

THE LABOUR PARTY

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750

Reports on

Building for Peace

and

National Health Insurance

To be presented by the Standing Joint Committee  
of Industrial Women's Organisations to the

NATIONAL CONFERENCE  
OF LABOUR WOMEN,  
CHELTENHAM

June 20, 21 and 22, 1934

Price 1d.

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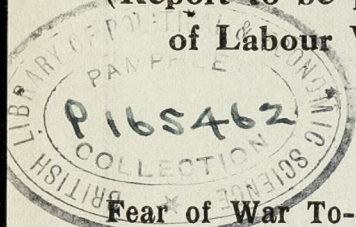
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Published by the Labour Party,  
Transport House, Smith Square,  
London, S.W.1



# BUILDING FOR PEACE

(Report to be presented to the National Conference  
of Labour Women, Cheltenham, June, 1934)



## I—INTRODUCTION

### Fear of War To-day

At the present time the conviction is growing in the minds of many people that the world is heading for war. The failure of the Disarmament Conference to secure any agreement to disarm, the unchecked aggression of Japan in China, the collapse of the World Economic Conference, the diminished prestige of the League of Nations, the militarism of the Fascist governments of Europe, the actual or threatened increases of armaments in country after country—all these facts have contributed to the belief that war is inevitable in the comparatively near future.

Yet the big majority of men and women in every country would agree that another war is the greatest disaster that could overtake the world. They realise that the work of the scientist since the last war had almost wiped out the distinction between soldier and civilian, and that in any future war the armed forces of one country must direct their attack on the civilian population of the enemy—and with weapons so deadly that the mind shrinks from contemplating the result of such warfare. Women instinctively protest against this senseless horror and destruction and desire passionately to prevent it.

It is not enough, however, if we want to protect civilisation from such disaster, to think only in terms of preventing war. We must plan how to build for peace. The two phrases do not mean exactly the same thing. Peace means more than the absence of war. It may be possible to devise machinery that will avert war at a point where the nations have drifted perilously near it; but peace will always be insecure, unless we plan to avoid the conflicts that to-day imperil peace, by rooting out their causes.

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## II—CAUSES OF INTERNATIONAL CONFLICT

### (A) PSYCHOLOGICAL

#### National Sentiment and Prejudices

The causes of war are not simple. To say that war is due to capitalism is to state a truth but not the whole truth. The institution of war is much older than the capitalist system; and while certain capitalist interests profit by war, there are other capitalist interests which as certainly lose by it. There are psychological as well as economic causes of international conflict. The capitalist with investments in a foreign country expects his own government to protect his investments, if need be, with armed forces. These private investments become "national interests." But a government can go to war to defend them only if it can mass its citizens behind it. This mass support has usually been secured in the past because of the existence of fears and prejudices in the minds of ordinary citizens; fears and prejudices which in their origin have no connection with the "interests" which have provoked the war. They may be inherited from centuries of national, racial or religious antagonism; and they are always associated with the desire that is instinctive to almost every citizen to stand by the community of which he is a member, and to secure its defence against actual or potential enemies.

#### Desire for Security

Even to-day many people in every country assume that the only way to ensure defence is to have a strong army or a powerful navy. France, for example, with an extensive land frontier, emphasises the importance of an army; Britain, an island country, dependent on overseas trade and possessing a large overseas empire, relies on a powerful navy. Men and women have been willing to pay for heavy armaments and to use them to settle their national quarrels, not because they want to kill or be killed, not because they prefer war to peace, but because they desire the *security* of their own country above everything else—even above peace.

### (B) ECONOMIC

Psychological factors, therefore, are of great importance in promoting war and a constructive peace policy must take

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account of them. But in the modern world the economic causes of international conflict become more and more important.

### Capitalist Competition

(1) The capitalist system of producing and distributing wealth creates conflicts which are a constant threat to peace. Capitalism depends on an unequal distribution of wealth. The surplus incomes of those who live by owning must find investment, and since the limited buying power of the mass of the workers limits the possibilities of profitable investment at home, investment is sought abroad. Capital goes to backward countries first of all to exploit their raw materials; secondly, to develop new markets for the goods which are being turned out by improved methods and machines too quickly to be absorbed in the home market; and, finally, if cheap labour is available and there is the promise of greater profits, to develop manufacturing industries.

These economic developments produce international friction. The industrial country may conquer the undeveloped country—as Britain conquered India—and incur the hostility of other countries which have not gained such a prize. Or several industrial countries may stake out claims in the same country—as several Powers have done in China—and a time comes when their “interests” clash. The reason of to-day’s troubles in the Far East is that Japan feels strong enough to challenge the other countries which have formerly shared with her the exploitation of China.

Japan’s attitude is determined not only by her need for markets for her growing industries, but by her need for territory for her rapidly expanding population. The desire to acquire new land to relieve the pressure of population has frequently led to the development of an aggressive militarism such as we see to-day in Japan, and provoked international conflict.

In backward countries where exploitation has taken place by conquest or financial penetration, dividends have been built up on cheap native labour, which is a weapon in the hands of employers in the highly organised countries to resist further improvements in working conditions and to

lower existing standards. With the development of political consciousness and education among the populations thus exploited in America, Africa and Asia, discontent with their political and economic status has grown. If their demands for a better status are not met, there is danger of a more serious conflict in the future between the white and coloured races.

The growth of industries in the backward countries closes a market to the older industrial countries (which originally provided the capital for this growth) and intensifies the competition in the remaining markets of the world. Then as more and more countries want to sell, and fewer want to buy, tariffs and other trade restrictions are imposed by one country after another, adding to the rivalry and hostility of nations.

Governments can also use their currencies in this trade war. The fall in value of the Japanese yen as well as her low wage standards and more efficient organisation have enabled Japanese manufacturers to flood the markets of the world with cheap goods of all kinds—shirts, fountain pens, bicycles, &c. The fall in value of the British pound (*i.e.*, when Britain left the gold standard) meant that British goods became cheaper in terms of dollars, francs and other money, and so found buyers in the world markets more readily than similar German or French or American goods. That was good for British trade, but not so good for international friendship, and other countries accused us of “dumping”—a word, of course, which in this country is associated only with the practices of wicked foreigners.

### Capitalist Appeals to National Sentiment

(2) The capitalist system not only involves economic warfare, it tends to perpetuate rather than weaken the psychological causes of international conflict. The conflicts of capitalism are not between peoples but between different groups of financiers and industrialists, all of whom must enlist popular support in their respective countries. So they are the most powerful factor in exploiting the fears and prejudices and national sentiment of the masses. The real interest of the workers is to regard the world as one economic unit, each part of which can contribute to the common needs. But the division of the world, economically



*interdependent*, into *independent* political units known as states, helps those interests, which profit by rivalry, to keep the world divided and suspicious, by appeals to national sentiment.

For example, the real interest of the farmer in the Middle West of America is to be able to sell his wheat in Europe and elsewhere. If wheat leaves America goods must go into America in exchange. But American manufacturers do not like manufactured goods to come into America since this decreases their profits, so they persuade their government to increase tariffs. Tariffs hamper trade and add to the difficulty of the farmer in selling his wheat outside America. His livelihood depends on economic *internationalism*, yet his support has generally been won for the policy of economic *nationalism* that destroys it, because powerful economic interests have exploited his national sentiment as a member of the political unit known as the United States of America.

The success of Hitler's appeal to German national sentiment and pride has enabled certain industrial groups to consolidate their power over the German workers, behind the façade of patriotism.

Every country can provide examples of the influence of certain economic interests in promoting and maintaining national suspicion and fears. The most obvious is the influence of firms which make profit out of the manufacture of armaments. But we must remember that peace is made insecure because there is profit to be made from exploiting the necessities of life as well as from armaments.

### III—PREVENTION OF WAR

Because economic conflict is inevitable in a capitalist system, must we take the view that war also is inevitable, or can we so organise international relations as to avert war?

The best guarantee of world peace is the growth of Socialism and the establishment of Socialist governments in more and more countries, for to abandon the pursuit of private profit is to eliminate the most fruitful source of friction in the world. Every step forward towards Socialism is, therefore, a step on the road to peace. But there are steps that can be taken now, even while the world is still con-

trolled almost entirely by capitalist governments, which, by striking at the psychological and economic causes of conflict, would eliminate the danger of war and lay the foundations of a peace system. These steps will also lead towards Socialism.

Our aim must be (a) the creation of a political system which will guarantee security to every country, and (b) the development of continuous co-operation on all those economic questions which affect the welfare of all countries.

### The League of Nations

Our immediate policy should centre round the League of Nations and the machinery it has established for the organisation of peace. Some people argue that the League is a failure because after fourteen years nations still have mutual suspicions and antagonisms. But the case for the League is not that the existence of a particular organisation will suddenly change the hearts of nations and wipe out all quarrels. Within communities much more united in outlook than the whole world of nations—within families even—quarrels frequently arise. International misunderstandings and disputes will persist for a long time, but no dispute between nations needs a war to settle it. That is the argument for the League.

The purpose of the League is “to promote international co-operation and to achieve international peace and security.” Its members pledge themselves not to resort to war; to submit their disputes to pacific methods of settlement; to uphold international law; to take action together against any nation that breaks the law by going to war in defiance of its pledges; and to formulate plans for reducing armaments.

These pledges have not always been fulfilled—not because they embody wrong principles, but because certain Governments have been weak in their support of them.

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We should, therefore, try to strengthen the League system in the following directions:—

(1) **Russia and the United States of America.**—Both these countries have played an important part in many League activities though they are not members. Russia seems



likely to seek membership before long, and we should do everything possible to hasten this step. There is, meantime, no likelihood of the United States applying for membership, but we should aim at securing her close and continuous co-operation with the League in the organisation of peace and security.

**(2) Renunciation of War and Pacific Settlement of Disputes.**

—The obligation prescribed by the League Covenant not to go to war and to settle disputes by pacific means is the foundation of international law. It means that each nation gives up the right to be judge in its own quarrels. The Covenant, however, still made war possible without a breach of the law, in certain special circumstances. The Kellogg Pact of 1928 closed this gap by pledging the nations which adhered to it to complete renunciation of the right to go to war. The Labour Government in 1929 proposed to amend the Covenant so as to bring it into line with the Kellogg Pact, and we must continue to press these amendments which have not yet been adopted.

Again, though the League Covenant established a Court of International Justice, it was not made compulsory at first to refer disputes to it. Since then, as a result of the lead given by the Labour Government in 1929 and 1930, most of the League members—by signing the “Optional Clause”—have agreed to refer all legal disputes to the Court (that is, disputes concerning the interpretation of a treaty or any question of international law); and more than half of the members—by signing the General Act for the Pacific Settlement of Disputes—have agreed to “compulsory arbitration” for all other disputes. We should aim at securing the acceptance of the “Optional Clause” and the “General Act” by all nations.

**(3) The Maintenance of International Law.**—There can be no security unless there is confidence that the law will be upheld and law-breaking dealt with. If in any country those who keep the law and those who break it were treated on equal terms, there would be no law, but anarchy. That is, however, the doctrine that the present Government put forward in regard to the war between Japan and China. After Japan was declared guilty by the League Council of a

violation of the law, Sir John Simon said in the House of Commons that this country was neutral and must treat the two countries on equal terms. Britain's attitude was a blow to the authority of the League and was largely responsible for its failure to take action against Japan. This failure shook confidence in the value of the League guarantees of security and damaged the prospects of disarmament. Nations which have hitherto relied on arms must have confidence that there is security in the new collective system before they can be persuaded to disarm. “The League took no action against Japan,” they now argue, “it did nothing to help China. Unless we can be certain of help if we are attacked, we shall keep our arms.”

The League Covenant provides for financial, economic, and, in the last resort, even military action against a law-breaking country. There is, however, no clear definition of what is an act of aggression. The procedure which has to be followed does not ensure speedy action in every case. The rule that the League Council can act in certain circumstances only if it is unanimous can prevent action if a country guilty of aggression has the support of even one other country which is represented on the Council.

We should try to secure a simple definition of what constitutes “aggression,” and any improvements in the existing provisions of the Covenant which—to quote from the pamphlet *Labour's Foreign Policy*—would “ensure that the responsibility of an aggressor can be speedily determined, and that action to uphold the law shall be prompt, universal and effective.”

**(4) Disarmament by Agreement.**—The maintenance of the League system of collective security depends on progressive disarmament. We must, therefore, press for a disarmament convention based on substantial, all-round reduction of arms, the abolition of all weapons forbidden after the war to the defeated countries, the abolition of military and naval aircraft, the international control of civil aviation, and the appointment of a permanent disarmament commission, which would see that all measures of disarmament agreed to are carried out in every country. A convention based on a more limited programme would help to allay the fear and suspicion which is increasing week



by week at the present time ; but a convention to provide a satisfactory basis for the maintenance of peace must give effect to all these demands, which constitute a first step towards the total abolition of armaments.

Even if we leave aside all the moral arguments against the use of force, the practical arguments for disarmament grow stronger every day. The cost of armaments creates an intolerable burden on the taxpayers of every country. Further, the trade of war, like other trades, has been rationalised, and with every "improvement" in the weapons of war, they become less and less useful to defend us against an enemy, more and more suited for attacking purposes only. No conceivable increase of armaments could protect London against a sudden attack from the air by an enemy, and it is no consolation that we might be able to wipe out the enemy's capital while he is wiping out ours. In these circumstances there is no safety except in a collective agreement by all nations to guarantee the security of each, and to disarm. The new fears and new dangers created by the possibilities of aerial warfare make the abolition of naval and military aircraft the crux of the problem of a real disarmament agreement.

**(5) Private Profit in Armaments.**—It is vital that a disarmament convention should provide for the complete abolition of profit from the manufacture of arms or the trade in arms. This vested interest is a powerful influence in fomenting suspicion and jealousy, and agents of armaments firms are always on the spot when there is rumour of friction—and they sell their goods with complete impartiality to both sides. As international tension has increased during the past year we have seen armaments shares increase in value. The League Covenant condemns private profit in armaments, and we must seek to wipe out this evil as speedily as possible.

#### **The Cost of the League**

A consistent attack has been made for years on the whole principle of a collective peace system by certain sections of reactionary opinion in this country. They have attacked the League on the ground of its cost at the same time as they have demanded a heavier expenditure on armaments.

The League Budget for 1933-34 amounted to nearly 31,000,000 Swiss francs which, in gold, is the equivalent of £1,223,110, or at present, when we are "off the gold standard," £1,893,820. The cost is shared among fifty countries. Last year the cost of armaments in the world was over £1,000 millions.

From the beginning of the League in 1920 to the end of 1933, the League cost Britain £1,400,000. We were spending that amount on war every five hours at the beginning of 1917.

Last year the League cost Britain £170,000. Last year armaments cost us over £108 millions.

Last year 3s. 1d. out of every £1 of our national revenue was spent on armaments, while less than the fourth part of a farthing out of every £1 was spent on the League.

A man or woman whose income tax amounts to £20 per year contributes £3 1s. 8d. for armaments and less than 1½d. for the League.

A housewife who buys 1 lb. of Indian tea (on which the tax is 2d.) every week contributes 1s. 4d. in a year for armaments, and something like the fortieth part of a farthing for the League !

#### **The Policy of Isolation**

Those who attack the League because of its cost also complain that its "entanglements" may involve us in a war "which is no concern of ours." They, therefore, preach a policy of isolation in international affairs. They do not oppose war as an institution, only a war that is not "our" war. In July, 1914, when war broke out in Central Europe, it did not seem to be "our" war. But we were very swiftly involved in it, though no League commitments existed then. There can be no safety in isolation ; no safety in the right to be neutral in other people's quarrels. The right to be neutral means, of course, the right to go to war—when it happens to suit us. And as the isolationists want to be heavily armed the right to go to war is one they obviously mean to use. "Isolation" would mean the destruction of all co-operative effort, a plunge into an armaments race which would bring the world swiftly to war.

Moreover, in the world to-day isolation is not a workable policy for any State. Countries like the United States of



America and Russia, which decided to remain outside the League have been drawn into its activities because their interdependence with the rest of the world has made it impossible for them to remain outside any effort at international co-operation on a large scale.

We must reject emphatically the idea of the isolationists that we should be indifferent to any war in any part of the world. Questions of peace and war and the causes of war are the collective concern of all nations, and a nation which comes inside the collective peace system gives up the right to be "neutral" in other people's quarrels, as well as the right to be judge in her own.

#### **A Peace Act of Parliament**

This conception of world peace as a *collective* responsibility in which the citizens of every nation must play their part will help us to steer clear of a purely negative attitude towards the prevention of war. It is not enough to get individual pledges to take no part in war, or to frame policies for action when war has broken out. Our main effort must be constructive—to build a collective peace system strong enough not only to prevent the outbreak of war, but also to remove its causes, and to plan a policy by which Britain could lead in this effort, through the family of nations.

It would help every citizen to understand his international obligations as a member of a country belonging to the League if all the pledges which Britain has given through the League and its various pacts and treaties, to renounce war, to settle disputes peacefully, and to maintain international law, were set down clearly in our own national laws. A Peace Act\* passed by our own Parliament embodying all these pledges would bind succeeding Governments to stand by them, so that no Government in future could declare war without breaking its own national laws; and it would bring home to individuals a realisation of their membership of a world community, and their duty to uphold its law as part of the national law of their country.

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\* See *Labour's Foreign Policy* (pp. 19-20). By Rt. Hon. Arthur Henderson, M.P.

#### **IV—INTERNATIONAL CO-OPERATION**

The League exists to promote "international co-operation" as well as "to achieve international peace and security." We have discussed the need for the political co-operation of governments to prevent war and achieve security, but unless active co-operation is extended to the economic field, peace will be constantly endangered through economic conflict.

#### **The World Economic Conference**

The chances of developing co-operation immediately have been lessened because of the failure of the World Economic Conference which was held in 1933. Though an immense amount of work had been done beforehand to collect the facts and information on which discussions could take place on a wide range of financial and economic questions, there had not been sufficient preparation, and the conditions under which the Conference finally met added to its already immense difficulties.

The effect of the world-wide economic depression had been to cut down international trade and create more and more intense competition among exporting countries for a larger slice of the remaining trade. Governments, therefore, had been thinking more and more of purely national policies and of the adoption of measures which would secure their own advantage at the expense of the rest of the world, so that the Conference met in an atmosphere of heightened suspicion and rivalry.

Even under these circumstances, however, the Conference might have yielded practical results of great value if the British Government had given the necessary lead. Great Britain is still the greatest trading country in the world, she is still the world's financial centre, and a courageous and constructive lead from her would have done much to secure agreement on questions of finance and trade, which would have helped very considerably to restore confidence and so to stimulate trade and reduce unemployment.

#### **The Purpose of Economic Co-operation**

What should be the purpose of economic co-operation between nations? While we believe that every country



should organise its own resources as fully as possible, we do not seek a policy of national self-sufficiency for such a policy would not really secure the best results. We only know what is the best way to use our own country's resources by a comparison with those of other countries. Different countries are differently provided with the mineral wealth, raw materials and foodstuffs which the whole world needs; are differently equipped for agriculture or industry. The aim of the economic co-operation we desire should be the development in each country of the type of productive activity best suited to its soil and climate and the skill and tastes of its people, and a fair and reasonable distribution of the agricultural and mineral products of the world. To achieve such a degree of co-operative planning will take a long time, and will need a great deal of preparatory work.

#### **A Survey of World Needs**

As a beginning we should try to get through the International Labour Office and the Economic Section of the League a survey of world needs of essential commodities. When coffee and wheat are burned many people take it for granted that there has been "over-production" in the world, but it should be impossible to talk of over-production while the peoples of many countries live constantly on the margin of existence. More is produced than people can buy, but if everyone in every country could buy all they need for a reasonable standard of life, we should probably find that in respect of most commodities there is not enough to go round, though, as things are, we talk of surplus.

The facts revealed by such a survey would help greatly to strengthen the growing demand for international planning to raise standards of life throughout the world and so secure a fair distribution of what is produced, and prevent hunger. The possibility of international effort on this scale is suggested in the last Annual Report of the Director of the International Labour Office, which says: "Can the consuming power of the masses in Asia and Africa be raised by international economic action, so as to augment the world demand for what its industry can so readily supply?" Though this may seem a distant possibility, the Report points out that it is not irrelevant to present economic

conditions nor to the business of the International Labour Organisation.

#### **Empire as a Barrier to Co-operation**

Effective economic co-operation requires a changed policy on the part of those countries which possess vast colonies in other continents. Some of these countries have excluded other countries from access to the raw materials which their colonies possess. Others have tried to preserve their colonies as closed markets for their own manufactured goods. So long as a big imperial power insists on exclusive rights in certain parts of the world or tolerates conditions of life for her subject peoples which would not be tolerated at home, there will be a barrier to international co-operation.

The way out lies in the application of the colonial policy of the Labour Party which declares the right of all nations to complete equality for trade in those parts of the British Empire which have not achieved self-government, and rejects the idea that any British colony should be reserved for exploitation by British traders and capitalists. The Labour Party is also pledged to take all the necessary steps towards self-government in all its colonies and is prepared to accept the supervision and scrutiny of the Mandates Commission of the League of Nations to see that the welfare of the native peoples is safeguarded.

It should be noted that the attempts at Ottawa to put a ring fence round the Empire and to shut it off as an economic unit from the rest of the world have added to the difficulties of promoting international co-operation.

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Our immediate policy should aim at establishing as soon as possible some method of regular consultation and co-operation on the following questions:—

(1) **The Production and Distribution of Wheat and other Commodities.**—At the World Economic Conference proposals were discussed for curtailing the production and export of certain commodities which had slumped heavily in price, *e.g.*, wheat, coffee, cocoa, tea, sugar, timber, &c., but no agreements were reached except in the case of wheat. The wheat agreement was designed to raise prices and restore profits by restricting production, instead of by



enabling more people to buy. This is the purpose of all capitalist agreements to control output as we have seen in the recent agreement among rubber producers.

Through the economic section of the League we should develop some method of securing *regular* discussion and consultation with a view to regulating the production and the distribution of basic raw materials in relation to the needs of the various countries.

**(2) International Investment and Loans.**—There is as strong a case for the control of international investments as for the control of investments at home by a National Investment Board. The aim of control would be to secure that there should not be "over investment" in certain areas or certain commodities with a view to immediate profit, while in other areas resources are left undeveloped because the hope of profit seems more remote. International control would also seek to prevent unjust conditions of work from being imposed by groups of investors on the populations of backward or undeveloped countries. International loans to help governments in difficulties should also be controlled so that no private financial group should be allowed to dictate in its own interests the economic policy of the country that is being helped. Such control is particularly necessary in the case of loans to backward countries.

**(3) Currency.**—Hitherto the money of most countries has been valued in terms of gold. The British pound, the American dollar and the French franc have each been worth so much gold. So long as their value was fixed in this way (that is, on the Gold Standard) they had fixed values in relation to each other; so many francs or dollars were equal to a pound. But the Gold Standard has broken down completely. Some countries are "on gold" (e.g., France and Holland); some countries are "off gold" (e.g., U.S.A. and Britain). This means that we are no longer sure how many dollars or francs the pound will be worth from week to week, and the uncertainty thus created hinders trade.

We should try to get an international agreement on money questions which will make the value of the money of every country stable both at home and abroad, so that from week to week we shall always be sure that our pound

will buy the same amount of goods here, and roughly the same amount of goods in America or France. It will probably be necessary to adopt some other measure than gold when the nations get down to discussion. We must aim at a measure of value that will prevent sudden jumps in prices which undermine confidence and injure trade.

**(4) Tariffs.**—We must also try by agreement to get all round reduction in tariffs and the abolition of the numerous trade restrictions which have been imposed in country after country during the past few years, and as a result of which trade throughout the world has gone from bad to worse.

The World Economic Conference of 1927 reported emphatically against tariffs. In 1930 a tariff truce was recommended for a period of two years, but as the depression which had already begun progressed and deepened most countries refused to ratify it. So instead of a tariff truce, a tariff war began. Tariffs make it more difficult for us to find customers abroad for what we want to see, for we still want to sell. It is curious that the keenest tariff advocate who does not want to buy anything from abroad is still anxious to sell abroad, but we cannot be sellers unless we are also buyers, for trade really means an exchange of goods for goods.

The excuse frequently given for imposing or raising tariffs is that they will check the competition of cheap goods produced by sweated labour in other countries. Tariffs are no solution to this problem. The way to meet it is to press for an international standard of working conditions, and then to secure by international agreement a complete boycott of goods produced in any country which fails to observe the standard.

**(5) Reparations and War Debts.**—The financial difficulties and the growing restrictions in trade from which the world has suffered since the war are partly due to reparations and war debts. One nation can pay a debt to another only by sending it goods or gold; but the creditor nation finds that the goods it receives increase unemployment amongst its own people, and so higher tariffs are demanded; while the piling up of gold in a few countries does those countries



no good, and makes the world financial muddle worse than it was before. From the beginning the Labour Movement opposed the policy of demanding reparations from the nations defeated in the war, and, though payment is now suspended, we believe complete cancellation to be the only way to remove finally the effects of this evil legacy of the Peace Treaties. War Debt payments are almost equally harmful to creditors and debtors, and cancellation would be a step towards world economic sanity. Co-operation between the nations concerned with a will to deal finally and speedily with these two related questions is essential.

(6) **Unemployment.**—We should also aim at international co-operation to promote necessary public works as a method of stimulating purchasing power and restoring industry. There are certain forms of public works which, of course, could only be treated nationally in each country, but recent developments (*e.g.*, of transport and electricity) open up the possibility of public works on an international scale, and, if they are to be carried out at all, require co-operative action. Through the International Labour Office a comprehensive review on *Unemployment and Public Works* was published in 1931. The proposals contained in it formed the basis of a discussion at the World Economic Conference last year and were supported by the United States of America, France, and certain other countries, but the British Government rejected them.

(7) **A Minimum Standard of Working Conditions.**—We require to create by international agreement a minimum standard of conditions of work throughout the world so that when goods are exchanged between one country and another there will be no danger of one having an advantage over another because of sweated labour. If we could level up working conditions in some of the countries where standards are much lower than here it would not only prevent the danger of unfair competition, but it would make it easier for the workers in those countries to buy our goods. The International Labour Office has carried out comprehensive surveys of industrial conditions and conditions of labour in many countries so that information is available on which we could proceed to raise standards of working conditions throughout the world.

A minimum standard does not imply the adoption of the same scale of money wages in every country since differences of climate, for example, mean different minimum needs. The worker in a tropical country requires less for fuel and clothing than the worker in Northern Europe. What we must aim at is the building up by organised workers in all countries of their own standards for a reasonable life.

The symbol of the international equality of the workers is the demand for a common working day or working week, rather than the rate of money wages. Even in regard to the working week it may be necessary, because of differences of climate and differences between agricultural and industrial occupations, to have variations and adjustments in the application of it. What we want is a universal **forty hours week** with adjustments where necessary so long as the working week averages no more than forty hours.

The Peace Treaty of 1919 set up, as part of the League of Nations, an International Labour Office whose purpose was to establish humane conditions of labour throughout the world. Since then thirty-three conventions have been passed by its conferences; some of them important for the welfare of all workers, the rest for some sections of workers. But the list of ratifications of some of the more important conventions is disappointing and our own country's record is not a matter for pride. Because of Britain's importance as an industrial country her lead is often followed by many other countries. A lead from us in the ratification of all international conventions designed to level up conditions of labour would certainly be followed by other countries.

At its first conference in 1919 the International Labour Office adopted a convention for a forty-eight hours week. This convention has been ratified by nineteen governments; so far, not by the British Government. In 1933, when the Annual Conference of the International Labour Office discussed a proposal for an international forty hours week, the British Government opposed it. With the return of a Labour Government Britain would come into line with those countries which support the forty hours week.

(8) **Health, Social and Cultural Questions.**—The extent and value of the work already achieved by international collaboration in these fields, through the League Committees



on health, social questions and intellectual co-operation, is very little known. In efforts to overcome diseases like malaria, cholera and plague which afflict certain parts of the world, or to wipe out social evils like the traffic in women and children, or to make scientific and other knowledge more easily available throughout the world, experts of all nationalities have met together, have discussed and planned, without distinction of race—with no more consciousness of “national boundaries” than the disease germ they were intent on mastering. This fact confirms our belief that the peoples, too, will co-operate in friendliness on all questions of common interest, when barriers of ignorance and fear are broken down.

We should support in the fullest way the extension of these activities, which so closely concern the welfare of all nations.

#### **V—A SOCIALIST GOVERNMENT AND THE LEAGUE**

While the need for a policy such as we have outlined becomes more urgent, the value of the League of Nations as a means of achieving it is frequently questioned on the ground that it is a League of capitalist states, and that it is futile for a Socialist Government to take any part in its work. How, it is asked, can any basis of agreement exist among nations which are sharply divided in their ideas of social justice and the purposes of government?

#### **The League as the Basis of Co-operation**

We contend on the other hand that a Socialist Government pledged to the ideals of peace and co-operation must make use of the League as the best instrument to further these aims. We believe in using existing political institutions to establish the kind of society we want in our own country. We use the Local Councils and we use Parliament. We do not boycott these bodies until we have a complete majority. London would not be under Labour administration to-day had the first elected Labour Councillors said: “We shall not take part in the work of the L.C.C. as we are in a minority.”

So, too, we regard the League not as an institution to be used only when the capitalist system has been finally destroyed, but as an instrument through which we can help to destroy the system. For the principle of co-operation

between nations is itself a challenge to some of the fundamental assumptions of capitalist society; for example, the absolute right of every nation to plan its own policy without reference to other countries which may be affected—and injured—by it. Every advance in co-operation is an encroachment on this right.

We should try to secure united action *within the League* among all Socialist Governments (and there are several Socialist Governments taking part in the League at present) and other democratic governments willing to give their support to proposals such as we have described for extending the field of international co-operation.

The presence in the League of Governments whose policy we detest, as we detest, for example, the policy of the present Government of Germany, is not a reason for altering our policy. The sense of isolation and inferiority which the German people felt for years after the war created the atmosphere in which Hitler's propaganda won ready support. If we say we shall have nothing to do with a League of which Germany is a member, we shall help to intensify the spirit of nationalism among the German people and strengthen their support of Hitler. With the German people we have no quarrel, and we should do nothing that will make their co-operation in the family of nations more difficult when democracy and free institutions arise again in Germany.

#### **A Labour Government's Lead**

We are aware of the many difficulties that must be overcome in our work of building for peace. World problems become more complex as nations grow more dependent on each other for the means of existence. Mechanical developments, which at first promised to bring nations together in closer understanding, can be used for opposite purposes. In recent months, for example, we have seen broadcasting used to inflame bad feeling between Germany and Austria and between Poland and Germany.

Further, experience in many countries during the industrial depression points to the conclusion that in times of acute distress people can be persuaded more easily to think of their differences from other nations than of their common interests, and to support purely national rather



than international policies. This tendency is a check to co-operation. The worst of a "National" Government is just the fact that it is *national* at a time when *international* vision and policies are needed. The present National Government in Britain has thrown its influence against real international co-operation; it has failed to give a lead on disarmament, on the dispute in the Far East, or on any of the economic questions that so urgently require co-operative action. But the League is what Governments make it, and we believe that the influence of a Labour Government at Geneva will give a new direction to international affairs, just as in 1929 our Labour Government gave a lead in trying to amend the League Covenant so as to bring it into line with the Kellogg Pact, and in signing the Optional Clause and in other proposals for making the League a better instrument for co-operation.

#### VI—THE WORKERS' INTERNATIONAL ORGANISATIONS

The workers' own organisations have a big part to play in organising the world for peace. We must, therefore, strengthen the international organisations of the Co-operative, Trade Union and Socialist Movements so that they will be more effective in advancing our ideals of peace and co-operation. The Trade Union Movements of the various countries are united in the International Federation of Trade Unions which has a Women's Advisory Committee to link up the organised women workers of the different countries. The Labour and Socialist International links together the Labour and Socialist Parties throughout the world and it, too, has a Women's Advisory Committee. There is also an International Co-operative Movement, within which the Co-operative Guildswomen have their own organisation. There are other organisations like the Workers' Travel Association, the International Youth Sports Association and the International People's College in Denmark which can help to develop better understanding between nations.

Workers from many countries meet from time to time at conferences called by their own international organisations; and while we recognise the value of such conferences, we also believe it to be of utmost importance that every possible step should be taken to forge more and more personal

links between the workers of different countries by creating new opportunities for contacts.

Our own women's organisations—Labour, Co-operative and Trade Union—might consider the idea of establishing funds to make possible exchange visits between rank and file members in different countries. The International Trade Union Movement might also consider the possibility of sending experienced trade unionists to help the workers of backward countries to build up trade union organisation. Such an arrangement would benefit the workers both in the backward countries and in the countries which have good trade union organisation by helping to overcome the ignorance and inter-racial antagonism which exist to-day.

#### VII—EDUCATION FOR PEACE

The purpose of this statement is to show how, by using—and improving—the machinery of the League of Nations we can organise peace on a secure basis; and to indicate the wide field over which international co-operation ought to be developed in order to strike at the causes of conflict between nations. "International co-operation," the first words of the League Covenant, ought indeed to be the primary purpose of the League, since the abolition of hostility depends finally on cementing the interests of nations upon their common constructive problems. Regular, continuous co-operation should be a normal feature of international relations, not something exceptional, which nations are prepared to try, as a last resort, when a crisis has developed.

It is important that boys and girls should grow up to regard such co-operation as normal. We should try in our schools to explain the simple facts of the interdependence of the world. Some Education Authorities, by establishing a Peace Day in their schools, have given an opportunity for talks on international friendship and co-operation on a special day. This suggestion should be copied throughout the country; but we should also try to ensure that in the ordinary school curriculum, *e.g.*, in connection with the teaching of history and citizenship, the fact of our dependence on other countries is presented concretely to our boys and girls. If the citizens of to-day have been slow to learn the need for international co-operation, we should see to it that the citizens of to-morrow are better equipped to be builders for peace.



# NATIONAL HEALTH INSURANCE

Report to be presented to the National Conference  
of Labour Women, 1934

The first National Health Insurance Act was placed on the Statute Book in December, 1911, and came into operation in July, 1912. Since then a large number of amending Acts have been passed, the most recent being the Act of 1932.

The various Acts by themselves do not tell the complete story of National Health Insurance which has to be read also in the large number of Statutory Regulations and Orders made under the Acts by the Ministry of Health, for the guidance of organisations and officials responsible for the administration of the system.

## I—THE ACT OF 1911

The original Act made Health Insurance compulsory for all manual workers whatever their earnings, and for all non-manual workers earning under £160 a year. Persons between sixteen and seventy were included. There were certain exempted persons, and certain excepted occupations (*e.g.*, teachers, civil servants, &c.), and a class of voluntary contributors was created.

Contributions were payable weekly in respect of insured persons, employer and worker each paying a share. The State was pledged to a yearly contribution equal to two-ninths (men) and one-fourth (women) of the annual cost of all benefits and administrative expenses of the societies through which the scheme was worked.

Supervision of the whole scheme was in the hands of Insurance Commissioners. The Administration of cash benefits was placed in the hands of Approved Societies and administration of medical benefit in the hands of Insurance Committees which were created in all counties and county

boroughs in England and Wales, and in all counties and the larger boroughs in Scotland. They were composed of representatives of Approved Societies, Insurance Commissioners, panel doctors, and local authorities.

Cash benefits were paid for twenty-six weeks of sickness and disablement benefit was payable thereafter. A cash maternity benefit was also established. Medical benefit entitled insured workers to the services of a doctor and to medicine prescribed by him. There was a free choice of any doctor on the panel. Additional benefits might be paid at the end of five years by an Approved Society which had a surplus on its funds when valuation took place.

## II—THE PRESENT POSITION

(1) **Persons Included.**—In 1919, the income limit was raised to £250 per year for non-manual workers and it remains at that figure to-day. When the Contributory Pensions Act came into operation in January, 1926, insurance ceased at sixty-five instead of seventy. To-day, therefore, persons between sixteen and sixty-five are included. The provision for exemption still continues, but the number of exempted persons is very small. The provision for excepted persons also continues, civil servants and the other excepted classes being still outside the scheme.

The provisions regarding voluntary contributors were altered in 1918. From that year only persons who had been in insurance for a period and had ceased to be insured could be admitted as voluntary contributors. Voluntary contributors cannot now be accepted unless they enrol in that class immediately on ceasing insured employment.

(2) **Contributions.**—In 1920, contributions were raised to 10d. for men and 9d. for women, the employer paying 5d. in respect of both men and women, an insured man contributing 5d. and an insured woman 4d. Health Insurance contributions were revised in 1926, but the new contributions for pensions became payable along with them. The total Health and Pensions contribution to-day is as follows:—

	Worker	Employer	Total	
Man .. .. .	9d.	9d.	1/6	{ 9d., Health 9d., Pensions
Total .. .. .	7d.	6d.	1/1	{ 8½d., Health 4½d., Pensions



(3) **State Contribution.**—In 1925 the Economy Act reduced the Government's contribution from two-ninths (men) to one-seventh, and from one-fourth (women) to one-fifth of the annual cost. This is the proportion contributed by the State to-day to all societies on their approved expenditure. The reduction has meant an annual loss to the Health Insurance Fund of about £2,800,000.

(4) **Administration.**—The whole system is now under the control of the Ministry of Health in England and Wales, and the Department of Health in Scotland. The administration of cash benefits and medical benefits is still under the control of Approved Societies and Local Insurance Committees. The most recent available figures as to the distribution of the membership of the various types of Approved Societies are as follows :—

Industrial Assurance Societies .. ..	7,429,593
Friendly Societies .. ..	6,471,069
Trade Unions .. ..	1,208,709
Employers' Provident Funds .. ..	112,772
<b>Total .. ..</b>	<b>15,222,143</b>

Only 8 per cent. of the 15,220,000 insured workers are members of Trade Union Approved Societies.

#### (5) Benefits

- (a) **Sickness Benefit.**—In 1920 rates of benefit were raised to 15s. for men and 12s. for women with a maximum period of twenty-six weeks. The Act of 1932 reduced the rate for married women to 10s.
- (b) **Disablement Benefit.**—In 1920 the rates were raised to 7s. 6d. for men and 7s. 6d. for all women. Women's rates were reduced in 1932 to 6s. for single women and 5s. for married women.
- (c) **Maternity Benefit.**—Since 1920 the allowance has been 40s.
- (d) **Additional Benefits.**—Various additional benefits have been established by Societies which have had a surplus on the valuation of their funds at the end of each five-yearly period. These benefits take the form of increases in the normal cash benefits, or of some contribution towards the cost of various forms of special treatment, *e.g.*, dental, optical, hospital, surgical, convalescent home, &c. Some Societies have adopted as a new additional benefit the payment in whole or part of the arrears of their unemployed members.

### III—THE ACT OF 1932

#### Women's Benefits

The National Health Insurance and Contributory Pensions Act of 1932 has, as we have seen above, reduced the sickness benefit of married women and the disablement benefit both of single and married women, while leaving contributions of women at the pre-1932 rate. The reason put forward for these cuts was that women were a heavy drain on the fund. This argument strikes at the root of the principle of National Insurance. A national scheme should aim at national pooling of risks without reference to sections; if sectional risks are to be taken into account those who need most will receive least. No one would justify reducing benefits in certain occupations in which the incidence of sickness is unusually high—higher even than the incidence of sickness among women workers as a class. There is equally no justification for discrimination against women workers.

#### Arrears

The Act of 1932 also attacked the unemployed by withdrawing the National Health Insurance rights enjoyed since 1928 by unemployed persons who had fallen into arrears.

Before 1928 insured persons who were in arrears with their contributions for more than four weeks had to redeem their arrears with cash payments; otherwise they suffered a reduction of their rates of benefit during the following year. If arrears amounted to more than thirteen contributions, sickness and disablement benefit were not payable.

The Act passed in 1928 provided for arrears due to genuine unemployment being excused, without reduction of benefit.

All insured persons who became unemployed were given a period of free insurance of twenty-one months on the average, during which they were entitled to all benefits. In addition a further period of one year of free insurance—known as the *extended year*—with sickness and disablement benefit at half-rate, was allowed to insured persons who had (a) been insured as employed contributors for four years up to date of ceasing work, (b) had 160 contributions



to their credit since last entry into insurance, and (c) could prove genuine unemployment.

The Labour Government in 1930 passed legislation to prolong insurance until the end of 1931 for those who satisfied these three conditions. A similar measure passed in 1931 prolonged their insurance rights until the end of 1932.

The position, therefore, from 1928 to 1932 was that arrears due to genuine unemployment were not counted, that full benefits were paid for a period of about twenty-one months, and in the case of those who had been insured for four years and had 160 contributions to their credit, medical benefit and pension rights were retained and sickness and disablement benefits were payable at half-rates. Unemployed persons entered into full insurance rights immediately they became employed again.

By the 1932 Act approximately only one-half of the arrears are excused. The unemployed person must pay the other half, or suffer a reduction of benefit. As many unemployed people are unable to pay, their insurance rights lapse.

The effect of the Act is that sickness, maternity, and disablement benefit ceased at the end of 1932, medical benefit at the end of 1933, while pension rights may cease at the end of 1935.

Arrears are to be counted from the time unemployment begins. There is a concession that if the unemployed person becomes employed again before the end of 1935, he will enter into full insurance rights after twenty-six weeks' contributions.

#### **Penalising the Unemployed**

In a memorandum explaining the 1932 Act it was stated in reference to the concessions enjoyed since 1928, "that with unemployment at its present figure this concession has placed on Approved Societies a burden of over two millions a year, which is altogether beyond their capacity." This figure it should be noted is about £800,000 a year less than the amount which the Tory Government Economy Act of 1925 has taken annually from the Insurance Fund.

Instead of relieving the Approved Societies of their burden by making a contribution out of State funds, as was done prior to 1928, the burden has been thrown on the shoulders of the unemployed.

In reply to a question in the House of Commons on April 17, 1934, the Minister of Health stated that the number of unemployed who had been deprived of medical benefit at the end of 1933 under the Act was 125,000. As it is impossible for many of these who have had a prolonged period of unemployment to redeem their arrears, they may lose all National Health Insurance and Pension benefits at the end of 1935. After that period they would have to requalify as persons entering insurance for the first time, which means that 104 contributions must be paid before they would enjoy full insurance rights.

The older workers who may lose their pensions at the end of 1935 are hit with special severity by the Act of 1932.

#### **Burden on Local Authorities**

The loss of medical benefit and maternity benefit by the unemployed places additional burdens on Local Authorities since the unemployed who have fallen out of insurance are obliged in most cases to apply to the Public Assistance Committee for medical treatment. This burden falls most heavily in those areas where unemployment has been widespread and prolonged, and where local rates are already very high.

### **IV—DEFECTS IN EXISTING SYSTEM**

#### **Persons Excluded**

There are many gaps and many anomalies in the existing system of National Health Insurance. It includes over fifteen million workers, or about one-third of the total population. But it makes no provision for those who are not in insured occupations, nor for the wives and dependants of insured workers. It does not provide even for the insured every kind of treatment necessary to prevent or cure sickness, making provision only for the services of a general practitioner.

Cash benefits are paid in respect of the insured worker only and do not take into account his (or her) responsibilities—in contrast with the Unemployed Insurance Scheme



which, however inadequately, does recognise the principle of responsibility for dependants by paying allowances for wives and children and certain other dependants, in addition to the allowance to the insured person. The fact that there are no cash allowances for dependants during the illness of the breadwinner frequently creates a strong urge on the part of the breadwinner to return to work before he (or she) is really fit to do so.

#### **Additional Benefits**

The system of additional benefits has given rise to many inconsistencies. Societies which are fortunate enough to have large surpluses at the end of the five-yearly valuation periods are able to provide additional benefits which poorer societies are not in a position to provide. Therefore the insured workers enjoy benefits which vary according to the society to which they belong. The differences are due to circumstances which are quite accidental so far as the insured persons are concerned.

The fact that a society is not able to show a surplus at the end of every five-yearly period is not necessarily due to bad administration, as is often argued. If the bulk of the membership of any society is in an occupation or in an area where the sickness rate (and therefore the drain on funds) is unusually high, or where unemployment (and therefore arrears of contributions) is heavy, that Society may not only have no surplus at the end of five years, but may have a deficit, and it is therefore unable to provide the same additional benefits as a Society with a membership in which the incidence of sickness and unemployment is lower. If Health Insurance is to be really national it ought to provide equal benefits for all workers in return for the equal contributions which are levied on all.

#### **Failure to Deal with Prevention of Disease**

The preamble to the National Health Insurance Act of 1911 stated that the purpose of the Act was to "provide for insurance against loss of health and for the prevention and cure of sickness . . . and for purposes incidental thereto." It is necessary to lay special stress on the word "prevention." This requires (a) a complete provision of preventive services so as to maintain a high level of

National Health, from the pre-natal care of mothers, and the good nurture of children, to the prevention of sickness among the dependants as well as the breadwinners in every family, and (b) the cure of sickness requires the provision of every possible means of recovery which medical science can suggest. But prevention is better than cure, and the National Health Insurance system has completely failed to deal with the prevention of disease.

Before the Health Insurance scheme there was in existence an independent system of Local Health Services controlled by local authorities; for example, Maternity and Child Welfare services, School Medical services, General Hospitals under the control of Local Authorities, treatment and hospital services for tuberculosis and infectious diseases.

### **V—A NATIONAL HEALTH SERVICE**

Both the Labour Party Conference and the National Conference of Labour Women have passed resolutions in favour of a complete National Health Service, including a national maternity service. A complete National Health Service implies the provision of every form of treatment which can prevent or cure sickness, specialist services, medical and surgical treatment, skilled nurses in or out of hospital, adequate hospital services, adequate maternity and child welfare services, dental and optical services, &c. All these services should be co-ordinated under the control of the Local Public Health Committees, which would be the bodies responsible throughout the country for administering the National Health Service.

#### **The Place of the Health Insurance Fund**

What should be the function of a Health Insurance Scheme within the National Health Service?

At present it is not possible to abandon the principle of contributory insurance, but we believe that it is desirable to take all benefits, except cash sickness and disablement benefits, out of the Health Insurance system, and make them part of the National Health Service administered by the Local Health Committees.



The income limit for Health Insurance should in our view be raised to £500, and Health Insurance ought to begin with the end of school life.

The function of the Health Insurance Fund should be to provide adequate cash benefits during periods of sickness for every insured person and his (or her) dependants.

Cash benefits should be equalised—a proposal which would involve the pooling of the surpluses of the Approved Societies, so long as the administration of cash benefits remains in the hands of Approved Societies.

It is not our purpose in this report to deal in detail with the problems involved in the transference of certain benefits from the Health Insurance Scheme to the National Health Service, but merely to indicate the functions to be retained by the Insurance Scheme when we reorganise existing health services as part of a national service.