or any specified number of children wholly or in part dependent upon them." The first thing you will observe in that additional benefit is that the wife is overlooked. I should say that the latter part of that additional benefit, that is, the increase of sickness benefit and disablement benefit in respect of members who have any children dependent upon them, has never been adopted by any society. Its adoption would involve a separate actuarial calculation for each society, and it would raise serious administrative difficulties because, as I mentioned to you yesterday in my evidence, if you were considering any general extension of the statutory cash benefit on the lines of the Unemployment Insurance Scheme you would be confronted with the difficulty: Were the societies competent to decide the question of dependency? I suggest that if you are thinking of bringing in a statutory cash benefit increased in cases of men with wives and children, you would probably have to do it, as far as Health Insurance is concerned, not on the question of dependency, but simply on the question whether there was a wife living and a number of children up to a certain age. I rather suggest that the second half of additional benefit No. 3 should be excised, and that if you are going to face the problem of having regard to the wife and children in the amount of the cash benefit payable, that should be dealt with as a general problem under the whole scheme and not as an additional benefit payable by individual Approved Societies. Then I would draw attention to additional benefit No. 5: "The payment of a disablement allowance to members though not totally incapable of work." This benefit is so difficult of administration as to be almost impracticable for adoption by societies, and would be liable to lead to serious abuse. At a later stage of my evidence the Commission may desire to ask me some questions on this problem of payment of disablement allowance to members who are not totally incapable of work, and I am going to inform the Commission that from the point of view of Approved Society administration, it is a very difficult thing to administer.

23,690. Has this been adopted?—It has never been adopted by any society. Then there is one minor point. I rather suggest that as regards additional benefits Nos. 9 and 10, benefits which provide for the payment of pensions or superannuation allowances and the payment of contributions to superannuation funds, these benefits are open to the objection that they are available to only a minority of the members of a society at the expense of the general body. The need for these benefits has been lessened by the introduction of the Contributory Pensions Scheme. I would suggest that these additional benefits Nos. 9 and 10 be removed from the Schedule.

23,691. Is it the case that they are very expensive?—They are very expensive, and because they are

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very expensive we rather think that inasmuch as the surpluses have been earned by the members as a whole it is scarcely reasonable that the major portion of the surplus should be put into a fund which would only be utilised to the advantage of a very limited number of the members.

23,692. (*Miss Tuckwell*): Are they very much used?—They have never been adopted.

23,693. (*Chairman*): They never have been adopted, but if they were adopted they would only be used by a very small minority?—A very small minority.

23,694. And at the expense of the others?—Yes, and the case for these particular additional benefits has largely disappeared with the new Contributory Pensions Scheme.

23,695. (*Professor Gray*): I would suggest also, particularly under No. 9, which relates to the payment of pensions apart from contributions towards pensions, that it would probably be found to require a good deal more money than any society is likely to have?—No society has ever been able to do it; they have not had enough money. It is a very costly additional benefit.

23,696. (*Mr. Besant*): Have any societies taken advantage of No. 11?—Yes.

23,697. That has been exercised?—Yes. It is quite a popular benefit, "Payments to members who are in want or distress." I was going to suggest with regard to that additional benefit that the words "including the remission of arrears whenever the arrears may have become due" should be excised, because we have a new additional benefit made by regulation during this past year which provides for the whole arrears question. The new additional benefit, No. 19, which was adopted last year, reads as follows: "The payment in part of any sickness and disablement benefits to which a member who is an employed contributor would otherwise have been disentitled owing to arrears due to inability to obtain employment and the payment of any maternity benefit to which for the like reason he would otherwise have been disentitled." We suggest in view of that new and much more comprehensive provision as regards arrears the latter half of additional benefit No. 11 might be excised.

23,698. You are not taking away anything?—We have provided for it in another form. This additional benefit No. 11 is peculiarly phrased. The remission of arrears is linked up with want or distress, and it has been argued that you can only remit arrears under No. 11 if want and distress is proved, and it is rather a handicap.

23,699. Your additional benefit No. 19 gets over that?—Yes. The arrangement for payments to members who are in want or distress is quite popular and has been very helpful and of course follows the precedent which has been followed for many years by Friendly Societies.

23,700. Is it easily worked and administered?—Yes. It is left largely to the discretion of the Committee of Management. Not very large sums are disbursed under it, but it is quite a helpful provision. I might mention, as I have been suggesting a reduction in the list of additional benefits, that there is one additional benefit which has been pressed upon us as an addition to the existing list during the last two or three years, but we have refrained from adding it as an additional benefit partly because we said this Royal Commission was reviewing the whole subject and partly also because we thought it might possibly be considered in connection with any general extension of medical service. I refer to massage and electrical treatment and radiant heat treatment. There is no doubt that the provision of this benefit would materially assist in the promotion of early recovery from certain diseases and would bring about a saving of the funds of societies; and I suggest to the Commission that if you do not find it possible to provide this really valuable service as part of any general extension of medical treatment—and we think

it ought preferably to be provided in that way—then, in the absence of some such general provision, you would consider making it an additional benefit.

23,701. (*Chairman*): If in the general scheme it is not thought either desirable or possible, then you think it desirable that this should be authorised as an additional benefit?—Yes. There is a considerable demand for it.

23,702. (*Mr. Besant*): Can you tell us whether anything has ever taken place under No. 14? It is very difficult to know quite what No. 14 is?—No. 14 is really a covering authority enabling us to make other regulations.

23,703. Can you tell us how it has been used?—Yes. It has been used in this way. We have made regulations extending the list of additional benefits. They are as follows:—No. 13 is the repayment of the whole or any part of contributions. The next additional benefit is, "The payment of the whole or any part of the cost of maintenance and treatment of members in convalescent homes and the payment of the whole or any part of the travelling expenses incurred by members in travelling to and from the convalescent home." The next additional benefit which we have added by virtue of No. 14 is, "Payment to hospitals in respect of the maintenance and treatment therein of members and the payment of the whole or any part of the travelling expenses incurred by members in travelling to and from the hospital." Quite considerable sums are disbursed under that. The next additional benefit is, "The payment of the whole or any part of the cost of medical and surgical appliances other than dental and optical appliances and those provided as part of medical benefit." The next is, "The payment of the whole or any part of the cost of ophthalmic treatment other than that provided as part of medical benefit and of the whole or any part of the cost of optical appliances." The next is, "The payment of the whole or any part of the cost of the provision of nurses for members." The last is the one I have just given with regard to the remission of arrears.

23,704. In other words, you have interpreted this as widely as possible?—Yes. It must be a benefit more or less of the same character as the existing additional benefits.

23,705. They must be exceedingly difficult words to make regulations on?—Yes.

23,706. (*Professor Gray*): How far have societies adopted No. 12 with regard to infection?—Very few societies have adopted it, and the amounts set apart have been almost negligible.

23,707. What does "infection" mean? Does it mean infection of the insured person or infection of other people who might infect the insured person?—We never have been properly able to interpret the meaning.

23,708. Seeing that it has not been carried into practice, it does not matter?—It has been utilised to a very small extent. I think it has been utilised mainly as a payment to an insured person who has been unable to go to work because of infection in his household. I think that is the interpretation we have placed upon it, but very small sums have been disbursed under it.

23,709. Have these sums been spent?—Very little.

23,710. Then No. 13, which deals with the repayment of contributions. The effect of No. 13 would really be, would it not, to give the insured persons back their contributions, that is to say, to charge them a smaller contribution?—That is so, and we have quite a number of those schemes in operation now. We have two or three schemes where the insured person at the end of the year gets the full amount of his own contribution back, the employed person's portion of the contribution, the 5d.

23,711. So that in that case the society, instead of saying, "Here is some money; let us spend it in getting a bigger scheme," say, in effect, "We are content with the scheme as it is if we can get it at a smaller price"?—That is so.

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23,712. (*Chairman*): In other words, the insured person gets something for which he does not contribute?—So far as his own portion of the contribution is concerned.

23,713. The effect is that he is getting all these benefits at the expense of his employer and the State?—That is so.

23,714. Is it possible to return the contribution and still have a surplus?—I think we have one or two very exceptional cases where the refund of the employee's proportion of the contribution has not exhausted the whole surplus.

23,715. Therefore he is getting these statutory benefits for nothing, and he would get a small additional surplus too?—Yes. Of course, it would have to be a society in a very favourable position that would be able to do that.

23,716. It is possible within this scheme for that to occur?—Yes.

23,717. (*Mr. Evans*): With regard to additional benefit No. 4, are there many societies who do pay from the first or second day?—I am very glad Mr. Evans has raised that question, because I had rather overlooked it. The great majority of societies pay only from the fourth day, as is the normal provision in the Act, but quite a proportion, small, but not altogether negligible, have provided under additional benefit schemes that they would pay the cash benefits from the first day. I was going to ask the Commission if they would agree to the elimination of the second and third days. It is an unnecessary refinement in the Act, and it involves us in troublesome actuarial calculations. If a society is not content with paying from the fourth day in accordance with the provision in the Act, then we suggest that they ought to pay from the first day. There is no real reason why they should adopt such an unnecessary refinement as saying, "We will not pay from the fourth day, we will not pay from the first day, but we will pay from the second or third day." It gives us a good deal of trouble from an actuarial point of view, and I suggest those words "second or third" be eliminated.

23,718. You think they might make payment from the first day as an additional benefit?—Yes.

23,719. Does that work fairly smoothly, do you think?—Not many societies have adopted it, because societies generally have taken the line: We prefer to save our money for the more serious illnesses, and, following the precedent of the Workmen's Compensation Act, there is no great loss to a man by simply losing his sickness benefit for the first three days. And, of course, it must be borne in mind that the administration of sickness benefit for the first three days is very difficult administratively. The three days are probably over before you are informed of the claim, supervision is difficult, and, of course, as may naturally be expected, the introduction of payment from the first day adds very materially to the number of claims with which a society must deal, and adds, of course, to the administrative cost.

23,720. (*Professor Gray*): Can you say what the practice of the old Friendly Societies was in this matter? Did they pay from the first day?—A good many of them did pay from the first day; it was quite a common thing, and, so far as the national State scheme is concerned, payment from the first day is becoming more popular. On this second valuation we have quite a considerable number of societies that have adopted payment from the first day, despite the administrative difficulties.

23,721. And the cost, which is perhaps even more serious?—Yes.

23,722. (*Sir Humphry Rolleston*): If a man cannot get it till the fourth day and sticks to his work, is there not a risk that he might get a longer illness?—He does not stick to his work; he must be away; the fourth day only counts if he is incapable and away from work.

23,723. In the case of a society that pays from the first day there would be a greater probability of a

man going sick on the first day of his illness?—Yes.

23,724. Whereas if the society does not pay till the fourth day a man might stick it out in the hope that he will get all right and get worse?—I appreciate that point of view.

23,725. So that there is something to be said on the other side?—Yes. When I spoke of expense I was thinking of administration, but the extra claims cost is also heavy.

23,726. I gathered that.—It is possible if a man thought he would get sick pay from the first day he might lie up and be better on the fourth.

23,727. Instead of being ill for a fortnight?—Yes.

23,728. (*Mr. Evans*): Can you tell us how this has worked out in practice? Would there be many cases where men have gone on the funds for a day or two when they are paid from the first day and recovered before the fourth day?—I have not got the statistics at headquarters. I should have to get them from the particular societies which have adopted this particular form of additional benefit.

23,729. (*Chairman*): The waiting period of five years before an insured person joining an Approved Society can become entitled to additional benefits has been much criticised. Do you think it would be possible to reduce this period, particularly in the case of additional benefits in the form of treatment?—As regards additional benefits that are on an actuarial footing, that is, increases of cash benefits, no change is thought to be practicable. If the five years were reduced it would be necessary to provide for a loaded transfer value to meet the liability for additional cash benefits of a member going from one society to another. This would lead to serious administrative difficulties. But the position is different as regards treatment benefits. For treatment benefits the society has a specific sum set aside for disposal during the period of the scheme, so that the difficulty of transfer values does not arise. But it is important that the way should not be opened for excessive transfers to a society having a liberal scheme of treatment benefits. It would be reasonable, I suggest, to reduce the five years for treatment benefits, and I think it would be safe to provide that the title should mature in the third year after that of entry, thus giving an average of two and a half years waiting period; indeed, if the Commission preferred it there would probably be little objection to reducing this still further to the second year after that of entry, giving an average of one and a half years waiting period as far as treatment benefits are concerned. In speaking in this way I have in mind transfers between one society and another. But there is the smaller problem of what we call inter-branch transfers. A member, say, of the Manchester Unity is in a branch in Exeter and he removes to Sunderland where there is a branch. I see no reason, so far as regards transfers between one branch of a society to another branch of the same society, why he should not be entitled to immediate participation in the additional benefits—cash and treatment—of the other branch of his society.

23,730. Treating the Manchester Unity as a whole and not as divided?—Yes. He would only transfer on migration.

23,731. (*Mr. Besant*): Why do you want an interval to elapse? You spoke of 2½ years' interval, with a possibility of reducing it to 1½ years. Why do you want a minimum interval of 1½ years?—There is, of course, pretty keen competition between the various Approved Societies, and on valuation, when a society has a substantial surplus and is, therefore, enabled to give a very generous scale of treatment benefits, not unnaturally it looks for new members. We think if a member of Society A, enticed away to Society B by the attractiveness of the benefits given by Society B, was enabled to participate immediately in the handsome additional benefits of Society B, we should have wholesale canvassing and wholesale transfers, at least to a fairly generous extent, and we do not think that would be desirable from the point of view of good

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administration or from the point of view of economic administration.

23,732. It would, in effect, bring about a pooling, would it not? The more tempting societies would attract a larger membership than poor societies, and so it might tend to level up?—Society B, if it attracted a large influx of new members, might find it was not able to give the handsome additional benefits it had held out to its original members.

23,733. It might over-do it?—It might over-do it. Also it must be borne in mind that these surpluses have been earned by the old members, and the old members have a greater right to participate in the distribution of the surplus, and it would not be fair to bring in a large number of new persons to participate in the surplus earned by the old members.

23,734. You are advocating the possibility of quite a large number being allowed to come in in spite of that fact?—Yes, because I really think, from the point of view of prevention of sickness, that it is difficult to defend a position whereby a man who transfers from one society to another, sometimes of necessity, because of change of residence, has to wait for five years in order to get treatment benefits. I think that period is too long.

23,735. What you are suggesting, cutting down five years to possibly 18 months, means that a lot of members will get benefit who have not paid for the cost of that benefit?—I quite recognise that.

23,736. They will get it, therefore, at the expense of the older members?—At the expense of the older members, but I think the period of five years waiting period for treatment benefit is too long, and, even at the risk of encouraging an undue number of transfers that from the point of view of the health of the person, we ought to reduce the waiting period for these preventive services.

23,737. And in effect to bring about some equalisation of benefits, as there ought to be perhaps in a national scheme?—Yes.

23,738. (*Miss Tuckwell*): Is it only for treatment benefit that you want to reduce the period to 1½ years?—Only for treatment benefit.

23,739. Not cash benefit?—Not cash benefit.

23,740. (*Chairman*): Except in the case of inter-branch transfer?—That is all, not for cash benefit. The difficulty is you are up against a very difficult actuarial problem. Take this position: a society has £5,000 available, and it decides to spend £4,000 on cash benefits amongst its existing members during the next five years; it gets an actuarial calculation that it can afford to give an extra 3s. per member per week with that money. If there was a flood of transfers into that society and that membership was doubled, the society could not possibly give what it has promised; it could not give 3s. extra per member; it could only afford to give 1s. 6d. extra per member. There would be a larger number of persons to participate if you allowed new entrants to participate immediately in the increased cash benefits. The actuarial scheme would go wrong.

23,741. There would not be enough money?—There would not be enough money.

23,742. (*Miss Tuckwell*): This waiting for five years seems to me to be one of the very hardest things in the scheme. You are keeping people really where they may not want to stop?—I recognise that it does restrict transfers. It is an actuarial difficulty.

23,743. (*Professor Gray*): Might not Mr. Besant's argument work entirely in the opposite way? I understood him to say that you have less prosperous and more prosperous societies, and that if you allowed transfers you would get an equalisation. In actual fact might not this happen? A Society is in a bad way: its members are attracted to another Society which is prosperous and therefore you have a flow of members. In actual practice would not the members who get into the other Society be the better lives, the more healthy lives on the whole, and might not there be left behind a residue of even worse lives than it had before?—It might happen, but as a rule

Societies are so keen on getting transfers that they are inclined to ignore the state of health of the entrant except in obviously bad cases.

23,744. They are so keen under present circumstances, but as a Society with a surplus of its own, seeing members come from less prosperous Societies, would, I imagine, become more stringent in these matters, the effect might be not to get a levelling up but to make a bad Society even worse?—That might happen.

23,745. (*Miss Tuckwell*): That last statement of yours, Sir Walter, is astounding to me. I had a feeling that there was a very large number of Societies which were limited only to good lives. Do you say every Society is so keen to get transfers that they will take all?—Yes, I think, generally speaking, the average Society takes a transfer from another Society without any close investigation into the state of health of the person transferring.

(*Chairman*): You have to limit that to certain classes of Societies, agricultural workers, and certain Friendly Societies too.

23,746. (*Miss Tuckwell*): You have to limit it more than that. I know of cases where girls have been refused?—There are exceptional cases. I think most Societies now ask questions as regards the state of health of the applicant but they do not insist on a medical examination.

23,747. I have a case now in which a girl has been turned out of a Society because she forgot, quite honestly I think, to state that at quite an early age, 10 or 11, she had had rheumatic fever?—Had she been long in that particular Society?

23,748. The Society which received her, no, I think she had been there about a year?—We have in the Department taken rather a strong line as regards expulsion from Societies where the member has belonged to the Society for some appreciable length of time. I think the time limit in the Model Rules issued by the Department is three years. A Society which has adopted the rule is not allowed to turn a member out for a mis-statement on application if he has been a member of the Society for three years. Of course there are Societies and Societies. I think, speaking generally, Societies are quite willing to take transfers from other Societies without any searching investigation as to health. I do not think I have ever heard of a case of a medical examination. There is rather keen competition for transfers.

23,749. (*Chairman*): Several witnesses have called our attention to what they consider to be the unsatisfactory provision at present existing with reference to the accumulation of large sums of money in respect of benefit for insured persons in asylums and other institutions. It has been suggested that a limit of, say, £50 should be placed on the amount of accumulated benefit payable to an insured person on discharge from such an institution, or to his legal representatives on his death in the institution. What are your views on this, and if the whole of the money is not to be paid to the member or his representatives, what do you think should be done with the balance?—There is much force in the contention of the witnesses as to the payment of large accumulated sums in respect of insured persons who have been in institutions. No inducement should be given to a society to avoid applying the amount of benefit in the ways provided by the Section of the Act, that is, payment to the insured person's dependants, for payment of expenses for which he is liable otherwise than to the institution, or, in some circumstances, payment to the institution; and we are inclined to think that if, after reasonable payments have been made in these ways, there remains a balance exceeding, say, £50, to be paid on the death of the member or his discharge from the institution, the amount in excess of that £50 should be withheld and paid by the society to the Central Fund. It should not be left in the funds of the society. In this connection, there is one other small matter I should

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like to mention. You have had in evidence complaints from Boards of Guardians that insured persons are in the workhouse infirmaries for a considerable time, they have no dependents, and that a considerable amount of money is accumulating to their credit. Under the Act, that money cannot be paid over to the Board of Guardians, but when the insured person leaves the institution the accumulated balance is paid over to him in a lump sum; that he spends the money sometimes very foolishly and very recklessly, and in two or three weeks time he is back again in the workhouse infirmary. I think that is quite a legitimate complaint of the present system. The section of the Act is 17 (3): "Any sum which but for the provisions of this section would have been payable to any person on account of sickness, disablement, or maternity benefit shall, if and so far as it is not paid or applied during such a period as aforesaid in accordance with the foregoing provisions of this section, be paid in cash to that person after he has left the institution, and either in a lump sum or in instalments at the discretion of the society or committee administering the benefit." Societies are not exercising the discretion which is at present given to them in the Act, that accumulated balances might be paid in instalments instead of lump sums. We suggest that the Act should be amended and that when a man leaves the institution with an accumulated balance it should be compulsory on the Approved Society to pay the money in instalments at such rate as he would be entitled to have if he had not been in the institution.

23,750. We have had some criticism of the cumbrous procedure in some societies for dealing with appeals and disputes. Do you think it desirable that an Approved Society should be required to have a simple and inexpensive procedure for hearing appeals with one appeal tribunal only?—The position as regards simplicity of appeals has greatly improved. Out of, roughly speaking, 1,000 societies over 800 of them have already adopted our model rules. Our model rules provide that there shall be merely one appeal tribunal interposed between the complaint of the insured person and an appeal to the Minister, and we are inclined to think that is the ideal system, that there should not be more in normal cases than a single appeal tribunal within the society, and any further appeal should be direct to the Department as provided by section 90 of the Act. I quite recognise that that might have to be modified as regards branch societies, because it is an old tradition in branch societies that there might be an appeal from the local lodge to, say, the board of directors, but I suggest we should insist, except in very special circumstances and especially in the case of branch societies, on a single appeal tribunal. The question of compelling applicants to lodge deposits before allowing an appeal was at one time very acute. We found that quite a number of societies were charging the insured person as much as £1 when he wanted to have an appeal heard, but on representations from the Department the position is now very much improved although we still have a few societies where the deposit payable on appeal is £1. We think that amount is too high; in fact we are inclined to think, indeed we know, that in the great majority of cases no deposit is charged at all. But we suggest to the Commission that at any rate if a society wishes to impose any restriction on frivolous and vexatious appeals coming before them, they should not be allowed to charge a higher deposit than 5s. Then I might suggest to the Commission that the rules of all societies should provide for proper information being given to members as to their right of appeal, and the time limit for appealing should not commence to run until the member has received that information. We suggest that the time limit should not be less than four weeks, and that members whose claims are rejected by the society's tribunal should be properly informed of their right of appeal to the Minister.

23,751. (*Miss Tuckwell*): Is not 5s. very high? I remember the difficulty that women had in paying certain fees under the Dangerous Trades Workmen's Compensation?—I merely mention the figure. It is a matter entirely for the Commission. There is a feeling amongst some societies that there should be a deposit sufficiently high to prevent frivolous and vexatious appeals being interposed; and of course in all cases if the appellant succeeded in his or her appeal, the deposit must be returned.

23,752. (*Professor Gray*): I suppose it might be returned even if the appellant did not succeed, if the society so chose. After all, it is a device to prevent frivolous and vexatious appeals. An appeal might fail and yet not be vexatious?—I do not think we could insist on it being returned if the appellant failed.

23,753. (*Chairman*): We could give the societies a discretion?—Yes.

23,754. (*Professor Gray*): On the question of appeals, are there any societies left which have still in effect a double kind of appeal procedure, one for ordinary cases and the other in cases where technically it is supposed to be a medical matter at issue?—That is so, and it is not satisfactory.

23,755. Does the insured person know, or is he or she informed, which is the more appropriate?—Not properly informed. There should be one single appeal.

23,756. (*Chairman*): I suppose what you would like is that your model rules should be compulsorily adopted except in certain cases where they get a sort of exemption from the Minister?—I would scarcely go as far as that.

23,757. You can give exemption wherever you want?—Of course, the code of rules of a society is a fairly lengthy document, and in applying rules to a society we must have regard to the organisation, character of membership and tradition of the particular society. We do not want to stereotype rules too much.

23,758. I was not thinking of the whole of the rules but that certain rules should be more or less compulsory within the constitution?—Yes, I certainly think that.

23,759. (*Sir Alfred Watson*): You have just said, Sir Walter, that in your opinion the ideal system is that under which there is one hearing under the rules of the society with a final appeal to the Minister?—Yes.

23,760. But you mentioned the possibility of some modification being necessary in the case of branch societies?—Yes.

23,761. I understand that under the present arrangement with the largest societies with branches there are three appeals within the society before going to the Minister?—That is so.

23,762. Making a total of four?—Yes.

23,763. You have agreed that there might be some modification of the ideal which you submit. I take it the reason for the modification at which you hint is that what I will call the court of first instance in the society, the branch tribunal, whatever it is, is not perhaps the most efficient which the society is capable of providing, and that it would be reasonable to have one appeal to a higher body within the society?—Yes.

23,764. Would you think it a substantial improvement on the present procedure if there was besides the original court, probably the branch tribunal, one court of appeal within the society instead of two?—Yes.

23,765. Would you be content to leave it to the society itself to decide whether the district or the present final tribunal within the society should be the new final tribunal?—I have not considered the matter very carefully, but at the moment my answer is I should prefer the present final tribunal.

23,766. Simply cutting out the present intermediate tribunal?—Yes.

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23,767. (*Chairman*): We were told by Sir Norman Hill on behalf of the Seamen's National Insurance Society that the present system of collection of contributions works very unsatisfactorily in the case of foreign-going seamen and results in a considerable loss of income to the Society. Do you agree that this is the case, and if so can you suggest any more satisfactory system for dealing with seamen's contributions?—I have read carefully the evidence given by Sir Norman Hill to the Commission and I am inclined to think that the estimate of loss of contribution income for foreign-going seamen given by him is excessive, but there is no doubt that a substantial loss in fact occurs through failure of the contribution cards to reach the societies. We think the system might be altered on the lines of the schedule system suggested by Sir Norman Hill; indeed it has become a matter of more moment since the introduction of the Pensions Scheme.

23,768. (*Sir John Anderson*): Which Pensions Scheme?—The Contributory Pensions Scheme of this year.

23,769. I thought you might be referring to the Seamen's Pensions Scheme.—It is suggested that in place of the collection of contributions by cards the contributions of foreign-going seamen should be paid in a lump sum with a schedule on the termination of each voyage. The dissection of the schedules and the credit to societies would be made by some Central Clearing House, of which societies having a substantial seaman membership would defray the cost. I should like to bring under the notice of the Commission the fact that this would be a fairly difficult machine to administer because these foreign-going seamen at present are distributed over about 1,600 to 1,700 different societies and branches. Of course the great bulk of them are in a very limited number of societies, but that is one of the problems which we shall have to face in introducing this new system. If all foreign-going seamen were in one society the task would be much simplified; indeed I am inclined to think it is unfortunate that this original conception of the 1911 Bill has not materialised in practice. Only 10 societies at present have upwards of 500 foreign-going seamen out of a total number of 100,000 foreign-going seamen, and only 56 societies have upwards of 50 members.

23,770. (*Miss Tuckwell*): May I ask whether it is not a fact that the National Sailors' and Firemen's Union works all right with cards, and they have machinery in every port in the world?—I cannot recall at the moment what the evidence of the National Sailors' and Firemen's Union to this Commission was, but quite recently Mr. Havelock Wilson and the secretary of that union attended before the Ministry of Health with the representatives of the Seamen's National Insurance Society pressing for the schedule system. What occurred to us in this connection was that, for the big seamen's societies and the other larger units this clearing house might itself provide the schedules and the relative contributions. That would provide for the great bulk of foreign-going seamen. And for the smaller societies and branches I suggest that we shall have to place the onus on the society to prepare its own schedules and apply to the clearing house for the contributions. I thought I ought to mention that aspect of the matter.

23,771. (*Chairman*): We have received two minor suggestions with reference to the Lascar Fund for the provision of pensions for seamen. The first was that these pensions should be thrown open to all men domiciled in Great Britain who have served in the British mercantile marine, and should not be restricted, as at present, to members of Approved Societies. The second suggestion was that the cost of administration of the Fund should be borne by the Fund itself and not, as at present, apportioned amongst Approved Societies. Do you agree that either of these suggestions might with advantage be adopted?—Perhaps you will allow me to explain the

actual position. The benefits of the Lascar Fund are by the Act restricted, so far as regards the benefits out of Health Insurance funds, to seamen who are members of Approved Societies. Many seamen cease, on account of age and infirmity, to go to sea for a prolonged period, and if they do not take up insurable employment on shore, their insurance and society membership have ceased before they reach pension age. An example is the crofter seaman of the Hebrides who has left the sea for several years and maintains himself by cultivating his croft. We have also the case of officers and engineers in the mercantile marine who are excepted from insurance by the remuneration limit and are not members of societies. The contributions forming the income of the Lascar Fund are those paid by the employers for foreign seamen, not domiciled in the United Kingdom, who are not insured. They are therefore in the nature of a general tax on the running of the ship, and may be held in equity to be utilisable for the benefit of all British seamen, and not merely for the class who happen to be members of Approved Societies. I ought to say that the Minister recently received a deputation from the governing body of the Lascar Fund urging strongly that the pensions should be thrown open to all seamen domiciled in Great Britain or Northern Ireland who have served in the sea service or sea-fishing service. That proposal has already been adopted by the Ministry of Labour as regards pensions derived from unemployment insurance contributions, and we therefore recommend that this particular request—your first question—be granted. As regards the cost of administration of the Lascar Fund, as the Act stands at present, the cost of that administration has to be apportioned among societies whose members are entitled to the benefits. It would be very difficult to levy societies in that way. As a matter of fact, that section of the Act has never yet been put into operation. Societies have considerable difficulty in ascertaining precisely their seamen membership. We think it is hardly reasonable to charge societies with the cost of administering the Pensions Scheme, and it is therefore suggested that section 64 (5) of the Act should be amended to provide that the cost of administration should be borne by the Lascar Fund itself.

23,772. There would be all the more reason for that if your first suggestion was carried out?—Yes.

23,773. Otherwise Approved Societies would be paying benefits to people who were not within their ranks?—That is so.

23,774. (*Sir Alfred Watson*): Is not the present arrangement under which the cost of administration has to be distributed a remnant of the old conditions under which the Lascar Fund was administered solely by the Seamen's National Insurance Society?—That is so.

23,775. This provision for distribution was put into the Act of 1918, was it not?—Yes.

23,776. You say it has not worked. What has happened to the expenses of administration?—So far it has been taken out of the Lascar Fund with a view to it being ultimately debited against societies. The actual debit has never yet been made.

23,777. If we make a recommendation to charge it to the Fund that recommendation will have to have a retrospective effect?—Yes.

23,778. The Fund does bear the cost of paying pensions, does it not?—Yes.

23,779. Therefore, as the Act stands, the administration is divided, borne partly by the Fund and partly by the society?—Yes.

23,780. You would advocate that it all be borne by the Fund?—Yes, I think that is only reasonable.

23,781. (*Chairman*): It has been suggested to us that insured persons suffering from tuberculosis should be allowed to continue to draw benefit after they have become capable of doing a certain amount of work, but are only able to earn a small amount insufficient for their maintenance. What have you

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to say to this?—Under the existing provisions of the Health Insurance Scheme, as you are aware, the qualification for receiving sickness or disablement benefit is that the insured person must be rendered incapable of work by disease or disablement. There is no provision for payment of ordinary benefit during a period of partial incapacity, as obtains under the Workmen's Compensation Acts. A few moments ago we were discussing among those additional benefits that provision where societies were allowed to provide schemes for payment of sickness benefit for partial incapacity, and I informed the Commission that no society had ever taken advantage of that particular additional benefit. The proposal in your question, Sir, with regard to persons suffering from tuberculosis is, I take it, one for payment of benefit to persons who may be at work and earn wages. Naturally it is a proposal with which one must have a very considerable amount of sympathy. But our difficulty in examining the question is, if this concession were granted, would it be possible to limit the provision, if made, to persons suffering from one disease only? The question is therefore one of including the adoption of the general principle of payment for partial incapacity. It has already been recognised under the Health Insurance Act that persons in institutions where they receive treatment may, as part of their treatment, perform a certain amount of work under medical supervision—remunerative work—and still be entitled to benefit. The rules of societies relating to behaviour during sickness specifically permit of the member doing such work as part of medical treatment in an institution. But, of course, the case of persons working for an employer outside an institution is quite different. Here the work would not be done necessarily under medical supervision and would not be a part of treatment, but would be undertaken in order to earn remuneration. I venture to suggest that the test of partial incapacity (to be graded presumably according to the degree of incapacity) would involve rather serious administrative difficulties. So far as I can voice the mind of societies on the matter, I think societies would hesitate to undertake the task, and, indeed, I think it would be a very difficult provision to administer. On the whole, therefore, I am rather inclined to think, much as we may sympathise with the proposal, that it is scarcely one that should be adopted.

23,782. (*Sir Humphry Rolleston*): From the narrow point of view of tuberculosis the question of the present efficiency of sanatorium treatment arises. A man goes into a sanatorium for three months or more and then comes out: his condition, though improved, is not satisfactory; he goes back to his ordinary environment; and it is proposed that he should be helped because he is not able to carry on his work. The proper continuation of sanatorium treatment would be to have some kind of colony where the man would be able to do a certain amount of work, but he would require a certain amount of help. That sanatorium treatment is now given over to the local authorities, is it not?—Yes. Of course the behaviour during sickness rules were amended as a result of the experiment at Papworth. Dr. Varrier Jones made strong representations to the Department that he had a large number of men there who were doing a certain amount of work of a remunerative character and that his work was being impeded very considerably by the fact that no benefit was payable; and we had a conference of the societies and we got them to agree that where treatment is given in an institution under medical supervision, and where work is being done as part of treatment the benefit could be paid. Our real difficulty arises where the work is not done in an institution and is not under regular medical supervision, but simply an effort on the part of the man to do light work to earn some wages. There we are up against a very formidable administrative difficulty. I quite recognise from the medical standpoint it would be desirable if it were possible to give a graded amount of sickness

benefit to the man so as to prevent him, having just come out of a sanatorium, starting to do full work, being driven to do full work in order to earn his living.

23,783. (*Professor Gray*): From the insurance side the argument put forward here applies not merely to tuberculosis but to a great many other things. Is not that so?—Yes. That is one of the difficulties. If you give the concession as regards tuberculosis it would be argued that it should become a general feature of the scheme, and then you are up against a very formidable question.

23,784. (*Chairman*): It opens up the whole question of partial disablement?—Yes.

23,785. (*Mr. Evans*): In the case of Papworth it is only paid as an additional benefit, is it not?—No. The clause which I got put into the Model Rules and which nearly all societies have adopted is this: "A member who is incapable of work and who is or may become entitled to sickness or disablement benefit in respect of incapacity shall not do any kind of work, domestic or other, unless it be light work for which no remuneration is or would ordinarily be payable or work undertaken primarily as a definite part of the member's treatment in a hospital, sanatorium, or other similar institution." At Papworth the man is doing work and earning a certain amount of remuneration for doing that work, but that work is part of his treatment, and societies quite recognise that is a very desirable case and ordinary sickness benefit is paid.

23,786. (*Sir Alfred Watson*): Looking at this question in its widest aspect, and not with particular regard to cases to which you have just referred, is it within your knowledge that the attitude of societies is dictated to a large extent by the results of the unfortunate experiments they made in the past before National Health Insurance came into being?—Yes. I know a scheme of this kind has been tried by numerous Friendly Societies in the past and with rather unsatisfactory results.

23,787. Very unsatisfactory results in some cases, I suggest to you?—Yes, that is so.

(*Miss Tuckwell*): Such as?

(*Sir Alfred Watson*): The unsatisfactory results I suggest have been on very excessive claims owing to sickness benefit being allowed to operate as a supplement to wages.

23,788. (*Mr. Evans*): That does not apply to Public Health?—At Papworth you are in an institution under medical supervision.

23,789. (*Professor Gray*): In Papworth the man is still deemed to be ill?—Yes.

23,790. He gets full sickness benefit because he is ill. There is no question of reduced benefit such as this test postulates?—No.

23,791. (*Miss Tuckwell*): This would limit it to tuberculous people who were doing a certain amount of work?—This would cover any illness in an institution under these conditions. It is not limited to tuberculosis. It is any illness so long as they are in an institution.

23,792. (*Chairman*): We have heard from many witnesses that section 107 is and always has been a dead letter. Will you explain why this should be so in regard to a provision of such importance and on which such high hopes were founded? Have you any proposals to make in this connection?—I will explain to you what the difficulties are. This section, which relates to inquiry into the cost of excessive sickness in particular localities or among the workers in particular factories, etc., falls into two parts. In the first place it provides for the setting on foot by the appropriate Central Department of an investigation to determine whether the Societies' allegation of unsatisfactory conditions is well founded. That is the first part. In the second part it provides for a penalty to be imposed on the responsible local authority or employer if the investigation shows that excessive expenditure by the Society has been

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caused by their default. As the section is drafted at present experience has shown that it is really unworkable. The difficulties we have been confronted with were these. In the first place, Societies, speaking generally, are not organized on a geographical basis, and it is difficult for Societies to establish with any precision what has been the sickness experience among a particular group of insured persons. That is the first difficulty. The second difficulty is this: even if this were possible it would not be practicable, at least it is difficult, to assign excessive sickness to a particular cause so as to enable you to enforce a penalty, and it would not be possible to establish what is the normal sickness for the area so as to calculate the excess which might be due to the special cause. These are some of the difficulties with which we are confronted. I think the attention of the Commission has already been drawn to this section, and it is possible you might like to ask me some questions on it and discuss the matter. We are rather inclined to think that the penalty provision should be repealed, and it appears to be clear that any data that can be derived from National Health Insurance records, if we can properly co-ordinate them, would be of great value in connection with any investigation into local health conditions.

23,793. (*Professor Gray*): I take it that your suggestion is that inquiry is useful?—Yes.

23,794. And that there ought to be machinery for an inquiry, but that the subsequent part which postulates that you can assign various degrees of sickness to various causes and act upon that from a penal point of view is too complex?—Yes.

23,795. (*Chairman*): My next question refers to boards of guardians. You have been good enough to give us certain views on that question. Strong recommendations have been made to us on behalf of boards of guardians that where an insured person, without dependants, is maintained during illness in a Poor Law institution, some part of the money, which would otherwise have been payable to him as benefit, should be paid over to the guardians towards the cost of his maintenance in the institution. We should be glad to hear your views on this and also upon the particular case of the insured person who dies in a Poor Law institution?—I may say, Sir, that the claim made on behalf of boards of guardians to receive a portion of the benefit payable to insured persons maintained during illness in Poor Law institutions is one which has been put forward from time to time during the last 10 or 12 years. It was very carefully considered by the Ryan Committee in 1916. The Ryan Committee received somewhat similar representations from the Poor Law authorities as this Commission has, and heard evidence. But the Ryan Committee rejected the suggestion made by the boards of guardians on the ground mainly that the benefits accruing from the compulsory payment of Health Insurance contributions should not be applied in the relief of local rates. The case put for the guardians rests mainly on the absence of dependants of the insured person. Even if there are no dependants however, the society can apply the benefit under the section towards defraying expenses for which the insured person may be liable otherwise than to the institution, such as rent, club subscriptions, special comforts, and matters of that kind. It must be admitted that these payments should take priority over any claim of the guardians. This would reduce the number of cases to which the proposal would apply to very small proportions, indeed. You will remember that a somewhat analogous situation was considered by the Ryan Committee in regard to insured persons treated in sanatoria. The 1911 Act provided for payment of the benefit to the Insurance Committee, but this provision was repealed in 1918 on the recommendation of the Ryan Committee who held that the money was required for the needs of the insured person during the weeks following his discharge from the sanatorium while he would be seeking employment, and still in need of special care and nourishment, very much the same point to

which Sir Humphry Rolleston referred a moment or two ago. I think there would be very strong objection on the part of Approved Societies to paying this money over to the Guardians, and I think Friendly Societies and trade unions would fear that similar demands might be made in respect of sickness benefit paid out on their private side. I have already alluded to the fact that the Guardians have a somewhat substantial grievance as regards the man who, having left the institution, squanders the lump sum payment of benefit and shortly comes again into the workhouses for relief, and I have suggested to the Commission that this position would be mitigated by a provision making mandatory the payment of the benefit in instalments, a matter which is at present in the discretion of the society. As regards the persons without dependants who die in Poor Law institutions, I would point out that the Guardians are entitled to rank as creditors of the deceased to the extent of the funeral expenses, if any, incurred by them and the cost of the member's maintenance during the last 12 months, and I suggest this to some extent meets the claim put forward by the Guardians.

23,796. (*Professor Gray*): Can you say whether the guardians have a power of recovery in respect of money which accrues to the man after he has left?—Yes, they have the normal powers of recovery in respect of all inmates.

23,797. I think the suggestion was put to us that they can recover in respect of any moneys the man has at the time, but as regards moneys which afterwards accrue to the man they have not, and the Court will not uphold them?—That is a legal point, This is money accruing during the time of the man's residence in the institution, and we do know that in many cases the Guardians do succeed in getting a portion of the lump sum after the man has left the institution.

23,798. (*Mr. Evans*): You suggest that if a man leaves the institution and returns to work, he should then be paid the instalments that are due to him in addition to any wages that he may earn?—Yes, because he has been deprived of sickness benefit during the time he was in the institution.

23,799. You would not limit it to the man who is still incapacitated?—That is taking away from a man sickness benefit for which he has contributed, and it is giving a profit to the society.

23,800. But you suggest that instead of paying the money in a lump sum, it should be paid in instalments regardless of any wages that the man may be earning?—Yes.

23,801. (*Chairman*): The idea underlying that is that he should not be tempted to spend a large sum of money?—Yes. The real difficulty is, the man gets £10, he spends that money in dissipation, and he is back again in the workhouse in a fortnight. If you distribute the money in instalments over a number of weeks, he will not at any rate be back into the workhouse until he has exhausted that money, generally speaking.

23,802. (*Miss Tuckwell*): I am a little unhappy about that because of my experience of cases under the Workmen's Compensation, Dangerous Trades. There people have the alternative of receiving a lump sum or of having an allowance, and although on the one hand we always do all we can to get them to go, as you propose, on weekly payments, there are many cases in which we are quite glad that they can commute to set up in a small business and are able to carry on without coming on to the rates or anybody else; in fact they help to pay rates. Do you not think it is advisable to give an option in such cases?—In such cases would not the amount of money at stake be much larger than the average amount that would be at stake in these circumstances?

23,803. Might you not have sums of £20 or £50 in these cases?—It would be very exceptional. The average case is where the man is in for six or eight weeks.

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23,804. You would not give an option in exceptional cases?—I am always afraid if you do give discretion you get back to the position that we have at the present time. There is discretion now. The Act says, "Lump sums or payment by instalments," and we do know, as societies are very fond of simple methods of administration, they invariably pay the lump sum. That is why I have rather suggested that the discretion should be removed.

23,805. (*Chairman*): Could you not grant further discretion from the Approved Societies to the Minister? I know it is a tremendous hammer for a small thing?—No. I think a simple working rule of a payment per week is best. If you like to say that in cases where the amount exceeds a considerable sum, a sum that might be of assistance to a man in opening a small shop, the society might have liberty, and mention the amount in the Act, then I would see no objection to it.

23,806. (*Sir Alfred Watson*): Would it not be very rare that a person who has been for a more or less indefinite period—probably a short time—in a Poor Law institution, would want to go out of it and open a small shop?—Very rare. The average amount would be £3 or £4.

(*Professor Gray*): If I may refer again to the question of power of recovery, what we were told by Mr. Reynard, who spoke on behalf of the Association of Parish Councils, was that they cannot claim in respect of the money except in respect of the period after the man becomes entitled to it. He said, "Assuming that a man has been five years in one of our hospitals, absolutely destitute, and was left a legacy of £10,000, from the moment that the legacy was left to him I can claim his full maintenance, but I cannot claim a penny for the period prior to that, and it is the same with the man in hospital, the money is not his until he leaves the hospital." If that is the legal interpretation, as it appears to be in Glasgow, the position evidently is that they cannot claim in respect of the money which the man gets after he comes out. If that is the case, it restricts the power of recovery of the guardians.

23,807. (*Chairman*): Is that so? Would not the money be due to him while he was in, and only deferred until he came out?—I should have thought so.

23,808. There is a difference between having a legacy of £10,000 and being paid 15s. p.—It is accumulating to the credit of the man.

(*Professor Gray*): I put the point because it seems to bear strongly on the powers of the guardians to recover, and we were told that in Glasgow they had tried repeatedly and were met by this legal point, that the money was not his till he came out.

23,809. (*Sir John Anderson*): Poor Law institutions were treated differently in the Act from other institutions. Payment could be made to other institutions?—Yes.

23,810. Was not the purpose of that differentiation to prevent Poor Law authorities getting insurance benefits into their hands?—That is so.

23,811. That object would be defeated if the boards of guardians could proceed to recover cost of maintenance out of insurance moneys payable immediately on discharge?—Certainly not out of insurance moneys, simply the ordinary power of recovery, having regard to the man's financial position; not out of insurance moneys.

23,812. It is rather a nice distinction, is it not? We are talking about insurance moneys, and your suggestion is that the payment of this insurance money so relieves the man's financial position in other directions that the Board of Guardians are enabled to claim, not out of insurance moneys, but out of other resources?—They may have regard to his general financial position, but insurance moneys cannot be assigned to any other person.

23,813. I agree. Was it, do you think, in accordance with the policy of the Act, rightly or wrongly,

that Boards of Guardians should be enabled in that way indirectly to benefit by insurance payments?—In the very rare case where a man has no dependants and the money is not required for other objects, I should not have thought it was contrary to the policy of the Act that the Guardians should then have regard to his financial position after the receipt of insurance moneys.

23,814. Did I understand you to say that you thought the grievance of the Guardians which we have heard in evidence would be partly met by your suggestion that the payments due after the man's discharge should be made in instalments and not in a lump sum?—Partly, because it would discourage the man going back so soon.

23,815. Would it not also affect them in the way of making recovery from the man, as I gather from you they do now, by reason of the fact that he has ample means at his disposal?—I do not know to what extent recovery is successful.

23,816. It seems to me there are two lines of evidence before us which somewhat conflict. To the extent to which Guardians now succeed in getting payment from the insured person by reason of the fact that he receives a lump sum on discharge, their grievance will not be met by spreading that payment over a considerable number of weeks?—It will be met if a situation arises as adumbrated by Mr. Evans, where a man is getting wages and sickness benefit at the same time. He will be in an affluent position.

23,817. They will go on recovering, but their recovery will be spread over a period?—Yes.

23,818. I thought what you meant when you told us the grievance of the Guardians would be met was merely this, that they would not have the mortification of having to receive him back again into their institution, knowing that he had dissipated quite a substantial sum in a remarkably short space of time?—Yes, I think it will delay his return very considerably.

23,819. In that way their grievance would be met?—To that extent, yes.

23,820. (*Sir Alfred Watson*): Do you think there is any risk that he will not go out at all? It is rather a question of what limit we put on the instalments?—That is rather a psychological question.

23,821. Is it not the law at present that after a person has left a Poor Law institution and gone back to work the Guardians can proceed to recover from him in respect of his maintenance in the institution?—Yes, the Guardians have always the right of recovery from an individual.

23,822. (*Chairman*): We have had a suggestion, Sir Walter, that it shall be open to branches of the same society to pool their surplus funds for the purpose of making more satisfactory joint arrangements for the provision of treatment benefit for members of the branches. Do you see any objection to this proposal if the branches so desire?—No. As far as the Department is concerned I see no objection to it.

23,823. (*Miss Tuckwell*): I was wondering why, if it was convenient for one society, it would not work out as desirable for all?—I take it the question was if the branches wished to do this would the Department interpose any obstacles. The Department has no views on the subject at all. It would be a matter for the branches of their own volition. If they wished to pool we would not oppose.

23,824. It would not inconvenience you?—A little, not very much. It would be a convenience to branch societies in many cases I think. One of the great difficulties in branch societies at the present moment is that you have two or three branches of the same society in the same town giving separate rates of additional benefit.

23,825. (*Chairman*): Will you tell us what is the present position of a society as regards the recovery from a member of any sum paid to him as benefit to which he was not entitled, and whether you think that any change is needed in the interest of either the society or the member?—The position is rather unsatisfactory at the present moment. The Act makes

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no provision enabling a society to recover improperly-paid benefit from future benefit except in certain special cases. On the other hand, section 21 provides that every assignment of benefit shall be void. In practice, societies can rarely recover overpayments except on the occasion of a future claim, and there is evidence that recovery from future benefit in fact takes place, frequently without the member's consent and often involving hardship. It is difficult administratively to prevent societies from doing this, the only practicable course open to them for getting the money back. I, therefore, suggest that provision might be made whereby societies should be empowered to recover, without prejudice to any existing right of recovery, overpayments of benefit by withholding from sickness or disablement benefit due in respect of subsequent periods of incapacity, an amount not exceeding one-third of the weekly sum payable as benefit. I think that will be a great improvement on the present system where very fre-

quently, quite irregularly, if a man falls ill the whole amount of the benefit is withheld from him for two or three weeks in order to reimburse the society for some previous overpayment. I think this right of recovery of one-third might be restricted to a period of, say, 12 months after the date on which the overpayment had been brought to the notice of the member.

23,826. (*Sir Alfred Watson*): Would you give the society any other means of recovery?—They would have the ordinary right of recovery in addition.

23,827. The right of recovery at law?—Yes, I would not propose to take that away.

23,828. (*Professor Gray*): Is that power ever exercised?—I do not think so.

23,829. (*Chairman*): Have you anything else you would like to say to us, Sir Walter, at this moment?—No, I do not think so.

(*Chairman*): That concludes this part of the evidence.

Mr. L. G. BROCK, C.B., and Dr. J. SMITH WHITAKER recalled and further examined. (See Appendix CIII.)

23,830. (*Chairman*): Mr. Brock and Dr. Smith Whitaker, perhaps you will arrange between yourselves as to the respective replies you give to these questions. Almost every witness who has given evidence on the subject of medical benefit has commented unfavourably on the restriction of the Insurance Medical Service to general practitioner treatment, and they have urged that the service should be extended to include a specialist and consultant service. Would you agree that such an extension is desirable if the necessary funds were forthcoming, and, if so, could you outline to us the arrangements, whether through clinics or otherwise, by which the extended service could best be provided?—(*Mr. Brock*) It has always been recognised, I think, that medical benefit could not continue indefinitely to be limited only to a general practitioner service, and the question of extension has been very fully discussed with representatives of the medical profession. There are several reasons that make some extension, assuming funds to be available, very desirable. First of all, the enquiries that we have made are sufficient to convince us that so far as out-patient treatment is concerned the out-patient departments of the hospitals do not cover the whole of the ground. There is a considerable number of persons in need of treatment outside the scope of general practitioners as a class who are not at the present time able to get it. The second point is that even in the case of those who live within reach of an out-patient department in very many instances there is not a sufficiently close touch between the general practitioner and the specialist who is seeing the case at the hospital. Thirdly, something in the nature of an out-patient clinic system for insured persons would have a very valuable educative effect on the general practitioner. If it were properly organised it would give him opportunities of coming into touch with consultants and specialists of all types which he does not in most cases at the present time get, and that educative effect, which would be valuable not only for what it taught him but also for its psychological influence in keeping him up to the mark, would extend of course not merely to his insured patients but ultimately to all his patients. As to the best method by which some service of this kind could be provided, our view is that the most economical method of providing it would be the provision of consultant centres at which specialists in different subjects would attend, payment being made on the basis of so much per session. Such a system would also allow of arrangements being made to provide at those centres ancillary services such as massage, electrical treatment and radiography. Where the patient was well enough to travel to the centre it would ordinarily be much more economical to pay for his conveyance than to pay for the conveyance of the doctor. But apart from the cases which would come to the clinic there would also be a certain number of cases

in which the patient could not be moved but the general practitioner would require a second opinion. Where a domiciliary visit is asked for, probably in the great majority of cases all that would be required would be a visit by an experienced general practitioner, the type of doctor who would normally be called in by his colleagues in the locality in any case of difficulty. We have in mind the type of man who would generally be consulted by other doctors in the neighbourhood but who would not command such high fees as the specialist who was definitely of consultant standing. Such a service we think could be organised at a cost—I am putting it very roughly—of 2s. per head if you include provision for domiciliary attendance, and something like 1s. 6d. per head if you exclude that. This figure includes a sum of about £100,000 for the provision of laboratory services for aids in diagnosis, and if it were not possible to provide a complete specialist service, that might be worth consideration by itself if there were any funds available for such a purpose.

23,831. 2s. per head would be about a million and a half pounds?—(*Dr. Smith Whitaker*): The figure is not quite that. The figure we estimated for England and Wales as a maximum was about one and a quarter millions.

23,832. But there is Scotland also; at any rate it is on the map?—Yes.

23,833. (*Sir Humphry Rolleston*): With regard to these special clinics which you envisage you have obviously gone very carefully into the objection which I suppose you have found to utilising existing hospitals?—The view that we have come to very largely as a result of some discussions that the Insurance Commissioners had, early in 1919, with representative general practitioners and consultants was that, while it would be very desirable to utilise hospital premises by renting them wherever possible, the system could not be so satisfactorily worked by entering into contracts with the hospitals to provide the service. I think that was the view of the conference we had in 1919. A memorandum of those discussions was circulated at the time to all members of the Medical Profession, and the views that we have formed since as to the best way of doing this have been very largely based on that memorandum.

[A copy of the memorandum referred to was handed in and is reproduced as Appendix CIII.]

23,834. Have you seen any reason to modify it since?—I hardly think in that respect. I might say, perhaps, whenever the system came to be organised the local authorities, whatever they were, who had to carry out the organisation would probably adopt a variety of methods, some in one place and some in another, but generally we doubt whether a system which was based on contracts with the hospitals for providing the services would work satisfactorily.

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The insurance authority, whatever it might be, would be responsible for the efficiency of the service provided, and probably they would feel it was necessary that the service should be under their direct control.

23,835. It does seem to me that there are many advantages in utilising hospitals if the hospitals are willing that they should be utilised, because there they have the beds to which the patients could at once be put?—Perhaps the difference is really more in form than in reality. One must assume that if you were able to enter into an arrangement with a hospital to allow you to hold your clinic in their out-patient department on certain days of the week, this would considerably reduce the demand on the department for the present out-patients, and in all probability members of the staff of the hospital would, if willing, be employed to give the service required. One takes for granted, practically, that probably those employed to give the service would be those who are now members of the staff, possibly junior members of the staff in some cases. May I take one point further with reference to that question, one point to which great importance has been attached in the scheme that was worked out in 1914. The Commission may be aware that in 1914 provision was made in the Budget, and the money was voted by Parliament, for the provision of specialist services, but that fell through on account of the War. Whenever this question has been discussed, particularly when it was discussed with the representatives of the Medical Profession in 1919, the greatest possible importance was attached to communication between the practitioner and the consultant with regard to the case; that there should be an obligation on the practitioner to furnish the consultant with a note of his knowledge of the case and an obligation on the consultant to furnish the practitioner with a note of his findings and of the treatment he had given, if any. That, I think, is one of the weaknesses of the present system, that you cannot secure that kind of close co-operation, and it is doubtful whether you could ever get the co-operation carried out satisfactorily unless the consultant and the practitioner were both responsible directly to the same body.

23,836. (Mr. Jones): Would this involve the provision of new dispensaries? I am thinking at the moment of the capital cost that might be behind it?—We believe that in the great majority of places you would be able to hire premises that would be suitable for the purpose. It might involve putting some buildings up, but we do not believe the capital cost would be a very large item.

23,837. Have you thought of the probability of using, say, Tuberculosis Dispensaries and Child Welfare Centres?—Certainly.

23,838. All these would come into it?—Certainly, so far as they were available, of course.

23,839. If they were not there they could not be used?—No, but it is possible, in view of receiving a rent, some of them might be willing to extend. The Municipalities might be willing to extend, it might be economical to them to extend, in order to take this in.

23,840. One can imagine the case of a country cottage hospital that might be equally satisfactory for use?—Quite.

23,841. Have you any experience of the contract system with institutions. The system has been adopted pretty freely in connection with venereal disease particularly?—Yes. That does not come under my direct knowledge, but, of course, I know it is so.

23,842. You cannot say from your personal knowledge, at any rate, whether these arrangements have worked out satisfactorily or not?—Dr. Coutts would be able to tell you that, or Mr. MacLachlan.

23,843. (Miss Tuckwell): Some question has been raised about the adequacy of the payment for the doctor's services. I suppose in a system of this

description where you have payment by session it would be quite possible to pay something like £400 or £500 a year to a young man, would it not?—You mean the authority would be able to afford to pay that?

23,844. Yes?—I should think more than that, if he was fully employed.

23,845. (Mr. Jones): Would the British Medical Association accept such a low rate of remuneration for a fully employed man?—I do not think they would accept £400. We have made certain calculations, of course they can only be very speculative, but we assume that the remuneration of a fully employed man of consultant rank would have to be considerably more than that.

23,846. (Miss Tuckwell): Of consultant rank?—Yes. Of course you would have to take your line as you have to do with the general practitioner service. You would have to pay an amount that was sufficient to attract men who had the professional standing that you required. It would be a question of market price really.

23,847. (Chairman): Leaving aside for the moment the question of the great cost which would be involved, do you think it desirable that medical benefit should be extended to the dependants of insured persons?—(Mr. Brock): If a complete medical service, short of institutional treatment, is going to be provided for insured people, of course it must emphasise the anomaly that at present their wives and dependants can only obtain such medical treatment as they are able to pay for. But it does seem to us to be open to question whether the better way of providing for dependants is through a system of insurance which must necessarily exclude a certain number of people. It must exclude the self-employer. If it was proposed to provide either a general practitioner service or a complete medical service for the whole industrial population, there are strong arguments in favour of providing this service out of local funds and making it available to all sections of the population who desire to take advantage of it. In any case an extension of medical treatment which is going to embrace within its scope something like 80 to 85 per cent. of the entire population would, to a large extent, revolutionise the conditions of medical practice, and, except in areas with an appreciable middle or upper class population, it would leave almost no sphere for private practice. If such an extension of State or Municipal medical service is contemplated, then the whole basis of payment and the method of organisation of that service would require to be reviewed, and although I am not expressing any opinion in favour of a salaried service, at any rate it would have to be a matter for serious consideration as to whether the demand might not be met more economically by the provision of a salaried service. I do not know. Perhaps the contingency at the moment is too remote to call for any detailed examination, but I might perhaps add that the experience of the working of the Insurance Acts does suggest that the economy resulting from an organised whole-time service may be over-estimated and that the psychological advantage of free choice of doctor is a very important point.

23,848. (Mr. Jones): You suggested that possible economies under a salaried service might be over-estimated in view of some experience you have had under the Insurance Scheme. Might I ask what that is?—Not actual experience of the employment of whole-time men, but of course the question of the possible organisation of a salaried service has been examined from time to time in various connections, and it rather seemed to some of us that the advocates of a whole-time service were apt to base their arguments too much on the price which had to be paid to secure the professional services of a limited number of men; that sufficient consideration had not been given to the entire difference in the problem if instead of having to provide a man here and a man there you had to provide a service which was in fact going to employ the great bulk of general

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practitioners. You can always get an odd man here and there at a comparatively low figure. If you were establishing a service which was going to bring in the majority, then the economic position becomes altogether different.

23,849. I do not need to pursue that matter further for the moment. You said secondly that there was the influence of free choice of doctor. Can you tell me if that has affected adversely the efficiency of the Highland medical service in the North of Scotland?—I have no personal knowledge of that service. That is a question that can better be dealt with by Sir James Leishman. I can only suggest that the value of free choice of doctor is surely something that is going to be felt by people who have been accustomed to free choice of doctor. If in fact you have lived all your life under geographical conditions which do not leave you any choice at all, conditions under which you were lucky if you got any doctor, you have never been accustomed to free choice. The appetite grows with eating.

23,850. Do not you know that the doctors in these remote areas are regarded as little gods by the people, and they have no other choice whatever?—I should think they probably were. I am prepared to take that from you. No doubt they are very capable men.

23,851. (Chairman): We should be glad to hear your views on a suggestion, which was made to us by the British Medical Association, that an income limit should be laid down for medical benefit, both for manual and non-manual workers, and that this limit should be lower than the present £250 limit for non-manual workers, that persons below the limit should be entitled to free medical treatment for themselves and their dependants, and that persons above the limit should not be so entitled?—We are definitely opposed to the suggestion. If it means that the rate of contribution is to be the same for both classes, for those who are eligible for benefit and for those who are ineligible, it seems to us open to the objection that it involves taxing the whole industrial population for the benefit of the majority; it may be a considerable majority, but still only a section of the whole. But there is the further objection that any income limit is administratively exceedingly difficult to work. Insurance at the present time depends not on total income, but on rate of remuneration, and the distinction is very important, because the rate of remuneration is something which is ascertainable now, but total income is something which is only ascertainable in arrears. If the right to benefit is to depend on income it might happen—in a good many cases it probably would happen—that eligibility would continue during good years when the income in fact was found afterwards to be above the limit, and that then in a period of bad trade people would be cut out although their income might then in reality have fallen below the limit. On the other hand, the right to medical benefit could hardly be made to depend on the rate of remuneration at any given moment, because a high rate of remuneration is no guarantee of continuous employment; in reality it is rather the other way; occupation in which employment is intermittent are generally occupations which carry a relatively high rate of remuneration by way of compensation. The present income limit applies of course to non-manual workers only, and in the case of non-manual workers their employment is normally sufficiently stable to make it quite a workable test; but to apply an income limit to manual workers, the majority of whom are necessarily subject to the risk of unemployment, would in our view be a quite unworkable scheme.

23,852. So you are opposed to it. We should be glad to hear you on the subject of institutional treatment for insured persons, and in particular on the

question of the relations of the hospitals, both voluntary and rate-aided, to the Insurance Scheme.—It is very frequently suggested that the Insurance Acts have added to the work of the voluntary hospitals and that in equity the hospitals have some claim to assistance from insurance funds. So far as that case rests on the suggestion that insurance practitioners save themselves trouble by referring their cases unnecessarily to the out-patient departments, I think the answer is, that any hospital which provides an out-patient department, except in emergency, for cases coming within the competence of the insurance practitioner has only itself to blame. But there is ground for believing that indirectly the Insurance Acts have increased the demand on the hospitals, because the institution of a general practitioner service has, I think, to a large extent, broken down the old dread of entering a hospital, and has led to a demand for operative treatment at a much earlier stage than used formerly to be the case. You do not get the same proportion of cases now which are either undiscovered or neglected until it is too late for successful operative treatment; in fact, one might say that medically the Insurance Acts have educated the population, and as a result have created a decided increase in the demand for institutional treatment. On that ground there is a case perhaps for some contribution from insurance funds towards the cost of maintaining insured persons in hospitals. But in the view of the Ministry it would not be desirable to attempt to include institutional treatment in the Acts as a statutory benefit. To provide the whole cost of in-patient treatment of insured persons would be extremely costly, and there is the difficulty that a statutory benefit implies some guarantee that the required accommodation will be available when it is needed. So far as regards voluntary hospitals, no such guarantee could possibly be given. The enquiries of the Voluntary Hospitals Commission indicate that on a fairly conservative estimate of the needs there is a shortage of beds, and with the present shortage of beds any payment approximating even to the cost of maintenance must tend to secure the insured person an unfair preference, and in the case of hospitals whose financial position was weak, it might even result in the exclusion of much more urgent cases among the uninsured. Any scheme which resulted in preference being given to a particular class, however large that class might be, must in our view be prejudicial to the voluntary system. The voluntary hospital appeals to everybody at present, because at present in theory it is available to everybody, but if any section of the community is given preferential treatment, in the end they will be expected to bear the cost. People will subscribe to a voluntary hospital open to all, but they will not subscribe to an insurance hospital. So far as rate-supported hospitals are concerned, in many parts of the country the prejudice against entering a Poor Law institution still survives. This would disappear if the reform of the Poor Law resulted in the transfer of Poor Law hospitals to the local authorities, and if more effective use could be made of the Poor Law accommodation there should be an appreciable reduction in the sickness benefit claims. The enquiries made by the Voluntary Hospitals Commission indicate beyond question that at present there are a number of cases in which incapacity for work is prolonged because of the impossibility of finding accommodation in the voluntary hospitals for cases requiring operative treatment of a relatively simple nature, particularly cases of hernia and haemorrhoids, which contribute very largely to the long waiting lists. They are not interesting as clinical material, and unless they reach an acute stage it is extremely difficult in many of the industrial areas to get the patient in for operation, at any rate, without a very long wait, during which of course it is quite possible he may be draw-

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ing sickness benefit. The amount of avoidable suffering and of unnecessary claims on the sickness benefit funds of course cannot be calculated, but it is safe to say that in the aggregate it is very considerable, and a more effective use of the bed accommodation already existing in Poor Law hospitals is urgently needed both as a matter of economy and even more as a matter of humanity.

23,853. (*Mr. Jones*): With regard to the institutional treatment of insured persons, you indicated, Mr. Brock, that there was some addition to the work of the public dispensaries probable arising out of the medical services under the Insurance Acts. Have you any evidence of that?—(*Mr. Brock*): Nothing that it is very easy to produce. It is an impression derived from conversation with a good many hospital secretaries.

23,854. You have produced no facts in support of that? We have had some facts brought before us, I think from a body representing some joint association of hospitals in Sheffield, and my recollection of the figures is that the number of attendances on insured persons was in the usual ratio of one out of three, the usual ratio of insured persons to the total population?—Yes.

23,855. Does not that suggest that if the attendances at the public dispensaries are increasing, they are increasing equally for the non-insured population as for the insured?—Yes. We were discussing not the actual number of persons treated, which is limited always by the number of beds available, but the extent to which the demand for treatment has increased.

23,856. Yes. The point I am on is—and I think the figures before the Commission prove it—if there has been an increased demand on behalf of insured persons, the demand has been equally increasing on behalf of non-insured?—I think it has. You cannot confine the educative effects of the Insurance Act to the particular individuals coming within insurance. It has made itself felt throughout the whole of the industrial population.

23,857. It is not necessarily the Insurance Act; it is general enlightenment perhaps with regard to the value of health services all round?—I think the provision of a domiciliary medical service for one-third of the population has contributed very largely to that education. I do not suggest it is the only cause. Other things have contributed too, but I think it has been a substantial factor.

23,858. Will it not be the case that those insured persons who are all employed will also be contributors to the voluntary funds of the institution?—Many of them would be.

23,859. If you ask the insured person to pay for institutional treatment through insurance contributions might not that lead to a drying up of contributions for other purposes?—I think that is a real danger, certainly in areas in which you have mass contribution schemes, such schemes as you have, for example, in Newcastle, or in the mining districts that contribute to the Royal Infirmary at Edinburgh or Glasgow. It might possibly have an adverse effect.

23,860. My point is this: seeing that the service is already provided, and, to some extent, at any rate, maintained by the insured persons in the area, what is the need for dipping into insurance funds for this purpose, apart altogether from the effect it might have in destroying what one has already regarded as the voluntary spirit in these things?—It is a question on which one cannot dogmatise.

23,861. I put my question rather from this point of view, that the representatives of the hospitals who came here seemed to have the idea that there was money available, and all they wanted to do was to put their hand into the purse.—I am afraid the hospital people have always taken an optimistic view of the balance in the insurance funds.

23,862. They think it is there, and they think they ought to have a share of it, and I ask the question having in view possible contracts with these institutions for furnishing treatment in some directions at some date.—I do not think on the point you mentioned just now I should agree that, generally speaking, the people who support the hospitals are the insured classes. I think you would only get near to that in areas where you have mass contribution schemes. It would not be so in the South, it would not be so in London.

23,863. I think the actual facts are the other way about, that the contributions by insured and other employed persons form a relatively small fraction of the total annual income of an institution?—It varies with different institutions and in different districts.

23,864. (*Miss Tuckwell*): You spoke of a deficiency in hospital bed accommodation. Would the room in the Poor Law hospitals be sufficient to make up that deficiency if they were on a different basis?—No, it certainly would not be safe to say it is sufficient to make it up entirely, partly because the vacant Poor Law beds are not always in the area in which the demand is greatest. Any total arrived at by taking a census of occupied beds in Poor Law infirmaries on any given date is apt to be rather misleading, because you would find, when you came to analyse it, that a good many of those vacant beds are at the wrong point; but certainly there is a margin in the Poor Law hospitals now which might go a considerable way towards relieving the shortage.

23,865. You would still want a very considerable extension?—You would still want some extension, certainly. I would not like to put a figure on it. I do not think you could make good the whole 20 or 22 per cent. of shortage from vacant beds in Poor Law Institutions.

23,866. Do you agree with the recommendation of what is called the Dawson of Penn Report with its map of hospitals, clinics, and so on?—That is a point on which I am not instructed. I would rather not express any opinion on that.

23,867. All I wanted to get was what really would completely fill up the need.—(*Dr. Smith Whitaker*): I am afraid people generally have found the prospect of filling up the need in any near future so small that they have hardly got any definite calculation as to what would be required. (*Mr. Brock*): On the Voluntary Hospital Commission we came to the conclusion that it was quite impossible to arrive at any figure of the ideal provision of beds for a given population.

23,868. (*Chairman*): All you can say is there is a great need, and that the Poor Law will present some measure of relief to that great need. Beyond that you cannot go. Is that it?—Yes. There are a great many beds in Poor Law institutions of which more effective use might be made than is possible at present with the limitations imposed by the existing Poor Law Acts, and with the prejudice against going into a Poor Law Institution.

(*Miss Tuckwell*): And also that they do not necessarily feed the right areas geographically.

23,869. (*Mr. Jones*): It is equally important, is it not, that these Poor Law beds are on a very low standard both as regards equipment and accommodation in many instances, and if they were put on the usual plane of a general hospital the numbers would be still further reduced, and that would actually accentuate the difficulty?—I do not think it is fair to say the equipment of the Poor Law hospitals is on such a low level as that question suggests. Of course, it varies very much in different districts. A great many Poor Law years and are very well equipped indeed. The point in which possibly they would compare less favourably with the voluntary hospitals is in the medical and hospitals have made enormous advances in recent surgical staff, but as regards buildings and general equipment many of them in England are very good indeed.

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23,870. (*Sir Humphry Rolleston*): Even with regard to the London Poor Law infirmaries is it not true now that they have, many of them, a consultant staff attached?—(*Dr. Smith Whitaker*): Yes, many of them have, and the system is being fairly rapidly developed.

23,871. (*Mr. Jones*): That is quite true of certain institutions up and down the country, but the number of poor beds, I suggest, is much in excess of the number of excellent beds?—I am immediately responsible for the work of the Medical Officers who inspect the Poor Law infirmaries, and while I have not gone into the matter closely, I certainly have not gathered from their reports that there is such a low standard of equipment of Poor Law institutions, taking them generally. If you are thinking of rural areas, where the cost of any provision is very severe in proportion to the resources of the country, that is another matter, but as regards urban areas I should not have thought that generally the standard was now low.

23,872. (*Chairman*): As regards the supply of drugs to insured persons, a representative of the Drug Stores Proprietors criticised the present arrangements very severely, and in particular said that the prices in the Official Drug Tariff were much higher than the wholesale prices at which the drugs could be obtained, and enabled the panel chemists to make profits up to as high as 50 per cent. Will you tell us on what basis prices in the Drug Tariff are now determined and whether there is opportunity for anything like the large margin of profit suggested?—(*Mr. Brock*): The prices given in the Drug Tariff are based now on the price list issued by the British Drug Houses. When the system of making the payment to the chemist dependent on a basic price plus an addition for establishment charges and profit was first introduced, it was considered whether it would not be better to take the prices of half a dozen of the biggest houses and average them, but in fact it was found on examination that the amount of difference that that would have produced was so small that it was not worth doing, and the price list of the British Drug Houses has been adopted ever since as the basic price. But in order to test the reasonableness of those, shortly after the evidence referred to was given before the Commission, the prices of a number of the drugs in most common use were taken out from the price lists of eight of the largest firms, and as a result we have found that the difference between the different houses is really in most cases immaterial, and that there would be no gain by going through all these prices every month and trying to arrive at an average figure. However, the fixing of the prices may be settled, the prices quoted by the big houses were found to be practically identical.

23,873. Are the prices in those price lists subject to any discount?—If you are going to adopt a system of paying something which represents cost price to the chemist you can never get it absolutely right for all chemists, because the price that you pay naturally varies according to the quantity that you buy, and what we have aimed at in the Drug Tariff is to get the price which the chemist has to pay for the quantities in which he normally purchases that drug. In the evidence in which the system was criticised, various prices were quoted considerably below the Tariff prices, but I think the witness did not make it sufficiently clear that those were prices for Winchester quarts, and prices for substances which the ordinary chemist does not buy in Winchesters, but buys in very much smaller quantities. In particular, I think the witness instanced sweet spirit of nitre, and he quoted a price which had been tendered to him for a Winchester. Sweet spirit of nitre is a very unstable substance, and the *Pharmacopœia* directs that it shall be kept in a small bottle. The ordinary chemist at the most would not buy more than 1 lb. of it at a time, but of course there must be in the case of the multiple houses a

certain number of firms who can and probably do buy in larger quantities than the ordinary chemist, and therefore do get the benefit of the lower quotation. But I do not think it would be possible to devise any system in which the chemist was paid according to the price at which he got it from the wholesale house. The best you can do is to arrive at a figure which represents as nearly as possible what the ordinary chemist pays when he buys in his usual quantity. Then there was another case in which it was suggested that excessive profits were made. That was in the case of the chemist who supplies an aqueous tincture when what is ordered is a spirituous tincture. If he does, if he makes up a thing with water instead of with spirit, he is certainly going to make a substantial profit, but he is also committing a fraud, and if in the course of the drug testing arrangements that is discovered, he lays himself open to a very heavy penalty. In the past Insurance Committees have not been as active as one would have wished in the testing of drugs, but under the new system, which has recently been instituted, systematic tests are being made everywhere, and the chemist who supplies an aqueous tincture when it ought to be a spirituous tincture is going to run a risk which might be a very serious risk for him. I suggest that really it is very much the position you would be in if you ordered a vintage wine and got an Algerian Ordinaire. You have a good grievance against your wine merchant, but it is not evidence as to the fairness or unfairness of the market price of good claret. There is also this point, the Drug Tariff has to be prepared in advance, it holds good for a month, and therefore there is an interval of, say, six or seven weeks between the date when it is put together and the last date when it is current. If prices are falling it is quite possible that before the end of the month they may have fallen below the Tariff rate, and therefore a chemist who buys towards the end of the month in such a case is so much to the good. But equally there is the risk that prices may move against him and that he may have to pay more at the end of the month than the Tariff price. The best you can do is to arrive at a sort of average. Fortunately drug fluctuations are not as a rule very rapid. The one case in which there is the possibility of a particular firm offering, so to speak, a bargain line is in the case of dressings. They are subject to much more fluctuation because they are part of the product of a very much larger industry, they are simply a fraction of the textile industry, and there it is quite possible that from time to time a man may pick up a bargain, because the particular wholesale house with which he deals happens to be overstocked and offers something very cheap to clear it. There is always the chance for a clever buyer. But that does not really happen in the case of drugs, it only happens in the case of dressings. Broadly, I should not be prepared to admit that anything like the profits suggested could be made honestly.

23,874. You fix your list on price lists. Are those prices subject to any discount? I have been told that for cash the supplying drug firm would take off a very liberal discount from the price list. I do not know whether that is a fact. Do you know that? Supposing you fixed your price and there was a discount of 10 per cent. allowed—that was the figure told me for cash—that ought to make a difference to your calculation, ought it not?—I doubt very much whether the ordinary chemist gets any substantial discount.

23,875. This was a very ordinary chemist who told me, a single shop. You also said that the multiple shop probably gets an advantage, but you are content to leave the point that he ought to get the whole of that advantage, which is not a position which is accepted in another direction?—I do not say he ought.

23,876. Well, he does?—I would rather say the cost of adopting any other system would be almost

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prohibitive: that if you try to arrive at what he actually paid, it is an extremely difficult thing to do. (*Dr. Smith Whitaker*): The difficulty seems to be the difficulty of a flat rate. It is a difficulty we have to face all round where you have to pay a flat rate. You cannot discriminate between different people, at least, not very easily, and if you fix a flat rate either it must be a rate that will not give the ordinary chemist a sufficient inducement to keep on in business, or it must be a rate by which the man favourably situated will make a profit that is not contemplated.

23,877. I should have thought it was possible to say to the multiple shopman: You, on the whole, get these drugs at so much per cent. less and it is not unreasonable to take that off your price?

23,878. (*Professor Gray*): Much of what you have said does not apply to Scotland, does it? There is a different system of paying the chemist there?—(*Mr. Brock*): In Scotland, yes, there is. It does not make any material difference for this purpose. The Scottish system still provides for payment to the chemist of a basic price for his ingredients. The difference is that his profit and overhead charges are fixed on a percentage basis instead of a flat rate dispensing fee as in England.

23,879. (*Mr. Jones*): Do you dispute the accuracy of the statement that the profit on insurance dispensing is 50 per cent.?—I cannot imagine any case in which it is.

23,880. Was not that proved by an investigation made by the Drug Account Committee in Scotland?—I cannot say what happened in Scotland under the Scottish system.

23,881. They took so many thousand Scottish prescriptions and so many thousand English prescriptions and made a comparison; so that what applied in one country applied in the other?—All I can say is the average cost of a prescription in this country is about 9d., of which the ingredients cost about half. I have not seen the figures to which you refer examined by the Scottish Committee. (*Dr. Smith Whitaker*): The difficulty I should feel about that is, I should want to see how the accounts were arrived at to see what was included in profit. If you are taking as profit the difference between the cost of the drug and the selling price of the article, then, of course, you are including in profit all the chemist's establishment charges and his personal professional remuneration, which in England we have carefully distinguished.

23,882. But they were both priced on the same basis in order to afford a direct comparison, and I think the profit established in Scotland was 50 per cent. But there is also the other factor, apart from the question of discount for cash to which Sir Arthur Worley referred: Is there not also a discount if they make up a 5 cwt. order out of a whole variety of things?—(*Mr. Brock*): I cannot say. I should think it is quite possible.

23,883. Have you ever heard of the custom of all the chemists in a small town combining together in order to make up a 5 cwt. or 10 cwt. order and get the bigger discount and divide it among them?—I do not know what happens in Scotland, but in most parts of England that I am acquainted with the chemists show remarkably little inclination to take common action.

23,884. I believe it is not an uncommon practice, and it merely suggests that there are other ways of making profit than on the basis of the tariff itself?

23,885. (*Mr. Besant*): You mentioned that you got the price lists of eight firms and compared those with your scale charges, and found there was not much difference between them. Were those eight firms independent firms?—Yes, they were independent firms, the biggest wholesale people.

23,886. They were not syndicated together?—I do not know what trade organisation they may have for

fixing prices. The prices are so closely coincident that the coincidence cannot be purely accidental.

23,887. (*Mr. Jones*): Is it not really the case that the retail prices of drugs are fixed by the British Retail Pharmacists' Union, and if one firm allows a net rate, and another 2½ per cent., and a third 7½ per cent., they all come back to the basic rate at the finish? They are all quoting the same price whatever the discount may be?—I could not say.

(*Chairman*): It is evidently a subject that is worthy of a good deal of thought.

(*Mr. Jones*): I suggest that the chemists are not exactly being driven into bankruptcy by the Insurance Act.

23,888. (*Sir Alfred Watson*): Mr. Brock, when the present drug tariff and the connected arrangements were devised, was anybody in the trade brought in to help to co-operate in preparing your arrangements for the price of drugs?—No, not ordinarily. We have a pharmaceutical staff here, but nobody is brought in who is in the trade now for the purpose of consultation. Our pharmacist was in the trade before he came on our staff. He was also in a hospital.

23,889. On the trade side or in a hospital?—In a hospital, but he had to do with the purchases.

23,890. Would that give him knowledge as to such practical questions as discounts and that sort of thing?—(*Mr. Brock*): Yes, I think so. He has himself been in the trade apart from his hospital experience. He had his trade training. I could not say that he has necessarily an entirely up-to-date acquaintance with trade practice.

23,891. (*Chairman*): What is the amount, roughly speaking, expended on drugs now in a year?—(*Sir Walter Kinnear*): About a million and a half.

23,892. So that if there is any question of such a thing as discount of even 5 or 10 per cent., that is quite a respectable figure?—It is. (*Dr. Smith Whitaker*): That would only be on the ingredients. The million and a half is the total cost of providing the medicines. It would only be on that part which was represented by the ingredients cost. (*Sir Walter Kinnear*): About one-half of that.

23,893. We have had some criticism of the present maternity benefit, and it has been suggested that the present arrangement for paying a lump sum some time after the confinement is not the best use of the money in the interests of the mother and the baby. Witnesses have urged that before everything else the Insurance Scheme should make provision for the proper care of insured women and the wives of insured men at the time of confinement, and for a period immediately before and after. Do you think that the benefit should be retained in its present form, or would you favour the provision of the service of doctor and midwife as a first charge on the money available?—(*Mr. Brock*): That is a question which it is difficult to discuss without reference to the provision of the ante-natal and maternity services which are already made by local authorities, and the question of any revision of the present maternity benefit scheme in the direction of substituting services in kind for a cash payment might perhaps be discussed more appropriately in that connection. But so far as the question contemplates a self-contained service merely as part of the Insurance Scheme, I think it should be said that the present cash benefit is popular and any change which made the provision of midwives or doctors a first charge on the money available would not be readily accepted by the insured population, unless it left at least a substantial balance in cash in addition to the services in kind. It has been suggested that the scope of medical benefit should be revised to include attendance at confinement. That proposal in any event would only affect insured women, and is not likely to be acceptable to the doctors, many of whom would be reluctant to undertake confinement cases unless it left them free (as they already are in cases of minor surgery) to delegate this duty to a deputy. The sug-

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gestion also leaves out of account the midwives, by whom a large proportion of confinements are attended at present. Any organised maternity service must recognise the midwives, besides providing for the attendance of a doctor where it is required under the rules of the Central Midwives Board, or where it is otherwise desirable on medical grounds, and the system ought to be so organised as to make it clear beforehand who is the doctor responsible for attendance if medical attendance is necessary. In the case of an insured woman, ante-natal attendance is already part of the practitioner's obligation under his terms of service, and on medical grounds it is desirable that the arrangements for medical attendance at the actual confinement should be made either by him, or any rate, with his knowledge.

23,894. (*Miss Tuckwell*): You said that attendance prior to confinement should be part of the doctor's duty to the insured person?—(*Dr. Smith Whitaker*): Yes, it is now part of his duty.

23,895. Do you remember the memorandum of Sir Alfred Watson on the Washington Convention, in which he said: "The average amount of sickness claimed during the last 7½ months of pregnancy amounts to no more than 1½ to 1¾ weeks, 70 per cent. of the women making no claim at all." Is that still your experience?—I have not that knowledge. I am not familiar with the figures. Of course, you will appreciate the distinction between medical attendance and claiming sickness benefit. A woman may be obtaining medical attendance though she is not claiming sickness benefit. The two things are not necessarily related.

23,896. Do not you think it might be desirable to relate them? The suggestion of the Washington Convention was that women should not work, but should receive full and healthy maintenance on a doctor's certificate for six weeks before confinement. That would have to my mind two advantages. It would have the advantage of enabling the woman to stay away from her work, and it would also ensure the doctor seeing her at any early stage, so that abnormal birth could in many cases be prevented?—On the question of securing medical attendance, it seems to me that could be secured without any alteration of the present system of payment of sickness benefit. The kind of scheme we may possibly have to unfold at a later stage of the evidence I might perhaps anticipate slightly now. This again is a matter that has been discussed several times with the Medical Profession in 1919, and since, and I think the general feeling is that if the requisite financial arrangements could be made it would be very desirable to end the present system under which you have the general practitioner responsible for treatment before labour but having no responsibility during labour, the midwife, under an entirely independent authority, giving attendance in labour and calling in a practitioner to attend in labour if necessary, who would be paid by the local authority; then you have the maternity and ante-natal centre giving assistance in the early stages. There is a great deal of overlapping and probably a good deal of waste, and it would be most desirable, if it could be arranged, to have a scheme that brought the family doctor, the midwife, the specialist, if necessary, and all the services that are available at the maternity centre under a common scheme and a common control, so that they each played their proper part and were brought into proper relation with one another, helping one another instead of acting at a distance as they do now. I do not think there is any doubt as to the desirability of it. The difficulty is how the finance could be arranged. If the insured people were willing, or if it were thought desirable to apply part of the present cash maternity benefit so as to make such a scheme practicable, the medical advantages would be very great, and in that way you could secure that the doctor was fixed with responsibility for seeing that the woman had such attendance as was required during the

ante-natal period, because you could make it a condition of the scheme that the woman should book with the doctor and midwife as soon as she knew she was pregnant. You could put on the doctor the responsibility for examining her, as soon as she told him she was pregnant, as far as was necessary for finding out whether there were any abnormalities. If he did then discover any abnormality you could put on him the responsibility for seeing that she received all the medical attendance she required up to the time of confinement. I see no other way of securing that they shall get the attendance that they require. Any other system leaves them to judge whether they need go to the doctor. As soon as the woman knew she was pregnant she should go to a doctor, and you fix him with responsibility from that moment.

23,897. Under those circumstances the woman is receiving sickness benefit, is she not, after the doctor has seen her?—If she is not fit for work she will receive sickness benefit.

23,898. Mr. Brock said there was a good deal of feeling against the maternity benefit in cash being taken away. You know how difficult it is in a home at that time. Putting on one side the question of whether there is sufficient money or not, is it not essential, if it could be managed, that there should be a cash maternity benefit to help through the weeks of confinement and just afterwards?—These matters are all matters of opinion. I should have thought you could not possibly contemplate taking away the whole of the cash benefit. I should have thought they want the money for various purposes, and they would want some of it in cash.

23,899. It is a very small sum in any case?—If the money could be found for doing all that people would like to do, by all means do it, but the question is, can the money be found?

23,900. I was not bothering about that. It is medically desirable that a woman should have no pressing anxiety at that time?—Yes, it is desirable, but the question is, whether it is so important that it is imperatively necessary that you should find whatever money was required.

23,901. (*Mr. Jones*): Your suggestion practically amounts to notification of pregnancy?—No, I do not think so; no notification beyond the family doctor.

23,902. It practically amounts to that, notifying the doctor instead of notifying the Central Authority?—Surely the difference is very great. A woman goes to her doctor with confidence. In a sense she notifies her doctor of the nature of her illness whatever she consults him for, but it does not follow that the doctor is to be put under an obligation to pass on the information to anybody else.

23,903. (*Mr. Besant*): From what you have just said I take it we have taken an enormous step forward in indicating that on one single doctor should be placed the onus of watching the woman through the whole of the time from beginning to end?—No, not necessarily through the confinement.

23,904. With certain limitations. May I put it to you, you want the woman to be watched from the beginning, from the time when the need for observation first begins?—I do not think the responsibility that you are placing on the doctor is any greater than that which he has to carry whenever a woman does consult him.

23,905. You are not placing it on him, but you are making it easy for the woman to go to the doctor at the earliest possible stage?—Yes.

23,906. Once she has done so the onus then lies on the doctor to follow that case to the best of his ability to the end?—Assuming that there is an abnormality or a disease, the responsibility is no greater than that which he has to take when any patient consults him in the course of any disease.

23,907. What you are doing is to make it much easier to get the woman to go to the doctor at the

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earliest possible stage, to "book" the doctor, I think you said?—Yes.

23,908. That surely is an enormous advance on the position as it stands to-day?—Yes, just as medical benefit, of course, has made advance in the case of so many diseases. Probably the greatest advantage that has been derived from medical benefit is that people have nothing to deter them from consulting their doctor soon. Then he is fixed with knowledge, and he is fixed with responsibility.

23,909. That was, I thought, the new point that you brought out. The moment it comes to the knowledge of the doctor you pin the responsibility upon him?—You fix the responsibility.

23,910. That seems to be an enormous advance on anything we have had before?—I do not want to be misunderstood on one point. There are many services that could be rendered at the Maternity and Ante-natal Centre, and part of the responsibility of the doctor would be to advise the patient when she ought to go to the Centre for any kind of help which they are in the position to give her.

23,911. (*Mr. Evans*): At the moment those Centres, whatever they are, are controlled by the local authority?—Quite.

23,912. In your scheme the general practitioner would in some way be co-ordinated in some sort of relationship with the local authority?—Yes.

23,913. And if there is a medical officer for that area there would have to be some sort of relationship there; he would be brought into the general scheme?—I do not think the relationship would necessarily be any closer than the relationship we have established under the tuberculosis scheme, where the position is very similar. The local authority provides treatment for tuberculous people, insured and uninsured, but if the patient is insured the insurance practitioner has a responsibility for treating him so far as it is within his power to treat him, and a great many insured people are placed by the tuberculosis officer on what is called "domiciliary treatment." The tuberculosis officer says: the kind of treatment you require is such as your insurance practitioner could give you; go to him for it; and then a system of co-operation has been established between the practitioner and the tuberculosis officer for an exchange of information.

23,914. (*Chairman*): Many witnesses have suggested that dental treatment should be made one of the statutory benefits under the Insurance Scheme. Would you agree that this is desirable if the money can be found?—(*Mr. Brock*): Most certainly. Something like three-quarters of the industrial population probably are suffering from dental defects of one sort or another, and I think the experience of those societies that have provided dental treatment as an additional benefit does give ground for hoping that systematic dental treatment would lead ultimately to a reduction of sickness benefit claims, though, of course, there are not sufficient data available on which to base any sort of figure.

23,915. (*Miss Tuckwell*): It has been suggested to me that societies are now almost entirely at the mercy of the dentists, and that unless the Ministry get some control a vested interest will be created which it will be difficult to deal with. Have you approached it from that point of view?—I have also heard the dentists say they were entirely at the mercy of societies. (*Sir Walter Kinnear*): I should amplify that remark by pointing out that under the additional benefit schemes for dentistry at the present moment the insured person has a right to go to any dentist he chooses who is willing to do the service on the scale of fees agreed with the societies generally. We do not allow societies to select particular dentists. There is free choice of dentist. That is a development which has taken place during this year, of course.

23,916. Are you satisfied about choice of dentist?—I think the scheme is very much better than the one that was in vogue at the early part of this year.

23,917. Are the men better?—I am not discussing the quality of the men. I am saying there is free choice of dentist now as against the scheme which was in operation at the beginning of this year.

23,918. (*Chairman*): That has been during the sitting of this Commission?—The new scheme came into operation in July last, and the Minister made it a condition of approval that insured persons should have free choice of dentist amongst those dentists who are willing to perform the service on the ordinary scale of fees approved by the societies.

23,919. (*Professor Gray*): I take it that one scale of fees will cover all the dentists, or is there a possibility of particular dentists charging too much? I am trying to find out the point of exploitation that Miss Tuckwell had in mind?—(*Mr. Brock*): Under present arrangements, if a dentist charged more than the scale of fees agreed upon, it would be a breach of contract.

23,920. With the society?—With the society.

23,921. And if he tried to enforce that, he would have to recover from the insured person, not from the society?—Theoretically, of course, in any particular case the contract in law is a contract between the member and the dentist. (*Sir Walter Kinnear*): What happens really is that the society, that usually pays the bill, would only pay the bill at the rate of the scale fees.

23,922. So that, if it was a higher rate, it would be the insured person and not the society that was being let down?—Yes. (*Mr. Brock*): Yes, but if, in fact, the dentist tried to obtain from the patient a higher rate on the plea that he was going to use, let us say, more expensive materials, the society might, and probably would, refuse to pay the bills of other members who went to him in future. He would do it at his own risk. As to the quality of the dentists available for this insurance work, of course it has always to be borne in mind that must depend to a very large extent on the scale of fees offered. Unless the scale is sufficiently generous to attract the men of better standing, you will not get the level of work which is really desirable. It would be unfortunate if insurance dentistry came to be looked upon as the cheapest and nastiest form of dentistry.

23,923. If I may say so, a generous scale of fees would also attract the inferior dentist?—Yes, but a generous scale of fees would bring in a better class of dentist at the top, and the bad man has to compete against him.

23,924. I imagine that under a scheme of this kind you have to take all the dentists on the register, no matter what their past history is?—I agree. As long as a man has a statutory right to practise, you cannot discriminate against him.

23,925. You cannot go back into past history and say there are two kinds of dentists?—I agree you cannot.

23,926. (*Mr. Besant*): Nobody comes into the Health Insurance scheme under the age of 16 as the Act stands at present?—(*Sir Walter Kinnear*): That is so.

23,927. I understand a good deal of work is done for children in the schools. Is there any means for covering that gulf between the age of 14 and the age of 16 or 17 when, so to speak, the child is left without any supervision, at a time when I should think, from a dental point of view, it is of the utmost importance?—I had that consideration in mind when this morning I recommended that there should be a much reduced waiting period for treatment benefits.

23,928. That would not catch a boy of 15?—No.

23,929. You would catch him the moment he came into insurance at 16?—He would probably be 18 under the scheme.

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23,930. But is there not a hiatus at the moment between the co-ordination of the different people who have been looking after him from infancy upward and the other scheme which would look after him from 16 onward?—Yes, we recognise that.

23,931. Is there any possibility of covering that in any of the suggestions which have been put before us?—We cannot possibly under the insurance scheme give dental treatment to any person under the age of 16, but if this Commission recommend a statutory scheme, and it is feasible from a financial standpoint, then it might be possible to give dental benefit from the age of 16 or 16½. It would depend on the conditions.

23,932. (*Mr. Evans*): If dependants were brought into the scheme, that would do it, would it not?—Yes, if dependants were brought in, I agree. It would be very costly.

23,933. (*Mr. Besant*): Will Dr. Smith Whitaker deal with the point as to the importance of looking after the teeth of a child between the ages of 14 and 16. The importance of taking care of the teeth of a boy or girl of that age continuously must be enormous as affecting his or her health in later years?—(*Dr. Smith Whitaker*): I think doctors and dentists are in entire agreement as to the desirability of maintaining supervision during that period, but there the position is that the insurance funds arise from insurance contributions of people over the age of 16, and it has always appeared very difficult to saddle insurance authorities with responsibility unless you are going to make general provision for dependants. The local education authority's responsibility ends at the age of leaving school. The only way of bridging the gap is that some authority should be definitely charged with the responsibility. That is on the administrative side. On the medical side there is no doubt as to the advantage, but I have understood from dentists that the school system does not merely look after the children, but it educates the children, and I believe the officers of the school authorities attach the greatest importance to that, that the children should be thoroughly trained in proper habits. So that perhaps the danger of falling into bad habits in that gap is not so great as it might at first appear. (*Mr. Brock*): On the other hand, the gap is a little longer than Mr. Besant suggested, because in fact a very large number of the Education Authorities would not be giving very much dental treatment to the children in the older age groups. In a good many areas they would not get much treatment after 11 or 12.

23,934. They would be under supervision?—They are under supervision and inspection, but they would not get much actual treatment. But if the mouth has once been fairly cleaned up, and a child has been taught to use a toothbrush and taught the importance of looking after its teeth, that will take it some way.

23,935. I quite see my difficulty in putting that question to you, because I am conscious that under the Health Insurance scheme you cannot begin before 16, but from the point of view of co-ordination it does seem of importance that in some form or other some system ought to be devised to cover that gap.—(*Sir Walter Kinneare*): Quite.

23,936. And keep the teeth under constant supervision?—Yes.

23,937. (*Professor Gray*): That gap is perhaps longer at the other end than Mr. Besant suggested. (*Mr. Brock*): Yes. One cannot assume that they come in immediately at 16.

23,938. You have to wait a certain period as things are at present. An insured person cannot get dental treatment till he is 21 or so?—(*Sir Walter Kinneare*): That is so.

23,939. (*Chairman*): The estimated cost of a complete dental service, including the provision of dentures, has been given as about 6s. per insured person

per annum. Do you agree that this is a fair estimate?

—(*Mr. Brock*): Yes, I think 6s. is probably about as accurate a figure as you can arrive at. You cannot possibly estimate with any accuracy the cost, because it depends not only on the extent of the need, but on the extent of the demand. Taking the experience of the societies which have provided dental treatment as an additional benefit, we estimate that, at any rate at the outset, the demand would be about 5 per cent. of the membership, and the cost per case would probably not be less than £4. A 5 per cent. demand at a cost of £4 per case is equivalent to 4s. per insured person per annum, but that is only what the demand would probably be at the outset, and in our view it would not be safe to consider the provision of dental benefit unless you allowed a considerable margin, at least a 50 per cent. margin, and therefore we arrive at the figure of 6s. as the lowest figure at which it would be safe to estimate the cost of a comprehensive dental benefit which did not provide for any contribution on the part of the insured person. Of course the cost per case, £4, looks high, but it is due to the very large proportion of denture cases. It will be years before the arrears of past neglect have been worked off, and for a very long time to come the bulk of cases coming up for treatment will either require whole dentures or dentures with such a large number of teeth on them that the cost will approximate to that of whole dentures. But the figure is bound to be conjectural, and a society which has been longest in the field has had a demand I believe exceeding 9 per cent. of its membership.

23,940. (*Miss Tuckwell*): What will the dentures be made of for £4?—Of the least expensive materials.

23,941. (*Sir Humphry Rolleston*): I suppose the school clinics which have been going on for some time will produce a progressive diminution, so that in time the number of dentures required will fall?—It must necessarily make itself felt to an appreciable extent each year, but I would not care to say it will soon come into effect, because I think for some time to come the demand for treatment will be a demand on the part of older people whose teeth are to a large extent past praying for. For quite a long time to come we shall be working off the arrears of past neglect and dealing with denture cases. Of course, the education of the school service will make itself felt more and more each year, but I think it will be some time before it is an appreciable factor in reducing the demand for dentures or the proportion of denture cases.

23,942. (*Professor Gray*): I imagine that all these people sooner or later before reaching the age of 70 will get to the stage of dentures? It is not a question you can avoid altogether. The question of dentures sooner or later comes?—I am afraid we must all come to that.

23,943. (*Chairman*): Are you in favour of the whole cost of dental treatment, including the provision of dentures, being met out of insurance funds, or do you think there is anything to be said in favour of the insured person having to find part of the cost himself?—It would materially reduce the cost of providing dental treatment if the insured person were required to pay part of the cost of the dentures. We do think it is very important that all operative and conservative treatment should be provided without charge, but there is a good deal to be said for requiring the insured person to bear at least a part, provided it is not more than, say, half of the cost of the dentures. Of course, any contribution by the insured person is always open to the objection that it will have the effect of ruling out the most necessitous class. Probably the great majority of insured people could afford to find £2 towards the cost of dentures, and the experience of the dental hospitals where they generally require a contribution to the denture cost is that in nearly all cases the money is ultimately forthcoming; but there would undoubtedly be cases of hardship, and in the course of our inquiry we were told that a good many dental

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letters issued by societies were ultimately allowed to drop because the insured person could not find the proportion of the cost that he or she was required to produce. Although that is a difficulty, that might perhaps be met if societies having surpluses were allowed as one of their additional benefits to undertake the provision of the balance of the cost in cases of proved need. Of course, that is a sort of benefit that perhaps rather lends itself to careless administration, and it might be necessary to lay down definite and possibly rather stringent tests of eligibility, say, a certain minimum period of unemployment, or some test of that kind.

23,944. (*Sir Humphry Rolleston*): Would it be possible to have some arrangement by which every insured person would be under an obligation to have his teeth inspected every year?—It would be a very desirable thing if you could.

23,945. If you did that, and carried it out properly, it would then be understood that their dentures, if necessary, should be provided free; if they failed to be inspected every year, then it would be understood that they should pay a certain proportion of the cost of the dentures?—I think, in theory, there is a great deal to be said for any system which offered an inducement to the insured person to come at regular intervals to seek dental examination, and, if necessary, treatment, but I confess we have not so far been able to devise anything that was administratively practicable.

23,946. The number of people who you expect to visit the dentist in a year is 10 per cent.?—(*Dr. Smith Whitaker*): 5 per cent. (*Mr. Brock*): 5 per cent. was the average demand so far, but in one particular society it has risen to over 9 per cent. That was the United Women's, formerly the Domestic Workers'.

23,947. I am afraid that idea would be impracticable?—(*Dr. Smith Whitaker*): It would be so difficult to enforce the penalty, would it not?

23,948. You would have the record card?—It would create a great many hard cases, because if a man failed to come, you would refuse to let him have afterwards something that he really needs.

23,949. (*Chairman*): Needs more than if he had come?—Yes. That is a psychological difficulty.

23,950. We should be glad to hear anything you may have to say as to the advantages or disadvantages of dental treatment being provided in clinics?—(*Mr. Brock*): I think the method of providing any dental service is a matter that would have to be discussed very fully with the representatives of the dental profession. But in regard to the advantages of the dental clinic, there are not many of them in existence at present, and we have not any sufficient data, but such experience as we have does certainly suggest that clinics are only economical where it is possible to secure a continuous flow of patients, and that, of course, is a condition that will only obtain in urban areas. Apart from the question of cost there are other advantages in the clinic system. For one thing, it reduces the need for, and therefore the cost of, inspection; and if any system of consultant centres were established, it might be possible to combine dental centres with them. I doubt whether a clinic system would be capable of any general application in the administration of dental benefit at present. If you are bringing a patient to see a doctor at the consultant centre, you probably have only to bring him once or, at the most, twice; if you are bringing him for dental treatment, you have to bring him, on an average, five times, possibly six times, first of all for the necessary operative treatment and then, later, for the impression-taking and the fitting of the dentures. I think, on the average, people who get dental benefit now attend about five times. If you are going to convey the patient five times to the centre, then the cost of conveyance will become a very serious matter. I think it is

very doubtful whether the clinic would really be economical, except in fairly big urban areas.

23,951. As regards the general arrangements for dental treatment, including the question of method and rate of payment, by what body do you consider that the negotiations with representatives of the dental profession should be carried on with a view to securing uniformity and the most satisfactory terms in the interests of the insured persons?—Unfortunately, at the present time there is no organisation which represents the whole, or even the majority, of dental practitioners on the register. The British Dental Association represents about three-fifths of the qualified men, or roughly a quarter of the total number on the register. The Public Dental Services Association represents the great majority of practitioners who have so far been willing to undertake dental work for Approved Societies. I think the number is somewhere between 7,000 and 8,000, but neither organisation as at present constituted would be a satisfactory negotiating body. The Public Dental Services Association does not include the recognised leaders of the profession, and the British Dental Association only includes a minority of the practitioners who would be directly concerned in insurance work. We suggest that the best way to secure a satisfactory negotiating body would be to invite these two organisations to set up a joint committee. We do feel that it is very desirable that any negotiating body should contain some element of men who are not directly and personally interested, who are not going to undertake the work themselves. You do want the leaders of the profession represented and able to make their influence felt, and I suggest that a joint committee of those two bodies is probably the only practicable method at the present time of producing a negotiating body.

23,952. If dental benefit were instituted as a normal benefit do you think payment to the dentists should be made by capitation fee or by attendance and services or by a combination of the two methods?—Dental benefit does not lend itself to payment on a capitation basis at all. To begin with, there are no sufficient data available on which you could calculate a capitation rate, and if the adoption of a capitation system was proposed to the dentists they would be tempted naturally to insure themselves by demanding an excessive rate. But apart from that difficulty, even if the necessary data were available, there are other serious objections to a capitation system. In the case of medical treatment it is fairly safe to rely on the patient seeking treatment when he needs it, and it is obviously to the doctor's interest to get the patient well again as soon as he can. That sort of automatic check does not apply in the case of dental treatment. The patient's only test is the test of pain or discomfort. He has no means really of knowing whether the dentist has done all that he reasonably ought to have done. In the case of the doctor the consequence of any slackness may be brought home to him quite soon, but in the case of dental treatment the consequences of any slackness may not be felt for a considerable time and may quite possibly be felt when the patient has moved to some other area and the consequences will therefore fall on some other dentist. There are really, I think, only two practicable methods of payment. One is the method at present adopted by most societies of payment on an attendance basis with an agreed scale specifying the fee for each separate kind of service, and the other is payment by time, whether for whole-time service or at so much per session. The employment of whole-time dentists, I think, would be strongly opposed by the bulk of the profession. It would be objected to on the ground that it did not offer any free choice. The only practicable method, I think, of payment on a time basis is payment at so much per session. That is a method, of course, that would be difficult of application except where you had a clinic. The difficulty of

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payment on an attendance basis, or at least the main difficulty, is that to administer it economically. You must have some estimate submitted beforehand, and it would also be necessary to provide some system of inspection and supervision. I do not mean every case would have to be looked at, but a certain number of cases would have to be looked at.

23,953. (*Mr. Evans*): With regard to the carrying out of this work, Dr. Smith Whitaker mentioned just now that for maternity purposes use might be made of the Maternity and Child Welfare Centres in the various areas. Do you think we might make use of the school clinics for dental purposes?—Yes. That, of course, is a point that would have to be considered, but the obvious difficulty that suggests itself is that practically all the work of the school clinics is conservative and operative work. All you have got to provide in the school clinic is surgery and waiting rooms and recovery rooms. But when you come to deal with the insured person you have to add to that a very large amount of prosthetic work which means the employment of mechanics and workshops, and certainly in the ordinary school clinic the accommodation is not there.

23,954. I was wondering whether that machinery might not possibly be adaptable for the purpose. I have in mind an Education Authority that have a number of full-time dentists and they have not only their clinics established in the urban areas but they have travelling clinics too in their rural areas. I was wondering whether it would not be worth our while examining that sort of system, possibly collaborating with the school authorities in order to provide the dental treatment necessary?—I think possibly when you come to the more sparsely populated rural areas where the means of communication are bad, the travelling dentist might be the best way of providing treatment, but I think it must depend on local circumstances. It is, broadly speaking, an expensive thing to take the dentist to the patient, because you have to pay not only for his service but for the time that he spends in travelling. But there may be rural areas in which it is the only practicable thing to do.

23,955. That is not insurmountable, is it? It is already being done in the case of school children. I do not see why it could not be done for adults also?—It could be done. It is a question for consideration as to which would be the most economical thing to do. It can be and is done.

23,956. (*Chairman*): We have had a great deal of conflicting evidence on the subject of sight testing from representatives of the Medical Profession and opticians respectively. It would be a great help to us to know the views of the Ministry as to the persons by whom this work should be carried out?—(*Dr. Smith Whitaker*): The question is a very difficult and complicated one, and I am afraid my answer must be rather lengthy. There are two fundamental questions to consider to which it is not easy to give definite answers. The first is: can the diagnosis and treatment of errors of refraction, distinguished, as far as they can be distinguished, from diseases of the eye, safely be undertaken in any case by a person who has not received a medical education with special training in eye work? Secondly, if it were agreed that there were some cases that could be safely treated by a person who had had no medical education, but had had a training in the measurement of errors of refraction, how could a selection be made? How can you ensure that that person will not treat cases that he is not competent to treat, that do require medical knowledge for their proper treatment? The Ministry have gone into this matter, and, like the Commission, we have found the evidence conflicting. It is quite clear that in some cases of defective vision there is general constitutional disease and not merely an affection of the eye, or there may be diseases confined to the eye which require medical treatment. Again, there are some difficult cases of errors of refraction without any

other disease of the eye, or disease of the body generally, which require the use of methods of examination which should only be carried out by people who have had a complete medical training. On the other hand, there is a general impression, certainly among laymen, shared, I think, by some members of the medical profession, that quite a considerable proportion of cases of visual defects, particularly in elderly people, can be, and in fact are, being treated without any obvious injury to the patient by people who have had no medical training, and in some cases even by people who have not had the special training in the measurement of refractive errors that some sight-testing opticians have received. The difficult question is to measure the amount of risk that really arises through such cases being treated by people who have not had a medical training. If a person suffering from defective vision applies or is referred to a person who undertakes sight testing but has had no medical training, there is clearly a risk that, even assuming that a considerable number of cases can be treated satisfactorily by such a person, he may fail, either from want of knowledge or for other reasons, to distinguish the case which ought to be referred to an ophthalmic surgeon, and if a mistake is made, not only does the patient not obtain the right glasses, but the effect on his sight of the wrong glasses, or the effect on his general health of not obtaining some necessary medical treatment, may be very serious. Therefore, even if the cases of mistake were relatively few, the consequences in the particular case might be grave. The ideal arrangement would undoubtedly be to refer all cases of visual defect to a medical practitioner who had been specially trained in eye work. The question which is difficult to answer and which may require further investigation, I think, is whether the cost of such an arrangement would be disproportionate to the risks which you avoid. When that is being considered a further point has to be remembered, and that is, that at present there is no authoritative definition of a "sight-testing optician." A sight-testing optician, at the present moment, means nothing more than a person who holds himself out as willing to undertake the examination of the eyes and prescribe treatment. There are bodies voluntarily organised that provide courses of training. There is no obligation on anyone to undergo those courses of training. There is no method of distinguishing a person who has had a proper course of training from one who has not. You have nothing analogous, for example, to the system of the registration of nurses or the system of the registration of midwives. There is no authorised criterion. One other point I am instructed to mention is that the Board of Education have had to consider this question in connection with the inspection and treatment of school children, and they have adopted from the beginning the policy of employing for the diagnosis and treatment of errors of refraction, medical practitioners only who have had a special training in sight testing. If the responsibility were assumed by the State or by any public authority of providing a public system, the question would be whether they could safely adopt any other policy than that which the Board of Education has adopted.

23,957. (*Professor Gray*): What proportion of doctors do you think are qualified to be, in a sense, eye experts, so far as your purposes require them to be so?—It depends in what sense we are to use the word "qualified." There are some kinds of medical work that nobody should undertake who has not got special gifts or has undergone a prolonged course of training, but if you confine eye work to the testing of errors of refraction, probably the great majority of men who have received medical education could fit themselves by a comparatively short course of training in eye work to undertake it. I remember when I was in practice, one of my colleagues thought of going in for eye work and equipped himself for doing so, but he told me after a short

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time that he found it no use going on with it because he could not get a sufficient number of cases in his own practice and from his colleagues to acquire that dexterity, that quickness of doing the work, which was necessary to make it remunerative; and I think the question of qualification in eye work for men who have any kind of surgical aptitude at all is mainly a question of their being able to get the requisite amount of experience. Most doctors, one would say, are potentially qualified, and if the work were there to be done, they would soon become really qualified. You do not need for the testing of errors of refraction the special skill of an ophthalmic surgeon who undertakes all kinds of delicate operations on the eye.

23,958. Do you think that the amount of time given at present in the medical course is sufficient to cover this work?—No, I should not think the ordinary medical student has had enough training, he has not had enough experience even, he has not the time to get enough experience to get the necessary dexterity. He would need some special training after.

23,959. You contemplate that, after he has taken his qualification, he should have some short period of special training in this work?—Yes. This question comes to us in dealing with claims by doctors for remuneration in respect of their own insured patients for whom they prescribe glasses, and a claim comes in that they have rendered a service outside the scope of ordinary medical benefit. In that case we have to have an expression of opinion by the Local Medical Committee as to whether the particular doctor has had a special training and has special qualification for undertaking the work, and one observes that in a large number of cases the Local Medical Committees have considered six or 12 months' special training quite sufficient to justify a man to undertake the work as a specialist.

23,960. (Sir Humphry Rolleston): Would it not be possible to make some sort of arrangement whereby a very large proportion of the routine work of fitting spectacles was done by these selected opticians, but each case would be vetted, so to speak, by a responsible ophthalmic surgeon: that every case should be viséd, so to speak, by a medical man? That would not be such a lengthy business as it would be if he had to fit glasses. We should then get over the difficulty of apparent rivalry between general practitioners and opticians?—I cannot say that we have thought of the question in quite that form before, but the difficulty we have found in bringing in the ophthalmic surgeon in any capacity short of actually prescribing the glasses is that the actual examination of the eye is that which takes the time, and he would have to spend the same amount of time in any case whether he was prescribing glasses or satisfying himself that the glasses were suitable. If you bring him on the scene at all he has to measure the exact defect of refraction, and by the time he has done that he might as well prescribe the glasses.

23,961. My idea was that the ophthalmic surgeon would say: It is no use fitting this child with glasses, he has some disease which is dangerous to health and which should be seen to. Those are, to my mind, the most important cases to avoid. If a man goes to an optician, the optician probably does not recognise them, and those are the cases where risk comes in. Is not that so?—Yes, but that would mean that he must go to the ophthalmic surgeon first.

23,962. First or afterwards?—In connection with the additional benefits, the Ministry negotiated with representative ophthalmic surgeons and the representatives of the British Medical Association, and we found it very difficult to get assent to any policy other than that of referring all cases to a doctor who had been trained in sight testing. I purposely did not say ophthalmic surgeon, because he does not need to be a man who

undertakes operative work, of course. They were very reluctant to express any concurrence in any system that did not involve a medical examination by someone specially trained in sight testing in every case.

23,963. (Professor Gray): When you speak of six or 12 months' training, is that full-time training, or would the man be doing something else as well?—I think usually he was holding a resident post or holding a post that would mean taking up the greater part of his time.

23,964. (Chairman): Would you agree that ophthalmic benefit, including the provision of glasses, could only be included amongst the normal benefits available to all insured persons as part of a large scheme for the extension of medical benefit to include a specialist service?—If ophthalmic benefit were to provide for the treatment by specialists of all diseases and injuries of the eye, it would probably be difficult to provide, except as part of a general scheme, a specialist service, but we think an ophthalmic benefit that was restricted to the treatment of errors of refraction, including the provision of glasses, might be brought within the scope of medical benefit independently of any general inclusion of specialist services, and that it would be worth providing if the money were available, even although other specialist services were not at the same time made available. Such a service, being for the benefit of all insured persons, could be organised on an areal basis, and therefore could be much more efficiently administered than is possible in the case of an additional benefit, in which the arrangements are made by each society separately for its own members in all parts of the country.

23,965. Have you any idea of the cost of that which you are proposing?—We have not worked it out separately. I do not think it would be a very difficult cost to estimate.

23,966. Nor a very large one? (Sir Walter Kinnear): At the present moment the minimum amount allotted to additional benefits for this treatment is 6d. per insured person per annum, and we find that is a very ample figure.

23,967. On that basis it would be something under £400,000 a year? (Dr. Smith Whitaker): Yes. I should not imagine the cost per person entitled to the benefit would be any greater: it might be less, because of the greater economy in administration.

23,968. We have received evidence with regard to other treatment benefits such as nursing and massage. Would you give us your views generally as to the desirability of providing a nursing service for insured persons with, if possible, some estimate of the cost which would be involved?—By a nursing service in this connection we understand a domiciliary nursing service, that is, the provision of nurses to attend patients in their homes. The ground is already to a considerable extent covered by the District Nursing Associations, particularly in urban areas, although the services of these nurses are only available as a rule for a short daily, or less frequent, attendance on each patient. They do not usually undertake continuous nursing of persons confined to bed, as, for example, in cases of pneumonia. But in the class of case falling within the ordinary scope of their work, there is little evidence, in most parts of the country, of cases needing such services as they provide which fail to receive the requisite attention. As regards persons confined to bed who need the continuous attention of a trained nurse, the great majority are admitted to hospitals or infirmaries, and this is probably the best in their own interest. Thus the number of persons who suffer from being unable to obtain the continuous services of a trained nurse is comparatively small. As regards the administrative aspects of nursing, it depends whether its provision as an additional benefit or as a statutory benefit is contemplated. Arrangements by societies for the provision of nursing

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services for the relatively small number of persons included in the class of those of their members who are entitled to the additional benefit would be difficult to organise except by arrangements with the District Nursing Association; and even so, it must be always difficult from one centre to make a satisfactory selection of cases to receive the benefit occurring in all parts of the country. It is very doubtful whether under these conditions a service can be provided that is of sufficient value to justify the expenditure on it of money which might be applied to other purposes for the benefit of the insured. I hope I have made myself clear. The chief point is that District Nursing Associations already, to a very considerable extent, cover the ground. By undertaking the provision you are not adding very much really to what the patients can get or what they would otherwise get. It is not easy to administer, and it is doubtful whether the benefit you confer is worth the money spent, which might be applied to other objects. Even if the service were included as part of statutory medical benefit and, therefore, brought all insured persons within its scope, probably such a service would be best organised by an arrangement with the District Nursing Associations, who would continue to provide for the rest of the industrial population. A scheme of that kind would be beneficial not only to the insured but also indirectly to the other people ministered to by the District Nursing Association, because the security of payment for a considerable part of their work would probably enable them to manage the whole of their scheme more economically and efficiently. If the requisite funds were available for such a purpose, consistently with the provision of other and possibly more valuable benefits, the benefit conferred would no doubt be worth the actual cost.

23,969. (*Professor Gray*): Could you tell us what your experience has been in connection with the nursing benefit as an additional benefit?—(*Sir Walter Kinnear*): At the first valuation period there was a very considerable demand amongst Approved Societies for a nursing benefit as an additional benefit, and the Department accordingly made a regulation enabling societies out of surplus to pay for nursing services, and quite an appreciable amount of money was set apart by a large number of societies for this purpose, and arrangements were made with the Queen Victoria Jubilee Institute for co-ordination with the nursing services. But it has not been a success. The societies have found that there was not such a demand for the services of these nurses that they had anticipated. The administrative arrangements were very complicated. A record had to be kept of the attendance on each occasion by the nurse on the insured person, and societies felt that, in view of the paucity of the demand and in view of the complications necessarily attendant upon the distribution of the money, the additional benefit was one that was scarcely worth while administering. And as far as the second valuation was concerned, there has been a considerable diminution in the amount of money which is set apart for nursing services and in the number of schemes which have provided nursing services as an additional benefit.

23,970. Did they, in fact, manage to spend the money?—No. Only a small percentage of the money set apart for this object was actually spent.

23,971. (*Miss Tuckwell*): Is Dr. Smith Whitaker's principal difficulty the fact that any organisation would trench on district nursing, or does he think the number of nurses is sufficient?—(*Dr. Smith Whitaker*): It is not a question of trenching on the Nursing Associations. The position is, that they already cover a great deal of the ground. If you were proposing to provide a nursing service for the whole community, you might take over the whole of their organisation and develop it, but if you are

going to provide nursing for a section of the community, particularly if it is a small section, probably you cannot do it better than by making arrangements with the District Nursing Associations, who are already doing the work for so many other people. I think, even, if you took in the whole of the insured, it is doubtful whether you would really benefit both them and the whole community better by trying to organise an independent service than by making satisfactory contracts with the Nursing Associations and letting them carry on, because, as I pointed out, in that way the uninsured people, for whom they would still have to provide, would get an indirect benefit from the provision made for the insured.

23,972. I asked the question because we had evidence from the College of Nursing that there was not sufficient provision for nursing in the homes?—There is no provision for continuous nursing of the patient who is confined to bed, and if it were proposed to undertake that no doubt it would be a very desirable addition. The District Nursing Associations, like all other voluntary organisations, suffer from not having sufficient funds, and if they had a reliable source of income and a contribution in respect of the insured it would greatly help them in carrying out the work for the uninsured, and they would be able to get more nurses. (*Sir Walter Kinnear*): I may say we did make a survey of the number of nurses scattered up and down the country attached to the different District Nursing Associations some months ago, and we found that with the exception of certain rural areas, the sparsely populated districts, the country was fairly well covered from the point of view of domiciliary visitation, and representations were made to us at the time that if it were possible to give these District Nursing Associations a not excessive sum they would be able to make comprehensive nursing arrangements over the whole country. I may say we brought this position before the Consultative Council of the Approved Societies in the hope that it might give an impetus to the extension of nursing benefit as an additional benefit amongst the Approved Societies, but without success, the fact being that there is not a very great demand amongst insured persons for this service.

23,973. (*Chairman*): As regards massage, we have had evidence of the great value of that form of treatment, but it appears that it is not at present included among the additional benefits. Would you be favourably disposed towards the addition of massage and electrical treatment to the list of additional benefits which Approved Societies may provide for their members?—(*Dr. Smith Whitaker*): There can be no doubt as to the value of massage and electrical treatment, particularly for cases of after-effects of injuries and rheumatic conditions by which a large amount of prolonged incapacity for work is produced. Such treatment is often valuable in other conditions, but to carry the treatment out satisfactorily the close co-operation of a skilled orthopaedic surgeon and the general practitioner in attendance on the patient with the masseur or electrician is essential. Under present conditions there can be very little doubt that many cases do not receive satisfactory treatment because there is not that desirable co-operation between those three people. Such a service might be provided as an additional benefit if the societies were willing to participate in arrangements that would secure economical and efficient organisation, that would secure the careful selection of suitable cases and the proper supervision of the treatment. But it would not be practicable to provide a satisfactory service unless you had security for effective organisation, and it is doubtful whether any society can carry it out successfully independently of other societies. For these reasons such a service would be more economically and efficiently provided as a part of statutory medical benefit, and in that event, if the funds were available, might be worth providing as an independent

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extension of the scope of medical benefit, even though other extensions for the inclusion of special services could not be carried out at the same time.

23,974. Coming now to the local administration of medical benefit, Insurance Committees have come in for a good deal of criticism on various grounds. It has been represented to us that their present powers and duties are so limited as not to justify the appointment of special bodies: that they are not representative of the insured persons of their areas (the members who are supposed to represent insured persons being, in fact, ordinarily the nominees of the head offices of the largest Approved Societies): and that there is little or no co-ordination between the medical service administered by the committees and the other local health services. Do you wish to make any comments on these criticisms?—(Mr. Brock): In the main, that criticism of the Insurance Committee system seems to us to be well founded. Except in the case of the more important committees, the representatives appointed by Approved Societies are, to a very large extent, persons without much experience of public administration. At the same time, the duties devolving on Insurance Committees (as distinguished, of course, from their staffs) have become so limited in range that they do not offer sufficient attraction to public-spirited people who could find much better scope for their energies on other local bodies. As far as one can judge, the insured population generally appear indifferent to their representation on Insurance Committees and, of course, the large proportion who are insured in centralised societies is not conducive to much interest in local insurance administration. In the case of some of the committees, the members appointed by county or county borough councils really form the only section with much experience of public administration. But I should like to add that, whatever may be the shortcomings of Insurance Committees as part of the machinery of local government, that is in no way traceable to any failure on the part of their staffs, and I should like to put it on record, if I may, that the clerks to Insurance Committees, with very few exceptions, have carried out their duties, without any precedents to guide them, extraordinarily well, and I think we owe to their work a great deal of such measure of success as has been achieved in the very difficult task of accustoming 12,000 or more doctors to the degree of supervision that participation in a public service implies. The Insurance Committees' staffs have done their work exceedingly well, and I want to make it quite clear that, while I cannot dissent from the general criticism of Insurance Committees, I do want to pay my tribute to the efficiency of the work of their staffs.

23,975. (Mr. Jones): Cannot you go one step further and say the same of the Insurance Committees themselves, and that the shortcomings have been caused by the fact that they have no work to do?—That is the difficulty. They really have so little work to do except disciplinary work, which is mostly done by the Medical Service Sub-Committee. On the other hand, if you gave them more work to do, say an extension of their general health duties, you bring them into competition with the other local health authorities and you also tempt them to undertake work in which they really need the guidance of the sort of expert medical staff that the local authority has and which the Insurance Committee has not.

23,976. (Mr. Evans): What about propaganda? Can you tell us if any of these committees have carried out any extensive health propaganda? I understand they could have done that under the Act: they have power to do it?—They have certain general health powers, of course, with regard to propaganda, health education, and in regard to enquiries into excessive sickness. Few of them have

been able to make much use of those powers, partly because of financial limitations; their General Purposes Funds were not big enough to stand any considerable strain; but also partly because those health powers were given to them on the assumption that the insured people would be distributed in local societies, and that it would be possible to get information in regard to the sickness experience of particular areas. In fact, so large a proportion of insured people are in centralised societies that to extract information in regard to the health experience of a town or part of a town was really quite impracticable.

23,977. There has been general criticism of the apathy and indifference of insured persons, and I was wondering to what extent that might be attributed to the indifference of Insurance Committees?—Of course if an Insurance Committee has nothing to do except disciplinary work it is not to be expected that their meetings will excite any very widespread interest. It is very difficult to disentangle cause and effect and to say how far the indifference of insured people results from the unimportance of what the Insurance Committees have to do, or how far it is the other way round.

23,978. They confine themselves almost entirely to routine work, do they not? Very little other than routine work is done by Insurance Committees now generally?—(Sir Walter Kinnear): Yes. (Dr. Smith Whitaker): There are the doctors' cases, of course.

23,979. (Chairman): We did have it in evidence that one Insurance Committee had done a good deal of propaganda?—(Mr. Brock): Yes, Leicestershire have done a good deal of propaganda.

23,980. If it is possible for them to do it it is equally possible for others to do it.

23,981. (Sir Alfred Watson): I think on the average there are about 1,000 deposit contributors attached to each Insurance Committee?—(Sir Walter Kinnear): Yes.

23,982. Do you consider that the Insurance Committees perform an essential service in regard to the benefits of deposit contributors that could not be otherwise arranged for?—No. (Mr. Brock): I agree with Sir Walter.

23,983. They only pay, I think, on the instruction of the Ministry and out of the private account of the deposit contributor?—(Sir Walter Kinnear): Yes.

23,984. There is no element of supervision involved?—No.

23,985. What about the Navy and Army Insurance Fund? Do the Insurance Committees do any work there?—No. The position is very much the same with regard to the Navy and Army Insurance Fund. If any supervision is to be exercised it is generally exercised through officers attached to the outdoor staff of the Ministry.

23,986. Not by the local Insurance Committee or its staff but by the local officers of the Ministry?—Yes. The Insurance Committees are largely conduit pipes.

23,987. You outlined to us yesterday a plan under which you would like to see an arrangement by which the minority of deposit contributors whose health prevents them from getting into Approved Societies might receive benefits on an insurance basis. I do not know how many the number of those might be. I should think probably they might not be more than 10 per cent. of the existing deposit contributors?—I should not think they would be more than that.

23,988. In the plan that you outlined to us do you contemplate relying on the Insurance Committees for any essential service of supervision in paying benefits to that class of person?—No.

23,989. You agree that supervision would be a good deal more important in their case than in the case of the ordinary deposit contributor?—Yes, I agree, and the Insurance Committee has not got adequate machinery for the task.

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23,990. As in the case of the Navy and Army Fund your plan would involve relying on your own local officers to supervise those people?—Yes.

23,991. (Chairman): It has been suggested to us that many advantages would be secured by the insurance medical service being placed in the hands of a committee of the local health authority, which should include co-opted members, including representatives of the medical practitioners of the area. We should be glad to hear your views on this suggestion?—(Mr. Brock): We think a transfer of the powers and duties of Insurance Committees to the appropriate committees of the County and County Borough Councils would have the great advantage of being a step towards the co-ordination of all local health functions which is generally recognised as the logical corollary of the co-ordination of central health functions in the Ministry of Health. It would certainly facilitate co-ordination between insurance and other public health services and it would secure the independent expert advice of the Medical Officer of Health and other medical officers of the Councils. We should agree that if the functions of Insurance Committees are to be transferred to the Councils, then, whatever committee is charged with these duties, it is desirable that it should contain a strong co-opted element, including adequate representation of the doctors.

23,992. We have received many suggestions for the extension of the statutory benefits provided under the Health Insurance Scheme. The chief of these are: (1) The revision of the standard rates of sickness and disablement benefits, with allowances for wives and children; (2) the provision of dental treatment; (3) the provision of an adequate maternity service for insured women and the wives of insured men; (4) the inclusion in medical benefit of a service of consultants and specialists; and (5) the extension of medical benefit to the dependants of insured persons. Would you agree that if the necessary funds were forthcoming each of these would be a desirable extension of the present scheme?—Yes, subject to the proviso that extension of medical benefit to dependants would be less logical and probably less satisfactory than the establishment of a public medical service at the expense of local funds.

23,993. We have been advised by the Actuarial Committee that there is a small margin in the present weekly contribution, after providing for the cost of the present normal cash benefits, for medical benefit at the present permanent statutory rate and for the cost of administration. Would you agree that the first charge on this margin should be to provide for the balance of the cost of medical benefit, and could you give us an estimate of what this balance would amount to?—Yes, I certainly agree that the cost of medical benefit should be the first charge. As to the items which make it up, of course the largest item is the capitation rate of the insurance practitioners. That at present stands at 9s. I do not think any further inquiry or arbitration would be likely to lead to any different result. There has been no sufficient change of money values to give either side a strong case for reopening the figure, and I do not think there would be any great difficulty in arriving at an agreement with the profession to carry on for a further period at the existing fee. So that I start with the assumption that the cost of the capitation fee will continue to be 9s. The next item is mileage. Mileage is not a thing which is capable of exact calculation. It really rests, and can only rest, on an agreement as to what is broadly the reasonable thing to do. There may be minor changes, but until the whole question has been threshed out by the Distribution Committee I am assuming that the amount for mileage will remain the same. 4½d. in England, 1½d. in Wales. In any case I think any variation of mileage would

be a very small thing. Then the next item is the cost of the Central Index Committee. That will continue to stand at ½d. The Medical Referee Consultant Service, we think, should be increased from 1½d., at which it stands now, to 1¼d. That would mean that leaving drugs out of account the other items making up the cost of medical benefit would come to 9s. 7d. in England and 10s. 2d. in Wales. Now I come to the most difficult of all the items in medical benefit, which is the cost of drugs. In the 1924 Act the amount provided for drugs was 2s. 3½d. In fact the expenditure on drugs has continued to rise, and at the present time is round about 2s. 8d. A number of causes have contributed to that rise. There has been a rise in the cost of certain drugs; there has been an increasing use of the more expensive preparations, insulin, vaccines, anti-toxins and various gland preparations, though I do not suggest that is a very big factor. There have been some disturbing epidemics in the present period. But apart from all that, the biggest factor in the increased expenditure on drugs is the increased frequency in prescribing. There is in that increase, undoubtedly, some element of waste. Some prescriptions are being written which have no justification except perhaps the psychological justification that the patient will feel happier if he has a bottle. There has been carelessness in prescribing to the extent that doctors have sometimes ordered unnecessarily large quantities, or sometimes ordered proprietary preparations when there were other equivalents in the Pharmacopœia just as good at a much lower figure. Sometimes quite ridiculous quantities of dressings have been ordered, or of pills. But that we are endeavouring to correct by making a careful examination of the scripts of all doctors whose prescribing costs are abnormally high; they are being visited by doctors on the medical staff; and we hope in the course of time that that element of sheer carelessness, waste from want of thought, will be appreciably reduced. The rate at which the expenditure is rising is slowing down. Though the rise is going on, the curve is flattening, but I cannot say we have reached finality. We suggest that in reality the expenditure on drugs is just as incapable of exact calculation in advance over a period of years as is sickness benefit, and that it would not be wise to put into any future legislation a definite amount as the limit to be allowed for drugs. If any definite limit was to be imposed by Statute it could only be enforced by some power of actually controlling the extent to which drugs might be ordered for the insured people. We do not think it is really feasible to require any Minister or any Department to attempt to restrict the amount of drugs that can be provided, and we suggest that the cost of drugs, whatever it may be, should be treated as a charge on the benefit funds, and that in any legislation, while the other items making up the cost of medical benefit might be fixed by Statute, that no limit should be put to the expenditure on drugs. But if you ask for purposes of calculation, not for the purpose of inclusion in any Bill, what would be a safe amount to assume as the cost of drugs, I do not think it would be safe to put that figure at less than 3s. At the moment it is about 2s. 8d. I certainly would not like to suggest that anything less than 3s. would give you a safe margin. I ought perhaps to add also, there is one very small item that we think might be treated as part of the cost of drugs, and that is the cost—about £5,000 a year—of the analyses which are made as part of the drug testing scheme. Hitherto that has been a charge against and is now being charged against Insurance Committees' administration accounts, but in fact the analysts are chosen centrally, the whole thing is really arranged by the Ministry, and all that Insurance Committees have to do is to take the necessary samples and send them to the analyst for their district, one of a short list selected by the Ministry, and

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on that ground they object. As the whole thing is centrally controlled they argue, with considerable reason I think, that it ought to be centrally paid for; and we suggest that small item might in future legislation be dealt with as part of the general cost of drugs. I ought to add one more thing. I said that the present statutory provision for drugs is 2s. 3d. In fact, of course during the period 1924 to 1926 that figure will be very largely exceeded, and as far as we can estimate it at the moment, there will be an excess for which no statutory provision has yet been made of about three-quarters of a million in those three years.

23,994. We have had some criticism of the arrangement under which payment is made into a central medical pool and apportioned amongst insurance doctors in cases of insured persons who have not selected any panel doctor. It has been suggested that this money should not be distributed amongst the doctors, but should go to a separate fund and be used for the making of payments to hospitals. Have you any comments to make on this?—Under the present terms of service, insurance practitioners collectively are liable for treatment of all the insured persons in their area. So long as this liability continues, I see no justification for withholding the appropriate contribution in respect of persons who have not selected a doctor. They are entitled to treatment when they need it, and in fact in nearly all cases they do claim it when they need it. So far as we can discover, the number of persons entitled to medical benefit who deliberately refuse to avail themselves of it and who prefer to pay for treatment as private patients has never been at any time very considerable, and has steadily diminished. We believe it is now really a negligible fraction, consisting mainly of persons who expect to pass out of insurance at an early age, with a sprinkling of domestic servants. The great bulk of insured persons who are not at present on any doctor's list consists of new entrants who very often postpone their choice until they find themselves in actual need of treatment.

23,995. Representatives of the Insurance Committees and other witnesses have expressed the opinion that there is no necessity for making special arrangements for the medical attendance of members of the Seamen's National Insurance Society, and that such members would be in just as good or even better position under the normal panel arrangements. What are your views on this?—Since medical benefit was first instituted, the arrangements for the treatment of temporary residents and the recognition of the right of any insured person to treatment, whether on the list of a doctor or not, make it, in our view, unnecessary to continue the exceptional treatment of the Seamen's National Insurance Society. A large number of foreign-going seamen are members of other societies, and, as far as I know, there is no evidence that these persons experience any difficulty in obtaining whatever treatment they need under the ordinary provision of the Act.

23,996. We have had evidence as to the unsuitability of Approved Societies, and particularly of the small societies and branches, as agencies for the administration of additional benefits in the nature of treatment, and it has been suggested that better arrangements for such benefits could be made by the Insurance Committees or other bodies responsible for the local administration of medical benefit, and that the function of the society or branch should be limited to the payment, out of its surplus, of the necessary sum to cover the cost of the provision of the treatment of its members. We shall be glad to hear you on this subject?—I think that the administration of additional benefits in the nature of treatment by Approved Societies can never be very satisfactory. Few societies are entirely local, and as they may have members anywhere the provision of treatment services implies an obligation to provide the treatment wherever the member may happen to be. No society, particularly no centralised society, can

have the same facilities for arranging treatment of a medical nature as the Insurance Committees. Of course, the Insurance Committees are bound to be in closer relation with the medical profession and in closer touch with the allied services than any society can ever be.

23,997. (Sir Alfred Watson): The Chairman's question suggests that it was particularly the small societies and branches that were at a disadvantage in acting as agencies for these additional benefits referred to. If those types of additional benefits are best dealt with by local arrangements, would not the small societies and branches inferentially be in at least as good a position for dealing with them as the large centralised societies?—(Dr. Smith Whitaker): From the general medical point of view it always appears that the difficulty of the large centralised society is the selection of cases to whom the treatment should be given, and from that point of view undoubtedly the small society whose members are nearly all in one locality would have an advantage; but, of course, there may be other reasons for which the small society, being a small financial unit, may have greater difficulty than the larger society in dealing with the thing. There are several points, I should imagine, to take into consideration. One is the much greater economy and efficiency you can secure if you pool all the funds available and administer them irrespective of the society to which the member belongs. The difficulty about that of course is that so long as you are dealing with an additional benefit, each society has a limited fund for the provision of additional benefits for its own members, and it might be very difficult to ensure that the people who are actually providing the treatment did not make an excessive demand on the funds of the particular society—asked it to pay more than it was in a position to pay. If you look at it as an administrative proposition, the two things in the provision of treatment are the making of the arrangements and the selection of the people who really require the treatment you are providing. Either from the point of view of making arrangements or from the point of view of selecting properly the people who should have the treatment, the local organisation is clearly the preferable one.

23,998. (Chairman): Some witnesses have criticised the present regulations as to the limitation of the size of panel doctors' lists. Can you suggest any improvement that might be made in this respect? For example, the London Insurance Committee represented to us that the enforcement of a strict numerical maximum was very troublesome and laborious?—(Mr. Brock): Experience has shown that it is necessary to put some limit on the obligations which practitioners are prepared to accept. Before there was any limitation on the lists there was a certain number of doctors who accepted a far larger number of persons on their lists than they could possibly treat properly. There are really only two ways in which you can limit the doctor's obligations. One is by restricting the amount which you pay him; the other is by restricting the number of persons that he may accept. The fixing of a maximum payment, as is done in Manchester and Salford, and as is, indeed, the only possible system where payment is by attendance, is open to a good deal of objection. It is resented by the doctors. They feel that it is unfair that towards the end of a quarter they should be working, as they think, for nothing; and where a doctor knows that he has already earned the maximum amount, there is a natural tendency to restrict his work for the rest of the quarter. Under a capitation system, as I have said, there is a choice of two methods. You can restrict either the amount of the payments or the number of patients. In our view, the limitation on the number of patients is fairer to the doctor and better from the point of view of the insured person. The present limitation was proposed by the doctors and accepted by the societies, and it has worked, on the whole, satisfactorily. I admit it does involve sometimes a

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considerable amount of work on the part of Insurance Committees. Our experience does not suggest that there would be any danger in reverting to the previous limit of 3,000 for a practitioner working single-handed, but we see no reason for revising the present figure, which was arrived at by agreement between both parties. I ought, perhaps, to add that we do attach importance to a strict limitation on the number of assistants to be employed in order to prevent the farming out of insurance practice. The number of cases in which a doctor is allowed more than one assistant is very rigorously limited; it is only allowed in quite exceptional circumstances.

23,999. Are you satisfied that the present statutory provision that any qualified medical practitioner should be entitled to take part in the insurance medical service must remain?—In the opinion of the Ministry the right of any qualified medical practitioner to be admitted to the medical list ought to continue. It has been suggested that Insurance Committees might be given the same power to make representations against the admission of a doctor to the medical list that they already possess under section 24 in the case of chemists. One can imagine two grounds on which the exclusion of a doctor might be defended. The Committee might propose to exclude him on the general ground that he was a man with a bad record, or on the particular ground that his surgery accommodation was inadequate. Objection on the first ground—bad record—would be difficult to sustain, and, of course, it might bring the committee into conflict with the General Medical Council. It is perfectly true that doctors are from time to time removed from the medical list for offences which the General Medical Council may not regard as justifying removal from the register, but these are definite acts in relation to insured persons which have to be established before a competent committee of inquiry. This is quite a different thing from objecting to a doctor on the general ground of his conduct at some time in the past when he was not subject to any disciplinary control apart from that of the General Medical Council. Coming to the second possible ground of refusal, it seems very difficult to make admission to the list conditional on the provision of satisfactory surgery accommodation, because, after all, the standard of adequacy must depend upon the number of patients for whom the doctor accepts responsibility. Until he has come on the list he can have no insured patients, and the adequacy of his surgery accommodation cannot in fairness be considered except in relation to his actual obligations. In other words, you cannot refuse a doctor admission to the list on the ground that his surgery accommodation is insufficient for a merely hypothetical number of patients.

24,000. (*Professor Gray*): On a somewhat allied question, have you anything to say about the alleged cases in which doctors are fined by the Department after having been found innocent by a competent Court?—(*Dr. Smith Whitaker*): Yes. There have been some cases that have attracted a good deal of attention, and perhaps the facts of those cases have not been sufficiently appreciated. In the two cases that have been most discussed, the Medical Service Sub-Committee of the Insurance Committee, including the three medical members, had agreed that the doctor's conduct was deserving of severe censure, and that remuneration ought to be withdrawn. The Insurance Committee in each of those cases were not satisfied with the recommendation of the Medical Service Sub-Committee, but decided to make representations for removal. The Inquiry Committee constituted under the regulations to deal with the question of possible removal, naturally addressed their report to the only issue before them: Was the conduct of the doctor so bad as to justify his removal from the list, and in any sense in which their report can be read as an acquittal it was not to say that the doctor had not been at fault, but it was to indicate that in their view his conduct was not of such

gravity as to justify removal. The Minister, having that report before him, did in those cases, as he has done in many cases in the past, and without question by the Profession from 1914 or 1915 onward he took the view that the conduct did not justify what I may call capital punishment, removal from the list, but he took the view that the conduct was of such a nature that it did justify the withholding of a certain portion of remuneration. I think the amount was £10 in one case and £20 in the other. That, as I say, has been the practice ever since these cases came to be dealt with. When representations have been made that a practitioner should be removed from the list, and in the view of the Minister a case was not made out to justify the infliction of that penalty, he has nevertheless felt himself quite free, if the doctor's conduct, though not bad enough for removal, was bad enough for some penalty, to withhold remuneration. As regards the action which some section of the Profession appears to have taken about it, it appears to have been overlooked that the regulations expressly provide for this contingency and were agreed to by the practitioners with the knowledge that they were providing for this contingency, that it might be within the power of the Minister to withhold remuneration in the case of a practitioner whose removal had been recommended but where he did not think removal was called for.

24,001. (*Mr. Besant*): Except technically, it is not fair to say the Minister inflicts a fine?—At any rate it is part of the system which has been agreed to from the commencement and has always been accepted by the Profession, and at the time when it was introduced the Profession frankly recognised that if you had only one penalty, removal, either men would be removed because that was the only way of dealing with them where it was rather a hard penalty to inflict, or, alternatively, men would escape who really were deserving of penalty but not deserving of removal.

24,002. (*Professor Gray*): On the question of procedure, you have explained that when a case comes from the Insurance Committee to you, the lesser penalty is not lost sight of?—It is not lost sight of. One perhaps should point out too, if an Insurance Committee make a representation for removal the Minister has no alternative, he is bound to set up an Inquiry Committee, and the duty of that Committee is to present such a report as will assist the Minister in judging whether the man should be removed, but they have no duty of making any suggestion as to whether any other penalty should be inflicted.

24,003. In form at the present moment the application of the Insurance Committee, or whatever it is, is solely for removal?—Solely for removal.

24,004. Would it be better that that application should be for removal or such other penalty as is considered advisable?—Of course, Committees do sometimes make that recommendation, but they do not regard it as necessary to do so, because they know by experience that the other power is there and is frequently exercised.

24,005. (*Chairman*): Witnesses representing the Society of Apothecaries urged that persons holding their dispenser's certificates and having had three years' practical experience of dispensing should be allowed to dispense medicines for insured persons otherwise than in open shop. This proposal was, however, strongly combated by the Pharmaceutical Society. We should be glad to hear you upon the subject?—(*Mr. Brock*): We have to distinguish between the right to dispense in the literal sense of the term and the right to enter into arrangements with Insurance Committees for the supply of drugs to insured persons. In our view it would not be desirable to relax the present statutory requirement prohibiting arrangements for dispensing medicines being made with persons other than qualified pharmacists, even though such medicines are not

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supplied in open shop. The period of training required for the certificate of the Society of Apothecaries has been raised from six to nine months, but the standard of technical training is still not high, and it would be a retrograde step to amend the Act so as to allow persons holding this qualification only to contract for the supply of medicines; but we see no objection to apothecaries' assistants who have had three years' practical dispensing experience being placed in the same position as a person who, for three years immediately prior to the passing of the original Act, had acted as a dispenser to a duly qualified medical practitioner or a public institution. This would mean that while arrangements could still only be made with registered pharmacists for the dispensing of medicines, an apothecary's assistant might be employed by him to dispense insurance prescriptions without direct supervision. Such a concession would increase the chance of employment of persons holding this qualification, though it would not enable them to act as dispensers for public institutions such as hospitals, which undertake the supply of insurance prescriptions.

24,006. (*Mr. Jones*): Does that mean anything at all?—Yes, it does.

24,007. Could these persons be taken on as assistants by pharmacists at the moment?—It means there would be a good many more jobs open to people holding the Apothecaries Hall certificate.

24,008. I do not see it.

24,009. (*Chairman*): Medical institutions approved under section 24 (4) of the Act have been the subject of much criticism before us from Insurance Committees, representatives of the Medical Profession, and even from doctors attached to such institutions themselves. We should be glad to hear whether you consider that any existing institutions of this character should be allowed to continue for the purpose of medical benefit, and if so whether any modifications are desirable?—So far as it is possible to judge from the cases which come to the notice of the Department, the medical service provided by these institutions is definitely inferior to the service provided by practitioners on the medical list. In the main, the type of medical officer attracted by institutional service is poor, and is likely to remain poor in view of the attitude of the Profession towards medical men accepting these posts. Changes in the medical personnel are very frequent, the control exercised by the lay committee is often ineffective, and the investigation of complaints is apt to be very perfunctory. We should deprecate any extension of the institutional system, but so long as the present statutory limitations are retained and approval is strictly limited to institutions which existed prior to the passing of the original Act, we are not prepared to say that the experience of the working of this sub-section indicates that the service is so far inferior as to justify withdrawing from the considerable number of persons who have chosen to avail themselves of this provision the privilege which they have hitherto enjoyed; in fact only about 1 per cent. of insured persons take their medical treatment in this way. We do, however, suggest that a more effective investigation of complaints and a better service would be secured by a provision that nothing in the rules of these institutions should debar members bringing any complaints in regard to the service directly to the notice of the Insurance Committee concerned. Any member has at present the right of lodging a complaint with the Insurance Committee, but in most cases the rules provide for the investigation of complaints by a domestic tribunal, and a member who exercises his right of complaint to the Insurance Committee may quite possibly commit a breach of the rules of the institution. We submit that the right of any institution member to bring any complaint to the notice of the Insurance Committee with a view to its investigation by the medical service sub-committee should be definitely safeguarded.

24,010. (*Mr. Evans*): On what do you base this conclusion that the service given is inferior generally at these institutions?—On complaints which from time to time have come to our notice, and on the inquiries which he had to make in certain definite cases.

24,011. Have the complaints been made by the members who are catered for by these institutions?—Yes. They have come to us through the Insurance Committees. (*Dr. Smith Whitaker*): They were complaints by the members. (*Mr. Brock*): Complaints by the members, certainly.

24,012. We had evidence here from representatives of one of these institutions in South Wales—Tredegar, if I recollect rightly—and to all appearances that institution was being carried on very effectively, the work was done very effectively, and apparently the members were served well, they had a good staff of medical men, and it did appear to me that the whole institution was very well controlled?—(*Dr. Smith Whitaker*): May I explain a point in that connection? I think we must draw a considerable distinction between the institutions in South Wales which are a continuation of the arrangements made under the old poundage system, many of which are in fact not under section 15 (4) but approved by Insurance Committees under section 15 (3). The cases with which Mr. Brock and I are most familiar are the cases that arise in England in the institutes that were formed about 40 or 50 years ago, or down to about 1900 or 1905, that were founded in many places by combinations of Friendly Societies who preferred to employ their doctor as a whole-time officer for a number of Societies rather than employ him under the old Club system. Those are the institutions we are most familiar with.

24,013. (*Sir Alfred Watson*): You told us early in your evidence that the Ministry had estimated that the cost of a specialist or consultant service would be in the region of 1s. 6d. per head or 2s. including domiciliary treatment. Later on in your evidence you explained that the cost of drugs was very uncertain and that the liability for the provision of drugs should rest upon the benefit funds of Societies and otherwise under the Act without any specific limit being mentioned in the statute. Now I understand that so far as the other items of medical benefit are concerned the statute may contain something in the nature of a definite limit. Have the estimates as to a specialist and consultant service been so far worked out that you think that a definite figure additional to the cost of ordinary medical benefit could be put in the statute for the provision of these services?—Of course, the figure that controls the whole estimate, and which can only be guessed at, is the figure of the number of people who will in fact apply for treatment. That governs the whole cost. We made very careful inquiries through the Regional Medical staff and got the opinions of something like 600 medical practitioners on the question of how many of the patients that they treated—insured people—they thought they would be likely to refer if such a service were provided. We had 28 officers at work, and although the personal equation of the officer who made the inquiry came in, which might to some extent influence the estimate he obtained, we were able to compare them with one another, and we formed our conclusion. It was also, I may say, referred to medical officers at the head office who had had extensive experience of general practice, and after going over it in every way we came to the conclusion that probably for some years to come the demand on the service would not exceed 3 per cent. of the insured population, and if that were the fact the cost would be considerably below the sum we have named. We did not think it would rise for at least 10 years to above 5 per cent. of the insured population, and our estimate was that, making a liberal allowance for the remuneration to be paid to the practitioner (which

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[Continued.]

of course is the other uncertain element in the calculation)—taking an outside figure, we did not think the cost for the clinic system, apart from the laboratories, would exceed about £750,000 to £800,000 a year for England. The laboratory service we put at about £100,000. The domiciliary consultation is an even more uncertain thing. We put it at £250,000, but we are sure that is quite an outside figure. We do not think it would really cost that, but what we endeavoured to do was to put what we believed to be an outside figure on every item. Of course we might have made a mistake: we cannot say with confidence. We can only say that if you leave out domiciliary consultations we believe that 1s. 6d. for laboratory service and for clinic work is as safe a figure as you can arrive at when you are entering into such an unknown sphere.

24,014. You do not mean that we should put any figure in the statute?—No.

24,015. We should have to leave it indefinite as we must leave the cost of drugs?—I do not think you could do otherwise. Of course you can put a figure in the statute but you can only do it as we say with regard to drugs. If Parliament were prepared to take the responsibility of saying that the Minister should be given absolute control over the drugs to be provided, and he could cut them down at his discretion, then he can keep within the figure. In the same way with the authorities that provide specialist services, if you give them a definite figure they can provide a specialist service within that figure and probably a specialist service that is quite worth providing, but you could not be sure that they could for a particular figure provide everything that you think desirable.

24,016. Which would you prefer? To leave the figure indefinite?—To leave the figure indefinite.

24,017. And to use the figures you have given us this afternoon as a reasonable estimate of the cost likely to arise for a considerable time to come?—Yes; after all there would be financial pressure but if the funds were limited to a statutory figure I think you would put the authorities in such fetters that it would be very difficult for them to administer satisfactorily.

24,018. You gave us alternative figures, 1s. 6d. without domiciliary treatment and 2s. with it?—Yes.

(The Witnesses withdrew.)

FORTY-THIRD DAY.

Thursday, 29th October, 1925.

PRESENT:

SIR ARTHUR WORLEY in the Chair; later LORD LAWRENCE OF KINGSGATE.

THE RT. HON. SIR JOHN ANDERSON, G.C.B.
SIR HUMPHRY ROLLESTON, BART., K.C.B.,
M.D., P.R.C.P.
SIR ALFRED WATSON, K.C.B.
MR. A. D. BESANT, F.I.A.
MR. JAMES COOK, J.P.

MR. JOHN EVANS.
PROFESSOR ALEXANDER GRAY.
MR. WILLIAM JONES.
MRS. HARRISON BELL.
MISS GERTRUDE TUCKWELL.

MR. E. HACKFORTH (Secretary).

MR. J. W. PECK, O.B. (Assistant Secretary).

Sir WALTER KINNEAR, K.B.E., Mr. L. G. BROCK, C.B., and Dr. J. SMITH WHITAKER, M.R.C.S.,
L.R.C.P., recalled and further examined.

Mr. A. B. MACLACHLAN and Mr. H. W. S. FRANCIS, called and examined. (See Appendix CIV.)

24,025. (Chairman): Mr. Maclachlan and Mr. Francis, you are going to give evidence to us with regard to various Health Services other than the

24,019. Which do you think it ought to be?—That is a very difficult question of policy.

24,020. If we recommended what I will call the cheaper service, our Report would have to explain that we were financially limited and you would have to rely on that for your answer to the cheese-paring argument?—Quite.

24,021. (Miss Tuckwell): Have you not often found cases in which it was very difficult for the sick person to go to a clinic or institution and in which there was great difficulty in getting the doctor to the house?—I should say on that, that, from what I hear from practitioners, the development of new modes of locomotion, motor cars, motor omnibuses and everything of that kind, has brought people so much closer to one another in the country that I very much doubt whether the difficulties of getting the doctor to the patient or the patient to the doctor are anything like what they were when I was in practice. The whole country has closed up, as it were, under the influence chiefly of the development of motor cars, motor omnibuses and similar vehicles.

24,022. My point is, it is still only comparative. I find the hard cases—I think there will soon be a very much greater development of the transfer of patients to hospital by motor ambulance. Motor ambulances are being developed very rapidly and the whole trend of medical opinion is now in favour of getting people into an institution if you can, rather than nursing them in their own homes if they are confined to bed with serious illness.

24,023. (Chairman): You look rather for development along those lines?—I think if you institute a specialist service at centres only you give a start which is worth having for five or ten years and then perhaps the country may be in a better position and you may be able to afford more.

24,024. It would be a really genuine benefit as extending medical service in a desirable way?—Yes. The trouble that has always been brought home to us about medical benefit is that the absence of a specialist service is treated as a reproach. This is not a case of adding something like nursing or other services that people would regard as an additional gift. It would be removing something that people always have felt was a serious reproach to the service.

Insurance Medical Services?—(Mr. Maclachlan): Yes.

24,026. We have read the Statement submitted by the Ministry with regard to the various Health

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[Continued.]

Services in England and Wales supported out of public funds other than the Insurance Medical Service. We are, of course, only concerned with these services in so far as they are or should be related to the Insurance Medical Service. You would, no doubt, agree that in so far as these services are available for insured persons the fullest possible measure of co-ordination between them and the Insurance Medical Service is desirable?—Yes.

24,027. Do you see much likelihood of further progress in this direction, on the assumption that the present division of the work between the various Local Authorities is maintained?—In replying to this question, it seems necessary to deal separately with the various services. So far as tuberculosis and venereal diseases are concerned, perhaps I may deal with those later. As regards the Infectious Diseases and the Port Sanitary Services, there is little scope for co-ordination with the Insurance Medical Service, apart from the obligations of panel doctors in regard to insured patients suffering from infectious disease. With regard to the Maternity and Child Welfare Service, it will be necessary to refer to the services which a Local Authority may provide for women before, during and after confinement. These include ante-natal clinics which are available for all women; the provision of a doctor or midwife for attendance in confinement in necessitous cases; and hospital treatment for certain classes of cases. On the other hand, under the Insurance Medical Service an insured woman is entitled to receive from her panel doctor any attendance within his competence which is required during the ante-natal period or after the expiration of 10 days after the confinement. But treatment in respect of a confinement is excluded; that is to say, attendance in labour resulting in the issue of a living child, or attendance in labour after 28 weeks of pregnancy resulting in the issue of a child whether alive or dead, or attendance within 10 days after labour in respect of any condition resulting therefrom. It appears, therefore, that, generally speaking, the spheres of the Insurance Medical Service and of the Maternity and Child Welfare Service are mutually exclusive except as regards medical attendance within the practitioner's competence that may be required during the pregnancy or after 10 days from the date of confinement. The insurance practitioner is also required, if the condition of the patient is such as to require treatment which is not within his obligation, to advise the patient as to the steps which should be taken to obtain that treatment. Further, where provision is made for such treatment by any Public Authority, of which notice has been given by the Insurance Committee to the practitioner, he is required to take such other steps as may be reasonably necessary to secure to the patient the full advantage of such treatment. Accordingly it would seem that what is necessary in order to secure proper co-ordination between the two Services is (a) that it should be considered to what extent it is desirable that Local Authorities should undertake the provision of medical attendance to expectant and nursing insured women at Ante-Natal Centres which their insurance practitioners are under obligation to give; and (b) that in every possible way the Ante-Natal Centres and the Insurance practitioners should be brought into co-operation in respect of insured women who are attending at the Centres or who might with advantage be advised to attend there; and (c) if this is not already done, that the practitioner should be informed by the Insurance Committee of the maternity provision available under the Maternity and Child Welfare Service. As regards the Poor Law Service, I understand that it is not considered that further progress in the direction of co-ordination with the Insurance Medical Service is likely so long as the present division of work between the various Local Authorities is maintained.

24,028. (Professor Gray): Can you tell us how far there is co-ordination between the medical practitioner and the Maternity and Child Welfare

Centre?—No. I have no direct information as to the present arrangements for co-ordination. The subject of co-ordination between the Insurance Medical Service and the Maternity Service has not at present received full consideration in the Ministry.

24,029. So far as the insured woman is concerned, are there, in effect, two agencies for doing the same thing?—Yes, to a limited extent.

24,030. What does the Child Welfare Centre do over and above what the panel practitioner is required to do?—The Ante-Natal Centre exists primarily for the examination of pregnant women and for giving advice to those women. To a minor extent it may give treatment, but only to a minor extent. If treatment is found to be necessary by the doctor at the Ante-Natal Centre, it is his general duty to refer the woman to the source from which she may get treatment.

24,031. But so far as advice and treatment go, the insured woman is entitled to that from the panel doctor?—That is so. In addition, I should say that at the Ante-Natal Centre provision may be made for specialist advice, for referring the woman to a consultant.

24,032. Is there anything in the way of additional foods or general necessities in the way of clothing, and so on? Does that come in?—Yes. The local authority administering the Maternity and Child Welfare Scheme may provide food and milk, but not clothing, to the expectant mother in necessitous cases.

24,033. (Miss Tuckwell): Is there any agency which provides clothing?—Not out of public funds, except, of course, the Poor Law.

24,034. (Mrs. Harrison Bell): May I ask whether the specialist advice is followed by specialist treatment, if necessary?—In what are known as necessitous cases it is within the competence of the Maternity and Child Welfare Authority to pay for specialist treatment.

24,035. (Professor Gray): Have you any idea as to the proportions of insured and non-insured women who go to the Maternity and Child Welfare Centres?—No, there are no statistics on that point. No records are kept differentiating between the two classes.

24,036. (Mrs. Harrison Bell): Is it the case that most Ante-Natal Clinics are held in the day time when insured people are working and find it difficult to attend?—I believe it is the fact that, generally speaking, they are held in the day time.

24,037. (Chairman): Do you feel that there is any substantial degree of overlapping in the present organisation of health services?—The reply appears to depend upon the sense in which the word "overlapping" is used. If provision in one area of two services providing identical assistance for different, although only slightly different, classes of the population is regarded as overlapping, then it is present in a very substantial degree; and it should be pointed out that the Poor Law service is always in the background and may be called upon to provide any service which a necessitous person cannot otherwise obtain. But it is assumed that by "overlapping" is meant a duplicate provision of the same service for the same person. In this sense the only serious possibility of overlapping appears to arise in connection with the Maternity and Child Welfare Service, which may provide facilities for ante-natal advice and treatment for all women, including the insured who have also available the services of their insurance practitioners during the ante-natal period.

24,038. You rather emphasise the same service to slightly different classes of people. What have you in mind?—Take the Maternity and Child Welfare Service and the Poor Law Service. The Maternity and Child Welfare Service provides many forms of assistance which a slightly different class of woman may get from the Poor Law Service. The same would hold good, I think, as regards tuberculosis. Although there are schemes for the treatment of tuberculosis in

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operation in every area of England and Wales which are conducted by the Public Health Authorities, it is also a fact that the Poor Law Guardians provide a substantial amount of accommodation in their institutions for the treatment of certain classes of cases of tuberculosis.

24,039. (*Miss Tuckwell*): Does that mean that these agencies to a great extent cater for different classes of people which minimises overlapping very much?—That is so, I think.

24,040. (*Mr. Evans*): Do I gather from your reply that the people catered for at these various Centres are very much the same people that are also catered for by the Poor Law?—Not very much the same; different, although only slightly different classes of the population.

24,041. Only slightly different?—Only slightly different.

24,042. So that usually they are the same people who are catered for?—Not, I should say, the same people, but something of the same class, slightly above the Poor Law class, broadly speaking. It is well known that many people take advantage of the Poor Law now who would never have done so 20 years ago.

24,043. (*Sir Arthur Worley*): I am sure we should like to clear up what exactly you have in mind when you say "slightly different." Are they insured persons?—Yes.

24,044. They all are?—Not all.

24,045. The majority are insured persons?—The Maternity and Child Welfare Service and the Tuberculosis Service provide nominally for all classes of the population and a substantial proportion of the persons who avail themselves of those services must be insured persons.

24,046. (*Mr. Evans*): I have a place in mind where there is a population of 30,000, and I know that the Local Authority has established four clinics in four different wards, and I know that they attract people there who certainly are not catered for by the Poor Law, but are quite a respectable type of artisan class. The women attend these clinics and take their children there. To what extent ante-natal work is done I am not quite sure. I was wondering to what extent that would be fairly general throughout the whole country?—I think there are many women who take advantage of these services who would not resort to the Poor Law, but at the same time (*Mr. Francis*) can speak with more authority on this than I can) I suppose it is fairly common knowledge that the classes of persons who resort to Poor Law at the present time are certainly different in many ways from what they were some years ago. (*Mr. Francis*): If I may put it in this way, I think it is really a case of varying strata of the population. You will get the highest stratum attending the Maternity and Child Welfare Centres who would not go to the Poor Law in any circumstances; below that you get a stratum which prefers the Maternity and Child Welfare Centre, but will go to the Poor Law with comparative indifference; and then below that you get a stratum which goes naturally to the Poor Law.

24,047. (*Miss Tuckwell*): The stratum below that which goes naturally to the Poor Law is the stratum which would always have gone to the Poor Law, is it? The very lowest stratum?—That which has always gone to the Poor Law.

24,048. You say there is a stratum above that for which the Poor Law is becoming more popular?—Certainly, and many of the highest stratum will now go to the Poor Law indifferently, but speaking generally, the distinction survives.

24,049. (*Mrs. Harrison Bell*): On the question of medical provision for tuberculosis, is it not true that the Poor Law will provide for certain classes of cases, advanced cases, if the medical department of the city or borough has not facilities available for their treatment?—The Poor Law has to provide for advanced or other cases of tuberculosis if the Public Health Authority has not facilities for their treatment.

24,050. Is there any means of finding out how universal that resort to the Poor Law is?—There are no statistics in existence.

24,051. (*Miss Tuckwell*): On what do you base your conclusion, which is very interesting, that a class which did not previously take advantage of the Poor Law now does, if there are no statistics available?—As the result of ordinary administrative work. I can quote a case in which the Guardians have a maternity ward, and they also receive in the same building patients who are sent there by the Maternity and Child Welfare Authority, and the officers tell me there is no distinction practically between the two classes. It is quite true that the class which comes through the Poor Law tends to be lower, and the class which comes from the District Council tends to be higher, but for the great bulk they are indistinguishable people.

24,052. (*Chairman*): Does the higher class make any payment?—(*Mr. Maclachlan*): If they were sent to the maternity ward of the Poor Law Institution by the Maternity and Child Welfare Authority it would be the duty of the Maternity and Child Welfare Authority to recover from the patient or from the husband whatever the patient or the husband could afford.

24,053. In that way the patient might properly consider that any stigma arising from the Poor Law would disappear?—(*Mr. Francis*): It is also the duty of the Poor Law Authority to recover from the patient what the patient can afford.

24,054. In the ordinary case?—Yes.

24,055. But they cannot, as a matter of fact, because they have not got it?—Oh, yes, they do.

24,056. In the very poor class?—No, where they can pay they do pay, and they include among their Poor Law patients a number of patients who can pay fairly substantial sums. (*Mr. Maclachlan*): On the question of stigma, I think it has been the fairly general experience that women will go into the maternity ward of a Poor Law Institution if they are sent there by the local Medical Officer of Health, and they know that the Maternity and Child Welfare Authority are paying the Guardians the full cost of the treatment, recovering from the patient or her husband whatever they can afford to pay.

24,057. I was wondering whether that was not part of the explanation of people going now who formerly would not have gone?—(*Mr. Francis*): I think the explanation is twofold. On the one hand there is much more difficulty in confinement cases owing to the housing problem, and on the other hand the Guardians have provided improved accommodation.

24,058. (*Miss Tuckwell*): And the stigma which ordinarily applied you feel does not apply in these cases of maternity?—I should say the stigma was steadily decreasing in force in every class of case.

24,059. (*Mr. Jones*): Does the same condition apply to tuberculosis, that is to say, in regard to the matter of payment?—Yes. (*Mr. Maclachlan*): I am not quite sure what your question means. As regards tuberculosis, the Public Health Authority are not empowered to make arrangements with the Guardians for the treatment of cases of tuberculosis; that is to say, if cases of tuberculosis go into a Poor Law Institution they have to be maintained there by the Guardians at the cost of the Guardians.

24,060. The practice is different in Scotland?—It may be so.

24,061. As a matter of fact it is; that is to say, it is quite common procedure for the local Health Authority to make arrangements with the Poor Law Authority to set aside beds for tuberculous persons recommended directly from the Public Health Dispensary, and the Local Authority make payment of the whole cost of treatment; in fact, extending to tuberculosis what is extended to Maternity and Child Welfare?—That is not the case in England, and of course during the time that sanatorium benefit was

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in operation an arrangement of that kind would have been illegal as regards insured persons.

24,062. It would have been, but at any rate it is quite common practice in Scotland.

24,063. (*Mr. Evans*): Can you tell us to what extent this maternity work is now rounded off? What I mean is this. You may have your Ante-natal Clinic and your Child Welfare Clinic; is that afterwards capped and rounded off with a maternity hospital?—In many cases.

24,064. To what extent is that being done at the present time?—To an increasing extent, the Maternity and Child Welfare Authorities are providing maternity homes or hospitals.

24,065. The whole thing is followed up from the ante-natal work through to the maternity home and then to the infant welfare?—It should be so, and to an increasing extent that is being done.

24,066. Is any attempt being made to link infant welfare clinics with school clinics?—Yes. Of course, in a properly co-ordinated scheme of Public Health Services that would be essential and in many cases in this country it is done at the present time because fortunately in those cases the two authorities, the authority responsible for the School Medical Service and the authority responsible for the Maternity and Child Welfare Service, are one and the same.

24,067. (*Mr. Jones*): Is there not a good deal of overlapping, if not in treatment, in payment for treatment. Take the case of tuberculosis: the insured person's panel practitioner is responsible for that man's treatment so long as it is a domiciliary case. Is there not a growing custom for the panel practitioner to refer tuberculosis cases as soon as he is satisfied about diagnosis to the Tuberculosis Dispensary?—I think that is increasingly being done.

24,068. I am thinking of the simple question of overlapping with regard to payment. I do not suggest that anybody is getting treatment twice over, treatment by the panel practitioner and treatment by the dispensary physician, but the panel practitioner relieves himself of his responsibility by referring the case to the Tuberculosis Dispensary, and while he receives as part of his capitation fee payment for that treatment, the actual work is done by the Local Authority?—I do not think that is so at the present time. The arrangements for co-operation between the Tuberculosis Service and the Insurance Medical Service provide—quite rightly—that the insurance practitioner should refer a case in which he diagnoses or suspects tuberculosis to the Tuberculosis Officer, and it is then for the Tuberculosis Officer to say whether the subsequent treatment of that case, if he confirms the diagnosis, should be undertaken or not by the panel practitioner.

24,069. Is there not a tendency on the part of the panel practitioner to wash his hands of the case and say, "You are now a case for the Local Authority?—As I say, provision is at present made by which the Tuberculosis Officer can decide when the case is one which can be adequately treated by the panel practitioner.

24,070. Does not the question arise again and again with venereal disease? Is not the panel practitioner inclined to refer his case to the V.D. Clinic?—I think that happens to a large extent in connection with venereal disease, but the modern treatment of venereal disease is more or less a specialist service.

24,071. Does he not incline to refer all those cases to the specialist and relieve himself entirely of responsibility?—I could not say definitely as to that, but I should say that in all probability the large proportion of insured persons, if they do attend their panel doctor for venereal disease, are referred, and I think rightly referred, to the venereal disease clinic.

24,072. Does not the same thing occur again in connection with child welfare and ante-natal cases. In so far as the panel practitioner is dealing with an insured pregnant woman, is he not inclined to take advantage of the facilities provided and refer the

woman to that Centre for treatment?—It may be so. I have no definite knowledge about that.

24,073. It can happen, I suppose, that the insurance practitioner might also hold a Poor Law appointment and be responsible for the treatment of the same woman in a Poor Law capacity?—(*Mr. Francis*): Certainly.

24,074. So that to that extent, at any rate, there is a good deal of overlapping?

24,075. (*Sir Humphry Rolleston*): There is no double payment, is there?—(*Mr. MacLachlan*): No.

24,076. (*Mr. Jones*): Clearly, there is a double payment. If it is a case of an insured woman, and the treatment of that case comes within the insurance practitioner's capitation fee, and he also holds an appointment from the Parochial Authority, he is getting double payment, and he may refer the case to the Public Health Authority and not give the treatment?—(*Dr. Smith Whitaker*): May I suggest there may be a misunderstanding as to that. The insurance practitioner certainly has a contractual obligation to attend this insured person as an insurance practitioner, for which he receives a fixed sum related to the number of persons on his list. As regards the Poor Law, he is under a contractual obligation to attend all people who are referred to him in the proper way, and in respect of that he receives, not a capitation rate, not a fee for cases attended, unless in very exceptional circumstances; he simply receives a fixed salary, which is not related to the number of people to whom he gives attendance. It may be revised from time to time. (*Mr. Francis*): Not directly related, certainly. (*Dr. Smith Whitaker*): So that there is no case of an increased charge falling on public funds according to whether he treats the case in one capacity or the other; I should have said, certainly not a direct increased charge. It is not like the case of a Local Authority providing a service where you may have to increase your staff if a large number of people come to the Authority.

24,077. No, but in so far as the one man may be responsible for the treatment of the individual as insurance practitioner, and in so far as he may also be responsible for the treatment of that same individual as parish practitioner, he is receiving double remuneration, even if he undertakes the treatment?—(*Mr. Francis*): The answer is this. The Poor Law is not required to provide any treatment which a destitute person can get somewhere else. If, therefore, a destitute person makes application to the Poor Law for relief which can be given by a panel doctor, the Guardians or the Guardians' officer refers that person to his panel doctor.

24,078. He may be the same individual, of course?—Yes.

24,079. (*Sir Humphry Rolleston*): It is to the advantage of the panel practitioner who has the other appointment to refer the patient from his surgery to the parochial clinic?—Do you mean to the infirmary?

24,080. No, to the place where he would carry out his duty in another capacity?—He would probably carry out both duties in the same place.

24,081. (*Chairman*): The actual fact is that he would get no more, whether he treated that person as a panel doctor or treated him as a parochial officer?—I think it makes no difference.

24,082. As far as his banking account is concerned, he is no better off.—(*Professor Gray*): But if the doctor is the doctor at both places, and he refers a case over, then *qua* panel practitioner he gets the same fee for doing less work. That is what it comes to.

24,083. (*Chairman*): Dealing first with the authorities responsible for the local administration of the services, in the Insurance service the units of local administration are the County and County Boroughs, each having its own Insurance Committee, but in the case of other public health

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[Continued.]

services there appears to be a great variety in the matter of local administration. Leaving aside for the moment the complication of the Poor Law medical service, what public health authorities are there other than County and County Borough Councils?—(Mr. MacLachlan): In London the Metropolitan Borough Councils are Public Health Authorities and are responsible for the Maternity and Child Welfare Service, for the dispensary part of the Tuberculosis Service (subject to the supervision of the London County Council), and for parts of the Infectious Diseases Service. Outside London, the other Public Health Authorities are: (1) non-county Borough Councils, (2) Urban District Councils, (3) Rural District Councils, and (4) joint boards or joint committees of these Councils. The main health service of these authorities is the infectious diseases service, but some of these councils are responsible also for Maternity and Child Welfare work and the School Medical Service; all the councils have powers and duties under the Tuberculosis Regulations in connection with the prevention of tuberculosis; and the Port Sanitary service is carried out by the appropriate councils for the particular ports, or by joint committees of those councils.

24,084. (Miss Tuckwell): Can you give me any idea as to how many councils there are in whom a great many different functions centre. You said "some"?—Some are responsible for Maternity and Child Welfare and the School Medical Service.

24,085. What proportion?—As regards the School Medical Service, there are, I think, 318 local education authorities in England and Wales responsible for that service, and of those I think about 130 or 140 are county and county borough councils. So that you would find that probably 170 or 180 councils are responsible for the School Medical Service who are not either county councils or county borough councils.

24,086. Would they be likely to be responsible for Maternity and Child Welfare as well?—In many cases, but not all.

24,087. In many cases you would have a considerable number of functions grouped in one council?—That is so.

24,088. (Mr. Jones): When we had the representatives of the Medical Officers of Health Society here, Dr. Lyster and Dr. Buchan, they stated quite definitely I think that the county authorities were responsible for the administration of the tuberculosis and child welfare schemes in the whole area of the county. Your evidence seems to contradict that?—It is perfectly true that the county council are responsible for the administration of the tuberculosis service throughout the whole area of the county, but not so with regard to Maternity and Child Welfare.

24,089. Where does the line of demarcation arise coming down the scale of authorities you have mentioned? The county council is a separate unit for maternity and child welfare?—In certain parts of the county.

24,090. The county borough is quite separate?—Quite

24,091. It has autonomy in that and other respects?—Quite.

24,092. (Chairman): Coming now to the various services dealt with in your statement, I see that tuberculosis is the first in order. Do you consider that the removal of the institutional treatment of tuberculosis from the Health Insurance Scheme has been to the advantage of the community generally and of insured persons in particular?—It is not strictly accurate to speak of "the removal of the institutional treatment of tuberculosis from the Health Insurance Scheme." From the beginning of that scheme the institutional treatment of non-insured persons was directly in the hands of the local authorities, whilst as regards the insured, Insurance Committees had no power to provide

institutions; they could only contract with other bodies or persons for the provision of institutional treatment, and in the large majority of areas these contracts were made with the local authorities. What was removed was the responsibility of Insurance Committees for making arrangements, to the extent that their sanatorium benefit funds permitted, for the treatment of insured persons suffering from tuberculosis. As regards advantage to the community, the answer to the question is in the affirmative. An effective scheme for the treatment of tuberculosis cannot be confined to one section of the community, and the placing of the responsibility for the treatment of all sections upon one local authority has had the substantial advantages of (1) preventing local administrative overlapping, (2) simplifying supervision by the Central Department, and (3) enabling due attention to be given, in the further development of local tuberculosis schemes, to the needs of other sections of the community besides the insured, and especially children. Even from the point of view of insured persons this is an advantage, as their dependants constitute the larger part of the non-insured section of the community. Further, the termination of sanatorium benefit in 1921 was only a part of the reorganisation then effected, the second feature of which was the placing upon local authorities by the Public Health (Tuberculosis) Act, 1921, of the duty of maintaining schemes for the institutional treatment of tuberculosis. This duty could hardly have been imposed if Insurance Committees had retained their responsibility in respect of insured persons. The effect was to bring all local authorities into line and to enable the whole country to be covered by schemes relating to the population in general. As regards advantage to the insured, in the large majority of areas they were already, before the change in 1921, being treated by the local authorities (in much greater numbers than the sanatorium benefit funds of the Insurance Committees could pay for), and in the remaining areas the arrangements made by the Insurance Committees for institutional treatment have been continued and extended by the local authorities. Moreover, in most areas the medical adviser of the Insurance Committee, who was responsible for recommending insured persons for treatment, was the tuberculosis officer of the local authority. The change at the time was therefore, from the point of view of insured persons, little more than a nominal one. As regards the amount of residential treatment since provided, separate figures for insured adults are not available, but on the 1st September, 1925, 12,648 adults and 5,202 children were receiving residential treatment from local authorities in England as against 10,858 adults and 3,875 children on the 1st July, 1921. The additional number of persons now under treatment must consist mainly of insured persons and their dependants. In some areas a contribution according to means is required from persons who are financially in a position to make some payment towards the cost of their residential treatment, and insured persons are not exempted as such from this arrangement. As against this it has to be remembered that the Health Insurance contributions now payable by insured persons include nothing in respect of institutional treatment for tuberculosis; and what is now paid in some areas by insured persons by way of contributions towards the cost of their treatment is equivalent to only a small fraction of the relief thus obtained.

24,093. (Mr. Jones): You have referred to the recovery of some part of the cost of treatment from the patient. What is the authority for that? It has been a matter for grumble and complaint by several Approved Society representatives who have given evidence before the Commission?—Do you mean what is the statutory authority?

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24,094. Yes?—On the question of statutory authority the county borough councils have the powers of the Public Health Act, 1875, section 132 of which gives them full power to recover the whole or any part of the cost of hospital treatment given to a person suffering from any infectious disease. As regards county councils, I cannot point to any direct statutory authority. I should think myself it is probably inherent in the power to provide institutions and to make arrangements for their maintenance and management. But in any case a county council could refuse to give treatment in a particular case if they thought, on the merits, it was a case where a contribution should be paid by the patient, and the patient declined to pay. If they found that no contribution would be forthcoming they could, in theory, refuse to give treatment. As a matter of fact, it does not arise in practice.

24,095. Is not the criterion for removing a person to an infectious diseases hospital the opinion of the medical officer as to whether that person is properly housed? However, it becomes academic, because you say it does not arise in practice. There is statutory authority for claiming it?—There is statutory authority in the case of county borough councils; no such direct authority in the case of county councils.

24,096. As a matter of fact, it has been a matter of complaint before this Commission?—(Sir Walter Kinnear): I may point out that the amount of money which was levied up to 1920 for sanatorium benefit on contributions of insured persons was in that year diverted to increasing cash benefits, and insured persons do not now contribute anything out of the contribution towards the cost of sanatorium benefit.

24,097. Is there anything logical in asking an insured person to pay for treatment while he is still a ratepayer?—(Mr. MacLachlan): I hope I have made it clear that there is no differentiation as against insured persons. I think probably the contrary is the case. In areas where this system of contribution is adopted, of course it is applied to all patients quite irrespective of the fact whether they are insured or non-insured, though, as a matter of fact, I believe in some areas, if any differentiation is made, it is in favour of the insured person. It certainly should not be understood that only insured persons are required to make contributions. That is by no means the case. (Sir Walter Kinnear): We have in recent years had numerous complaints that there was differentiation as regards insured persons, and our enquiries into those complaints have shown that they were groundless.

24,098. I can only say that Scotland is in advance of that.—(Mr. MacLachlan): It should be said, I think, that it is not the case in all areas in England. I believe, as a matter of fact, it is only in a minority of cases in England where this system of contribution has been adopted.

24,099. (Mr. Evans): To what extent have we succeeded in stamping out tuberculosis? Do you think our schemes have at all been successful?—I do not know whether it is sufficient simply to quote the mortality figures in reply to that question. It is extremely difficult to get anything like accurate figures on a point of that kind.

24,100. We might have them and you can qualify them?—The figures I have here range from the year 1915 to the year 1924. In 1915 the deaths from pulmonary tuberculosis (England and Wales) numbered 40,803, from non-pulmonary tuberculosis, 13,492, giving a total of 54,295. In 1924 the deaths from pulmonary tuberculosis numbered 32,690, from non-pulmonary tuberculosis, 8,413, giving a total of 41,103, a decline of roughly 25 per cent. in the total.

24,101. (Mr. Besant): Is that from 1915 to 1924?—From 1915 to 1924.

24,102. Would the 1915 figures be affected by war conditions?—No, I do not think the 1915 figures would. I have the figures here for each year between 1915 and 1924. I omitted to give the whole of the

figures, but, as a matter of fact, in 1917 the total deaths both from pulmonary and non-pulmonary tuberculosis numbered 55,934 and in 1918 the total was 58,073. Those are the two maximum years. The decline really from 1918 to 1924 has been very much greater than from 1915. I thought it was fair to take 1915 as the first complete year of the war.

24,103. But in the peace years, where you can get a set of homogeneous conditions, you think there has been a substantial saving in the mortality?—Undoubtedly. I have the figures here for the years prior to 1915, and I feel sure they will show a larger number of deaths than in 1915.

24,104. (Professor Gray): These figures relate to deaths from tuberculosis?—That is so.

24,105. They do not throw light on the number of people suffering from tuberculosis?—No, they throw no direct light on the number of persons suffering from tuberculosis at any one time.

24,106. What these figures in fact show is this, is it not, that you are prolonging the life of tuberculous persons and giving them a chance of dying of something else?—I should think that is probably so.

24,107. (Mr. Evans): What percentage of these people were being treated at clinics or various institutions?—The people who died?

24,108. Yes?—I could not tell you.

24,109. (Miss Tuckwell): With reference to Professor Gray's question, and to your answer, are you going on the assumption that tuberculosis is incurable and all that you can do is to prolong life and let people die of something else?—I do not think that is so at all. I think it is an admitted fact that some forms of tuberculosis are certainly curable.

24,110. (Mr. Besant): You have not any statistics available there, have you, of the number of notified cases?—Yes, I have the figures of the number of notified cases between 1915 and 1924. In 1915 the number of notifications of fresh cases of tuberculosis, combining the pulmonary and the non-pulmonary, totalled 90,592. In 1924 the total was 81,158; but in connection with the latter figure—I am quoting from a table which is published in the Annual Report of the Ministry—it is explained that the figures have not really been derived on the same basis. For the past two years the returns which we have received from Medical Officers of Health have included not only the cases actually notified by practitioners for the first time to the Medical Officers of Health, but all new cases which come to the notice of the Medical Officer of Health. There are some cases which come to the notice of the Medical Officer of Health, especially through the dispensaries and the Tuberculosis Officers, which are not notified. So that, as a matter of fact, the figure of approximately 80,000 for 1924 is not strictly comparable with the figure of 90,000 for 1915, and some deduction should be made from the figure of 1924 in order to compare them.

24,111. Has there not been a change in the expectation of life?—I think that in all probability notification now is carried out more thoroughly than it was in 1915.

24,112. (Mr. Jones): It is the fact, is it not, that the net number of cases per annum is showing a steady fall?—Yes, so far as the returns of notified cases and other cases brought to the notice of the officers show.

24,113. You have quoted the mortality figures from 1915 onward. Have you any for earlier periods—1900 or 1880, or any earlier period?—No; I am sorry I have not them here.

24,114. I think it is the case that the mortality from tuberculosis has been falling pretty steadily since 1870 or 1880?—I think that is so. I see I have the figures here from 1911. That is the last date in the Chief Medical Officer's Report.

24,115. That is rather close up against your starting figure before?—Yes. It would be quite easy to supply the figures from any previous date.

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24,116. I think the Commission have had them before from some other source. What I wanted to ask was whether there was any evidence of any acceleration in the rate of fall during the past decade as compared with any earlier decades?—I am afraid I could not answer that off-hand.

24,117. (*Sir Humphry Rolleston*): I am not quite sure whether this discussion is directed towards the special measures which have taken place in this country or whether it is on the general principle. I think we might take it, to save time, that there is no question, as Mr. Jones said, that the mortality rate for tuberculosis began to fall before the special measures were introduced in this country. As regards the general principle, there seems to be no doubt that in countries in which preventive measures against tuberculosis have been employed, there is a very greatly diminished incidence. Is not that the experience of the Ministry?—I think that is so.

24,118. (*Mr. Besant*): Many of those patients who are treated at the institutions are sent back to their homes afterwards, are they not?—Yes.

24,119. Can you tell us whether the efforts made to save these people are more or less nullified by bad housing conditions and other social conditions?—That, I am afraid, is so in some cases.

24,120. (*Miss Tuckwell*): So that really you are lowering the rate, in spite of particularly bad conditions just now?—That is so.

24,121. If those conditions were modified and altered, one might get a still greater reduction, I take it?—It is really more a medical question than anything else, but I imagine that is the case.

(*Chairman*): I think you may take it that if conditions were modified and made ideal there would be less cases to start with too.

24,122. (*Mrs. Harrison Bell*): How far do you think that the other preventive Acts like the Unemployment Insurance Act have already contributed towards the prevention, shall I say, of tuberculosis?—I think it is very difficult to express any opinion on a question of that kind.

24,123. (*Miss Tuckwell*): I suppose you would say, though, that everything which helps to keep up the standard of living and gives people better nourishment and better conditions altogether fights in your favour?—Undoubtedly.

24,124. (*Chairman*): We have had some criticism of the arrangements of the Local Authorities made to us by representatives of various Approved Societies in connection with this disease. Are you of the opinion that the arrangements made for the treatment of tuberculosis are generally satisfactory and adequate?—Generally the Ministry are satisfied that the provision made by Local Authorities for the treatment of tuberculosis is satisfactory and adequate, except that there is need for the provision of additional accommodation for cases of non-pulmonary tuberculosis, and in some areas there is not sufficient accommodation for advanced cases of pulmonary tuberculosis. The growth of the scheme is shown by the following figures: On the 1st September, 1921, there were 410 approved Tuberculosis Dispensaries and 18,072 beds in approved residential institutions; whereas on the 1st September, 1925, there were 469 dispensaries and 20,921 beds in institutions. Those figures, I should say, apply to England only. They do not include the accommodation in Wales.

24,125. (*Mr. Besant*): Is that number sufficient, do you consider, for the purpose? Is that number of dispensaries and the number of beds sufficient for the needs of the population?—I think the country is well covered with Tuberculosis Dispensaries, but, as I have said in reply to the question, there is need in some areas for more beds for advanced cases of pulmonary tuberculosis, and there is certainly, generally speaking, a need for more accommodation for the treatment of surgical tuberculosis.

24,126. (*Sir Humphry Rolleston*): There has been a good deal of criticism of the Tuberculosis Dispensaries as they are at present run, and also with regard to the absence of the after-care of persons after they have come out of a sanatorium. What is the opinion of the Ministry as regards modifying the dispensaries and making them more effective, and certainly as regards providing after-care?—As regards the dispensaries, I am not quite sure what the nature of the criticism is.

24,127. That in many cases the treatment does not amount to very much more than giving them a bottle of medicine?—I think that that is not the case at the present time. I believe that at the initiation of this scheme there was a tendency to run the Tuberculosis Dispensaries somewhat on the lines of the ordinary Out-patient Department; but, generally speaking, that has been corrected since the War. I may deal later with the question of the relations between the Tuberculosis Officer and the insurance practitioner, and I hope to have an opportunity of bringing out what is now generally regarded as the proper function of the Tuberculosis Dispensaries. As regards the question of after-care, it is, of course, an extremely difficult one. Up to the present what has been done by the Ministry is to encourage promising experiments, such as the village settlements at Papworth and Preston Hall; but I am afraid you cannot say more than that at the present time experiments are being tried in various forms.

24,128. (*Chairman*): Now we come to the question whether there are satisfactory arrangements in existence for reference between insurance practitioners and the Tuberculosis Officers of Local Authorities as regards the treatment of insured persons suffering from tuberculosis. What do you say to that?—The necessary machinery for securing such co-operation has been provided by the issue by the Minister, after consultation with representatives of Tuberculosis Officers and of the insurance practitioners, of a memorandum setting forth the detailed procedure for practitioners and Tuberculosis Officers to follow; but it is not claimed that fully satisfactory co-ordination has yet been attained in all parts of the country. Much depends on the personality of the Tuberculosis Officer and his relations with the practitioners in the particular district, and there will probably always be opposition in some quarters to the use of set forms as a means of collaboration. There is evidence, however, that the respective functions of the Tuberculosis Dispensary and of the insurance practitioners are gradually coming to be better understood; and that the dispensaries are tending to adhere more closely to their proper rôle as centres for consultation, expert examination, special treatment, etc., and to entrust the ordinary routine treatment of tuberculous insured patients in their homes to the insurance practitioners. The Ministry continuously endeavour, especially through their visiting medical staff, to promote a better understanding of the proper relationship of the two services and of the objects to be aimed at.

24,129. (*Mr. Evans*): You have already referred to the question of after-care. Is there any attempt being made now, fairly generally I mean, to look after these people when they are discharged from institutions?—In many areas there are Tuberculosis Care Committees in existence and functioning; but one cannot say that the whole country is yet covered by those Committees, and, of course, the Care Committees vary enormously in efficiency. As I said just now, however, the problem is a difficult one, especially in these days, when there is so much unemployment amongst the ordinary healthy population.

24,130. Have you many instances of people having to return or being sent back after being discharged once?—That is undoubtedly the case, especially as regards the ex-service man suffering from tuber-

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culosis. There are many cases in which a man has returned for a further period of treatment.

24,131. (*Mr. Jones*): That is not peculiar to ex-service men, is it?—It may not be; but personally I see more records as regards ex-service men than as regards the ordinary population.

24,132. As regards after-care, is it not the case that most Authorities have now instituted a domiciliary nursing service, whether there is an After-care Committee or not, who undertake post-institutional supervision rather than just actual nursing? Is that procedure not pretty general throughout the country?—The provision of Tuberculosis Visitors is general throughout England and Wales; but as a rule they do not do any actual nursing in the home. Their work is rather to give advice and to supervise.

24,133. And, to that extent, undertake after-care?—To that extent they do.

24,134. Have you any experience as to whether the patients have any reluctance to attend these dispensaries, either of their own volition or on the recommendation of their private practitioner?—I have heard nothing recently myself as to any such reluctance.

24,135. (*Mrs. Harrison Bell*): You made reference to this new circular. The criticism I have heard offered is that when the panel practitioner refers his patient to the dispensary, and the patient is ordered institutional treatment in which the insurance practitioner concurs, the patient goes away and the insurance practitioner then has no knowledge of what is happening to his patient. Is there any machinery that can avoid that lack of knowledge which the insurance practitioner ought to have to enable him to treat his patient successfully when the patient returns from the sanatorium?—Full provision is made for all information to be supplied to the insurance practitioner. It was felt to be one of the weaknesses of the old arrangements that while there had been throughout certain provision for reports to be made by the insurance practitioner to the Tuberculosis Officer, there was no real provision for reciprocity. But that has been corrected in this memorandum which was issued nearly two years ago.

24,136. I have been rather out of touch with the Insurance Committee work for the last six years, but I know there was a difficulty before then. It is not very possible for the insurance practitioner to pay a visit to his patient who is in a sanatorium if the sanatorium is 50 miles away from the town or borough where the tuberculosis patient ordinarily resides?—Would that be necessary?

24,137. I should like to know whether you think it would be necessary?—Personally, I think not, but in this memorandum provision has been made that before the insured patient returns to his home from the institution the insurance practitioner should have a full report from the Medical Superintendent of the sanatorium which is conveyed to him through the Tuberculosis Officer.

24,138. Is there any objection on the part of any or many practitioners to another printed circular? They appeared to have a good deal of objection, when we saw them, to the multiplication of printed forms?—I have not heard that the practitioners generally have objected to the use of the forms which have been prescribed for their use in connection with this matter. As I think I stated in my reply, the procedure was thrashed out at conferences with representatives of both the Tuberculosis Officers and of the insurance practitioners; but generally, with regard to the use of forms, it is the fact, I think, in one or two areas—I have one particular area in mind—that at the onset there was strong objection expressed, I think, both by the Local Authority and by the insurance practitioners, to the use of the suggested forms. I have, however, heard nothing recently of any such objection.

24,139. (*Chairman*): The next service you deal with is that relating to venereal disease. This

is in the hands of the County and County Borough Councils only, is it not?—Yes, except in London, where the Common Council of the City of London is the responsible authority for the venereal disease service in the City of London, the London County Council being responsible for the service in the administrative County, excluding the City.

24,140. Are there any arrangements under which an insurance practitioner who finds one of his insured patients to be suffering from venereal disease is required to refer the case for expert treatment provided by the Local Authority?—Article 9 (1) of the insurance practitioners' terms of service requires that, if the condition of the patient is such as to require treatment which is not within the practitioner's obligations under the terms of service, the practitioner shall advise the patient as to the steps which should be taken in order to obtain that treatment; and that he shall, where provision is made for such treatment in or for the area by any Public Authority, of which notice has been given by the Insurance Committee to the practitioner, take such other steps as may be reasonably necessary in order that the patient may derive full advantage from the provision of such treatment.

24,141. Do you think that anything more is desirable in the way of keeping the insurance practitioner in touch with the centres provided by the Local Authorities for the treatment of this disease?—So far as the Local Authorities are concerned, medical practitioners have been circularised by the Local Authorities informing them of the facilities available, and in most areas public advertisements are continuously being issued giving information as to the days and hours of the clinics. The facilities include examinations free of cost of specimens submitted by any medical practitioner, and the arrangements with the authorities at the Treatment Centres also provide that the Medical Officer of the Centre shall consult at the Centre with any registered medical practitioner without fee respecting any of his patients who are suffering from or suspected to be suffering from venereal disease. Generally speaking, it does not appear that Local Authorities can do much more in the matter, except, perhaps, by reminding medical practitioners at intervals of the facilities for diagnosis and treatment, and of the arrangements under which they can consult free of charge with the Medical Officer of the Centre in regard to any patient suffering from, or suspected to be suffering from, venereal disease. It may be pointed out that venereal disease is now a compulsory subject in the medical curriculum, and it may be expected that in the future general practitioners will be more competent than heretofore to deal with these diseases. Moreover, they may be more likely in the future to take advantage of the instructional facilities which are available at Treatment Centres for all medical practitioners.

24,142. (*Miss Tuckwell*): Do the Ministry feel that there is anything more that could be done if they had larger powers? Is there anything more that could be done to warn and check people than is already done?—In the way of propaganda or education do you mean?

24,143. Yes?—As you know, there has been a systematic and widespread educational and propaganda campaign as regards venereal disease carried out in this country since 1916. It has been carried out partly by the body now known as the British Social Hygiene Council and partly by the Local Authorities. As regards the Local Authorities I think there is no doubt that some of them have been reluctant to embark on a campaign which was directed solely to venereal disease; but until quite recently the powers of Local Authorities in regard to public health propaganda have been very limited. That defect has been remedied by the Public Health Act of 1925 which has just passed through Parliament and which gives pretty wide powers to all Local

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Authorities to undertake education and propaganda in relation to the prevention and treatment of any disease. So that it is to be hoped now that Local Authorities will avail themselves of those powers and will simply take venereal disease in their stride, as it were, and that they will become responsible for well-considered schemes of propaganda, one item in the programme being, of course, the prevention and treatment of venereal disease.

24,144. (*Chairman*): You think they have the power if they choose to apply it?—They have now. It was only given two or three months ago.

24,145. To follow up Miss Tuckwell's point, can the Ministry suggest how pressure can be put upon these Authorities to put into force the power that they have? Have you any suggestions as to how pressure can be put upon them to exercise their powers?—I should think myself that the most effective form of pressure for that purpose would be applied locally by their own constituents.

24,146. (*Professor Gray*): The Act of 1925 is merely an Act giving power to engage in propaganda?—Health propaganda.

24,147. It does not go beyond propaganda?—It is particularly section 67 I was referring to.

24,148. I think what Miss Tuckwell has in mind is the point of view whether in fact more of this kind of propaganda ultimately will do very much good, and whether you will not require more drastic powers of one kind or another beyond propaganda?—Of course, in the Ministry we are constantly being urged by various people to consider more drastic action in several directions; but I do not think there is sufficient experience yet to say whether any of the measures which have been suggested to us—that is to say, compulsory measures—would really be effective.

24,149. What kind of compulsory measures have been put before you?—Compulsory notification of all cases of venereal disease and compulsory continuation of the treatment, which would apply to those who discontinued treatment before they were cured or rendered non-infective.

24,150. (*Mr. Evans*): Can you tell us to what extent the clinics are being used to-day? I think they are fairly well studded all over the country now?—There are in England and Wales between 190 and 200, I think.

24,151. And are they attended by patients?—To a very great extent. The opinion of the experts is that the clinics are getting now possibly the large majority of the cases of syphilis, but that does not apply, I am afraid, to gonorrhœa.

24,152. (*Mrs. Harrison Bell*): If this disease is of such deadly danger to the community as it appears to be, what is the great objection to notification? We have had to accept notification for several infectious diseases—for tuberculosis, scarlet fever, diphtheria, and even for measles in some cases?—I think the main difference is that in the one case there is a definite moral stigma associated with the disease which does not apply in the other cases, and it is the fact, I believe, that venereal disease can be concealed. It is argued that any compulsory system of notification would or might result in the concealment of cases or in patients going to unqualified practitioners and receiving ineffective treatment. If those two results occurred the probability is that compulsory notification would do more harm than good. The present scheme is based, of course, on the recommendation of the Royal Commission which reported in 1916, that these free clinics should be provided all over the country, and that patients should be invited to attend there, and they definitely said at that time that no system of compulsory notification should be instituted. It is true they said that at a later stage, when further experience had been obtained, the question of notification should be reconsidered, and from time to time it has been reconsidered; but I do not

think the experience of compulsory notification in other countries is altogether satisfactory.

24,153. (*Professor Gray*): You mentioned resort to quack practitioners. That is illegal now, is it not?—Yes, that is illegal.

24,154. (*Mrs. Harrison Bell*): In view of the fact that practitioners are dealing with all kinds of diseases, some notifiable and some not, I should have thought that this one might become more easily notifiable without the question of stigma arising at all?—The first question you have to consider is whether you are going to carry the medical practitioners with you. I believe on the last occasion on which the British Medical Association considered this question they definitely rejected the idea of compulsory notification. Unless you are going to secure a complete notification by all practitioners, your regulations or your law would be of little use.

24,155. (*Chairman*): As regards Maternity and Child Welfare, the Local Authorities do not seem to be limited to the Councils of County and County Boroughs. This would be a disadvantage in making arrangements for co-ordination between this service and the Insurance Medical Service. Could you tell us why the local administration of this service is in the hands of smaller Authorities and whether the present arrangement is to be regarded as permanent?—The explanation of the variety of Local Authorities administering Maternity and Child Welfare schemes is to be traced to the provisions of the Notification of Births Act, 1907, the object of which was to secure that every birth should be notified to the local Medical Officer of Health in advance of the notification to the local Registrar of Births. This Act was an adoptive Act only, and the Local Authorities entitled to adopt it were County Councils other than the London County Council, Urban and Rural District Councils, including all County and non-County Borough Councils, and in London the City Council and the Metropolitan Borough Councils. A County Council might adopt the Act either for the whole county or for any urban or rural district within the County. The Notification of Births (Extension) Act, 1915, put the Act of 1907 in force in every area in which it had not already been adopted, and provided that in the case of an area in which the Act of 1907 could have been adopted either by the District Council or the County Council, it should take effect as if it had been adopted by the District Council. Apart from the question of adoption, the Ministry have power to make an Order substituting the County Council for the District Council, and *vice versa*. This power has been exercised in a number of cases, in the large majority of which the County Council has been substituted for the District Council, but the transfer of powers can only be effected on the application of the Local Authority desiring the change. There are at present a large number of Local Authorities, other than County Councils and County Borough Councils, which are administering Maternity and Child Welfare Schemes, and in addition to the 48 County Councils and the 78 County Borough Councils, there are 28 Metropolitan Borough Councils and 259 other Local Authorities which administer this service in their areas. It has been the policy of the Ministry as far as practicable to substitute the County Council for the smaller authorities as the Maternity and Child Welfare Authority. The Ministry have in fact power, if the County Council desire it, to substitute the County Council in every district for the District Council as the Authority under the Notification of Births Acts, and they could in theory withdraw their approval under the Maternity and Child Welfare Act of the schemes of the smaller authorities and their grants-in-aid of those schemes. But many of the Councils of the non-County Boroughs and of the larger urban districts have been carrying on Maternity and Child Welfare Schemes on a fairly high level of efficiency for some years, and even if the County Councils

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were willing in all cases to take over the work the transfer could not at present be effected without great friction and possible loss of efficiency. The present arrangements are not, however, regarded as permanent. The ideal to be aimed at is a single Public Health Authority in each area, responsible for the whole of the public health services, but this can only be attained in connection with a general re-organisation of local administrative areas and a consequent revision of the functions of the Local Authorities.

24,156. (*Miss Tuckwell*): Are there many places in which there are no arrangements for maternity and child welfare?—No, there are none in England, nor, I think, in Wales—certainly not in England.

24,157. Not even in the country places?—I think not. There are schemes in operation for the whole of England, and I think for Wales, but I cannot speak quite definitely for Wales.

24,158. (*Chairman*): Is there any obligation on a panel doctor to take steps to secure for an insured woman who is pregnant the advantages of maternity provision made by the Local Authority?—As has been indicated in reply to a previous question, the panel doctor is required to secure for his patient the benefit of any treatment, outside the scope of his own obligations, provision for which has been made by any public authority, and of which notice has been given by the Insurance Committee to the practitioner. Assuming, therefore, that a panel doctor has thus been made aware of the maternity arrangements made by the Local Authority, the answer to the question is, yes.

24,159. We should be glad to hear you generally on the subject of the possibility of making use of the existing provision of services for maternity with a view to securing that every insured woman and the wives of insured men should receive proper attention from doctor or midwife before, during and after a confinement?—In answering this question a distinction must be made between insured and uninsured women. Generally, it should be understood that under the Maternity and Child Welfare Act there is no obligation upon Local Authorities to provide maternity services. But where the Local Authorities have made provision for the attendance of a doctor or midwife before, during and after confinement, the services are available for any "necessitous woman," and where ante-natal clinics have been established they are available for all women. There are at present about 350 ante-natal clinics in England, and over 300 infant welfare centres also provide for giving advice to expectant mothers. As regards the provision of midwives, it is not, as a rule, necessary for the Local Authorities in urban areas to provide or subsidise midwives, because the midwives in these areas are generally able to make a living and to obtain adequate fees. In rural areas, however, the aid of the County Councils is generally required—usually in co-operation with the County Nursing Associations—to secure an adequate midwifery service. The services of trained midwives are now available for over 75 per cent. of the rural population of England. With regard to the provision of a doctor during and after confinement, there is a statutory obligation on County Councils and County Borough Councils under section 14 of the Midwives Act, 1918, to pay the fee of a doctor called in by the midwife in certain specified emergencies. The Councils are empowered to recover the fee from the patient, or other person liable, unless it be shown to their satisfaction that the patient is unable by reason of poverty to pay the fee. Where a Local Authority has made provision for the accommodation in homes or hospitals of maternity cases, such provision is available for insured women and the wives of insured men; but where the accommodation is limited, preference is generally given to the more necessitous cases, or to cases in which the home conditions are least suitable for a confinement. The maternity work of the Local Authorities is being

gradually developed and the Ministry have recently emphasised the importance of the provision of ante-natal clinics and maternity homes for every area. But it would be necessary to place an appropriate statutory obligation upon the Local Authorities in order to secure that all women should receive, under the maternity service provided by those Authorities, the attendance of a doctor and midwife before, during and after confinement. The position of the insured woman in this matter differs from that of other women in two important respects. First, she is entitled, as part of her medical benefit, to receive from a general practitioner all attendance within his competence which she requires before and after confinement. Secondly, as regards the confinement itself, she is entitled through her maternity benefit to a substantial contribution from the Insurance Funds towards the medical and other expenses attendant upon confinement. These two considerations would greatly facilitate the institution for insured women of a scheme of comprehensive provision of all services required from the time that the woman is first known to be pregnant to the time when she has recovered from the effects of confinement, and such schemes have from time to time been considered by the Insurance Commissioners and the Department and discussed with representatives of the medical profession. As regards the uninsured wives of insured men, the difficulty of including this class in such a scheme arises from the fact that in their case there is at present no provision of general practitioner services such as are afforded by medical benefit.

24,160. As regards Port Sanitation, are there separate independent authorities in seaports for this service, or is it under the town council and the Medical Officer of Health?—At most of the larger ports a Port Sanitary Authority has been constituted by Order of the Department under section 287 of the Public Health Act, 1875, or section 3 of the Public Health (Ships, etc.) Act, 1885. This Authority may be either (1) a Joint Board on which are represented the Councils of all the Boroughs, Urban and Rural Districts abutting on the port, each constituent Authority appointing from among its members one or more representatives on the Joint Board; or (2) the Council of the principal Borough or Urban District abutting on the port in question. In this case the Council may act as a Port Sanitary Authority for a port which extends beyond the limits of the Borough or Urban District. A specially constituted Port Sanitary Authority may either appoint an independent Port Medical Officer of Health, or may arrange for the Medical Officer of Health of the principal Borough or Urban District to act as Port Medical Officer. Where no Port Sanitary Authority has been constituted, the Sanitary Authority and their Medical Officer of Health are responsible for the health supervision of shipping in the district.

24,161. As regards infectious diseases, here again the Local Authorities are not restricted to the Councils of County and County Boroughs, are they? Perhaps you will tell us just what is the position?—They are not so restricted. The Urban and Rural Sanitary Authorities (including the County Borough Councils) are primarily responsible for the control of infectious diseases within their area. Speaking generally, as regards infectious diseases other than tuberculosis and venereal diseases, the functions of the County Councils are limited to giving advice and making representations to the Sanitary Authorities. The provision of Isolation Hospitals is usually undertaken by the Sanitary Authorities, but united action between neighbouring Authorities may be secured by the constitution of a Joint Hospital Board or a Joint Hospital Committee; while a County Council, if authorised by an Order of the Minister, may provide an Isolation Hospital for the whole or part of the County.

24,162. What is the obligation on a panel doctor when he finds one of his insured patients to be suffer-

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ing from an infectious disease?—(Mr. Brock): If the disease is one which is compulsorily notifiable under the provisions of the Infectious Diseases (Notification) Acts, or under regulations made by the Minister of Health, the panel doctor is under the obligation common to all practitioners of forthwith notifying the case to the Medical Officer of Health of the Sanitary District in which the case occurs. The panel doctor must also continue to treat the patient unless and until he is removed to an institution.

24,163. I see that you state in paragraph 35 of your Statement that Local Authorities commonly provide facilities for bacteriological examinations required in the diagnosis of infectious diseases. Are panel doctors entitled to secure such examinations for their insured patients and, if so, have they received instructions from the Ministry as to the procedure they should follow?—(Mr. MacLachlan): Where facilities for bacteriological examinations are provided by Local Authorities, they are available alike for insured and uninsured patients, and it is for each Local Authority which provides such facilities to inform the practitioners (panel and others) practising within their district of the facilities which are available.

24,164. So that they have not received instructions from the Ministry?—They have not. But it is the common practice when any new medical service of any kind is provided in a Sanitary District for the Medical Officer of Health to circularise all the practitioners practising within the district.

24,165. As regards the Poor Law Medical Service, this is administered locally by Boards of Guardians. I gather that the areas for which these bodies are responsible do not coincide with those of the Local Health Authorities. Is there at present any co-ordination between the medical work of the Poor Law Authorities and other health services?—(Mr. Francis): It cannot be said that there is any general or complete co-ordination between the medical work of Poor Law Authorities and other health services. But there are numerous instances in which the performance of a service partly entrusted to the Poor Law and partly to another Authority is, to an appreciable extent, unified. For example, a Tuberculosis Officer may be a consultant at a Poor Law Infirmary taking tuberculosis cases. The venereal disease clinic of a Local Authority may be provided in a Poor Law institution. Accommodation may be found in a Poor Law institution for the mental defectives or other cases for which a Local Authority other than the Poor Law is responsible, and cases of acute sickness or surgical cases, especially in the smaller Poor Law institutions, are largely referred for treatment to voluntary or other hospitals. Moreover, the want of definition of the limits of the scope of a Poor Law Authority leaves the Poor Law Authority charged with the provision of medical and of other services which the Local Authority either has not express power to deal with or, though it has a power or duty in the matter, does not, in fact, deal with.

24,166. Is there any sound reason why the provision of medical attendance for sick persons who are destitute should be in the hands of a separate Local Authority?—I know of none.

24,167. Do you consider it a feasible proposition that destitute sick persons should receive medical attendance from general practitioners of their own choice and that payment should be made to such practitioners by the responsible local authority?—No. Such a service would tend to be extremely costly; it would be very difficult to limit the liability of the Local Authority to sick persons who were in fact destitute, and a service ought not to be provided at the public cost without public responsibility for its quality.

24,168. As regards the institutional treatment of the destitute sick, is this always provided in special institutions, or is the treatment in some cases provided in hospitals for sick persons generally?—

Institutional treatment for the destitute sick is ordinarily provided in Poor Law institutions, but the Guardians have power to send cases to any non-Poor Law institution which they may be advised by their medical officers is more suitable, and, especially in the country areas, it is the practice that cases requiring operation should be transferred to local hospitals. The Guardians are empowered, with the sanction of the Minister, to subscribe to such hospitals.

24,169. Would you agree that it would be a great advantage if the whole of the health service in any area, whether for the insured or uninsured, destitute or not destitute, were in the hands of the same authority? Would it be in accordance with the views of the Ministry that in any reorganisation of the local administration of the Insurance Medical Service this end should be kept in view?—(Mr. MacLachlan): The answer to both parts of the question is, yes.

24,170. You have a Consultative Council which was specially set up by Statute to advise the Minister on such matters, have you not?—Yes, four such Councils were set up for England and one for Wales by Order in Council under the provisions of section 4 of the Ministry of Health Act, 1919.

24,171. Have the Councils made any recommendations in the direction of such local unification as I have indicated? Perhaps you would give us a brief outline of such recommendations, if they have?—The matter has been considered both by the Council on Medical and Allied Services and the Council on Local Health Administration. The Council on Medical and Allied Services were requested to consider and make recommendations as to the scheme or schemes requisite for the systematised provision of such forms of Medical and Allied Services as should, in the opinion of the Council, be available for the inhabitants of a given area. Their Report dealt in the main with the various forms of preventive and curative treatment which ought to be secured, the co-ordination of general practitioner and specialist services, and the provision of allied services, such as nursing, dental surgery, and hospital treatment. The Council made no attempt to draw up a detailed scheme for the fusion or re-organisation of the various forms of existing local public health administrations, but they advocated as an essential condition a new type of Health Authority to bring about unity of local control for all health services, curative and preventive. The Report continues: "There are some who favour a statutory committee of an existing Local Authority, whereas there are others who favour the establishment of an *ad hoc* independent body for the purpose of administering health services alone."

The Council did not, in their Report, express an opinion on these alternatives. They recommended that the medical profession should be represented as such on the proposed Health Authority and that a Local Medical Advisory Council should be associated with each Health Authority. As regards the composition of the Health Authority, the Council suggested that three-fifths of the representatives should be elected by popular vote, the remaining two-fifths being made up of persons whose special knowledge would be of value in health questions, a majority of whom should be medical representatives nominated by the Local Medical Advisory Council. The Council on Local Health Administration considered this Report, and expressed strong opposition to the appointment of an *ad hoc* independent body for the purpose of administering health services alone. They recommended: (a) that the County Borough Councils should be the Local Health Authorities for County Boroughs and should be required to submit schemes to the Ministry of Health providing for the inclusion under one authority of all existing health services; (b) that while it would be desirable to correlate all health services within the area of each Administrative County, it would be undesirable that all health

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services within that area should be administered by one authority. The Consultative Council recommended that County Councils should, in consultation with the other Local Authorities within their areas, submit to the Ministry schemes of correlation, and made suggestions for dealing with disputes between these Authorities. They made no suggestions as to Insurance Committees.

24,172. (*Prof. Gray*): What has happened to those Reports?—The former Report has been published and the second has not.

24,173. (*Chairman*): I understand that of the seven health services, namely, Insurance, Poor Law, Infectious Diseases, Maternity and Child Welfare, Tuberculosis, Venereal Diseases, Port Sanitary Services, some are available to the whole population without restriction, some are available only for cases of proved necessity, and some only to those who pay insurance contributions. Will you classify the seven services for us into these three types?—(*Mr. Brock*): Taking first the insurance service, this provides general practitioner treatment for all insured persons entitled to medical benefit, excluding attendance at confinement after 28 weeks of pregnancy and for any conditions resulting from confinement during the 10 days following labour. Such treatment would include domiciliary attendance in the case of the special conditions mentioned in the question so far as it is within the competence of general practitioners as a class. (*Mr. Francis*): The Poor Law service is available only for cases of proved necessity. (*Mr. MacLachlan*): As regards infectious diseases, generally speaking, this service is available for the whole population without restriction, but the "three types" mentioned in the question are not quite exhaustive. Any "inhabitant of a district" can claim admission to an isolation hospital provided for the district if accommodation is available, but the Local Authority may recover from him the cost of his maintenance in hospital. It is held, though the matter is not free from doubt, that a Local Authority may refuse to receive into their isolation hospital a visitor to the district who happens to develop an infectious disease. Apart from treatment in hospital and disinfection of premises in which infectious disease has occurred, no charge is generally made for this service. With regard to Maternity and Child Welfare, a distinction is drawn in this service between the preventive and educational side of the work (which is intended to be the main function of the service) and the remedial side. As regards the former, the view which is impressed upon Local Authorities by the Ministry is that the services should be open to all classes without distinction. As regards treatment, certain parts of the service, for example, provision of doctors and midwives for women in confinement, are available only for "necessitous cases," and for any form of treatment the requirement is usually made that the persons benefiting should pay what they can afford, and a scale of income for this purpose is usually adopted. It is not possible, however, to maintain absolutely the distinction between the preventive and remedial services. The reception of a patient, for example, into a maternity home may properly be regarded as preventive; but as the patient, in addition to advice and treatment, receives material advantages in the way of board and lodging, she is usually required to contribute towards the cost of her maintenance in the home. Similarly, as regards the supply of milk and food, the object is mainly preventive rather than remedial, but the supply is given free only in "necessitous cases," provision being made for payment of half the cost or the whole cost in other cases according to a scale of income. The tuberculosis service is available for the whole population, and not only for cases of proved necessity. But the Minister has advised Local Authorities to require a contribution towards the cost of residential treatment from patients whose financial circumstances are

such as to justify a charge. At the same time, the point has been emphasised that nothing should be done to deter persons who are in need of residential treatment from accepting it, and that in each case the Authorities should have due regard to the question whether a charge could be made without detriment to the patient's ability to provide proper and adequate maintenance for himself and his dependants. The venereal disease service is available for the whole population without restriction and no charge is made to the patient. Port sanitary services are available for all ships and their crews and passengers, but for certain services, for example, disinfection and fumigation of ships and treatment of cases of infectious diseases in hospital, charges are sometimes made by the Port Sanitary Authorities.

24,174. (*Professor Gray*): Is there any recovery in the case of venereal disease?—None whatever.

24,175. Even if they wish to? I mean there is no power to recover?—There is no power to recover. I do not think any suggestion has been made that an attempt should be made to recover. I believe, as a matter of fact, that in some of the clinics they have a money-box.

24,176. (*Chairman*): Would you care to give us your views as to the validity of the means restriction in those services? What I am aiming at is to ascertain whether, in a unified local health service, the means restriction should still remain in any of the branches of the work?—There appear to be good grounds to support the view that no means restriction should be allowed to prevent a person from having the benefit of a service if he is prepared to pay the full cost of that service, and that the charges made to persons who are not able to pay the whole cost should be assessed in accordance with their means. One defect of the present system is that, while an ample provision is made for the person of small means, the person with somewhat larger means may have to incur expenditure disproportionate to his income in some emergencies of sickness, and it is of importance that this class should not be ruled out by a means restriction from the advantage of any public service. Dealing separately with the several public health services, the Infectious Diseases service, which is mainly preventive in character, should be available for the whole population without regard to means, but opinions vary as to the desirability of making a charge for treatment and maintenance in an isolation hospital. It has been thought desirable not to lay down any hard and fast rule, but to leave the question of a charge to the discretion of the Local Authorities. As regards the Maternity and Child Welfare service, it has been stated that at present charges are made only in respect of the "treatment" side of this service, and that certain parts of the service are available only for "necessitous cases." In a unified local health service it would seem desirable to make the whole of the Maternity and Child Welfare service available for all classes of the population, the recipients being required to contribute to the cost of "treatment" according to their ability to pay. With regard to tuberculosis, it is considered that under any unified local health service the present practice should be continued and the Local Authorities should have power to require a contribution towards the cost of residential treatment if the circumstances of the patient justify it; but subject to this, the service should be available for the whole population without means restriction. The Venereal Diseases service should continue to be available for the whole population without means restriction, and without charge. As regards the Port Sanitary services, it is clear that no means restriction can be generally applied, but it seems appropriate that charges should be made in some cases for certain of those services.

24,177. Would it be desirable, as has been suggested to us, that medical benefit should follow sanatorium benefit and be taken right out of the Insurance Scheme, being financed in future from

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grants and rates?—(Mr. Brock): Sanatorium benefit was taken out of the Insurance Scheme because similar treatment was already being provided for uninsured persons from local funds supplemented by a State grant, and it was felt to be inequitable to use part of the insurance contribution to pay for a form of treatment which uninsured persons were getting without payment. It would only be justifiable to take medical benefit out of the Acts if it were proposed to establish a public medical service, either for all persons who chose to avail themselves of it, or for all persons below a certain economic level. The change would have no advantage from the point of view of insured persons, unless it made available for the provision of medical treatment a larger sum per head than is possible with the present limitations of insurance finance. The administration of cash benefits would still necessitate requiring doctors to undertake in relation to insured persons the same duties of certification as at present.

24,178. Assuming that medical benefit were so transferred, it would be possible, would it not, still to work the scheme of medical treatment for the whole population or for that part of it below an income limit in each area on the present panel system with free choice of doctor and payment by capitation fee?—There would be no great administrative difficulty in working a public medical service on a capitation basis. Psychologically, free choice of doctor is a point of great importance, but if, as would be the case in many areas, the extended service left practically no field for private practice, it is not impossible that the doctors themselves might come to prefer the adoption of a salaried system for the sake of securing a certain income and a probable pension. No public medical service embracing four-fifths of the population and requiring the co-operation of the great majority of general practitioners could be effectively worked unless the remuneration and conditions of service were such as to be acceptable to the majority of the profession; nor is it likely that a salaried service which did not provide for at least a measure of choice would ever be acceptable to the population. Experience of the administration of medical benefit tends on the whole to suggest that the economic advantage of a whole-time service is at least open to question.

24,179. On the assumption in the previous question, this would remove, would it not, the fears of the medical profession that such a scheme would mean a State salaried medical service? But there would remain, would there not, their objection to the extension of the sphere of contract practice? We should be glad to have your views on this question with particular reference to the problem of the income limit?—Assuming that the scheme provided for payment on a capitation basis with free choice of doctor, the attitude of the profession would probably vary in different districts. Whatever the method of payment, participation in a public service implies some measure of control and the doctors could not expect the same freedom as in private practice. In industrial areas where the field for private practice lies mainly among the dependants of insured persons, the substitution of a public medical service would stabilise the doctor's income and secure him against the risk of having to discount his bills more or less heavily in periods of bad trade. In districts where there is a substantial upper or middle class population the doctors would have less to gain by the institution of a public service and would be more likely to resent the control which it must inevitably bring with it. The imposition of an income limit would not be practicable as applied to manual workers, and as non-manual workers could not be treated less favourably, any income limit applied to them would tend to approximate to the maximum earnings of manual workers.

24,180. In any scheme of a complete medical service for an area under the Local Authority it

would be possible, would it not, to retain the present distinguishing feature of the Insurance Medical Service, namely, the right of the patient to choose the general practitioner by whom he is to be treated?—The principle of free choice could be retained under a capitation system and within limits it would be possible even with a salaried system in urban areas. In many rural areas there is practically no free choice now, and the position would not be materially changed, whatever system was adopted on the institution of a public medical service. In referring to a complete medical service, I assume that what you have in view is a complete domiciliary service. If in addition we have to consider a domiciliary service supplemented by the provision of institutional treatment, then I understand that the Poor Law experience does suggest that where both institutional and domiciliary treatment have to be provided it is essential that there should be close co-ordination between the institutional and the domiciliary medical staffs, and it is doubtful whether this co-ordination could be secured if the scheme in view is to cover both and a free choice of doctor is maintained.

24,181. I come now to the question of the Medical Inspection of Factories, which is naturally not dealt with in your Statement, but which has been described to us by Sir Thomas Legge of the Home Office. Do you feel that there is any duplication or ineffectiveness in the local medical work due to the complete separation of factory work from the rest?—In the opinion of the Department the effectiveness of the present medical service is not impaired by the separation of factory work.

24,182. Have you any views on the question of bringing this factory work under the control of a unified Local Health Authority?—I am not quite clear what sort of change the Commission have in view, but if it is suggested that there should be a local decentralisation of responsibilities at present devolving upon the Home Office I suggest that the question is one that could be better dealt with by representatives of that Department.

24,183. When the Ministry of Health was instituted, was any consideration given to the question of the medical work in factories? If so, you might tell us what conclusions were arrived at?—It was felt that the practical difficulty of transferring the medical inspection of factories to the Ministry arose from the impossibility of divorcing it from the general work of factory inspection. In practice it would be very difficult to separate the medical side from questions of Workmen's Compensation and from the lay factory inspection as distinct from the medical inspection, and any change which necessitated the Ministry of Health taking over the duties at present discharged by the Home Office would be deprecated, among other grounds, because it would add very substantially to the burdens on the Department, which many of us feel to be already sufficiently large.

24,184. (Mrs. Harrison Bell): It would be possible, I take it, to co-ordinate the medical work of factories with the Ministry of Health without interfering with the other side. I see the difficulty of course with regard to Workmen's Compensation cases, but as regards the ordinary inspection—the day by day inspection of factories that goes on—that is surely a little different to the medical side?—I think the medical inspection of factories involves so many questions of a technical and not wholly medical character that it would be very difficult to separate it from the general provision for factory inspection.

24,185. You would, of course, require a technically qualified medical man at the Ministry as the Home Office now has?—(Dr. Smith Whitaker): Is the question whether the Ministry, if they did take over the work, would require a medical staff specially qualified at the Ministry? One would assume that.

24,186. Yes. I put it to you whether it would be impossible to co-ordinate that side?—I did not under-

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stand it was suggested that there was any difficulty about organising a medical staff at the Ministry for dealing with it if that were necessary. The difficulty is that at the periphery you must have such close relationship between the medical staff inspecting factories and the non-medical. There are technical questions of all kinds, not merely medical questions, and the other questions and the medical questions are so closely related that it is better that the Medical Inspector and the other Inspector should be under the same control.

24,187. (*Mr. Jones*): Has the Factory Medical Inspector any responsibility for any defects arising out of industrial conditions?—(*Mr. Brock*): The Factory Medical Inspector does not provide any treatment.

24,188. Would it not be a desirable improvement if the Authority providing treatment and supervising the cases in one form or another were more closely linked up with the Factory Inspection itself?—I admit the advantage of the closest possible co-ordination between the two services, and I am sure that the insurance practitioner attending any particular patient would be very ready to consider any suggestion from the Factory Medical Inspector.

24,189. Is there any such co-ordination at the present time?—There are no definite instructions on the question.

24,190. Let us assume for the moment the case of an industrial accident involving injury to one or both eyes and perhaps blindness. What happens there?—So far as treatment is concerned?

24,191. The Factory Inspector would probably enquire into the accident and take steps to prevent a recurrence of it. Would he take any interest in the person insured?—The insurance practitioner is, of course, bound to provide any treatment within his competence that is necessary. (*Dr. Smith Whitaker*): One may assume that the Factory Inspector would advise a man who needed treatment to get treatment; but we do not know to what extent there have been instructions on the point.

24,192. Are you aware whether the arrangements for the subsequent treatment of persons injured—I have especially eye cases in view at the moment—are satisfactory?—(*Mr. Brock*): We have no reason to suppose they are not.

24,193. Have you any evidence at all to the contrary?—We have no evidence one way or the other. We have had no complaints.

24,194. Is it not the case that many of the blind persons who have now come to notice under the Blind Persons Act are suffering from neglect and failure to receive proper treatment?—I should think it is quite possibly the case that some of those persons have not

sought medical treatment at the early stage at which it was desirable. (*Sir Walter Kinnear*): The Home Office Committee of 1920 had to recognise that there were certain disabilities which arose from accidents and which required special treatment which was rather outside the knowledge and skill of the panel practitioner. Indeed, at one stage there was a suggestion that the Workmen's Compensation liability should cover this extra medical requirement; but it has not yet been made a matter of legislation.

24,195. That is just my point, and I will ask Mr. Brock a further question. Is it not a desirable improvement that the Authority now responsible for many of these conditions, such as blindness and tuberculosis, should be brought much closer into touch with the actual conditions inside the factory? In fact, does it not work out that many of the persons fall between the two stools and that there is no proper following up of the patient who suffers the injury?—It was shown in evidence before that Committee that it was to the interests of the employers generally to expedite the return of men to work, and, as a matter of fact, the employers and the insurance companies did do a considerable measure of work with regard to the complete restoration of the man to health; but it was recognised by the Committee that there was a gap between the two schemes from the medical point of view. (*Mr. Brock*): I think Mr. Jones is contemplating the possibility of a very much more systematic medical inspection of workers than is possible at present.

24,196. I am not thinking of a general inspection, but I am thinking of some co-ordinated scheme whereby persons injured in the course of employment would be followed up and brought under proper supervision. It does occur, I think, where the probability exists of a man returning to work. I think it falls in the case of a man not returning to work. He is paid a lump sum or a weekly sum and is left?—So far as the accident required any form of treatment which is not within the competence of the general practitioner, of course the institution of any system of consultant centres would be of very great value. One of the classes of disability which we had in view as capable of treatment at such centres were limb injuries requiring probably prolonged massage or other special treatment appropriate to orthopædic cases.

(*Chairman*): As a matter of fact, that is often done now in the case of injuries. Men receive injuries and it would expedite their return to work to have massage, and they very often get it now, and it is paid for.

(*Mr. Jones*): But still my point is that there is a failure at the moment to co-ordinate with the Local Authority responsible for certain services.

(At this point Lord LAWRENCE OF KINGSGATE took the Chair.)

24,197. (*Miss Tuckwell*): The Ministry of Health is responsible for the Public Health services (except school clinics) generally?—(*Sir Walter Kinnear*): Yes. I ought to mention, perhaps, that the Ministry of Health is responsible for the policy of school clinics, but the administration is carried out by the Board of Education.

24,198. Is each phase of public health dealt with in separate departments—for example, Local Authorities, Poor Law, Housing, National Insurance, Medical Services, and so forth?—There are separate divisions of the Ministry of Health dealing with Poor Law, Housing, National Health Insurance, Public Health, Sanitary Administration, and so forth, but all of these, with the exception of the National Health Insurance Department, deal with Local Authorities.

24,199. To what extent is there co-ordination between the various departments?—There is a very considerable measure of co-ordination by means of frequent consultations between the various heads of the divisions, as well as by reason of there being

one Minister and one Permanent Secretary in the Ministry to whom all the heads of the divisions are responsible.

24,200. You represent the National Health Insurance Department?—Yes.

24,201. In considering how Health Insurance can be altered, extended and developed, have you conferred with the Chief Officers of other departments?—Yes. I presume you mean of the other divisions of the Ministry. I am in frequent conference with the Chief Officers of all the other divisions in reference to questions relating to National Health Insurance.

24,202. "Departments" is not the correct name?—No: it is divisions.

24,203. You will agree that the chief purpose of the Insurance Act is to prevent and cure sickness?—As stated in the Preamble to the original Act, its objects are to provide for insurance against loss of health and for the prevention and cure of sickness. While I agree that the prevention and cure of sickness is one of the chief objects of the scheme, I consider that

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the insurance for cash benefits during the time that the breadwinner is laid aside by illness is a not less important feature from the point of view of his own health and that of his dependants.

24,204. And you will also agree with the Chief Medical Officer of the Ministry when he says: "It is the business of the Public Health service to concern itself in all that saves life, that postpones the event of death, that reduces sickness and invalidity, and that increases human energy, enlarges its capacity and develops productivity," in paragraph 566 of the Annual Report (1925)?—Yes.

24,205. So that the purposes of Health Insurance and Public Health services are identical?—I think, in this connection, the Chief Medical Officer regarded the Health Insurance Scheme as one of the Public Health services. The systematic payment of cash benefits during periods of illness is peculiar to the National Insurance Scheme. Of course, the other Public Health services deal with many matters with which the Insurance service is not concerned.

24,206. In another paragraph Sir G. Newman deplores the apathy of many Local Authorities: "It is literally true that there are hundreds of Councils of Local Authorities who do not, from year's end to year's end, sit down and carefully and systematically weigh and measure their health duty to the community electing them"?—I think I ought perhaps to mention that the statement of Sir George Newman, referred to some Local Authorities, and that it was in no way intended to reflect upon or minimise the vast activities of Local Authorities generally in Public Health. As regards Approved Societies, there is no body which keeps a more careful and systematic watch over the sickness experience of the industrial population generally than the Approved Societies, and the large sums of money which Societies are now voluntarily setting aside towards the provision of treatment benefits are, I think, an indication of the interest taken by the Societies in the prevention and cure of sickness amongst their members.

24,207. I note that Sir George Newman says "hundreds," and I suppose that there are Approved Societies which would also come into the category?—Of course, he is only referring to Local Authorities. He is not speaking of Approved Societies.

24,208. Quite so; but my two questions were one on the Local Authorities and one on the Approved Societies.—I think that Approved Societies, if they are to carry on their work efficiently, must keep a very systematic check and supervision over the health of their members.

24,209. These two Authorities are alike in the purpose for which they were instituted, and also alike in their failure to fully discharge their duties? What is the answer to that?—I cannot agree, speaking for the Societies in connection with the National Health Insurance Scheme, that the Approved Societies, within the limits of their powers, have fallen short of their duty.

24,210. All Approved Societies?—Well, we may have a few defective Societies; but Approved Societies generally, within the limits of their powers and having regard to the amount of money at their disposal, have, I think, recognised their duties quite well in connection with this matter. They are suffering from considerable limitations under their constitution. Approved Societies, as you are probably aware, are not allowed under their constitution to do anything in the nature, for instance, of providing medical benefit; that must be done by the Insurance Committees. That is one of the sections of the Act.

24,211. Have you considered whether, by the co-ordination of National Insurance with other public medical services, it might be possible to remove the apathy of Local Authorities by giving them a direct financial interest in National Health Insurance through the rates?—I think that the evidence

already given by the Department shows that various forms of co-ordination between the National Health Insurance Scheme and the other public medical services have from time to time been considered. The evidence given last week and the evidence given this morning will show you that we are quite alive to the matter. The arrangements for co-ordinating the work of the Ministry are such, I think, as to secure a continuance of this process as opportunity arises. As regards the latter part of the question, as to the matter of giving local authorities a financial interest in National Health Insurance through the rates, (I am afraid that that raises a very large question of public policy, on which I have no instructions; I think it would scarcely be proper for me to express an opinion on that subject.

24,212. The housing schemes of successive Governments provide for assistance from the Local Rates?—Yes.

24,213. And health services generally are paid for partly by rates and partly by taxes?—Some of the Public Health services, notably Maternity and Child Welfare, tuberculosis, mental deficiency and venereal disease, are paid for partly by taxes and partly by rates, but the services dealing with what is generally known as Infectious Diseases, the Poor Law and Lunacy are wholly a rate charge.

24,214. So that your answer to my question is really yes?—Yes.

24,215. So that an extension of rate aid for health services would not be a new departure?—No.

24,216. Take Maternity and Child Welfare work in relation to maternity benefit, for example. I note that in your previous evidence you stated that the expenditure on maternity benefit was approximately £1,500,000 a year?—Yes, that is so.

24,217. The Ministry's statement shows that Maternity and Child Welfare schemes of Local Authorities cost over £1,500,000 a year and that a further £90,000 is paid by the Treasury through the Ministry of Health to voluntary agencies?—Yes, I think I may say those figures are correct. I may perhaps mention that the £90,000 should be £190,000; but that is only a matter of detail.

24,218. It is a little important though?—Yes.

24,219. So that upwards of £3,000,000 a year is spent on Maternity and Child Welfare services?—That is so.

24,220. Is it not significant that for five of the ten years 1913-1922, that is to say, while the Insurance Act has been in operation, the maternal mortality has been higher than it was in 1912?—(Mr. MacLachlan): I suppose you are dealing with the figures given in Sir George Newman's last Annual Report?

24,221. Yes?—Those figures show that the average annual rate of maternity mortality for the 12 years before the operation of the National Health Insurance Act was 4.04, while the average rate for the 13 years following the passing of the Act has been 3.79. This problem of maternal mortality has engaged the attention of the Ministry as a general question of public health, and following upon an exhaustive investigation of the whole question, a circular was issued in June of last year in which certain lines of action were recommended to the Local Authorities.

24,222. Does it not appear as though the real object of maternity benefit had been missed?—The figures indicate that some reduction has been secured since the passing of the Act in maternal mortality, and there has been a large reduction in infant mortality since the passing of the Act. (Sir Walter Kinnear): A reduction of about 25 per cent.

24,223. The maternal mortality is still very serious, is it not?—(Mr. MacLachlan): It is.

24,224. Do you agree with the Chief Medical Officer that the maternal mortality returns "reveal only

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a part of the damage done and that an incalculable amount of unreported and often unfrequented injury and ill-health results from pregnancy and labour"?—Yes, I think we must agree.

24,225. May not this have a bearing on the high sickness rate of married women?—Yes.

24,226. And therefore by co-ordinating this work we might reduce subsequent expenditure on sickness benefit as well as diminish suffering?—Reference has already been made to the general arrangements which have been, or may be, made for co-ordinating the work of Public Health services with the Insurance Medical Service. Any effective arrangements for such co-ordination should tend to diminish disease and sickness.

24,227. Are you satisfied that Approved Societies are the right medium for administering sickness benefit during pregnancy?—(Sir Walter Kinnear): I do not quite understand the purport of the question. If it means do the Approved Societies pay the benefits promptly, the answer, I think, is in the affirmative. If it means, however, that there are cases in which a sick woman is visited by a man, this, of course, is expressly prohibited by the Act, and is also expressly prohibited by the rules of each society, and we take prompt disciplinary measures in any case brought to our notice where this rule is infringed; but I am not sure whether that is the point you have in your mind.

24,228. What I had in mind was your first rendering. How can you explain the fact that only 7 per cent. of the Class K married women in one Society which boasts of its "home service" claim sickness benefit during the first year after marriage?—I think I have got to admit that that proportion of 7 per cent. is extraordinarily low, and I was rather struck when one particular Society gave that figure in evidence here. I thought the proportion of the women in this class who claimed sickness benefit was much higher. One of the causes why the number of claims put in by Class K women is low is the fact that a large proportion of the women who marry and give up their employment on marriage think that their insurance has ceased, and do not take the trouble to enquire whether they are entitled to any further sickness benefit. At a later stage they find out that they are entitled to maternity benefit, and statistics go to show that a very high percentage of them claim maternity benefit, but they are not aware in the early stages that they are entitled to sickness benefit. I may say that we have given instructions—it is a rule—to every Society that when a woman notifies her marriage she shall be informed by circular of the benefits to which she is entitled. In my evidence last week I pointed out that the present provisions of the Act relating to this particular class rather tend to discourage notification of marriage, and I made suggestions with regard to the amendment of this particular section which, if adopted, will, I think, tend to encourage notification of marriage, and consequently secure to the women who pass into Class K a fuller knowledge of the benefits to which they are entitled. I think, if my suggestions were adopted, the position in this respect would be improved.

24,229. If medical attendance during pregnancy is necessary to reduce the maternal mortality rate, is it not shown that the financial interest of Approved Societies militates against this?—I am not sure what the question means. I will do my best to answer it, but perhaps you will tell me the particular difficulty or the particular point?

24,230. Economy?—If you refer to medical benefit, Approved Societies have no financial interest in the question of medical benefit. It is immaterial to them, from the point of view of the amount of

money that they pay for medical benefit, what amount of medical benefit is given to the members. I do not know if that is the particular point.

24,231. Yes. In my mind there was the economy which is always pressing: Manage better and economise—pressure from above?—But Approved Societies are not in any way affected, or interested financially, by the amount of medical treatment which the doctor gives to his patient. They want the doctor to give as much attendance as possible.

24,232. Would not many of the features of section 107 be practicable if insured persons were grouped in geographical areas?—This question came up last week, and I am rather glad that Miss Tuckwell has given me an opportunity of saying another word or two upon the subject. As I stated last week, one of the reasons why section 107, as at present drafted, is unworkable is that Societies, generally speaking, are not organised on a geographical basis. That is the particular point to which you alluded. Consequently it is difficult to establish with precision what has been the sickness experience amongst a particular local group of insured persons. I feel, however, that if this difficulty were surmounted it will never really be practicable to assign an excess of sickness to a particular cause so as to enable the penalty provisions of the section to be enforced. Nor would it be possible to establish with accuracy what is the normal sickness for an area, so as to segregate the excess that might be due to a special cause. I think we all agree—it is quite clear—that data derived from National Health Insurance records, if properly co-ordinated, would prove of great value in connection with any investigation into local health conditions, and it is suggested—I think I mentioned the matter in passing last week, but I will take the opportunity of mentioning it now again to the Commission—that any power to make inquiry into the causes of excessive sickness should properly be exercisable, not through the Approved Societies, but by the local body responsible for the administration of medical benefit or other health services, and it should be made a part of their normal functions. For this purpose I suggest that they should be able to utilise the information obtainable from the experience of the Societies in administering the sickness and disablement benefits, and, indeed, I ought to inform the Commission that inquiry is at present being made in the Department as to how the medical records of insured persons in particular areas can be made use of for this particular purpose.

24,233. I think that is in the Medical Inspector's Report?—Yes. We are anxious to find out if we cannot make a further use of the medical records, and we have a small Committee investigating the matter at the present moment, of which Dr. Smith Whitaker is Chairman.

24,234. But you do not depart from your original statement that if Societies were organised geographically they would be easier to deal with?—I say one of the difficulties of working the section is because Societies are not on a geographical basis; but I do say that if they were on a geographical basis it is almost impossible to say what particular part of the excessive sickness in a district can be assigned to any particular cause, or to connect the cause and the effect. It is very difficult.

24,235. Cannot you picture a system under which by contribution through rates and taxes and by the employer and the employee there could be created a financial force for the prevention of sickness?—I thought perhaps if you would let me answer this question and the remaining four questions, of which you have given me notice, together, because they are more or less interlocked, I would try to give you a considered reply. They do hang together, more or less.

24,236. Will you do so now?—Yes. Shall I read the questions?

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[Continued.]

24,237. Yes.—The first question you have just put is: "Cannot you picture a system under which by contribution through rates and taxes and by the employer and the employee there could be created a financial force for the prevention of sickness?" The next question is: "Are not the premiums paid for workmen's compensation and for fire variable according to the safety precautions taken?" The next is: "Could not this principle be made to apply to employers as a class in any given area with respect to sickness?" The next is: "Would it not have the effect of causing the employers as a class to improve working conditions?" And then the last is: "If the contributions from the rates were also variable, would it not have the dual effect of (1) causing preventive measures to be taken because of the financial liabilities involved, and (2) of creating that interest in health work for its own sake of which Sir George Newman deplores the absence?" I hope you will pardon my linking those questions together for the moment, but I was anxious to examine those questions very fully. I rather gather from those questions that the views of the Department are desired as to the practicability of a system under which the contributions for Health Insurance benefits, including the provision for sickness, should be derived partly from rates and taxes, partly from employers, and partly from employed persons, and the portions falling upon employers and upon the rates should be variable so as to mark the differences that may exist in working conditions and in the efficiency of local public health measures. I think that is a fair interpretation of the questions generally?

24,238. Yes, I think so.—I should like to mention, in the first place, that it would be rather a new departure to place a portion of the cost of normal cash benefits on the rates, and we doubt if there is any justification which can be found for that. I presume that the proposed contributions from the rates would be for purposes connected with the prevention of sickness and possibly, also, for the extra cost of cash benefits during sickness due to want of a proper system of preventive measures. The proposal for a variation of the contributions according to the attendant conditions, if it were practicable, would, no doubt, provide some inducement to employers and Local Authorities to improve those conditions. Our difficulty is this: it would involve the need for making an assessment as to the causes of sickness so as to ascertain what should be the relative contributions of employers, employees and the Local Authority respectively. I confess that for the moment I do not see any practicable way of making such an assessment. The Health Insurance Scheme covers all kinds of illnesses excepting those that are fully covered by compensation for injury by accident or for industrial disease. The liability of sickness varies according to a variety of circumstances, such as home environment, the sex, the age, the marital conditions of the individual, and his or her personal habits and fitness. Occupational and local health conditions are by no means the only factors to be taken into account, and we feel that with such resources as are at present at our disposal we do not see any way of disentangling these various causes so as to arrive at a basis of assessment of contributions of the different contributors. I suggest that Workmen's Compensation Insurance and Fire Insurance do not furnish a true analogy to the problem before us. Under the Workmen's Compensation Acts only those accidents which arise out of their employment are covered. Similarly, the liability under a Fire Insurance policy also is restricted to the property covered by the policy. The whole of the premiums are paid by the employer or the person effecting the policy, and they can be varied according to the experience in each particular risk or class of risk. It is therefore fair, equitable and practicable to reduce the premiums in accordance with a diminution

in the claims arising out of extra precautions taken by the assured. But such a system, if applied to Health Insurance risks, would be complicated by the circumstance that the party to be assessed for differential contributions is not the man to be wholly responsible for the conditions that may govern the rate of claims. I am afraid, for instance, to take one example, that if such a system were introduced it might tend to discourage some employers from engaging an employee unless a medical certificate of personal fitness were supplied; and it might lead to the early discharge of employees who showed signs of physical deterioration. Moreover, as regards the incidence of the differential contributions, I want to give you one or two difficulties. Difficulty would arise in deciding who should pay for the extra sickness, say, in Durham, arising from the large number of miners resident in that county, or for the extra sickness in certain parts of Lancashire, due to the fact that an exceptionally large proportion of married women remain in employment there. I ought perhaps to add, though it is more a minor matter, that the administrative difficulty of arranging for the collection of the contributions, at varying rates from different employers in different areas of the country, of the 15,000,000 insured persons in Great Britain would be enormous, and would, of course, very materially add to the cost of administration. Each employer would have to be notified of the rate applicable to him. That rate, of course, would be subject to constant revision according to the experience. A vast amount of inspection would be needed in order to see that the proper rates were paid. Under the present system the ordinary flat rate of contribution is shown on the contribution card, and is thus made known to the particular parties concerned. Hence the fact that we are able to run the machine at such a low percentage of cost. I must apologise for my long reply but I thought as the question was of such an interesting character it was only right to go into the matter a little fully.

24,239. (Mr. Besant): In dealing with maternal mortality you mentioned the figures of 4.04 and 3.79. Would you mind stating what they mean? Obviously it is not per cent. I think it is per 1,000 births?—(Mr. MacLachlan): It is per 1,000 births.

24,240. (Mr. Jones): I think Mr. MacLachlan answered the question in regard to maternal morbidity. In recent years there has been a considerable fall in the infant mortality rate, has there not?—There has.

24,241. And that has not been accompanied by a similarly accelerated fall in the rate of maternal morbidity?—That is so.

24,242. This question has been particularly inquired into by Dr. Janet Campbell, I believe?—That is so.

24,243. And I think also by a Committee in Scotland?—Yes.

24,244. Were not the conclusions in both these Reports that the causes of maternal morbidity were not understood?—I am afraid I could not answer that question off-hand. (Dr. Smith Whitaker): I think you may take it that it is generally accepted that as to the relative importance of the various causes of maternal morbidity and mortality there are wide differences of opinion. It is agreed that they are partly preventable, but how much is preventable and how much is not cannot be said.

24,245. So that it is scarcely possible to relieve it, either through the Insurance Scheme or through the Maternity and Child Welfare Schemes of the respective Authorities?—(Mr. MacLachlan): I think that it is possible to reduce it, although perhaps not entirely to eliminate it.

(Chairman): We are very much obliged to you.

(The Witnesses withdrew.)

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Sir JAMES LEISHMAN and Mr. G. W. WIGHT.

[Continued.]

Sir JAMES LEISHMAN and Mr. G. W. WIGHT, recalled and further examined. (See Appendix OV.)

24,246. (Chairman): You are here, Sir James, to give further evidence on behalf of the Scottish Board of Health?—(Sir James Leishman): That is so.

24,247. I understand that your evidence will cover all aspects of the Board's work which are relevant to our enquiry; not only insurance matters but also the problems of general health administration in so far as they are connected with the medical work under the Insurance scheme?—That is so.

24,248. You have heard our examination of Sir Walter Kinnear and the other representatives of the Ministry of Health. Would you, in the first place, indicate to us any points on which you would desire to supplement or modify in any way that evidence?—Yes. There are various points on which we would wish to indicate that we are not quite in agreement with the English Department. We are not always in direct agreement, but in the main essentials of sound administration and progressive action I think we are in almost ninety-nine cases out of a hundred in agreement. The first thing I want to mention is the one-man contractor. I do not know that we are really much in disagreement with England, but we want to say that in our judgment it would be impossible even to consider the insurance of such classes as crofters for the simple reason that there is no employment unless a crofter becomes a workman with someone for the time being. Then there are such cases as slaughtermen, who are a relatively small class of one-man contractors. The whole number in Scotland that we have been able to ascertain is something less than 200, and in our judgment the principle of making a one-man contractor an employed person, and the person who contracts with him to pay his share of the contribution, raises not only a question relating to slaughtermen, but to a considerable number of other people, such as jobbing gardeners and so on. While we would not be against this, if it is considered that it would be for good purposes to make such an alteration, it does interfere with the general principle of contract for service as against a contract of service. On the further powers of the Central Departments, we agree that in general there is something wanted which is much less than withdrawal of approval, and I do not know that we would absolutely quarrel with the English proposals; but we do lay very great stress on keeping on good terms with the Societies. Even greater stress, I think, we would lay upon it than the English people do in working with those who happen to come under them. The Scotsman is more difficult to drive, and we have to go a long way in explaining things to him before we can take him along the road. Therefore we put in a reservation that we are not very keen on anything that looks like holding out a big stick to the Societies if the case is not thoroughly proved for the necessity. With regard to section 26, the section which gives Societies power to contribute to hospitals, I will ask Mr. Wight to deal with the matter. (Mr. Wight): As the Board have already stated, they have not had any occasion to think that Societies in Scotland have not made cautious and reasonable use of the powers conferred on them by section 26. They do not have any reason to believe either that any recent developments under the section are being used for purposes of canvassing for members. The chief expenditure which has been made in Scotland under the section has been by certain Societies or in relation to particular Societies with very large surpluses who have taken advantage of the statutory discretion which has been given to them, because they were aware that their expenditure was well within their resources. So far as subscriptions or donations have been made to hospitals, etc., under the section instead of under additional benefit No. 15, there has been some little difficulty in Scotland owing to the very firm adherence of the Scottish hospitals to the voluntary principle. We rather gather that in England it has not been so

difficult perhaps to get agreements or arrangements made of a more formal or contractual character for accommodation and beds, but that has been possible very little in Scotland, and we have had audit reservations indicating that the terms of schemes for additional benefit were not being properly carried out. Societies on that account have been rather forced to resort to the method of subscriptions and donations *ex post facto* rather than formal agreements under additional benefit schemes. On the whole, and after full consideration, the Board have come to be of opinion that, so far as Scotland is concerned, the section should practically be left as it stands without amendment.

24,249. (Sir John Anderson): Do the Scottish Board of Health not consider that whatever may have been the justification for section 26 in the wide terms in which it appears in the statute when the scheme was first inaugurated, the position ought to be reconsidered now that the additional provisions of the Act are in general operation? I mean is there not in the view of the Board at least a case for examination from the point of view of seeing whether section 26 is any longer required for purposes which could be provided for, subject to the safeguards which the Act contains, by the additional benefit provisions?—(Sir James Leishman): In answer to Sir John, I would say that we have given this not only consideration but reconsideration with a full desire to see whether we could not avoid disagreeing with England on this point. We see no reason whatsoever to desire change, because we have to take into account the actual history of the working of this by the Scottish societies, and the Scottish societies did nothing at all until they really knew how they stood under the valuation. They were unlike some of the English societies. It was the English people who made the pace for it, if you remember. We stood aloof and waited cautiously to see what money was going to be in the bank before anything was done. The Scottish Societies, although they are not bound to ask us, have almost invariably come along and asked whether a certain subscription—it was a small one, as a rule—could be given. After all, the amount which has been given per head of the insured persons in Scotland, according to the last figures, was about 2d. per annum, and the people who made that donation are connected with some of the most gilt-edged propositions in Scotland, run by men shrewd as Scottish bankers, competent as insurance managers and almost as safe as Government Actuaries.

24,250. Is it then not the case in Scotland that section 26 has been used for the purpose of securing almost, if not altogether, as a matter of contract for the members of Societies additional benefits which might be given if a surplus existed under the additional benefit provisions?—Yes, you can put it as high as that.

24,251. Then your experience has been different from the English experience?—In what way?

24,252. In that respect?—They have used this in order to give benefits which they could not have given under the Act.

24,253. They have used this in Scotland?—Yes, some Societies; that is admitted.

24,254. But my point is this: section 26 can be used for the purpose of making contributions to voluntary organisations, presumably in the interests of general public health, which contributions do not secure a definite return in the form of benefits to the members. That is one use of section 26, is it not?—Yes. You are dealing with the point of giving a contractual obligation. That is to say, suppose a Society gave a donation to a certain infirmary, that infirmary will not, as a matter of legal bargain, agree to take in its members. As a matter of fact it very often does so.

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[Continued.]

24,255. But that is one use of section 26?—Yes, that is.

24,256. That is a use of section 26 for the purpose of recognising in a monetary way the good work which is done in the interests of public health by particular Institutions?—Yes.

24,257. Then there is another use of section 26 which some people, I suggest, might regard as an abuse—using it for the purpose of securing what are virtually additional benefits for their members?—Yes.

24,258. Irrespective of whether there is a declared surplus available for that purpose?—Yes.

24,259. And in disregard of the safeguards with which the administration of additional benefits is hedged round in the Act?—Yes; but there is no suggestion that these people have not been able to do this and also to give the full additional benefits. All that I suggest is, while admitting your statement of the case as being quite correct, that some few Societies had really given some small proportion of the money which they thought they could well afford to do in anticipation of the additional benefit period. That is as high as you can put it.

24,260. But now that additional benefits are pretty general, would it not be better from the point of view of administration in the view of the Board if the use of section 26 were restricted to purposes which cannot be achieved through the additional benefits provisions?—We think there is so little in this. It has been so very carefully used that on the most deliberate consideration we must put it to the Commission, very respectfully but very firmly, that we must ask them to leave it. At all events, if they change it, it is not by our wish.

24,261. It really comes down to this, that according to your experience there is not in Scotland a sufficient case for making the change that has been suggested?—Yes. It would be taken as a vote of no confidence, as it were, and we do not think it is worth it, knowing the men we are handling.

24,262. On another point of detail, expenditure under section 26 is treated in the accounts of Societies as expenditure on sickness benefit?—Yes.

24,263. Is not that rather ridiculous, when section 26 is in fact used for providing dental treatment?—But section 26 is, after all, a legal section.

24,264. But is it not a little anomalous that expenditure under section 26, which in fact is incurred for providing dental treatment, should be treated as expenditure on sickness benefit?—Yes; but it is done for a good purpose after all.

24,265. The end, you think, justifies the means in Scotland?—The thing is all right, and why moan at the bar when it is.

24,266. (Mr. Jones): You have had no occasion to complain about the action under this section in Scotland?—No.

24,267. Due, no doubt, to the usual Scottish caution in parting with any funds that they have in their possession?—Thank you.

24,268. The contrary has been the case in England?—I am not concerned with England. You must leave me out of England; I have enough to do with Scotland.

24,269. I am afraid the Commission must look after England. If a limitation were placed on the freedom of Societies with regard to spending money under section 26, would it, after all, affect the position in Scotland?—It depends upon the terms of the change.

24,270. Is not the suggestion merely that any proposals to spend under the amended section should be subject to the approval of the Central Authority?—I think it would go further than that, if I understand it.

24,271. If it goes no further than that, which is my understanding subject to correction, on the evidence, does it affect the position of Scotland in the least?—If it is merely that the present subscriptions and donations will be subject to the approval of the Board, there is not the same objection.

24,272. But it does not seem to affect the practical position at all. They have to submit to you a statement with regard to their proposals for spending money under section 26, and you have power to approve. Apparently from your past experience you would not disapprove of anything that has been done?—Exactly, if that is all; but I understand it is more than that.

24,273. (Sir John Anderson): I do not know what it is.—It will be seen.

24,274. We are only seeking light?—All that I am saying is that I want this present section left. If the Commission insist on recommending that a clause should be put in that any subscriptions or donations to any hospital or infirmary, or any charitable institution, should only be given with the consent of the Board, I do not think I should have any objection.

24,275. (Mr. Jones): Is not that the suggestion which has been made?—I think it is more myself.

24,276. (Sir John Anderson): Suppose it went a little further and provided that any payment made under section 26 after the approval of the Central Department should be charged not to sickness benefit but to a disclosed surplus?—That is the thin end of the wedge. I fear these gifts brought by the Greeks.

24,277. (Mr. Jones): The position seems to be in Scotland that no abuse has taken place under this section, and, so far as I can gather, the proposed amendment would not alter the position in Scotland except in a formal way. Does that leave any good reason for objecting?—That is not my understanding.

24,278. What is your understanding of it?—My understanding of it is that the section would be practically abrogated.

(Mr. Jones): I do not think that suggestion has been made.

(Sir John Anderson): I should like to make it clear that that was not implicit in any question I put.

24,279. (Professor Gray): Would you not agree that, whether for the purpose of section 26 or for additional benefits, Societies ought only to pay when they can afford to do so?—Yes, in theory I would.

24,280. But not in practice?—It is like this. These Societies came along—I have one in mind just now; a very good Society—and wanted to give a fairly large subscription to a hospital. We had not got the valuation, but on the figures which we had the Society had not very much to spare, and we suggested it would be better for them to wait and see whether they could at least pay the ordinary benefits before they did anything else. But as a mere matter of theory, and as an economist, I think you will admit that if you give these Societies the right of self-government surely that implies they can give some subscriptions away, even if it reduced the benefits a little.

24,281. (Sir Arthur Worley): I think it has rather been the feeling in England that this section has been misapplied?—I cannot speak for England.

24,282. I think that is understood and that has been the feeling here. Is it not a reasonable thing that there should be legislation which would prevent the possibility of that, and which would give control to the Board of Health in Scotland to prevent such things?—If the Commission think that power should be put in, I, of course, would not object.

24,283. It is not to say that subscriptions should not be given, as far as I have understood the evidence, or that this or that should not be done, but that there should be power vested in the Scottish Board or the Ministry to prevent abuses of the power that is given. I do not think it is any answer to say that people never have in Scotland abused it, because, after all, we have many laws in this country which provide penalties which do not apply to a great many of us at any rate. You see it is a preventive measure, and it is to give power to prevent what, as far as I understand, undoubtedly have been abuses in this country and which might be carried on there, and not to restrict anything necessarily?—Yes.

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24,284. The wording of the Act before us is, "charities, hospitals and so on." Then it goes on and it does not say "similar charities" but it says "charities." As you know, arrangements could be made to get completely outside what was meant to be the meaning of this Act, and it is to prevent a thing of that nature, because it would then come before the Board and the Board would say: "This is wrong and we will not agree to it"?—I should have less hesitation on that if I were assured that there was an extended medical benefit. That would do away with quite a lot of my objections; but that is merely by the way.

(*Sir Arthur Worley*): What I want to get at is the principle of putting in power to prevent what is admittedly an abuse in one country and therefore may become an abuse in the other country. That is the principle to which I am confining my view at the moment. I say if we found on one side of the street a man had broken a law, it would be quite possible that it will be broken on the other side of the street. It is true that that has not been so, but we ought to put in some power to prevent that. I could understand it if we were taking something away from Scotland, but we are trying to give them something.

24,285. (*Sir Alfred Watson*): Several times you have indicated that in operating section 26 Societies have consulted the Scottish Board of Health?—They are not bound to do so.

24,286. But they have consulted the Board of Health; and it is, to my mind, at any rate, because they have been so wise as to take the excellent advice given them by the Board that you think the section is a good one?—No.

24,287. Is there any power in the Act to require a Society to take the advice of the Board?—No, or even to ask it.

24,288. If Societies made a practice of ignoring the Board and of using the privileges the Act gives them, would your opinion of the section be still as strongly in favour of its retention as it is at present?—If Societies choose to give away some of their money according to Act of Parliament, and are yet able to administer their affairs properly in the shape of giving benefits, I do not see why the Board should object.

24,289. Suppose a Society does not consult the Board and gives away money that it finds on the next valuation it never should have given away, what would then be the position?—I cannot imagine that in Scotland.

24,290. Are Societies, quite apart from their wisdom in consulting the Board, all of them so excellently officered that there is no likelihood of a Society making a mistake and spending money which it thinks will be surplus?—I do not think they will be prone to make that mistake.

24,291. Then you plead for the retention, of the section rather on the ground of the Scottish characteristic than on its merits?—Because the section has been put in, not at our request. It is there and it can be used for good purposes, and, just to repeat, we do not see why it should be changed.

24,292. (*Mr. Besant*): Would you object *in toto* to any limitation upon the section which would prevent the possibility of an unascertained surplus being spent in advance?—I think it is inherent that if they spend some money it impinges upon a surplus which may result later on. It is inherent in the clause.

24,293. Do you object so totally to any change of the wording as to say that you would not take any steps whatever?—Yes, we do not ask for any change.

24,294. (*Mr. Jones*): Is not the real fact that you have had to go down and kick some of the Societies into spending some of this money? With regard to the one-man contractor point, is there any serious administrative difficulty in effecting that change?—Yes. It would be rather serious, because I do not believe that you could limit it specifically to

slaughtermen. You have got to bring in the tree-feller, the stone-breaker, the jobbing gardener, and all the other types, I take it; and that is not going to be an easy thing to administer. It would bring in the additional difficulty that of course it would have to be the first contractor-employer of the week, whoever he was, who paid the whole contribution.

24,295. As it happens, I know these slaughtermen, apart from any question that has arisen under the Insurance Act, and there is the peculiar incident of their employment being a contract for service rather than a contract of service. But viewing them generally, as one sees them from day to day, they are men whom one would think ought to be insured?—They have not taken the chance when they could. Only a very few of these men have been voluntary contributors.

24,296. That does not appeal to a large number of people other than slaughtermen, but the whole thing receives a new importance in view of the Widows' Pensions Act?—The next point we want to mention is the deposit contributor. (*Mr. Wight*): The problem of the deposit contributor is not a very large and unmanageable one in Scotland. The present number of accounts probably is round about 25,000, and there are perhaps 5,000 to 6,000 new accounts opened each year. As bearing on the question of the abolition of the Deposit Contributors' Fund, we wanted to mention that two or three years ago the Board consulted their Consultative Council on the question whether there should be an abolition of the Fund, and the Council advised in the following strain: That the Deposit Contributors' Fund should be discontinued; that notice should be given to all deposit contributors informing them that the fund is to be discontinued at a certain date, and that in the event of their not being admitted to membership of an Approved Society before that date, the Board would then allocate them to Approved Societies; that after the date fixed the Board should proceed to allocate to Societies the deposit contributors who did not for any reason become members of Approved Societies; that if an insured person is refused admission to two Approved Societies on account of his health, and is thereafter allocated by the Board to another Society, that Society should be informed that the person allocated has been refused admission to the other Societies on account of the state of his health; that the right of Approved Societies to expel members should be abolished, but that the maximum monetary penalties which Approved Societies may impose at present should be increased; that new entrants to the Insurance Scheme who for any reason fail to become members of Approved Societies within a period of one year after entry into insurance should be allocated to societies by the Board; that the scheme of allocation of deposit contributors and new entrants who fall to be allocated should be framed so as to meet the views of Approved Societies and accordingly steps should be taken, as soon as possible after the Government decide to discontinue the Deposit Contributors' Fund, to draw up such a scheme in consultation with Approved Societies. In any scheme of allocation initial compulsion of the individual would be unavoidable; but having allowed him a definite time, say six months, in which to join a society and having used every endeavour to get him to do so, it would not be unreasonable that steps should be taken to secure him in membership of a society if he himself failed to do so. If he were dissatisfied with the society to which he had been assigned, he would have the remedy of transfer in the ordinary course. In devising such a scheme, the Board's suggestion would be that an opportunity should be given to all societies of receiving an allocation of deposit contributors, though it is probable that only fairly large societies would avail themselves of the offer. There might be a case for allocation among those societies only who agree to take without question all members who may be allotted to them on the ground that, while they might receive an

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occasional "bad life," they would be receiving an accession to membership without any special cost to themselves. (The basis of allotment would be the relative membership of the societies concerned.) Under such a scheme it would be possible for societies to retain the right of expulsion. Expelled members neglecting or failing to join another society in the usual way would be transferred through the medium of the scheme. Alternatively, if an insured person were refused admission to, say, two Approved Societies on grounds of health, the Board would offer no objection to the formation of a small insurance section for standard rates of benefit on the lines indicated by the Ministry of Health. There is no means of knowing exactly what number of persons would remain in the fund, but from earlier enquiries it would appear that the number might be round about 8 per cent., or, on the basis of present membership of the fund, about 2,000 or thereby. On a consideration of the whole problem of what was meant to be a temporary provision, but has now totally altered and proves a resting place for persons not to be encouraged to remain, the Board's suggestion would be that they should be empowered to move in the direction of abolition of the fund in Scotland.

24,297. (*Sir Arthur Worley*): You say you have 25,000 in the fund and that 5,000 or 6,000 come in annually. How many go out?—(*Sir James Leishman*): As many as come in.

24,298. (*Chairman*): It remains pretty stationary at 25,000?—It is rather going down. (*Mr. Wight*): Some three or four years ago it was 32,000.

24,299. Are there any other points you want to bring forward?—Yes, there is the question of the position with regard to the Poor Law recovery in Scotland, which I think the Commission should understand, as there are distinct differences between the law relating to Poor Law recovery in Scotland as compared with England. (*Mr. Wight*): Perhaps I might speak on that, if I may? This is an illustration of one of the divergencies, which are referred to in the Statement which has already been handed in, in regard to the differences of law, organisation, and so on. *Sir Walter Kinnear* has, I think, already explained the position in England. In Scotland the position is that while the Parish Council has power to recover the cost of relief from the parish of settlement or from relatives who may be legally liable, it has been clearly laid down by the Court of Session (*Inspector of Kilmartin v. Macfarlane*, 1858, 12R, 713, and *Forfar v. Davidson*, 9th December, 1898, 1F, 238) that as between the pauper and the Parish Council "the relation of debtor and creditor never subsists." "There is no claim of debt for maintenance at the instance of a parish against a pauper on the pauper emerging from poverty, either by succeeding to or earning money." A pauper who receives poor relief is not bound, therefore, to pay for such relief out of funds subsequently acquired by him. This establishes a very important principle, to which there is nothing analogous in the law of England. Relief cannot be given on loan, nor is the property of the pauper liable unless the Parish Council obtained an assignation when the relief was given, and, of course, under the Insurance Act such an assignation would be invalid. In 1923, a Parish Council raised an action against the Scottish Rural Workers' Approved Society for the recovery of National Health Insurance benefit which had accrued in respect of a member while he was an inmate of an asylum and maintained there at the expense of the parish until the date of his death. The Sheriff decided that the Parish Council was not entitled to recover maintenance from the Approved Society. Accrued benefit in respect of a person who dies in a Poor Law institution forms part of his estate and as such may be charged with funeral expenses. Where an insured person is discharged from a Poor Law institution there is nothing to prevent him from handing over the accrued benefit in whole or in part to the Parish Council. But this would be

a voluntary act on his part, and in practice it would seldom, if ever, be done. From the foregoing statement, it is obvious that Parish Councils are in a less advantageous position than Boards of Guardians. But this arises from the difference in their general statutory powers of recovery of relief and not from any discrimination made by the National Health Insurance Act. In other words, while that Act (both on account of the frequency of accrued benefit cases and the amount of benefit involved) may have accentuated the inequality as between the two countries, it has not created it. An amendment of the law to remove the inequality could hardly be confined to National Health Insurance benefit, and accordingly it would appear to be more appropriate for a Bill dealing with Poor Law reform than for an amendment of the National Health Insurance Act simply as regards Scotland.

24,300. Have you any other points?—(*Sir James Leishman*): Yes, there is the rather vexed and troublesome question dealing with the Index Register, which is admittedly inflated, and the position of which has given rise to some criticism. We would like to say that that position is being looked into. We have been conferring with the authorities concerned, and while we are extraordinarily reluctant to spend any more money on administration than we can possibly help, we may be pushed into doing something with that inflation.

24,301. (*Mr. Jones*): Do you propose a separate Index for Scotland?—There is a separate Index now.

24,302. But a separate Central Index?—We have not quite got that length yet. It will depend a great deal on what the societies and the committees urge, and whether they are willing to pay and how the money can be found; but the Commission may take it that something will be done to avoid the criticism which may be made. Then I might mention the Drugs position in Scotland. I will ask *Mr. Wight* to make a statement as to that. (*Mr. Wight*): The Scottish Drug Tariff is on a different basis from that of England and Wales. We have a quite separate system in Scotland. Under it the Scottish chemist is paid first of all a percentage on the wholesale price in a certain drug houses list of the drugs he uses, which is at least 33½ per cent. and with certain adjustments rises to 50 per cent. or over, and in the second place a dispensing fee. While the percentage may look large it is a gross one, out of which have to come his on-cost charges and trading profit. The dispensing fee represents that side of his business which relates to professional time and skill. In theory it would appear that in a big National Health Insurance scheme with drug charges amounting, in Scotland, to £160,000 per annum, some concession of discount should be made. In practice, the drug bills are divided out among 1,800 to 2,000 chemists, whose average payment is thus £80 or so. Of that sum £40 represents the wholesale cost of drugs, and £40 is left to meet on-cost charges and trading profit. The average chemist, from the nature of his business, is a dealer in "smalls", and the drug tariff percentage has a relation rather to pence than to pounds. The arrangement does, however, give some concession in price to the Insurance Scheme as compared with the ordinary buyer. The point may be illustrated in this way. I do not know that I can give you the exact figures as they are to-day, but at the inception of the scheme the chemist, working by rule of thumb and with years of experience behind him, was able to say that any average prescription supplied cost him 5d. In a poor district he received from his customer 1s.; in a middle-class district 1s. 3d. or 1s. 6d.; in the West End 1s. 9d. or 2s. The cost of the insurance prescription was then about 10½d. It is about 1s. 2d. now. The chemist's grievance was not that the amount received did not pay him, but that it did not recoup for his outlays as well as private dispensing did. The rising drug costs during the last

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year or more has given the Board a good deal of concern. Over the period from 1913 to 1923, though rising in the later years, the cost per insured person averaged about 1s. 6d., and it has now reached 2s. 1d. As it happens, by early action and the institution of a protective fund for just such a state of things as has now arrived, it has been possible to debit societies with a relatively lower cost for drugs while making use of the available balances. The causes of this unexpected increase in the consumption of drugs—which is not confined to this country—appear to be complex and to be related to such divergent factors as weather conditions, increasing resort of insured persons to their doctors for treatment, the presence of epidemics, etc. The Board are in constant touch with local bodies with a view to the prevention of waste or extravagance, in the expenditure of these funds, and various administrative measures are in progress or are being initiated with a view to checking any unnecessary expenditure.

24,303. (*Sir Alfred Watson*): With regard to the subject of deposit contributors, I do not want to go over the whole subject of the change in the status of deposit contributors, because we have had the same sort of evidence from other witnesses and examined them pretty fully on it; but I think that one new point has emerged this afternoon and that is the suggestion that with compulsory allocation of deposit contributors and the abolition of the present deposit contributor system, societies may nevertheless retain the right of expulsion. I think every other witness who has been before us advocating the abolition of the deposit contributor system has indicated that it involves the abolition of the right of a society to expel, but apparently the Scottish Board think differently?—(*Sir James Leishman*): I do not propose seriously to contest that statement. In practice the abolition of the Deposit Contributor Fund would involve the abolition of the right of expulsion. (*Mr. Wight*): The point I made, I think, was rather that allocation would not necessarily be made to every society. I think probably a certain number of the larger societies would be willing to take them.

24,304. I am not on allocation, I am on expulsion. I think I clearly understood Mr. Wight to say that it would be possible under the scheme outlined for societies to retain the right to expel. The Board then, in the exercise of its duty, if the expelled person could not himself find another society, would proceed to allocate to a society?—(*Sir James Leishman*): Yes, I do not contest that seriously.

24,305. What is it you do not contest?—I do not contest that the right of expulsion may have to go. In Scotland it amounts to about 100 persons per annum.

24,306. But you put it to us that it need not go?—That is a proposition that is put up, but it is a theoretical proposition and it may not work out. I do not contest that the right of expulsion may have to go.

24,307. I should like to have your answer to this question, putting the matter in its extreme case: A person expelled from his Society on being sent to prison for an infamous offence may be re-allocated to a Society on his discharge on the position that has been put before us this afternoon?—Yes, and now he goes into the Deposit Contributors' Fund.

24,308. Quite so?—I do not see much difference.

24,309. Now he goes into the Deposit Contributors Fund, but would it be to the interest of the National Health Insurance System—would it conduce to the self-respect of the managers and the administrators of Societies, if their right of expulsion was ever taken away from them or was allowed to remain, but subject to conditions such as I put in the last question?—I do not lay much stress on that. Societies as a rule do not take very exclusive means of choosing

their membership, and if they do, as far as I know, they do not know whether their members are criminals or anything else.

24,310. (*Professor Gray*): Is your suggestion partly that you might conceivably have two kinds of Societies, one which would retain the right of expulsion and would not share in the allocation, and the other which might not have the right of expulsion?—Yes; that may have to come. It is not a very great possibility. I think the broad proposition that the Commission will have to face is whether the deposit contributor has to go, or whether there is the possibility of a State Fund, or whether there is a possibility of a small proportion of bad lives being put into special funds.

24,311. (*Sir John Anderson*): May we take it that the Scottish Board of Health are not afraid that if they undertook the duty of finding Societies for insured persons the number of people they would have to deal with might be considerably larger than the existing residue of the Deposit Contributors Fund?—No. Our experience in going over small batches of them to see why they were deposit contributors and asking whether they would be prepared to join Societies or not, is, according to my recollection, that if the man who went round had been able to say: "Here is a form of A.B. Society," he would have got them right away in possibly two out of every three cases.

24,312. So that the presence of these people in the Deposit Contributors Fund is, to some extent, due to apathy?—Yes, undoubtedly.

24,313. Would not that apathy be increased if it became the regular practice for the Central Department to find Societies for insured persons who took no trouble themselves?—No; I think it is the other way.

24,314. It would be a little unfortunate if insured persons got into the habit of sitting down and waiting for the Board of Health to provide them with a Society?—That is what they do now. They join the Deposit Contributors Fund, and after a certain time they move out in their own leisurely way, causing trouble to everybody, and not being insured in the meantime.

24,315. (*Mr. Jones*): The problem in Scotland is very much smaller numerically than in England, is it not?—Undoubtedly. I am not dealing with England.

24,316. But the Commission must take a broader view than you do?—But why? If the Commission in its wisdom thought that an experiment could be tried in Scotland, why not try it? Why must they do everything with England?

24,317. You do not have separate Insurance Acts for England and for Scotland?—We are a separate country, which is much more important than an Act.

24,318. (*Sir Alfred Watson*): Would it be advisable to have a separate Act for Scotland?—We have a very large number of separate Acts for Scotland.

24,319. (*Mr. Jones*): Would it not involve in England, apart from Scotland altogether, the setting up of a considerable machinery to carry on what would be a continuous function of allocation?—No, I do not think so. My opinion is, and I speak from 13 years' experience of the working of this Act, that the English Ministry have done things which are a hundred times more difficult and said nothing about it.

24,320. Here is a thing which is constantly occurring at the rate of 50,000 in a half year. You would have to be allocating these people half year by half year?—My belief is that only one-third of them would require to be allocated.

24,321. Earlier to-day you deprecated compulsion as being applied to Scotsmen at all. Are you prepared to waive that in regard to the deposit contributors?—I think the major would include the minor. In asking whether we agree generally with England, there was a large amount of important

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matter put before the Commission to-day, and I am not prepared to say off-hand that we would agree to everything that is said in that evidence.

24,322. (*Chairman*): May we take it then that in the other matters that have been brought to our notice by the Ministry of Health witnesses, you are in general agreement?—Yes, with the general qualifications which I have stated.

24,323. In those matters on which your views are not identical with those expressed on behalf of the Ministry of Health, does the difference arise mainly by reason of the conditions in Scotland being different from those in England?—Yes, broadly that is true.

24,324. We have read the Statement which you have submitted and I will now ask you some questions on problems that arise out of it in so far as you have not already dealt with them. In the first place, you submit as a governing principle for all our deliberations that an addition to the present insurance contribution "would be found extremely difficult and practically impossible to obtain." Would you amplify your reasons for this?—I regard these questions as important questions; the others are relatively unimportant. The condition of the country, and I am speaking specially for Scotland, although I suppose it would apply to England, is, from the industrial and economic point of view, serious. Public burdens are very heavy. There has been a recent Act put on the Statute Book which will come into operation at the beginning of the year which, in effect, adds to the insurance contribution. Having regard to all these considerations the Board, which has given very careful and sustained consideration to the terms of reference of this Commission, thought they could not put forward any proposition which involved an extra contribution just now.

24,325. (*Professor Gray*): Your reason is based on the general burdens on the country?—Yes, and also to some extent that there is no doubt, if you take Scotland especially, which I know very well, that coal and iron have been very bad; engineering has been bad, shipbuilding has been bad and shipping is bad. There are one or two things, such as whisky and linoleum, which are better. But, broadly speaking, Scotland is possibly even harder hit in some respects than England. We have had to take into account that point of view. In fact the practical man has always to take into account the practical situation and try to weigh up what there is a reasonable possibility of obtaining.

24,326. (*Miss Tuckwell*): Does that apply both to employers and employed?—I take a rather different point of view from the employers because, in health matters, I have tried to tell them that the health and efficiency of their workers are matters, not only of great importance to the workers and to the nation, but to them as employers. Some employers, I am glad to say, agree to that, but there is no doubt that the employers just now would be very averse to an increased contribution.

24,327. (*Sir Arthur Worley*): And the employee could not pay it?—Yes; that is possibly the difficulty. At the same time, I may say as an observer that I can see very large crowds going to football matches. I can still see them burning money in the shape of cigarettes every day, and I see them buying liquor and doing a number of things which mean money.

24,328. (*Chairman*): You are strongly of opinion that the present scope of medical benefit is too narrow. Would you describe to us the enlargement which you contemplate as being possible under present financial conditions?—The phrase "present financial conditions" raises a difficulty for the official and the civil servant. If the money were available, and if it is agreed that the money can be put in a certain direction, we have always, from the very inception of the Act, contemplated extended medical benefit. As the result, not only of extraordinarily careful consideration, but of a multitude of witnesses who from every point of view have come

to us from day to day, week to week and month to month, so that I am merely the mouthpiece of what is informed public opinion in Scotland in relation to health services, I can say that the opinion is, broadly speaking, that while there have been difficulties as to ways and means and time to do it, and that kind of thing—all admitted—the present insurance service, as far as it relates to health, is defective, and that the present medical service is merely a general practitioner service, and that, in order to get the full benefit of the scheme, in view of the health and efficiency of the workers, it is imperative, at the earliest possible moment, to extend that service to include, not only general practitioner treatment, but all proper aids to diagnosis, all second opinions in the way of experts, whether they are physicians or surgeons, and certain services which we might broadly describe as curative in that they relate to such methods as electrical treatment, light treatment, and so on. In Scotland we greatly hoped that it would be possible to secure a certain measure of institutional treatment, and that the institutions available should be in a position to extend to the insured persons such institutional treatment, including operative treatment, as they required. That we consider to be not only important but essential and imperative whenever it can be obtained.

(*Mr. Jones*): You have expressed some of these views, I understand, more as personal than official. Cannot you also give us your personal views on the financial question?

24,329. (*Sir Arthur Worley*): I understood Sir James to say that he is strongly of opinion, as the mouthpiece of considered opinion in Scotland, that these things are necessary and essential, provided, of course, the time is ripe and the money can be found. I take it it is rather outside your province to say where the money is to be found?—Yes.

24,330. (*Miss Tuckwell*): It is only a question of money?—Yes. We meant to do it ever since the Act started, and it was certainly discussed in 1913 and probably would have been in vogue to-day if it had not been for the War.

24,331. (*Sir Arthur Worley*): Do you look upon it as a natural corollary and completion of the medical scheme, and should it go along that line?—Yes. It is the one thing that is necessary.

24,332. Could you break it into sections, the first essential, and then the second and the third?—Yes, but one does that with great reluctance. A complete scheme, of course, would not neglect dental treatment and convalescent treatment. We have had to drop these things out because we do not think the money will run to them just now, not because we are not in favour of them. We would very greatly value aids to diagnosis, second opinions, electrical treatment, massage, and so on, and we would greatly value such a measure of finance as would enable us to help the voluntary hospitals in Scotland if they are to continue to be an integral part of the medical machine.

24,333. You put them more or less in that order: aids to diagnosis, second opinions, radiant heat, electricity, and so on, and then you come along to institutional treatment?—Yes, both out-patient and in-patient.

24,334. (*Sir Alfred Watson*): Have you worked out any estimates of costs?—Yes, we did, and here I want to be extraordinarily careful. We have been into this from time to time during the last 10 years and have revised it, and since this Commission was appointed we, of course, have given close and careful and continuous consideration to the remit, hoping that the Commission was going to mark an important era in Health Insurance, which I still hope. The estimates we have are founded on certain assumptions and certain figures and, I would also like to say, on the assumption that all the people concerned will be willing to realise that the country, generally speaking, is not too well off, and that we have not got a bottomless purse into which everyone can dip

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his hand and extract as much as he can take out; in other words, that we will be able to make reasonable arrangements with everyone concerned on a fair basis. On that assumption, and dropping out for the purpose of the moment (not that we want to do it) convalescent and dental treatment—dropping those out simply because we were compelled, we made a careful estimate on the figures, and we got out a figure in total of between 2s. 9d. and 3s. per annum per insured person. I think we would be able to do with a little less, because we have a little margin in respect of drugs, which is not the case in England.

24,335. It has been suggested to us that consultants and specialists should, if possible, be a part of the content of medical benefit, but that massage and electrical treatment should, at any rate for the time being, be added to the list of additional benefits, so that we have got figures for England and Wales representing specialists and consultants, and I wanted to know if we could have the same sort of figures for Scotland?—Yes, I think so.

24,336. (*Miss Tuckwell*): Do you include after-care for maternity?—No, not in that.

24,337. (*Sir Arthur Worley*): You would recognise, of course, that at the present time, compared with the person who is insured, the person with a slightly higher income is not in any better position, practically, as regards general practitioner treatment; that is to say, the man getting £300 a year can only afford to pay the general practitioner?—Yes, and the man with £300 a year, if he is keeping up an appearance with a family, is perhaps worse off.

24,338. If you made this a statutory benefit the man with £300 a year would be in a worse position than the insured person?—The real position in Scotland is that so far as secondary services are concerned it involves the co-operation of the voluntary hospitals. The problem in Scotland quite frankly is that while the voluntary hospitals are probably in a position, roughly speaking, to finance the present commitments and present services, they are not in a position, so far as I see, unless they get money or income in some way or other, to finance the addition which is really required. There are big waiting lists, and there is, in my judgment, a great inadequacy of beds. The problem would be whether the insurance side of it could make a very substantial contribution towards their share of the increase. That would go a long way to help the voluntary hospitals to do what they want to do, I suppose—though I am not connected with them in any way—namely, provide such an adequate service that they could really meet the needs of Scotland, including those people you have mentioned.

24,339. That is to say, any addition that would fall upon them in connection with the £400 a year man, or anyone of that sort, they could manage if they had assistance for those under £250?—Yes. There has been a discussion in Scotland as to paying wards in hospitals where certain moderate charges would be made to cover the fairly reasonable cost of first-class services. If that were done it would certainly meet a great want of the middle classes.

24,340. I think it is a point of view that is well worth considering.

24,341. (*Miss Tuckwell*): I know you have not forgotten the need to increase the benefits in cases of maternity. When you said they were not in what you proposed, in what connection were you considering what could be done for mothers or children?—We were not at the moment visualising an increase in the cash benefits. These other public movements, namely, maternity and child welfare, are going on. They are rate and State aided.

24,342. Were you considering an increased treatment benefit?—Yes, all the benefits that insured people require. We are dealing only with insured people. I am not dealing with the population in general.

24,343. What more would you give to the insured people than the inadequate amount they have at present?—Do you mean cash?

24,344. No, you said not cash?—All the extended medical benefit and treatment that it is possible to give them.

24,345. Could you do it through the Approved Societies?—The Approved Societies just now do not administer the funds. They pay, of course, but they do not administer medical benefit.

24,346. I am thinking of a question I put to Sir Walter about sickness benefit during pregnancy. Would you go on administering that through the Societies, or would you put it in other hands?—Our experience has been in Scotland that, speaking generally, the Approved Societies have administered these benefits very well, and I really could not say as a critic that any of them are so bad. I have asked some of our Philistine critics who are likely to be a little censorious: "Is there one Society in Scotland that you would put out of business?" and they have said, "No."

24,347. (*Mr. Jones*): Might I follow up this hospital business slightly? You suggested a contribution from Insurance Funds towards the cost of treatment and maintenance. Would not that also raise some question of capital expenditure?—I think it might. If the problem is as I understand it, it is a very serious one. I might say here that there is a Hospitals Committee sitting. It has not reported and I am not a member of it, and I do not know what it will report; but I shall be very greatly astonished if they report anything else than that there is a very great deficiency of hospital beds in Scotland. That is our information. The real problem during the next few years in Scotland is to finance these beds both as regards equipment and capital expenditure and maintenance. I will be surprised if there are not £1,750,000 or £2,000,000 needed for capital and something corresponding for maintenance. My point was whether it could be done. Assuming that it could be done; and assuming that extended medical benefit is necessary, is it beyond the bounds of possibility for the Insurance Organisation to take on their proportion of the extra beds that may be required, assuming that the present finance keeps coming in for the present commitments? I am dealing with the extension.

24,348. But do you limit that to maintenance, or do you also include capital?—If it could be done, I would make the contribution such as would cover the capital cost.

24,349. Does that mean the suggestion of setting up separate hospitals for insured people?—Not necessarily, though it might conceivably. The hospitals have not worked out any line of demarcation, as far as I know, except the line of infectious diseases, such as fevers. They will not in general take in fevers. The question is, if the voluntary hospitals accept the liability of meeting the actual needs of the population, including the insured population, is it unreasonable for the Insurance Organisation, if they have the money, to help these hospitals to provide the organisation for their needs, the hospitals being assumed to be the best places for that being done.

24,350. I am afraid I am not quite clear how the matter would work out yet. The voluntary hospitals at the moment require all their funds for maintenance?—Yes.

24,351. Assuming beds to be provided and that the Insurance Fund might find the additional money to carry on the maintenance of these institutions, that immediately brings you up against the very thorny problem of a voluntary institution where you have not public administration?—Yes.

24,352. How is it going to be possible to raise this capital sum which you have just roughly suggested might amount to £2,000,000?—Not for the insurance

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does not want to rule it out of set purpose, but the provision of a service which would include all the members of a person's body, eyes, ears, nose, throat, lungs, heart, blood and all the rest of it, is more important even than the limited portion that is here referred to. We rather think that these other illnesses in themselves connote more disablement, more sickness, more inefficiency, than this thing, and therefore for these reasons and because we are advised technically and otherwise that this is a more fruitful, a more helpful movement, we would come down on extended medical benefit.

24,377. (*Sir Arthur Worley*): It is the better of two good things?—Yes.

24,378. Medical extension is the better of two good propositions?—Yes, and possibly it is the better thing for the country as a whole.

24,379. (*Professor Gray*): It is difficult I imagine to say how much incapacity is caused by either?—Yes.

24,380. I rather gather you are of opinion that some of the estimates put forward as to the amount of incapacity resulting from dental disease are perhaps somewhat exaggerated?—I think so. To some of our own men, very careful surgeons and very careful physicians, we have put this question: Supposing you had to choose between the two and to organise, what would you do, taking everything into account? and they have come down undoubtedly and without any hesitation on extended medical benefit. They do not minimise the importance of dental treatment. I hope I am not conveying any impression of that sort.

24,381. (*Chairman*): Your estimate of the cost of a complete dental benefit available to the whole insured population is something not less than 7s. 6d. per insured person per annum at the outset at least?—Yes. That is a difficult figure. We have been into this fairly wide sea and we have had different figures from different people and different societies, and different costs are shown in the different societies, and there are great differences in the number of people who take advantage of such a service. We got figures only the other day from a rather select society where no fewer than half of its members wanted dental benefit. (*Mr. Wight*): And got it at a cost of about 6s. per head per annum in that case, but the estimates vary so much that, on the whole, 7s. 6d., I think, is not an unreasonable figure.

24,382. Have you any estimate of what this might fall to after the benefit had been available for, say, 9 or 10 years?—I really could not say anything that is worth saying. (*Mr. Wight*): Our experience of additional benefits rather indicates that the first year and a half is a very severe one and that the cost tends to fall, but I think to some extent that is due to the fact that the number of people falls with the advance of the valuation period: fewer and fewer people become entitled. So we have really no data on which to base an opinion for 9 or 10 years.

24,383. (*Sir Arthur Worley*): Additional benefits have to be within five years?—Yes.

24,384. If this was a statutory benefit?—The point I was making was this, that in the first of the five years there is generally a rush on treatment. It is so just now with the 1922 valued societies, but probably in two or three years the rush dies down. There are fewer people entitled to it, for one thing.

24,385. This 7s. 6d. would mean something like £5,000,000 carried throughout England and Scotland per year?—It would mean something like £600,000 I think we said in Scotland. (*Sir James Leishman*): Yes, very nearly that.

24,386. I think you would agree that it would not be possible under existing circumstances to get a statutory benefit costing £5,000,000, for this reason, that even if it were within the fund it would make those societies now in deficiency in a hopeless position

and a lot of those societies which were just level it would put in deficiency?—Yes.

24,387. (*Chairman*): Returning to the question of the administrative machinery for extended health services, you are of opinion that the appropriate area of a Health Authority must be fairly large if the provision of specialist and hospital services is to be economically and efficiently administered?—Yes. The area for these services might even have to be bigger than a county area: it might have to be a province almost.

24,388. (*Professor Gray*): On the question of size of area, you mention the independent smaller units. Has not that question been faced with regard to education?—Yes, but still you have to concede that there is a separate authority for education. In Scotland, it has to be borne in mind, there is a separate *ad hoc* authority for education to this day.

24,389. Yes, but the smaller burghs have not got similar education authorities?—No, but separate health services, however small they are.

24,390. You are merely taking the case of independence. I wondered whether there was not an analogy in the fact that these burghs of 10,000, 20,000, or 30,000 inhabitants had been in some way induced to give up their powers in education?—No. The education body after all is a fairly modern body. Some of these small burghs have histories of hundreds of years behind them, and you cannot absolutely uproot all that at once. There is a difference between a modern authority and an authority which has hundreds of years history behind it.

24,391. (*Chairman*): As to the question of bringing the cash benefits at least up to the level of the Unemployment Insurance Scheme, you are in no doubt as to the desirability of this? Your only difficulty is a financial one, I understand?—Yes.

24,392. You have no estimate of the cost of this, have you?—No.

24,393. Looking to the financial position and your feeling that the contribution should not be increased at the present time, you think this extension is not feasible in the immediate future?—No, unless there is a great revival in trade or a reduction in taxation, and I see no sign on the horizon of any large revival yet.

24,394. We should be glad to hear anything you have to say about the central and local co-ordination of the various health services which you describe in the Appendix to your Statement?—On that point, my Lord, there is some apparent statutory sanction for overlapping, but making a very broad, general statement, a wide, sweeping generalisation, the bad effects of overlapping in some services, or the possible bad effects, have been eliminated by the application of ordinary common sense, which, after all, the ordinary man, whether he is an official or a member of an authority, exercises. I do not say there are not points here and there in the school medical service and other services where, in theory, there is some overlapping, but I should not put it as very much, and I should not put it as high as to cause any very serious anxiety.

24,395. (*Mr. Jones*): We have had evidence this morning with regard to the factory medical service. Have you any views in regard to any possible co-ordination of that service with other health services locally administered?—I think there should be, broadly speaking, co-ordination, wherever that can be secured, for the benefit of the people who happen to be under these services. I strongly desire to see a medical service, and a good medical service, at the disposal of workers who require such.

24,396. Generally speaking, your answer is in the affirmative?—Taking my statement as a fair one.

24,397. (*Miss Tuckwell*): When you hesitate so much on the question of cost, would not you put

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against that—I am sure you would—the question of the loss which any nation is undergoing that has not got an efficient health service?—I have put to employers and I have put to workmen, and I have put to administrators the profound importance of the

prevention of sickness and the importance of restoring the sick man or woman and the worker to physical strength and efficiency.

(Chairman): We are very much obliged to you, Sir James.

(The Witnesses withdraw.)

FORTY-FOURTH DAY.

Thursday, 5th November, 1925.

PRESENT:

LORD LAWRENCE OF KINGSGATE in the Chair.

The RT. HON. SIR JOHN ANDERSON, G.C.B.

SIR HUMPHRY ROLLESTON, BART., K.C.B.,
M.D., P.R.C.P.

SIR ALFRED WATSON, K.C.B.

SIR ARTHUR WORLEY, C.B.E.

MR. A. D. BESANT, F.I.A.

MR. JAMES COOK, J.P.

MR. JOHN EVANS.

PROFESSOR ALEXANDER GRAY.

MR. WILLIAM JONES.

MRS. HARRISON BELL.

MISS GERTRUDE TUCKWELL.

MR. J. W. PECK, C.B. (*Assistant Secretary*).

MR. E. HACKFORTH (*Secretary*).

SIR WILLIAM GLYN-JONES, called and examined. (*See Appendix CVI.*)

24,398. (Chairman): You are Sir William Glyn-Jones, and you have submitted to us the Statement of Evidence as to the working of Insurance Committees which we have before us?—That is so, Sir.

24,399. You speak from a large experience of Insurance Committee work. I gather that for about eight years you were Chairman of the Middlesex Insurance Committee, and for 13 years a member of that Committee. You have also been a member of the Executive of the National Association of Insurance Committees since its inception?—That is so.

24,400. Your opinion is, briefly, that while Insurance Committees fulfilled a very useful purpose in the initiation and early years of the Insurance Scheme, the time has now come when owing to a variety of causes their powers and duties should be transferred to the larger Local Authorities. Is this so?—That is my view, Sir.

24,401. The work of the Insurance Committees may, I think, be divided into four main sections: the administration of medical benefit, the hearing of complaints, the arrangements for propaganda on health questions, and the detailed administration connected with deposit contributors and members of the Navy and Army Insurance Fund. Perhaps you would give us under each of these four heads a brief summary of the reasons which lead you to the conclusion that Insurance Committees should be abolished?—Two years ago, in October, 1923, in my presidential address to the National Association of Insurance Committees, I dealt largely with the aspect of the question that I am giving evidence upon.

Naturally I was considering my language there very carefully. I have marked a few passages in that address, and if I may be allowed I should like to quote that if the answer is contained in it. I have an official copy here, and I have marked the passages. On that first point I have marked the following passage: "To Insurance Committees was given the administration of medical benefit, and of all additional benefits which are in the nature of medical benefit. For this purpose they were required in accordance with regulations made by the Insurance Commissioners to make arrangements for the services of medical practitioners, and to make provision with pharmacists for the supply of proper and sufficient drugs and medicines. Neither the arrangements with the doctors nor those with the pharmacists have ever been in the hands of Insurance Committees. The Commissioners, and, since their day, the Ministry of Health, have arranged the bargain, which applies to the country as a whole. They are at the present time rearranging the bargain with the Medical Profession, and, as in the case of former negotiations, Insurance Committees as such have no voice in the matter. Again, each Insurance Committee was empowered and enjoined to bargain with the Approved Societies having members in its area, as to the amount to be paid to the Committee in respect of medical benefit and its cost of administration. These negotiations were conducted by the Ministry. Individual Committees and Societies were told what the arrangements made were, and had to abide by them. By subsequent legislation the right and duty of the Committees to negotiate

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[Continued.]

these terms with the Approved Societies has been repealed. I believe that it was inevitable that bargaining with the Approved Societies, the doctors and the pharmacists must be a national and not a local matter. I simply state the facts that Parliament provided, and in the case of doctors and pharmacists still provides, that these functions should be exercised by the Committees, but that they are not and never have been performed by them."

On the point of the hearing of complaints, this is, of course, a branch of the work of the administration of medical benefit. As I have said, the whole arrangements for the purpose are not in the hands of Insurance Committees, and when it comes to actual administration the regulations of the Minister are most elaborate and, I suppose quite naturally, not very elastic, certainly, not elastic on any matter of importance. My view is that the administration of medical benefit to-day resolves itself into really, I think I can say almost entirely, routine and office work which can be done without troubling any committee. The only things I can think of where there might be room for discretion are, first, the question of allowing insured persons to make their own arrangements for medical benefit. To-day that really is a very simple matter. The numbers of people who ask to make their own arrangements are very few and generally on well-defined lines, such as their desire to have a special form of treatment, e.g., homœopathic, and I think insured persons would be quite as well off if that question were decided by a competent clerk subject, say, to appeal to the Ministry; and I am not sure that that would not have this advantage, that it would provide uniformity of treatment throughout the country. Then there is the question of the allocation of patients. A doctor dies or gives up his practice, and then the question arises to whom the insured persons on his list should be allotted. About 75 per cent. of those insured persons settle that for themselves by selecting their doctor, and you have only the residue to deal with, and, as a rule, unless these insured persons have expressed any choice, which they have a right to do, they are naturally allocated to the man who has taken over the practice. Again I say that matter does not involve any big question of policy, and the clerk or any official might decide it subject, as I say, to appeal to the Central Department if there was any trouble. The rest is entirely routine work. That is true of medical benefit as it now exists. I can conceive medical benefit being enlarged in a way which might require the exercise of judgment by a committee, but that is another question; I am only dealing with things as they appear to-day.

As regards arrangements for propaganda on health questions, all I can say is that the amount of work which has been done under this heading is very trivial, and there is nothing in the way of propaganda on health questions which the existing local health authorities could not do equally well.

Then you ask about the detailed administration connected with deposit contributors and members of the Navy and Army Insurance Fund. I am quite satisfied there, Sir, that the work done is entirely office work. What has the Insurance Committee to do with regard to deposit contributors? If a deposit contributor is sick he goes to his doctor and the certificate is sent to the Insurance Committee, which means the clerk, and the clerk sees if that certificate appears to be in order, and he advises the Ministry that it is in order, and the Ministry upon that proceed to pay. Why it is thought that the Insurance clerk should be better able than somebody at headquarters to decide whether the certificate is good or not. I do not know. I can only say with regard to that that in all my experience in Middlesex, never once do I remember one single question affecting deposit contributors coming before the Committee.

That is equally true of the Navy and Army Insurance Fund. I cannot personally conceive of any useful purpose, as things are conducted at present, in cumbering, as I think, the machinery with administration in regard to deposit contributors and members of the Navy and Army Insurance Fund. I have brought with me my Agenda and Reports of the Middlesex Insurance Committee for the last two years, which I can leave here if they are of any use. This is a Committee of 450,000 insured persons, and I am quite satisfied of this, that any administrator looking at those papers would be struck with the paucity of any real work which requires such bodies as these to operate; and it is significant that during the last two years—that would be about 12 meetings—the average length of the meeting has been, I am quite sure I am making a generous allowance when I say a quarter of an hour. If any member of the Commission is surprised at that statement I think he has only to look at these papers and he will see that is what he would have expected. There is a lot of printing, an enormous lot, a lot of it is taken up with accounts which no member of the Committee can do anything with; they are either accurate or not; there is no question of principle involved in them. When you come to such questions as whether the service rendered is one within the competence of the average practitioner, the Sub-Committee, of course, takes the Panel Committee's view about that, and there is nothing else to be done. These things are run through and they have incurred the expense of subsistence allowance, those to whom it is paid, and a loss of remunerative time to those to whom it is paid, and we come away. If you think those papers will be of any use I shall be pleased to leave them with the Commission. (*Documents handed in.*) That is the actual work of the Middlesex Insurance Committee.

24,402. Do you think that the present position as set out in your Statement has been due to any slackness on the part of the Insurance Committees themselves or of their officials, or is it a necessary consequence of the unexpected way in which things have developed?—I think it is a necessary consequence of the way in which things have developed. Whether it was unexpected or not I would not like to say. I think perhaps it might be argued that it might well have been expected to have been the way. I want to be quite fair: I make this reservation. Probably if Committees had really looked for little things to do they could perhaps have done a few more little things, but nothing of importance.

24,403. (*Miss Tuckwell*): On the question as to whether it was unexpected or not, if these Insurance Committees have involved a good deal of expenditure what could have been the motive in starting them if there was an idea in the minds of the promoters that they might not be worth while?—I should like to deal with that, if I may, at a later stage. I am afraid I had some part in going up and down the country in 1910 and 1911 telling people what they might expect from the National Health Insurance Act. In doing that I was following the lead of distinguished statesmen. I quoted in my Presidential Address to the National Association—and I should like to have an opportunity later on of referring to them—the specific promises that were made. Whether all of us ought to have seen whether those promises could have been fulfilled with this machinery I am not prepared to say.

24,404. (*Mr. Besant*). With regard to the value or otherwise of these Insurance Committees, do you know whether the doctors appreciate their representation upon them, and whether the doctors would share your view?—Of course, I cannot speak for them. From what I know of the doctors I think they are not satisfied at all with the present working of Insurance Committees, and if I remember aright

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I think they have before this Commission suggested some radical alteration in the machinery.

24,405. (*Sir Humphry Rolleston*): Is that local or general, or both?—General and local.

24,406. More general or more local, I mean with regard to Middlesex?—I can only speak in Middlesex from my experience of the representatives of the doctors on the Middlesex Committee, and there, I think, it comes to the same thing, because Dr. Brackenbury is a member of the Middlesex Committee, and I think I know what he thinks about the local administration. Probably the average practitioner—I say it with great respect—and the average pharmacist does not worry himself very much about the machinery, provided the terms and conditions are all right for him personally; but the leaders of the Profession, who have to think of the whole policy, have already, I think, in their evidence to you suggested some radical alterations.

24,407. (*Mr. Evans*): With regard to health propaganda, have not some of the Insurance Committees been fairly active? I refer particularly to Leicestershire?—Yes, there have been one or two, very few Committees, in areas where the Local Authority is keen upon this sort of thing, and they have done a certain amount of propaganda, but it is only duplicating what the Local Authorities could do. There is no reason for them to exist in those areas for that purpose. The propaganda work that they have done could equally well have been done by the local Health Authority. The Leicestershire County Council Health Authority could have done everything that the Leicestershire Insurance Committee has done in this particular matter.

24,408. It does show that some of them have been fairly active, does it not? If the others had been equally active would you then advise that Insurance Committees should be abolished?—Most certainly. I should say it was a duplicating machine for doing the work. If it is proper work to be done by an Insurance Committee it is proper work to be done by the local Health Authority.

24,409. You do not think the local Health Authority is already overloaded to carry out that work?—No, Sir, in fact I think some Local Authorities are already doing it.

24,410. (*Mr. Jones*): It has been the case till July of this year that some Local Authorities had not power to do propaganda work?—I do not know. I am glad they have got it now.

24,411. As a matter of fact till July last in England—Scotland always had the power—certain Health Authorities had no power to spend money on propaganda?—I see.

24,412. (*Chairman*): Have you any views on the proposal that has been put forward to us from various quarters that the ultimate aim should be a single Health Authority for each area dealing with all the aspects of Health work, including medical benefit under the Insurance Act?—That, my Lord, is entirely my view, and any other suggestions which I might make for altering the present position are subject to that bigger change not taking place in the comparatively near future. In my view this question of the work and functions of Insurance Committees cannot be separated from the second part of the Terms of Reference of the Royal Commission on Local Government, which is: "To investigate the relations between the several Local Authorities and generally to make recommendations as to their constitution, areas, and functions." It would appear to me that that Commission is considering the whole question of the present administration of the health functions of all Local Authorities, and, apart altogether from Insurance Committees, those of us who have served on public Authorities are well aware of the clashing of functions, the lack of co-ordination, and in my view this problem of the Insurance Committee is only a branch of that bigger problem and probably it would be possible to settle this problem by settling the whole big question. And although I venture to

make some suggestions if that bigger question is not soon tackled satisfactorily, I think it would be a mistake to do anything at the moment in any radical change, such as handing these things over to existing Health Authorities if, as I say, the bigger thing is going to be seriously tackled. We had better almost wait till the bigger thing is done.

24,413. I see that you recommend the transfer of the duties of Insurance Committees to specially constituted Committees of the County and County Borough Councils. Do you think this transfer could quite readily be made even under the existing conditions of local government in this country?—I do not think I should go as far as to say "quite readily." We have all had some experience of attempting to tamper, either through legislation or administration, with the smallest of Parish Councils, and nothing can readily be done with them, I am quite convinced. I do not think there is any insuperable difficulty, and subject to the bigger thing not being done it is the easier way of dealing with the matter.

24,414. Have you any views as to the special difficulties of such a proposal in Scotland? We have been told that there the Burgh Public Health Authorities are so numerous, and in many cases so small in area, that serious difficulties would arise if transfer were made under the existing system of local government?—All my friends who are administrators in Scotland are never tired of telling me that things are so entirely different in Scotland from what they are in England and Wales that I should speak with bated breath about anything dealing with local government in Scotland. I am bound to say that when I go to Scotland I do not see the difficulties on the surface, but it may be that they are fundamental and therefore too deep for me to fathom. I do not think I could usefully say much about them beyond this. I think they have the same difficulty there as we have to-day, in probably having far too many Local Authorities. I think in Fifeshire you have as many as three Insurance Committees to fit the Local Authorities there. That does not seem to me to be ideal, but there may be special Scottish reasons why it cannot be altered.

24,415. You refer in paragraph 27 of your Statement to specially constituted committees. Could you give us some outline of how you think these committees of the Public Health Authority should be constituted. For example, do you contemplate special representation of the Approved Societies operating in the area and of the medical practitioners practising in the area?—Yes, my Lord, subject to what I said about the bigger thing. If this is the way out what I think should be done is that the whole of the present work of Insurance Committees should be handed over to the local Health Authorities, the County Councils and County Borough Councils, and that they should deal with this problem as they are now dealing with a number of others, by appointing committees which in the main consist of elected members and of adding to those committees persons of special experience. For that, as members of the Commission know, there are a number of precedents. You have to-day the Education Committee of the County Council with such co-opted persons; you have Maternity and Child Welfare, the Agricultural Committee, the Blind Persons Sub-Committee, and the Agricultural Education Sub-Committee. Those are all matters which are administered by the Local Authority. The elected Council in the final resort are responsible, but they depute the work, subject to report to them, to these committees upon which they co-opt people who, not being members of the Council, can materially assist the Council because of their special knowledge; and I should add the Insurance Committee, or perhaps a Health Committee, to these other committees. That would be my way of doing that. I want to say here that some of my associates in connection with National Health Insurance would object to that—they have told me—on

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[Continued.]

the ground that the insured person would not get the direct representation, the direct voice in the administration of these benefits that he ought to get in view of the fact that he is paying. They mean really that the Approved Society as such would not get that representation. At present, of course, the representatives of Approved Societies constitute the big proportion of Insurance Committees. My own view about that is that Approved Societies as such, apart from insured persons, have no special claim whatever to representation, representing the Society; and I am not quite satisfied myself that the insured person has a right to direct representation because he is paying some part of the cost of the service. If claims are to be made for special and direct representation, if it is a question of the person who is paying being the person who is to control, then I think the employer, who finds 5d. of the 9d. or 10d., and who derives no direct benefit, has an equal right, if not a better right, to say, "I find 5d. of this money, the insured person finds 4d., he is claiming direct representation of this Committee, why don't I have direct representation?" I am not quite sure that the insured person would not be, if what I am suggesting comes about, largely in the position of a person who buys electric light from the authority who is supplying it, or who rides in the County Council tramcar. The users of the car, if you could separate them from the general public, would have no right, I think, to claim special representation. But if you are satisfied that insured persons should be directly represented as such on the body which controls this matter, obviously they are not so represented now. The insured person would have better opportunities of influencing policy by his influence on the election of the County Councillors than he has to-day in the election of anyone who is supposed to represent him on Insurance Committees. I think—I have often said so when I was a member of the County Council and a member of the Insurance Committee—that if we talk about the right to represent the insured person I had no more claim to represent the insured person than a prominent official of a great Industrial Insurance Society representing millions of insured persons, these insured persons having really no effective way whatever of saying who is to go there and represent them; in fact, the insured persons of Middlesex could turn out the Middlesex County Council member of the Insurance Committee who was not doing what they wanted very much more easily than they could get rid of one of their representatives of the Approved Societies. So that at present insured persons are not being represented.

24,416. (*Miss Tuckwell*): I wanted to ask you, Sir William, whether there was any need for Approved Societies to be represented, seeing that the insured persons were sure to be preponderating in numbers on the electorate?—That is my view. My view is that in so far as the Society has an interest which differs from that of its members it has no right to any representation at all. I am not sure that occasions do not arise when it might be argued that the Society's interest and that of its individual member do not necessarily tally. I remember that when there was an agitation to allow every insured person to change his doctor practically as often as he chose, obviously you would have expected every insured person, whether it was good for him or not, to say, "Of course I want to change my doctor whenever I like," but the people who opposed that on my Committee were Approved Society officials, and they probably did that—and I make allowance for it—because they thought that certificates would be obtained and the funds of the Society would suffer, but the individual insured person would obviously want free choice.

24,417. The question of the Local Authority brings up the question of rates. I gathered from some answers (which I am further pursuing) from Sir Walter Kinnear that he thought it would be

desirable, if it was practicable, on a suggestion of mine, that if the Local Authorities administered the whole cash and medical benefits, to get a financial incentive created to improve the health in the districts. Have you formed any view about that?—Of course, if it could be done there would be an advantage to see that the authority administering medical benefit did not suffer financially by excessive sickness due to the inadequacy of that benefit; but if the powers under the Act, especially section 63 of the Act of 1911 (which perhaps I may have an opportunity of saying something about later) could be made operative, then I think Approved Societies would have all the power they need to see that the health work was done in such a way as to prevent excessive sickness.

24,418. Do you think they could be made operative while you have Societies which are not on a geographical basis?—Yes, to a very large extent I think they could, but perhaps I may be allowed to deal at a later stage with the operation of section 63.

24,419. (*Chairman*): Do you think that the existing elected bodies would view with favour such an addition of non-elective elements as you contemplate?—I think they are now so accustomed to the principle by reason of the instances I have given you that there would be no serious objection to it. As a matter of fact, I think they are rather glad of the assistance of these people. One of the arguments which might be used against the transfer to Local Authorities is that they are already overburdened. My experience has been that in regard to these special committees where there are co-opted persons the co-opted persons are the people who do a very great deal of the special work of that committee, because they have not to be bothered with the rest of the Council's work. I do not think there would be any serious difficulty from the Local Authorities.

24,420. You agree that the officials and staffs of Insurance Committees have carried out in an efficient manner the duties falling upon them, even if these were mainly of a routine character?—Undoubtedly. I think the officials have done extraordinarily well.

24,421. What would be the position of these people if the Insurance Committees were abolished and their functions transferred to the Local Authorities? Should these Local Authorities be required to take over all the staffs of the Insurance Committees?—I think the Local Authorities would be bound to. They would have to get somebody else to do it and obviously, from the point of view of the Local Authority taking it over, it would be a great advantage to take over the people who were dealing with it. If the whole of the work were transferred, whether every member of the staff of Insurance Committees would be required I am not prepared to say, but I am quite sure that all could be taken over, and by a re-arrangement of the general work of the Authority they could be economically and efficiently used. I think the whole of the present existing staff could be taken over.

24,422. As regards the administration of benefits to deposit contributors and members of the Navy and Army Insurance Fund, do you think that any advantage has been derived from the placing of a part of this work in the hands of Insurance Committees, or do you consider that the whole of the work might with advantage be carried out by the Central Departments?—As those schemes now stand, as I think I have already said, I cannot see the least advantage in the little routine technical work which is being done by Insurance Committees remaining with them. I know of nothing connected with the deposit contributor and the Navy and Army Insurance Fund as the scheme now stands which could not be done from headquarters.

24,423. You are, no doubt, aware of the high intentions underlying section 63 of the 1911 Act. This section has, I gather, been a dead letter. Do you think that the aims of the section could be realised if the powers and duties of Insurance Committees were transferred as you suggest, and, if so

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in what way?—It is on that question, Sir, that I should like just to adopt certain statements that I made in 1923. I quote them as an instance of what were thought to be the possibilities. "Into the hands of the Insurance Committees"—this was written in 1912—"will be placed sources of knowledge with regard to public health of which the State has never yet availed itself, and the State will acquire in the Insurance Committee a new authority regarding the public health from a standpoint to which possibly sufficient prominence has not been given in the past." The next is from Mr. Lloyd George, in the Second Reading debate (4th May, 1911): "There will be a further power. If a County Health Committee"—that phrase is significant, my Lord, because at that stage of the Bill it was to be the Health Committee, and it was only during the progress of the Bill in the House when the existing Local Authorities said: "But are we not the Health Committee?" that the name had to be changed, and I always suspected when the name was changed that the thing would be changed, as in fact has taken place—"If a County Health Committee are anxious to spend more money than they have funds at their disposal upon either the medical side or the sanatoria side, the County Councils have power to agree to sanction further expenditure, provided the Treasury also agree. There are one or two other functions, to which I attach great importance, which the County Health Committees will have to discharge. They will have to consider generally the needs of the county and borough with regard to all questions of public health, and to make such reports and recommendations in regard thereto as they may deem fit. I shall point out later on that they have power beyond that of merely making reports and recommendations; otherwise those reports and recommendations would be thrown into the wastepaper basket." Then: "What we propose is that the County Health Committees shall have power to go to the Local Government Board whenever there is excessive sickness coming on the funds of the Society, and apply for an inquiry into the cause of that sickness. Wherever the Commissioners or the Local Government Board find that it is due to neglect by the authority to discharge functions imposed by an Act of Parliament for the housing of the people, or for improved sanitation, they shall have the power of imposing that excess, not on the Societies, who are not at fault, but upon the Local Authorities who are at fault. That will be a much more effective check than the old obsolete form of mandamus." Then, in the House of Lords, Lord Haldane, in the Second Reading debate, said: "The functions of the Local Insurance Committees will be to report on health. That is the great thing. They will furnish statistics not only about abnormal but about normal conditions, such as we do not possess at the present time, and this ought to be of great value in combating disease. They will conduct special inquiries. If the rate of sickness turns out to be abnormally high, they will set on foot an inquiry," &c. Then Mr. Lloyd George, in reply to the attacks made during the Committee stage on the particular clause referred to, said: "There is no proposal here to interfere with Local Authorities in any way, except that which is already enshrined, or, I think, embalmed is a better word, in Acts of Parliament, because most of them are mummies. They are not exercised, there is no life in them; they are pure dust, and they have only the form and the features of life. There is none of the spirit and the soul in any of these powers. That is the reason why we propose that we should have some powers of this kind, in order not to interfere with Local Authorities, but—I accept the word of the honourable member—to wind them up." My comment on that in my address was, "I give this last quotation not only because I think it fairly described in 1911 the existing statutory powers to which Mr. Lloyd George referred, but because in 1923 it equally applies, after 12 years, to the new powers and duties which, as the result of

that advocacy, were conferred on Insurance Committees by the Insurance Act." That is my firm conviction as to that. Then as to section 63 I said, "Though the section imposes no specific duty upon the Committees in the matter of remedying evils, it does assume that they can assist in bringing to light what are the facts relating to health conditions, and in tracing the incidence of sickness and disablement to their source. Section 63 goes further. It gives power to the Committees, amongst others, to penalise certain classes of persons and authorities, whose default has given rise to excessive sickness. Obviously Parliament intended that Insurance Committees should be more than organisations for the administration of medical benefit." Then: "The sections possess possibilities of work of the utmost national importance. They clearly impose statutory obligations upon Committees which are either workable or not." In their letter to the Ministry of Health the British Medical Association say—that is a letter written in that year—"The Committee, on the contrary, views the Insurance Medical Service as having been set up not merely to assure medical attendance on certain wage-earners when they become ill, but to promote the national health by having regard to preventive as well as curative methods, by facilitating research into the beginnings of disease (for which work such a service obviously offers unrivalled facilities) and by making such investigations and reports on health matters as the Ministry of Health might properly require," and then, "They express the opinion that some of this work has not yet developed very far." Then Sir George Newman—he is a great authority on the real value of this work if it could be done—in his Annual Report published in July of that year says, "There is a wide prevalence of ill-health in the community due to general sickness, invalidity, and physical impairment which in bulk provides the chief burden of disease and disablement, and there is a great burden of disease which incapacitates and cripples to a serious extent, and yet finds no place in notification or death returns. It is largely unmeasured and unregistered, and yet it is the principal cause of physical inefficiency. Much of it lays the foundation of mortal disease," and I added, "I am imputing neither motives nor intentions, but we could be in no worse position had it been the deliberate policy to blanket Insurance Committees, to make the fullest use of powers by regulations to deprive us of all the substantial power and responsibility given us by the Statute, and in the end to leave us with such a modicum of routine duties as would justify our being put to as peaceful and painless an end as possible." That is what I said in 1923. I do not for a moment say that that blanket, if it was there, was not justified; I am not expressing any opinion about that; but I think, as things are, we are to be left now with a modicum of routine duties which justify our being put an end to as Committees. There is another significant fact: "At the outset County and County Borough Councillors, having no interest other than that of the public health and welfare, attended the Insurance Committees. Most of them, finding how little they could do, ultimately ceased attending, leaving what little there was to do to those who, in addition to a desire to serve their respective patients or members, had legitimately enough personal or professional interests in the administration of the scheme." On that I might add that when my Committee started in Middlesex I had on my Committee during my first two or three years the Chairman of the County Council, the Vice-Chairman of the County Council, the Chairman of the Health Committee, the Chairman of the Education Committee, the Chairman of another Committee—about a dozen of the leading administrators in the County Council. After a year or so they had all gone. It is now with the greatest reluctance that the County Council can get people to serve on Insurance Committees. They are not going to waste their time; they are not going to be bothered with the kind of work that is done. There is just this last quotation from my address

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as an indication that I am feeling no more strongly on this matter to-day than I did two years ago, and though this address was publicly given as my presidential address two years ago, I have not yet seen from even any members of our Association any serious criticism of it. "The present position of Insurance Committees is one in which they cannot with self-respect continue. Does the Government think the work outlined for us should be abandoned or that we are not the bodies to perform it? In either case let us and the country know. We cannot with self-respect continue to be parties in a sham fight against the evils against which we were enrolled with such a flourish of trumpets and beating of drums, to combat." That, in my view, with great respect, is one of the issues which this Commission is to report upon. We have either to be given our job or we have to be told that we are not wanted.

24,424. Have you any views as to the financial provision for the medical service under a unified local Health Authority? For example, do you contemplate that medical benefit should be financed as at present but under the Committee of the Public Health Authority, or do you contemplate a possible merging of insurance funds with funds derived from local rates and Government grants, so as to achieve a local health service unified in its administrative and financial, as well as its professional, aspects?—I think, my Lord, that so long as medical benefit means what it at present means there would be no reason why the present financial arrangements should not stand exactly as they are at present, the thing simply being administered by the local Health Authority instead of the Insurance Committee. But the National Association—and I think in my Statement which I submitted I agree—are profoundly dissatisfied with medical benefit as it to-day exists and in one very important aspect. The medical profession are becoming more and more dependent for accurate and early diagnosis upon services which are rendered to them by people who do not see the patient at all. I mean in the laboratories where material taken from the patient is examined and reports made. I think we are making a mistake in organising a system of medical benefit which is not as effective as it might be for a large number of people, and if we have only got that money I should personally prefer to see it spent on fewer people but applied efficiently and effectively. Then you have all these suggestions, very rightly made, about dentistry and nursing and a number of other things which I do not want to particularise. The reason why I think it is imperative that this thing should go to the Local Authority is this, that those services will have to be provided in some way or another for the whole community. But that is something additional to the present medical benefit. The present medical benefit, I think, can be financed in exactly the way it is financed to-day, simply being administered by the Local Authority, but I think the result of it would be that the Local Authority would have a further stimulus to provide these other facilities, and those facilities would be provided not only for the insured person but for the community as a whole.

24,425. (Sir John Anderson): Sir William, I am not quite sure what you contemplate as the first stage of the new arrangement that you suggest ought to be made. You have told us of the extraordinarily limited functions of the Insurance Committees. Do you contemplate that the new Public Health Committees of Local Authorities should, at first at any rate, have functions similarly limited?—If you decided that for financial or other reasons additional powers could not be given, I think that on the ground of economy all round and the saving of people's time it would be right to transfer the thing even as at present administered to the Local Authority. Have I answered you?

24,426. That answers my question. If, on the other hand, it were practicable to realise the original conception, or something like the original conception,

of the scope of the functions of the Insurance Committee, would you be in favour, in view of the practical experience you have had since 1912, of continuing in existence *ad hoc* Authorities distinct from the Local Authorities?—Certainly not. I have not any doubt that the moment you talked about enlargement of these duties, you would be bound to put it in the hands of the local Health Authority. What I can say best in support of that is this. Take any one of these services that are now talked about. If you have the Insurance Committee as now constituted dealing with it and the Local Authority dealing with it in some form or another, you will bring about exactly the same confusion, almost the Gilbertian position, that existed when we were trying to administer sanatorium benefit. There is a case where there was some real exercise of judgment on policy in connection with tuberculosis on the part of Insurance Committees, but it was found absolutely unworkable and you had to scrap it. You had to do for tuberculosis what I say you will have to do if you enlarge any of the benefits of insurance, because you cannot work them apart.

24,427. I was not thinking of enlarged benefits, I was thinking of enlarged activities. In your address you made the point that the activities of Insurance Committees are so limited that they can no longer continue with self-respect. I was not sure how far in that address you were pleading for action to be taken which would make the original rather grandiose conception a reality?—To be quite frank with you, when I delivered that address I realised that there would be great difficulty in enlarging our functions and leaving us as a separate Authority, but since then the doubt I had in my mind then as to its feasibility has been removed, and as a result of a further two years' experience I have no doubt whatever now. My view is that you cannot usefully induce Insurance Committees to be busy in health matters and do more than they are now doing without hopeless overlapping and clashing with existing Authorities.

24,428. In coming to that conclusion are you influenced mainly by the extensions that have taken place in the work and functions of Local Authorities in public health matters since 1911?—To some extent, yes, but also I have during the last two years been more impressed with the unfittedness of Insurance Committees, as they are now constituted, for that particular work. That is another side of it. I think the Committees themselves are not constituted as they should be if that work is to be given to them to do.

24,429. I think you said in answer to the Chairman that you saw no reason why committees of the local Health Authority should not take over the work of Insurance Committees with all the existing machinery, including financial machinery?—Yes.

24,430. It would be rather a new proposal, would it not, to introduce into our local government system, to give the Local Authority, or a committee of the Local Authority, administrative functions without financial responsibility?—It might be. It probably is. I do not see any insuperable objection to it.

24,431. Let me, perhaps, illustrate my point. Approved Societies or the members of Approved Societies have a large representation on Insurance Committees. I suppose it would be right to say that in theory, at any rate, the cost of the administration of Insurance Committees falls upon the funds of Approved Societies, and therefore from the point of view of financial responsibility the direct representation of Approved Societies on Insurance Committees is justified?—I personally do not admit that, or perhaps I do not admit the conclusion. The Approved Society is there to provide certain specific payments for sick pay and one or two other money payments. The cost of administration of medical benefit and such benefits as the Local Authority would administer for the insured person is fixed by

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the Minister. I suppose to some extent they are controlled by the Act, I am not sure, but certainly by the Minister and regulations. I do not see how the Approved Society is to suffer, and I do not care whether the Approved Society as such suffers, if the insured person does not suffer. One of the complications of the position is that when these Committees were first contemplated in 1911 the conception was that to the five millions of people who were in the old Friendly Societies meeting at their Lodge meetings, taking an interest in these matters, we were going to add another six million or more people who would be doing the same thing. Of course, the whole thing went wrong; that was found quite impossible; and we had great commercial organisations, who realised that this work was work which might have either a good or evil effect upon their business, stepping in and doing it, and to-day you have a great powerful organisation of people who are most efficiently working the Approved Society functions, but would not claim to be doing that for purely altruistic motives. It must have a bearing on the rest of their business. Therefore, I am always a little chary of recognising the interest of what are called Approved Societies as apart from the members.

24,432. I want to analyse the position a little. When the Act of 1911 was framed it was contemplated that Insurance Committees should make their own arrangements with the doctors?—Yes.

24,433. And the cost of medical benefit in the area would under that plan be a charge on the Approved Societies having members in that area. Similarly with the cost of administration. So that there would have been a large amount of elasticity. In practice it was found that the arrangement with the doctors had to be made on a national basis, and that individual Committees had no discretion at all, and therefore, so far as that was concerned, the representation of Approved Society members lost a good deal of its justification?—That is so.

24,434. With regard to the cost of administration, I am right in saying, am I not, that the original plan there was altered?—Yes.

24,435. As the Act stands now you have a flat rate of allowance for administration which is charged on the funds of Approved Societies; you have not got a variation as between Committee and Committee according to the way in which the business of the Committee is conducted, according to the views they take of their duties, and their efficiency or inefficiency in the conduct of their business. In your view was it inevitable that those departures from the original conception should be made?—Absolutely. You could not leave it to individual Societies and individual Committees to make arrangements on either side.

24,436. Did it not follow from that that the initiative of Insurance Committees should be greatly restricted?—Yes.

24,437. Was it not a necessary consequence?—Yes.

24,438. If Insurance Committees had been free, as the Act of 1911 contemplated they would be, to launch out in this or that direction?—There would have been absolute chaos.

24,439. They would have incurred expense which would have vitiated the national arrangement?—Yes.

24,440. If the functions are transferred to a Committee of the Local Authority, you have said you contemplate that in the first instance, at any rate, the financial arrangement should be exactly as at present?—Yes.

24,441. So you would have a Committee of the Local Authority administering and discharging the functions of the Insurance Committees and drawing their funds from National Health Insurance Funds?—Exactly in the same way.

24,442. What about these wider activities which you suggest might usefully be undertaken by Committees of the Local Authorities; where would the cost of carrying out those activities come from, in

your view?—In so far as section 60 of the 1911 Act is concerned, that is, propaganda and that kind of thing, I think obviously it should come from taxes and rates just as the cost of the other services. In as far as section 63 is concerned, I think a good deal of it could be financed from existing insurance sources. But a great deal more might be done, and in so far as that work was undertaken it would have to be financed by the National Exchequer and the local rates. My view is that the kind of things contemplated by section 63 are extraordinarily important and that the material which is now in the possession either of Insurance Committees or the Central Departments—I forget which—all these records of sickness which are being kept at present to the great annoyance in trouble and time of insurance practitioners, should really be used and not be, as is the case to-day very largely, just put on the shelf, and that the cost of that should be borne by rates and taxes.

24,443. The material should be used in the interests of the community?—The whole community.

24,444. And the cost should be borne by the rates?—Yes. May I give you what is in my mind there? You get a county, and two villages in that county with perhaps retrograde local Health Authorities; the county knows a good deal, at least it knows all about the returns of zymotic disease and how far the insanitary conditions of those villages are the cause of it, and since the National Health Insurance Act the panel practitioners who share the work of those villages between them have a complete record of all the sickness in those places, and if this machine was properly worked I can quite see the members of the Panel Committee meeting and saying, "We get more trouble with our patients in this village than we do in all the rest of our practice put together," and the other doctor says, "It is curious we have the same thing, what is the trouble?" and there are the data which should be at the disposal of the Local Authority, and if it was once published the village would pretty soon see that something was done. But it is all lying in the office now.

24,445. I gather that your view is that so far as the expenses of administration of the new body are concerned you would give them a fixed grant from Insurance Funds, and everything else that they required would be obtained in the ordinary way from the local rates?—Yes, I would do with them exactly what is done now with Insurance Committees. At present you say, "These are the services you have to provide, this is the price you must pay, here is the money with which to pay." That is the position of Insurance Committees, and that is what I would say to the local Health Authority.

24,446. You would give the local Health Authority wide latitude in developing other activities?—Yes, in so far as they developed other activities which were done in the interest of the community as a whole, and I think that development should be in the direction of the community as a whole.

24,447. Have you considered what the position would be if some extension of the scope of medical benefit were found practicable in the near future? Supposing, for example, that specialist and consultant services could be provided as part of the statutory benefits of the Insurance Act, would you contemplate that such benefits should be administered by the new bodies in exactly the same sort of way as the Insurance Committees now administer medical benefit?—No, Sir.

24,448. What have you in mind?—My view about that is this, that those extra services, consultant services and hospital services, should be available for the community as a whole, I do not say necessarily free, but they should be organised for the community as a whole.

24,449. What effect would that have on Health Insurance finance?—If the whole cost of those services came from other sources it would materially help Health Insurance finance, because I think the

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amount of sickness and the duration of sickness would be enormously reduced.

24,450. Would you not agree that the anomalies that arose when Local Authorities first began providing sanatorium benefit for the community at large would have to be avoided in any extension of medical benefit?—Certainly.

24,451. In other words, that insured persons as such should not be required to pay for benefits which were available to the general community?—That is my view. It was my view about tuberculosis.

24,452. (Sir Alfred Watson): Sir William, I am much interested in this question of consultant and specialist services. You instanced just now the laboratory services that are rendered in increasing numbers. Surely if an insurance doctor treating an insured patient finds it necessary to resort either to the laboratory service or to the opinion of a specialist or some other consultant, should not that be part of medical benefit provided for that insured person? Is it convenient or logical that those other services would be rendered to the patient under some other type of service than medical benefit under the Insurance Act?—I think it would be possible to arrange a service for the whole community for hospital, consultant, and diagnostic services which would have to be paid for, and the form of payment which the insured person made would be by means of some contribution from insurance funds to the cost of that service.

24,453. If it were a local service or a general service and not an insurance service, would it be right to require the insured person to make a contribution in circumstances where presumably you would not require an uninsured person to make a payment?—It is extremely difficult to allocate the methods of payment for that service. What is in my mind is this. There is a growing number of the community to-day outside the insured population who are as much in need and who are as helpless when those services are required as the insured person himself is as regards paying the whole cost of them. I have in mind the Report of Lord Dawson's Committee, the Consultative Council on Medical and Allied Services, on which I served. We have not met for some years, but whilst it was meeting and until that Report was issued I think I attended every meeting. There that body sets out the skeleton of a scheme for providing these services for the whole community, and what I say about this is what I said at the start, that it seems to me that it all turns on the big question which the other Royal Commission is considering, and that it is impossible to sit down and take the insured person and devise a way of finding these things for him without considering the whole question. The whole question is so vast that I am bound to say I should be very sorry to commit myself upon it.

24,454. It is because the whole question is so vast that one is anxious to see whether anything can be properly done with regard to insured persons in the immediate future that will not land us in the same difficulty that we were in with regard to sanatorium benefit?—Frankly, I do not think there is anything that can be done in the immediate future until the whole thing is overhauled. The whole health service wants overhauling.

24,455. When you say "the whole thing" does not that mean what I am calling a general practitioner service at the public expense for the whole community? It is not much use providing as a community service what, with all due respect, I may call the trimmings unless the solid foundational thing of normal medical treatment is also available to those who need it?—But we do it to-day. Any person who wants medical attention to-day can get it. He may not be satisfied with it when he gets it, but he gets it. The pauper can get it, but because we provide it free for the pauper that does not mean that everybody else is to get it for nothing. We do not go the whole way in providing for every

member of the community a service free of cost, but we do for some.

24,456. Granting that that may be so, is there anything in the extension of medical benefit for which so many people have asked—consultant, specialist and laboratory facilities—which is so peculiarly of the kind which should be provided as a local service that we should properly be precluded from instituting it as a part of medical benefit under the insurance service?—I think you could find a certain number of things which you might include temporarily under the insurance service as part of the Insurance Scheme, but it would only be a patchwork, and you would be forced, I think, to scrap the whole thing again when you deal with the matter in its entirety.

24,457. Having more clearly in your mind than some of us an idea of the extent of the service that you contemplate, do you think the end would be near or remote?—In some cases it would be remote, but in some it might be near. For instance, I can conceive of every Local Authority setting up an efficient laboratory for examination of these materials that I speak about, and I can conceive a contribution being paid from Insurance Funds to that Authority for the use which was made of it by the so-called panel doctors. That Authority might then fix a fee which everybody else would have to pay unless they were coming within the scope of the Poor Law. I can conceive it is possible. I do not see how that sort of facility is going to be provided unless by the Public Authority, and, if so, the Authority that provides the facility ought to be the Authority to do the work.

24,458. Then, as you contemplate it, the facilities would be provided by the Local Authority because nobody else would provide them, but they would not be provided in the natural order of things as a free service for everybody?—No, they would not.

24,459. (Miss Truckwell): I thought extraordinarily interesting your scheme for dealing with medical benefit in relation to all local health and utilising it effectively. Do you not feel that further advantage would be gained if insured persons were arranged not only for medical benefit, but for cash benefit in geographical Societies?—I am not quite sure what you mean there. Do you mean that everybody in a locality should be in one Society and get the same benefit?

24,460. Geographically, as opposed to the present system by which the Societies are scattered all over the country?—I do not know that I would like to express an opinion on the working of the cash benefits beyond a general opinion for what it is worth in regard to all the benefits. When I consider that the amount that the insured person pays is a moiety of the total cost of the whole of the service, I think that anything that can make the benefits which they all receive as uniform as possible is an advantage, whether cash or other. I think the benefits should be as uniform as possible. Personally I do not quite like this competition between one Society and another whereby, by reason of pure accident, one insured person who pays just as much as the other is getting more benefits.

24,461. I quite agree. Do you not feel that for the purpose you are contemplating, improving the health of the neighbourhood, a geographical arrangement for cash as well as medical benefit would act as a lever?—It would be an advantage, but I think there would be such an awful row that it would not be worth doing.

24,462. Do you mind awful rows?—No, I do not personally; I rather like them; but my experience of politicians when they get into office is that they do not like them, and sometimes Royal Commissions do not.

24,463. (Mr. Evans): With regard to your bigger scheme, Sir William, I think you really want a big comprehensive scheme that will cover the whole of the service, preventive and curative?—Yes. I do not know whether the other Commission have yet started on the second part of their reference of investigating

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[Continued.]

the relations between the several local authorities and generally making recommendations as to their constitution, areas and functions, but directly they get to that they will be bound, I think, to make some recommendation which will mean drastic alteration, and in the process I think they are bound to consider Insurance Committees and treat the whole thing as one of the bigger questions. On that the National Association of Insurance Committees, who have given evidence before you, reported last year, 1924, that they had communicated with that Commission, so they are expecting that Commission to be concerned with this matter, and I see that on the 7th April the Secretary of the Commission wrote to the National Association saying that due notice would be given when the Commission began to hear evidence on the second part of the Terms of Reference, and that they would be glad to receive and consider any memorandum which the Association decided to submit, and then the National Association passed a resolution that a memorandum be prepared for submission to the Royal Commission on Local Government, if necessary, in connection with the second part of the Terms of Reference. The experience of that Association in connection with their memorandum and the results of giving it here will, I think, make it a little difficult for them to prepare that other memorandum; but that is by the way.

24,464. You are afraid of any step being taken that might possibly prevent this work being carried on in the future?—I am afraid that if the other Commission make some recommendation which will involve drastic changes in our health administration, which cannot be brought into force next year or anything of that sort, if in the meantime this Commission makes any radical changes in the present position you will have to scrap it again in order to fit it in in the bigger thing if the bigger thing comes.

24,465. With regard to Insurance Committees, you think that can very well be done?—The work of Insurance Committees as they stand to-day could quite easily be transferred to existing Local Authorities. I have no doubt about it for a moment.

24,466. You quoted a speech made by Mr. Lloyd George in 1911, where he described the Health Authorities as mummies, as pure dust without life or spirit?—Yes. It is a very graphic and picturesque statement.

24,467. Have you any reason to believe that if these duties were transferred from Insurance Committees to the present Health Authorities there would be any more life in the Health Authorities?—I do not think it would make very much difference. In the first place I advocate transference of the existing work of the local Health Authorities, not that it would be better done; it is done, such as it is, as well as it can be done, and it would be equally well done by the Local Authority, and you do not want two bodies dealing with it. That is my reason for transfer there. I think it is quite possible with the existing powers that Local Authorities have got and the officers they have got, medical officers, nurses, and all the rest of it, that the transference of these functions such as they are to Local Authorities would be a stimulus to Local Authorities to use their existing health machinery more effectively than they now use it.

24,468. And later on when the bigger scheme does come you think it will be possible to fit it in?—That is right.

24,469. (Mr. Jones): Reverting to Sir Alfred Watson's questions about the cost of these special services, let us think for a moment of the laboratory that was set up before the Insurance Act came into force. Naturally it dealt with specimens sent in by practitioners without regard to what strata of the population they came from. If laboratory service was put as a specialist service into the Insurance Act, would you think it desirable that insured persons should be asked to pay for that service which was already available for them?—It would depend; I

think it would be worth doing if the Local Authority would set up a laboratory and even if it cost the Authority nothing, if they had no money to spend on it, no public rates to spend on it, and derived their income from a charge on the Insurance Fund for work done for insured persons, charged the Poor Law for work done for the Poor Law, and charged everyone else a fee to cover the cost. I do not say that is ideal, but I think that could be done, and in that case the insured person would have no grievance.

24,470. Let me go back again to my question and contemplate an existing laboratory being in existence since before the commencement of this century gradually expanding its work and taking up all classes of bacteriological and pathological examination on behalf of the population of the area generally: is there any need to suggest that insured persons should now be asked to pay for that service which they are already getting?—No, if there is in any neighbourhood to-day a laboratory whose services anybody, insured or otherwise, can through his doctor get for nothing. The thing is set up. The insured persons there can get all they want. There the thing is. But I do not know of any place where these facilities are provided. It is true when you come to diseases like diphtheria or any of these zymotic diseases, they are in the interest of public health. The Public Health Authority do it for everybody. We are thinking of something very much more than that in providing the same service for diseases which are not notifiable at all and which, I understand, to-day have to be paid for.

24,471. Many of these public health laboratories have very much widened their scope, have they not, and they deal with diseases and help in the diagnosis of diseases which are quite outside the scope of the present Public Health Acts?—I am bound to say I do not know of them.

24,472. I am talking of a specific case and I can quote one or two others.—I do not know of them.

24,473. Assuming that to be the case in several instances at any rate, and assuming it also to be desirable that other local authorities covering the whole country should set up similar laboratories with a service equally available for the whole population, would there be any object then in making a specific charge against Insurance Funds?—No, if these services are to be supplied as treatment for tuberculosis is supplied to-day. You have to put the thing on the same basis as tuberculosis.

24,474. As tuberculosis now is, you say?—Yes.

24,475. So that so far as regards laboratory services which are desirable for everybody, we might contemplate a service which might be extended to the whole population?—Yes, though I must not be taken as advocating that the time has come when we are to provide those consultant and laboratory and hospital services at the public expense.

24,476. I should like to limit myself entirely to laboratory services at the moment?—Very well; that we should provide laboratory services for the whole community free of cost, irrespective of the fact that the people can well afford to pay for them. I am not admitting that for the moment. I am not going so far. I have two children to-day who would have been dead if it had not been for those services which are not at the disposal of people who are not quite as favourably situated, and they ought to be at their disposal either as insured persons or otherwise. But the fact that it is at their disposal does not justify me in expecting that I should not have to pay for them as I did. The fact that there are certain people who have to be provided for free does not, in my view, justify people who can afford to pay and ought to pay, not paying.

24,477. It is not correct to say they are provided free. Insured persons and other persons who are obtaining the benefits of these services are maintaining them through their contributions to local rates; there is nothing philanthropic about it?—Everybody is paying rates; at least they ought to be.

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[Continued.]

24,478. I want to assume a service such as I know exists in several towns. It would lead to confusion and to a recurrence of sanatorium benefit conditions if it was sought now to charge insured persons for these services?—If the services are provided at the expense of rates and taxes for the rest of the community, there should obviously be no charge on insured persons.

24,479. Let me go on to another service, specialist and consultant service, such as is contemplated for the insured person. If these services were set up for insured persons, only then of course you would expect insurance funds to make a contribution in respect of this?—Yes. I do not think they ought to be. I think it would be most uneconomical for the State to-day to confine their operations to insured persons, and there would be a serious hardship. I have got children to-day who would require these services; they would not be insured persons, and so they would not be able to get them. Insured persons when they were ill would be in a more favourable position than a large section of the community who are not insured persons, because the cost would be prohibitive.

24,480. If we take it from the insurance point of view at the moment it would be quite reasonable and correct to charge the Insurance Funds for any specialist service?—Absolutely for any service exclusively provided for insured persons.

24,481. It might follow probably soon that there would be a need to extend the service to the whole community?—Yes, on payment or otherwise.

24,482. Going back to the question of the transfer of the duties of Insurance Committees to Local Authorities, I gather your idea is that the transfer should be delayed until we see the Report of the Royal Commission on Local Government?—If the decision lay with me, if it were my duty to advise the Government to-day, I should advise the Government as to what I think should be done failing any radical alteration in the general position as the result of that Commission, and I would leave it to the Government to decide whether they were able to adopt the big general thing or how soon they would be able to adopt it, and in those circumstances whether it was right to put the alternative into operation or not. It seems to me that nobody who does not know what is the final decision is in a position at this minute to say, "You shall put this into force either permanently or temporarily."

24,483. That is quite a personal view?—It is absolutely.

24,484. This Commission of course is limited to considering matters at present within the range of the Insurance Acts, and we are perhaps bound to look at it from that narrow point of view. We have had some evidence from outside parties and from official sources on this subject. For instance, the Ministry in England, I think I am right in saying, and particularly the representatives of the Medical Officers of Health Society in England, have suggested the immediate transfer of the powers of Insurance Committees to the County Boroughs and County Councils?—If there was going to be any considerable delay in the changes I absolutely agree with them.

24,485. Leaving out of consideration for the moment the larger question?—Yes, I absolutely agree with them.

24,486. You would regard that as a practicable and feasible proposition?—Quite, and I do not think it would confuse the issue very much.

24,487. It would be a relatively simple matter?—Yes.

24,488. You have expressed yourself as in some difficulty with regard to Scotland. Is not the position there pretty much the same? There are no County Boroughs in Scotland, but for insurance purposes the minimum limit has been taken in a burgh of 20,000 population as against something like 50,000 that a County Borough usually has in England, or more. Would it not be just as easy in Scotland to transfer the functions of the existing

Burgh and County Insurance Committees, if you like, to the same Burgh Local Authorities and County Authorities?—I should have thought so, but as I say—I say it with all reservation, not knowing how much it is due to my stupidity—I do not always understand what the special difficulties are in Scottish law and Scottish administration. There is one thing that I think is alike in Scotland as well as in certain parts of Great Britain, and it applies not only to insurance but to the other functions. I think it is a most unfortunate thing that you take a county and take little urban bits out of it, and draw a ring fence round them and administer for them, and leave to be administered from some centre all sorts of patches, little bits of the county all over the place. That may be due to the fact that that is how the thing has grown up. I have no hesitation in saying it would be much more efficiently done, if it could be done, if you scrapped all those little bits and cut your area up into convenient sizes so that they could be administered for insurance, and, indeed, for other purposes as well. My point is that it is not convenient to work some part of a county which is perhaps 20 miles away and another part of the county which is perhaps 10 miles the other way from a centre which is many miles from either, with other places in between which you do not administer, with no community of interest at all between them. I think it would be better, for example, to cut Fifeshire up into a certain number of areas and deal with each of them through its own Local Authority.

24,489. As a matter of fact, do we not get precedents for that in insurance?—Yes.

24,490. By cutting out all the small Authorities and giving a minimum of 20,000 for a Burgh?—Yes.

24,491. Have we not got a stage further in the matter of education, where, instead of having some 800 or 900 small Education Authorities, we have probably 50, if even that number?—I am sorry, I do not know that.

24,492. These are facts. I am putting it in that way.

24,493. (*Professor Gray*): Sir William, I should like you to explain a little more your views on the present functions of Insurance Committees. I understood you to say in answer to Sir John Anderson that that part of Insurance Committees' work which related to arranging medical benefit locally was from the outset impossible?—I do not think it could be done.

24,494. You merely had to put that into operation for it to break down?—It is not conceivable. First of all the Medical Profession will not have it, and I think they are right. I think you cannot arrange that service in parishes; you have to arrange it for the whole community.

24,495. Take another part of Insurance Committees' work, the deposit contributor. You mentioned that on your Committee the question of the deposit contributor hardly ever came up, if at all?—I think I should be right in saying that in the whole history of the Middlesex Insurance Committee only once has any question of deposit contributors come before the Committee, and that was simply to see whether the Committee could help a deposit contributor to get his claim for compensation in an accident. That was the only case.

24,496. There, again, I imagine the position of Insurance Committees was affected by reason of the fact that there are not so many deposit contributors as were expected?—No. I think when the deposit contributor class was set up it was contemplated that it was only to be something temporary; it was not expected to run for any length of time, that the whole thing would be got rid of, and some other arrangement made; but the thing has drifted.

24,497. That is so, but at the same time the original Act refers to such things as associations of deposit contributors and things of that sort?—Quite.

24,498. These never materialised?—No, never, nor did the District Committees. The Act set up District Committees. I can well remember spending two or

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three nights a week going down to certain parts of Middlesex to hold District Committees during the first year or so of the Act. There was nothing for them to do. It was all scrapped, and the Government has withdrawn the thing.

24,499. There is very little point, I take it, in supervising deposit contributors?—No, I do not think there is.

24,500. He has only his own money at his disposal?—Yes.

24,501. Have you any suggestion to make with regard to future deposit contributors as an Insurance Committee matter?—I am talking heresy, I expect, but I should deal with Approved Societies as I deal with doctors in that case. I should share the deposit contributors out amongst them, and they would have to take their share of the bad ones.

24,502. You mention "own-arrangers" as being the only kind of work in which there is a possibility of some discretion on the part of Insurance Committees?—Own-arrangers and allocations.

24,503. Do you agree that own-arrangements is a much less urgent question now than before?—Much.

24,504. In fact, there is hardly any need for people to make their own arrangements except in very special circumstances?—Very. There is one thing to be said in favour of it being done centrally, that you would have uniformity of practice. It would be difficult to explain why. In the two adjoining Committees of London and Middlesex there are many more own-arrangements in London than in Middlesex. When we started the scheme we would not allow an own-arrangement in any circumstances if we could possibly help it, because own-arrangements at that time were going to be used by a section of the Medical Profession to break down the scheme and we would not have it, but there is no danger of that sort of thing now, and the very few persons who want to make their own arrangements might be allowed to make them.

24,505. Can you tell us how the Medical Service Sub-committee has worked in your experience? Is it efficient?—I think so. I am glad you have mentioned that. I ought to have thought of that in connection with the work of Insurance Committees. It is the one thing where you probably require someone other than a paid official. It is a small tribunal that is necessary, and in fact that is what it is. The Medical Service Sub-committee is a small tribunal and the imposition of the Insurance Committee stage between the Medical Service Sub-committee and the Minister is in my view simply absurd. What happens is this. Under the Regulations your Medical Service Sub-Committee consider a complaint, and if the members of the Commission will look through those papers you will see what the type of complaint is, you will see how trivial a lot of them are. The Medical Service Sub-Committee sit in judgment there and they find the facts: that then comes to the Insurance Committee; the Insurance Committee cannot touch the facts: it must accept the facts. Sometimes the Medical Service Sub-Committee recommend that the insured person be given half-a-crown expenses or that the doctor be surcharged 2s. 6d. which he ought not to have charged; and everybody says he agrees, because we cannot go into the facts; then that goes to the Minister, and the Minister decides whether the 2s. 6d. ought to be paid or not; or if the Committee had not imposed any penalty at all the Minister may say "I think there should be a penalty," and he imposes it. It is a perfect farce, the papers coming to the Committee itself at all. The proper tribunal is a little tribunal to hear the facts and to report to the Minister and the Minister to deal with it.

24,506. You would retain the Medical Service Sub-Committee?—In some form or another. You must have some machinery for hearing complaints.

24,507. Under your suggestion of transference to the local Health Authority, do you think you would get people of good standing as co-opted members at present?—Yes, I do. I think you would get big

competition on the part of Approved Societies to go on it. I do not think you would have any difficulty in getting people to act. The difficulty would be to select them properly.

24,508. You have thought of these things very carefully. How many and what type of co-opted members have you in mind?—Again I am speaking entirely for myself and probably my people will disagree with me. I would not put anybody on that Committee as representing anybody. I would not put anybody on it representing doctors or chemists or Approved Societies or anybody else; I would simply put them on there by reason of their special knowledge and experience. I do not like the principle that people who are to administer a benefit, who are interested in that administration, should take part in its administration as such.

24,509. Your idea is that they ought to be there as public-spirited people?—With special knowledge of that particular sphere. I do not say for a moment that a prominent Approved Society official should be debarred—by no means—but he would not be there merely because he is an official; and I say the same thing about the Medical and Pharmaceutical Professions.

24,510. Your view is that these people should not be there to represent any interest?—No, but to assist the Committee with their special knowledge.

24,511. What kind of special knowledge would you have? You would have to have doctors?—Certainly you would have to have doctors, and you would have to have pharmacists.

24,512. And administrators?—Yes, probably people who had shown great interest as administrators of great voluntary hospitals, and people who had taken a prominent part in Approved Societies. Certainly you would have some of them.

24,513. If it is not going too far, how big a leaven of this kind would you have to add to your Committee of the Local Authority?—I do not think I should like to commit myself on that right off. I think that so long as the Local Authority in full council control the expenditure of the rates it does not matter if you have these special Committees of fairly large co-option, subject all the time, of course, to that Committee, as in the case of the Education Committee, having to get its expenditure approved by the full County Council.

24,514. You were asked certain questions about the difficulty of providing benefits for the insured and non-insured. What would you say on general grounds of policy to a suggestion to do away with insurance altogether and defray the cost of the whole thing out of rates and taxes and make it available to everybody? Is not that one logical way of evading all these troubles?—No. I personally would not like to see that. I look on National Health Insurance as doing two things: first of all, providing a service which is peculiar to the person who is insured, namely, treatment for his own special ailment or trouble. That is one branch of the service, and I see no reason why if he can afford it he should not pay for it as he pays for anything else. He should pay for the medicine he takes, which is to do his body good, as he pays for the food he eats. I do not see any reason why he should not pay if he can. On the other part of the Insurance Scheme, which has a bearing on the general health of the community, that I think should be provided generally, and of course it is that aspect of National Health Insurance that justifies the employer's contribution and the State contribution.

24,515. What would you say, as an alternative to that idea, to a suggestion to have alongside compulsory insurance a large scheme of voluntary insurance on the medical side, chiefly to meet the case you have indicated?—I think that something in that direction would be very useful and, indeed, is gradually being brought about in various ways. I do not know if it is in existence now. I believe there is a combination of some of the bigger London hospitals whereby you pay a donation every year,

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and if your income is under £400 or £500 you can secure the services of a specialist and indoor hospital treatment. That is really doing the very thing you are suggesting.

24,516. (*Sir Humphry Rolleston*): Are you thinking of the Dill scheme?—I forget the name of it. I know my own boy, who is a young barrister, found it extremely useful, his income being well below that limit, but he not being an insured person. He could make this contribution, and he is now satisfied that if he or his wife or child requires services which he could not afford to provide he has got those facilities, and I think that is a useful thing to be done, and that that section of the community have at the moment perhaps as much need for some provision of that sort as any other section.

24,517. Would it be right to ask you, was the amount 3d. per week?—I really forget what it was; so much per year.

24,518. (*Mrs. Harrison Bell*): On the question of the persons who are able to afford to make payments doing so, does it not become in the long run more economical to provide a service for everybody who cares to make use of it? I am speaking rather from the analogy of the Education Act. There was a time when it was considered right and proper that all parents who sent their children to the public schools should pay fees, but, as a matter of fact, in practice it became more expensive to collect these small fees than the result justified. Is there not the same tendency in dealing with public health?—If I were to follow the analogy of education I should say we have provided something which is akin to the general practitioner service, namely, elementary education for the whole country, but directly you want higher education you do in your secondary schools pay for it, and when you go still further to the University, which is the stage of your consultant service, again you pay for it. We have not provided all education free in this country. We have gone to a certain standard, but the rest has to be paid for.

24,519. Mr. Jones put this point to you that the insured persons and indeed the employers who make contributions to the Insurance Scheme, pay twice for the benefits they receive as members of the community; they pay as members of the community for medical service, indeed they pay for those persons who may be described as paupers and who receive medical service?—Yes. I think the answer, so far as the insured person is concerned, is that he is getting extraordinary value for his 4d. or 5d. He has no complaint, I think. The employer, it is true, has to pay twice over, but I suppose it might be justified on the ground that there is some duty to his employees cast upon the employer, and that he is providing a service which should at any rate improve the efficiency of his employees. Of course, he only helps to provide the service for those whom he employs, and those whom he employs ought to be better equipped and more efficient, and to that extent he does get the benefit of the contribution that he pays.

24,520. Is not the general tendency in health as well as in education towards universal provision?—It is, but I see lots of difficulties in the way, and I think we are a long way yet from a condition of things where you could provide a State Medical Service—for that is what it comes to—all round. My big difficulty there would be, amongst others, that the last thing you will be able to say to a sick person is that he must have a particular doctor and not another. That is the last thing he will stand.

24,521. I listened with very great interest to the statement you made with regard to co-opted persons on the Health Committee, shall we call it. Up to now the numbers of these co-opted persons compared with the full membership of the various committees is not very large?—No.

24,522. How far do you think an extension of health work would attract people who seek election to

these public bodies that control health who have not now felt that they had any work there. I speak having in mind the attraction that Child Welfare work is having to women on local councils?—I think it would do that, but it would do it in this way. At present all that the insured person in general feels about insurance is the stamp on his card and going to a doctor when he is ill and drawing his money. If that work was transferred to the Health Authorities I think there would be a tendency to increase the interest, which is very important, of the insured person himself in these things, and he would then for the first time see, "If I have got views, and I want to give expression to them, I am going to elect to the County Council somebody who will give expression to them; I have an interest in my County Council election which I had not previously." He has got no interest to-day in the election of Insurance Committees. He cannot effect any interest in selecting his representative on the Insurance Committee, but he would be able to effect an interest in electing somebody to represent him on the County Council, and it might lead to a very desirable increase in the interest which would be taken by insured persons in local elections, and then you would have on the County Council a number of people elected who are interested and are specially qualified to deal with the subject.

24,523. (*Sir Arthur Worley*): It is within your knowledge, of course, Sir William, that Approved Societies have made very considerable surpluses in the past?—Yes.

24,524. And that this Commission have had under consideration various benefits that might be increased or that might become statutory. That is common knowledge to you?—Yes.

24,525. Would you agree that an increase in medical service is one of the most desirable things, apart from the question of insured members or otherwise. Would you put that down as the first and highest?—I should. If there was money to spend, rather than increase sickness pay or give any other benefit or extend any particular benefit like medical benefit to dependants, I would use that money to improve the existing medical benefit.

24,526. If that is so there would be, as you quite logically put it, anomalies between certain people if this specialist service were given, which would be remedied if it were applied to everybody?—Yes.

24,527. The logical deduction from that is a State scheme. That problem is a long way off?—Yes.

24,528. If that is a long way off what reason is there that we should not in the meantime try to give the benefit or some benefit to the insured people, it being, as a matter of fact, largely their own money or their employers' money, rather than wait an indefinite time until everybody can get it?—It seems to me the first thing that could be done would be to transfer the machine as it now works to the Local Authority with the special committee that I have referred to, and then a recommendation that certain extensions of medical benefit should be provided. Then it is a question for the Government to consider what provision they should require the Local Authority to set up to provide this benefit. If the benefit was provided you would be just where you were with regard to tuberculosis. What happened was that tuberculosis benefit was provided, but at that time there were no sanatoria. The moment you provided the benefit the Local Authority had to provide the sanatoria. They were only compelled to provide sanatoria for insured persons, but having done it for insured persons they then had to extend it, and that is what, I think, would be the development of extended medical benefit.

24,529. You would by that means get further on towards the point you want to get to. I rather gathered from what you said that you would defer giving this benefit to insured persons because of the difficulty it would make with uninsured persons. I

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would rather go and force the situation in that way?—If I gave that impression I do not think I did myself justice. What I meant when I spoke about delay was this. If the other Royal Commission is going quickly to deal with this question then you must correlate the work of Insurance Committees to that development. If, on the other hand, there is going to be any considerable delay in that development, then I think that you are going in the right direction by transferring the present machinery of Insurance Committees to the County Councils, and, if you find it possible, increase the medical benefit side by these diagnostic and other facilities, providing that insured persons shall have those as of right, and then meeting what arises out of that, the necessity for Local Authorities at any rate setting

up the facility which will enable them to meet that, and then, having set up the facility it is a matter for development how far it goes.

24,530. In other words, your point is that we here should take note of the inconsistency that would arise for the moment?—Yes.

24,531. And while we take note of that we should equally, in your judgment, proceed to give the benefit if we can?—Yes.

24,532. And the result of giving the benefit and taking note will be in due course a development along the line of the two merging together?—Yes.

(Chairman): Thank you, Sir William, for your very valuable and interesting evidence.

(The Witness withdrew.)

FORTY-FIFTH DAY.

Thursday, 26th November, 1925.

PRESENT:

SIR ARTHUR WORLEY and later LORD LAWRENCE OF KINGSGATE, in the Chair.

SIR HUMPHRY ROLLESTON, BART., K.C.B., M.D.,
P.R.C.P.
SIR ALFRED WATSON, K.C.B.
MR. A. D. BESANT, F.I.A.
MR. JAMES COOK, J.P.

MR. JOHN EVANS.
PROFESSOR ALEXANDER GRAY.
MR. WILLIAM JONES.
MRS. HARRISON BELL.
MISS GERTRUDE TUCKWELL.

MR. E. HACKFORTH (*Secretary*).

MR. J. W. PECK, C.B. (*Assistant Secretary*).

Mr. J. B. FORBES WATSON and Mr. JOHN A. GREGORSON called and examined. (See Appendix CVII).

24,533. (Chairman): Mr. Forbes Watson, what is your position in the National Confederation of Employers' Organisations?—(Mr. Watson): I am the Director of the National Confederation of Employers' Organisations, and I am accompanied by Mr. John A. Gregorson, who is a member of the General Purposes Committee of the Confederation and who represents on the Confederation the Iron and Steel industry. I should explain that we were anxious to attend as soon as we knew that the Commission wished us to be here to-day, and Mr. Gregorson has been good enough to change his engagements in order to be with me at the desire of the Confederation.

24,534. We much appreciate that. You are submitting to us on behalf of the National Confederation of Employers' Organisations the Statement which we have before us?—Yes.

24,535. Would you give us a brief outline of the constitution of the Confederation so that we can gauge the extent to which it is representative of employers in general?—It is like this: in all the principal industries in this country and in most of the smaller industries there is a central organisation of employers just as there is a central organisation of workers for dealing with labour questions. These central employers' federations appoint representatives who on the Council of the Confederation can express the views of their industry, and in this way the Confederation can focus the

views of employers. The Confederation is, therefore, a federation of federations, if I might say so.

24,536. Is your Confederation connected in any way with the Federation of British Industries or is it a quite distinct organisation?—It is quite a distinct organisation. The Confederation deals with general labour questions: the Federation of British Industries deals with commercial questions.

24,537. You say you represent employers of about 7,000,000 workpeople. I assume those 7,000,000 are practically all insured persons?—Yes.

24,538. So that you are giving us the employers' views in respect of about half the insured population?—That is so.

24,539. In paragraph 4 you point out that the only part assigned to employers in the administration of the National Health Insurance Scheme is the collection of contributions. Would you welcome a larger share of responsibility being placed upon them, such as the right to representation on the governing bodies of Approved Societies?—That is an aspect of the matter which the Confederation has not dealt with in its Statement and which I would not be in a position to commit it upon. I should say that the employers of the country yield to no one in their desire to assist in every way towards the conditions of the workpeople being the best that can be attained in the circumstances, and if it were felt that employers could do anything to improve matters in any way I feel sure that the Confederation, and employers

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generally, would be willing to give the fullest and most careful consideration to that. I would also suggest, however, that perhaps the most appropriate time to consider matters of that nature would be when there was a review of all the social services. The Confederation has held the view for several years that there should be a review not of one social service but of all the social services, and that from that review and the picture it presented there might be designed something which would be better in every sense.

24,540. But at the present time you are not asking for any representation of that character?—The Statement is confined to the financial aspects.

24,541. You do not give us your views on any other than the financial aspects of the scheme. But may we take it generally that you approve of the scheme in its broad outlines and would be glad to see it expanded, provided financial and industrial conditions were more favourable?—We accept the compulsory contributory system of insurance for health. As the Statement shows we consider that system is becoming over-developed already. With regard to any expansion of it I think that any expansion would have to depend not only on, as I think you said, more favourable financial and industrial conditions, but would also have to depend on the ability of industry through its productivity to bear it, and, further, on such claims as the other social services might have, possibly prior to that of Health Insurance. That situation could, I think, be gauged only after the review of them all.

24,542. You would not recommend the abandonment of the insurance method of raising the funds for these services and replacing that method by an increased recourse to local and imperial taxation, would you?—We would not wish the insurance method for health to be abandoned.

24,543. In paragraph 6 you say that there is a definite limit to the amount which any country can afford to spend in the providing of social services and that that limit has been exceeded in this country. On what considerations would you determine that limit for a country in general and for Great Britain in particular?—I think employers would feel that you must relate the money you are spending on these things to the performance of industry, and the capacity of industry through its production to bear them. Great Britain, for example, is an exporting country which can only import and pay for the food to maintain its population if it can not only produce but also sell abroad what it produces. I do not know if the question you have put can be answered mathematically, but the employers in the producing industries of this country producing for export trade, whose commodities have hitherto provided the money for purchasing food abroad, cannot carry on even with the existing burdens. To go on spending and ignoring that crisis is only going to handicap them still further. I am endeavouring to focus what the Confederation view would be on the question you have put. The Confederation feels that the supreme element in security for the workers of this country is employment for these workers. That employment cannot be replaced by anything else, and a country which cannot find employment for its people cannot make up for that deficiency by providing social services. The cost of these services in our opinion is a factor destroying the possibility of employment, and it is within these considerations that one has to find the limit. Every individual has a limit to his own expenditure. It may not agree with that of his neighbour because their circumstances may differ. But possibly I have said enough, at all events I have tried my best, to focus an answer to your question.

24,544. Have you anything you would like to add, Mr. Gregorson, to what Mr. Watson has said on this point? — (Mr. Gregorson): I share the views expressed by Mr. Watson. They represent the views

of the Confederation. We are an exporting industry, and I speak feelingly on behalf of the Iron and Steel industry. We have to meet very serious foreign competition, and, coming in close contact with labour, one feels that the desire of labour is to find work and the desire of the employers whom we represent is to do all we possibly can to find the men work. In so far as you increase the burden of social services, which undoubtedly is a tax on industry—(when I say a tax on industry I mean upon employers and workers alike, because they are joint contributors)—in so far do you handicap industry to give workers employment, and therefore broadly one can say that one has to get down and measure the extent of that burden in the light of the condition of industry and so fix a limit.

24,545. The tables you give in paragraphs 9 and 12 might be held merely to show that we were a progressive country steadily realising high ideals in the matter of social service. What is there particularly in these tables to show that we have gone too far? — (Mr. Watson): There is another table of unemployment figures in paragraph 13, and if one examines the figures for the export trade of this country and the balance of trade (and that has been done by the Balfour Committee in the document which they have issued) one will find the same story told.

24,546. Are you prepared to vouch for the accuracy of the figures in paragraphs 9 and 12?—Yes.

24,547. You are no doubt aware from the published evidence given to the Commission that wide extensions of the Scheme have been urged upon us from many substantial and authoritative bodies. For example, the completion of medical benefits to include specialist and consultant services, the provision of a universal dental benefit, and so on. Is it your considered view that none of these things should be contemplated at present but that any resources of the Scheme over and above those required for the standard benefits should be applied to reducing the contribution?—That is our considered opinion. We consider that employment comes first and that a reduction of contribution will be welcomed by the workers just as it will be by the employers in the interests of the nation's welfare.

24,548. You do not think it would be a retrograde step to go back to the 1912 position?—I do not think any step is retrograde which, viewing British industry as it is to-day, does something towards striving to put British industry on its feet again. I think it is retrograde to go on spending money, however laudable the ideal may be, without taking note of the hard facts as they are.

24,549. What are your views as employers on the marked inferiority of the Health scheme to the Unemployment scheme in the matter of the provision of cash benefit during periods of inability to earn wages?—A comparison between Health benefits and Unemployment benefits you say, Sir?

24,550. That is to say, 15s. in one case and 18s. in the other, with additional allowances, so that a man who is really sick and therefore unemployed is worse off than a man who is not sick but unemployed?—You are referring to the cash benefits only in the Health scheme and the whole benefits in the Unemployment scheme?

24,551. They are both cash benefits, of course, and there are additions in the one case?—You are not including the medical benefits in the Health scheme?

24,552. No, I am taking the cash benefits?—You are comparing cash benefits in Health with the whole benefits in Unemployment. In the first place, I do not think that would be a very fair basis of comparison to compare a part with the whole. I think further, even to compare the whole benefits in Health with the whole benefits in Unemployment is misleading. Health Insurance has always been, and still is, an Insurance system. Unemployment was, but I submit has for some years ceased to be, an Insurance system. The Insurance basis of the Unem-

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ployment scheme in respect that the insured person drew one benefit for each five contributions paid by and in respect of him was cast aside in 1921 when emergency measures were introduced for coping with the serious and abnormal unemployment which existed and which unfortunately is still with us; and the considerations which have brought that about are not applicable to Health Insurance. Health Insurance has not had its basis changed. Health Insurance benefits were revised in 1920 because of the cost of living, and when they were revised in 1920 the cost of living ranged from 125 to 176 above pre-war. The cost of living to-day is only 76 above pre-war. The point I wish to make is, that however other social services may, through a variety of circumstances, have got out of joint, that is a consideration which cannot be usefully related to Health Insurance which set out to do a certain thing, which has done it, and which is still doing it, but as we think doing it on an over-financed basis reacting on the employment of the country.

24,553. You are comparing the total of the Health with the total of the Unemployment. What I really had in mind was the cash side. In the one case you get 15s. when you are sick and in the other case you get 18s. plus certain other allowances. It is a comparison between those two points rather than the full schemes that I want you to deal with?—I think I see your point. I can only say that Health Insurance has not been played about with as Unemployment Insurance has.

24,554. No, we are doing it now?—We are hoping you will do it by reducing the contribution.

24,555. You prefer not to go further into that point. Really it is a simple point. A man who is sick gets only 15s., but when he is unemployed—I do not mind about the periods—he gets 18s. plus allowances for dependants. You do not see any inconsistency in that?—(Mr. Gregorson): Broadly, the Health Insurance scheme as far as our information goes has continued throughout on an actuarial basis. It has continued to be and remains an Insurance scheme in the truest sense of the term, not to guarantee full relief during sickness but to aid thrift and self-help. In respect of Unemployment Insurance it has become something quite different. The Government had to do something to deal with the serious post-war depression and they used the most available instrument for that purpose, and accordingly they have from time to time passed a series of Acts the effect of which is to give the unemployed work-person an allowance now of 18s. throughout 52 weeks in the year. Therefore it has lost its true actuarial basis as an Insurance scheme and has ceased to be what it was in 1911 or as broadened in 1920; and we as employers would like to see the Unemployment Insurance scheme put on a true actuarial basis and retain its marked features consistent with British character of an aid to self-help and thrift.

24,556. (Sir Alfred Watson): Why do you say that the benefit in Unemployment which is payable for 52 weeks in the year if the contingency of unemployment has visited the unfortunate person for that length of time is not on an actuarial basis?—The reason why I make that statement is that the benefit paid bears no relation to the contribution which, as far as my information goes, is an actuarial feature of any Insurance scheme.

24,557. The contribution has been raised, has it not?—And the deficit is mounting up at the Treasury. It is not a self-supporting scheme.

24,558. Is that so?—We have not inside information.

24,559. At the moment is not the deficiency rather diminishing than increasing?—I cannot speak on that with any definite degree of authority.

24,560. It merely means that the Fund ran into debt and the Government lent them money for the time being?—As you please. (Mr. Watson): If I may say so, Sir, the insured workman in the case of

unemployment gets benefit whether he has ever paid anything into the Unemployment Insurance Fund or not. That was not so when the Act was passed for Unemployment in 1911.

24,561. Does he not have to pay for 12 weeks before he can get benefit?—The fact may be focussed in this way. There has never been, as far as I know, an official figure given of what is called uncovenanted benefit, that is, benefit paid to people unemployed but whose contributions have already been eaten up or who have never paid any contributions at all. I think I am within the mark when I say that 50 per cent. of all the benefits for the past three years represent uncovenanted benefit. I am not discussing the merits of the question: I am merely trying to show the point that Mr. Gregorson made, that the actuarial or safeguarding feature of the Insurance scheme of Unemployment of 1911 is not there now. But the Health Insurance scheme is a true Insurance scheme.

24,562. Might I suggest you call it safeguarding if you like, but do not call it actuarial. I suggest to you the Unemployment scheme could be arranged with other safeguards and be actuarially sound if the right to benefit endured for a much longer period than the one-in-six rule would dictate. I suggest to you that you lay too much stress on the word actuarial and not enough on the word safeguarding. The real point which I understood the Chairman to put and on which I should like to be clear is this. Sickness benefit is 15s. a week: Unemployment benefit at the minimum is 18s. a week, and it is 23s. if a man is married, and 27s. if he has a wife and two children: inasmuch as wages are, say, on the average 50s. a week, if it is necessary for Unemployment benefit to be what it is, is sickness benefit sufficient when it is only 15s. a week, plus of course additional benefits out of surpluses?—If Unemployment Insurance had been run with the Insurance features in it which were in it in 1911 the benefit would never have been what it is. It is of course because the fundamental principles were, for reasons into the merits of which I do not propose to enter, altered, that Unemployment Insurance became a different thing. Health Insurance had its benefits calculated to do a certain thing on an Insurance basis, and when the cost of living was 176 it was fixed at 15s., a sum, as Mr. Gregorson said, to add to the thrift of the insured and to enable him to carry on in circumstances which previously he had to cope with himself. That standpoint is a different one from that of Unemployment Insurance so-called which we have to-day.

24,563. (Chairman): It comes to this: if it is necessary to give a man 27s. when he is unemployed why is it necessary to give him when he is sick only 15s., or, if you like to put it the other way, if 15s. is enough when he is sick why pay 27s. when he is unemployed?—I prefer it the second way.

24,564. (Sir Alfred Watson): The original sickness benefit was 10s. a week, was it not?—I will take that from you.

24,565. In 1911 sickness benefit was 10s. You tell us that when the cost of living was up 176 per cent. on the 1914 figure the benefit was raised to 15s. a week, an increase of only 50 per cent. The cost of living to-day is about 75 per cent above the 1914 limit, but sickness benefit is still only 50 per cent. above the 1914 limit. Do you think there is nothing in the present cost of living which would justify the maintenance of the present rate of sickness benefit as against a possible small increase of it?—I can only say the benefits in 1920 were fixed by Parliament in full view of the whole circumstances.

24,566. That is not an answer to my question, with great respect. I want to know your opinion, yes or no, as to whether 15s. ought to be increased?—The opinion of the Confederation would be that 15s. should not be increased.

24,567. That is what I want to know. We have had very many propositions put before us and we want to

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know what is your view with regard to it?—That is distinctly our view.

24,568. (*Chairman*): Summarised it really means this: if you thought these services could be increased without an extra burden on industry you would be glad to see them increased, but you feel it cannot be done at the present time?—We do feel a reduction towards helping industry as a whole is more important than anything else just now.

24,569. What is your attitude towards the view sometimes put before us that expenditure on social services is a remunerative investment and that in the health services in particular it is repaid by the consequent greater efficiency and wage earning capacity and general contentment of the workers? That is a view which has been put forward to us.—These things, of course, are relative. We do not concur in that view. It is to be expected that money spent on Health Insurance will improve the health of the worker. As to whether it will do other things or not do other things, that is a matter of speculation.

24,570. Would it not be logical to consider that a man in full bodily health would be more efficient in his work than he would be if he was feeling pretty cheap and sick, and that sort of thing?—I start by saying that money spent on health must be expected to improve the health and ease the mind of those who used to have to carry on without it, but to trace the direct results of it in the terms you put is perhaps expecting too much.

24,571. You agree in theory but you have nothing to prove it?—Take the United States of America, which has no social service at all except Workmen's Compensation. I think productivity in America and general contentment is not inferior to that of this country. But there you get into a great variety of considerations which I feel we could not usefully go into on this proposition.

24,572. The logical conclusion of that is they are better without these services, which would not do, of course?—I do not say that.

24,573. I say the logical conclusion from your instance of America where they have not got it and labour produces much more would be that, would it not?—Not necessarily, because I said there was a variety of considerations which operated upon these things which made it impossible, I think, to trace direct effects in the way which you propose.

24,574. I take it there is no question that you are strongly opposed to any increase of contribution at the present time?—We are strongly opposed to an increase. We think the workers would also be opposed to an increase, and that they would welcome a reduction, as we do.

24,575. If a margin were really found to exist, but of such a small amount that it could not be given practical effect in a system where the payment is made by a weekly stamp, would you agree that such margin might be applied to a suitable extension of some benefit. After all, the margin might in the aggregate be a fairly substantial sum but when divided up amongst 15,000,000 people and employers it would get down to something not worth having really?—I think in the past in Health Insurance we have followed the principle that if there was a margin as to whether the contribution should be 4½d. or 5d. we made it 5d. I think we have got to the stage now when we have to take the other principle, and if it is 4½d. make it 4¼d. I would say that unless something of that sort is done, industry to-day is in a position like a machine which has too heavy a load on it and the wheels cannot get going. You know that sometimes if you lift the load off that machine even a little bit you will get the wheels started, and once it has started you can put your load gradually back and they will still go running. I cannot exaggerate the critical position that British industry is in as an exporting country, and if, for example, the methods which we have suggested for a reduction in the contribution

showed a possibility of 1½d. for the employer and 1½d. for the worker, I should say let us make it 2d. and see at the end of five years what has happened; at all events we would have done our best to get the wheels started again.

24,576. That would lead us into bankruptcy, would it not?—I do not think so.

24,577. Supposing that is the actual figure, if you reduce it by anything, actuarially you are going wrong?—I do not think, Sir, as long as the Government is so well advised actuarially as it is, there is much fear of our going wrong. I think, and it is only natural, that any actuarial calculation will err on the side of safety first. I want safety first applied in this instance to industry. After all, the British Government's credit is still good. I do not want to run any risk of the Health Insurance Fund becoming bankrupt as you indicate might happen. We have that in Unemployment already, and because we have got that in Unemployment we do not want to see the Health system running beyond its normal service.

24,578. You say the British Government's credit is still good. The British Government do not guarantee this in any shape or form, you know?—I know that.

24,579. They are only in it by their State grant?—I know that.

24,580. I do not follow you?—They guarantee the Unemployment Fund.

24,581. Your suggestion is that they should take a chance and it would be made sound by the Government saying "All right, we will come and make anything up"?—It is always possible to increase the contribution once you find you have been too optimistic.

24,582. (*Sir Alfred Watson*): I understood you to say that the Government guaranteed Unemployment benefit?—The Government advances the money to meet the Unemployment deficit.

24,583. It does not guarantee. The word "guarantee" surely means that the Government stands behind the solvency of the Fund. I submit to you all the Government does is to lend money to the Unemployment Fund, when it is in debt, and to charge the current rate of interest for it and to collect the debt when the Fund is again in credit?—That is right. That is all I should expect the British Government to do if by getting this margin applied as a reduction such a thing should happen in Health.

24,584. You used the word "guarantee"?—I used the word "guarantee" in the sense in which you have explained it, Sir.

24,585. (*Chairman*). On what grounds do you consider that the Exchequer contribution is less a tax on industry than the weekly contribution of employer and employed? I see you suggest that the former should be substantially increased, to one-third of the cost, with a corresponding reduction in the latter?—Income tax is paid from profits. Contributions such as for Health Insurance are a direct burden per person employed before you know whether you are going to have profits or not. If you have profits then you pay something more, but if you cannot carry on and pay your contributions you just stop business. Income tax is paid by non-producers as well as producers. We accept the contributory compulsory system of Health Insurance, but contributions paid per head of workers means that those who have to try to make their profits through employing a large number of workers have to meet a heavy burden, and it is our view that equality of distribution of this load would be more fair, would give industry more of a chance to pick up, if the State bore its third, getting its third from producers who make profits and non-producers who make profits, and the other two-thirds coming from producers, employers, and workers alike.

24,586. Have you anything to say as to the efficiency or otherwise of the present method of collecting the contributions through the agency of

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the employers?—No. It is the cost of the stamps that brings us here.

24,587. Have you any views on this point? You represent the employers of half the insured people; those people are in various societies: some of those societies give, for the same contribution that you pay and that the workman pays, larger benefits than others; consequently a considerable proportion of your 7,000,000 get better benefits than the remainder do. Have you any views on that, or would you rather see an equalisation of benefits, or do you not care, are you not interested?—That raises a question of administration which our Statement has not dealt with.

24,588. Not quite administration. Your statement has not dealt with it, but you are the party that provides a substantial proportion of the money that goes to those funds, and in the past history of those funds considerable surpluses have been built up by certain Societies partly out of your contribution. I should have thought that possibly you had views on that point. If you have no views, all right?—I think on a review of the whole social services, seeing the picture as a whole, we would have views; but we have come here on the financial aspects of Health Insurance as it operates to-day and to demonstrate the possibility of reducing the contribution.

24,589. I should have thought you would have had views on that very point. The money that you have contributed has produced large surpluses which are spent in additional benefits, and which, had they been applied to some other system, would have called either for a reduction of contribution or an increase of benefit without any extra cost. Your attitude is rather: We have nothing to do with administration, we have no views on it. I want to give you an opportunity of expressing your views if you have any on that point?—(Mr. Gregorson): Is your idea a pooling arrangement amongst Approved Societies?

24,590. I have no idea?—Really the question involves the principle of aggregation of Approved Societies rather than the present individual system of working under Approved Societies.

24,591. I am giving you an opportunity as a partner in the concern paying a large sum of money to give your views. We have had views on the other side?—If I may say so, I think we would as a Confederation require to consider the principle of aggregation conjoined with the principle of equality of benefit.

24,592. But you do not propose to say anything to-day?—(Mr. Watson): We have said in our Statement in paragraph 24, "Built as the system is, on the one hand, with flat rates of contribution irrespective of the condition of the individual's health, and, on the other hand, with each individual Society free to select its own members, it is clear that all Societies will not carry an equal risk for their flat rate premium. The flat rate premium being fixed relative to the insured population as a whole, the emergence of deficiencies in individual Societies was recognised from the beginning as an inevitable feature of the scheme."

24,593. (Sir Alfred Watson): I have been studying what you call the constructive proposals set out in paragraph 27 of your Statement. From what you said a few minutes ago, may I take it that you contemplate that the combined effect of these proposals would be to reduce the contribution by as much as 2d. on each side, employer and worker?—We cannot say the exact amount by which the contribution could be reduced. We are advised that no person can make these calculations without data as to age distribution and other things, which are not available to us. We would not for one moment presume to question the Calculations made by the Government Actuary. We might differ from him on his inferences, but if the Government Actuary will apply these factors and say what the result is we should accept it.

24,594. You mentioned 2d. each, which meant reducing the present contribution for men from 10d.

to 6d. or from next January from 9d. to 5d. That rather alarmed me. Personally, I did not expect to find that the proposals you put before us could possibly produce any such reduction, but I gather your 2d. was rather a figure of speech than a definite estimate?—Not purely a figure of speech, nor merely a figure of hope. From such rough and ready knowledge as we have been able to gather, and such rough and ready views as we have been able to form, we are optimistic enough to think that it might be possible to get a reduction of 2d. for the employer and 2d. for the worker for a period of years on these factors, during the next five or six years that we are thinking of, to get the machine going.

24,595. A reduction of 2d. on each side means, I suppose, a reduction so far as men are concerned of, what shall we say, about £8,000,000 a year. If you are really thinking of a reduction of that order does it not mean you are thinking also of cutting rather deeply into the present surpluses?—We were working on the basis of the 1923 surplus of £40,000,000. There would be £25,000,000 spent in additional benefits from now on, during the next five or ten years. We were in our constructive proposals acting on what was left, namely: what would result from a 4 per cent. interest calculation instead of 3: what would result by applying, not the Manchester Unity, but some other table, it might be a table of 10 per cent. below the Manchester Unity: and also by applying the next method to that earmarked portion of the contribution after 1955, taking it all together and saying, "What can we do; what is the most we can do for the next five years?" After that the contribution might have to be increased again.

24,596. As I understand your proposals (a), (b) and (c), which are quite clearly defined, they relate really to getting the margin which would create future profits. I cannot for the moment imagine that the combined result of the three things together would be anywhere near a reduction of contribution such as you suggest. Therefore I have assumed you have also had in your mind the utilisation of the £15,000,000 of surplus carried forward. I call it £15,000,000; I accept your figure of £40,000,000, and I accept your figure of £25,000,000 to be spent. That leaves £15,000,000 to carry forward?—Yes.

24,597. And I assume from what you have just said you contemplate that £15,000,000 would be brought in aid to secure a reduction of contribution during the next five years?—Certainly.

24,598. That was not very clear on your paper. I wanted to ascertain how that stood?—Clearly this is in the accumulated funds. I want to release money from the accumulated funds.

24,599. How do you get over this difficulty: that £15,000,000, or whatever it is, carried forward, is distributed over different societies? All societies have not got a share of it; some societies have got a much bigger share than the average, while other societies have got a smaller share than the average. Your reduction of contribution would be uniform over all societies. How would you get hold of the £15,000,000 that is now reposing in the hands of various societies in order to use it for a general reduction of contribution?—I recognise the technical difficulty, but I feel that the claims of industry are sufficient to get us to rise superior to that if that stood in the way of reduction.

24,600. (Chairman): You have in your mind that that £15,000,000 is partly the result of your contribution?—Entirely the result of employers' and workers' contributions.

24,601. (Sir Alfred Watson): Admitting it to be so, you have given me an answer which, with very great respect, is more rhetorical than helpful. I want you to tell me what you have precisely in your mind as to how we should get hold of this £15,000,000 for the purpose of reducing contribution?—I say if the Commission forms the view that that money which has been collected from employers and workers unnecessarily should be returned to them—and that

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is our claim—the Commission's recommendations can find a way of bringing it about.

24,602. You will not help us with a concrete suggestion as to how we are to get the money out of the pockets in which it rests at present?—If you ask Parliament to do something which will do that, clearly it can be done, but the matter is too technical for those of us who have no intimate knowledge of administration to dogmatise upon.

24,603. You realise that it is for us and that you are presenting to us a very difficult problem?—I do. But if I have succeeded in showing that the money is there, that it has been got unnecessarily from certain parties, it would seem to be only fair that it should be returned equally to those parties who paid it and not only to some of them.

24,604. Take the case of a Society whose members are engaged in the iron and steel industry and which in fact shows a deficiency. Can it be said that the persons employed in that industry and their employers have paid too much in the way of contribution?—I think it can. If the Scheme had been run on a lower rate of contribution these people would not have paid the contributions, and the question of deficiency is a theoretical one depending on the basis of calculation of your interest and your future sickness. It may well be that the Society which you have in mind, if the valuation had proceeded on a 4 per cent. interest basis and on a sickness expectancy basis different from what was used, would not have been in deficiency.

24,605. Let us look at that for a moment. So far as my intelligence enables me to understand these technical matters, I gather the Society is in deficiency because, although it has made 4 per cent. in the past on its actual funds instead of 3 per cent., it has had a much heavier rate of sickness than the expectancy, with the result that funds that it was expected to save have been spent in the payment of current benefits. Surely that indicates that as regards that Society the expectancy instead of being too high is too low, and that if you are going to put up a claim for that particular industry in regard to contribution, it is that the contribution should be increased, not lowered. Is not that so?—The expectancy is taken over the insured population as a whole, and so is the contribution fixed on a flat rate relative to the population as a whole. I submit if it had been possible to foresee what we now know the contribution would have been lower throughout. Therefore money has been collected, which if our contention is right, is returnable. It can be returned by a decrease in contribution now.

24,606. If the contribution had been lower throughout, this particular Society that I have used for illustration would have had a larger deficiency still, would it not?—That might have depended on a variety of circumstances; and there is provision in the Act for these deficiencies being met. I do not know the position on the 1923 Valuation, but in 1918 there were only four Societies that could not meet their deficiency from their Contingencies Fund. (Mr. Gregorson): Would it not be fairer to take the aggregate result of the working of the Scheme rather than seek to pick out a particular Society which shows a deficiency, and by inference indicate that the contribution should be larger so that that Society should not show a deficit; in other words, not set the pace by the pace of the slowest horse?

24,607. Take it how you like, the problem that faces us on the proposition you have put up is that of obtaining £15,000,000 or some less amount in different quantities from a certain number of the Societies and spreading it evenly over all Societies. It appears to me—and I should like your views on it—that the proposition really means that the Commission shall recommend that the surpluses carried forward by the Societies shall be transferred to some central pool in the hands of the Administration and used for supplementing a reduced contribution in future paid by the whole of the insured population

and the whole of the employers?—(Mr. Watson): That is so.

24,608. If that is the proposition tell us so, because it is better that we should know exactly what the proposition is.—The whole purpose of this Statement was to tell you. Apparently it has not succeeded. I am pleased now it is understood.

24,609. In fact your point as to the £15,000,000 is not, I venture respectfully to submit, brought out in your Statement, and that is why I am putting these questions with regard to it.—The Statement would mean the using up of that £15,000,000.

24,610. When you formulated these proposals for a reduction of contribution had you in mind the present position with regard to the cost of medical benefit?—Yes.

24,611. Are you aware that at the moment under a purely temporary Act part of the cost of medical benefit is being borne out of certain derelict moneys, unclaimed stamps, and that the amount available from that source is rapidly coming to an end?—Yes.

24,612. Did you contemplate, therefore, that part of the cost of medical benefit that is at the present moment borne from that source will apparently in the future have to be borne directly out of the funds of Approved Societies?—I accept that.

24,613. That means, does it not, that a new burden is coming on to the Approved Societies' funds and to the extent to which that new burden has to be borne it must diminish the funds available for reduction of contribution?—I came back to this. I have put forward in this Statement that there is money available there, and that money available should take the form of a relief of contribution from employers and workers. The extent of it for the reasons I have explained—the absence of data—I cannot say. I have said if these methods are applied by the Government Actuary we shall accept them. What we do claim is that once the sum is known we have submitted the method in which it should be used.

24,614. I quite understand that. If I may venture to suggest it, you are throwing a good deal of responsibility on to the Government Actuary, and it might be that his calculations would disappoint your expectations, for in fact he has to provide for the present burden plus an additional charge in the future of quite a substantial amount in respect of medical benefit, and I wanted to be quite sure that in putting forward these proposals you had taken into consideration this coming extra burden for medical benefit?—We had considered that within the limits of our knowledge, and what we would ask the Government Actuary to do is to be as optimistic as he can and to bear in mind the situation in industry as well as the situation of the Health Insurance Fund.

24,615. Must not the Government Actuary base all his calculations on quite definite data. He is hardly permitted to exercise an amount of liberty of calculation of the kind you suggest, is he?—I quite admit, but I would ask him to be perhaps a little less pessimistic than in the past on this subject.

24,616. (Mr. Besant): There is one question I want to put in a more concrete form than Sir Alfred has put it. You mentioned 2d. off the employer's contribution and 2d. off the insured's contribution. Supposing the Government Actuary said, according to his calculation, he could give you ½d. off the employer and a ½d. off the worker, would you then be content to let the scheme go on with a total reduction of 1d., or would you like to take your 4d. and get into debt in order, to use what you were suggesting just now as an illustration, to lighten the burden on the wheels for the time being. Would your suggestion be that you would let the Scheme go into debt for the time being and lose the whole of its actuarial basis?—I should want the 4d. now, and see what happens five years from now.

24,617. I thought that was what you were saying.—Certainly, Sir.

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24,618. In other words, you would let the actuarial basis go by default for the time being?—I do not say by default. The employers are deeply concerned in the health of the workpeople, and we do not think there is any chance of the actuarial basis going by default.

24,619. Let me put my question in another way. Supposing these particular benefits cost 9d., and you were now paying 10d. because you think more is being charged than is needed, and supposing you put that 10d. down to 6d. and the cost was still 9d., I think that is ignoring the actuarial basis, and I am wondering whether you would let the Scheme go on for a time with 6d. for the purpose of lightening industrial conditions?—That is right, and pick it up later if necessary.

24,620. In other words, you would go so far as to say you would abandon the actuarial basis under which the cost of benefits is met out of the employer's contribution, the State contribution, and the insured person's contribution?—Yes, and we could see at the next valuation in 1928 how far we had gone wrong or right. But the state of industry to-day is such that we must get some relief from the burden on the wheels, not only employers but workers as well, in order to try to get back our trade and to get employment for the people which in some cases is the best method of retaining health. It is not a healthy occupation going round looking for a job which you cannot get.

24,621. (Sir Alfred Watson): How would it help you in that object to reduce the contribution of the worker?—We would want the contribution reduced for both parties equally who have borne it till now and provided these surplus funds.

24,622. How would it help you in your object of recovering your foreign trade to reduce the contribution paid by the worker?—We should want the reduction equally between both.

24,623. You have said so, but my question is why? How would it promote your purpose to reduce the contribution of the worker? I can understand the reduction of the employer's contribution because that means that cost of production is reduced.—There, again, we will enter into a sophisticated and economic discussion.

24,624. That is what we are here for, if I may say so.—With deference, that is not what I am here for.

24,625. (Chairman): I think it is quite germane to the question. You put it to us that we should advocate a reduction of contribution divided equally between employers and employed?—Yes.

24,626. As regards employers, it is obvious that that means a reduction of costs which means a reduction on the export article. It is not obvious with regard to the 2d. that is to be given back to the worker?—The whole thing has to be paid from the goods placed on the factory floor. The cost of placing these goods on the factory floor includes wages, and wages are reflected in the contribution, but there I say we can speculate and argue for a long time about whether that is a proper statement or not.

24,627. Unless there was reflection on wages your object so far as the workman is concerned would not be attained?—There is a reflection on wages.

24,628. (Mr. Besant): In other words, the 2d. that was not paid by the insured person would lessen cost of production because wages would go down 2d.?—I beg your pardon.

24,629. Wages would go down by the 2d. that was saved by reduction of the insured person's contribution?—I do not say they would go down 2d.

24,630. If they did not we come back to the question that Sir Alfred was asking as to how the employer can gain by 2d. reduction in the insured person's contribution; unless the employer gets it back by 2d. off wages I do not see how it is possible to say that the employer gets any benefit out of it.—The employee has 2d. more to spend.

24,631. That does not lessen your costs, does it?

(Sir Alfred Watson): That does not help you in your competition abroad?

24,632. (Chairman): It only helps you if he spends that 2d. by the price of something being put up against you. Alternatively he may go to a cinema and spend it there and that would not help. If it is going to help industry it really resolves itself into how he spends that 2d.—The employee has 2d. more towards his thrift and self-help.

24,633. Or purchasing?—Or purchasing, yes. As I indicated, we will not get very far on this as a sophisticated discussion. The fact is that the money up to now has come from the employer and the worker, they have both borne it. Surely if I can demonstrate it is not required, it is only fair that these parties should be relieved of it, both of them alike. As to whether the employer should ever have paid anything at all, and whether it should have been a question merely for the worker, we are not discussing that. I have said the employers accept the contributory scheme.

24,634. That is not the point raised. I think the true answer, if I may try to help you, is: Supposing instead of 2d. a week it was 10s. a week released from the worker, he would have 10s. a week to buy more goods and by buying more goods it would help trade. Is that it?—That is one way of stating it.

24,635. (Miss Tuckwell): I should like to know what is in your proposal to deal with all social insurance together. What is the motive of employers. Do you think economies could be effected by those means?—Certainly, economies, more for your money.

24,636. There is a good deal of unemployment, is there not?—There is.

24,637. There is a great deal of short time?—Yes.

24,638. As you said people deteriorate very much in those circumstances?—Yes.

24,639. Do you think if you curtailed all these remedial measures you would have any people left who would be efficient when a revival of trade comes?—We are not curtailing the remedial measures. We are taking a review of all social services to see how by cutting out overlapping, by making the thing more co-ordinated, not necessarily amalgamated, we would get the same results for a smaller sum of money.

24,640. That is an answer to my first question, not my second. My second question was dealing with the question of unemployment benefit and sickness benefit. All these remedial measures as you said must ease mind and improve health, and if we are to curtail them what will happen to the workers by the time you have really got a boom in trade?—I am not curtailing them. I am suggesting that Health Insurance as laid down by the 1920 Act should continue.

24,641. (Chairman): The effect of a reduction in contribution on both sides would be felt in the shape of a reduction of surpluses?—Surely.

24,642. And a reduction of surpluses would mean a reduction of additional benefits?—In 1928 or 1933 once the present surpluses have been spent. By that time a lot of water will have run below the bridge.

24,643. You are proposing to take £15,000,000 of the present surplus.

24,644. (Sir Alfred Watson): You are not proposing to curtail the present additional benefits?—I am talking of the time when the £25,000,000 now emerging for additional benefits will have been spent.

24,645. (Miss Tuckwell): You were talking of more than that. You were talking of unemployment benefit. You were suggesting economies in a great many of these services?—Pardon me, I was not talking of unemployment benefit. The Chairman asked me a question on that which I answered.

24,646. When you were questioned about unemployment benefit I gathered you felt that there was much too heavy expenditure on all these remedial measures?—I said we were spending more on social services as a whole than we could bear, and we suggested that a review of the social services as a

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whole would reveal possibilities of getting the same results at a cheaper price.

24,647. You said that unemployment benefit ought not to operate as it does. I quite see your point of view. I am only pointing out that it cuts both ways.

24,648. (Chairman): The question I asked was a comparison between the health scheme and the unemployment scheme?—That is so, Sir.

24,649. We have nothing to do with unemployment here.—I only referred to it as indicating the condition industry is in. The unemployment figures for this year to date, to the end of October, as shown in Table 13 of our statement, show that we have had 143,000 people a week more unemployed than in the year before, and I say we cannot go on. It is our duty to try every method we can—and every little helps—to get employment for those people. (Mr. Gregorson). Might we put it in this way: The pressing problem is rather to find employment and so reduce unemployment than to extend remedial measures.

24,650. (Miss Tuckwell): If you carry my argument to its bitter end you will not be able to find employment because there will be no people?—In so far as you overhaul the cost of the social services, which I take it are the remedial measures to which you refer, and in so far as you get better results for the money spent, and thereby lighten the burden on industry, so far will you provide more employment for the workpeople. That is what our main object is.

24,651. (Mr. Evans): Have you seen the Report of Sir George Newman with regard to working time lost during 1924?—(Mr. Watson): No.

24,652. The figures are 127,000,000 working days lost owing to illness during 1924 and paid for out of National Health Insurance Funds, and this in spite of the National Health Insurance Scheme. The comparative figures of working days lost owing to trade disputes is about 1-15th of that, 8,000,000 working days; and in that 127,000,000 working days lost owing to illness the first three days are not taken into account because they are not paid for. Is that a satisfactory position, do you think, to the employers of this country?—I do not know the figures. I suggest what we are considering is not what is satisfactory to the employers but what is satisfactory to the country as a whole.

24,653. We are getting now evidence from the employers?—You are. (Mr. Gregorson): In so far as one has to run one's works on short time it is neither the wish of the employer nor of the worker; it is the result of the deplorable state of trade.

24,654. Do I gather from you that you rather deprecate this money being spent on social services and that every penny spent on Health Insurance is more or less something that is lost to trade and industry?—(Mr. Watson): Oh, no.

24,655. You do not say that?—(Mr. Gregorson): No, we would be very sorry if we created that impression.

24,656. The whole of this Statement does give that impression?—We must differ there, with respect. (Chairman): I think Mr. Evans means it creates that impression on his mind.

24,657. (Mr. Evans): You mention the tremendous amount of money spent on social services, and I must say the impression given to me was that the employers think that all this money is money wasted, and I was wondering whether you had looked at the other side of it, the tremendous amount of money and energy lost through illness which is really preventable, or at any rate, a big proportion of it is?—(Mr. Watson): I thought you said 127,000,000 working days were lost through illness. Would there be more than 300,000,000 working days lost through unemployment?

24,658. I have not got the Unemployment figures—I think if you take one figure against the other and compare them—

24,659. It is not a question of comparing Unemployment with Health Insurance. My point is the

efficiency of the worker, and whether it does not pay the employer to assist in keeping him in good health rather than save a penny and possibly lose one pound?—The employer has paid up to now willingly with the worker.

24,660. Willingly?—Willingly with the worker, for Health Insurance. What the employer says is that what Health Insurance set out to do can be done for less money; not that Health Insurance should cease.

24,661. (Mr. Besant): In your paragraph 14 you say it is vital to British industry that the cost of social services should come down, and you give the total cost in the Table in paragraph 9 as £168 million. I think the point that some of us are trying to get at is, if you have to get that £168 million substantially lowered you can only get it by paring away something from each of those five sub-headings—Poor Law, Workmen's Compensation, Old Age Pensions, Unemployment, and Health. As regards Health you think equal service might be given at somewhat less cost. I do not quite know how. If you are going to cut down that £168 million substantially, something must be knocked off from that 50 million Unemployment. How can it be done except by diminishing the individual benefit?—I think if you had a review of all the social services you would be able to save considerably on them all.

24,662. And yet be able to give substantially the same benefit?—Yes.

24,663. You think that is possible?—Yes.

24,664. (Chairman): You only give that as an abstract point, because after all we are not concerned with any reduction of Unemployment benefit here?—Precisely.

24,665. You simply put it: if there was one big scheme looked at and the picture presented as a whole that is your view?—Yes.

24,666. And that includes Health Insurance?—That is so. What we do know is that on the other four Services there is no such thing as a surplus. In one of them there is a big deficiency. In Health there is a surplus, and the question is: Are we going on with additional benefits or are we going to try to get work.

24,667. (Mr. Evans): Have the employers any views at all as to the Approved Society machinery for administering Health Insurance benefits?—I dealt with that question in so far as I can deal with it in my reply to the Chairman.

24,668. I was wondering whether the employers would view favourably the setting up of Societies on a territorial basis rather than working the Act with the present Approved Societies. Do you think employers would look favourably upon some such scheme as that or have they not considered it?—I could not say what employers would say on such a scheme till they have had it before them.

24,669. You were talking just now about surpluses. At the present moment the benefits that are paid for the flat rate contribution are unequal, and I was wondering whether the employers of this country would view with some favour the scrapping of the present Approved Society method of administering the Act and setting up Societies on a territorial basis thereby cheapening it and giving uniform benefits?—Employers will be pleased to consider any concrete proposal.

24,670. For cheapening?—Which will cheapen without doing damage. (Chairman): Economies without impairing efficiency.

24,671. (Mr. Jones): In your Statement, Mr. Watson, you give in paragraph 9 a comparative Table of increasing costs of certain social services?—Yes.

24,672. From £9 million in 1891 to £168 million in 1924?—Yes.

24,673. Your view generally is that this £168 million presses too heavy a burden on industry?—That is right, Sir.

24,674. Is there any point between the two outside dates when you think a limit of that burden might

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have been reached?—As I said before, it is relative to what the productive performance of the country was at the time.

24,675. You said so at the beginning. You do not feel competent to come down more definitely on it than that?—One could not deal with this mathematically.

24,676. Has this large and increasing expenditure of money in your view resulted in any advantages to the nation as a whole?—In the first place I should say it has resulted in a certain degree in the present unemployment.

24,677. Can you picture any advantages that have resulted from it?—Yes.

24,678. What might these be?—Those that they were intended to fulfil, by helping and encouraging the thrift and self-help of the people of this country to a degree which has never yet been approached by any country in the world, and of which every British employer and every British subject is entitled to be proud.

24,679. Do you know of any others?—If they have fulfilled the purpose they were intended to fulfil I think they have done all that could be expected of them.

24,680. Have they not incidentally accomplished even larger objects perhaps than those they immediately set out to perform?—Would you specify them?

24,681. For instance, you perhaps know that there has been a very considerable fall in the death-rate from 1891 to the present time. Do you think these various services contributed in any way towards that?—It may be. One would expect that this money would reflect itself in improved health, and certainly it is surprising when one is told that the present Health contribution cannot be reduced because the health of the nation is getting worse. I share your view that improvement would be a natural presumption on the facts.

24,682. I think we might presume that the Medical service under the Insurance Act has contributed something towards the general improvement in health?—If the general improvement is recognised I am at one with you.

24,683. Are you aware also of the very great extension that has taken place in the length of the average life during the period covered by your Table?—Yes. You will find that in the Statement we ask that the new calculations should take account of both sickness and mortality expectancy.

24,684. It is a fact, without going into figures, that there has been a considerable extension of life in the period, and I think perhaps you will agree with me that these social services have contributed towards that end?—That may be.

24,685. I think it is generally recognised that they have played a considerable part?—If they have it would certainly be a proof of their utility.

24,686. If the Services were curtailed in any way would you look for any reflection, any going back on these satisfactory results that have been obtained?—I should expect if money could be saved on these Services it would be reflected in the employment of this country by reducing unemployment.

24,687. By reducing costs. I want to look at it from another point of view and ask you, do you think it would be desirable to take any steps which might have the effect not only of retarding the growth of these useful Services, but of impairing their efficiency?—I think the first step is to keep the country going and to bear in mind that other countries—unfortunately it may be—see fit to carry on without it and put us up against a handicap. We do not mind being first, we want to be first, we hope we always will be first in social conditions, but we do not want to be first by 100 per cent; we are first by more than 50 per cent just now, and we do not want to add to that.

24,688. (Chairman): You mean you cannot afford to add to that?—We cannot.

24,689. There is a difference between the two?—Certainly we cannot afford to.

24,690. (Mr. Jones): Do you think it would be desirable in any view to take any action whatever which might have the effect of setting back the health of the nation of which we are all fairly justly proud, I think?—You will not set back the health of the nation by reducing the contribution.

24,691. If you reduce the contribution does not that mean that there will be less funds available for these Services?—The statutory benefits will still be given.

24,692. The statutory benefits are not all. Take Unemployment. Do not you think these payments for unemployment have reflected themselves very materially on the health of the nation?—I would prefer to give my views on unemployment before the Government Committee on Unemployment.

24,693. I am asking you from the point of view of health. Does it not surprise you, in spite of the large unemployment and the great burden that unemployment has been, that the health of the nation is not only maintaining itself but is actually improving?—If the health of the nation is improving we can run Health Insurance on a smaller contribution.

24,694. Let me come to that point for a minute. I take it we are agreed, in fact your Statement says so, that there has been a very considerable extension of life. Does not that carry with it a burden in itself? When you extend life, as has occurred in the past generation, does not that also carry with it a very substantial burden in the shape of sickness?—Certainly an increase in longevity would presumably lead to increased sickness claims.

24,695. At the later years of life?—Yes.

24,696. Might it not be that these funds would still be required to meet the heavier burden of sickness that arises through the addition to the years of life?—Do you mind repeating that?

24,697. Is it not a fact indeed that the prolongation of life adds to the burden of sickness, and if you are to maintain your statutory benefits will you not also need to maintain these contributions to meet the additional burden?—These are factors which the Actuary will deal with in his calculations. Whether they exist or not, and what their effect is, are not matters on which I think I could be expected to dogmatise, but I would say that the quickest way of setting back the health of the nation is to go on increasing its unemployment. The question is whether employment is to come first and additional cash benefits afterwards, or whether we are going to have additional cash benefits first and let employment take its chance. That is the issue.

24,698. Do not you think that the payments that have been made in respect of unemployment have enabled those unemployed to maintain a state of health that they might not have been able to maintain without these payments?—Not such a good state of health as if they had been in a job.

24,699. Is it not a fact that the death-rate has continued to fall throughout these years of unemployment?—That may be.

24,700. Is it not a fact?—I cannot say.

24,701. I think statistics show it is a fact. I ask you if you reduce these payments for unemployment at the present time what will be the natural effect on these people?—I am not here to ask for a reduction of Unemployment Insurance contributions.

24,702. I am afraid I have not quite followed your argument if a reduction of contribution does not follow from all that you have set forth?—A reduction of contribution for Health Insurance.

24,703. But not Unemployment?—I have not dealt with Unemployment contribution here. I shall deal with it before the Government Committee on Unemployment Insurance.

24,704. (Professor Gray): I understand from your replies given already that when you refer to the definite limit to the amount of money that can be

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spent, you do not, in fact, mean there is any definite limit which can be stated?—No.

24,705. You really mean that there obviously is, on general principles, a point beyond which taxation of all kinds will make it impossible for industry to carry on?—That is right.

24,706. I imagine that the effects of the imposition of a tax of this kind will vary a great deal in different industries. Have you considered the actual question of incidence of taxation as applied to different industries?—Taxation of all kinds? *

24,707. No, this particular kind of taxation for health. The effect of the imposition of this contribution for health is, I take it, ultimately—in fact, it is what you are contending—to put up the cost of production?—Yes, it puts up cost of production.

24,708. I imagine in any industry, when the cost of production is put up, you try to put the burden on to somebody else?—That is a natural and human process as long as you are able to do it.

24,709. I am not censuring you for it: I am trying to find out what happens. I imagine also in some cases you can do it and in other cases you cannot?—That is right.

24,710. Does not that bring you to this, that the effect of Health Insurance contributions may vary a great deal in different industries? Take, for instance, if I may suggest an example to you, the contributions paid in the case of a chocolate manufacturer. I presume he has more possibility of moving that on to the consumer than an employer in the engineering industry or in shipbuilding?—That is so, but we are looking at this problem from the standpoint of the nation as a whole.

24,711. So am I. What I want to know is whether you have worked out in your own mind who it is that is bearing this taxation; how far broadly is it passed on to the consumer?—We should like as much of this taxation as possible borne by the foreign people who buy our goods.

24,712. Quite so, but it is not always foreign people who do buy your goods. You are not here merely speaking for exporters?—Oh, no.

24,713. Do I understand that your contention is that the grievance which you are putting before us applies primarily to the case of goods which are made for export?—It applies in the first instance to all industries. In so far as its reaction is felt by exporting industries it is more serious in so far as it prevents us selling our goods and buying the food that keeps the other industries going.

24,714. Your argument is that the export trade is in that sense the most important of our trades?—I would say that, Sir.

24,715. And, therefore, it is chiefly with regard to export that you feel this trouble?—We feel it for industry as a whole. You cannot separate industry from a national point of view into compartments: they all hang together. The nation's welfare is reflected in all industries, but it is the exporting industries that reflect it first.

24,716. You have spoken with a good deal of confidence, as it seems to me, of the effect which would flow from a reduction of contribution on the question of unemployment. Your suggestion is that even such a reduction as might be possible here would have results in increasing employment?—Yes.

24,717. Would not that lead you to suggest a somewhat more substantial reduction than, in fact, you put forward?—I have tried to be modest.

24,718. You have succeeded, but if you are going to start industry again—if that is your point—and secure employment, do not you, in fact, require a somewhat bigger incentive than you have suggested?—In a state such as we are in every little counts. We have to start at every angle we can see. One would not say: Put Health Insurance contributions down and you have solved the problem of British unemployment: but if you look at what foreign competing countries are paying on these things it must be clear it will have some effect.

24,719. That is hardly the point I am on at present. You have told us, and possibly rightly, that it is much more essential to get employment for people than to give them benefits when they are sick or when they are unemployed, because if they are employed there is a presumption that they are healthy, and to remove unemployment is the first thing to be done. Is not that your contention?—That is so.

24,720. I suggest to you that your argument would rather lead you, if need be, to a complete removal of taxation for this purpose?—Oh no.

24,721. Would not the removal of 9d., or whatever it is, be a much more powerful incentive to the return of employment than the removal of a mere 1d?—Arithmetically it would, but we are not asking that Great Britain should lower its flag as the first country in the world for the social conditions it offers.

24,722. I am not quite sure why you suggest that this small reduction from your point of view would have such an appreciable effect when, if the other is so important—the starting of industry—you might get it much more effectively by going a bit further?—We are not asking more than is put forward in this Statement.

24,723. I want to know why you limit yourself to what is in this Statement. Is it merely because of deference to public opinion or because you think there is a real line you can draw there?—We are concerned with the welfare of industry more than with that of public opinion. We have the Health Insurance Scheme and we accept it.

24,724. You think you can get as big an incentive to industry as you want by a reduction of 2d.?—From this alone, certainly not, but I should make it clear we are not asking for abolition of the Health Insurance system. I want that made quite clear.

24,725. On the question of unemployment, you know, I imagine, as well as anybody that unemployment cannot be attributed to any one particular kind of thing, can it?—No.

24,726. There is endless discussion—in fact I suppose nobody knows—what does in fact cause unemployment. Is not that so?—There are a variety of circumstances which may occasion unemployment, but there is one circumstance which I fancy we all agree upon, and that is when in a country like Great Britain you cannot produce your goods at a price that foreign people will buy them at in the foreign market.

24,727. I ask the question because you refer to other countries. There has been very acute unemployment in America, has there not, at one time or another?—That is a thing of the past.

24,728. And possibly it may be of the future?—Unemployment comes and goes. For example, in Germany, I find from the Report on the Economic and Financial Conditions in Germany issued by the Department of Overseas Trade a few days ago, unemployment in Germany in January 1924 was 1,500,000, and it fell in January, 1925, to 198,000. Our unemployment, looking at it over a long period of time, is in a much more chronic condition than what it is in Germany or any other country in the world.

24,729. It was not chronic before the War?—No.

24,730. With regard to your proposals, as I understand them, you want in effect to take some risk at the present moment. You want to reduce the contribution and see what happens in five years?—Yes.

24,731. Is not that bringing the Health Insurance Scheme under the censure which you passed on the Unemployment Scheme?—It would bring it under that censure once it got into the same position.

24,732. You are applying principles which are deserving of censure in departing from the strictly actuarial basis?—I am not departing from the actuarial basis. I ask the Actuary to be as optimistic as he can and to apply these methods which we

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submit would release money from the accumulated funds.

24,733. Apart from that, you are asking the Actuary to be as optimistic as he can, and then you suggest ignoring his advice?—It is not for me to ignore his advice.

24,734. If I may say so you put the suggestion like this: Supposing the Actuary estimates it is 4½d., then in his optimism he is to make it 4¼d.?—Certainly.

24,735. Do you think any business is properly run in that way? Is British industry run on these lines?—I should say if the Actuary came to 4½d. and we took 4¼d., at the end of five years we should just be about right.

24,736. That is a testimony to the Actuary's caution, I presume, but surely anybody who is making for a market or doing anything of that kind counts the cost thereof, does he not?—Yes.

24,737. I presume even in British industry before a thing is marketed, you make an estimate of the various costs and what you can get in return?—Yes, and our competitors' costs too.

24,738. But surely your calculations govern your action?—Surely.

24,739. Your suggestion of the reduction of contribution is in the most optimistic note about 2d. a week for the employer?—I have explained I have not the data on which to put forward any definite figure. I have done my best to explain my position there. I think the Commission will agree I have not the data, and in these circumstances I have said all I can do is to make a suggestion of the methods and the Actuary can work them out.

24,740. So far as concerns a considerable number of employed persons, that relief would have no reaction on industry because all employed persons are not in industry. Take domestic servants, a reduction of the contribution there would not increase your exports?—The ramifications of what line these savings will take is a thing to my mind that has no finality.

24,741. It is what you call a sophistical and economic argument?—If you see fit to call it that I would not differ from you.

24,742. It was your phrase?—I have not called it that. I come back to the broad proposition, there is a limit to what you can spend—we all know it ourselves—without there being anything economic about it.

24,743. Some of us have an overdraft?—Some of us have an overdraft, and when we have an overdraft we do not go on buying pianos for our houses: we sit down to try to settle the weekly grocer's bill first.

24,744. That is rather off the point I was getting to?—I agree.

24,745. My point really was this, that so far as value to industry is concerned I think you may take it that your own number of about 7,000,000 is possibly right, but so far as the others are concerned the relief would not go to the encouragement of trade?—I do not follow that.

24,746. The point is just this, that so far as concerns domestic servants, and to a certain extent so far as concerns a great many retail shopkeepers and the like, the relief to the employer is not relief to the people who make things for export?—There is relief for every person concerned.

24,747. I am not denying that, I am suggesting that that relief would not help to put industry on its feet again in all cases?—I maintain it would help towards putting industry on its feet. What the State pays has to come out of the profits of the country as a whole.

24,748. The State is not paying anything here, is it?—The State, I understand, is paying £7,000,000 a year to Health Insurance.

24,749. You are only talking about a reduction of contribution?—Yes.

24,750. That is not paid by the State: you are not suggesting a reduction of the State contribution?—No.

24,751. On the contrary you suggest an increase of it?—It might have to be increased in order to make it a third of the whole.

24,752. (Mr. Cook): You do not seriously suggest, do you, that the provision for safeguarding health is in the same category as the purchase of pianos?—No.

24,753. I think after all you rather agree with me that the meeting of the grocer's bill is no more necessary than the meeting of the doctor's bill?—I agree.

24,754. That is one of the things we require to do: we cannot get along without?—That is right.

24,755. So that it is not a luxury to provide the facilities for protecting the health of the people: it is supplying something that is absolutely necessary?—Statutory benefits are not luxuries.

24,756. Your whole case I think can be focussed in a single sentence: you are asking if possible for a reduction of contribution paid by the worker and by the employer?—Yes.

24,757. 2d. per week in each case?—Such sum as the application of the methods we suggest will permit.

24,758. The method you suggest is to revert to the original statutory benefits set forth in the Act?—Is to continue to provide the statutory benefits.

24,759. You are not proposing to curtail the statutory benefits?—No.

24,760. But you are deprecating the giving or extension of additional benefits?—Yes.

24,761. That is your point?—That is right. We also deprecate the continuation of additional benefits after 1928 or 1933. In so far as they are being paid out of the 1923 surplus they can go on, but in the interval we should not be collecting money against the provision of additional benefits for the future: we should take that money now and use it to improve employment.

24,762. I think I see your point. I do not want to misrepresent it in any way. You are simply desirous of securing a reduction in the contributions that are paid equally by employer and employed?—For a period of years.

24,763. At the end of that period if it is possible to pay additional benefits these additional benefits can be paid, or you would not object even to reverting to the present contribution if the money were not available?—If it is necessary for the statutory benefits I should revert—

24,764. To the present contribution?—If necessary for the statutory benefits.

24,765. What would happen in the case of Societies which at the moment can only just meet the statutory benefits. There are Societies representing a good many workpeople at the moment that are in the unfortunate position that they can with difficulty provide the present statutory benefits and no more. If you reduce the contribution these Societies obviously could not pay the statutory benefits?—That is the price, if one might put it so, that has to be paid for leaving Approved Societies with freedom of selection of their risks, of who are going to be their members.

24,766. You suggest also, do you not, that there ought to be a overhauling of the administration machinery of the Act, that there is room for adjustment there too?—I have submitted there is room for a review of all the social services as a whole.

24,767. We are only dealing with Health Insurance?—Yes, and on that service in answer to the Chairman I explained that our views were confined to the broad financial issues.

24,768. The point I am putting falls within the scope of the financial issues that are involved. Certain Societies could not possibly pay even the statutory benefits on a reduced contribution?—That was contemplated in 1911 and again in 1920 when the Contingencies Funds were set up. It is inevitable. It is equally inevitable if you add to the existing

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statutory benefits. You will then be dividing amongst all what is enjoyed by a few.

24,769. (*Mrs. Harrison Bell*): Supposing we were to accept this recommendation that has been made to us, and supposing the sum was reduced by 2d. from the employer, and 2d. from the workman, I cannot quite see—perhaps you will help me out—how the expenditure of that 4d. is going to make very much difference to unemployment. Now it is presumably expended either by the doctor or the chemist who receives payment for his services, or by the sick person who spends his cash benefit, and that being so it is actually being spent on the necessities of life. If it is removed from the Health Insurance Act, the workman presumably will have 2d. more to spend also on necessities of life, and the employer will have 2d. to spend, but whether that will make any difference to the bulk of employment or not I am unable to see, and I would like you, if you could, to help me out. You cannot have the same amount of money to spend in two ways, and it seems to me it is being spent fully now?—I should reply, the chemist will still get the money he is getting: the statutory benefits will still continue. As I have been trying to demonstrate, the reduction in contribution will improve trade. Would it do if I put it in this way: If foreign countries would all to-morrow morning make up their minds to pay as much as we are paying, can you imagine that improving our trade?

24,770. (*Chairman*): That is not quite an answer to Mrs. Harrison Bell's question. I think what she has in mind is this. You have statutory benefits: all right, you are going to continue those statutory benefits: then there are additional benefits which are now paid away in various ways, for instance dentistry, and that finds occupation for the dentist and his mechanic, and so on. Your idea is he should not be paid that, but that amount of money should fall to the employer and the employee who would spend it in some other way. It is really the same money only it will be spent in different circles. The man gets 2d. Let me assume he has that in the shape of dentistry, is he going to be any better off if he has that 2d. and goes to a football match?—I certainly had not understood Mrs. Harrison Bell's question in that way.

24,771. (*Mrs. Harrison Bell*): May I put it a little plainer. This 4d. is now being spent: if you prevent it being spent as it is now, what difference will it make to employment if you spend it in some other way?—This 4d. is not all being spent: it is being kept in the accumulated funds and earning interest: and I want it to go one half to the worker who may himself, by adding to his own thrift, go and spend it on his dentist or spend it in the way he thinks it best can be used. It is not at present all being spent. The conclusions in the Confederation Statement refer to money which is locked up in the accumulated funds, and industry is in such a condition that I do not think you would wish industry to have to find more money just now than it really has to find: and if I have demonstrated that there is money there that Industry has found already and that it might get the benefit of, I admit it is reasonable to ask that it should get it.

24,772. It does not seem that we can get any further on that. To go to another point, I regard this table as to social services with very great interest. There is one factor in it which has not been taken into account, and that is the rise in population. There has been a considerable rise in population as well as a rise in the sum paid. You spoke of the machine that was overloaded. I look at it from exactly the opposite standpoint. I see not the machine but the man who is not there attending to it because it does not go round. You mentioned America as having none of these social services, and I was wondering, if America is a very successful competitor with us, whether the fact that there is considerably higher wages paid in America, and new machines with new wheels, is not a factor that might

be taken into consideration?—America is in a different position from us. America is a self-supporting nation. It is a continent, and it does not require to export. If we take Europe as a continent, then we are like one State in Europe, a self-supporting continent, but the States in America do not have that disparity in cost amongst each other which Great Britain has as against the so-called States of Europe.

24,773. I look with much interest on the suggestion that it might be possible to increase the Government contribution because there are cases where it would seem to be fair for the persons who make profit to bear a larger share than they do now. I can visualise a man employing 1,000 workmen, paying 1,000 Health Insurance contributions, and making £1,000 a year profit, and another man employing 10 workmen, paying 10 Health Insurance contributions, and making £1,000 a year profit also. It might be that relief might be found along the line of increasing the national contribution and thus enabling industry to escape what would appear to be an unfair incident of that taxation?—To level the load.

24,774. (*Professor Gray*): Do you approve of the contribution not being based on the number of employees but on profits or on turnover or some sort of basis like that?—We accept the compulsory contributory system on a flat rate basis, the worker and employer paying an equal share. We say that the State should stand in and pay one-third with the other two.

24,775. (*Chairman*): Subject to a reduction. Would you suggest we should have one-third from the State and give those benefits?—No, certainly not.

24,776. Your suggestion of a third is absolutely tied, or is it not tied to your suggestion of a reduction?—It is tied to this, that the total sum necessary should be divided by three, but a proposal that the State should pay more than it is paying just now and the workers and employers go on paying what they are paying and that we should get more money to give more benefits, is only going to make the picture of unemployment and disparity with other countries worse than it is to-day.

24,777. (*Miss Tuckwell*): I am not sure that you answered Mrs. Harrison Bell's question, which was that a weekly amount for each workman operates unequally between one industry and another?—That was not Mrs. Harrison Bell's question.

24,778. I thought it was on those lines. In any case, let us consider that the number of work-people employed in mining or engineering or steel smelting in proportion to the capital employed in the industry is enormously greater in comparison than the number of people employed, for instance in the liquor trade in proportion to the capital invested in that. Have you ever thought of a differentiation on those lines?—We have not considered than. I do not think it would be practically possible to institute it. What we say is the present system under which the employer, the worker and the State pay is a fair way of distributing the load, only that they should bear an equal load, the three of them.

24,779. On the question of there being more people employed in one trade than in another, you would still go on with the flat rate for each individual worker?—Yes.

24,780. One question on geographical societies. You were asked by Mr. Evans whether you had considered the setting up of Societies on a geographical basis in place of the present Approved Societies. Under the present system any improvement in health takes the form of cash benefit or treatment benefit. Under the Workmen's Compensation Act any increase in the standard of safety in the factory or workshop results in the long run in a financial saving to the employer?—Yes, because he pays it all just now.

24,781. As a consequence there is a tendency for employers to remove the causes of accident: in other words to prevent accidents?—Yes. There is

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the normal humanitarian desire and there is also the financial stimulus.

24,782. If the system of Health Insurance could be changed in such a way as to give employers in counties or county boroughs a reduction in their part of the contribution because of the higher standard of health prevailing in that area as shown by the incidence of sickness over a given period, would not that be an incentive to employers in all sorts of ways, through the public services and in other ways, to secure a higher standard of health?—It would, but I do not see how it could be worked.

24,783. You agree if it was possible to have instead of the present system a system which was territorial and which was linked up and connected with the whole of the Public Health services such an incentive would naturally result?—If you can relate any person's burden. I understood you to say that in so far as the health in a certain district was better than in another his contribution would be less, and, therefore, in that district he would be more interested to improve the health of the district?

24,784. Yes, you have got it exactly?—I think that is so. After all, the money has to be got for the scheme, and I doubt if you will find a more effective and economic way of finding it than the present stamp method on your cards.

24,785. There is no objection to stamping. I was not suggesting that. I was suggesting that if you had instead of the Approved Society a geographical Society, you might use incentive linked up with the public service which you cannot use at present?—I am wondering what form the incentive would take. If you have paid your contribution on your card to start with would you be given something back?

24,786. If you had diminished sickness the money which was over after the statutory contribution was paid might be handed back to the employer and he would by that means benefit and he could use that money for improving the health of the district in other ways?—You are assuming that there would be a surplus in the geographical unit administering the health fund.

24,787. Some districts would be better than others?—You would have a surplus.

24,788. Yes.—We have considered that, I must say. We have considered the system as it exists to-day and we have said: Carry on the statutory benefits, but do not take more money out of industry in order to ensure surpluses and additional benefits.

24,789. I think I have got your point. I wanted to put to you whether a change in the form of Society might not have advantages in reducing sickness in a district and whether the incentive to the employer of a reduction of sickness and having therefore to pay less would not be a very considerable incentive, and the money could be used for other health purposes?—I have got your point Madam. If I say it is a matter we have not considered I know you will understand my position and be patient with me. I am here representing a body and its views are in this Statement. You put to me a theoretical question as to what effects would follow from certain circumstances. I would like just to see how it was going to work before I committed myself.

24,790. We should never commit ourselves if we always waited to see how things worked?—Yes, you commit yourself to a contribution to Health Insurance without knowing how it is going to work out.

24,791. (Mr. Jones): You said in answer to Mrs. Harrison Bell that these surplus funds were being hoarded up and earning interest?—In so far as they are not disposed of.

24,792. That is the caution of the Actuary with a view to levelling things out over a series of years. You would not call that pessimism?—What would be reflected by a different rate of interest, what would be reflected on the future assets and liabilities by a different standard of sickness? It is at present lying in the accumulated funds.

24,793. That has arisen in the case of certain Societies because of the excess of contribution in past years. Will your proposals have the effect of wiping out all surpluses after the date you anticipate a few years hence?—There will still be left the Contingencies Fund so far as the Society has not used it for its deficiency.

24,794. That might be available for bringing up the statutory benefits in certain societies with deficiency. It would not leave anything for additional benefits?—It would leave a portion of 6½ millions for additional benefits.

24,795. Would not that Contingency Fund be necessary to make up the deficiency?—If every Society was in deficiency of course it would all be eaten up.

24,796. Assuming some portion of it might be left—I do not know the relationship of the figures—as far as the surplus is concerned your anticipation is that it will be wiped out by your new methods?—We do not know what will happen. It will depend on how the health of the nation goes in the next five years. It might get very much better than the contribution anticipated. I say at the end of five years we will see where we have got to.

24,797. I think the Actuary with his experience behind him would be able to anticipate these things with considerable accuracy, and if he was as optimistic as you wish him to be there would be nothing available for these Services?—There would be the remainder of the Contingencies Fund.

24,798. Whatever that might be, large or small. At any rate there would be nothing for these additional benefits that the Societies are paying?—We would wish the contribution to be such as would not guarantee any additional benefit other than the Contingencies Fund after five or ten years from now.

24,799. (Sir Alfred Watson): That must mean abolishing the Approved Societies, must it not, because while you have Approved Societies you must always have a difference of results even though the aggregate of all the results is in precise agreement with the actuarial calculation. You must have some wealthy Societies and some in deficiency?—That is right. That does not mean abolishing the Approved Societies.

24,800. You do not mean abolishing all additional benefits except such as come out of the Contingencies Fund, because under your plan you would still have some Societies with a surplus?—Certainly.

24,801. You said abolishing all additional benefits except such as come out of the Contingencies Fund. I cannot think you mean that. You must make the calculation on the basis of the whole thing being one?—I would want done what was intended to be done in the 1920 Act, a contribution which, taking the population as a whole, would not leave any margin other than what is in the Contingencies Fund.

24,802. But you do not say that in actual working with Approved Societies there would not be any margin?—I do not say so. It is the contribution that concerns me.

24,803. (Mr. Jones): That gets my point, because I was assuming from what you said that there would be no additional benefits available at all?—There would be such additional benefits as resulted under the new contribution, but the new contribution would be such as, taking the insured population as a whole, would not leave any margin other than the Contingencies Fund.

24,804. Is not that the same thing? If the Actuary only calculates as much as is necessary for the Contingencies Fund, would it not all level itself out?—The whole question turns on taking the insured population as a whole.

24,805. It is the case that at the present time Societies are paying certain additional benefits—at the moment I refer specially to treatment benefits—out of these surpluses. You are aware of that?—From the 1918 surplus they paid 6½ millions in cash benefits and 2½ millions in other benefits. That is all I know.

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