

The amount of the pensions depends on the contributions paid and the length of the period during which paid.

To any one *permanently* incapacitated the pension increment already mentioned is granted from public funds.

Quite early a scheme for the prevention of invalidity came into existence as a part of the pensions scheme. Money from the pensions fund has been used to make various payments to hospitals, sanatoria, &c. The result has been to save a considerable amount by way of invalidity pensions.

A committee was set up in 1934 to inquire into the operation of the pensions scheme. The majority report recommends the separation of old-age pensions from invalidity pensions, the latter to be transferred to a voluntary sickness-insurance scheme. This is opposed by the minority report and by a number of organizations—*e.g.*, of workers—to whom the report was submitted.

2. OBJECTIVES OF A COMPULSORY NATIONAL INSURANCE SCHEME.

The case for the establishment of a compulsory national insurance scheme is based on the view that it is in the social interest that all citizens should be protected against the risk of destitution in old age and the hazards of sickness, invalidity, orphanhood, and widowhood; and that as far as possible provision should be made in such a way as to avoid any suggestion of charity or patronage.

A national scheme might be devised to cover—(1) superannuation, (2) widows' pensions, (3) orphans' pensions, (4) sickness allowances, (5) invalidity allowances, (6) children's allowances during the incapacity of the wage-earner. It is considered desirable also that any compulsory scheme should make some provision for maternity allowances, but the information available to the Committee is not sufficiently comprehensive to enable a reliable estimate to be made of the actuarial cost to different age-groups. Hence it is suggested that consideration should be deferred until more complete information can be obtained.

It is considered that medical and hospital attention should be provided for under a separate scheme, but that the financial machinery should be such as to cover the benefits under both pension and health schemes. Accordingly, consideration to an insurance scheme covering medical and hospital attention is given in Part II of this report.

The two schemes taken together would insure against most of the hazards facing the citizen. The hazard of unemployment, which is to many the most serious of all, is not considered in this report for two reasons. In the first place, unemployment is already provided for by taxation. In the second place, the changes in economic conditions of the past few years have been so great and future changes are likely to be so uncertain that there is no reliable basis on which the risks of unemployment can be actuarially determined. Hence it is considered better to defer the formulation of a scheme providing against unemployment by means of insurance until conditions have been stabilized for a period long enough to enable the risks to be determined with a reasonable measure of actuarial soundness. Meanwhile, it seems preferable to provide against unemployment by taxation of one form or another.

The above comments are without prejudice to the possibility that further investigation might lead to the conclusion that taxation was in any case to be preferred to insurance as a means of coping with the future unemployment problem.

A compulsory national scheme along the lines discussed below is justified on the grounds that—(a) The majority of wage-earners are not in a position to make adequate provision against these contingencies out of income in the absence of a national scheme; (b) even where their financial position enables them to do so, it is unlikely that the majority of wage-earners will make adequate provision through friendly societies, insurance companies, or the National Provident Fund; (c) a national scheme would enable a more adequate and comprehensive provision on the basis of a given cost to be made, and would provide a system of administration more convenient to the contributor. Hence it should be of advantage even to those who would normally make satisfactory provision in any case.