

all the other public health activities as a service to be supported from the general public funds. Consideration would have to be given to the question of the classes of society for whom the service would be available and whether it should be so available on a free basis or with payments by insurance or otherwise. These, however, are problems which need not—perhaps cannot—be solved now, but may be fitly left over for those who, unlike us, will approach at close range to the great question of the Public Health Service of the future.

CHAPTER VI.

THE FINANCIAL BURDEN OF THE EXISTING SOCIAL SERVICES.

139. In the preceding Chapters we have described in a general way the various health activities of the Central Departments and the Local Authorities, their relations to each other, and the lines along which, as we think, development should take place. But we have hinted that, in connexion with the various proposals for the extension of the Health Insurance Scheme which have been brought to our notice, serious regard should, in our opinion, now and for some time to come, be given to the present financial and industrial position of the country. Our proposals, because they are thus conditioned, may appear to be of a restricted nature to the numerous advocates of substantial development. We therefore, at this point, think it desirable to make a brief reference to these conditions and to indicate why in our opinion they necessarily limit present progress.

THE BURDEN OF UNEMPLOYMENT.

140. The serious conditions prevailing in many of our industries and the grave embarrassments under which the central and local finances of the country are alike labouring, are too well known to call for elaboration here. But lest we should be thought wanting in a proper appreciation of the value of a large advance in the public arrangements for promoting the health of the community, we think it desirable to emphasise the factors which on any statesmanlike review of the problem before us point to the expediency of a policy of caution. In the foreground there obviously stands out the question of unemployment, which for a period of almost five years has doubtless been the gravest feature in the life of the community. The number of the unemployed is now about 1,200,000 and for the past two years has varied very little. The figure has been as high as 2,000,000. Even at 1,200,000 it is 11 per cent. of the working population registered at the Employment Exchanges. The maintenance of this huge number of workers and their dependants is a national burden, the responsibility for which has been accepted by the State and it is being borne at a cost of about £50 millions a year to the community (of which £13 millions is paid from the Exchequer). In 1913, the corresponding figure was only £2 millions and in 1920-1 £14 millions. Even though the contributions of employed and employers to the Unemployment Fund make up a large part of the sum required, it is nevertheless true that the

charge ultimately falls upon the resources of the nation. To that extent it necessarily reduces the possibility of imposing further large burdens for the purpose of promoting the national health. So long as funds available are limited there can, in our opinion, be no doubt as to the question whether expenditure should in the first place be directed towards the further promotion of health or to the provision of maintenance. For health and maintenance are not competing claimants for public expenditure. They are indeed closely related. Without maintenance there can be no health; it would be futile to seek to promote the health of those without the means of life. Those who are unemployed, their wives and their children must be fed, clothed and housed. Having regard to the existing provision for the promotion of health made by the Local Authorities and under the Insurance Scheme, large additions to the cash benefits and wide expansions of the scope of medical treatment, however desirable in themselves, must, in our opinion, definitely take a second place to the provision of the primary means of life.

HEALTH INSURANCE AND CONTRIBUTORY PENSIONS CHARGES.

141. The present appropriation for National Health Insurance is about £39,000,000 a year. The charge is spread over the employers, the employed persons, and the State, in the following way: employers, £14 millions; employed persons, £13 millions; the State, £7 millions. The balance of £5,000,000 is derived from interest on accumulated funds. But the total sum, from whatever source it may be immediately derived, is ultimately a charge on the productive capacity of the country. Similarly the Widows', Orphans', and Old Age Contributory Pensions Act, which has just come into operation, involves immediate annual charges of £11 millions, £11 millions, and £4 millions respectively on the three members of the co-partnership, a total of £26,000,000. Thus for the three schemes of social insurance now in operation, the total annual charge on the productive powers of the country is £115 millions, of which the charge on the Exchequer is about £24 millions.

THE BURDEN OF OTHER SOCIAL SERVICES.

142. The latest figures available from the Return annually submitted to Parliament showing the cost of public social services in Great Britain indicate that the expenditure on services other than those on an insurance basis is approximately as follows:—

Social Service.	Parliamentary votes and grants.	Local rates.	Other receipts.	Total.
	£	£	£	£
Public Education ...	46,100,000	34,100,000	6,400,000	86,600,000
Expenditure under the Public Health Acts:—				
(1) hospitals and treatment of diseases.	2,300,000	4,900,000	600,000	7,800,000
(2) maternity and child welfare work.	725,000	735,000	340,000	1,800,000
Old Age Pensions (non-contributory).	27,000,000	—	—	27,000,000
Housing of the Working Classes.	8,100,000	1,000,000	7,400,000	16,500,000
Poor Law Relief (including lunacy and mental deficiency).	4,000,000	38,000,000	4,000,000	46,000,000
	88,225,000	78,735,000	18,740,000	185,700,000

143. Insurance against liability under the Workmen's Compensation Act may also be properly included in this brief review. The annual expenditure under this head appears to be about £12,000,000, the whole of which falls directly upon the employers, but the greater part of it indirectly upon the community.

144. Thus, in total, the nation, in a time of great industrial depression, is meeting an annual charge for social services of about £308 millions, which is provided as to £112 millions from taxation, as to £79 millions from rates, and as to £98 millions by some form or other of insurance payment.

EVIDENCE AS TO THE BURDEN ON INDUSTRY.

145. We have heard evidence from the National Confederation of Employers' Organisations on this aspect of the problem (Q. 24,543-24,548), and we direct attention also to the statement which they have submitted to us (App. CVII). That Confederation claims to speak authoritatively on behalf of the employers of the country, as it is a central body representative of the various great federations whose constituent members have in the aggregate an employment roll of about seven million workers. The witnesses informed us that the Confederation is recognised by the Government as the mouthpiece of the employers on all matters affecting the latter's industrial relations to their workpeople; and that it nominates each year, on the invitation of Your Majesty's Government, the delegate and technical advisers to represent British employers at the International Labour Conference at Geneva held under Part XIII of the Treaty of Peace.

146. From this organisation, as will be seen from the evidence, we have received the strongest representations that industry

cannot bear any further burden at present, and, indeed, that the need for some alleviation of the load is most urgent and could be readily realised by a substantial reduction of the contributions of employers and employed persons under the Health Insurance Scheme. They maintain "that there is a definite limit to the amount of money which any country can afford to spend in the providing of social services," and that "that limit has in Great Britain already been largely exceeded, and particularly so in the case of Health Insurance" (App. CVII, 6). They submit the following table to illustrate the relative position in the principal European countries and to show how heavy in comparison is the burden imposed on Great Britain in respect of five of the social services, viz. : Poor Law, Workmen's Compensation, Old Age Pensions, Health Insurance and Unemployment Insurance :—

Country.	Actual.		Cost of five Social Services per head of total population.	
			Per cent. as compared with Great Britain.	
	s.	d.		
1. Great Britain	78	6	100	per cent.
2. Germany	37	6	48	"
3. France	13	0	17	"
4. Czecho-Slovakia	11	0	14	"
5. Belgium	5	6	7	"
6. Italy... ..	3	6	4	"

147. Special reference is made by the Confederation to the increase of contribution required to finance the new Contributory Pensions Scheme. Even after allowance is made for the reduction in the Health Insurance contribution consequent upon the lowering of the age limit from 70 to 65, and the reduction in the Unemployment Insurance contribution which came into force at the same time, the net result is that the total weekly contribution for the Insurance Schemes has been raised from 2s. 5d. to 2s. 9d. in the case of men. At the former rate the employer bore 1s. 3d., whereas he now bears 1s. 5d.

148. The following tables show the details of the changes to which effect has recently been given :—

MEN.

Health and Pensions.

Year.	Health.		Pensions.		Total for Health and Pensions.		
	Em- ployer.	Worker.	Em- ployer.	Worker.	Em- ployer.	Worker.	Total.
1925	5d.	5d.	—	—	5d.	5d.	10d.
1926	4½d.	4½d.	4½d.	4½d.	9d.	9d.	1s. 6d.

Unemployment.

Year.	Employer.	Worker.	Total.
1925	10d.	9d.	1s. 7d.
1926	8d.	7d.	1s. 3d.

WOMEN.

Health and Pensions.

Year.	Health.		Pensions.		Total.		
	Em- ployer.	Worker.	Em- ployer.	Worker.	Em- ployer.	Worker.	Total.
1925	5d.	4d.	—	—	5d.	4d.	9d.
1926	4½d.	4d.	2½d.	2d.	7d.	6d.	1s. 1d.

Unemployment.

Year.	Employer.	Worker.	Total.
1925	8d.	7d.	1s. 3d.
1926	7d.	6d.	1s. 1d.

149. The National Confederation of Employers' Organisations go on to urge that a substantial measure of relief could be obtained by a reconsideration of the finances of the Health Insurance Scheme, which they maintain is over-financed for the normal purposes contemplated in the Act of 1911. With this aspect it will be more appropriate to deal in the following chapter. At present we are only concerned to submit a conspectus of the burdens thrown upon the Exchequer, the local rates and upon industry, by the operation of the various schemes for promoting the public welfare.

150. We have given prominence to this evidence because of the important part that employers as a class play in the collection of the insurance funds and the large financial contribution which they make to the Scheme. But we have also received a certain amount of evidence from parties less interested financially, directed to the view that, however desirable expansion may be, the rates of contribution should not in present circumstances be increased. For instance, the Ancient Order of Foresters (Q. 4168-4176) express the view that any increase in the rate of contribution for the purpose of meeting the cost of a statutory dental benefit would not be favourably received. The National Conference of Industrial Assurance Approved Societies (Q. 5074)

" would not recommend any step which would involve increased contributions or increased taxation." The Manchester Unity of Oddfellows (Q. 5784, 5790) think that " the contribution at the present time is just as high as the ordinary working man can afford to pay." The National Federation of Rural Approved Societies (App. XXIX, 19; Q. 11,407-11,418) state that any increase of the contribution would not be acceptable either to employers or to insured persons. Finally, the Scottish Board of Health say that, having regard to the industrial situation of the country, " it appears to the Board that an addition to the present insurance contribution, for however good an object such an addition might be, would be found extremely difficult and practically impossible to obtain " (App. CV, 9). In oral evidence Sir James Leishman added: " 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 " (Q. 24,324). " If you take Scotland especially . . . 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 " (Q. 24,325).

GENERAL CONCLUSION.

151. In concluding this brief review of the present financial burden of the social services, we desire to make it clear that we do not in any way deprecate or condemn either the volume or the application of that expenditure. A civilised nation must carry the burdens of civilisation; and prosperity—even material prosperity—fulfils itself in many ways. America, for example, though devoting great resources to public education and other general services, makes little or no public provision for social insurance. Being able to pay high rates of wages in consequence of her unique economic position, she leaves the provision against the individual casualties of life to the personal and voluntary effort of her workers. Our country, on the other hand, has chosen, and rightly as we think, to make several great schemes of social insurance an integral and permanent part of the national life. But while this principle may be accepted, it is clearly essential that a balance between the expenditure on these schemes and

the productive capacity of the country should, from time to time, be struck, even though this can probably be done only in a very general way and without reduction to any precise formula, of which, indeed, the conditions do not permit. If, ignoring such considerations of prudence, the rate of expenditure outruns in a substantial way the productive capacity of the country, the result must surely be to stultify the aims which the nation has set before itself. It is small consolation to a bankrupt to be told that his doctor's bills have been the main cause of his disaster.

152. These considerations are, we think, relevant to our reference in view of the wide and costly extensions of the Health Insurance Scheme which have been urged on us from many quarters. We have every sympathy for such proposals and every desire that this country should maintain that leadership in the provision of social services which it has certainly shown to the world. At the same time we feel that there may come a time, and that in fact there has come a time when the State may justifiably turn from searching its conscience to exploring its purse, and that in connexion with our present reference we are entitled to direct attention to this grave problem, and to frame our recommendations in the light—or the darkness—of the economic condition of the nation.

153. We therefore make the definite recommendation that only such extensions or modifications as involve no expenditure or can be met within the present financial resources of the scheme, should be considered as immediately practicable. This implies that, in our opinion, there should be no increase at the present time in the rates of contribution under the scheme. We consider also that the scheme should be self-supporting subject to the payment by the Exchequer of its present proportionate share of the cost of benefits and their administration, together with the cost of the general supervision of the Scheme by the Ministry of Health and the Scottish Board of Health. We recommend that beyond these charges no further liability should rest on the Exchequer in any circumstances. This would involve the repeal of the provision of the Act under which the Exchequer is contingently liable to make a contribution to the Central Fund.