sonally appear to be normal in all respects, his occupation may be such that a higher rate is demanded. His occupation may be satisfactory and his physical conditions excellent, but his family history be bad and this will call for an extra premium. His own case may show symptoms which are, to the physician, signals for caution and this sub-standard makes a demand for extra cost.

Thus more and more it is being left to the medical staff of a company to determine what an applicant's premium shall be, rather than deciding simply whether the applicant shall be accepted as at least a good average risk or be rejected. This requires the very highest grade of professional skill and judgment as well as unimpeachable integrity in order that there may be no discrimination which the laws of nearly all the States prohibit.

STATE INSURANCE IN GREAT BRITAIN.

The problem of the relations of the State to social insurance continues to provoke widespread discussion in Great Britain. As is generally known, the Government are pledged to introduce a bill dealing with insurance against sickness and invalidity. That bill has been twice postponed, and some of the practical difficulties which have been encountered in approaching the subject were discussed in THE CHRONICLE of July 8, p. 987. Considerable attention is being devoted to that part of the problem dealing with the question of insurance against unemployment, and to this discussion a notable contribution was made at the recent meeting of the British Association at Sheffield, when Sir H. Llewellyn Smith read before the Economic Science and Statistics section a paper on "the perfection and further development of the methods of social insurance." Sir H. Llewellyn Smith is a distinguished civil servant, one of the high permanent officials, we believe, at the British Board of Trade, the department which took in hand recently the organization of Labour Exchanges and which would doubtless have the organization of any scheme of unemployment insurance undertaken by the State.

In the course of his address, Sir H. Llewellyn Smith outlined a new scheme of insurance against the unemployment evil. The crucial question from a practical point of view, he said, is whether it is possible to devise a scheme of insurance which, while nominally covering unemployment due to all causes other than those which can be definitely excluded, shall automatically discriminate as between the classes of unemployment for which insurance is or is not an appropriate remedy. We could, he continued, advance a step towards answering this crucial question by enumerating some of the essential characteristics of any unemployment insurance scheme, which seem to follow directly or by necessary implication from the conditions of the problem.

These essential characteristics Sir Hubert defined as follows:—

1. The scheme must be compulsory.
2. The scheme must be contributory.
3. There must be a maximum limit to the amount of benefit which can be drawn, both absolutely and in relation to the amount of contribution paid. Armed with this double weapon of a maximum limit to benefit and of a minimum contribution, the operation of the scheme itself will automatically exclude the loafer.
4. The scheme must avoid encouraging unemployment. It would be fatal to any scheme to offer compensation for unemployment at a rate approximating to that of ordinary wages.
5. For the same reason, it is essential to enlist the interest of all those engaged in the insured trades, whether as employers or as workmen, in reducing unemployment, by associating them with the scheme both as regards contribution and management.
6. The group of trades to which the scheme is to be applied must be a large one, and must extend throughout the United Kingdom, as it is essential that industrial mobility as between occupations and districts should not be unduly checked.
7. A State subvention and guarantee will be necessary, in addition to contributions from the trades affected, in order to give the necessary stability and security, and also to justify the amount of State control that will be necessary.
8. The scheme must aim at encouraging the regular employer and workman, and discriminating against casual engagements. Otherwise, it will be subject to the criticism of placing an undue burden on the regular for the benefit of the irregular members of the trade.

What is therefore contemplated by this scheme is a national contributory scheme of insurance universal in its operation within the limits of a large group of trades—a group so far as possible self-contained and carefully selected as favourable for the experiment, the funds being derived from compulsory contributions from all those engaged in these trades, with a subsidy and guarantee from the State, and the rules relating to benefit being so devised as to discriminate effectively against unemployment which is mainly due to personal defects, while giving a substantial allowance to those whose unemployment results from industrial causes beyond the control of the individual.

Is such a scheme practicable? This, in the opinion of Sir Hubert, is a question partly actuarial, partly administrative, and partly political. But so far as can be judged from such data as exist (and those data are admittedly imperfect and rest on a somewhat narrow basis), in his opinion a scheme framed on the lines indicated is actuarially possible, at least for such a group of trades as building, engineering and shipbuilding, that is to say, a reasonable scale of contributions will yield benefits substantial in amount and of sufficient duration to cover the bulk of the employment ordinarily met with in these trades. While the administrative difficulties would be great they would, in Sir Hubert's opinion, not be insuperable, if there were a general desire that the scheme should be brought into operation.

Sir Hubert's address and proposals are discussed in a lengthy leading article by the London Economist, which suggests that while there would be many, even among those who are most aware of the dangers of weakening individual responsibility by grandmotherly legislation, who would be in favour of the adoption of a scheme, which without weakening the workman's character or proving an undue burden upon the State would enable him to tide over periods of depression, the feasibility