SECRET
R.169 (24).

1. As my colleagues are aware I have undertaken to introduce a comprehensive Unemployment Insurance Bill at an early date. The urgency of the matter arises from the fact that it is necessary to pass legislation before Easter if large numbers of unemployed persons are not to be deprived of benefit when the existing provision comes to an end, as it will begin to do from the middle of April onwards. It would be most undesirable however - even if it were politically possible - to confine the Government's proposals to a stop-gap measure on this point and it will hardly now be possible to pass two Unemployment Insurance Bills in the remainder of this Session, particularly as one short Unemployment Insurance Bill abolishing the three weeks "gap" in benefit has already been passed. The Bill to be introduced must therefore deal with the whole subject.

2. The main questions with which I think the Bill should certainly deal are:

- (1) the periods for which Unemployment Benefit should in future be payable,
- (2) the rates of Benefit,
- (3) the Exchequer contribution to the Unemployment Fund,
- (4) the age of entry into the Insurance Scheme and
- (5) the position with regard to refunds of contributions in certain cases to insured contributors.
contributors reaching the age of 60.

In addition, the following major points require consideration:

(6) the Trade Disputes disqualification for benefit;

(7) Special Schemes of Insurance by Industry;

(8) the exception from insurance of certain permanently employed workpeople.

3. I submit proposals on each of the above points. I have included a preliminary estimate of the cost of the various proposals, but as it has not yet been possible to consult the Government Actuary, these figures of cost must be regarded as merely provisional.

Periods for which Unemployment Benefit should be payable.

4. The one-clause Unemployment Insurance Bill recently passed closed the three weeks "gap" in benefit. From about the middle of April onwards, however, there will be, failing legislation on the matter, a much more serious "gap", extending in extreme cases to as much as 26 weeks, since the maximum benefit payable in the twelve months from mid-October, 1923 to mid-October, 1924 is 26 weeks. Moreover, from mid-October, 1924, onwards not only will benefit in each 12 months be limited to 26 weeks but no unconfined benefit will be payable, so that if unemployment remains in anything like its present state large numbers of unemployed persons will receive little or no benefit.

5. Hitherto there has always been an arbitrary limit to the number of weeks of benefit to be drawn as a
maximum during a period of twelve months (or during one of the "special periods" which have from time to time been laid down under emergency arrangements). What may be described as the normal position now under the Unemployment Insurance Scheme is that not more than 26 weeks benefit may be drawn in twelve months. Under the stress of the present emergency this rule has been relaxed, and, to take a recent example, a maximum of 44 weeks of benefit was allowed out of the 50 weeks between November, 1922, and mid-October, 1923.

Provided that the claimant is a genuine worker and bona fide unemployed, I am satisfied that it is quite wrong to impose an arbitrary limit to the number of weeks of benefit that may be drawn irrespective of the genuineness of the claim. The object which I have set before me is to devise a scheme, if this be possible, for paying benefit without any such arbitrary limit to unemployed workers belonging to the insured trades for so long as they remain capable of work, genuinely seeking work and unable to obtain it. The great difficulty to be overcome is, of course, that of securing that such a system would not be abused, and that in fact such benefit does not become a sort of pension for persons who in reality do not want work. I believe however, that this difficulty can be overcome, and I set out in the Appendix to this Memorandum the broad outlines of the scheme which I would recommend.

The essential features of this scheme are that up to a maximum of (say) 26 weeks insured persons who are unemployed should be able to draw benefit on terms which are substantially the same as those now applying under the permanent provisions of the insurance scheme. Not all insured persons would be entitled to draw as much as 26
weeks benefit on these terms, because the number of weeks they could draw would bear a definite ratio to the number of contributions they had to their credit; but I should contemplate that workers who have been in pretty constant work during a recent period should be entitled to the full 26 weeks or something approaching it. After this initial period of benefit was exhausted the worker, if he still remained unemployed, would go on drawing benefit if he could show that he satisfied certain special conditions designed to test the genuineness of his claim, and so long as he satisfies these conditions there would be no limit of time to the period during which he could draw benefit. There is an important reason why special conditions should be applied in such cases to test the genuineness of claims. Benefit can be paid on fairly easy terms without much risk of abuse for what I have called the initial period, the length of which will depend on the applicant's recent industrial history and his credit of contributions. After this initial period, however, the risk of abuse becomes much greater and a special scrutiny to be applied from time to time is essential.

8. By means of a scheme of this kind I believe that the object of paying benefit continuously without arbitrary limits to genuine workers, so long as they remain unemployed, can be attained, and I therefore recommend it for approval.

9. Provided careful steps are taken to avoid unjustifiable claims, the cost of this concession, which would fall on the Unemployment Fund and not on the Exchequer, would probably be roughly £2,500,000 to £3,000,000 during the remainder of the present benefit year, ending October, 1924. It is to be remembered that during this year covenanted or uncovenanted benefit up to a maximum of 26 weeks is already allowed, and this provision is estimated to cost £35,000,000 for the full year.

As the rate of unemployment estimated for the present benefit year is 10%, it may be taken roughly that the effect of the present proposal would be that - in a full year, with 10% unemployment, the total amount of benefit paid (at the present rates) would be about £30,000,000.

At 7½% unemployment, the amount of benefit would be about £27,000,000.
RATES OF BENEFIT.

10. The existing weekly rates of benefit are as follows:

<table>
<thead>
<tr>
<th>Basic rate</th>
<th>For wife (or invalid young husband)</th>
<th>For each child</th>
</tr>
</thead>
<tbody>
<tr>
<td>Men</td>
<td>15/-</td>
<td>5/-</td>
</tr>
<tr>
<td>Women</td>
<td>12/-</td>
<td>1/-</td>
</tr>
<tr>
<td>Boy (16-18)</td>
<td>7/-d.</td>
<td></td>
</tr>
<tr>
<td>Girl (16-18)</td>
<td>6/-</td>
<td></td>
</tr>
</tbody>
</table>

In the case, for example, of a claimant with a wife and three children the weekly benefit is 23/-.

11. The question of bringing boys and girls between 14 and 16 into unemployment insurance and of the rates of benefit to be paid to them, is discussed below in paragraph 23.

12. I consider that the weekly rates for men and women should be increased to 18/- and 15/- respectively and the rate for a child to 2/-; the 5/- for a wife might remain as it is. This would mean that a man with a wife and three children would draw 29/-.

13. I recognise that before this proposal can be adopted we must look carefully both at the consequent increase in the cost of benefits, and the relation which the increased benefit would bear to wages.

14. The effect of cost of benefits is estimated to be to increase the amount paid in benefit by about 23%, assuming that the number of recipients is not affected by the change. With the present rate of unemployment, this would mean about £7,500,000 a year, or an addition of about 4d. a week on the total contributions of employers, employed and the Exchequer.
15. As regards the relation of the increased benefit to wages, the recognised rates of wages for unskilled labourers in engineering and in shipbuilding range from 37/- to 39/- in a number of districts, while in iron and steel smelting, rolling etc., they fall as low as 33/3d. on the North East Coast, 33/10d. in the Midlands and 34/5d. in Scotland. The rates of wages for agricultural labourers range from 25/- in Oxford, Norfolk, Suffolk and Warwick to 35/- in North Lancashire. It has to be remembered also that owing to short-time the actual weekly earnings often fall to reach the above figures, even when the recognised rates are paid, and that in many unorganised trades the full-time earnings for adults are often below these figures.

16. I should mention also the possible effect of increasing the rate of unemployment benefit in causing a demand for a corresponding increase in sickness benefit. This is a point which will no doubt be dealt with by the Minister of Health.

**Exchequer Contribution.**

17. At present the Exchequer contributes just over a quarter of the total contributions paid by employers, workers and the Exchequer. This proportion of a quarter was that paid under the original 1911 Act up to November, 1930. The 1930 Act reduced the Exchequer contribution to about a fifth. The proportion of one-fourth was restored from the date when the payment of grants in respect of dependents began in 1921. The Act of 1923, provides that when the Unemployment Fund is again solvent, the Exchequer contribution is to be reduced to one-fifth of the whole.

18. The National Confederation of Employers' Organisations have recently issued a report on Unemployment Insurance in which they recommend that when the Fund is solvent the Exchequer should pay the same rate as the employer and the worker, i.e., one-third of the whole. They anticipate that the increase in the Exchequer contribution would allow of some improvement in the direction of increasing the number of weeks for which benefit could be paid.
19. I propose that from the date of operation of the new Act, the Exchequer contribution should be increased so as to become one-third of the total contributions, and that, further, this proportion should not be reduced when the Unemployment Fund is again solvent. The following table shows the resulting contributions in the case of men:

(a) at present rates:—
- Employer. 10d.
- Worker. 9d.
- Exchequer. 9¾d. (as against 6½d. now).

(b) maximum rates legally permissible after solvency is reached:—
- Employer. 6d.
- Worker. 6d.
- State. 6d. (as against 3d. as at present provided).

20. The estimated Exchequer contribution for the Financial Year 1924-25, at the existing rates, is £12,800,000. If the Exchequer contribution is raised, as proposed above, this figure would become £18,350,000 — an increase of £5,550,000.

21. When the Fund is solvent the estimated Exchequer contribution, at the maximum rates permissible under existing legislation, and in a normal year, would be about £5,875,000. If the Exchequer contribution were increased as proposed above, that figure would be doubled.

22. I realise that the substantial increase in the Exchequer contribution here proposed is a matter which, in view of the other demands on the Exchequer, cannot be lightly conceded. I would point out however in support of the proposal that it can fairly be argued that the Exchequer...
ought to bear one-third of the total cost and further that it is only by increasing the Exchequer contribution that there is any chance of finding money for the other proposals in this memorandum without increasing the already very heavy contributions from workpeople and their employers.

AGE OF ENTRY INTO UNEMPLOYMENT INSURANCE.

23. The fact that boys and girls between 14 and 16 are not insured against unemployment leads to certain serious disadvantages. Although the great majority of them enter industry on leaving school they cannot draw unemployment benefit when unemployed. Only a small number of them are registered at the Employment Exchanges and there is, therefore, an almost complete absence of reliable information as to the extent to which they are in fact unemployed: for the same reason the Employment Exchanges (or the Local Education Authorities which do Choice of Employment work) find it much more difficult to keep in touch with boys and girls between 14 and 16 than with those between 16 and 18. In areas where unemployment among juveniles is serious the best available means of dealing with it at present is by getting the unemployed boys and girls to attend Juvenile Unemployment Centres. Those between 16 and 18 are compelled to attend such Centres as a condition of receiving benefit, but this does not apply to those between 14 and 16, and in practice only a few of them attend voluntarily. These are all strong reasons for reducing the age of entry into Unemployment Insurance to 14.

24. If the age of entry into Unemployment Insurance were reduced to 14 it would be most desirable, and indeed almost essential, on administrative grounds for the rates of contributions in respect of boys and girls between 14 and 16 to be the same as those for boys and girls between 16 and 18. The present rates for these boys and girls are as follows:-
25. It is suggested that the weekly benefit for boys and girls between 14 and 16 should be - Boys 5s. Girls 4s. The corresponding rates for boys and girls between 16 and 18 are - Boys 7s.6d. Girls 6s. Having regard to the current rate of wages, these rates of benefit are thought to be too high for boys and girls between 14 and 16, and the suggested reduction in the rate of benefit for them, although they pay the same contributions as boys and girls between 16 and 18, could further be justified on the ground that those between 14 and 16 have only just come into insurance and have therefore necessarily paid very few contributions.

26. The total amount in contributions likely to be collected and the amount of benefit paid in present circumstances are estimated to be as follows:

<table>
<thead>
<tr>
<th></th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employers and employed</td>
<td>1,240,000</td>
</tr>
<tr>
<td>Exchequer</td>
<td>510,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,750,000</td>
</tr>
</tbody>
</table>

If the Exchequer Contribution is increased to one-third of the whole (as proposed above in paras. 19 & 20) and to contributions from employers and employed remained the same, the annual revenue would be increased by about £150,000 to £1,900,000.

27. The amount of benefit that would be paid is uncertain as the rate of unemployment among these boys and girls is not accurately known, but at 5s. and 4s. a week it might probably amount to £275,000 annually.
28. Administrative expenses would fall to be deducted and in addition it is contemplated that part of the revenue from the contributions of boys and girls between 14 and 16 and also from those between 16 and 18 should be applied to assist the maintenance of Juvenile Unemployment Centres. It is suggested that a grant of a certain amount per attendance should be made from the Unemployment Fund to the Local Education Authority (or other body running a Centre) in respect of a boy and girl required to attend the Centre as a condition of receiving benefit. It is hoped to arrange through the Local Education Authority and in co-operation with the Board of Education that insured boys and girls shall in as many cases as possible attend some useful course of instruction during periods of unemployment, instead of being left entirely without guidance or training as they are in too many cases at present.

29. The figures given in para. 26 relate to present conditions when a specially heavy rate of contribution is being charged in order to meet the exceptional unemployment now prevailing. In normal circumstances the rate of contributions would be reduced and it is estimated that the net income, after allowing for expenses, would be no more than about £500,000 a year, whereas the benefit expenditure is not likely to be substantially reduced. Under the existing Unemployment Insurance Scheme any excess of income from contributions over expenditure on benefits is applied to the redemption of the debt on the Unemployment Fund, and any balance of contributions obtained from juveniles should not escape this liability which is shared by other classes of insured persons where unemployment risk is low.
In considering this proposal it is necessary to take account of possible reaction on the Health Insurance Scheme. If the age of entry for Unemployment Insurance were reduced to 14, there would almost certainly be a demand for a similar reduction in the case of Health Insurance, which would be difficult to resist as it would not be easy to defend an arrangement under which benefit was payable while a boy was well but ceased on his falling ill. One special difficulty in this case arises from the fact that under the Health Insurance Scheme there is no reduction in the rates of contribution or benefit for persons below the age of 18 as there is in Unemployment Insurance. Accordingly, if persons below 16 were brought into Health Insurance, they would either have to pay the relatively high weekly contributions applying to adults, or a system (which would be entirely new for Health Insurance) of special rates of contribution, and presumably special rates of benefit, would have to be introduced for those between 14 and 16. Under either plan serious difficulties would be created. Under the former arrangement the insured person would be seriously over-charged in relation to the current costs of his benefits and the employer would be called upon to pay a high rate of contribution in relation to the wages which he is paying. Moreover, the full rate of 15s. a week for sickness benefit would be unduly high after a boy had been on unemployment benefit of 7s.6d. and would lead to malingering. Under the latter plan a differential rate of contribution would be introduced, which would cause trouble to employers and would increase the work of Approved Societies and of the Ministry of Health.

While it is probable that there would be a demand from some quarters for the lowering of the age limit for Health Insurance if that for Unemployment Insurance were lowered, any such proposal would be likely to meet with opposition from the older Friendly Societies who at present look to their juvenile sections as the recruiting ground for boys and girls becoming State-insured members at age 16.
32. The Cabinet have already had this matter before them and have agreed that the Minister of Labour, in preparing for the information and consideration of the Cabinet an Unemployment Insurance Bill should be authorised to make provision in the Bill for the extension of Unemployment Insurance to juveniles as and when they begin to work for wages. The Cabinet further decided that the Minister of Labour, the Minister of Education and the Secretary for Scotland, should examine the question of juvenile Unemployment in all its bearings and report to the Cabinet.

Provision for refunds of contributions in certain cases at the age of 60.

33. Section 25 of the Unemployment Insurance Act, 1920, provides for a refund to an insured worker at the age of 60 of his share of the contributions paid in respect of him, less any benefit he has received but with the addition of compound interest at \(2\frac{1}{2}\) per cent on the excess of his contributions over benefit.

34. It is a condition for the receipt of refunds that 500 contributions shall have been paid; except that in the case of a worker who entered insurance at the age of 55 or more this qualification is reduced.

35. The refunds are costly in themselves and involve a disproportionate expense in administration. The amount refunded in the year 1922-23 was nearly £200,000. The amount will increase yearly and will probably exceed £1,000,000 in 1928-29. In subsequent years even this figure will be largely exceeded.
36. The refunds were considered in 1922 by a Committee of which the Government Actuary was Chairman. The Committee felt that there was considerable objection to the refund of contributions on the ground that it was an attempt to mix insurance and banking. They were unanimous in recommending that the system should be abolished though they indicated that compensation might have to be made to persons with accrued rights. They were satisfied that no material present value attached to any rights of persons below the age of 50, or of persons in respect of whom less than 50 contributions had been paid. The recent Report of the National Confederation of Employers on Unemployment Insurance rehearses the arguments of the Committee just referred to and recommends the abolition of the refund system with "some other compensatory advantage" in cases where rights have accrued.

37. There is no doubt that the refund system is an anomaly in the Unemployment Insurance Scheme, and that it lays a very heavy burden on the administration of the Scheme, necessitating as it does the retention of evidence of payment of contributions over very long periods of years. The argument in its favour has been that the chance of a refund is some compensation to an individual worker in steady employment who never or hardly ever calls upon the Fund for benefit during his industrial career. The general principle of the Unemployment Insurance Scheme, however, is that the good risks must help to pay for the bad risks, and it is inconsistent to return the premiums.
in individual good risk cases because no risk has matured. It should be added that the many variations in rates of contribution and benefit have increased considerably the difficulty of calculating refunds; and that in any case the increase in the rates of contribution during the past few years has been, and should be, generally regarded as a special "levy" to meet exceptional depression.

38. I suggest that the provision for refunds should be abolished and that it is not necessary to adopt any scheme of compensation; if as I hope, the extension in the benefit provision proposed by this memorandum is made, this extension could be regarded as a good general ground for not proposing any special compensation. If, however, it is thought that there should be a scheme of compensation for cases where rights may be said to have already accrued, the compensation might perhaps be the payment to persons who are over (say) 50 years of age and have paid (say) 50 contributions at least, of the present value of the excess value of their contributions over benefit which they have received, plus compound interest at 2½ per cent. For the purpose of this calculation the rates of contribution and benefit should be taken as having been throughout those of the Principal Act of 1920. Further, any application for compensation should be made within twelve months of the date of the passing of the new Act.

/TRADE
39. Under the existing law, which has been in operation since the initiation of the Unemployment Insurance Scheme in 1912, all workpeople who are thrown out of work owing to a stoppage due to a trade dispute at the establishment at which they are employed are disqualified for benefit as long as the stoppage continues, save that under certain conditions they may remove the disqualification by obtaining work elsewhere. The disqualification applies whether or not the workpeople are taking any part in the dispute. It has consequently resulted in the disqualification of large numbers of workpeople who are thrown out of work owing to disputes over which they have no control and in which they take no part. For this reason the Trade Unions and the Labour Party have for years been pressing for some amendment of the law so as to remove the disqualification from those not participating in the dispute.

40. The main argument against removing the disqualification in such cases is that, although a workman may not be taking part directly in a dispute personally or through his Trade Union, his Union or some Federation to which his Union belongs may be assisting the dispute directly or indirectly of the dispute may be part of an arranged plan under which, if the dispute is a success, the workman's Union or his Federation will benefit. Moreover, even if the dispute concerns a grade other than that to which the workman belongs, it is very often, if not usually, the case that a change of rates of pay or working conditions for one grade in an establishment necessitates a corresponding change for other grades, so that the workman is usually interested in fact in the issue of the dispute even though he is not taking
taking part in it.

41. The plan of removing the disqualification from workpeople not participating in the dispute is further open to the very serious practical objection that it would be extremely difficult in many cases to decide whether or not a particular workman was so participating.

42. The existing law on the subject represents a Parliamentary compromise arrived at in 1911. Subsequent proposals to amend it have been met with objections from the employers, and in order to see whether some agreed amendment could not be found, a Committee representing employers, employed and the Ministry of Labour was set up as long ago as June, 1922. This Committee has since held a number of meetings without making any real progress towards agreement, and has now finally abandoned the attempt to arrive at an agreement. The Committee a few days ago made a report to this effect.

43. It now rests with the Minister of Labour to consider whether a clause dealing with the subject should be included in the proposed Bill. If a clause is not inserted in the Bill as introduced an amendment will certainly be moved and strongly pressed, and it is quite likely that it would be carried on a free vote of the House. In the light of these facts I am considering whether it would be possible to frame a clause which will achieve the object of removing the disqualification from persons not participating in the dispute.

44. The cost of such a change is extremely hard to estimate but might be considerable in the case of certain classes of disputes. I think, however, that the question of cost cannot be a decisive factor here, since the change if made at all would be made in order to remedy a grievance.
SPECIAL SCHEMES OF INSURANCE BY INDUSTRY.

45. Section 18 of the Unemployment Insurance Act, 1920, allowed an industry, subject to the approval of the Ministry of Labour, to set up a special scheme for itself and so contract out of the general scheme. For a variety of reasons, the chief of which was the great trade depression, very few industries took advantage of this provision. A special scheme covering about 80,000 workers has been set up for the Insurance Industry in Great Britain and Ireland, and another scheme covering the Banking Industry in England and Wales is in an advanced state of preparation. No other schemes, however, had been put forward in more than a tentative fashion when in the summer of 1921, owing to the great strain on the Fund of the general scheme, an embargo was placed by legislation on the formation of any new special schemes until the Unemployment Fund again became solvent. The reason for this embargo was that it was clearly not right that industries with low risks should, by setting up special schemes, escape the general liability to repay the debt contracted by the general fund. The embargo did not apply to schemes which at that date had been set up, or had been submitted to the Ministry of Labour in a complete form (i.e. it did not apply to the Insurance Industry and Banking Schemes) but apart from these two no special schemes can be formed until the Unemployment Fund is solvent.

46. The trend of industrial opinion during the last year or two seems to have been distinctly against the principle of special schemes, i.e. the principle that an industry should be allowed to deal separately with its own unemployment and not share in common with others the general burden of unemployment.
unemployment. In practice, of course, it is the industries with the least unemployment which would form special schemes and thus escape the liability for contributing towards the cost of the heavier unemployment in other trades.

47. The Report on Unemployment Insurance recently made by the National Confederation of Employers' Organisations in response to an inquiry from the Ministry pronounced definitely against the principle of special schemes. The Trades Union Congress General Council was also asked by the Ministry to consider the matter but has not yet replied. It is understood that while a numerical majority at the last Congress was probably opposed to the principle of special schemes there was a strong minority in favour of it. The decision, in fact, taken by the last Congress was to refer the matter to a Committee for further inquiry, and this practically meant that it was shelved for the time being.

48. The question whether or not special schemes are permissible has a most important bearing on the finance of the general scheme, since special schemes in practice would cover workpeople with the lowest risks it follows that if any considerable number of workpeople are covered by such schemes, the rate of contribution required under the general scheme for any particular provision of benefit must be substantially higher than it would otherwise be. Further, a state of uncertainty as to whether special schemes will or will not be formed makes it impossible to establish the finance of the general scheme on a permanent basis, and exposes the general scheme to the risk of having to remodel its finances from time to time at comparatively short notice.

49. In view of these facts I have come to the conclusion that the power to form special schemes should be entirely withdrawn for the future and a clause to this effect inserted in the new Bill.
EXCEPTIONS OF CERTAIN CLASSES OF WORKPEOPLE IN PERMANENT EMPLOYMENT.

50. While the Unemployment Insurance Scheme covers generally the manual workers (and all non-manual workers earning up to £250 a year) outside agriculture and private domestic service, there are certain classes of workpeople who are "excepted" from the scheme on the ground principally that their employment is permanent.

51. The chief classes covered by such exceptions are:

- Excepted directly by the Act.
  - Permanent Civil Servants.
  - Members of a Police Force.
  - Teachers with Superannuation rights.

- Exception by Certificate of the Ministry of Labour.
  - Permanent Railway Servants.
  - Permanent employees of Local Authorities (other than Poor Law Authorities and Asylum Authorities).
  - Others (chiefly permanent employees of Public Utility Companies).

It is estimated that the total number in all these groups is about 750,000 of whom 200,000 are permanent railway servants and 25,000 local authority employees.

52. If the principle to be followed is that all persons within the insurable area should contribute equally irrespective of whether or not they are likely to draw benefit, these exceptions constitute a serious anomaly which, moreover, represents a heavy loss to the Unemployment Fund. It is further to be observed that while these groups can be selected as being those in which the prospect of permanent employment is sufficiently definite for exception, there are a number of other groups in which...
which the permanence of employment is in practice nearly as
great, whilst in most trades there are some individuals who
are practically assured of permanent employment. These groups
and individuals cannot be brought within the area of exceptions,
but to some extent any grievance they may feel is alleviated
at present by the provision for the refund of their contributions
to them at the age of 60. It is proposed, however, that this
provision for refunds should be abolished. It is worth
consideration whether, having regard to the great extension of
the benefit provision now proposed and the consequent need for
securing all possible revenue, all these exceptions should not be
removed and contributions made payable in all cases. It must
be pointed out, however, that there would be likely to be very
strong Parliamentary opposition to such a proposal.

53. The point is a difficult one, but I am inclined to think
ought to consider seriously whether the groups excepted by
Ministry of Labour certificates (principally railwaymen and
local authority employees), should not be brought into insurance.
The effect would be to bring a further 250,000 persons into
insurance and to increase the annual revenue of the Unemployment
fund (at present rates of contribution) as follows:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Employers.</td>
<td>768,000</td>
</tr>
<tr>
<td>Employed.</td>
<td>672,000</td>
</tr>
<tr>
<td>Exchequer.</td>
<td>500,000</td>
</tr>
<tr>
<td></td>
<td>[\frac{1,940,000}{1,930,000}]</td>
</tr>
</tbody>
</table>

If the Exchequer contribution were increased to one third of
the whole, the total increase of annual revenue would be £2,140,000.

(Intd.) T.B.

Ministry of Labour.
March 10th, 1984.
APPENDIX.

Suggested Scheme of Unemployment Benefit.

The plan suggested is that the conditions for benefit should be:

1. A preliminary qualification consisting of payment of a small number of contributions during the past few years;
2. Broadly, the present conditions (other than contribution condition) as applying to covenanted benefit; and either
3. A credit of contributions, entitling to a proportionate number of weeks of benefit, up to (say) 26 weeks as a maximum; or
4. Satisfaction, through Local Employment Committees, of special conditions designed to test the genuineness of the claim in the absence of a credit of contributions.

6. In the ordinary case of the worker who does not suffer much from unemployment, 5(1), (2) and (3) would apply; there would be no need to fall back on 5(4).

If, however, a worker suffered from a good deal of unemployment either in one spell or in several spells within a short space of time, he would ultimately come under 5(4); but he might subsequently requalify for 5(3) by paying further contributions.

7. The special conditions suggested under 5(4) are that the applicant must prove that he -

(1) will normally seek his livelihood by employment in an insured trade;
(ii) can show that in normal times employment suited to his capacities would be likely to be available for him;

(iii) has performed a reasonable amount of work during the last two years having regard to the opportunities existing during that period;

(iv) is making every reasonable effort to obtain employment suited to his capacities and is willing to accept such employment.

It is regarded as important that it should rest solely with the Minister to decide, on the recommendations of the Local Employment Committees, whether these special conditions are satisfied. If, however, the question is whether the conditions under 5(2) are satisfied, the decision would be given by the Insurance Officer, with a right of appeal to the Court of Referees and the Umpire.