

# Employment Security in Great Britain During the First 14 Months of the War

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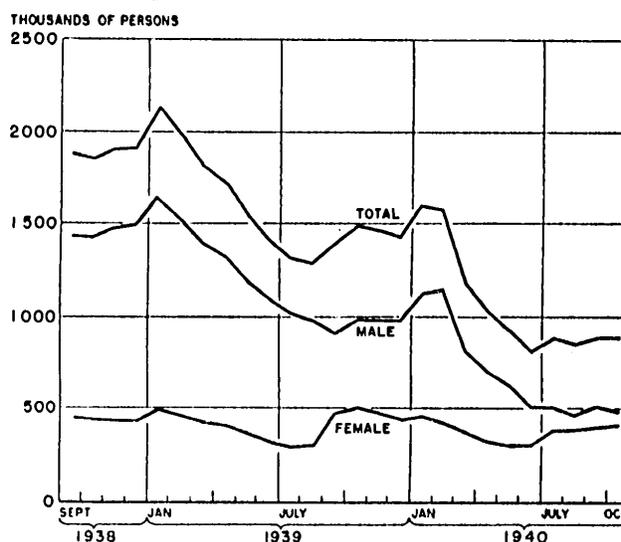
*Both the changing character of wartime employment in Great Britain and the need for comprehensive changes in unemployment insurance provisions to meet the new conditions were recognized during the early months of the war. This article, necessarily based on information available from British official and unofficial publications,<sup>1</sup> outlines situations and provisions now of special interest to State administrators and others concerned with similar problems raised by this country's program of national defense.*

THE FIRST 14 MONTHS after the declaration of war on September 3, 1939, saw a very substantial rearrangement of the British labor market. The number of persons registered as unemployed at the employment exchanges, which had declined 40 percent as a result of the rearmament program of the pre-war months from January to August 1939, rose about 24 percent by January 1940 and then dropped by June to an all-time low of 834,214, a decline of 48 percent within 5 months (chart 1 and table 1). Thereafter, it rose to 904,480 by October, an increase of 8.4 percent. This rise was caused by Italy's entry into the war and the collapse of France, which resulted in restriction of the manufacture and sale of goods for civilian use and the loss of continental markets.

The usual meaning of the blunt figures of the number unemployed has been changed, however, by the withdrawal of men for the military and civil defense forces, the mobilization for war work of persons not previously gainfully occupied, and the evacuation of women and children inland and overseas. No official statistics have been issued for the number of people retired from industry or withdrawn to the defense forces, or the number not normally gainfully employed but recruited for war work. It has been held, however, that the number of people retired or siphoned off for duty with all branches of the defense forces was greater than the number who left the unemployment register even though the supply of labor was augmented by new entrants and reentrants into industry. Thus it appears that at the end of the

first 14 months of the war the number of persons in regular employment in Great Britain and Northern Ireland had not increased but had probably declined.

**Chart 1.—Unemployed persons registered at employment exchanges, by sex, Great Britain and Northern Ireland, September 1938–October 1940**



Source: Ministry of Labour Gazette, October 1938–November 1940.

In addition to changes in the total number of workers in regular employment, there has also been a vast shifting of workers from one industry to another, i. e., from the distributive and service trades to the armament and export industries, a process reversing the movement of labor during the previous decade or more from the mining and heavy metal industries concentrated in the "depressed areas." The maintenance of employment generally, and its expansion in the war industries in particular, were accomplished by the mobilization of persons not previously gainfully occupied.

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<sup>1</sup> Among the sources used for this analysis, the most important were: *The Economist*; the *Ministry of Labour Gazette*; Allen, R. G. D., "The Unemployment Situation at the Outbreak of War," *Journal of the Royal Statistical Society*, Vol. 103, Pt. II, 1940, pp. 191-217; the various *Statutory Rules and Orders, 1939 and 1940*; and Emmerson, H. C., and Lascelles, E. C. P., *Guide to the Unemployment Insurance Acts, 1930*.

The growth in the military sector of industry was smaller than the decline in the civil sector. The unemployment register was not reduced by increasing employment so much as by recruitment into the defense forces. Moreover, this process could not be relied on to reduce the unemployment register much longer, since by March 1940 the unemployed males of draft age were only about 36 percent of the total number on the register.

Under the impact of the war, the composition of the unemployed group began to change. Although a substantial number of unemployed men were mobilized for defense, women on the unemployment register were not being drawn to any great extent into industry. Between June 1939 and June 1940, the number of unemployed men on the register declined 53.5 percent but the

number of women increased 1.5 percent; similarly, the number of unemployed boys declined faster than girls, the former dropping 42.5 percent as against 7.8 percent. However, between June and October there was a rapid influx into the labor market of women and juveniles not normally gainfully employed, who registered at that critical juncture for war work. While the number of unemployed men on the register decreased 7 percent in those 4 months, the number of women increased 25 percent, girls 70 percent, and boys 70 percent.

At the very opening of the war, the "black-coat" professional and clerical workers were seriously affected by unemployment. They were persons who had either been employed in commerce, banking, insurance, and finance or attached to nonfactory work (retail trade, clerical work, service trades, and local government service), and thus had either not come within the insured groups or rarely used the employment exchanges. Between August 1939 and June 1940 the number of such uninsured persons on the unemployment register in Great Britain increased from 90,476 to 122,854, a rise of 36 percent, and their proportion of the total registered unemployed rose from 7 to 16 percent. From June to October 1940, this group declined to 103,669, a drop of 16 percent. Their proportion of the total registered unemployed was 12 percent at that time.

Of equal significance was the loosening of the "hard core" of unemployment. This process had begun during defense preparations before the war, when the number of persons unemployed in England for 5 years or more dropped by 45,000 between December 1938 and August 1939, as against a decline of 600,000 in total unemployment. Although in normal times the unemployed in the "hard core" were generally the last to be reemployed, the need of labor attached to the formerly "depressed" industries for war work, as well as the Government's policy of not depleting the labor force in the civil sector of industry until the ranks of the unemployed had been tapped, now resulted in the rapid "softening" of the "core." Thus, between August and December 1939, those unemployed 5 years or more declined by another 87,000, while total unemployment increased 130,000.

The number of persons unemployed for a year or more declined from 244,513 (or 22 percent of the total) in August 1939 to 121,874 (or 16 percent

**Table 1.—Number of unemployed persons registered at employment exchanges, and number and proportion of insured persons who were unemployed, Great Britain and Northern Ireland, by month, September 1938–October 1940**

Month	Number of registered unemployed persons <sup>1</sup>	Unemployed insured persons	
		Number <sup>2</sup>	Percent of total insured <sup>3</sup>
1938			
September.....	1,880,676	1,835,958	12.4
October.....	1,862,602	1,830,628	12.3
November.....	1,911,203	1,890,445	12.7
December.....	1,918,583	1,850,959	12.7
1939			
January.....	2,133,800	2,097,082	14.0
February.....	1,989,302	1,958,255	13.1
March.....	1,813,987	1,788,831	12.0
April.....	1,720,083	1,685,247	11.2
May.....	1,665,313	1,530,476	10.2
June.....	1,417,239	1,399,591	9.3
July.....	1,326,134	1,310,528	8.7
August.....	1,204,805	1,275,361	8.5
September.....	1,395,550	1,320,191	8.8
October.....	1,499,893	1,401,397	9.3
November.....	1,477,586	1,390,087	9.2
December.....	1,440,923	1,363,027	9.1
1940			
January.....	1,602,551	1,533,261	10.2
February.....	1,585,884	1,545,616	10.3
March.....	1,193,259	1,160,552	7.7
April.....	1,040,344	1,000,800	6.7
May.....	947,752	914,160	6.1
June.....	834,214	779,783	5.2
July.....	489,676	430,138	5.6
August.....	467,739	411,210	5.4
September.....	903,437	( <sup>4</sup> )	5.8
October.....	904,480	( <sup>5</sup> )	( <sup>5</sup> )

<sup>1</sup> Represents number of persons aged 14–64 registered as of a particular day includes both insured and uninsured; data from *Ministry of Labour Gazette*, October 1939, p. 364; July 1940, p. 190; August–November 1940.

<sup>2</sup> Represents number of persons aged 16–64 insured under the unemployment insurance acts, as of a particular day; data from *Ministry of Labour Gazette*, October 1938–September 1940.

<sup>3</sup> Based on estimates of total insured at beginning of July for each year except 1940, for which no estimate has been published; data from *Ministry of Labour Gazette*, October 1938 and November 1939–October 1940.

<sup>4</sup> Excludes men at Government training centers who were unemployed when they entered the centers.

<sup>5</sup> Publication of this statistical series was suspended.

of the total) in May 1940, a drop of 50 percent. The rate of decline varied inversely with age, skill, and duration of unemployment. On January 1, 1940, about two-thirds of the men still unemployed were laborers, and 47 percent were between the ages of 55 and 64. The latest available figures for November 1940 indicate the shrinking of the number unemployed a year or more to 54,079, or a 78-percent decrease since August 1939. The total number of persons on the register declined by only 32 percent during the same period. It is thus clear that the speeding up of the dissolution of the "hard core" came with the change of government and policy in Great Britain in May 1940. Those still unemployed for a year or more probably represent "the last remnants of chronic unemployment in the depressed industries," some of whom cannot now be considered as attached to the industries involved.<sup>2</sup>

Great Britain has thus been transformed, as a result of wartime necessity, from a nation with a serious unemployment problem to one rapidly approaching an exhausted labor reserve. Not merely has the "hard core" been dwindling, but the total unemployed group in the population has been approaching the point where it will cease to be a source of labor. Authoritative British opinion maintains that it is difficult to reduce the percentage of the insured unemployed below 5 percent. By June 1940 the proportion of insured unemployed in Great Britain and Northern Ireland was 5.2 percent, and in Great Britain alone, 4.8 percent. The situation in the essential defense industries was even more critical. The proportion of unemployed among insured persons in engineering occupations was only 1.8 percent; in motors and aircraft, 1.5 percent; in other metal trades, 2.9 percent. The unoccupied population and those in nonessential activities therefore are becoming the source from which the rapidly dwindling labor reserve must be replenished.

Thus the Government has been faced with the necessity of reorganizing production methods so that semiskilled and unskilled workers could be used in operations which in a peacetime economy predominantly demanded skilled workers, of drawing into industry the great mass of women still unemployed, and of expanding the facilities for training or retraining the new industrial army.

<sup>2</sup> Allen, *ibid.*, p. 206.

Among the measures taken toward control of the labor market were modifications and changes in the systems of unemployment insurance, unemployment assistance, and industrial training allowances. In 1914, Great Britain faced the problem of adjusting its employment security program to wartime needs with only 2 years of experience with unemployment insurance and a statute providing limited benefits to a relatively small group. At that time, the unemployment insurance system covered only 2½ million people, a small part of the gainfully employed population, and was confined to certain specified occupations. In contrast, nearly 15 million persons in July 1939 were insured under a general unemployment insurance system, and an additional 710,000 were covered under an agricultural unemployment insurance system. Closely tied in with these programs was an unemployment assistance system designed to pay allowances to those who were in need and had either exhausted their benefits under the insurance system or were ineligible for such benefits.

### Changes in Unemployment Insurance

Two days after Britain's entry into the present war, Parliament passed an emergency unemployment insurance act giving the Minister of Labour extensive emergency powers to adapt the statutory system of unemployment insurance to war conditions. The act empowered the Minister, with the approval of the Treasury and by means of regulations, to modify or suspend such provisions of the existing unemployment insurance laws and make such provision with respect to any matters to which they related as he considered expedient. Although he could not alter by regulations the rates of benefit or contribution or Treasury advances to the unemployment fund, such changes were incorporated in the Unemployment Insurance Act of July 25, 1940.<sup>3</sup> Armed with broad powers, the Minister of Labour enormously extended the coverage of the system, relaxed significantly the eligibility provisions, and limited the types of work which claimants could

<sup>3</sup> Since Great Britain's entry into the war, three measures affecting the unemployment insurance act have been adopted: The Unemployment Insurance (Emergency Powers) Act, 1939, which came into operation on September 6, 1939; the Unemployment Insurance (Increase of Benefit in Respect to Dependent Children) Order, 1940, Statutory rules and Orders, 1940, No. 509, which amended the Unemployment Insurance Act of 1935 as previously amended; and the Unemployment Insurance Act, 1940, adopted July 25, 1940.

refuse as unsuitable. He also substantially increased benefits for insured persons and dependent children, raised contributions, and paid off part of the debt of the unemployment fund to the Exchequer.

### ***Unemployment Fund***

In reporting on the unemployment fund for 1939, the Unemployment Insurance Statutory Committee<sup>4</sup> declared that, despite its expectation that expenditures would exceed income by £8,250,000, the fund had actually at the end of 1939 an excess of income over expenditure of £16,750,000. The Committee held that this balance represented, in part at least, "windfall" profits due to improved employment resulting from defense expenditure. However, since the course of events of the war or post-war period could not be predicted, the Committee recommended that part of this balance be maintained as reserve against post-war unemployment, that £37 million be allocated to repayment of the debt (which amounted to £77,798,000 at the end of August 1939), and that the interest thus saved—£1.1 million—be used to increase the benefit for dependent children by 1s. a week for each of the first two children. In accordance with these recommendations, the Minister of Labour ordered the allocation of £37 million for repayment of debt on March 30.

By the end of October 1940, the debt had declined to £38,974,000, a decrease of 50 percent since August 1939 and of 63 percent since July 1934, when statutory provision was made for repayment of debt. When the act of 1940 was passed in July, the Government Actuary estimated that the increase in the fund resulting from increased contributions and the extension of insurance would be about £9.6 million a year. He felt that, with unemployment at a low level during the war, the result would be some increase in the balance of the fund as a reserve for the post-war years.

The average weekly amount paid out in unemployment benefits in Great Britain dropped from £591,250 to £519,200 between August and September 1939 (table 2), reflecting the pre-war decline in unemployment. However, by February 1940 the weekly average rose to its wartime high

of £966,750 or an increase of 86 percent since the outbreak of war in September. Thereafter it dropped rapidly with declining unemployment, despite increased rates of benefit and coverage, until in June 1940 it reached £294,200, a figure about 30 percent of the wartime high. Between June and October 1940, however, it rose again to £441,250, an increase of 50 percent. This rise reflected the growth in the number of persons on the unemployment register because of restrictions on production and sale of goods for civilian use and the loss of continental markets resulting from the rapid development of the war since June.

### ***Coverage***

Just prior to the outbreak of war, when Britain accelerated her defense preparations, civilian workers on board British warships were brought within the scope of the unemployment insurance system, unless they were not domiciled or ordinarily resident in the United Kingdom. Three days after the war began, the Minister of Labour suspended the issuance of new certificates of exemption from unemployment insurance. Previously, some persons were able to obtain a certificate of exemption relieving them (but not their employers) from liability for contributions if they received a pension or income of £26 or more annually which was not dependent on their own efforts, if they were usually or mainly dependent for their living on some other person or on some uninsurable occupation, or if they were employed in a seasonal occupation covering no more than 18 weeks a year.

Conscription, which began in Britain in July 1939, and the general calling up of reservists, territorials, and auxiliaries removed an increasingly large number of insured persons from civilian employment. Under the law of 1935, reservists, territorials, auxiliary airmen, and enlisted men who were called out for actual service during an emergency, just for the duration of the emergency, were insured for the first 4 months of service, only if they had been previously insured. On discharge from the service, every seaman, marine, soldier, and airman received a credit of contributions at the rate of one for every week of service, irrespective of previous insurance status. These provisions were amended, in view of the war, "to regularize the insurance position of persons engaged in various forms of National Service,

<sup>4</sup> Unemployment Insurance Statutory Committee, *The Report on the Financial Condition of the Unemployment Fund (General Account), as at 31st December, 1939.*

whether in the Armed Forces or otherwise." Officers continued to be insured for the first 4 months of service, if previously insured. All others received a credit of contributions on discharge, irrespective of length of service. The amendments were extended to officers and members of such auxiliary defense organizations as the Women's Royal Naval Service, the Auxiliary Territorial Service, and women members of the Voluntary Aid Detachments. Members of police forces recruited for war services were also brought under the insurance program, as were the nursing auxiliaries connected with hospitals or the Civil Defense Scheme. The same provision was made for persons going abroad for work in specified "war occupations," whether previously insured or not. However, part-time members of the Air Ministry Observer Corps and Coast Auxiliary Watchers were excepted from insurance.

In March 1940 the age at which old-age pensions are payable to women was lowered from 65 to 60 under the Old Age and Widows' Pensions Act of 1940, effective July 1, 1940. Appropriate adjustments were also made in their unemployment insurance status. Previously, women had been excluded from coverage at age 65, the age at which contributory old-age pensions were payable; they no longer contributed or received unemployment insurance benefits, although their employers continued to pay contributions. The act lowered this age limit to 60 years and provided safeguards of benefit rights during a transition period of 5 years. The total number of women who will thus cease to be insured under the unemployment insurance system has been estimated at about 40,000.

One of the most far-reaching extensions in coverage came with the adoption of the Unemployment Insurance Act of July 1940. This act brought within the system, as of September 2, the "nonmanual" workers whose remuneration was between £250 and £420 a year. The previous income limit had been £250. This measure was considered necessary because of the increase in unemployment among this group arising from the restrictions on nonessential services in the interests of war production. In praising this step, *The Economist*<sup>5</sup> explained that this group includes "workers who have long lived in an uneasy no-man's-land between the State-aided poor and

<sup>5</sup> June 29, 1940, p. 1109.

the independent well-off, and who are now liable, with the cutting-down of nonnecessary civilian trades, to fall out of work and into distress." The number thus brought within the system was estimated at about 400,000.

### *Eligibility and Disqualification*

With the outbreak of war, the Minister of Labour used the emergency powers granted him to bring pressure on young men and women to enter war work. On September 6, 1939, he suspended the crediting of insurance contributions to juveniles who continued full-time education after the age at which education ceased to be compulsory (in general, at age 14). The obligation of educational authorities to provide them with courses of instruction was likewise suspended.

At the same time, to meet the problems arising from the evacuation of women and children, benefit conditions were relaxed in favor of persons engaged in providing accommodation or serving those removed from their homes under an approved scheme of evacuation. Such persons were not to be considered ineligible for benefit either for themselves or for dependents on the ground that they were "not available for work" or "not unemployed" or engaged in an occupation carried on for profit. Similarly, the Minister revoked the previous disqualification of an insured contributor from benefit with respect to dependent children for inability to prove they were being maintained wholly or mainly by him. The qualifications for dependents' benefit were relaxed still further in May. Up to that time, a claimant who, while unemployed, was not actually maintaining his dependent children could qualify for additional dependents' benefits only if he contributed to their maintenance not less than the amount of the increase of benefit received and if he also was their chief support when he was employed. Under the new regulations, a claimant whose children had been evacuated under an official scheme was entitled to benefit on their account if he contributed toward the cost of their accommodation, maintenance, and medical treatment not less than the sums required of him by the local authority in the reception area under the rules of the Departments of Health.

With the speeding up of the war in France, in May, and the preparations for the expected invasion of England in June and July, the Minister of

Labour issued new regulations to bring the unemployment insurance system into adjustment with rapidly moving events. An insured person is not to be disqualified from benefit as "not available for work" for the sole reason that he is engaged in the manning or launching of a lifeboat; nor is this activity to be deemed an occupation carried on for profit. A later order declared certain employments to be subsidiary and not a principal means of livelihood: employment in lifeboat work involving part-time service only as a member of the crew of a lifeboat or as shore-attendant, signalman, launcher, wincher, lightman or helper; and employment by the Ministry of Shipping or the Admiralty as an auxiliary watcher ordinarily involving less than 28 hours' service weekly. Thus claimants to benefit who are unemployed except for such work "will not in future be disqualified from benefit" because they are "not unemployed."

By July 1940, the skilled-labor reserves of the essential war industries of Britain were "scraping bottom." Although the number of Government training centers had been increased and their activity speeded up, the Government found it necessary to press into war work skilled workers attached to nonessential industries. For this reason, as well as "to bring the Unemployment Insurance System into line with Regulation 58A of the Defense (General) Regulations" (which empowered the Minister of Labour and National Service to direct any person to perform services of which he is capable anywhere in the Nation), new regulations were issued. Persons convicted of noncompliance under Regulation 58A were disqualified from benefit for no more than 6 weeks. The regulations provided that work certified by the Minister as of national importance would not, if it was at standard or prevailing rates and conditions, be "unsuitable" under the benefit provisions merely because the worker had previously enjoyed better conditions or—if he had been unemployed for at least a fortnight—because it was not his usual occupation. The requirement, as a condition of benefit, of proof of attendance, or of good cause for lack of it, at a training course either required by the Ministry or voluntarily pursued was made applicable to all trainees at authorized courses. Moreover, the "continuity rule" was modified to allow benefit to an insured person who had been unemployed for at least 2 out of 6 consecutive days, instead of 3 out of 6 consecutive days as previously.

### **Benefits**

In adapting the unemployment insurance system to wartime needs, rates and duration of benefits were increased and the appeals procedure was simplified. At the very outset, the duration of benefit was increased in the general system from a maximum of 156 days (26 weeks) plus extended benefit to a flat 180 days (30 weeks) in a year. In April 1940, when the act was amended in accordance with the recommendations of the Unemployment Insurance Statutory Committee, benefits for dependent children were increased from 3s. to 4s. a week for the first two children. When the cost of living rose 17 percent between the outbreak of war and July 1940, benefit rates were again increased. In the act of July 1940, benefits were raised 3s. for men and women aged 21-64 and 2s. for young men and women aged 18-20, thus increasing rates from 17s. to £1 for men, from 15s. to 18s. for women, from 14s. to 16s. for young men, and from 12s. to 14s. for young women.

In the agricultural system, duration of benefits, which had been dependent on past contributions and thus varied from 42 to 300 days, was changed to a uniform 90 days. The previous requirement that an agricultural claimant must have 10 contributions to his credit before he could begin a benefit year was suspended. The benefits of dependent children under the agricultural as well as the general system were raised in April 1940 from 3s. to 4s., and the maximum weekly benefit payable under the agricultural system was increased accordingly, from 33s. to 35s.<sup>6</sup> The act of July 1940 raised agricultural rates 3s. for men and 2s. for young men and all women, so that men and women over 21 years of age received 18s. and 15s., respectively, and young men and women aged 18-20 received 15s. and 12s., respectively. Moreover, the maximum weekly agricultural benefit was further increased from 35s. to 41s. to bring it in line with the new minimum wage of 48s. for agricultural workers.

The system of appeals on claims was short-circuited at the very outset of the war by allowing an insurance officer the right to disallow any claim and decide any question regarding deductions from benefit, instead of referring these questions to courts of referees as in the past.

<sup>6</sup> No such maximum is established under the general system, which pays benefits for all children under 14.

## Contributions

Fine administrative adjustments were shelved during the war. All return of contributions erroneously paid was suspended, as was the provision for repayment of part of the contributions of employers and employees in agriculture who entered into a contract of employment on a yearly or half-yearly hiring. When benefits were increased in the act of July 1940 for those 18 years of age and over, provision was also made for increased contributions to meet the increased cost. Each contributing party (i. e., employer, worker, and the Exchequer) had to pay 1d. more under the general scheme and ½d. under the agricultural scheme. Thus, under the general scheme, men and women 21 years of age and over paid 1s.8d. and 1s.6d., respectively; young men and women 18–20 paid 1s.6d. and 1s.4d., respectively. Under the agricultural scheme, the respective rates were 7d., 6d., 6d., and 5d.

## Changes in Unemployment Assistance

The outbreak of war also brought changes in the system of unemployment assistance. For the express purpose of "preventing or relieving distress arising by reason of war," the Minister of Labour received emergency powers, subject to the approval of the Treasury, to make regulations enlarging the group of people to whom unemployment allowances could be given and to modify or suspend any provision of the Unemployment Assistance Act except those relating to the determination of need and those safeguarding certain resources of the household of which the recipient is a member. Any such emergency allowance payments were to be deemed duly granted under the act, even if normal requirements had not been complied with.

In view of the extensive changes in labor-market conditions since 1936, when the regulations detailing the scale of allowances were made, and particularly in view of the changes resulting from the war, the Unemployment Assistance Board recommended the payment of increased allowances. The recommendation was adopted and presented by the Minister to Parliament, which approved the new regulations on December 18, 1939. The rate of 24s. a week for the householder and householder's wife or husband was increased by 2s.; other rates for those 16 years or older were increased by

1s.; the rates for children under 16, by 6d.; and the rate for persons living otherwise than as members of households, from 15s. to 16s.6d. Moreover, persons entitled to an allowance because of distress resulting from the war were eligible for these increases equally with all other recipients of allowances. It was estimated that the additional cost of these increased allowances would be about £2.5 million a year.

**Table 2.—Average weekly amount expended for unemployment insurance benefits and unemployment assistance allowances in Great Britain, by month, June 1939–October 1940**

Month	Average weekly unemployment insurance benefits	Average weekly unemployment assistance allowances
1939		
June.....	£601,250	£617,000
July.....	610,800	550,800
August.....	591,250	503,250
September.....	519,200	500,000
October.....	737,250	390,250
November.....	684,250	497,000
December.....	679,000	470,800
1940		
January.....	804,500	517,000
February.....	906,750	513,750
March.....	573,800	400,400
April.....	473,750	388,750
May.....	403,000	363,000
June.....	294,200	311,000
July.....	353,750	237,000
August.....	378,000	205,400
September.....	437,250	190,500
October.....	441,250	257,000

Source: Compiled from *Ministry of Labour Gazette*, "Unemployment Allowances," July 1939–November 1940.

Further increases were made on November 4, 1940, providing additional amounts of 2s. a week for the householder and householder's wife (or husband), 1s. for persons 16 years of age and over, 3d. for children under 16, and 1s. for persons living otherwise than as members of households. These increases also applied to persons entitled to allowances because of distress caused by the war. The estimated cost of these increased allowances is estimated at about £900,000 a year.

When, in March 1940, the Old Age and Widows' Pensions Act made provision for the payment of supplementary pensions, in case of need, to pensioners over the age of 60, it also declared that no unemployment allowance should be granted to any persons eligible for such supplementary pension. When coverage under the unemployment insurance system was extended, as of September 2, 1940, to "nonmanual" workers whose income

was not more than £420 a year, it was also extended under the unemployment assistance system.

On November 6, the Prime Minister announced to the House of Commons the Government's intention to introduce legislation to meet complaints against the existing means test. The resources of members of the household, other than the householder and his wife and dependents, will no longer be considered as resources of the applicant; instead, a standard contribution by non-dependent members of the household will be assumed as part of the applicant's resources. If the applicant is living with relatives, the circumstances of the home will be taken into account in assessing need, but inquiry will be greatly reduced. No applicant without resources will be left dependent on other members of the household for means to buy clothing and other necessary personal items.

The average weekly amount paid out in unemployment allowances in Great Britain declined from £503,250 in August 1939 to £390,250 in October (table 2), despite the increasing unemployment in those 2 months. However, it rose to £517,000 by January 1940, an increase of 3 percent since August as against a 19-percent rise in registered unemployment (chart 1). Beginning with January, the amount declined rapidly despite the increase in the rates and coverage of the unemployment assistance system. While the average weekly amount of unemployment insurance benefits paid out rose rapidly after June, the amount expended on allowances dropped until September, when it reached £196,500, a figure less than two-fifths of the pre-war August amount and of the wartime high. In October it rose somewhat to £257,000. This situation obviously reflected the rising unemployment of the early months of the war and the decrease in unemployment at the turn of the year, as a consequence of the speeding up of the war effort.

The changing relationship between the average weekly expenditures for benefits and allowances cannot be fully explained on the basis of available information. However, it may well be that the extension of coverage of the insurance system relieved the pressure on the assistance program, while the dislocation of nonessential industries as well as the increase in air bombings of industrial plants increased pressure on both the assistance and insurance systems.

## Changes in Government Training Allowances

Faced with a rapidly shrinking labor supply under the pressure of increased production to meet wartime needs and the withdrawal of large numbers to the Armed Forces, the British Government early in the war resorted to the expansion of available training facilities in Government training centers, private plants, and technical colleges, and increased the training allowances for individuals undertaking training.

Ever since the end of the first World War, industrial training had been a factor in British governmental policy in dealing with the unemployment problem. In 1925, Government training centers were introduced on a limited scale, offering practical training in a number of trades in which there was a demand for workers. During the first months of the present war, they became an integral part of the Government war machine, concentrating on training semiskilled workers for vital war industries, particularly engineering and allied metal trades.

Persons admitted to these centers who were entitled to unemployment benefit or receiving unemployment allowances, continued to get them during training. In certain cases, men admitted for training but not eligible for benefit or assistance received allowances that put them on the same financial level as the others. These payments were supplemented by a training allowance calculated to leave the trainee 5s. a week for incidental expenses after payment of board and lodging. Extra provision was also made for the dependents of unemployed trainees.

After the collapse of France in May 1940, Great Britain faced greater demands on her productive capacity than had been anticipated; in addition, she had to replace the equipment lost in the evacuation of the British Expeditionary Force from the Continent, at a time when the air attacks on Britain became increasingly severe. To meet these demands industrial training was intensified, the number of centers was increased, and the conditions affecting admission revised. The centers were thrown open to men employed in nonessential employment, as well as to the unemployed, and the age limits were modified somewhat. The normal period of training was shortened from 6 to 4 months; shorter periods were provided in some instances when individuals showed adaptability and em-

ployers were prepared to continue the training on their own premises.

As part of the new program and "with a view to removing hardship while men are going through the training period," a new schedule of training allowances was put into effect. Trainees not eligible for unemployment benefit were no longer required to meet a needs test and apply for assistance; they received training allowances. These allowances were increased so that trainees who have to live away from home while in training may have 6s. a week left over for personal expenses, after payment of board and lodging. Trainees with dependents to maintain at home receive additional allowances:<sup>7</sup> 27s. for a wife; 4s. for each of the first two children; and 3s. for each additional child. Trainees in receipt of unemployment benefit also receive an additional allowance to bring the total up to the scale of the training allowances. Those who exhaust their benefit rights while in training continue to receive allowances on the same scale until the end of their period of training.

Large numbers of skilled men were released by the Armed Forces for return to war industry, and in many occupations workers of given age-groups were "reserved" for industry. But, as Ernest Bevin, Minister of Labour and National Service, explained in a statement to the House of Commons in August, "it is by no means certain that the present balance as between industry and the Forces can remain undisturbed." The needs of an expanding, mechanized army and the demand for men for the Forces, both as tradesmen and for general service, are expected to withdraw many skilled workers from industry. To meet this additional pressure on the labor market, the Government has stimulated training in the Royal ordinance factories and the Admiralty, in the shops of employers, and in the technical colleges of the Nation. A program of short 8-week courses of technical training has been initiated at some 150 technical colleges, which are eventually expected to turn out about 50,000 trainees a year.

<sup>7</sup> Shipyard workers engaged in completing and repairing ships, who are transferred in the national interest to a district beyond daily travel distance from home, and who continue to maintain a home in the district from which they were transferred, receive--if they are married or are single and have similar responsibilities--an allowance of 3s. 6d. for each night they are retained in the area to which they have been transferred.

Men over 16 and women over 18 are eligible for admission and for Government training allowances. In addition, the Government has set up training arrangements in garages, maintenance shops, and other shops with unused capacity. When employers, in addition to undertaking the maximum amount of training required for their own needs, are willing to train additional workers for the Ministry of Labour, the Government furnishes the trainees through the employment exchanges and the employers furnish the instructors. The Government finances the plan by payment of training allowances to the workers and by reimbursing employers for salaries paid to instructors on the scale applicable at Government training centers. Moreover, when employers of toolroom craftsmen want to supplement their training in the floor of the shop by instruction in local technical institutions, the Government pays the training fee in approved cases; the employer, however, remains responsible for paying wages in such cases.

### Summary

When Great Britain entered the war, the temporary drop in employment caused by its dislocating effects was cushioned by the existing systems of unemployment insurance and assistance. To meet the further effects of rapidly moving events on the systems, broad emergency powers were given the Ministry of Labour to modify and suspend provisions of the laws, within certain limits. Moreover, Parliament passed new laws to meet new needs. The result was a substantial extension of coverage, a modification of eligibility provisions, substantial increases in benefits and allowances, and increased contributions. Further consequences have been a growing balance in the unemployment fund, which is expected to form a reserve to meet post-war contingencies, and a rapid decline in the amount expended on unemployment assistance. To round out the security system, the Government training program has been vitalized and extended. Thus, Great Britain has mobilized her entire employment security system, as part of her defense machinery, in organizing the Nation for the prosecution of the war.