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3. In default of further legislation these unemployed persons will fall out of National Health Insurance on the 31st December 1931. The Minister of Health's proposal in these circumstances was -

- (i) that these persons should be continued in the Insurance Scheme for one further year to 31st December 1933 and be entitled to Medical Benefit during that year (together with all Pension rights);
- (ii) thereafter, if a man should die within one year of ceasing to be insured his widow should remain entitled to her pension - that is to say, the genuinely unemployed man would have a free period of Health Insurance for a minimum of $3\frac{1}{2}$ to 4 years, and for widow's pension of between $4\frac{1}{2}$ and 5 years;
- (iii) that after December, 1933 the permanent provisions of the 1928 Act should apply (i.e. continuance of insurance status for $2\frac{3}{4}$ years on average);
- (iv) that nevertheless the title to widow's pension should always persist for one year after the cessation from Health Insurance (i.e. $3\frac{3}{4}$ years on average in all);
- (v) that the cost of prolongation for the year 1933 so far as regards health insurance should be borne on National Health Insurance funds generally through an adjustment of the transfer values which are carried to the Reserve Suspense Fund on the cessation of insurance;
- (vi) that the cost of the extensions for Pensions proposed above should fall upon the Pensions Fund, increasing pro tanto, the liability of the Exchequer under that Scheme;
- (vii) that, in the case of re-entry to employment and insurance within a certain time, the qualifying conditions for widows' pensions should be the lapse of 26 weeks, and the payment of 26 contributions, after re-entry, instead of 104 weeks and the payment of 104 contributions as at present.

4. The Committee by a majority recommend to the Cabinet the adoption of the Minister of Health's proposals, as set out in paragraph 3 above.

5. The Home Secretary and the Secretary of State for Scotland were unable to concur fully in the recommendation contained in the preceding paragraph, and the Secretary of State for Scotland made the following reservation:

In his view, the scheme submitted by the Minister of Health failed to make adequate provision for preserving medical benefit and pension rights - especially the latter. He submitted that these rights should be continued in respect of every person who has paid 160 contributions and has been 208 weeks in insurance, and who is available for but unable to obtain employment.

In urging this policy he stressed the injustice which the Minister of Health's proposals would involve particularly in the following two classes of cases:-

(1) the widow (aged say 55) of a man who might contribute to the pensions scheme for, say, 10, 15 or even 20 years might be refused a pension because her husband had been out of work for more than $3\frac{1}{4}$ years; whereas, under the Pensions Act, 1929, a widow of the same age might get a pension although her husband had paid no contributions whatsoever either under the Health Insurance or Pensions Acts.

(2) the pension rights of a man who had been in regular insurance for 10, 15 or even 20 years would not be continued for any longer period than the man who had been in insurance for only 208 weeks and who might have paid only 160 contributions.

With regard to (2) he urged that the scheme should at least provide either

(a) that the period of continuance of pension rights should be on a graduated scale according to the length of time a man has been in insurance, or possibly (as had been suggested by the Home Secretary)

(b) that an opportunity of preserving pension rights by becoming a voluntary contributor on easy terms for pension purposes only should be given to a man who, having been a long time in insurance, loses his employment and is unable to find other employment.

Signed on behalf of the Committee.

E. HILTON YOUNG,

Chairman.

2, Whitehall Gardens, S.W.1.,

12th April, 1932.