MEMORANDUM BY THE MINISTER OF LABOUR AND NATIONAL SERVICE.

I would call the attention of my colleagues to the importance of ensuring that adequate provision is made for any persons who find themselves unemployed during any dislocation due to the change-over of certain production from war to peace. After the last war we adopted a scheme of Out of Work Donation because the unemployment insurance scheme of that time had only partial application. Since that time, however, insurance has become the generally recognised way of meeting temporary unemployment, but I think we ought to make certain changes in the Unemployment Insurance Scheme.

2. The only changes I suggest are in the rates of unemployment benefit, as follows:

(a) raise the General Scheme benefit rates for men and women by 4s. to 24s. and 22s. respectively; raise young men and young women and boys and girls aged 17 years by 3s.; and boys and girls aged 16 years by 1s.;
(b) raise the Agricultural Scheme benefit rates by 4s. for men from 18s. to 22s., and by 3s. for all other classes except boys and girls of 16 years, whose rates will be raised by 1s.;
(c) raise dependant's benefit for a wife (or other adult dependant) from 10s. to 16s. in the General Scheme and from 9s. to 14s. in the Agricultural Scheme;
(d) raise the dependant's benefit for each of the first two children from 4s. to 5s. and for other children from 3s. to 4s.; this applies to both schemes;
(e) raise the maximum weekly rate of benefit under the Agricultural Scheme from 41s. to 54s.

3. In paragraph 116 (i) of the White Paper on Social Insurance it is proposed that for married women who are insured in their own right and themselves qualify for unemployment benefit, benefit should be payable at the rate of 20s. instead of 24s. In sub-paragraph (vi) of paragraph 116 it is provided that, when a married woman is living apart from her husband and can obtain no financial assistance from him, benefit will be payable to her in respect of her own contributions as if she were single.

In order that these proposals in the White Paper may not be prejudiced, I suggest, therefore, that the rate for women under the General Scheme who are married and either are living with their husbands, or are wholly or partly maintained by them, or are unable to prove that they cannot obtain financial assistance from their husbands should be 20s. instead of 22s.

4. I do not suggest that the contributions should be increased. During the period which is likely to elapse between the cessation of hostilities with Germany and the implementation of the Government's Social Security proposals unemployment may fluctuate during the process of gradual change-over and re-adjustment of industry. In the circumstances, it would be artificial to tie the finances of the proposals for the new rates of benefit to an average of unemployment which could only be conjectural. Moreover, the composition of the insured population...
in the immediate post-war period is uncertain and, in so far as temporary unemploy­ment may occur amongst persons released from the Forces, the cost of benefit will for some time be borne by the Exchequer under Section 96 of the Unemploy­ment Insurance Act, 1935. As the proposals are of a short-term nature, pending the introduction of the Social Insurance scheme, the Government Actuary agrees that it would be proper in present circumstances to refrain from making any increase in the rate of contributions.

5. The proposals will involve some increase in the cost to the Exchequer under Section 96 of the Unemployment Insurance Act, 1935, in respect of benefit paid to persons discharged from the Forces. It is not possible to say what this additional cost will be, but it is not anticipated that it will be large having regard to the efforts to be made by the Government to secure the early return of such persons to regular employment.

6. I suggest that the new rates shall not come into force until the end of hostilities in Europe and that, therefore, the operative date should be fixed by Order.

7. It will be seen that the above changes are not an instalment of the Govern­ment's general Social Insurance proposals but are not inconsistent with them. I accordingly ask for the consent of my colleagues to introduce a Bill on the lines indicated.

E. B.

Ministry of Labour and National Service, S.W. 1,
22nd September, 1944.