

STATE AND
PENSIONS IN OLD AGE

J.A. SPENDER





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THE
STATE AND PENSIONS IN OLD AGE

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OLD-AGE PENSIONS AND PAUPERISM.

By C. S. LOCH,

Secretary to Charity Organisation Society.

THE
STATE AND PENSIONS
IN OLD AGE

BY
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WITH AN INTRODUCTION BY
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PREFACE.

THERE is necessarily a great deal that is tentative and provisional in the present volume. The earlier chapters, in particular, as I am well aware, furnish only the outlines of an enquiry which needs to be pursued in a much more exhaustive manner before anything like final conclusions can be reached. But so far as I have gone, I wish to acknowledge the valuable and ready help which has been given me by numerous correspondents at home and abroad. I regret that it is not possible to give names without leading to the identification of cases and places which had better remain anonymous; but the indebtedness of this volume to their assistance is none the less on that account.

To Mr. Acland I am indebted for continuous help and many suggestions during the preparation of this book.

February, 1892.

J. A. S.

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INTRODUCTION.

THIS book, the growth of which I have watched with great interest since the idea of writing it was first originated, brings together some very important considerations on a subject of great public interest at a very opportune time. Many persons are discussing Old Age Pensions who constantly feel the need of fuller information of various sorts, and to such persons this book should be of considerable service.

I do not presume to do more in this introduction than to indicate generally a few of the more important points to which the attention of readers should be turned. Probably all will agree that the time has come when a fuller and more searching enquiry by the State into the whole working of the Poor Law and the question of Provision for Old Age, than has hitherto been held, is required. Select Committees have sat to deal with Poor Law and National Insurance within the last six years, that of the House of Lords on Poor Law Relief in relation to distress in the Metropolis and other populous places, which reported in 1888, and that of the House of Commons on National Insurance, which reported in 1887. But the results have been somewhat inconclusive, and the enquiries were very limited in their scope.

The enquiry under the Select Committee on National Provident Insurance, of which I was a member, was, perhaps unfortunately, concentrated almost entirely on Canon

Blackley's scheme, for a compulsory payment of £10 between the ages of 18 and 21, in order to receive an allowance of 8s. a-week in sickness and 4s. a-week superannuation pay after the age of 70. The view which, in common with many others, I then held on some of the more important parts of that scheme can be best expressed, perhaps, by quotations from amendments which were moved by me to the Report of the Chairman, and which form part of the Report of the Committee.

Sick pay part of scheme.—"One of the most important objections to the scheme (and one which has been frequently urged) is, in the opinion of your Committee, the argument that in the proposed National Assurance Society there would be great difficulty in preventing malingering, and in keeping down the amount of sick pay that would have to be provided. This objection seriously affects all that part of the scheme which refers to the payment of benefit in sickness."

Proposed compulsory provision of £10 between 18 and 21.—"Your Committee believe that many of the poorest class would be unable to provide £10 between the ages of 18 and 21 without great difficulty; that many of those among them who might be able would be unwilling, and that the collection of the money from those whose work was fitful and uncertain would not be an easy matter. Among the poorest class so many exceptions would have to be made in the case of both women and men that the scheme would, to a great extent, fail to benefit many of those who at present add very largely to the pauperism of the country."

Proposed distinction between wage-earners and non-wage-earners.—"The proposal that only wage-earners should receive the benefits of the scheme creates a distinction which your Committee fear would be quite unworkable. Many poor persons who are not wage-earners would be excluded,

and many wage-earners who are perfectly able to provide for themselves would be admitted to the proposed benefits."

Compulsory part of scheme generally.—"Your Committee think that the proposal for compulsion, which is an essential part of the scheme, is a proposal which is open to very strong objections. While the Committee are well aware that the promoters of this scheme have the most benevolent objects in view, and are actuated by a sincere desire to remove pauperism, they have grave doubts whether these objects would be obtained by the compulsory methods proposed. They believe that the great majority of the working-classes would rightly prefer to pay their present poor-rates, and provide their own insurance in their own way, rather than be parties to any compulsory scheme. Anything which tended to undermine the self-taught habits of thrift and self-help, which prevail among the working-classes to a considerable extent, or to lead the wage-earners of the country to rely upon a National Insurance Society, practically guaranteed by the State, for support, might be fraught with disastrous consequences. There is no proof that this scheme, according to which the employer would hand over a large part of the insurance money without any personal effort on the part of the wage-earner, would teach habits of thrift. It might, it is to be feared, work in the opposite direction. It might lessen the feeling of responsibility which is shared by a constantly increasing number of the working-classes for providing their insurance for themselves. It might seriously impair that education in thrift and training in business which has been brought about by the building-up and management of their own associations for self-help by the working-classes, the value of which to the nation it is almost impossible to exaggerate."

Deferred annuity part of scheme.—"The financial objections to be urged against Canon Blackley's proposals for

national insurance do not press with such force against the deferred annuity part as against the sick pay part of his scheme. As regards the principle of compulsion, there would possibly be quite as strong objections raised in this case as in the case of sick pay. But, bearing in mind that deferred annuities can be purchased early in life for comparatively small amounts, it would appear to be eminently desirable to give every reasonable opportunity and encouragement to young persons to purchase those annuities; thus, at all events, securing to them provision for their wants when past the age for labour. It was pointed out in evidence that the present Government system of deferred annuities is capable of very considerable improvement, and in this direction the Committee are of opinion that much good might be done."

These criticisms on the scheme as it was presented to the Committee, appear to be in the main sound at the present time, and to have a direct bearing on portions of certain schemes which are now before the public. The Committee, besides dealing with Canon Blackley's scheme, gave a short account of Compulsory Insurance in Germany, and criticised the existing system of registration of Friendly Societies. The Report closed with an acknowledgment of Canon Blackley's energy on behalf of national insurance. Much additional information as to the life of the poor in old age has been provided on the subject since 1887, but it must be frankly admitted that some of us did not attach sufficient importance to the figures which Canon Blackley placed before the Committee respecting the number of paupers over the age of 60, and which have been to some extent confirmed of late by Mr. Charles Booth. It is certainly to be regretted that in the Select Committee we did not enquire more systematically into the matter of Old Age Pensions, en-

tirely apart from Canon Blackley's scheme, of which the sick pay question formed an essential part. But since the Committee reported, much new light has been thrown upon the question, which has undoubtedly received a fresh impulse in the last few years. The action of foreign governments, particularly of the German Government, in the interval, the general progress of the labour movement, a growing disquietude as to the working of the Poor Law system, and as to the effect of modern industry upon the aged poor have all had their influence upon the public mind. Public opinion has been awakened by the sad and impressive pictures of the life of the poor, presented in such works as Mr. Charles Booth's two volumes on the *Labour and Life of the People of London*, and by the spread of knowledge concerning the grievous hardships of village life in many parts of the country. Pamphlets, speeches, and articles calling attention to the problem and advocating various kinds of solution have been abundant during the last three years. Mr. Moore Ede has written and spoken frequently on the question. Mr. Sidney Webb was early in the field with the proposal to grant universal free pensions without contributions. Mr. John Morley dwelt with great power and eloquence on the subject in a speech to the Eighty Club in November, 1889.

Mr. Chamberlain has just published a scheme which has been devised by a voluntary committee, consisting of himself, Dr. Hunter, Mr. Rankin, and others. This may possibly represent the best that can be done on the lines which Mr. Chamberlain approves, but a scheme which requires a lump sum payment of £5 at 25, as well as an annual subscription of £1 for 40 years, is not likely to carry us very far towards a general provision for old age, or even to meet the case of the most necessitous who are often also the most deserving of the proposed assistance.

Finally, Mr. Charles Booth has lent the weight of his authority to a universal pensions scheme without contributions, and has supported it with original and weighty evidence concerning the pauperism of the poor in old age.

Mr. Booth's evidence demands, and has received, very special attention. Its most striking result is the statement that old age itself, so far as it can be isolated as a cause, is, in a vast number of cases, the chief cause of pauperism in old age. According to Mr. Booth, the paupers under 60 in England and Wales are 4·6 per cent. of the population under 60, while those over 65 are 2·5 per cent. of the population over 65, or about a third of a million out of about a million and a quarter.¹ Thus it may be said, roughly, that the increase from 4·6 per cent. to 26 per cent. is the measure of the effect of old age, directly or indirectly, upon pauperism. Or, to put it otherwise, nearly five-sixths of the pauperism from 65 upwards, that is to say, the pauperism of about 280,000 persons out of 340,000 must be accounted to be pauperism due to old age. Of the remaining one-sixth, as Mr. Booth shows by his analysis of the census of pauperism in other ages, not less than half will have fallen into pauperism earlier in life, through such causes of misfortune as sickness or physical incapacity. It is most desirable that these figures should be tested by enquiry extending over a wider area, but so far as they go they seriously disturb the comfortable belief of those who sometimes speak as though old age pauperism were largely the fault of the pauper, and, therefore, to be treated only by deterrent methods.

But the question of a provision for old age is not one that can be settled by any group of facts or statistics. Mr.

¹ These figures represent Mr. Booth's revised estimate. See *infra*, p. 3.

Booth's figures are impressive not only in themselves, but also as evidence of the condition of the class from which they are drawn. It is known from existing statistics that about half of those who live to be 20 years of age live also to be 65 years of age. If it is "startling and deplorable" to know that 25 per cent. of the total population who thus live to be over 65 are in one way or another dependent on the Poor Law, the struggles of a large number of the remainder to keep clear of the Poor Law would probably be no less startling and deplorable, if we could fully realise them.

The question is a question of poverty, and not merely one of pauperism. It demands a study of the aged poor—their resources, their manner of life, their character, their antecedents. The points on which we need to satisfy ourselves are such as these. Is extreme poverty a general condition among the aged members of the working-class, and if so, is it due to any obviously preventable causes, such as vice, improvidence, or the like, which a pension scheme cannot touch? And supposing we satisfy ourselves that the evil is real and that it is not, generally speaking, due to the fault of those who suffer from it, we must go on to ask whether there is any ground for treating the poverty of old age differently from that of other periods of life, and whether we can take any action which will not repeat the evils of ill-organised charity or indiscriminate out-relief, and which will neither undermine self-respect nor injuriously affect existing associations for self-help. Further than this, we must know what relation any scheme that may be proposed will bear to the Poor Law, and above all, what effect it will have upon the character and fibre of the nation as a whole. Here we have questions of fact, questions of human nature, and questions of national policy.

Though there has been of late a notable ripening of

opinion on the subject of Old Age Pensions, the movement has so far taken no definite shape in this country. It may be said, broadly, that there are two distinguishable, if not conflicting, aims. One is to treat the whole problem of old age poverty by some universal scheme, whether based on contributions, which must involve compulsion, or on a direct gift from the State. The other is to encourage, by means of State subventions or State guarantees, those who have the means and the will to invest in deferred annuities. There are a dozen ways of effecting the second object, but we have to ask respecting each one of them whether there is reason to suppose that, however useful to a minority, they will meet the problem of poverty in old age as a whole, and alleviate or lessen its anxieties for the general mass of the aged poor. On the other hand, the universal State scheme, of which Mr. Booth is the latest advocate, has the appearance of a bold effort to grapple with the whole question. The proposal that every man and woman, of whatever class, shall, without any previous contribution, or any qualification except that of having attained the age of 65, receive a pension of 5s. a week, has the striking merit, compared with all other schemes, of simplicity and universality. The absence of most of the grave administrative difficulties, except those of identification and verification of ages, gives it immunity from many of those criticisms of detail with which all other schemes must inevitably be assailed. There is, therefore, all the more reason that we should constantly keep in mind its great and cardinal difficulty—the difficulty, namely, of inducing the public to assent to the taxation required to produce at least £18,000,000 a year, the amount necessary to provide the pension for those of every class who are over 65 in the United Kingdom.

Meanwhile, until there is a reasonable consensus of

opinion as to what is to be the principle underlying any national scheme, should such a scheme be desirable, it will be necessary to exercise the greatest caution before embarking on any kind of legislation. One scheme based upon contribution, may, without difficulty, be made to work up to another and larger scheme, based on the same principles. But if a universal scheme without contribution is possible, and if there is any probability of its ultimate adoption, to establish voluntary schemes with contributions, aided or guaranteed by the State, may be simply to erect obstacles in our own path.

As to all voluntary State-aided schemes, we must ask what is the object in view and who are the persons to be helped? Is it believed for a moment that agricultural labourers or other workers who, with families of say five children, have not more than 9s. or 10s. a week available for food and fuel for seven persons, after paying for rent and clothing, will make any reasonable contributions towards pensions in old age? It is idle to suppose that they will do anything of the sort. And yet, if old age poverty in many districts is to be lessened, these are the very people who must be considered.

Again, if State aid in the form of special grants, or a higher rate of interest on investments be given to meet voluntary contributions, the effect of such proposals upon existing organisations like Friendly Societies must be carefully considered. It is well known that the old age question has been one of the difficulties of Friendly Societies, and that the tendency to allow the sick pay grant to slide gradually into an old age grant has affected the correctness of their actuarial calculations. Some of the Miners' Permanent Relief Funds have been affected by a similar difficulty, and those Trade Unions who grant superannuation allowances, which usually begin about 55, would doubtless

be relieved by the establishment of a fixed pension at 65. But supposing State aid is given as an assistance to these Societies, and as an encouragement to them to extend their operations more fully into the sphere of old age, might not this involve supervision, investigation, and control by the State of a kind to which these Societies are quite unaccustomed, and which they would perhaps much resent? Or again, supposing State aid was given without regard to these Societies and outside them, would such a scheme compete with and weaken these Societies, especially if the money contributed were returnable in the case of death at any time before 65?

It is, therefore, of extreme importance that the greatest care should be taken in making any initial experiment. Pension schemes are more irrevocable than any ordinary kind of legislation. The deferred and constantly accumulating liability which they involve is specially difficult to commute or readjust to new conditions. Those, therefore, who are looking forward to a general settlement of the whole question of old age poverty will be entitled to ask most anxiously of any voluntary scheme—what is its bearing on the future? Is it a possible half-way house, or is it simply an obstacle to some more effective scheme; and especially will it effect the object in view?

There is another difficulty which is common in some degree to all schemes of State aid, whether voluntary or compulsory, but which is most marked in the case of the universal scheme without contribution. Is it proposed to draw a line of demarcation between those who may receive the State aid and those who may not? If no line is drawn and a universal pension is open to all, it will naturally be said that public money is being wasted on those who are well off. If a line is drawn, how is it to be drawn without great diffi-

culties of administration, and can any such distinctions be made without doing much harm in a country where already there are too many dividing lines between one class and another? The distinction effected in a rough and ready way by the Poor Law test of destitution is intelligible. What other test can be devised which will not in a case like this (differing in many ways from that of income-tax exemption), create a new badge of social inferiority? The stigma of pauperism is supposed to depend on the inference or the sentiment that the person who receives it belongs to an undeserving class; or is, at least, a failure. If a State pension to which the recipient has subscribed nothing except through taxation is to differ fundamentally from out-door relief, this question of the line of demarcation is most important.

No scheme of the magnitude of Mr. Booth's proposal can come within the range of practical politics until it receives the strongest support from popular opinion. There are signs on all hands that public opinion on this subject is undergoing a considerable change, and it may yet reach the point when the provision of a very large annual sum, for those of the population who are past work, will not seem exorbitant for a nation which has an annual income of a thousand millions. No one who is alive either to the hard lot of many in our great towns, or to the deep privations of village life in agricultural districts, can rest in the comfortable assurance that the Poor Law is the last word on the subject. And perhaps also the desire to aid the old may be stimulated by the conviction that modern industry, with its speed and high pressure, bears with special hardship upon the manual worker in later life. The best days of the workman come to an end much more quickly than those of the professional man or the employer. His brain may grow clearer, his knowledge

greater, and his experience more valuable as he advances in life, but if he remains dependent on manual work, none of these qualities will compensate him for stiffening muscles or failing eyesight. After early middle-age the decline of earning power sets in, to continue with increasing rapidity until the competition of the young compels him to abandon all hope of earning a regular wage.

That a considerable number of workmen do, in one way or another, provide themselves an old age of comfort is happily quite true. But the figures of the Poor Law give us unmistakable evidence that a vast number more either do not, or cannot, save sufficient for this purpose. When summed up in grand totals the savings of the working-class, which are so remarkable a testimony to the spirit of self-help existing in this country, have the impressive appearance that belongs to round millions, but the result is unsatisfactory from the point of view of provision for old age, which is here under consideration if we divide them by the millions to whom they belong. How far thrift might be increased, to what extent it should be pushed at the expense of comfort in daily life are extremely important questions, but they are only relevant to a pension scheme if we assume that a small provision at a late period of life will be a discouragement to thrift at other periods. After all, it is a question with thousands whether any such thrift as will provide for old age is even a possibility. It is easy to say, as some do, that if young men and young women, even in the poorest ranks of the working class, would abstain from marriage till they are nearer thirty than twenty, and invest their savings in a provision for old age, there would be no further difficulty. Those who argue thus are not dealing with the problem as we find it—with young men and young women as they are, or with human nature as it is. Those who have something to look

forward to are more likely to act upon this advice than those whose daily difficulty it is to keep the wolf from the door and to whom the very idea of old age seems too remote for practical consideration. And as Mr. Booth has reminded us, the thrift argument cannot be applied with much force to women, whatever may be the case with men. The number of single women and widows who, at the end of a useful and toilsome life, find themselves, through no fault of their own, in a state of destitution, is a very serious and tragic part of the problem. The cessation of benefits at the man's death, the almost total absence of effort on the part of Friendly Societies to meet the case of the widow, and the difficulty of finding suitable work for elderly women, all contribute to this evil, and short of some pension scheme which shall apply equally to women and men, there is little prospect of improvement.

Difficult and intricate as it is in any case, this question is at any rate one of general policy. It is no actuarial mystery; it cannot be decided by experts however eminent. We have to satisfy ourselves as to its probable effect upon the country as a whole. Shall we increase the productiveness of the country, and add to its well-being, by mitigating to some extent the poverty and privations of old age? Or must we refrain for fear of damaging the character of the people and destroying their self-reliance? These are the first questions we need to ask, and to these we must find some answer before we can commit ourselves to any definite line of policy.

But there are other questions also—questions of detail, of finance, of statistics—to which at present we have not the means of finding a definite answer. It has been left to a private individual to form an approximate estimate of how many separate paupers there are in this country in any given year. There are other kinds of informa-

tion needed, especially concerning wages and industry in their bearing on old age, the administration of the Poor Law in the case of aged, the resources of the Friendly Societies, and the relation to the question and the amount of charity available which no individual, whatever his opportunities, can supply. When we remember the gaps in our knowledge, the grave questions of policy which are raised by schemes for pensioning the aged, and the importance of taking no wrong step which may hereafter need to be retraced, the question arises whether the time is not ripe for a thorough enquiry into the whole subject of State Pensions for the old, and of Poor Law administration in its bearing on the matter, such as a Royal Commission, perhaps, could alone undertake. In any case the facts or figures which can be provided by Government Departments will not be sufficient to meet the case. The opinions of Friendly Societies and Trade Unions on the newer proposals, such as that of Mr. Booth, will have to be elicited. And the reports of able Sub-Commissioners, who could approach the matter in a thoroughly independent spirit, untrammelled by official traditions, as to the life of the poor in old age and the present Poor Law methods of providing relief, would probably be of the highest value.

In this volume an endeavour is made to gather up the information which is at present available, and to suggest certain subjects for future enquiry. It is intended less to recommend any particular policy than to supply certain tests which are applicable in a greater or less degree to any scheme that can be proposed. It may, perhaps, raise more difficulties than it can attempt to solve, but in the present stage of the question we need especially to know what the difficulties are, what has been attempted elsewhere, and what seems applicable to our own country.

ARTHUR H. D. ACLAND.

THE STATE AND PENSIONS IN OLD AGE.

CHAPTER I.

The Life of the Poor in Old Age.

THE Scope of the Problem.—A Few Statistics.—Anxiety about Old Age how far Justified among the Working-Class.—*Prima Facie* Evidence of Poverty.—Livelihood in Old Age.—“Scraped Together.”—Examples from Town Life.—The Whitechapel Pensioners.—Typical Cases and General Characteristics.—Difficulty of Investing Small Savings.—Absence of Thrift Institutions for Women.—Dependence on Relatives.—The Value of a Small Regular Allowance.—Life on 6s. a Week and Weekly Expenditure.—A Few Charity Organisation Cases, some General Results.—Old Age in the Rural Districts. Evidence from the Midlands and the North Riding, North Wales, Somersetshire.—Varying Conditions but Certain Common Characteristics.—Repugnance to the Workhouse in Town and Country.

THE subject of the present volume is one that divides into many branches. There is no single line of argument, no mechanical or statistical test which will enable us to judge and dispose of it off-hand. It includes, but is much more than, the question of pauperism. Important as it is to know how many of the aged are in receipt of Poor Relief, and to understand what that condition implies, the statistics of the Poor Law are yet only one among many clues, and to explain them or even to explain them away is not to

dispose of the poverty of old age. It is this poverty that we need to explore. We require to know not only how many become paupers, but what is the condition of thousands more who avoid pauperism, or whose recourse to the Poor Law is only an occasional incident. Is it, or is it not, a condition of real hardship, and if it is, can it be avoided by any reasonable effort on the part of those who suffer from it,—by greater thrift and sobriety, by better management? Or is it, generally speaking, impossible for the working-class to make an adequate provision for old age? We must find some clear answer to these questions before we can begin to prescribe remedies, and such an answer can only be obtained by studying the actual life of the poor in old age.

A few simple figures will help us to realise the general nature of the problem. There are at present in England and Wales about 2,119,000 persons over 60, and about 1,323,000 persons over 65 years of age. There are no precise means of ascertaining how many of these belong to the working-class. In his second volume on the *Labour and Life of the People of London* Mr. Charles Booth comes to the conclusion that about 18 per cent. of the population of London belong to the upper and middle-classes, leaving about 82 per cent. for the working-class. But this estimate relates to all ages, and the greater mortality¹ of the working-class will undoubtedly alter the proportions for the later periods of life. Dr. Grimshaw made an inquiry into the population of Dublin which showed that, of the inhabitants over 60 years of age, one-third belonged to the upper and middle-classes, and two-thirds to the working-class. If we include the country districts where the

¹ I am aware that Mr. F. G. P. Neison's estimate, based on the experience of the Foresters', lends colour to the supposition that working-class mortality is actually lower than the average. But after taking the best actuarial advice, I cannot see my way to depart from the ordinary and more probable supposition that this is not the case. Even if it is certain that no deaths have escaped Mr. Nelson, it must be remembered that the Foresters' are, to a certain extent, select lives. A medical examination is at least nominally required before joining, and in very many cases is rigidly enforced. See also Dr. Ogle's paper on *Mortality and Occupation* read before the Congress of Hygiene and Demography (reported in *British Medical Journal*, Aug. 15, 1891).

longevity of the working-class is greater than in the towns, this proportion also will need some modification. Failing more precise figures, we may perhaps venture to strike a mean between Mr. Booth's figure and Dr. Grimshaw's, and say 75 per cent. for the proportion of working-class in town and country above 60, and rather less—say 70 per cent.—for the same class above 65. On this assumption there will be about 1,589,250 members of the working-class above 60, and about 926,000 above 65.

In 1890 Mr. T. Burt, M.P., moved for a return; showing the number of persons of 60 and upwards who were in receipt of relief whether indoor or outdoor on a given day in the year. This return, which appeared in December of the same year, showed that on August 1st, 1890, 41,180 persons between 60 and 65, and 245,687 over 65 were in receipt of relief. By a process, which we shall examine more carefully in another chapter, Mr. Charles Booth has inferred from these figures that 331,596¹ separate persons over 65 had recourse to the Poor Law during the same year. Assuming this result to be approximately accurate, we are forced to the conclusion that not less than one-third of the working-class over 65 were to a greater or less degree dependent on public relief during the year 1890. So far, then, we have strong *prima facie* evidence of extreme poverty among the class with whom we are now dealing.

Of every million males born, 297,000 are surviving at 65, and 145,000 at 75. When a man has reached the age of 34 the chances are about equal that he will be living at 65. By the time he reaches 40 the chances are decidedly in favour of his attaining that age, and at 53 he has an even chance of living to 70. With women the expectation of life is rather longer and the

¹ Mr. Booth's original estimate (see paper on the Classification of Paupers read before the Royal Statistical Society on December 15, 1891) was 507,660, or 38·4 per cent. of the population over 65. This was based on an inquiry into the London Unions of Stepney and St. Pancras. New and important evidence, however, has since come to light which has modified this estimate. Mr. Booth will shortly publish his own conclusions in a volume to be entitled "Pauperism and the Endowment of Old Age," but meanwhile he has been kind enough to supply the above revised figure.

chance of surviving somewhat greater. Now, even though we make a large allowance for the greater mortality of the working-class, no one with these figures before him can say that the contingency of old age is so improbable as to be a matter of no concern to individual men and women of the working-class. On the contrary, the chance that a workman engaged in ordinary trades will live to old age is, at least, sufficiently great to make anxiety about his declining years a very stern reality in middle life. Indeed, it is by no means improbable that the presence of this anxiety when work becomes scarce itself contributes to the mortality of the working-class.

Whether this feeling is justified, the present chapter and that which follows will endeavour to show. We are dealing here not with exceptional cases, but as far as possible with average men and women. It is not enough to show that a certain number of the working-class can and do save sufficient to secure themselves an old age of comfort; we require to know what, as a matter of experience, are the ordinary conditions of the class as a whole in old age. This is not an easy matter to ascertain; but the best plan that an individual inquirer can adopt is to work by the light of definite, and, if possible, typical cases. A good deal of useful material is already available.

Let any reader of Mr. Charles Booth's second volume on the *Labour and Life of the People of London* go through the description of the streets and their inhabitants, and pick out the cases of the aged. He will find the widows to be much more numerous than the old men, and they are accounted for by such entries as "does charing," "lets rooms," "does needle work," "has mangle." Sometimes they keep a small shop and are helped by sons and daughters, and frequently we come across the entry, "out-relief." The aged men earn little unless they are caretakers, or in some of the better and lighter classes of employment. The livelihood is generally scraped together from various sources. The woman chars or mangles, the man does odd jobs, the children contribute a little and the parish a little. There is no certainty about it, and little chance of repose.

But in order to realise what life under these conditions means, we must come to closer quarters with particular cases. For this purpose we have obtained access to the records kept by the Tower Hamlets Pension Committee—the admirable institution which seeks to provide weekly pensions for the aged poor of Stepney and Whitechapel. In these two districts out-door relief has for all practical purposes ceased to exist, and its place is taken by carefully organised voluntary assistance. The Pension Committee grants its aid only to “the provident poor,” to those, that is, “who have been careful and industrious, and whose friends, if able to assist, are doing for them all that they can.” These cases, then, cannot be set down among those whose poverty is due to the fault of the poor—to drunkenness, vice, or unthrift. They have all been investigated by members of the Charity Organisation Committees, who certify that they have satisfied the tests of carefulness and industry, and are sparing no effort of their own to do battle with circumstances.

The weekly income of these pensioners is not usually more than 6s. The maximum pension allowed by the Committee is 4s., but the funds to be disposed of are not sufficient to enable the maximum to be given in more than a small minority of cases. The relatives help to the extent, on the average, of about 1s. a week, and the old people, in many cases, earn about 1s. or 1s. 6d. themselves. But rent in London makes a large hole in the weekly income, and when that is paid there remains, as a rule, not more than 6d. a day for food, clothing, fire, and sundry expenses. That the old people live tidily and decently on this income is evidenced by the reports which the almoners send in, but at some cost, as we shall presently see. Their histories show us some of the special difficulties of life in this class. No one who studies them can fail to be struck by the immense difficulty which the aged poor experience in turning small savings to good account. They live on their little capital till it is exhausted, or they invest it in some worthless security, or lend it to some designing relative, or perhaps start a little shop, which comes to grief. In other cases they have diminished their own store by assist-

ing their aged relatives before them, and, having supported a sick father or mother for years together, they find that a similar support is not always forthcoming for their own declining years.

The cases explain themselves, and we will give a few precisely as they appear in the books of the Society. The first is that of Eliza C., which is thus described :

“Has been a widow for seven years, aged 70. She and her husband saved £80, and he was also in a club, which broke. They invested all their savings in a shop, and lost them. She entirely supported her husband for eight months before he died. She was injured by an accident last year, and the doctor reports her unable any longer to support herself. Home clean and tidy, but small, and all references very good. At one time she earned as much as £2 10s. a week at weaving. Two daughters are allowing her 1s. a week each. Pension of 3s. a week granted (and renewed subsequently).”

The same story of savings lost or exhausted before the end of life is repeated in case after case. Here is the account of another widow :

“J, C., aged 76. Kept a little stationer's shop with her husband. He died thirty-eight years ago, and she carried it on herself until two years ago, when her age and ill health compelled her to give it up. She has since lived on the proceeds of sale of shop and furniture. Applicant helped and supported her parents for many years, adopted and brought up five orphan nephews and nieces, and was robbed by one nephew to the amount of £120, which prevented her saving in later life. Home very good, and references from clergy, etc., excellent. A nephew promises 2s. a week to meet pension. Pension of 3s. 6d. granted, and since renewed.”

Here we have a case not, strictly speaking, belonging to the working-class at all, but typical of many in the class of little shopkeepers who have a struggle of their own quite as arduous as that of the class below them. This old lady's misfortunes are exceptional, but the sale of the shop, and the desperate struggle to

make the proceeds extend to the limit of life, are no uncommon incidents in the annals of the aged poor.

The next is the case of a man and wife, and noticeable in several respects :

“ T. C., aged 79, wife 68. He was for many years carpenter in the employ of Messrs. X., who allow him 1s. a week. When he gave up work from ill health he had £20 saved, which has since been spent during illness. He suffers from chronic bronchitis and heart disease, and can do nothing, his wife being also an invalid. He belonged to a carpenters' club, from which he gets 6s. a week superannuation pay. There is one son in Australia. Home excellent. Pension of 3s. granted.”

A small allowance from an employer where a man has been constantly in one place for many years is no uncommon feature. But the majority of the working-class, skilled as well as unskilled, change masters too frequently to establish a claim upon any one employer. Superannuation benefit from a club or union is still, as we have already seen, comparatively rare, and in itself it is generally insufficient to support both man and wife. The Committee in this case made up the total income to 10s. a week, and that sum, according to the experience of the almoners, is about the minimum on which it is possible to support two people in a town, and prevent the break-up of the home. “ One son in Australia,” adds a suggestive touch. The English emigrant, unlike the Irish, is apt to consider his obligations to be in an inverse ratio to the distance which separates him from the relatives who remain behind. The Colonial correspondents of the Charity Organisation Society occasionally find him out, and compel him to contribute, but a large number are past finding, and hold no communications with their relatives when they have once left.

So we pass on through the records, noting the monotonous entries, “ savings exhausted,” “ health failing,” “ too infirm to work.” When the husband dies, the widow draws the £10 or £15 of funeral benefit ; but when the funeral is paid for, there is little to carry on with. The lump sum paid at death discharges all

the liabilities of Trade Unions or Friendly Societies towards her and her children. The sick pay ceases, and the out-of-work benefit which may have supported the family when the husband was alive, though unable to obtain employment, is withdrawn. The widow is paid off, and the great voluntary thrift societies are no more concerned with her. But the old woman is often more capable of shifting for herself than the old man, and not infrequently as the years go on, the places of husband and wife are changed, and the woman becomes the bread-winner. In the records of the pension fund we read constantly how a widow supported a sick husband for months or years. "Applicant has been a widow twenty-four years, and supported her husband for seven years before he died by making artificial flowers." "Has been a widow four years, and supported her husband for twelve years previously." "Husband has been dead four years, and was ill seven years before his death, during which time she supported him and herself by her needle." "Husband has been dead nine months after a long illness, during which she supported him." "Husband past work—they have lived on the wife's earnings and her club allowance of 6s., shortly to be reduced." "His last illness was long, and exhausted all her savings," and so on. But the almoners give us hints of the struggle which is concealed by these bare statements. "She has maintained herself by pledging," says one report, which adds, however, that "the home is exceptionally good, although applicant has parted with most of her furniture."

The following cases may be left to speak for themselves as representing various types :

"D. C. Single woman, 69, gets a precarious livelihood by nursing and needlework. One sister, husband a commissionaire (no children), helps a little at times, and gives Sunday dinner, but unknown to her husband who has poor relations. All applicant's references satisfactory, and her home a pattern of cleanliness and neatness. 2s. 6d. pension given. Three years later, sister's husband reported dead, and pensioner's earnings have fallen to 1s. per week. Pension increased to 3s. 6d. on condition that two nieces shall provide another 6d. a week. Total income about 5s. 6d. a week, upon which the pensioner seems to get on well."

“K. and M. W. A married couple, 78 and 72. The man was a seaman, and when he left that, worked for 18 years as a pier-head man, left nine years ago, and has since lived by odd jobs. They have a married daughter, but her family is large, and her husband's earnings small—they cannot help. There is one son out of work, and address unknown. Applicants have lived for months by selling their furniture, until now there is hardly any left. Both past work; pension granted, 2s. 6d. to each, afterwards increased by 2s. No other help except occasional tickets from chapel. Clean and cheerful, but income barely sufficient. Later—husband dead and wife persuaded to enter sick asylum.”

“H. M. A widow, 71, lives with a son-in-law who can earn but little, having lost one arm. Her husband was in a club, from which she had £15 at his death. The funeral cost £7 5s. 2d. She lived on the rest as long as she could. Has no relatives or friends able to assist. Character and references very good—pension of 2s. granted.”

“E. M. Domestic servant, had managed to save £170 during a little over thirty years of service, whilst earning from £14 to £16 a year. She gave up service 16 years ago, and for many years has been unable to earn anything owing to bad sight. Being somewhat unfortunately advised, she has merely lived on her savings until they have gradually become exhausted, but a sister in poor circumstances could take care of her, if a little help were forthcoming. Pension of 2s. granted. Pensioner subsequently left her sister, but getting 1s. a week and occasional assistance from other sources, managed to live on her pension till her death five years later, an interval of sickness being spent in the workhouse infirmary.”

“C. A. Single woman, 62, in delicate health. Was a domestic servant until 19 years ago, when her mistress left her a legacy of £40, with which she started a dame's school and a little shop. She has supported herself in this way ever since, but the competition of the School Board has caused her school to dwindle away almost entirely, and her health is too delicate to allow of her doing any harder work. 3s. granted. Later reports—pupils falling off, earns a little by selling sweets. Finally, relatives in the country consent to keep her.”

The old people are for the most part very infirm. Hale and hearty age is not a common condition among the poor. Rheu-

matism, chronic bronchitis, failing sight, "general feebleness" are reported of most. Yet when a small pension is secured to them, they seem to live long and cheerfully. When once they have learnt to make both ends meet, life continues evenly, and there are no anxieties to speak of. We find one old lady who was reported to be dying in 1882 living on and drawing her pension in 1890. Others reported very infirm in 1881 and 1882 still remain on the list in 1891. Their chief danger is that the rent of their room should be suddenly raised, and the extra payment make the difference between "just enough" and destitution. "Rent raised 2s. and they are in want" is the report of one old couple, and the frequent change of address testifies that the same misfortune has overtaken others. It is one of the problems of relief in big towns to prevent charity from being absorbed in additional rent. Where competition is on the side of the landlord, a slight excuse will suffice to increase the drain on the resources of the poor.

Let us complete the picture by showing how these pensioners succeed in making their five or six shillings cover their weekly expenditure. Here is the weekly budget of one old lady, "eighty years of age, childless and friendless," who has made 4s. 6d. cover all expenses: Rent, 2s. 3d.; coals, 3d.; bread, 6d.; butter, 4d.; tea, 4d.; meat, 6d.; sugar, 2d.; lamp oil, 1d.; soap, 1d. Total, 4s. 6d.¹

¹ This case is somewhat poorer than most. The following perhaps represents a more normal expenditure:—Income, 4s. 8d. Expenditure—meat, 8d. (for Sunday and Monday); vegetables, 2d.; tea, 6d.; bread, 9d.; butter, 3d.; milk, 1½d.; coals, 11¼d.; wood, 1d.; oil, 2d.; soap, 1½d.; club, 2d.—total, 3s. 11½d. In this case the rent was paid. The pensioner, therefore, had a little margin, which was spent on an occasional egg, 1d. or 2d. worth of cheese, a little fish or scraps of meat. A second case is interesting as showing how two old people may live together (my correspondent says "in ease and affluence") on a joint income of 11s. a week. The following represents their weekly expenditure:—Rent, 3s. 4d.; coals, 1s. 4d.; wood, 3d.; oil, 3d.; soap, 2½d.; soda and blue, 1d.; meat, 1s. 6d.; vegetables, 6d.; bread, 8½d.; flour, 1d.; tea, 6d.; cocoa, 6d.; sugar, 2d.; butter, 4½d.; cheese, 3d.; milk, 3½d.; salt and pepper, 1d.; clothing club, 3d.—total, 10s. 7½d. For the above I am indebted to Miss P. D. Townsend, the secretary of the Tower Hamlets Pension Society. In case any of my readers

There is no margin for clothes, and when pressed, she confessed that she would "like a little more food." Rent is exactly half, and the proportion is by no means uncommon. But this old lady had kept the same roof over her head for twenty years, and she had never been a week behind with her payments. Still, life on $3\frac{1}{2}$ d. a day must mean semi-starvation. The poor, it is true, can obtain food at prices which are impossible to those in better circumstances. There are the late sales in the markets on Saturday nights, the remnants from the fish-shops and the bakeries for which the price is merely nominal. This may explain the marvel that it is possible under any circumstances to support human life on $3\frac{1}{2}$ d. a day, but we are none the less bound to realise the strain and anxiety which that kind of life involves, especially upon the aged.

These cases are not in themselves conclusive. They are chosen from a select class; their circumstances have been specially examined, and the award of a pension is in itself a sign that they have satisfied a high standard of thrift and providence. If the funds of the pension society permitted, a vast number of others almost equally deserving might be found to merit similar assistance. But bearing in mind their special circumstances, they still illustrate a great many of the normal difficulties of life among the aged poor. We see the tragic inability to make use of little savings. We see how the thrift societies break down where the woman is concerned. We see how the duty, loyally recognised, of supporting aged relatives, hinders the younger generation from saving, and contributes to their own dependence in later years. These are the pick of the provident poor, and if character, sobriety, and industry could have availed to save them, their old age must have been placed beyond the reach of want. They are the people who in another rank of life would have attained affluence, and spent their declining days in comfortable leisure. But the circumstances are beyond their control, and as we read

may care to know more of, or to assist, this excellent institution, I may add that Miss Townsend's address is 28 Commercial Street, White-chapel, E.

the record of their lives, we are forced to the conclusion that such provision as will make peace and comfort in old age is hopelessly impossible for vast numbers even of the most deserving poor.

On the other side, these examples help us to realise how great an assistance even a small weekly allowance may be to these people. The Tower Hamlets pensions are not at the highest more than 4s. a week, and the average is about 2s. 6d. But added to the small earnings which the aged can make, to the assistance of relatives and of ordinary charitable institutions, they make just the difference between chronic destitution and a competence. Moreover, an assured allowance at a certain age would go far in these cases to solve the problem of small savings. The working-man who at the age of 60 finds himself compulsorily retired with about £100 in his possession is usually at a loss to find any profitable employment for it. The most obvious plan of making it serve till the end of life is to invest it in a little shop. In two cases out of three he has no business ability, and the end is ruin. But provided he has certain resources to meet his own funds, the purchase of an annuity or a reasonably safe investment immediately becomes a desirable object. The sum which is not sufficient to support him by itself ekes out his allowance, and becomes a most useful addition to his resources.

The opponents of pension schemes have dwelt with some force upon the importance of encouraging the relatives of the aged poor to make provision for them when they are past work. Even at the risk of being misunderstood we may be permitted to point out that there is another side to this question. There is probably no rank of life in which this obligation is generally so well recognised as among the working-class. The relatives, in this class, may plead inability, but they rarely deny their responsibility to help. In most cases there is not even an attempt to discriminate between relatives by marriage, and relatives by blood. A husband will cheerfully and cordially recognise his obligation to assist the poor relations of his wife. But no one can be familiar with the life of the poor without knowing that the effort to keep his aged parents

out of the workhouse or to provide for his wife's relatives under similar circumstances is a severe strain upon a man with a family and only moderate wages. It often prevents him from saving at the time when he might be making provision for his own latter days, whence he, too, to the end becomes a burden to his sons, and the dependence of parents upon children is handed on from generation to generation. In spite of all that has been said on this subject it may be doubted whether this state of things really does conduce to right feelings between children and parents, and whether it does not more frequently lead the children to regard the death of their aged relatives as a release from a burdensome responsibility. Let us remember that this dependence of parents upon children is most rare in the middle and richer classes. With them, it is the old that help the young, and not the young that help the old. But it is never alleged that the provision, which the old have made for themselves, or which they have inherited from their parents before them, weakens the natural affection or the sense of obligation which are owed them by their children. Gifts of money and relief of absolute destitution are not the only means of performing the duty which the child owes to its parents, and there is some reason for hoping that the old people among the poor will be not less welcome guests in the homes of their children, if they come provided with the necessities of life, and able, perhaps, to make a small addition to the general store.

We have endeavoured to supplement the experience of the Whitechapel Pension Fund by taking other cases which are, perhaps, more typical. The records of the Charity Organisation Societies, with their carefully investigated histories of each case, are of great value for this purpose, and we have been permitted to examine a considerable number relating to the aged. The earnings are generally very much the same as those of the Whitechapel pensioners, and we find a similar record of savings exhausted or insufficient. The proportion paid in rent is also extremely high, but there is not generally the same capacity as we have noted among the Whitechapel pensioners to make both ends meet on an incredibly small income. However, a little assistance of from 3s. to 5s. a week

appears to make all the difference between destitution and comparative comfort. The demand for "light work" occurs frequently. "Wants a light place and assistance till he gets it;" "wants horsekeeper's place or light porter's at a laundry or draper's," these and such like are common entries as regards the men, while the women ask for a "little plain sewing" or a "little regular washing." The old people sometimes try the country, but they have a curious tendency to drift back to the towns after a short experience of village life. The country seems dull after a life spent wholly in towns, and its possibilities are soon exhausted. But a big town appears to offer an unlimited chance of something turning up, and we find old women on the verge of 70 returning to London when their savings are exhausted "to get what they can."

These records, like the others, impress us painfully with the destitution of the widow. When the husband dies she has nothing but the burial money, and that is usually spent without stint in giving a good funeral to the departed. "Husband insured for burial. She got £9, but only had £1 over after the funeral, and has since lived by selling her things." "Had £12 from burial club; funeral cost £5 15s.; mourning, £5—husband made no other savings." Such are the records, and though it is customary to carp at this apparent extravagance, there is something to respect in such extreme regard for the dead. After the funeral comes an anxious and difficult time until the widow finds her place. But neighbours help, and the lower we descend in the scale of poverty the more of practical communism we discover. Still, the period of widowhood is usually one continuous struggle to keep up the home, which may last with the aid of out-relief and casual assistance from charity or from friends until the end, or until growing infirmity compels recourse to the workhouse.

So far, our information relates only to town life, but several country correspondents have sent us careful particulars of village conditions in different parts of England. The most encouraging account comes from a large village in the Midlands, where the old people generally contrive to "keep off the rates" until 70, after which age,

as a rule, they either receive out-door relief or take refuge in the workhouse. But in this village there is a co-operative store, and an acre allotment is the rule. Nevertheless, from 65 to 70 is stated to be a hard time. A much less cheerful account comes from a village in the North Riding, where the poverty of the old people is said to be desperate. Here there are few allotments, and employment in the winter is stated to be very irregular. In this village the old age struggle appears to begin soon after 55, and the children, often having large families of their own, are reported to be unable, though generally willing, to help. A third report is from a clergyman in a Somersetshire parish, who adds the following brief histories of certain old people in his own and the neighbouring parish, including, in some cases, an account of their weekly expenditure :

“A. and B. are aged respectively—the husband 67, the wife 77. The husband has been earning 10s. a week, and has had to pay £4 a year for his cottage. They are now both incapacitated for work. They have no children to help them, and have made no savings.”

“C. is a single woman, aged 65. Her father was a labourer, who brought up a large family on the low wages of fifty years ago. C. has no house-rent to pay, and has 1s. and a loaf from the parish. She gets 1s. a fortnight for washing, and her day's food. She makes about 6d. a week besides by charring, and on the average about 5s. a week during the hay harvest, and receives her food for the days during which she is engaged. She puts down her expenditure for a week as follows : $\frac{1}{4}$ lb. potted butter, 3d.; 1 cwt. of coal, 1s. 3d.; tea, 4d.; sugar, 2½d.; oil, 1½d. She scarcely ever buys any meat, but gets a herring, etc., sometimes.”

“D. is a widow, left absolutely penniless by her husband sixteen years ago. She has 1s. and a loaf from the parish, and used to get 1s. and her food for one day's washing per week (to which she walked three miles there and three miles back in the evening). She is 75, and very infirm, and has just had to give up the one day's work. She lives with her brother E., who has 5s. sick pay from former employer. D. gives the same figures almost exactly as C. for expenditure. She and her brother allow themselves when they can 1s. per week for meat. But ‘the butcher is so very dear, and there's such a lot of bone.’”

"F. and his wife G. are aged respectively 76 and 68. He has cancer in the eye. *She* had varicose veins. They have no house-rent to pay. He receives 5s. a week from former employer. They are of the small farmer class, and have seen better days. Should F. die before G., G. will be left absolutely dependent upon a daughter in service. Mode of living same as C., with a little meat when they can purchase it."

"H., single woman, 59, with no rent to pay. Daughter of a labourer. Has no parish pay, but gets a little from charring, church cleaning, etc. Had £40 left her some years ago by an aunt. Lives with I., aged 80, who has a pension of 3s. per week. I. is very infirm. Her husband was an invalid for fifteen years. H. and I. use lard instead of butter when they can buy it from neighbouring farmers."

"J. is the widow of a labourer. They reared a large family on 10s. a week. J. is over 76, and suffers from dropsy. She has 1s. and a loaf from the parish, and lives with a married daughter."

All these manage to keep their homes and themselves respectable on these slender incomes. They all have gardens—a great help, of course.

"K., 75, is an aged labourer, suffering from rheumatism and hernia on both sides. Has earned a little by breaking stones, but has had to abandon this employment lately. Has 2s. per week from the parish. Lives with a niece, who supports him as best she can."

"L. and M., his wife, both just 80, both incapacitated from labour, have 4s. a week from parish. Expenditure—Rent, 1s. 3d. per week; coals for do., 1s. 1½d.; have to pay a woman for washing. Continue to live on balance with help of their garden."

"N., widow about 75. Chronic invalid. House rent, 1s. a week. Has 1s. 6d. and a loaf from parish, and a garden. But both L. and N. have to pay, being too feeble to work, for putting in their gardens."

The following cases are taken from a village in North Wales:

"C. D., now 82 years old. When 58 years old he had an attack of sickness, and was taken to a Liverpool hospital, where he

remained three months, and returned home another man, weak and feeble of limbs, and getting more and more so year after year, until he has now become quite an invalid. He worked as labourer, and now and then with a neighbouring captain as sailor. Brought up six children. Gets 3s. a week from the Union, and is helped by his wife, 74 years old, and a son and daughter, who, with the Union's help, maintain him and themselves."

"D. J., aged 77 years. Has been a strong, hard-working and sober man. Brought up ten children. He is now a widower, having a daughter at home to attend to him. Has been forty-five years in the service of the late Mr. X., chiefly as woodman. Has been discharged from his service because his limbs have become rheumatic. Gets his house free of rent—*i.e.*, money rent—but he has to keep in repair the walls surrounding the forest. Gets 3s. from the Union, and works a little on the highway, cutting stones, etc. He is not fit to work, but is obliged to do so, though lame and almost blind, in order to make up his 3s. into a life-maintaining sum."

"B., 78 years old. Has been a widow for twenty-two years. When her husband died they lived on a farm, a small one, which she had to leave, with five children, the youngest being then four years old. Parish relief has since then been given her in greater or less sums—now 2s. a week. She has for years been suffering from lameness. She has suffered much. Has a kind daughter, and three sons, who help her a little."

"W. D., 75 years old, of a very strong constitution. Was a hardy blacksmith, and brought up ten children. Is now a widower, living with his daughter, and gets 4s. weekly from the Union, as well as £5 yearly from a Society for the blind. He lost his sight gradually, through working too hard, and has been quite blind since about twelve years ago. He continued to work as blacksmith, and did much horse-shoeing when he could not see the nail. Was always a sober and respectable man."

"J. P., 85 years old, his wife being 76 years. He is now bed-ridden, and almost blind and deaf. They have a daughter, a milliner, living with them, and they get 6s. weekly from the Union. Rent, £4 for house and garden. He was a good farm labourer. Brought up three children. When in middle age, he saved by labour and care sufficient money to begin farming on a small scale, removed to a

larger farm, the rent of which was much too high, and gradually lost all his savings, and became a pauper about eight years ago after a long and hard struggle against poverty."

"All the above," adds the correspondent who has compiled these narratives, "have been industrious and sober, and are respected by their neighbours."

Another correspondent sends most interesting particulars from a Leicestershire village. Here the ordinary conditions of village life are a little modified by the neighbourhood of collieries, and certain other industries, which give employment to the villagers. Our correspondent has been careful to estimate the help which the old people receive in kind from neighbours and friends, though she warns us generally that this is somewhat precarious and intermittent. The following are the cases in our correspondent's own language :

"A. An old couple; the woman over 70, the man older and infirm. They have 9d. a week from a local charity, 9d. a week from a lady, and 2s. 6d. a week from the parish. They have a good deal of help, rarely in money, but in food and comforts from two daughters married and settled in the village, for whom Mrs. A. performs various grandmotherly services. They have also the friendship of the clergyman and his wife, and receive from them help, though, I think, no money beyond the weekly 9d., which they receive through the clergyman."

"B. Very old woman, suffering from cancer. Has 2s. 6d. a week from the parish, a garden to her cottage, where she grows a few vegetables, a good deal of help in food from a married daughter living close to her, and much willing nursing and care in her frequent severe accesses of illness from the women living round her. She is much loved and looked up to."

"C. A woman of 58 or 59. Has 2s. a week given by a lady, and earns about as much again by 'seaming.' Seaming is sewing up the back seams of socks or stockings, which are turned out in a flat condition by the factory looms. She is paid 2½d. or 2¼d. a dozen for seaming coarse socks—the wool needed for the work being provided. She used to be able to get through twelve dozen in a week, but cannot do so much now, her eyes being not so strong, and dazzled with the

work. A neighbouring lady gives her about 10s. worth of coal for winter. She has a good two-roomed cottage (one room above, one below), and a garden, where she grows vegetables. She pays, I think, 1s. 6d. a week. She is almost stone deaf, and has little communication with others. The neighbours report that she has sources of income which she does not reveal. I asked the clergyman if this was true. He said that he had often heard it, but had not been able to find out if it was so or not."

"D. An old couple, next door neighbours to C. They are between 60 and 70, very respectable. He worked as a collier till 1887, when heart disease, from which he had long been suffering, increased so as to disable him completely. He had 10s. a week from his benefit society for a time, then 5s., and now for several years he has had 2s. 6d. a week. His wife, who keeps the cottage beautifully clean and orderly, works at seaming of a finer kind than C. can do. I don't know exactly what she earns, but as the top price for stockings is 7d. a dozen, I don't think her earnings can average more than 3s. 6d. weekly. The man works at his own garden, and now and then, when he is at his best, can earn a little by helping in a neighbour's garden. They have a little help, amounting to from 10s. to £1 a year, from a friend."

"E. is the only case I know in which the money resources really represent the total income very fairly. She is a widow over 80, has 2s. 6d. a week out-relief, lives in one room, a tenement carved out of a cottage of four rooms by giving a separate front door to one ground-floor room, and having no garden. She pays for it 9d. a week. Coals cost her 8d. a week when she has to buy them, but this expense is saved her when she mends the colliers' clothes for them, as she often does when their wives are busy with seaming. The colliers all receive an allowance of coal from the colliery, and as this allowance is on a liberal scale, they find that to give it in return for small services is a cheap and convenient form of payment. E. has this mending to do irregularly. Sometimes there is none to be done; sometimes the care of her room and her own needs is as much as she can manage, and I don't think it can be counted as giving her her coal for more than half the year. She is a proud woman, and mixes little with her neighbours, except with one family. These people are less well off than most of the villagers, but are careful people, and very charitable. The son always draws and brings in to her E.'s daily bucket of water, and when they have anything specially good for dinner, they carry her in a plate of it. Beyond this she has no resources. She looks well."

The three following, which are the last that we shall quote, are sent by a correspondent in a Berkshire village :

“ G. L., born in 1818, agricultural labourer, has spent all his life on the land. He had six children by his first, and one by his second wife. Has been a member of two local clubs, and of one large Friendly Society, all of which have broken up. Works on roads at 1s. 6d. per day. Has no savings, and is supported by his youngest son. Is a fine type of the sober, industrious, upright, agricultural working-man.”

“ M. G., born in 1813, lost her husband, a bricklayer, in 1884. H. D., her daughter by a former marriage, has always lived with her, and for thirty-five years bedfast. Though crippled, and liable to fits, has carefully tended nurse-children. H. D. is over 50, and has now only one child. M. G. receives parish pay—2s. per week and a quartern loaf. Rent is 2s. There have been a few pounds in Savings' Bank since 1879; they once almost touched £30, and now stand at £9 10s.”

“ H. S., born in 1816, agricultural labourer, has lived with his wife (born in 1808), who survives, for the last fifty-six years in the same house, where ten of his eleven children were born. Rent, 1s. 3d. Wife in receipt of parish pay—2s. and one quartern loaf. He is now ill, and receives 2s. and loaf. When able, and there is a light job, works in a lady's grounds, and is generously paid. Was in a club, now long ago broken up. Nothing saved. Money has been wasted in drink.”

Specimen cases cannot, of course, be exhaustive, but those which are quoted above have been submitted to correspondents in other country districts, who declare them to be typical in their general features. Country life in England presents an enormous variety of conditions, and we cannot even generalise from one county to the next. But, in spite of these differences, we find a general agreement that the agricultural labourer cannot do more in the way of saving than keep up his subscriptions to clubs or friendly societies unless he is either single or has no children. If he enjoys good health, and has an allotment to help out his earnings, he may maintain his independence until about sixty-two or sixty-three. After that a hard struggle sets in, and in a vast number of cases life is only maintained to the end by the aid of the parish.

Help from the children is somewhat precarious, and, if they, too, have large families to support on a wage of 14s. a week or less, cannot be adequate. There are a few village societies which have organised pension schemes, and landlords¹ occasionally grant superannuation allowances to labourers who work for them, but these instances are too rare to affect the general result.

The disinclination to enter the workhouse is common to town and country, and needs no explanation. Though many indulgences are granted to the aged, that last step is not less painful to them than to others. The constant association of the old with the old is not a natural arrangement, and it brings out the worst traits of character. The old need the presence of the young, and the young gain by the presence of the old. Isolation is bad for both, but for the old it is a very severe hardship. Moreover, under the workhouse system, there is ordinarily but little selection of those who are thrown together, and it is an additional pain for the respectable poor to be in daily contact with others whose character and conversation is a constant offence.

If we could be quite certain that the misfortunes of the aged poor were generally of their own making, we might persuade ourselves that these and other troubles which beset the close of life were parts of a necessary scheme of punishment and deterrence. But we can hardly accept so comfortable a doctrine when we have Mr. Booth's figures before us, as well as a large body of general evidence, tending to show that the bulk of pauperism later in life is due not to vice, or drunkenness, or unthrift, but to misfortunes which, under present conditions, must be counted unavoidable. The vicious and the drunken usually pay their penalty by an early death, and we find a general agreement among those who know how the poor live that the standard of decency and sobriety rises as age advances. But in hundreds of cases, a thrifty or deserving past life does not appear to affect the ultimate result. With this evidence confronting us, we are necessarily led to revise some of our conclusions, and to consider more carefully whether the con-

¹ See "Problems of Village Life," *St. James' Gazette*, January 5, 1892.

ditions of life in old age can be mitigated by any action on the part of the community.¹

In the present chapter we have endeavoured to show that the evil is real, and that it demands consideration. But a more careful inquiry into the causes of old age poverty is still necessary. We require to know especially what is its relation to modern industry, and what are the resources available when wages fall off. The next two chapters will be mainly devoted to these points.

¹ Since the above was in type, a clergyman in a Somersetshire parish has forwarded the following most interesting account of the weekly expenditure of a married labourer with five children and 10s. a week. The particulars are given by the wife, "a woman of exceptional intelligence," who makes up her account as follows : 7 loaves at 6d., 3s. 6d. ; $\frac{1}{2}$ lb. of butter, 6d. ; tea, 4d. ; oil, 2d. ; firing, 1s. 6d. ; cheese, 1s. ; meat, 1s. 10d.—total, 8s. 10d. The cottage is rent free, and potatoes she gets from her garden and from a "potato ground" let by a farmer at 1s. a yard, manured and tilled and ready to receive the seed. She gets a little more money towards children's clothing, etc., by working in the fields ; but she adds, "'tis impossible to pay one's way and clothe a family and save anything besides, and 'tis hard to have nothing but the workhouse when one gets old." The same story might be told of thousands of agricultural labourers.

CHAPTER II.

Wage-earning Capacity in Old Age.

THE Resources of the Working-Class in Old Age.—Savings Generally Insufficient.—Other Resources (1) Earnings of Themselves or Relatives; (2) Benefits of Trade, Friendly, and Other Societies; (3) Charity. The Earning Powers of the Working-Class in Old Age.—Modern Industry Unfavourable to the Old or Elderly.—Prof. Marshall's Opinion.—Evidence from Various Trades.—Iron and Steel Workers.—Carpenters.—Compositors.—Miners in Northumberland and Yorkshire.—Seamen and Firemen.—Railway-Workers.—Textile Trades.—Labourers, Dockside and Agricultural.—Women Workers and Domestic Servants.—General Conclusions.

WHATEVER interpretation we may put upon the figures of Mr. Burt's return concerning the pauperism of old age, one point, at least, they declare beyond all doubt. The Poor Law, even as at present administered, will not account for more than a fraction of the total sustenance of the working-class in old age. To arrive at this conclusion, we may dispense with all conjectural estimates of the annual total, and simply fall back upon the figures of the day census as they stand. On August 1, 1890, we find that about 12 per cent. of the total population over 60 years of age were to a greater or less extent in receipt of parish relief. Or, if we confine our observation to the working-class, we may place the figure at from 20 to 25 per cent. of the working-class population over 65. We may make some allowance for the fact that the August census is likely to be below the average, but, having done that, we are still faced with the fact that, at any given moment we like to choose, at least 75 per cent. of the working-class will be found to be providing for their own necessities in old age. More than that, the majority of the remainder are at least partly supporting themselves, for of the 286,867 paupers in Mr.

Burt's return, no less than 218,743 are in receipt of out-door relief, which, in most cases, means only partial support.

With these figures before us, the next, and perhaps the most difficult part of the whole inquiry, is to obtain some conceptions of the resources other than the Poor Law which are available among the working-classes for the support of old age. Here we have few figures to guide us, and are compelled for the most part to fall back upon opinions and impressions.

However, one thing may be said without fear of contradiction. The working-men who find themselves at the age of 60 or 65 sufficiently well off to live on the income of their savings are only a small minority. There are some who have risen from the workshop to the highest positions in the hierarchy of industry. There are others, also no considerable number, who have invested their savings in retail trade and turned shopkeepers in their old age. Excluding the Poor Law, the remainder depend either (1) on their own earnings, or those of others; or on (2) the superannuation or sick benefits of their Trade and Friendly Societies; or (3) on charity. In certain cases all three sources combine with savings and the Poor Law to provide a bare maintenance. In a great many others, the first and second, or first and third are found together.

The present chapter will be devoted to the first of these divisions. By reference to certain typical trades we have attempted an estimate, necessarily quite tentative and imperfect, of the earning powers of aged workmen. "The conditions of industry change so fast," says Prof. Marshall in his *Principles of Economics*, "that long experience is in some trades almost a disadvantage, and in many it is of far less value than a quickness in taking hold of new ideas, and adapting one's habits to new conditions. In these trades an elderly man finds it difficult to get employment except when trade is brisk, at all events if he is a member of a union which will not allow him to earn less after he is fifty years old than before he is thirty; and the knowledge of this is tempting artisans to follow the example of unskilled labourers whose natural inclination to marry early has always been encouraged by the desire that their family expenses may begin to fall off before their own wages begin to

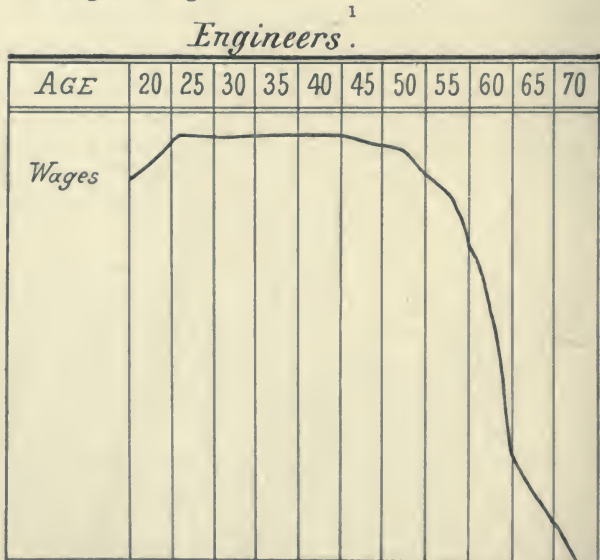
shrink." In short, the tendency of modern industry is against the aged, and not merely the aged but against even the elderly. A man may earn better wages in the prime of life than were possible a generation ago, but he is more quickly used up. He may be capable of good work, when the fifties are passed, but he is not usually capable of quick work, and modern competition demands speed as well as excellence. The employer grudges him the standard rate of wages, and the union will not let him "spoil the market" by working for less. The difficulty of obtaining a fresh situation is greater each time that he finds himself out of work, and if he is not bound by long service or ties of sentiment to any particular employer, he must often abandon all hope of regular employment some years before the age of 60 is reached. If he is in he may remain in, but when he is out it becomes harder each time to get back.

In order to give reality to Prof. Marshall's generalisation we have endeavoured to obtain information from certain of the more important Trade Unions concerning the wages earned by the older portion of their members, and the rate of decline after the middle period of life. The records kept by Trade Societies are rarely of a kind which permit precise statistical deductions on these particular points, and the results are, therefore, more or less of the nature of impressions. But we have taken some pains to verify them on the employer's side, and without pretending that they are either exhaustive or final, we may, at least, be permitted to use them as illustrating a general tendency.

It is impossible to cover the whole field of industry, but we have endeavoured to choose the larger and more representative trades irrespective of the results which we might suppose them likely to produce. The first examples we have taken are from the iron and steel trades. Here we find a general impression that a man is at his best between 25 and 45, and that the period of decline sets in from 45 onwards, gradually at first, but at an always accelerating rate, until at the age of 55 the earning powers will be diminished by a third to one half, and the difficulty of obtaining regular employment becomes considerable. After 60 the diminution in wages is still more rapid, and at 65 a man may be considered extremely

fortunate if he can earn more than a third of the wages which he received in his prime. The Amalgamated Society of Engineers ceases to require the minimum rate of wages at 55, and permits its older members to continue earning what they can. For those who are past work there is the superannuation benefit commencing at the age of 55, and varying from 7s. to 10s. a week, according to length of membership. Fifty-five, then, according to the opinion of the Union, is the last year when a man may be expected to earn the normal wage, and from 55 onward the decline is very rapid. Of the 300 superannuated members entered in the report for 1890, 128 were below 60, 55 above 65, and the remainder between 60 and 65. A very large number appear to die before reaching the age of 60.

For the sake of clearness we will venture to sum up these results in the form of a diagram. Suppose an engineer lives to the age of 65 and beyond, the following curve represents roughly the rise and fall of his wages during life:—



¹ The information upon which this and the other tables are based

The maximum earning period is thus comparatively short, and the period after 55 one of considerable and increasing scarcity.

But engineers' work varies and needs distinguishing. A Sheffield correspondent, who has special opportunities of understanding the iron and steel trades, sends us the following estimate of the wages at various times of life in his district. He reports that the ages at which the best wages are earned are as follows:—

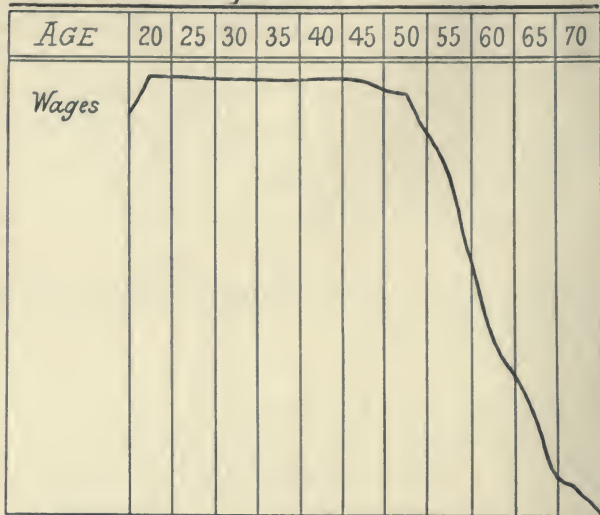
(a) Smiths, Fitters, Turners, Moulders, Pattern and Boiler Makers—25 to 45.

(b) Iron and Steel Workers—24 to 40.

Generally speaking, (a) become incapacitated at 60 and (b) at 50. After the age of 60, 10 per cent. live on their previous savings, 50 per cent. are dependent upon their relatives, unions, clubs, and miscellaneous labour, and the remaining 40 per cent. help out their resources by parish relief.

The next example is that of carpenters. Here we find a unanimous opinion that the chief earning period is between 25 and 50, while after 50 there is a rapid and progressive decline. The Amalgamated Union of Carpenters, therefore, puts its superannuation age as early as 50. The qualification is, generally speaking, some physical disability which prevents a man from earning more than half the standard wages of his trade, but the fact that it is placed at 50 is fair evidence that the Union expects it to be required at that age. After 55 the standard rate of wages is generally abandoned and the man permitted to earn what he can. These results may be summed up in the following table:—

does not warrant us in attempting to draw them precisely to scale. But if in each case the figure 100 be placed at the point where the curve is highest, and the figure 10 at the base, the proportions will, for practical purposes, be sufficiently indicated. To make the results complete and precise, a more careful inquiry in different districts is necessary than the present writer has been able to undertake.

Carpenters .

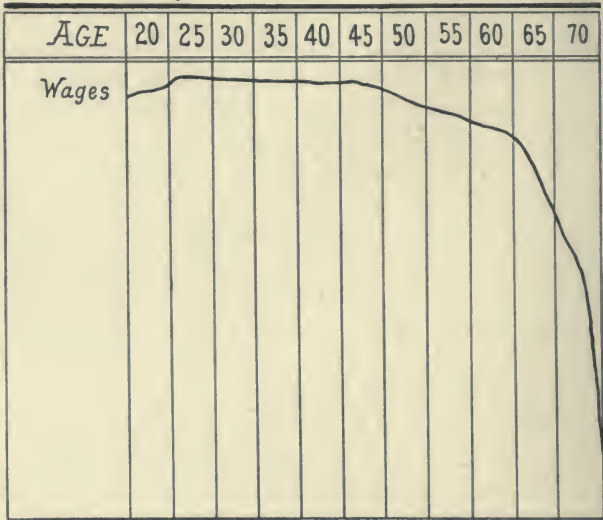
In the opinion of many, the decline after 55 is more rapid than is shown in the above table. But the irregular earnings of aged carpenters by means of odd jobs are considerable, and though difficult to measure, the above estimate allows a fair margin for them. Among those who are entitled to speak with authority for this trade, we found a general opinion that the age of a State superannuation scheme should not be later than 60.

The next trade we have selected is that of compositors. Here the case is less striking. While the mortality of the trade is high, yet the compositor who reaches the period of old age is, as a rule, better able to earn a fair livelihood than most other kinds of skilled workmen. The news hand is usually at his best between the ages of 23 and 36; after 36, there is a slight decline of speed, which continues very gradually till 50 or 55, when it becomes more rapid. Since the news hand is generally a piece-worker, decline in speed means a corresponding decline in wages. Nevertheless there are many compositors in newspaper offices still earning fair wages at 65 years of age, or even later. If a man's speed is very greatly diminished, the question will sooner or later arise

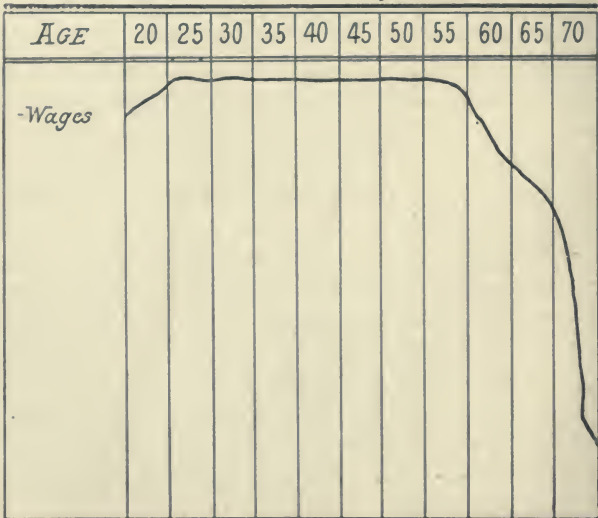
whether, to put it brutally, he is "worth standing-room," and can be spared a "frame." But on the whole employers are found to be considerate to the older hands, and in distributing "copy," the foremen usually make many little exceptions in their favour with the full acquiescence of the younger men. The staff of a newspaper are a comparatively small number (on the average from 30 to 40); they are all personally known to each other, and the relations between them are of a less formal and more friendly character than is possible in great workshops where the employees are numbered by the thousand. Each office is separately organised as a "chapel," which meets at intervals to consider questions which concern the members in common, and which also frequently raises subscriptions and organises benefits, in addition to those granted by the union, to the sick and aged.

The London Society of Compositors fixes its superannuation age at 55. The benefit is 4s. a week, and the qualifications twenty years' membership and incapacity to earn 15s. a week. But the number superannuated at that early age from simple infirmity are extremely few. The Typographical Association, which governs the trade in the North of England, puts the superannuation age at 60, when a member is qualified for the benefit, if he is unable to earn the minimum wage of the district. These rules apply equally to news hands and jobbing hands (*i.e.* type-setters of books, bills, pamphlets, etc.), whether they are on piece or on "'stab"—the trade expression for time-work. The London Society of Compositors permits an old "'stab hand" to work at less than the standard rate of wages, provided he does no composition, but confines himself to "stone-work," *i.e.* arranging, making-up, etc. But this relaxation is apparently by no means popular in the trade and has no counterpart in the northern district. On the other hand, there appears to be no general disposition on the part of employers to lower the wages of their old hands, though in this trade as in others the old man who loses his situation is at a great disadvantage in seeking a new one, and practically only finds employment when work is brisk. The following tables express briefly the experience of these trades :

Compositor (News Hand)



Compositor (Jobbing Hand)



We have dwelt specially upon the compositor's trade, because it is probably less affected than any other by the modern conditions which, as Prof. Marshall has reminded us, tell heavily against the aged. In spite of the introduction of type-setting machines during the last few years, the bulk of the work is still done by hand and is still organised on principles which are almost mediæval in their simplicity. Except that greater speed is required from the modern newspaper hand, the work of a compositor to-day is almost exactly what it was fifty years ago. There has been no displacement of labour by machinery, no sudden demand upon men advanced in years to adapt themselves to new and constantly changing conditions. The small workshop holds its own, and instances of men who have worked thirty or forty years for the same newspaper may be found in all parts of the country. The conditions, then, still admit of relations which have become obsolete or impossible in other trades. The trade, moreover, is one which makes a certain demand upon intellectual faculties as well as upon manual skill, and the intelligence or experience of an old hand will have their worth when his manual skill begins to decline. There is a larger proportion of foremen and overseers in this trade than in most, and as age advances the compositor has a good chance of securing a quiet and responsible position which will carry him on to the end. How long these conditions will last is a question which no one connected with the trade will undertake to answer off-hand. But the inevitable introduction of type-setting machinery may at almost any moment necessitate an entire rearrangement.

The mining industry is another which is organised on more or less old-fashioned principles. Here we have two reports differing in some particulars from Northumberland and Yorkshire respectively. In the Northumbrian district a hewer appears to be capable of earning a good if not the best wage up to the age of 55 or later. From 55 onwards he gradually begins to work shift or datal work which reduces his wages from about 25 to 33 per cent. But the old age of the Northumbrian miner is as well provided for as that of any class of workmen with whose history we

are acquainted. Membership of a Friendly Society or a Co-operative Store is almost universal, and there is a superannuation department in connection with the Northumberland and Durham Miners' Relief Fund which provides a benefit of 4s. a week for those who are certified to be past work. "The proportion of our men," writes one correspondent from this district, "who are saving from £200 to £500 by the time they are fifty years of age is greatly on the increase."

From Yorkshire the account is less cheerful. In that county, speaking generally, the miners appear to be incapacitated for regular work at the age of 60. Their earning powers gradually decline from the age of 45, but until fifteen years later employment of some kind or other in or about a mine at a minimum wage of 2s. a day can usually be found. After 60 their fate appears to be very much the same as that of the iron and steel worker. A small minority then subsist on their savings; a large number are dependent on their relatives, club benefits, and miscellaneous benefits, and a considerable remainder have recourse to the Poor Law.

The next case chosen is that of seamen and firemen. Here we were at first met with the reply that the seaman has no old age. The mortality is enormous; indeed, the Seamen and Firemen's Union put the average age of death among those who adopt a seafaring life as early as 30. However that may be, it is certain that those who survive have a diminishing chance of employment every year after the age of 40. The introduction of steam is perhaps in this employment rather more favourable to elderly men than in most. A man who has not the wind or limb to go aloft and reef a topsail in a gale of wind may still be serviceable for several years to come on board a steamer. Nevertheless, in both classes of vessels it is rare to find an able-bodied seaman, who is more than 45 years of age. Apart from any obvious incapacity, the competition of the younger men keeps them out. It is a common sight to see a hundred men waiting outside a shipping office for the selection of a crew of 20. In such a case the younger men will invariably be chosen first, and the

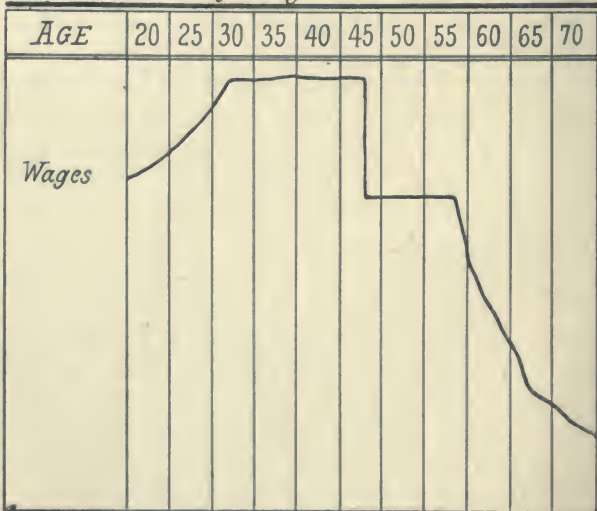
man of 40 and upwards will only find employment when trade is brisk, or when the younger men have refused to sign on.

Very much the same rule applies to stokers and firemen. But they have facilities of passing to other employments on shore which are not open to the seamen pure and simple. The seaman is difficult to trace after he has ceased to go to sea. He frequently finds a kind of amphibious employment as a river waterman, a pier-head man, or in some similar capacity. Sometimes he becomes a labourer, though if too old for the sea, he will generally be too old to make any but the most casual and irregular earnings on the dock side. As a rule he has saved little or nothing, and in the vast majority of cases becomes wholly dependent in his old age, should he survive so long.

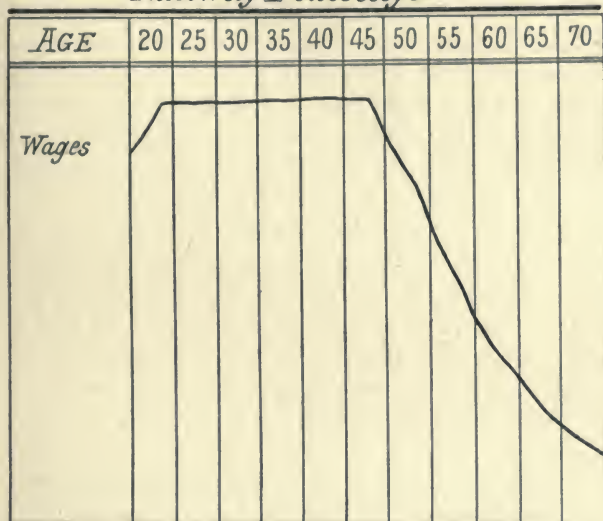
It should be added that the Seamen and Firemen's Union pays a lump sum of £20 in lieu of superannuation benefit to all members of 20 years' standing, but this is not intended and can hardly be reckoned as a provision for old age.

We pass now to a different type of employment—that, namely, of railway workers. Here we have various grades which need to be distinguished. There are the men of the locomotive department, drivers, engineers and others, who rank among the highest of the skilled trades. There are others, like guards, signalmen and shunters, who, without possessing special manual dexterity, hold positions of great responsibility which require long experience and knowledge, as well as strong nerve. Finally there are plate-layers, porters, and the like, who are ordinarily though perhaps not quite fairly ranked with the unskilled. For present purposes the first class need concern us little. A driver is generally removed at 60, but he is in most cases well provided for by that age, and he not uncommonly leaves his engine to go into trade, sometimes into "the trade." Shunters again will frequently rise to be guards, and then in their sixtieth year or thereabouts pass on to some quiet position such as that of a country stationmaster. The signalmen present a somewhat harder case. At the very best,

and when holding highly responsible situations at the great central termini, they earn little more than 30s. a week, and the period when they can occupy these positions lasts only as a rule for the fifteen years from about 30 to 45. After 45 they are considered unfit for these situations, and put back to the simple road-side box where they started their career at 20 with a weekly wage of about eighteen or twenty shillings a week. Ten years later they are practically retired and sent to end their days at a gate-house crossing or light work of a similar kind. The plate-layers are in a very similar case. Their work requires muscle and energy, and their best wages period comes therefore quite early in life. Their wages appear to fall off very rapidly from about 40 onwards, and at 60 they are usually relegated to odd jobs such as oiling points and the like. Following our previous plan, we may represent the wage history of signalmen and plate-layers very much as follows :—

Railway Signalman.

Railway Platelayer.



So far, we find very much the same conditions among the skilled employees of a Railway Company as we have observed among other classes of skilled workmen. At sixty and in many cases much earlier a man is retired from the position in which he has earned his bread during the middle period of life. But the hardship is to some extent mitigated by the fact that a Railway Company has at its disposal a large number of places in which an elderly man is able either to earn a fair livelihood, or at least to eke out his savings with a small but regular weekly wage. The man who begins life as a shunter, continues as a goods guard, and finds employment for the end of his days as a stationmaster, has the kind of career which is desired by all classes. It provides him with a position of trust and reasonable emolument when his physical activity is more or less exhausted. It is one of the advantages of the larger organisations of labour that they can by

reasonable arrangement reserve a considerable number of such places for their elderly employees whose experience is thus turned to good and useful account. In spite of these mitigations, however, we find the same general opinion among railway servants as elsewhere, that the position of the old men is far from satisfactory. The retirement from active service is comparatively early in life, and the subsequent earnings are for the large majority but scanty. The Amalgamated Society of Railway Servants showed its sense of this fact by starting a superannuation scheme in the year 1874, which promised 5s. a week from the age of 50 where the circumstances required it. Six years later the drain on the resources of the Society was found to be so serious that the existing pensions had to be commuted for a lump sum of £20, and no similar scheme has since been started. On the other hand, the Directors of Railway Companies are making considerable efforts to include old age benefits among their schemes of insurance for their employees.

Two reports of the textile trades come from Manchester and Bradford respectively. The time when an operative in a Lancashire cotton mill becomes past work appears to vary very much with different individuals. Our Manchester correspondent states that some are worn out at 45, while others continue at work until past 70. But in this trade, as in others, it is reported that if a man gets out of work when past 50, he has either to remain out or to take an assistant's place, or, if he is a weaver, to take fewer looms. If a spinner is in a good place, he will go on until 60, but rarely afterwards. Our correspondent, however, is quite clear that most cotton spinners who choose can save a small independency for old age. As a matter of fact, a large number do not, and in their old age receive public relief. Weavers and cardroom hands do not earn so much as spinners, but are still able, in this correspondent's opinion, to save money when they choose.

The report which we have obtained from Bradford is to much the same effect, except that "very few, probably less than 10 per

cent.," are reported to have provided themselves against old age by their own savings. Fifty-five, or from 55 to 60, is stated to be the time when a man ceases to earn full wages, and between 60 and 65 he is usually considered past work. Supposing an "overlooker" were seeking employment, grey hairs would undoubtedly be against him, and if out of employment at 50, any work that he could obtain would probably be irregular, but if in a good situation at that age a healthy man would probably continue to earn high wages till 60. Many elderly workmen in these trades appear to pass into such occupations as combing and wool-washing, where the wages sink to about 18s., whereas, in the prime of life, the man would have been earning from 30s. to 35s. The condition of the old when past work is commonly one of dependence upon children, or partial dependence, associated perhaps with the keeping of a small shop. The local Trade Unions appear to do little in the way of superannuation.

But it may be urged, and with perfect truth, that a skilled artisan is rarely found in a state of destitution even in old age. Everyone remembers how the Committees formed for the purpose of distributing the Mansion-House Fund in 1886 almost entirely failed to discover really destitute cases among the higher classes of workmen. And if the case for national pensions rested merely on the figures of pauperism, and required the proof of destitution, this fact would be extremely impressive. If, on the other hand, it is put on a broader basis and urged as a help for old age which has the merit of not requiring the exhaustion of previous savings, the last years of a skilled workman's life furnish a strong confirmation of the argument. The shortness of the earning period has the double effect of checking saving, and hastening the period when savings have to be utilised. The case in which a man can provide reasonable comfort for his own declining years, and leave something for his widow in the event of his death is by common consent most rare. From 55 onwards the life even of the aristocracy of labour is one of increasing dependence. These men have commonly not the disposition which enables them to

bear up against the anxiety which arises from loss of employment. The more regular a man's employment in past years, the greater the shock of the sudden change. "I have noticed again and again," says a correspondent, who is intimately familiar with the life of the working-class, "how the collapse of a firm or factory which has given regular employment to large numbers of hands from their apprenticeship onwards, has been followed by a heavy mortality among the displaced workmen. They have not learnt to shift for themselves and the anxiety kills them. Strong men barely past middle age will succumb and die in a few months under these circumstances." This may help us to realise the dread with which an elderly workman who has rarely or never been out of work in his life contemplates the loss of a situation when he gets into the fifties. It explains the efforts which he makes to conceal his years, his increasing vagueness about the date of his birth, his blundering, though pathetic, attempts to conceal his grey hairs. He is suspect because he is old, and, once out, he knows how great will be the difficulty of getting back. And then the prospect in front of him is a life of odd jobs, helped out by the sick benefits of his Trade Union or Friendly Society, donations from his children, perhaps a small income from his savings, or what is more common, by periodic draughts upon his capital. It can be made to do, perhaps, with sobriety and management, if life is not too long protracted, but the insecurity of it and the doubt what the income will be from week to week is a constant, if concealed, anxiety which embitters the last years and hastens the end.

We are not exaggerating when we say that this is a fairly typical description of the life of an artisan who lives beyond the age of 65. There are some who draw continuous sick pay from one or two societies. There are others who find light and easy employment, as watchmen or caretakers, but these places are hard to get and the competition for them is immense. If industry were generally organised on the basis of giving young and old the work which is best suited to their physical capacities, it might be otherwise; but

no such ideal arrangement is possible, and we must accept the facts as we find them. And for the large majority of skilled workmen as well as others, it is perfectly true to say that a small and absolutely assured income of, say, 5s. a week would make all the difference between constant strain and comparative repose without diminishing the necessity of independent efforts to accumulate savings.

So far we have been concerned with skilled labour. The bulk of the paupers shown in Mr. Burt's return are drawn from the unskilled, and it is they whose condition is generally regarded as calling most for aid. The unskilled labourer of the towns is much more difficult to trace through life than the artisan. He migrates from one employment to another, he emigrates, he disappears. In his case, as in the sailors, the problem is often solved by death. The conditions vary in different parts, but we may fairly take the London labourers, of the north and south side, as typical of the various classes of dock labour. On the north side the work is rough and plain, and the chief qualifications are muscle and sinew. At this kind of work the best earning period is before 40, and from that age onward it becomes increasingly difficult to obtain regular employment. Soon after 45 a decent livelihood becomes impossible, and a man of 50 can, as a rule, only obtain a job when trade is brisk and all the young men are employed. The Union will not let him work for less than the standard rate of wages, and that increases his difficulty in competing with the young. But here, as in other trades, there is a certain indulgence to the old. The young men will stand aside that the old man may have a turn, and the rigour of competition is softened in many smaller ways. But this cannot prevent the inevitable failure of physical power, and the equally inevitable loss of work as muscle and sinew wear out.

In so shifting and migratory a class accurate statistics of mortality are difficult to obtain, but it is fairly certain that only a minority of those who live by dockside labour survive beyond the age of 50, and that of the survivors the greater number become

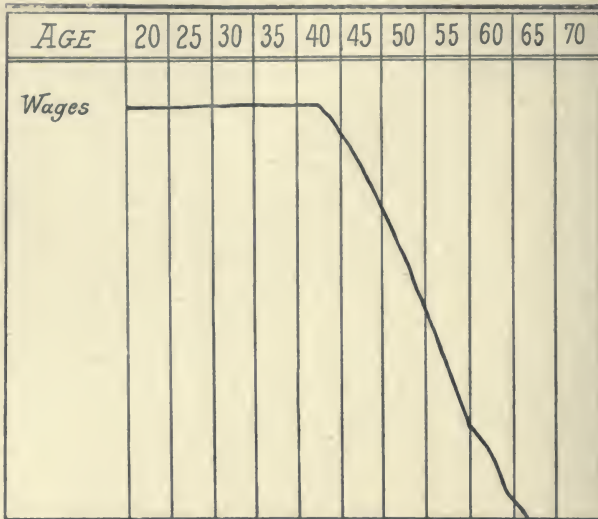
dependent on the Poor Law. It is a kind of dependence which varies with the seasons, and is chronic every winter. There are no inconsiderable number of dock labourers in East London between the age of 45 and 60 who regularly leave work at the beginning of winter, spend the winter in the workhouse or the sick asylum, and at the beginning of spring emerge again to try their fortunes on the dockside. They can shift for themselves in the spring when the wool sales are on, or in summer and autumn when the weather is mild and trade is brisk, but the winter is too much for them. As age advances the earning period of the year becomes more and more contracted and the dependent period grows correspondingly longer.

The south side labourer generally considers himself, and often is, of a higher class. Here we meet the corn porter and the timber-carrier, both of whom are engaged in occupations which require if not skill, at least the kind of knack and habit which comes very near skill. But here, also, the conditions are against the aged. The corn porter who works in the hold of a ship, constantly filling his lungs with the dust of grain, is early worn out. It is rare to find a man at this work much beyond the age of 40. Before 50 he becomes what is known in the expressive slang of the dockside as a "knacker." The phrase is suggestive of broken-down horses, and the state of lungs, which is occasioned by daily work in the hold of a grain ship, makes it not wholly inappropriate. The idle men who come at midday or later to find just enough work to bring them drink and a night's lodging are known as "knacker-hunters," which means that they fill the places of the older men who are not up to a full day's work. The mortality of this trade, also, is very great, and it is not often that a corn porter above the age of 50 is found still at work. Those who survive are not easy to trace. A minority find light work in the warehouses on the dockside, the rest become dependent upon their relatives or live a life of odd jobs with constant recourse to the Poor Law, either as inmates of the workhouse or recipients of out-door relief. A considerable proportion are members of some kind of Friendly

Society which may give them continuous sick pay as their age advances, but their independent savings are usually quite small. While the price which they obtain for their work is comparatively good, their average annual earning is brought down by the irregularity of their work, and if a man has married and had a family, his chance of saving is exceedingly small. These conditions apply with even greater force to the timber-carriers. Their work is even more exhausting and their earning period, if anything, shorter. Here, again, the work fluctuates enormously, periods of heavy labour and large earnings being followed by months of slackness and semi-starvation. In these irregular trades, the habit of thrift is not common. The sudden reactions from want to plenty seem to produce a certain carelessness which thinks little of six months ahead, and nothing at all of old age. It is a common remark in East London that the labourer will have three meat meals a day when work is full even at the risk of having no meat at all in winter when work is slack.

Very much the same results might be obtained by studying other kinds of unskilled labour in towns. Bricklayers' labourers railway porters, fish porters and the like become too old for the harder kinds of manual work soon after middle age. Scavengers and street-sweepers have lighter, if more disagreeable work, and men of 50 and 60 are frequently found in the employment of vestries and municipalities. We cannot treat these classes separately. There is constant migration from one to the other; the scavenger, or even the bricklayers' labourer, may have been a docker in his youth, or occasionally a skilled mechanic may have dropped in his later years to a life of casual earnings on the dockside. But speaking generally and broadly, few men can expect to earn good and regular wages at heavy labour much after the age of 40. These are trades for the young, and it is an unmerciful necessity which compels the old to continue an unequal competition when the time for strenuous physical exertion has passed.

If we attempted to put it in diagram form the wage-history of dockside and similar classes of labour would be, roughly speaking, as follows :

Dockside Labourers.

The largest class of labourers engaged in any single occupation is still agricultural, and its condition is, in some respects, the least satisfactory of all. A glance through the details of Mr. Burt's return gives us a vivid general idea of the old age poverty in country districts. But striking as the mass of rural pauperism appears to be, the country labourer is not liable to quite the same sudden drop in his earning powers as the town labourer. The correspondents, whose accounts we have quoted in the previous chapter, do not quite agree as to the time of life when the most serious decline in wages sets in, and undoubtedly the conditions differ in various districts. But, on the whole, we may safely say that the agricultural labourer's wages, though at a lower level during life, continue to a later period than the town labourer's. A Yorkshire correspondent states fifty-five to be the age when the farmers in his district usually begin to reduce wages on the score of declining powers; but another correspondent in the Midlands reports that the wages are, in many cases, fairly maintained until

sixty-five. Allotments make a considerable difference, and, where they exist, are a very important aid to the earnings of old labourers, and not infrequently afford them employment on their neighbour's as well as on their own account. The young labourer who is working for a farmer is often glad to find an old man who will put a little labour into his patch.

But if the agricultural labourer maintains his wages to a later period, these wages are on a lower level throughout, and since his longevity is greater, there is a longer period to provide for at the end of life. After sixty-five, his condition is generally one of desperate poverty, which may or may not become pauperism, according to the view which the local Board of Guardians may take of its duties, according to the charities available or the power of the children to help. His club may do something for him, but the club benefit alone is not sufficient to support life, and since it depends upon sickness, it is generally stopped if he attempts to make even casual earnings. The widow is in even a worse plight. The club or friendly society rarely does more than provide her with burial money at the husband's death, and if she has no children, or the children cannot help, her refuge is generally the workhouse. Speaking generally, the old of both sexes have fewer opportunities of making casual earnings in the country than in the town—a fact which may partly account for the disinclination of old people to move from town to country.

A consideration of the case of men for the most part includes that of women. The vast majority of working-class women marry, and from marriage onward their fate is linked with that of their husbands. When the husband dies, the woman resumes her history, and from that point we have seen something of her condition in the previous chapter. Where the woman retains her separate work through life, the earnings are lower throughout, but the earning period appears to last longer. But the decline comes rapidly about the age of 60, and there are not many women who can support themselves beyond that age by any of the ordinary employments which are open to elderly women, such as charring, sewing, or laundry work. Moreover, the scantiness of their pre-

vious earnings, and the entire absence of mutual benefit societies to meet their case brings them earlier upon the rates than men when they are left to their own resources. If the man breaks down, he may still live, and even support his wife, on the sick pay of his Friendly Society. If the woman breaks down, she falls quickly on the parish. In Mr. Burt's return, the excess of women paupers over men is as 195 to 100 between 60 and 65, and as 176 to 100 over 65. But among in-door paupers, the men preponderate. The old man who is left without friends is more helpless than the woman, and he betakes himself earlier to the workhouse or the sick asylum. The woman, on the other hand, makes an effort to maintain her home, and by means of out-relief, small earnings, and the assistance of friends and neighbours, contrives, in many cases, to support herself outside the workhouse until the end, or very near the end. Among the out-door relief cases, taken separately, the disproportion between men and women, as shown in Mr. Burt's return, is as 100 to 234 over 65, and 367 to 100 between 60 and 65. These figures are, of course, largely to be explained by the greater longevity of the women, but they also bear eloquent testimony to one of the greatest defects of the modern thrift movement, which is, that benefits cease with the death of the man. The earning powers of the woman are often as great as or greater than those of the man in old age, but she is without the collateral resources which the man enjoys.

The greater number of women who earn their own livelihood in this country are still domestic servants, and their case is, or should be, brought home to the well-to-do more vividly than any other. The majority of servants marry, and pass with their husbands into another category. Of the remainder, only a small number appear to save sufficient to support themselves in their old age, either by the purchase of an annuity, or by other means. A considerable part of the burden of supporting aged parents, and helping relatives in distress, appears to fall on domestic servants. They are single; they have their own board and lodging secure, and their friends are apt to conclude that they are the right people to give help, "because they have no responsibilities of their own."

The responsibility of providing for their own old age seems distant to others, however near and anxious it may appear to themselves. It is not easy to generalise about the possibilities of saving which occur in the lifetime of a domestic servant, so much depends upon differing circumstances. But we find a general agreement that a servant has little chance of providing for the last years of her life, unless she has remained for many years at a time in the same place. Frequent changes and intervals between one place and another are fatal to sustained thrift and absorb savings. But unless wages are unusually good, it is a difficult matter for even the best and least migratory to save sufficient. Nothing is more common than the case of a servant who is stranded at the age of 60 or 65 in possession of about £100, which might be a comfortable addition to other resources, but is not in itself a guarantee against want. Like other workers, the domestic servant finds it more and more difficult to obtain re-employment when the forties are left behind, and that concealment of age, which is the subject of many jests, has often a more serious object than to gratify vanity.

What we have said in this chapter, may, perhaps, suggest to others a closer and more careful study of the relation between ages and wages. There are no data upon which to form positive conclusions. But so far as we can go at present, there appears to be ample ground for Prof. Marshall's opinion that modern industry does not favour the aged or even the elderly. We have seen that in the more highly skilled and responsible trades, the earnings fall off rapidly soon after middle age is passed. Where they maintain their level to a late period in life, it is usually in those occupations which are still organised in what may be termed an old-fashioned manner. If the earnings of the modern workman are higher, the earning period appears to be shorter. It is possible that Trade Unions might mitigate the conditions for the older workman by relaxing the standard wage on their behalf, and in some cases, we have seen that they actually do so. But under the most favourable conditions the modern artisan cannot expect to postpone his super-

annuation much beyond the age of 55, and before that time arrives, he must expect a considerable decline in his weekly wage. In the majority of unskilled trades the labourer is used up considerably earlier. From 55 onwards, a very difficult time sets in, and those who have saved enough to provide for an old age of comfort must be reckoned a small minority of exceptional men with exceptional wives. The average man who has had a family, who drinks a little, smokes a little, and indulges himself in certain of the minor luxuries which help to make life go smoothly—looks forward to a very lean period at the end. Among the working-class, the problem of saving sufficient for old age depends mainly on four conditions: (1) regular work; (2) a managing wife; (3) a moderate family; (4) sobriety. The absence of any one of these conditions may mar the best efforts in other directions, and the presence of all four means such a combination of circumstances and character as we cannot generally expect to find among average men and women of any class.

CHAPTER III.

*The Resources of Old Age.**(Other than Earnings or the Poor Law.)*

How far is the Ground Covered by Existing Institutions?—Attitude of the Friendly Societies.—To what Extent is their Opposition Justified? — Failure of Friendly Society Superannuation Schemes.—Indirect Method of Dealing with Old Age through Continuous Sick Pay.—Dangers and Objections.—Importance to Friendly Societies of Putting Old Age Benefits on a Sound Footing. — Trade Union Superannuation. — No Actuarial Basis.—Inadequacy of these Benefits to Meet the Case as a Whole. — Employers' Superannuation Schemes. — Pension Funds of Railway Companies and Shipping Federation.—Objection of Trade Unionists how far Valid.—Provision for Old Age through Building Societies.—Examples from the North of England. — Individual Savings and Charity. — Difficulty of Forming an Estimate.

WHEN we leave the question of earnings and consider the other resources of the working-class during the last years of their life, the first place undoubtedly belongs to the great voluntary thrift agencies—Friendly Societies, Trade Unions, and others, which either provide superannuation benefits or contribute indirectly through sick pay to the support of old age. Assuming the desirability of some special provision being made for old age, the question now arises how far the ground is covered by existing institutions. It is of supreme importance that we should have clear information on this point, if we are to measure the force of the objection that any further scheme will conflict with existing voluntary efforts.

The attitude of the leading Friendly Societies has hitherto been one of strong hostility to any form of State intervention. Ex-

pression has been given to this feeling year after year at the Annual Movable Committee of the Oddfellows and at the High Court of the Foresters. It was forcibly stated before the Select Committee of the House of Commons, both by Mr. Reuben Watson, the Actuary of the Manchester Unity of Oddfellows, and by Mr. T. Ballan Stead, at one time High Chief Ranger, and now permanent Secretary of the Foresters. Both witnesses agreed that compulsion to ensure against old age would "sap the independence of the working-class and cause injurious and unfair competition with Friendly Societies."¹ It was Mr. Stead's opinion that if men were forced to subscribe to a compulsory scheme they would withdraw their contributions from Friendly Societies and rest in the conviction that they had done all that was required of them. It is unnecessary to multiply quotations. The public utterances of the chief Friendly Society men leave no manner of doubt that the views expressed on this occasion by Mr. Watson and Mr. Stead are generally shared by the leaders of public opinion in the Friendly Society world.

The argument, then, is both theoretical and practical. It asserts the theory that compulsion applied by the State must necessarily be injurious to independence of character, and it alleges that the particular kind of compulsion suggested will have an injurious effect in practice upon independent institutions. A discussion upon the first point would take us far out of the range of the present inquiry. There is plenty of warrant in current politics for saying that an abstract argument on the effects of compulsion will not alone avail against a scheme which recommends itself on other grounds. Whatever proposal is made will be examined on its merits; and if compulsion is proposed, judgment will be passed, not upon compulsion in general, but upon the particular kind of compulsion under consideration. So much may be said without in any way impugning the excellent motives and admirable spirit which prompt the Friendly Society leaders in their assertion of independence.

¹ See Report of Select Committee on National Provident Insurance, 1885. Questions 936, 949-52, 1046-1052, etc.

The second part of the argument requires a more detailed examination. It is pointed out that there are great voluntary institutions in existence of the utmost importance to the country and of the greatest educational value to the working-class. It is alleged that a scheme of pensions for old age will, if supported or promoted by the State, conflict with this excellent work, and destroy voluntary effort. Obviously, the argument assumes that the pension scheme will cover the same ground as that which the Friendly Societies are now covering. Voluntary agencies, however efficient in their own departments, have clearly no right to demand that the State shall refrain from supporting an enterprise which is desirable in itself and is not covered by their organisation. Mr. Ballan Stead, as we have just seen, urges that the Friendly Societies may suffer indirectly by a pension scheme which might draw off the contributions now available for sickness and funeral benefits. But this is a hypothesis not by any means proven, and the possibility of such indirect results could not in any case be regarded as a sufficient reason for abstaining permanently from all attempts to meet the case of old age.

What, then, is the position of the Friendly Societies with regard to old age benefits, and how far does it support an implied claim that they should be left in possession of the field? The answer must be that schemes intended directly for old age and providing annuities by means of fixed contributions are not available for a large majority of the members of Friendly Societies. In 1883 the Manchester Unity of Oddfellows endeavoured to fill this gap by a special scheme of superannuation, to begin at 65, and its general rules contain a table of benefits and the rates at which they may be purchased at various times of life. A year later the Foresters followed the example of the Oddfellows; but neither of the two schemes has met with any success. In his evidence before the Select Committee on National Provident Insurance, Mr. Ballan Stead declared that the ordinary working-man could not be induced to see the value of a deferred benefit. The contributions were not returnable, in case of death before the age of superannuation arrived; and, according to Mr. Stead,

the fear of being destitute at 65 was less than the fear of losing the contributions by death before that age. However that may be, the result has been the same in both cases. The Foresters' scheme has fallen through, and the Manchester Unity, after seven years, have about three subscribers to their superannuation benefits.¹

In spite of the failure or non-existence of definite superannuation schemes, it would be altogether erroneous to suppose that the Friendly Societies do not, in other ways, make a large contribution to the support of old age. Indeed, the reluctance of their members to subscribe to a separate old age benefit is undoubtedly in large part due to the fact that the ground is already in some degree covered by indirect means. Sick-pay after a certain age is apt, unless most carefully guarded, to glide insensibly into permanent superannuation, and a large number of Friendly Society men have come to use it, if not explicitly to regard it, as such. The rules of certain societies actually authorise these continuous payments, although no provision is made for them in assessing the contributions. After 60 or 65 a man may be permanently on the border line of ill-health. In any case, it is a very thin line which divides the chronic infirmities of old age from the sickness which may be held to qualify for sick benefit, and in practice the distinction is almost impossible to make. There is a great deal of kindly human nature in the branch committees of the Friendly Societies

¹ Notwithstanding the experience of the orders, there are certain isolated societies, especially in rural districts, which have undertaken superannuation and carried it through with success. For instance, the Stoke and Melford Union Benefit Association, with a membership of 1700, pays £1,300 per annum in superannuation allowances to members of 65 years of age and upwards, as compared with £1,100 per annum in sick benefits. But this, according to Mr. Frome Wilkinson (*Mutual Thrift*, p. 170), is "unique in the history of Friendly Societies." On looking into the circumstances of this society we find that it is one of the privileged few which can claim an interest of 3d. per cent. per diem from the Commissioners of the National Debt, and actually has a reserve fund of £35,555 bearing that rate of interest. However, it is not quite unique in organising superannuation. The Catholic Benefit Society has also a similar scheme, and, apparently, a successful one.

and in their medical attendants. And when an old man is out of work and more or less ailing the doctor is apt to take a lenient view of his ailment, and to fill in the certificate which will secure him his allowance without applying any too rigorous test. The committee are inclined to take the same indulgent view. They are faced with the uncomfortable alternative of leaving the man destitute if they should refuse the grant. Possibly he is their friend and neighbour, and probably they look ahead to the time when they may themselves be in a similar case. So it constantly happens that rules are relaxed or discarded, and the aged members permitted to remain permanently on the sick list, receiving what is for all practical purposes an annuity of from 2s. 6d. to 3s. 6d. a week—not a very large amount, but by no means a negligible quantity, especially if a man has subscribed to more than one society.

Nevertheless, it is now generally recognised that this laxity, however kind and honourable may be the motives that dictate it, is a most serious danger to the stability of the Friendly Societies. To what extent the older members have drained the resources of their societies, without making any corresponding contribution to their funds, is known to all who have followed the development of the Friendly Society movement in England. Many have been ruined and many more brought into a most perilous financial position from this cause alone. The valuation test reveals the fact that a large part of their deficiencies is due to the excessive claims of permanent sick pay, or what has insidiously and without corresponding provision become such. "This perpetual drain," says a recent writer on the movement, "has been the cause of a large diminution of funds, which should properly have been stored up to fructify at compound interest to meet the after-sick liabilities. This has operated very much against the older districts of the Orders, in which many members have been receiving a reduced sickness benefit, which amounted to little short of a pension or annuity, without any provision at all having been made for so heavy a liability." So well is the danger of this state of things now realised that a general warning has gone forth from the head-

quarters of the chief societies. Mr. Reuben Watson, the Actuary of the Oddfellows, has advised the Manchester Unity that no sick benefits at all should be paid after the age of 65 unless secured by special contributions. Mr. F. G. P. Neison, speaking as valuer to the Patriots—a society which does make special provision for continuous sick-pay—warns them that the abuse of this benefit is the cause of their financial troubles: “The allowance is one in which it must be made quite clear that the qualification for its receipt is *chronic sickness necessitating abstention from labour*. Incapacity due to merely increasing years must not be treated as entitling members to the allowance. The financial burden under which the Society now labours is mainly due to the laxity of administration of this benefit, and until the fact is thoroughly appreciated no considerable improvement in the finances of the Society can be expected.”

These considerations clearly have a most important bearing upon the position of the Friendly Societies with regard to a State pension scheme. To sum them up, we find that in the vast majority of cases the Friendly Societies make no separate provision for old age pensions, and that the indirect provision made by the extension of sick benefits to cover the case is generally condemned as dangerous and unsound. All who have followed the recent proceedings of the Foresters' High Court or the Oddfellows' Movable Committee will know that the dangers of the present system are fully recognised by Friendly Society men themselves. There is, in fact, a general consensus of opinion that in this matter of old age benefits the Societies have come to the parting of the ways. They must either re-organise their old age benefits on a separate basis, or cease paying sick benefits at a certain fixed period between the ages of 60 and 70. But for the present their claim to consideration in the establishment of a pension scheme depends less upon what they have done than upon what they are going to do. It remains an open question whether the splendid organisations of existing Friendly Societies can be combined with some form of State assistance or State guarantee to cover the case of old age. Meanwhile, it is the

growing opinion of those who are in a position to watch the mutual thrift movement, that the Friendly Societies should stand together and take joint action upon this question of continuous sick-pay in old age. There is at present the same sort of competition between them as exists between ordinary life insurance agencies; and the tendency to cut rates in the hope of attracting new members, too often prevails over the cardinal necessity of keeping the Society in a sound financial position. While the actuaries are repeatedly advising that old age benefits should be placed on a separate footing from ordinary sickness, and provided, if provided at all, by special contributions, none of the Orders alone has yet ventured to make the necessary reform, and there is little hope that it will be made until the chief Orders combine to take uniform action. By joint action, such as is here advocated, it might be possible to arrange new and important departures in providing superannuation and other benefits on sound financial principles for the aged.¹

Leaving the Friendly Societies we come next to the superannuation allowances made to their members by certain of the more important Trade Unions. Several of the older Unions have found it to be good policy as well as an act of humanity to provide for their older members, when no longer able to earn the standard wages of the trade. Their method of going to work is in no sense a scientific one; it rests on no actuarial basis or calculation of the probabilities of life among their respective members. Without using the term in any derogatory sense, it may be called a hand-to-mouth method. There is generally no separation between the superannuation funds, and those which are raised for other purposes. The claims are met as they arise year by year; the extent of the benefit depends upon the total resources which

¹ One reason which may have contributed to damp the ardour of Friendly Societies in promoting superannuation schemes is that the Friendly Societies' Act (sec. 11, sub-sec. 5) prevents any registered Society from assuring a certain annuity, unless the tables of contributions for such insurance, certified by the Actuary to the Commissioners for the reduction of the National Debt, or by some Actuary approved by the Treasury, are sent to the Registrar with the application for registry.

the Union may have in hand. But the benefit is nevertheless considerable and of the highest importance to members of the skilled trades. The great Society of the Amalgamated Engineers is in this particular far ahead of all others. During the year 1890 it paid away no less than £42,778 in superannuation allowances, and since the foundation of the Society it has devoted more than half a million sterling to this purpose. The Boilermakers' Society has year by year been increasing its expenditure upon this object, and now pays about £5000 a year in superannuation as against £1800 in 1880. The Amalgamated Carpenters spend about the same amount, the Ironfounders about £8000 and the Steam-engine makers about £1800. Several others devote £1000 annually or thereabouts to the same purpose. Nevertheless, no arrangements of this kind can be regarded as a permanent solution of the problem of old age. Judged by actuarial tests, the financial position of Trade Unions, like that of Friendly Societies, would leave much to desire. Any accurate financial estimate is impossible when one subscription and one general fund is made to cover the various contingencies of strike pay, sick benefit, funeral benefit, out of work donation, and superannuation. For all practical purposes Trade Unions must regulate their policy at any given moment by the amount of funds which they have in hand, or which can be procured by a call from their members. Under these circumstances a strict contract to pay a certain benefit proportioned to certain payments is almost impossible. A Trade Unionist will perhaps answer these objections by appealing to the power which his Union possesses of raising a levy to meet emergencies. But this is clearly a dangerous power, and limited by the willingness or ability of the members to pay. It can be used only on rare occasions, and then with the attendant risk of causing secessions from the Society. A great Union supported by a strong patriotic feeling on the part of its members may use it with success, while another less powerfully supported may shrink from putting the slightest strain upon the loyalty of its supporters. To make the position secure and permanent, there must be separate financial equilibrium as regards each department,

and no confusion between them. If this is wanting, any sudden strain upon one part of the fabric may cause the collapse of the whole. The exhaustion of the funds by a big strike may be fatal to the sick and superannuation benefits, or an undue extension of these benefits may be disastrous to the efficiency of the Union in other directions.

We have already noted the fact that the age of superannuation as fixed by a large number of the chief Trade Unions is either 50 or 55. This is striking evidence of the view taken by the working-classes themselves as to the proper age of superannuation. It should be added, however, that in the chief Unions, there is a strong and creditable public opinion against appealing without good reason to the support of the Society. The granting of an old age allowance, moreover, entails certain disqualifications. The superannuated member usually renounces his claim to the other benefits of the Society. He has in all cases to show that he is unable to earn the minimum wage, and in some cases he is not permitted to earn more than half the standard wage. Before granting the benefit, the Committee requires to be satisfied that the case is good and the relief necessary.

It would be a mistake to suppose that the totals shown in the superannuation accounts exhaust the contributions made by Trade Unions to the support of old age. A considerable slice of the donation or out-of-work benefits which are so large a proportion of the disbursements of the old Unions are undoubtedly paid to the older members, while sick pay is apt to be given with the same indulgence by the Committees of Trade Unions as by the Committees of Friendly Societies. There is, moreover, a kindly common feeling among Trade Unionists which lead them to help an old member in numerous ways that are not recorded in any ledger. The workshop subscribes to assist him in sickness or to supply him with little comforts, and if it is piece-work, the young men stand out that the old man may have a turn.

Yet when all this is said, it remains true that for permanent provision of income in old age, the Trade Unions, like the Friendly Societies, cover only a portion of the ground. A vast

number of workmen are still outside the Unions, and certain of the new Unions, notably the Dockers' Union,¹ are not benefit societies at all, but simply and solely fighting and defensive organisations. It is true that a large number of non-unionists are in one way or another insured for sickness and funeral benefits by Friendly Societies and Industrial Assurance Companies, but as we have just seen, the case of old age is not in any regular and recognised form undertaken by these agencies either. So far, therefore, as existing institutions are concerned, it is no more than the truth to say that the greater part of the problem remains untouched.

Before quitting this part of the subject, it is necessary to glance at the schemes which have been organised on the employers' side for the superannuation of workmen. These are not very numerous, and on the whole they have received no very cordial support from the men on whose behalf they were established. Trade Unionists are apt to regard them merely in the light of deferred pay, which has the special objection in their eyes of binding the workmen to a particular employer and limiting his right of asserting his independence. In particular they point to the results of the recent Post-Office strikes in proof of the immense power of an employer who can penalise his workman by depriving him of a pension. But apart from these and similar objections, the conditions of business altogether preclude the vast majority of employers from undertaking this work. There are not many firms who dare pledge the future so far as to contract for benefits which may be deferred for a generation. The workman, who is asked to contribute of his wages to this purpose, will require security which no man of business can give him. Accident and insurance funds with what may be called current benefits may be undertaken with more or less success by private employers, and of these there are numerous examples in various parts of the country. But it is only the very largest and most permanent employers that can hope to approach the superannuation problem

¹ The Dockers' Union has recently made provision for funeral benefits.

with a prospect of success, and even in their case the suspicion of interested motives must always remain a difficulty, unless, indeed, the German system of mutual insurance among groups of employers could by any means be acclimatised in this country.

The above considerations will explain why railway and other great companies have easily succeeded in organising superannuation among their clerical staff, but have had great difficulty in instituting similar schemes for the benefit of their weekly wage-earners. Some of the most notable attempts of this kind have been made by the London and North Western Company, whose action was warmly debated in the House of Commons during the discussion of the Employers' Liability Bill in 1889. This company has two Societies—an Insurance Society and a Provident and Pension Fund. The first has a membership of 43,342, the second, a membership of 31,107, of whom 26,297 contribute to the pension fund. This latter fund, however, has been started for so short a time that it is difficult to form any judgment of its working at present. Notwithstanding the large membership, the amount disbursed in pensions in 1890 was only £487. The pensions are on two scales, 12s. and 9s. a week respectively after the age of 65, and these are obtained by a contribution of 2d. or 1d. a week, assisted by an annual grant from the company. The Great Eastern, the Great Northern and the Midland Companies have similar Societies. The Midland, with a membership of 21,958, paid £1,697 in superannuation during 1890. But these experiments have met with some vicissitudes. Not many years ago the men in the locomotive department of the London and North Western Co. decided by the five-sixths majority required under the rules to dissolve their superannuation fund, and the accumulated pension money, amounting in all to about £70,000, was accordingly dispersed among the members.

The chief difficulty in connection with these funds arises over the rule which regulates the repayment of money when a man retires from the service of the company. The Great Eastern Company avoids this difficulty by returning the subscribing member's contributions with simple interest at 3 per cent. when he retires from the com-

pany, whether his retirement be voluntary or on notice—dismissal for fraud and dishonesty being alone excepted. The Great Northern Company pays back the contributions without interest, but others are less generous. The Midland Co. gives a retiring percentage amounting to 25 per cent. of the retiring member's contributions after the payments made to him and allowances for medical attendance and management have been deducted. The London and North Western Co. have a much-criticised rule¹ by which the subscriber of twenty years' standing receives back one-half his contribution in case he is discharged, but loses all claim to restitution in case he resigns. The argument by which the company endeavours to justify this rule is, that if they take the initiative in discharging a man, the claim upon them to make good a portion of the contributions is equitable, whereas resignation is a voluntary act undertaken with a full knowledge of the consequences. Moreover, it is admitted that the directors expect to obtain some advantage in return for their support of the fund, and what more fair, they ask, than that the pensions should act as an inducement to the best man to remain in their employment? The men, it need hardly be said, regarded the matter from an entirely different point of view. To them it seemed absurd that an inferior man should receive back a portion of his contributions on being discharged, while an efficient man who found a better place elsewhere should be compelled to pay this fine to the company on accepting promotion. But that was not all. It is clear that the rule which forfeits the contributions in case of voluntary resignation might, if the company chose, be made to forfeit them in case of strikes. For a strike is nothing if not "voluntary resignation." This reason alone is quite sufficient to explain, if not to justify, the objection of the organised railway servants to the London and North Western rule.

The most successful of the insurance schemes organised on the

¹ "Members who have paid the premiums for a period of 20 years shall, upon leaving the service, from other causes than misconduct or voluntary resignation, before being entitled to a pension, receive back one-half the pension portions of 2d. or 1d. per week." Rule 50.

employers' side hitherto have been those which confined themselves to provision against sickness and accident. Even here there are difficulties arising out of the question whether it is proper to permit companies to compound for claims under the Employers' Liability Act by making arrangements of their own for insurance against accidents among their employees. A difficulty of this kind may be amenable to treatment, but the feeling of organised workmen on the subject of employers' superannuation schemes must be realised, for good or evil, as strong and uncompromising. The leaders of opinion among Trade Unionists are never weary of advising their followers that they stand to lose more by sacrificing their power of independent action with regard to ordinary wages disputes than they stand to gain through any old age benefits which may be organised by their employers. The Shipping Federation has quite recently endeavoured to meet the same kind of difficulty by proposing a benefit scheme which requires no contributions, but gives certain privileges in case of sickness, accident, or death, to all who accept service under the Federation. This scheme, which does not include superannuation, has already been denounced as a bribe, and it is commonly argued by seamen that the benefits are deducted from wages and retained as a convenient forfeit in case of differences between the Federation and the men. However that may be, it is quite clear that the scheme in question is part of a general policy on the part of the employers who constitute the Federation, and that its success or failure will depend upon a great many causes which have nothing to do with the question of sick and accident insurance. We can only say for the present that if employers ever do succeed in dealing with the question to the satisfaction of workmen, it will probably be on the lines laid down by the Federation—that is to say, by guaranteeing certain benefits without requiring any ostensible contribution from the men themselves, or if contributions are required the objection will only be overcome, as the Great Eastern Co. overcomes it, by guaranteeing repayment with interest in case of withdrawal.

So far as our enquiries among Trade Unionists have gone we

feel justified in saying that organised workmen are inclined to favour a national solution of the question as the only acceptable one. In more than one case we have been met with the frank statement that the temptation to fall in with any scheme which promises security against the risks of old age is a distinct danger to the independence of the working-class. The Unions are convinced that no scheme can possibly be started on the employers' side which is not fatal to a man's liberty of quitting his employment at his own discretion, and they are further of opinion that no authority but the State is in a position to start a scheme which will be absolutely safe and entirely removed from all questions of wages and conditions of labour. Notwithstanding the fact that the greater Trade Unions are to a very large extent Friendly and Benefit Societies themselves, we have not so far met with any objection to State pensions from Trade Unionists, corresponding to the objections which have been so freely raised by the leaders of the Friendly Societies pure and simple. Trade Unionists are aware that they can themselves deal with the question only to a very limited extent, and they prefer that it should be settled in some permanent way by the State rather than permitted to remain open, and, perhaps, be used as a temptation to workmen to forsake the principles of Trade Unionism.

But besides Friendly Societies, 'Trade Unions, and Employers' Insurance Schemes, there are still a few other agencies which play an important part in providing for the old age of the working-class. Chief among these are Co-Operative Societies, with their great opportunities of unconscious saving, and Building Societies which, with their combined capital of £50,000,000, make an imposing array in the annual report of the Registrar of Friendly Societies. The risks and objections attaching to this latter form of investment need not here be enlarged upon. In spite of many drawbacks it is certain that a considerable number of working-men, especially in the north of England, do by their aid make a substantial provision for their declining years. A Manchester correspondent, to whom we applied for information on the subject, writes, "that many working-men in that district have been able to

acquire a little property in houses and land which has yielded them an income that has helped to sustain them when past work, and in some cases has been sufficient to keep them in a fair degree of comfort." There are various means of obtaining an advance; in some cases a man obtains his turn by ballot, in others by rotation. According to our Manchester correspondent, the average age when a man first obtains an advance is about 30, and the property becomes his between the ages of 45 and 50. He gives a few typical cases in which the money is borrowed in the shape of shares at the value of £60 each. The borrower pays back at the rate of 10s. per share per month; 5 per cent. interest is charged for loans, and 5 per cent. allowed to lenders. Thus, in the cases recorded, one man, a mechanic, borrowed sufficient money to buy a row of eight houses letting at 6s. a week each, which, at the age of 50, will yield him about 30s. a week net income. Another man, a machinist, acquired a row of ten houses, and for many years lived on the income of 35s. a week which they produced. A third acquired four houses at £30 a year rental, which now bring him in an income of £90 to £100 a year.

Another correspondent, also in a large provincial town, who, as a rent collector and estate agent, has special opportunities of knowing the facts, is of opinion that the main contributors to Building Societies (meaning those who have become borrowers and acquired property) are drawn from the lower, middle, and shop-keeping class. He gives an assumed case of a somewhat different type from those which are quoted above:

A. at the age of 20 becomes an investing member, and subscribes 2s. 6d. per week, which at the end of nearly 17 years, with interest at 4 per cent. amounts to £150. He then (age 37) purchases a small property for £450, borrowing £320 (four £80 shares) upon which he will have to pay 10s. per week for a term of 17 years, when the whole debt will be cleared off. Suppose the property consists of four cottages, letting at 3s. 6d. a week each. His account then works out as follows:—

Gross Rental, - - - - -		£34	0	0
Rates and Taxes, - - -	£7	15	0	
Insurances, Repairs, and Leakages, 1 per cent. on Purchase Money, - - -	4	5	0	
		<hr/>		12 0 0
Net annual income, - - -		<hr/>		<u>£22 0 0</u>

His payment to the Society would amount to £26 per annum for the next 17 years, leaving a difference of £4 per annum or 1s. 6d. per week to be found by himself. But at the age of 54 he would have acquired the property free of encumbrances by a payment of 2s. 6d. per week for the first 17 years, and of 1s. 6d. per week for the second seventeen.

There is, of course, a certain amount of risk attaching to these operations, and from the point of view of public policy it is doubtful whether the multiplication of small owners of house-property is an end to be desired. But these instances will show that investment in a sound Building Society is to a workman, earning good wages, a very tempting method of providing for old age. Unfortunately it must be added that these Societies contribute more than their share of the disasters which account for the lost savings of the working-class.

To be quite complete, this chapter ought to include some estimate of the private resources of the working-class which are available in old age. But, unfortunately, no accurate information is to be obtained on this subject. We have no clue to private investments, nor have we any satisfactory means of ascertaining what proportion of the money deposited in Savings Banks belongs to the working-class, and what proportion to other classes. If these difficulties were overcome we should still be unable to say how much is available for old age, and how much is required for other periods of life. Various estimates, ranging from £200,000,000 to £300,000,000, but all more or less conjectural, have been made of the accumulated savings of the working-class. We must always

remember that these sums represent the combined accumulation of a vast number, and whatever may be the truth about them, it is quite certain that only a small minority have sufficient means to produce a competence in old age.

We are equally in the dark as to the amount that goes out in charity. It would be possible to ascertain the value of the endowed charities, which are applied to the support of aged persons, and such information would be useful. But there is no record, and can be none, of the countless little sums disbursed by religious bodies and charitable societies, much less of the food, fuel, and clothing dispensed through the same channels.

However, in this chapter we are considering what the working-classes possess in their own right, not what they receive from others. While charity must be borne in mind as a factor more or less important when we are dealing with the resources of the aged poor, it is not to be reckoned among their resources, but is rather evidence of the failure of these resources.

We are now in possession of some material for estimating the provision which the working-classes make for old age, and the conditions of their life during old age. But there still remains one important body of evidence to consider—that, namely, which is supplied by the statistics of pauperism. With this we shall deal in the following chapter.

NOTE.—Since the above was written, it has been pointed out to the writer that some Friendly Societies protect themselves from the dangers commented upon above (pp. 51-3) by ceasing to pay benefits to members who have received sick-pay amounting in the aggregate to £50 in the course of their life-time. While this is no doubt a sound policy as regards the societies, it does not weaken, but rather strengthens, the argument in favour of a separate provision for old age.

CHAPTER IV.

The Aged and the Poor Law.

THE Value of the Evidence of Pauperism.—Three Sources of Information. — Mr. Burt's Return. — Mr. Loch's Criticism. — Mr. Charles Booth's Enquiry into the Pauperism of Stepney and St. Pancras.—Difficulty of Ascertaining Annual Number of Paupers from Day Census.— Mr. Booth's Conclusion.— Mr. Loch's View that Laxity of Administration Accounts for the Result.— Value of the Figures as Evidence of Poverty.— The Influence of Old Age as a Cause of Pauperism.

THE case for State pensions in old age has hitherto been based almost entirely upon the evidence of the Poor Law. The statistics of old age pauperism have been advanced as conclusive evidence by some and denounced as useless and misleading by others. One side quotes them to prove the existence of widespread and unavoidable poverty, the other side regards them merely as evidence of a lax administration of the Poor Law. But both sides have spoken or seemed to speak as if the case must stand or fall according to the interpretation of these figures. It is not necessary to adopt their position, but it clearly is of great importance to understand the argument from the Poor Law, and to consider the value which may reasonably be attached to it.

We are not now without materials for forming a judgment upon this part of the subject. We have the parliamentary return prepared on Mr. Burt's motion ¹ showing the number of paupers over

¹ Return showing in respect of each Union and Parish under a separate Board of Guardians in England and Wales the number of persons of each sex in receipt from Boards of Guardians (*a*) of in-door relief or (*b*) of out-door relief on 1st August, 1890, who were over 60 years of age, distinguishing those who were over 60 and under 65, 65 and under 70, 70 and under 75, 75 and under 80, and 80 years of age and upwards; lunatics in asylums, licensed houses, and registered hospitals; vagrants and persons who were only in receipt of relief constructively by reason of relief being given to wives or children not being included.

60 in England and Wales on Aug. 1, 1890; we have Mr. Charles Booth's most valuable independent enquiry with its special bearing upon the pauperism of old age, and we have Mr. C. S. Loch's criticism of the figures and of the use which has been made of them by certain public men. Mr. Burt's return showed that on the date in question there were 286,867 paupers in England and Wales, of whom 218,743 were in receipt of out-door and 68,124 of in-door relief. Assuming the proportions of the different ages to be the same as at the census of 1881, the population above 60 years of age numbers about 2,230,000. Therefore on that particular day nearly one in eight of the population over 60 were paupers to a greater or less degree. Above 65 the population is about 1,320,000, and the number of paupers shown in the return is 245,687. The proportion consequently rises to nearly one in five.

But the figures for August 1st, 1890, clearly do not exhaust the number of living persons over the age of 60 who rely upon the Poor Law. The day census is only a clue, and failing more accurate figures from the Local Government Board, we have to rely upon hypothesis and private enquiry. It is here that the controversy begins. Some following Mr. Dudley Baxter's rule founded on an enquiry made in 1859, have assumed that for one person relieved on any particular day there will be three or more than three in the same position in the course of the year. This

The following are the figures in detail :—

Ages.	In-door.			Out-door.			Combined Total.		
	M.	F.	Total.	M.	F.	Total.	M.	F.	Total.
80—	4,949	4,803	9,752	12,456	22,652	35,108	17,405	27,455	44,860
75—80	7,086	5,298	12,384	16,474	32,021	48,495	23,560	37,319	60,879
70—75	9,953	6,856	16,809	17,633	43,266	60,899	27,586	50,122	77,708
65—70	9,468	6,339	15,807	10,567	35,866	46,433	20,035	42,205	67,240
Total over 65	31,456	23,296	54,752	57,130	133,805	190,935	88,586	157,101	245,687
60—65	8,018	5,354	13,372	5,959	21,849	27,808	13,977	27,203	41,180
Total over 60	39,474	28,650	68,124	63,089	155,654	218,743	102,563	184,304	286,867

estimate, however, has always been open to suspicion. The most trustworthy material for a decision on this point has undoubtedly been obtained by Mr. Charles Booth, who made an exhaustive enquiry into the pauperism of the two London Unions of Stepney and St. Pancras which brought him to the conclusion that an addition to the figures of the day-census of 85 per cent. for in-door paupers, and 170 per cent. for out-door paupers, would give the approximate total.¹ He has, however, found, on carrying his investigations further, that taking the whole country, out-door pauperism is not less permanent than in-door, and his revised estimate (still confessedly imperfect and tentative) puts the addition for both classes of paupers together at 85 per cent. But this figure refers to paupers of all ages, and cannot without modification be applied to those above 60. For as age advances, pauperism becomes a more chronic condition, and the figures for the day will therefore more closely approximate the figures for the year. Mr. Booth, in his revised estimate, puts the addition for the aged at 40 per cent. in-door and out-door, and though there is something of conjecture about this estimate, there is no reason to suppose that it is now exaggerated. On this assumption, the total of in-door paupers over 60 may be put at 96,660 per year, and of out-door paupers at 298,818 per year. The combined total is then 395,478, or nearly 20 per cent. of the population of the same age. Or, if we take those above 65 separately, the number is 331,596, and the ratio to population as high as 25 per cent.

Even though we make considerable deductions from these figures, they will remain sufficiently striking. There are three chief possibilities of error. One is that the figures are inflated by the tendency of the elderly pauper to exaggerate his age in the hope of receiving the little luxuries which are accorded to the aged, another that Mr. Burt's return was taken at a time of year when the workhouses contain less than their average number of inmates,

¹ See paper read before the Royal Statistical Society, Dec. 15, 1892. Mr. Booth proposes shortly to publish his own figures in their revised form in a volume which he is now preparing. Meanwhile, the figures given above represent his provisional conclusions.

and the third that Mr. Booth's percentage of addition for the aged is not an accurate estimate. The first two uncertainties may perhaps be cancelled one against the other. The figures are undoubtedly subject to some deduction in consequence of ages overstated, though to what extent we have no means of ascertaining with precision, and on the other hand some allowance must be made for the fact that a considerable number even of the normal number of inmates of a workhouse will have taken their discharge in the height of summer. Upon the third point, we can only say with Mr. Booth that his figures are the best that can be obtained until the Local Government Board takes the matter in hand and gives us an accurate record of the number of separate paupers from year's end to year's end. Nevertheless we must bear in mind that the percentage of addition for the aged is a conjectural estimate inferred from the figures which apply to all ages, and though it apparently errs on the safe side, nevertheless there is room for some slight difference of opinion.

We come next to Mr. Loch's criticism, which is practically a denial that the statistics of pauperism are in any respect a safe guide. He points out that they rise and fall according to the different views which guardians may take of their duties, and to prove his point he takes the case of four country and four town Unions which, with much the same conditions, give strikingly different results by the test of pauperism. Thus in the Linton and Midhurst Unions, the proportion of paupers over 60 to population is 1 in 26.9 and 1 to 56.0, while in the Brixworth and Bradfield Unions it is 1 in 150.4 and 1 in 246.8 respectively. The disparity is due simply to the fact that at Brixworth and Bradfield no outdoor relief is given unless under very exceptional circumstances, while at Linton and Midhurst, some men and a large proportion of women receive it. The same or very nearly the same results are arrived at by comparing the figures of the metropolitan Unions. Indeed, if we assumed the statistics of pauperism to be a final test of poverty, we should be driven to the conclusion that Whitechapel and St. George's in the East were the least necessitous Unions in the metropolitan area.

Mr. Albert Pell has constructed a table from return B of the Local Government Board report, which furnishes further illustrations of the same point:—

Union.	Population.	In-door.	Out-door (exclusive of insane).
Bradfield (Berks) ...	17,972	114	32
Hungerford (Berks)..	17,802	123	568
Brixworth (Hants)....	13,336	93	34
Woodstock (Oxford)	13,320	214	603
St. Neots (Hunts).....	16,755	100	100
St. Ives (Hunts).....	16,907	125	130
Nantwich.....	61,564	265	1778

Thus, comparing the Union of Bradfield with that of Nantwich, it appears that the proportion of out-door paupers, exclusive of the insane, in Bradfield, was $1\frac{3}{4}$ paupers to 1000 of the population; while in the Union of Nantwich it stood at 28 to the 1000. Upon which Mr. Pell remarks that, if the Nantwich Board of Guardians were moved to Bradfield and pursued their method of relief in that Berkshire Union, they would, if left undisturbed, add about 506 persons to the number of paupers; whereas, if the Bradfield Board replaced them at Nantwich, the number of paupers in the latter place would probably be reduced by about 1670. The same kind of anomalous result will be obtained by any one who cares to select and compare the statistics of various unions as shown in the annual returns.

A comparison of the last three decades in his selected unions enables Mr. Loch to put his case still more strongly. In Brixworth it appears that almost every one over 60 was a pauper in 1871, while now only between 5 or 6 per cent. are paupers, and would be buried by the parish. At Linton, on the other hand, the population over 60 and the paupers over 60 have kept step together during the period in question. Much the same results are derived from a study of the Metropolitan Unions. In St. George's and Stepney every other person over 60 was a

pauper in 1871, whereas now the proportion is one in five. In other unions, under a different administrative policy, the tendency is in the contrary direction, and the aged paupers have either not declined in number or have actually increased.

Finally Mr. Loch impugns altogether the proposed multiplication of the day census by three, in order to arrive at the annual number of paupers over 60 years of age, and comes to the conclusion that for the country as a whole an addition of about 66 per cent. to the day census is sufficient to give the annual number. He further argues that Mr. Chamberlain and others who have based their conclusions upon Poor Law statistics, have underestimated the working-class population in placing it at $\frac{3}{4}$ ths of the whole. Thus the estimate that three out of four, or even one in two of the working-class, become paupers in old age is declared to be wholly inaccurate.

So far as the statistical part of the argument is concerned, there is every reason, as we have already seen, to suppose that Mr. Loch is right and his opponents wrong. Great as the pauperism of the aged is, it is not so great as Mr. Chamberlain, Canon Blackley, and others, have assumed it to be. But there still remains to be considered the proper inference which may be drawn from the statistics. The underlying assumption of Mr. Loch's argument is, that we must be guided by the experience, not of the vast majority of unions, but of that small minority of "model unions" like Bradfield and Brixworth which have abolished out-door relief. Now, the Bradfield and Brixworth Guardians may be right or wrong in their methods of treating poverty. Let us grant for the moment that they are in advance of other Guardians in their determination to keep relief within the narrowest limits. But that is surely no reason why we should reject the evidence which the opposite policy offers us respecting the poverty of the country. In considering the case for old age pensions, we are considering not pauperism but poverty. We desire to ascertain what proportion of the aged are unable to sustain themselves without a struggle of such intensity as to make life barely worth living. Here we have a large number of aged

people shown, by the best test that is available, to be on the border-line of destitution, if not wholly destitute. Now, even though the ordinary policy of relieving their necessities outside the workhouse should stand condemned, it would surely be a very ostrich-like proceeding to shut our eyes to the evidence which is here offered that these people are, at least, extremely poor, and that it is the opinion of the local administrative bodies that they are unable to support themselves. To put the matter shortly, the Poor Law returns furnish striking evidence of poverty, even though it may remain an open question whether that poverty is best dealt with by the Poor Law.

Having endeavoured to clear the ground so far, let us now return to Mr. Booth's figures and see what evidence they offer of the effect of old age as a cause of poverty. Taking the figures of Mr. Burt's return, and adding 40 per cent. in-door and out-door, to obtain the numbers for the year, while leaving the ratios for those under 60 and the insane (who are not included in Mr. Burt's return) at 85 per cent. in-door and out-door, we get the following most striking result:—

COMBINED.	POPULATION.		PAUPERS.		RATIO.		
	Males.	Females.	Males.	Females.	Ma.	Fem.	Combined.
Children (under 16)	5,566,119	5,577,902	(461,69)		—	—	4'1%
16 to 60	7,561,501	8,160,772	124,102	237,113	1'6%	2'9%	2'2%
60 to 65	381,653	430,375	23,621	40,261	6'5	9'4	8'0
Over 65	595,113	727,583	125,793	205,803	21'2	28'3	25'1
	14,104,386	14,896,632	(1,21	8,322)	—	—	4'2%

(Exclusive of the Insane and Vagrants.)

Now, it is true that the ages in the above table are not graduated as it is desirable they should be. It would be useful and interesting to trace the advance of pauperism in the middle period of life. But this omission does not diminish the force of the contrast between the pauperism over 65 and that below 60, or even of the figures below 65 and those above it. There are nearly twelve times as many paupers over 65 in proportion to the population of the same age as there are below 60, and nearly four times

as many over 65 as there are between 60 and 65. Here we have the measure of the effect of old age, either directly or indirectly, upon pauperism. As Mr. Booth reminds us, to distinguish between the direct and indirect influence of old age, all the causes of pauperism being aggravated by years, but premising this it may be said that nearly three-fourths of the pauperism from 60 to 65, and nearly eleven-twelfths of that from 65 upwards must be accounted old age pauperism, and of the remaining one-twelfth not less than one-half will have fallen into pauperism earlier in life through such causes as sickness or incapacity. Mr. Loch will, no doubt, again reply that, if the policy of the Brixworth and Bradfield Guardians had been adopted in all cases, the great mass even of this old age pauperism might have been extinguished. But, once more, the force of this argument depends upon the use which we propose to make of the figures. We may reply, as before, that for present purposes we are seeking to measure the poverty of old age, and here, at least, to use Mr. Booth's epithets, we have "startling and deplorable" evidence of poverty.

We have said enough to show the value which, in our opinion, should be attached to the statistics of pauperism. In spite of all explanations that may be offered, popular opinion agrees with Mr. Booth in considering them to be startling and deplorable; and in the main, it is a sound opinion. The public regard them, not from Mr. Loch's point of view, as evidence of what might yet be done to improve the administration of the Poor Law, but as evidence of an existing widespread destitution. And in this light the advocates of a special treatment for the poverty of old age will likewise regard them. They may even go a step further. They may hold with Mr. Loch that this mass of poverty is wrongly dealt with by the ordinary Poor Law method, and yet for all that, and even the more on that account, insist that these figures constitute a strong case for some alternative method. For the poverty which may not make a case for the Poor Law may yet make a strong case for such a scheme of State pensions as may avoid the evils of the Poor Law. Here we have proof (1) that 25 per cent. of the population over 65 are at least in a condition of deplorable

poverty, and (2) that by far the greater part of this poverty is mainly, if not wholly, caused by old age. We may disagree as to the proper remedies to be applied to this evil, but that the evil exists and is of very startling dimensions it would need more than the optimism of Dr. Pangloss to deny.

But the statistics of pauperism are not the whole case, but only a part of it. No one has proposed that the benefits of a pension scheme should be confined to the pauper class or that the test of absolute destitution should be applied to it. On the contrary, the advocates of old age pensions have wisely recommended their schemes as a form of relief, which has the special merit of not requiring the exhaustion of previous savings. From this point of view the statistics of pauperism combine with other sources of information to offer striking evidence of the poverty of old age.

CHAPTER V.

The German Law of Insurance.

DIFFERENCE of Conditions in Germany and in England.—Illustrations from German Labour Law of 1891.—The State as Disciplinarian.—The Bismarckian Insurance Laws.—Prince Bismarck's Object.—Sickness and Accident Insurance.—The Old Age and Infirmity Insurance Law.—Administrative Machinery Provided.—Various Classes Compelled to Insure.—Contributions and Benefits.—The Four Wage Classes.—The Transitory Provisions.—The State Subsidy.—Method of Collection.—Various Criticisms.—Dr. Geffcken's Article.—Cases not Provided for.—Loss of Pension if Contributions are not Paid.—Exclusion of Married Women and Widows.—Extreme Complication of Machinery.—Objections to Receipt Cards.—A Few Actuarial Points.—Reports upon the Working of the Law.—Herr Bodenheimer's Paper at the Berne Congress on Accidents to Workmen.—Report from a German Correspondent.—A Few General Conclusions.

IN considering the experience of other European countries, the German empire naturally holds the first place. There and there alone is a compulsory system of State regulated and State guaranteed insurance in full working order. The trio of insurance laws which were completed by the passing of the law of insurance against old age and infirmity in the Reichstag on May 23, 1889, is as much a part of the Bismarckian system as the diplomatic triumphs with which the name of the great Chancellor is ordinarily associated. But international parallels are hardly less dangerous than historical; and before we can draw conclusions from the experiments of Prince Bismarck and apply them to this country, it is necessary to consider briefly the main differences between the position of the labouring classes in Germany and England respectively.

“I want to point out one of the cardinal dangers of the system

of compulsory insurance in its bearings on socialistic projects. It means regulation and regulation of labour as a whole. You can not have a system of compulsory State-aided insurance without depriving working-men of liberty and of many privileges which they enjoy." These words were used by Mr. Goschen in a speech on the German system, delivered about six years ago. To a German workman the threat can have few terrors, or what terrors it has, have mostly been exhausted. "Regulation of labour as a whole" has long been the policy of the German empire. The right of every man to follow the trade of his own choice is indeed expressly recognised by the German Trade Law; but the restrictions and exceptions introduced during the last ten years have been so numerous and important that the liberty is rather nominal than real. In particular, there has been a notable reaction in favour of the mediæval system of trade guilds. From 1878 onwards the Trade Law has been constantly revised in the interests of the guild system. Though voluntary institutions in name, the guilds are now endowed with all manner of compulsory powers. They may compel non-members to contribute towards their costs; they may even forbid them to employ apprentices. The guild party are not even yet content. If possible, they would make the guilds compulsory institutions, and make examination and the taking out of certificates obligatory upon journeymen and masters alike. In a speech from the throne in 1886, it was declared to be the duty of the Government to give these organisations further support, with a view to restoring a vigorous artisan class. Thus the patronage of trade associations by the Government and their regulation by law has become a recognised and familiar part of the German system.

A good, general idea of the relations between the German labourer and the State may be obtained by a perusal of the last great German labour measure—the law of June 1, 1891. Small domestic matters, which in this country are left wholly to the judgment of individuals, are, in Germany, regulated by law, or controlled by the police. The minor may only be employed as a workman when he is provided with the work-book, which is

issued by the police, and open to their inspection. The consent of the father or guardian is required ; but should it be withheld "without sufficient reason," the parochial authority may step in and overrule objections. On leaving his employment, a workman may demand a certificate and have it registered by the local police. The conditions on which a journeyman or assistant accepts employment are rigidly laid down by law. He is "bound to submit to the orders of his employer with reference to the work entrusted to him and as regards the regulation of the household." But it is expressly stated that "household work is not to be demanded of him." He may not be discharged without due notice except under eight clearly defined conditions, such as "giving gross offence" or inciting to deeds "which are legally and morally wrong." The same law applies to clerks, foremen, and engineers, who may only be dismissed without notice when they have offended in one of six ways, such as "injuring the honour of their employer in word or deed," "being unfaithful, or abusing confidence." In the same spirit the law provides for the moral and spiritual welfare of the employed. "The hours employed in business are to be so fixed that they do not hinder the attendance of the workmen at divine service." The youthful worker may not be employed in "the hours appointed by the regular clergyman for catechism and confirmation instruction, and for the confession and communion service." Being taxed on one occasion with a leaning towards Christian Socialism, Bismarck is said to have replied that his policy was one of "Christianisme sans phrase," and to this practical extent has it been carried into effect.

All this harmonises sufficiently well with the general tendencies of an empire which is dominated by a military ideal. The idea of the State as disciplinarian and guide is in no way outlandish to those who are accustomed to the discipline of compulsory service. The extension of the principle to the sphere of workmen's insurance encountered none of the objections which are commonly raised against it in this country. Nor was it hampered at the outset by the administrative difficulties which exist in

England. The machinery was either at hand or could be easily created. There was nothing new in the idea of applying compulsion either to employers or employed. Statistics and information could be obtained without one tithe of the difficulty which exists in countries where the State shrinks from an inquisition into the affairs of private firms. The only questions to be met were those of ways and means—the methods of collection, the division of the burdens between the State, the working-class and the employers, the age when the benefits should be conferred, and the amounts of the benefits which should be paid.

Professor Brentano has declared that there are six forms of insurance necessary to cover all the risks which are incidental to a workman's life. These are (1) an insurance to assist his family in case of his premature death; (2) to secure an annuity for old age; (3) to obtain decent burial; (4) to provide for temporary sickness; (5) to provide for chronic illness and incapacity; (6) to provide for loss of wages when out of work. The State in Germany has endeavoured to provide for all these emergencies except the last. It is no new departure, as some have imagined, but part of the traditional policy of Prussia. In 1854, the Prussian legislatures made membership of sick relief societies compulsory, and their example was followed by most of the Northern States. It was estimated in 1873 that there were 12,000 relief societies in Germany, with a membership of 2,000,000 and a capital of nearly £4,000,000. In 1871, the owners of railways, mines, and factories were rendered liable by law for injuries or deaths caused to the employed by accidents, for which they were not themselves responsible. The insurance laws of the last decade have been simply an extension of the principles thus recognised and their application to the whole empire.

Prince Bismarck has never from the beginning made any concealment as to the object of this extension. Socialism was making rapid progress among the working-classes of Germany. Since the shock of the Franco-German War, industrial life had been spasmodic, energetic, ambitious, but never stable. A feverish speculation had followed the distribution of the French indemnity;

production had been artificially increased, wages had temporarily risen, but after that came collapse and disenchantment. Before the close of the first decade industry had become disorganised and distress was general. Revolutionary ideas and socialistic doctrine found ready acceptance. To anticipate revolution and to deprive the Mosts and Hasselmanns of their most effective appeals, Prince Bismarck conceived a twofold policy. Industry was to be stimulated by excluding foreign goods, and the workman was to be protected from the tyranny of the capitalists by a series of laws partly directed to improving the conditions of employment in factories, and partly to securing the livelihood of the workman in cases of sickness, accident, and old age. "I am continually being reminded," said Prince Bismarck in the Reichstag ten years ago, "that a promise was given at the time of the passing of the socialist laws that something should also be done to remove the legitimate causes of Socialism." "We have expressed our conviction," said the Emperor, in his speech to the Reichstag of the same year, "that the cure of social ills must be sought not exclusively in the repression of social-democratic excesses, but simultaneously in the positive advancement of the welfare of the working-class." In another part of the same speech the hope was expressed that the Reichstag would receive the law of insurance as a useful part of the legislature which "tends to protect the empire against socialistic threats."

The next eight years were devoted to the working out of this programme which is now realised in the trio of insurance laws already referred to. For present purposes we are only concerned with the first two measures of the series—the laws of insurance against sickness and accident—so far as they work in with the third, which provides for insurance against old age and permanent disability. Returning to Professor Brentano's classification, we may say briefly that those two laws between them dispose of four out of the six contingencies. They provide insurance against (1) temporary sickness, (2) chronic incapacity in case of accident, (3) provision for widow and children in case of fatal accident, and (4) provision for burial of the deceased in the same event. The

insurance in each case is compulsory, but while the workman himself pays two-thirds of the contribution for sickness insurance, the employer pays the whole of the contributions for accident insurance. The accident insurance does not supersede but supplements the sick insurance. Under all circumstances, whether a man be injured or merely out of health, the sick fund maintains him for the first thirteen weeks, either in his own home or in a hospital, and it is not until the end of that period that the accident insurance begins. Then the injured man becomes entitled to two-thirds of his ordinary wages during the past year, or, if the incapacity to work be only partial, to as much as will compensate him for his inability to do full work. In neither of these cases does the State directly undertake the work of insurance. It supervises the labours of factory sick clubs, parochial clubs, and Friendly Societies already in existence, or brought into existence under the compulsory system, and compels them to bring their rates into conformity with the requirements of the law which are based on the best available actuarial calculations. The same supervision is exercised over the associations of employers, which are formed on the principles of mutual liability to provide the accident insurance rendered obligatory by the law of 1884.

With the old age insurance law of 1889 the case was different. Here there was new ground to break. Instead of fitting a compulsory system into an existing voluntary one, the State was free to make a clean start from the foundation. In framing the new law the greatest care was taken to avoid over-centralisation. The Bundesrath is, indeed, the final authority for the whole empire. It defines the separate areas of administration, frames such regulations as apply to them all, and is the final court of appeal in all the more important matters which may be in dispute. Corresponding to the Bundesrath is the Imperial Insurance Office which acts as a supreme executive with power to supervise the local authorities, and to require their compliance with all general regulations. But at each step the Bundesrath is obliged to consult the State governments concerned, and when the areas are once defined, the main burden of administration falls upon the local

institutes. These, also, have their executive and legislative authorities. The executive consists of a managing or Directing Board composed of salaried members who are appointed by the State or departmental governments from among their officials. It may also include certain honorary members according to the bye-laws which a particular institute may adopt. The legislative authority is a Committee consisting of representatives of employers and insured (at least five of each), who are elected by the Directing Boards of the various trades or miners' benefit funds or other similar associations in the district.¹ The members of this Committee are unpaid, but the representatives of the insured receive compensation for loss of wages during the time that they are attending to their official duties.

The committee has, in the first place, to frame the bye-laws for the Institute, and, after these have been passed, it meets from time to time to control and supervise the operations, and to make amendments in procedure. During the intervals when it is not sitting, it may delegate its duties to a council of supervision or nominate certain of its members to sit on the Directing Board. It may do both if it chooses, but if it has no representative on the Directing Board, it is bound to appoint a council of supervision. Over and above these authorities, there is also a State Commissioner appointed by the Government of the State and the Imperial Chancellor for the district of each Institute, who is supposed to protect the interests of the other Institutes, and of the State. Finally, each district must have, at least, one arbitration court with four assessors, two representing the employers, and two the insured. Every Institute balances its own accounts separately, and, excepting the above-mentioned checks and limitations, is self-governed. For the first ten years the assessment of contributions is regulated by the Imperial law, but, at the end of that period, the Institutes will have liberty to levy such contributions as they may consider to be necessary. Subject to certain general regulations, the investment of the contributions is left to the discretion of the

¹ These governing boards are composed jointly of employers and employed, who vote separately for their respective members on the Insurance Committee.

Institutes, which are each responsible for the management and control of their own funds.

Such, then, is the general nature of the machinery by which the law is administered. We have now to consider to whom the compulsion under the law applies, what are the contributions required, and what are the benefits offered. Insurance is obligatory upon three defined classes of people, whether men or women, from the age of 16 onwards.

(1) Persons who are employed as workmen, assistants, apprentices or servants, and receive for their service a payment or wage.

(2) Persons who are engaged in business as assistants in shops, and apprentices whose regular yearly earnings do not exceed £100.

(3) Persons employed for payment or wage as members of the crews of German ships.

In addition to these, others who carry on an independent business, but who do not regularly employ, at least, one paid workman, and small masters, who are practically workmen, have the option of insurance, or may, even at the discretion of the Federal Council Bundesrath, be compelled to insure. Government or State officials, subscribers to existing insurance and benefit funds, which are recognised by the Federal Council as a substitute, those who by reason of physical or mental defects are unable to earn at least one-third of the ordinary wage of the district, workmen who receive no wages, but merely free maintenance, are exempt from compulsion.

To all the insured the law gives the right to an allowance in infirmity¹ and old age. Infirmity is measured by inability to earn wages. If a man is unable to earn a sum of at least one-sixth the average standard of wages in his district, he becomes entitled to a pension irrespective of age, unless he is already receiving an allowance under the Accident Insurance Fund. If, without being a confirmed invalid, he is unfit for work during

¹ The word *Invalidität*, as used in the German law, is difficult to translate. "Infirmity" is here used as the nearest equivalent, but the definition must be carefully borne in mind.

an entire year, he is entitled to an allowance for invalidity during the subsequent continuance of his inability to labour, unless the state of unfitness for work is the result of his own voluntary act. The Insurance Institutes have the power of requiring that the sick fund to which an insured person belongs shall provide such treatment as the Institute thinks proper, and provision is made for apportioning the liability between the sick fund and the Institute. In case of death, the insured person's own contributions are repaid to his wife and children. The law in these various forms is intended to provide for every working-man and woman throughout the Empire, and is expected to include within its scope some 12,000,000 persons.

We come next to the amounts of the contributions and benefits, and to the methods of levying them. After an elaborate statistical enquiry the framers of the law devised a fourfold classification according to wages of the classes to be insured. These are as follows:—

Class.	Annual Wages.
I.	£17 10s. and under.
II. From	17 10s. to £27 10s.
III. „	27 10s. to £42 10s.
IV. „	42 10s. and beyond up to £100.

The average wages of each class are set down as (1) £15, (2) £25, (3) £36, (4) £48. The contribution rates are graduated according to the wage-classes and are settled by the law for the first contributory period of ten years, as follows:—

Class.		
I.	About 1½d.	} To be paid in equal shares by employers and workmen.
II.	„ 2d.	
III.	„ 2½d.	
IV.	„ 3d.	

At the close of the first period of ten years these contributions are to be settled anew by each Insurance Institute for a further period of five years. Thus while at the outset the duties of the

Institutes will be more or less mechanical, a few years hence their powers of self-government will be real and important. They have to satisfy the law which requires that the contributions shall be so assessed as to cover expenses of management, to provide a reserve fund, and to meet the charges likely to be entailed by the repayment of contributions, besides covering their share of the pensions likely to fall due during the contributory period. Any deficit in the reserve (which is fixed at one-fifth of the estimated capital necessary to provide the pensions) must be met in the ensuing contributory periods. The contributions levied during the earlier years will of course greatly exceed the amounts required for annuities, and it is therefore hoped that the Institutes will be able to make substantial progress with their sinking funds at the outset, and so avoid the necessity of making the contributions unduly burdensome, when the allowances begin to fall due.

Like all others who have approached the same problem, Prince Bismarck and his advisers found themselves face to face with the immense difficulty of starting a scheme from the beginning with a population of all ages. It might have been avoided by confining the benefits to the rising generation. But such a course would by no means have answered the purpose of the German Chancellor, and would probably have been far from popular in the Empire. As an alternative the framers of the law of 1890 have been driven to certain rather complicated expedients. The law provides that pensions shall only be granted to those who have passed through a certain probationary period (*Wartezeit*), which, in respect of pensions for infirmity, is fixed at five contributory years, and in respect of pensions for old age, at thirty contributory years. In order, however, that such persons as become invalids within the first five years, or septuagenarians with the first thirty, may not miss the benefits of the Act, it is laid down in what are known as the transitory provisions that any person who, before the Act was passed, has been employed in a trade or business in which contributions would have been payable had the Act been in force, shall be treated as though he had actually paid the proper contributions. The same holds

good in case of persons who have been prevented from remaining in such employment either by sickness or military service. But in order to qualify for a pension, every man or woman in such a case must provide themselves with certificates showing (1) the duration of all their employments since 1886; (2) the duration of the interruptions, if any, and the causes of them; (3) the rate of their wages since 1888 (specially important since the amount of their old age allowance will depend upon the average rate of wages then received by them); (4) the duration of every illness entailing incapacity for work; and (5) the duration of all military or naval service after Jan. 1, 1886. Special forms are made out by the Government for these certificates, and the attestation is made either by the lower administrative authorities of the place of employment, or by the employer concerned. But in the latter case a further certificate from some public body is required.

It is obvious that the entrance of a large number of persons who pay no contributions must be fatal to the financial equilibrium of the scheme. Until these are disposed of, the proper relation between contributions and benefits cannot possibly be established. To make good this deficiency, to enable sinking funds to be established, and to ensure solvency from the start, recourse was had to an Imperial subsidy. The part which this subsidy plays has been so much misunderstood that it is important to grasp the intention of the Reichstag in respect to it. State aid was urged and defended by the Government as for all practical purposes a transitory provision. The authors of the law believed, or professed to believe, that the scheme would ultimately be self-supporting, with such guarantees as public management, and the supervision of the Imperial Insurance Office, will afford it. But, for the present, the State contributes a subsidy of £2 10s. yearly to every allowance which has been recognised as valid by the proper authorities. It was reckoned that the State grant would amount to about £320,000 the first year, and gradually rise till it reaches £3,400,000 in the eightieth year, when the condition of equilibrium is expected to be reached, and the State subsidy, being no longer necessary, will be gradually extinguished.

Thus State assistance is regarded in Germany as a means of overcoming initial difficulties rather than as a permanent part of the insurance scheme.

For the collection of the contributions, the authors of the German law have adopted the plan which Mr. Fawcett devised for the English Post-Office Savings Banks. Each Insurance Institute issues through the local post-offices, receipt cards for each class of the insured, and stamps of corresponding values. It is the duty of employers to see that all workmen are provided with these cards which contain spaces for the 47 contributory weeks. The stamps are purchased by the employers, who paste the necessary stamp upon each man's insurance card, when they pay wages, at the same time deducting one-half the amount from the wages of the insured. Each card is stamped with the name of the Insurance Institute which issued it, and the number issued for the particular individual. When filled, the card is returned and a fresh one issued bearing a number and reference to the previous card. By means of these cards, the history of each individual can be traced, and the proportion due to him from each Institute determined, in case he should have migrated from one district to another. Finally, when the pension becomes due and the claim has been admitted by the Institute, the post-office in the district in which the claimant resides is informed of the fact, and required to pay the pension in the specified instalments. At the end of the year, the post-office sends in a bill with full particulars to the head Insurance Office, and the amounts are collected from the Institute or Institutes in which the pensioner may have been insured.

We have finally to consider the amounts of the various annuities, and the conditions which attach to them. Except under the transitory provisions already explained, a period of five contributory years is required to qualify for the infirm allowance, and of thirty contributory years for the old age allowance. Each year is reckoned as consisting of 47 contributory weeks, which leaves a margin of five for out-of-work, and other similar contingencies. During a period of illness which is certified as producing inability to work,

or during a term of military service, the contributions are credited to an insurer's account precisely as though they had actually been paid. The infirm allowance consists of three parts: (1) a fixed annual contribution of £3 from the Insurance Institute; (2) a subsidy of £2 10s. from the State; and (3) an addition according to the number of years during which the contributors have been paid, and the classes under which they have been paid. Thus for wage Class I. the addition to the annuity is about $\frac{1}{4}$ d. for each contributory week; for Class II. about $\frac{3}{4}$ d.; for Class III. 1d., and for Class IV., $1\frac{1}{2}$ d. The annual allowances on this basis work out as follows:

After years.	Class I.	Class II.	Class III.	Class IV.
5	£5 14 8 $\frac{1}{2}$	£6 4 1 $\frac{1}{2}$	£6 11 1 $\frac{3}{4}$	£7 0 3
20	6 8 9 $\frac{3}{4}$	8 6 4 $\frac{3}{4}$	9 14 7 $\frac{1}{4}$	11 12 2 $\frac{1}{2}$
40	7 7 7 $\frac{1}{4}$	11 2 9 $\frac{1}{4}$	13 19 2 $\frac{1}{2}$	17 14 4 $\frac{1}{4}$
50	7 17 0 $\frac{5}{8}$	12 11 0	16 1 6	20 15 6

The probability is that the workman would insure under different classes at various periods of his life. In that case his allowance would amount to something midway between the various sums provided in the above reckoning. For the old age annuity the State subsidy of £2 10s. is taken as the basis, and to that is added $\frac{1}{2}$ d. for every contributory week in Class I., $\frac{3}{4}$ d. for every week in Class II., 1d. in Class III., and $1\frac{1}{4}$ d. in Class IV. Here again the contributions would probably fall under different classes during the 1410 weeks which make up the necessary period, and in that case also the annuities would be reckoned accordingly. If the insured person should have contributed for more than 1410 weeks in the various classes, those 1410 weeks were taken into account during which the highest contributions were received.

Adding these allowances to the State subsidy, the total amounts due on reaching the age of 70 work out as follows:—

For Wage Class I.,	...	...	£5	6	5
„ „ II.,	...	...	6	14	7
„ „ III.,	...	...	8	2	10
„ „ IV.,	...	...	9	11	0

We may now put the wage classes with their corresponding contributions and benefits in one table, which will show at a glance the various requirements and benefits :—

	Wages per annum.	Contributions.	Invalid allowance per annum after five years.	Old age annuity at 70.
Class I.	£17 10s. and under	1½d.	£5 14 8½	£5 6 5
Class II.	17 10s.—£27 10s.	2d.	6 4 1½	6 14 7
Class III.	27 10s.— 42 10s.	2½d.	6 11 1½	8 2 10
Class IV.	42 10s.— 100	3d.	7 0 3	9 11 0

Such, then, are the main provisions of the German law of insurance. Having worked his way through the text of the Act, the English reader will probably be struck by the extreme complication of its procedure and the comparative insignificance of its results. The German scheme is in no sense a substitute for the Poor Law. There is a special clause in the Act which provides that the obligations placed upon unions and public charities remain the same as heretofore in spite of the provision for State insurance. In his *resumé* of the law attached to the translation issued by the British Foreign office, Mr. Esmé Howard remarks that the measure “never aimed at providing the aged and incapacitated with sufficient means to enable them to live independently. These allowances should rather be considered as an addition to whatever means of subsistence the pensioner may otherwise possess.” It should of course be remembered that an allowance, which to Englishmen may appear but a meagre pittance, has a much greater intrinsic value to the German workman, whose wages and standard of life are altogether on a lower level. Nevertheless, loud complaints have already been heard in

Germany concerning the inadequacy of the pensions and the long period of waiting. The pensions, says Dr. Geffcken,¹ "cannot be regarded as a competence in case of old age and invalidity, but only as a partial alleviation of the local poor unions. The majority of the Berlin poor receive 144 to 180 marks a year; some even 360. An average pension would give only 150 marks. The insurance protects the working-men from becoming almsmen by entitling them to receive a certain sum, but it is so insufficient that the receivers will remain indigent persons to be supported by local poor funds."

Dr. Geffcken is perhaps not to be regarded as a witness wholly without prejudice where a measure of Prince Bismarck's is concerned, but the opinion seems to be general in Germany that the pension is too small and the age of 70 too far advanced to make the scheme a really remedial measure for the poverty of old age.

The framers of the German law have acted on the principle of making contributions bear a fixed proportion to wages, while adding a uniform State subsidy in all instances. There is much to be said for this plan on what may be called abstract grounds. But it is open to this practical objection that the annuities are apt to work out in an inverse ratio to the needs of the recipients. Thus the man who is earning wages on the scale of the highest or fourth class will receive, if he survives, the largest pension in spite of the fact that he has probably been able to make a moderate provision for himself in other ways. It may be said that these are the men who most deserve assistance, and if the scheme is intended as an eleemosynary benefit to be worked on charity organisation principles the answer is conclusive. But if it is recommended as a means of meeting the great social difficulty of providing for the old age of casual and irregular workers, then it must be said that the object is not achieved. The law provides for the insurance of workmen through the medium of the employer. It follows that the man who is not in regular employment during 1410 weeks of his life-time escapes the contributions and is to a proportionate degree disqualified for the pension. If the

¹ *Nineteenth Century*, Sept., 1891.

contributions have been paid for less than a total of 47 weeks in the space of four years the insurer loses all reversionary rights, and can only resuscitate them by a subsequent payment of five contributory years. In these ways a large number of the poorest class must slip through the meshes of the insurance law, while others will receive a pension considerably smaller than the lowest amounts contemplated in the tariff of the insurance law.

Intricate and exhaustive as the law appears on paper, experience is revealing numerous cases which are either not covered by it or left doubtful. Thus at the very outset there is a difficulty in defining a working-man. It is the common practice¹ in Germany for the eldest son of a peasant to inherit his father's estate while his unmarried brothers and sisters remain upon it as helps, with the right of having a permanent board and lodging. Is the peasant to be reckoned as an employer, and are his brothers and sisters to rank as employed? If the law is strictly administered it is difficult to see how the peasant in such a case can be included, even though his earnings are less than those of ordinary workmen, while the case of his brothers and sisters is at least in doubt. The third section of the law provides that "tantièmes" and payments in kind "shall be reckoned as ordinary payments and wages," but the following paragraph declares that an employment for which only free sustenance is given will not be reckoned as an employment entailing compulsory insurance. It is true that the law (Section 2) gives the Bundesrath powers of extending the obligatory insurance to small masters who themselves stand in the relation of employed to other employers, and to others who work for themselves "and do not regularly employ at least one paid workman." This would cover the case of the costermonger but not that of the peasant above-mentioned. Here the compulsory provision seems to break down, and the law falls back upon a state of optional insurance for those who are not expressly defined as well as for others who have left the wage-classes to become small employers on their own account (Sec. 117-119).

While the German law recognises the necessity for insurance

¹ See Dr. Geffcken's article, *Nineteenth Century*, Sept. 1891.

among unmarried women it expressly makes marriage a disqualification for further insurance. The woman who marries loses the benefit of the scheme while receiving back her own share of the contributions without interest. If she is left a widow she may claim such contributions as have been paid by her husband provided that these have extended over five contributory years. But apparently the widow has no means of continuing the insurance on her own account though, as most Poor Law administrators will tell us, her case is among the most difficult. There are no available statistics to show the number of married women who are industrially employed in Germany, but their number is undoubtedly considerable, and it is not easy to understand why a scheme which is based upon employment should exclude them.

Apart from these special difficulties, the immense complication of the procedure must of itself be a considerable drawback. The variety of different authorities, the delicate adjustment of one to another, the checks and counter-checks, the appeals, revisions, and arbitrations, the grouping of the insurance districts, and the various parts played by the Insurance Institute, the State Commissioner, the State Government, the Bundesrath and the Imperial Insurance Bureau—all this may seem on paper a very masterpiece of ingenuity. But for practical, everyday purposes, it is less commendable. The German law appears to teem with provocation to the litigious. The individual insurer has the right to protest and appeal under almost every conceivable circumstance. He may appeal against being insured at all, and, if he loses his case in a lower court, he may take it to a higher. He may protest against the calculations made from time to time on his insurance cards, and here also he has the right of appeal. Or if his claim to an allowance either for old age or infirmity is rejected by the Institute, he may take his case to the arbitration court, and once again both parties have a legal right of revision in respect to the court's decision. Disputes may arise not only between individuals and the Insurance Institutes, but between the Institutes and the Sick or Accident Insurance Societies provided by previous legislation, and these also entail

litigation. Or, finally, there may be conflicts between the Insurance Institutes and the Poor Law authorities. When we further bear in mind that these differences are likely to arise not on formal or easily ascertained points, but on such difficult questions as the definition of "infirmity," and the capability or incapability of a petitioner to earn a certain wage, we shall easily realise the possible sources of trouble and discontent which may arise in the administration. A more or less costly and complicated procedure is inevitable under any system, which proposes to collect contributions according to four separate tariffs from twelve million people, but the machinery provided by the German law appears, even under these conditions, to be unnecessarily and dangerously elaborate.

The English reader who studies the pains and penalties part of the German law will be struck by the apparent severity of the clause which deals with the offence of making entries or marks upon the receipt cards other than those prescribed by the Act. Subsequent experience has more than justified this precaution. When the idea of receipt cards was first mooted, the entire labouring population took fright, believing that these cards might be simply a revival of the labourers' books formerly kept by employers, in which they were accustomed to write down observations upon the character and industry of those whom they employed. In spite of the heavy penalty (a fine not exceeding £100) which is provided for this offence, the suspicion is not yet dispelled. The workmen argue that the card tells its own tale whether it is marked or unmarked. When a man applies for employment the master can tell at a glance whether he has been in regular work. Thus a man who has been on strike is found out at once, and his card may be the means of preventing him from obtaining another situation. To this fact alone a considerable part of the unpopularity which the measure has undoubtedly incurred among the working-class is attributed by observers in Germany.¹

¹ See especially report of *Times* correspondent in Berlin. *Times*, January 13th, 1892.

A consideration of the actuarial side of the German law would be a long and technical matter lying outside the scope of the present volume. An interesting study of this side of the question by Mr. T. E. Young will be found in the July (1891) number of the *Journal of the Institute of Actuaries*. It may be said generally that actuaries in this country view with great suspicion both the data upon which the authors of the German scheme have worked, and the calculations which are based upon them. The utmost efforts were made to obtain trustworthy statistics respecting both the infirmity and the mortality of the classes that come under the insurance law. So far as infirmity is concerned, Behm's table relating to railway workers has been taken as the basis. This generalisation from one employment was considered to be justified by the attempt made in the census occupation of 1882 to ascertain the number of infirm persons in different occupations. But the results are necessarily defective, if only on account of the great difficulty of defining the term "infirmity" and of obtaining accurate answers respecting it. In fact the use of Behm's table is even in Germany regarded as an assumption which can only be tested by experience. The truth is that the inclusion of infirmity is the same insurance as old age introduces an element of uncertainty which renders all calculations perilous. To judge from their estimate, the authors of the law apparently regarded the infirm allowances as of equal importance with the old age allowances, but infirmity, as defined by the law, would seem to be a comparatively rare occurrence, and at all events cannot be foretold with anything approaching to accuracy.

Nor is it possible over so wide an area to estimate the amounts which will be received in contributions or to assume regularity of payments. There are three disturbing elements which may cause cessation of contributions. These are (1) illness ¹; (2) discon-

¹ No contributions are required to be paid during a period of illness certified by the authorities under the Sick Insurance law, but the period of such illness, provided it does not exceed one year, is nevertheless counted as a contributory period, as though the contributions had been received, and the Insurance Institutes are required to provide for the consequent losses in assessing the rates.

tinuance of employment; (3) military service.¹ The first and third of these contingencies admit of being measured with sufficient accuracy for all practical purposes; though, as regards the third, the occurrence of a war might upset all calculations based on ordinary averages.

But the second contingency—loss of contributions through lack of employment—defies calculation in advance. Strikes and depressions in trade are events which no science can forecast. Nevertheless, for the purposes of a national insurance law based on contributions, they are of great importance. It must even make a considerable difference whether the failure to pay occurs early or late in life, and whether the contributory weeks are made up at the beginning or at the end of a man's career. For though the Insurance Institute may receive the same total amount in the long run, yet the interest which it will lose, if the payments are deferred, must, where twelve millions of contributors are concerned, be a very serious consideration. The German law is not quite explicit as to the course which will be pursued, if the insured person fails to accomplish his 1410 contributory weeks, but the financial stability of the scheme depends entirely on the assumption that these contributions will be paid, and, according to section 33, all reversionary right is extinguished if they are paid for less than 47 weeks in four consecutive years, and can only be revived by a subsequent payment of five contributory years. Thus the law clearly contemplates the diminution of the pensions by the reversionary value of the amounts not paid, and hence, as we have already seen, even the minimum allowances provided under the scheme are liable to further deductions.

In drawing any conclusions from the German scheme for application to other countries, it must always be remembered that the rate of interest upon which the contributions and benefits are estimated is as high as $3\frac{1}{2}$ per cent. This is at present about the ordinary percentage of the Government stocks of the German States; but, having regard to the permanent nature of the scheme and the probable decline in the rate of interest, the general opinion

¹ The same rule applies to military service. (Sections 17 and 20.)

is that this figure will be found excessive. However this may be, it is, at least, evident that the whole sum must be worked anew at a lower rate of interest before any inference can be drawn from Germany to England. It is not the least part of the difficulty in establishing a permanent scheme to decide what rate of interest may reasonably be taken as a basis for operations extending into an indefinite future.

We have already referred to Dr. Geffcken's very unfavourable report concerning the working of the insurance law up to the present time. Dr. Geffcken approaches the subject as a strong Individualist, who has also, perhaps, a certain prejudice against a system of which Prince Bismarck was the chief author. But other accounts from various parts of Germany agree in representing the law to be somewhat unpopular in its present form. At the International Congress on Accidents to Workmen, held at Berne in September, 1891, Herr Bodenheimer of Strasbourg read a paper on the whole system of workmen's insurance in Germany, in which he declared that those in whose interest the system was conceived "were far from being generally satisfied," and dwelt especially upon the need of consolidating the laws and simplifying the procedure. That this need is real we have already seen; but it would scarcely be surprising if the most satisfactory law that could be devised were unpopular at the outset. The benefits are deferred and distant; the contributions are felt at once. The employer reckons up all the forms of insurance which the Bismarckian system has suddenly imposed, and finds that under the three heads of sickness, accidents, and old age, he has to pay about £1 a year for every workman in his employ. The workman on his side adds together his payments for accident and old age insurance, and finds that the State requires about 12s. a year from him, and a good deal of it for benefits which may be thirty, or forty, or even fifty years deferred. Then arises the interminable controversy whether the employer does not really recover his portion of the payments, either directly or indirectly, from his workmen. Thus, on the one side, the employers complain that

they are taxed to the extent of £5,000,000 a year, while, on the other, the workmen contend that the whole liability is in reality pushed on to them.

Nevertheless, there is a general feeling growing that, however much the Act may need amending, it cannot be repealed. The initial expenses have already amounted to nearly a million sterling. Thousands of clerks have been engaged, and the Government has already contracted a heavy liability towards those who have been subscribing during the past year. The Berlin correspondent of the *Times*, in the communication already referred to,¹ records the existence of a strong agitation in South Germany against the Act in its present form, but adds that the principle of the law is admitted to be a sound one. We are able to supplement these reports by a very interesting letter sent us by a correspondent in another part of Germany, who is in a specially favourable position to form a judgment. In answer to various questions respecting the practical effects of the law, he writes :—

“It is scarcely possible, as yet, to answer the question whether the ‘Old Age and Infirmary Insurance Act’ has proved to work satisfactorily in practice. The time during which the act has been in operation is as yet too short, and the parties affected thereby have hitherto felt the obligations imposed on them, rather than the benefits they may derive, on account of this Act.

“I need hardly remind you that pensions for old age have only been granted during the last year, while, so far, no pensions for inability to work (or ‘infirmary pensions’) have been granted at all. Nevertheless, as time goes on, the Act is being judged more favourably in many respects. When it had been passed by the Reichstag—by a very small majority—and acquired legal force, complaints were heard on all sides to the effect that the working-class almost entirely failed to evince any appreciation of the Act, and that the attempts, made very extensively by the press, the authorities, and private persons, to create an interest in the Act among the working-classes, had mostly proved abortive. This may have been due, in some degree, to socialistic agitation, the social democrats failing to see anything in the Act except an alteration of the Poor Laws, which

¹ *Times*, Jan. 13, 1892. See *supra*, p. 90.

would benefit the communities of ratepayers, who were liable to bear the Poor Law imposts, rather than the working-classes themselves. But since the Act first became law, popular opinion among working-men has undergone a change. Since the first old age pensions have been granted, the agitation against the Act has greatly subsided among the working-classes, and even socialistic papers, though still demanding an increase of the amount of the pensions, which they describe as inadequate, nevertheless pronounce decidedly against a total abolition of the Act, such as happens to have demanded from a different quarter during these last few weeks.

“This last-mentioned agitation against the ‘Old Age and Infirmity Insurance Act’—in which agitation *versus* Bismarck has likewise taken part—is emanating from the employers of labour, and, perhaps, partly also from the subordinate official bodies entrusted with the administration of the Act, and is chiefly directed against the method adopted for levying the contributions by means of stamps affixed to contribution cards.

“The trouble and inconvenience caused by this *stamp-sticking* is not felt nearly so much in large industrial concerns (where there would be a staff of clerks available for this purpose) as among agricultural owners, on whom the financial burden imposed by this act is pressing more heavily. Whereas, in the Eastern Provinces of Prussia, which are especially devoted to agriculture, dissatisfaction at the Act is very pronounced, it is far less perceptible in the Western, which are mainly manufacturing provinces. Official bodies, also, are complaining more loudly in the Eastern than in the Western Provinces, as to the pressure of work entailed by the extra duties imposed by this Act, a circumstance which is attributable to the different organisation of the official bodies. Whereas in the West, the principal share in working the Act falls on salaried and professional officials, these duties have to be performed in the Eastern Provinces by persons holding honorary offices. The chief tasks, apart from the investigations to be made before any card is issued, are the issuing and booking up of contribution cards. These duties, in the case of honorary officials, working without the assistance of a private staff, are described as taking up so much time that it is feared it will be impossible hereafter to find any candidates for office in an honorary capacity, and that these offices will have to be filled with salaried, professional officials. Moreover, in yet another respect, the present system of paying subscriptions, by means of stamps affixed to the cards, is making itself inconveniently

felt. The subscription cards are to be given up at the end of each year and preserved by the insurance offices as future bases for the subsequent calculation of the annuities. What a large amount of storing space is required for this purpose will appear from the fact that, to select one instance, the Insurance Institute for the 'Rhine Province' at Dusseldorf has had to lease and fit up three whole houses with a view to storing the contribution cards for the next five years only.

"Although the Act as now existing contains numerous defects, we may, nevertheless, presume that its abolition will never be seriously entertained, and that it will be possible to remedy, at least to a great extent, the deficiencies now brought to light.

"Owing to the short time of its operation, it is impossible, as yet, to decide whether an actual reduction of the Poor Law expenditure has resulted from the Act since its coming into force. Moreover, it will be difficult to distinguish any influence that may be exerted by the 'Old Age and Infirmity Insurance' Act, from that of the other social-political legislation.

"According to the experience hitherto obtained, the number of old age annuitants (under the transitory provisions) corresponds pretty closely with calculations made previous to the passing of the Act.¹ A circumstance generally observed and pointed out as remarkable is that the number of annuitants in the country is so greatly in excess of that in town, being a proof of the greater wear of town life."

Other correspondents² speak in much the same terms of the initial difficulties and unpopularity of the measure, but all appear to agree that the principle is sound and that it will not be revoked,

¹ According to the statistics drawn up by the Imperial State Insurance Office, and based on statements submitted by the heads of the Infirmity and Old Age Insurance Institutes, and such special provision funds as have been acknowledged by the Imperial Bundesrath, the number of claims for Old Age Pensions handed into the 31 Infirmity and Old Age Insurance Institutes and the 8 special provision Funds, at the end of the first 11 months, from the date of the Invalidity and Old Age Insurance Act coming into force (up to the end of November, 1891), amounted to 168,070.

Out of this total 128,201 claims for annuities were allowed, 28,010 were refused, and 8,920 were carried forward as "unsettled" to the month of December, while the remaining 2,939 applications were settled in other ways.

The number of persons liable to insure amounts roughly to 12 millions.

² A large employer in Alsace writes that, "while there is absolutely no sign that the new legislation will lower wages, workmen would come much worse off under the new pension scheme than formerly, if employers were to make no more than the legal contribution to workmen's pensions."

whatever alterations may be necessary in the administrative details. The German scheme with its separate Insurance Institutes and local self-government, its provision for constant rearrangement and revision of tariffs, lends itself easily to the teaching of experience. But whether any experience will enable the Government to make the law what it professes to be—that is to say, a compulsory and universal system of insurance extending to the whole working-class—remains open to doubt. When all has been done to amend and consolidate the existing laws, a system which depends upon exacting regular contributions from a vast number of the very poor must always be attended with grave difficulty. But if success is not possible in Germany, it is possible nowhere. The German Government has unique facilities for rendering compulsion effectual, and the framers of the law have been scrupulously careful to make the least possible demand upon the poorest class. Even so, it seems likely that a considerable number will escape the compulsion to insure, while the contributions of many others will be so irregular as to reduce the pension to a very insignificant figure.

But at the present moment nothing like a final judgment is possible. Time alone can show whether the scheme is capable of being adapted to the needs of the German working-class and whether its financial basis is sound. For the present, criticism must be confined to certain general and *prima facie* objections, which are mainly that the pensions are too small, that the pension age is too late, that there are no means of exacting the contributions from casual and irregular workers, that the married woman and the widow are left unprovided for, and that the procedure is needlessly complicated. But those who criticise at this early stage will not forget that nations have a remarkable power of assimilating even the crudest legislation, nor will they deny credit to the statesmen who found courage to take an irretrievable step, while others remained weighing difficulties and balancing probabilities.

CHAPTER VI.

French, Danish, and Italian Schemes.

HISTORY of State Effort to Provide for Old Age in France.—The Caisse de Retraites Ouvrières. — Its Effect upon Friendly Societies.—M. Constans' Scheme, General Outline.—Proposed Tax on Foreign Workmen in Aid of the Pension Fund.—The Movement in Denmark.—Prof. Marcus Rubin's Scheme.—The Government Scheme.—Condition that Pensioner shall not have been in Receipt of Poor Law Relief during Previous Ten Years.—Italian Schemes.—Cavour's Opinion.—Signor Berti's Report.—Proposed Combination of Friendly Societies and Savings Banks in National Insurance Institute.—General Summary.

INSURANCE against old age with the assistance of the State is no new thing in France. The National Pension Institution, known as the *Caisse de Retraites* was one of the many projects for the benefit of the working-class which followed the upheaval of 1848 and has continued with varying success to promote the cause of thrift until the present time. Its original object, as explained in the report of the Labour Committee of 1849, was to receive the small deposits which working-men were able to make, and which ordinary Insurance Offices declined to accept in consequence of the labour involved in keeping the accounts. The law of 1850 provided that the capital of the *Caisse de Retraites* should consist of deposits made at the *Caisse de Dépôts et Consignations*, which were not to be of less amount than five francs or multiples of five francs, and that the interest to depositors should be at the rate of 5 per cent. This proposal, being open to all comers, was naturally found attractive by other investors than those of the working-class, and the applications for State annuities became extremely numerous. But the loss to the State which could not recover the 5 per cent. interest soon became serious, and the

law had to be amended first by making £80 the maximum that could be deposited in one year, and secondly by lowering the rate of interest from 5 to $4\frac{1}{2}$ per cent. The limit to the deposits, however, was shortly afterwards again extended, while the maximum annuity payable to any single depositor was raised successively to £30, £40, and finally to £60. Thus, in spite of its original intention, the *Caisse de Retraites* became recognised as an institution for the middle-class as well as for the working-class, and in the last years of the Empire and early years of the Republic, it was largely used by shop and Government employees, priests and school-teachers. In 1871 the National Assembly re-established the 5 per cent. rate on deposits, but this, with the return of prosperity after the war, again proved to be dangerously high. Nevertheless, it remained unaltered until 1882, by which time the Caisse showed the alarming deficit of £1,680,000. Financial equilibrium was then restored at the expense of the State, and the interest once more brought down to $4\frac{1}{2}$ per cent. Four years later, the maximum amount of deposits to be made at any given time by one person was reduced to £40, and the rate of interest made dependent on the rate of the Government annuities. This was practically equivalent to a reduction of another $\frac{1}{2}$ per cent., while it renders the exact amount of annuity payable to each depositor a matter of some uncertainty.

The effect of the law of 1886 was to reduce the amount of the deposits by one half, and they are now less than a million sterling per annum as compared with the $2\frac{1}{2}$ millions of 1881. But, as already shown, the part played by the Caisse in providing for old age of the working-class has never been of the first importance. The depositors are less than one-tenth of wage-earning classes, and the average amount of the pensions is only 6s. 6d. a month. The number of individual depositors has always been very small, the greater part of the deposits proceeding from the *Sociétés de Secours Mutuels*, who correspond roughly to the Friendly Societies of this country. Certain of these bodies are permitted to deposit such portion of their funds as they choose annually to devote to old age assurance with the public office, and in order to encourage

these deposits they receive a proportionate subvention from the State. When once deposited the funds are absolutely inalienable, and though they stand to the credit of the particular Society they cannot be realised to meet any emergency arising out of ordinary expenditure upon sick or funeral benefits. When it falls due the pension money is paid to the Societies, and administered by them in the simplest possible manner. Every member on arriving at a certain age and fulfilling certain conditions becomes eligible. But the number of annuitants is strictly limited by the amount of the pension fund, the income of which is divided into so many annuities. The claimant, therefore, has to await his turn and obtains his promotion, according to seniority, when vacancies are created by death.

To those who have had any experience of the working of Friendly Societies it will be obvious that this method of procedure is attended with considerable risk. Only those Societies which provide this special fund are eligible for the State subvention, the amount of which is made dependent on the sum appropriated. There is, therefore, a considerable temptation to starve the current benefit account, and set aside more than the Society can properly afford for investment in the State pension office. It may happen and does happen that a Society is in an impoverished condition as regards its current engagements, while it is on the contrary quite rich in benefits available for old age alone. Its pension fund will have been unduly swollen by contributions from the "free funds" which ought never to have been made if due regard had been taken of its current liabilities. The pensioners in this case reap their benefits at the expense of the ordinary members, and financial stability is seriously imperilled in respect to the primary objects of a Mutual Benefit Society. This particular piece of experience is of extreme importance in view of proposals which may be made in other countries to work an old age pension scheme through the medium of existing Friendly Societies.¹

But the *Caisse de Retraites* is by no means the last word of the French Government on the subject of insurance against old age.

¹ See Leon Say, *Economie Sociale*, pp. 234-5.

In the spring of 1891, M. Constans, as Minister of the Interior, laid a wholly new and ambitious scheme before the Chamber of Deputies. At the time of writing, this project is still under the consideration of the *Commission de Travail*, and if it does not pass in its present form, is expected to be, at least, the foundation of future legislation.

To the workman, M. Constans' scheme wears a most attractive aspect. He is invited to enter into a contract with the State by which at his fifty-fifth year he will be secured a pension about three and a third times as great as that which his own contributions could secure him in an ordinary insurance society. His own part of the bargain is to pay a contribution of ten or five centimes a day, from his twenty-fifth year to his fifty-fifth, 75 days in each year being reckoned as holidays or festivals upon which no payment is required. The ten centimes contribution secures a first-class pension, the five centimes a second-class pension. Whichever sum the man elects to pay, the employer is bound to double it, with the result that the combined contributions of masters and men, under the first-class, would, if continued for thirty years with compound interest calculated at 4 per cent., amount to a sum equal to the purchase money of a life annuity of 360 francs for a man of 65. The second-class annuity by the same reckoning would amount to 160 francs. But, besides conducting the operations and guaranteeing the interest, the State engages to add two-thirds of the combined contributions of masters and men, thereby bringing the annuities of the first-class up to 600 francs a year, and those of the second-class up to 300 francs. The pensioner, therefore, receives either £24 or £12 a year, whereas his own contribution of 1d. or $\frac{1}{2}$ d. would by itself have entitled him to receive only £7 8s. 4d. or £3 14s. 2d. respectively.

M. Constans' proposal is not, strictly speaking, compulsory. It is open to all men and women who at the age of 25 are earning less than 3000 francs (£120) a year, and it is assumed that everyone who does not make an express declaration to the contrary before a magistrate, will take advantage of the insurance.

If such a declaration has not been made, the employer is obliged to affix two stamps daily into an insurance book provided for the purpose, deducting the cost of one from the daily wage. Thus, while the law is optional as regards the workmen, it is compulsory as regards the employer. If the workman chooses to insure, the master is compelled to make a corresponding contribution. The workman has also the option of insuring for a sum at death, in which case he must make a supplementary payment of rather more than half as much again, the Government undertaking the responsibility of one-third of the necessary premium.

We have already seen that persons in receipt of more than £120 a year are denied the benefits of M. Constans' Bill. There is a similar disqualification for those who at the age of 56 find themselves in possession of an income exceeding £24. In this case, the annuitant loses the benefit of the State grant, while receiving the income of his own and his employer's contributions. Thus, if he were otherwise entitled to a first-class pension of 600 francs, he would now receive no more than 360 francs. The money saved by this provision will be paid into a special fund for defraying the working expenses of the scheme, and making good the contributions of men who are temporarily unable to pay their fees.¹

The benefits of M. Constans' scheme are specially confined to men and women of French nationality. In order, therefore, that the French employer should not escape his liability to contribute by employing foreign workmen, M. Constans has added the ingenuous and popular proposal that a tax of ten centimes a day should be levied on every foreign workman employed in France. There are about a million foreigners at present working for French employers, and it is therefore estimated that this tax will produce 100,000 francs a day, or £1,160,000 per annum for the benefit of the pension fund.

These, then, are the permanent features of M. Constans' pro-

¹ Since the scheme rests upon the joint contributions of masters and men, this proposal raises some difficulties, unless the reserve fund also makes good the contributions which would have been payable by his employer, if the man had been at work. An interesting article on M. Constans' scheme appeared in the *Anti-Jacobin*, Oct. 3, 1891.

posal. But there are also certain transitory provisions relating to the present generation, or such of them as have passed the limit of 25 years. The term of one year will be allowed for persons between the ages of 25 and 40 who have not yet made deposits to do so. After that period no person above 25 years of age will be permitted to come in. These persons will have to deposit 1d. a day, which, added to the assistance given by the masters and by the State, will produce at 55 years of age, nearly £20 per annum for persons between 25 and 30, about £16 per annum for those between 30 and 35, and about £9 per annum for those between 35 and 40. The charges to the State for this purpose are estimated at about £150,000 the first year, but at the end of 30 years they will, it is hoped, be merely nominal. A further proposal under M. Constans' Bill is to increase existing pensions of persons earning less than £120 per annum at a cost of £254,000 the first year, the amount diminishing until it falls to £7,835 at the end of thirty years.

It will be seen at a glance that this scheme is altogether on a more heroic scale than Prince Bismarck's German law. The benefits are larger, the age of benefit is earlier, and the contributions are heavier. But the Bill has not escaped the severest criticism, and is not expected to become law in its present form. French financiers are generally agreed that M. Constans has underrated the cost to the State, while he has considerably overrated the number of foreigners employed, and the probable proceeds of the tax which is to be levied upon them. Moreover, the difficulty of ascertaining in advance the number of workpeople who will claim to be excused, and the amounts which will be released by the possession of independent means on the part of the insured immensely increase the complication of the scheme from the actuarial point of view. From another point of view, the clause which penalises the workman who happens to possess £24 per annum at the age of 55, by depriving him of the State contribution, is open to objection as a discouragement to thrift, though the advocate of M. Constans' proposal might reply that the case is so rare as to be barely worth considering. Another and more

serious objection from the workman's side is that the Bill leaves him free to contract himself out of the measure, and considering the burden which is laid upon his employer if he elects to insure, this freedom is likely in many cases to become a practical compulsion.

Next to these large schemes in order of importance comes the very interesting experiment which is now being made in Denmark. The conditions in Denmark are widely different from those in France or Germany. Its great industry is agriculture, and its working population are chiefly employed in stock-farming, dairy-farming, and in other industries subservient to agriculture, such as mills, breweries, and distilleries. A large proportion of the people are rooted to the soil either as owners of small farms, or as cottars with a small piece of land attached. It is, therefore, difficult, or impossible to organise insurance on the basis of employment, and the Danish Government have consequently had recourse to a much simpler plan, which dispenses with contributions and, therefore, with all the machinery which is required for their collection. The Danish law was carried through at one stroke, without any previous agitation or enquiry. Early in 1891 the present Conservative Government announced their intention of levying a new tax upon lager beer. This proposal was met on the radical side with the demand that, if the poor man's beer was to be taxed, the poor man should in some way reap the benefit. In order to give practical effect to this demand, the radicals on their side brought forward a scheme of national pensions for old age. The Government determined to persevere with their tax, but so far adopted the radical policy as to combine with it a pension scheme of their own. This passed through the Danish Parliament without serious opposition and became law in July, 1891. The whole transaction forcibly recalls the similar proceedings in our own Parliament which led up to the allocation of the money produced by the new beer and spirit tax to the purposes of technical education.

The scheme introduced by the radical party was largely the work of the statistician and economist, Marcus Rubin, Chief of the Copenhagen Bureau of Statistics. It provided for State pensions

at the age of 62 without previous contributions. It was to be administered locally by a committee of three (elected by the town or parish councils), whose business it was to decide whether the applicants were without funds or not, doubtful cases being submitted to the Minister of the Interior. The pensions were graduated on the following scale:—

(1) In Copenhagen (*a*) for a man 200 kronors a year or about £11 5s.; (*b*) for a woman 150 kronors or about £8 8s.; (*c*) for a married couple 300 kronors or about £16 16s.

(2) In the smaller towns (*a*) for a man 150 kronors or £8 8s.; (*b*) for a woman 120 kronors or £6 15s.; (*c*) for a married couple 240 kronors or £13 10s.

(3) In the country (*a*) for a man 120 kronors or £6 15s.; (*b*) for a woman 100 kronors or £5 12s.; (*c*) for a married couple 200 kronors or £11 4s.

The inmates of poorhouses, prisons, and penitentiaries were to be disqualified from receiving pensions, but on the other hand those who chose could have obtained higher amounts than were provided under the above tariff by purchasing life annuities from the State Life Assurance Office at half the ordinary amounts, provided always that the insurance committees had certified them as suitable cases. Mr. Rubin himself calculated that 78,500 persons out of the present population of Denmark would claim pensions, and that the total cost of his scheme when in full operation would be nine million kronors or £506,250.

The Government scheme embodied the principle of pensions without contributions and reduced the pension age from 62 to 60. But it added the novel and ingenious qualification that the pensions should only be awarded to those persons who could prove that during the previous ten years they had not been in receipt of relief under the Poor Law or been convicted of mendicancy. Under the Government scheme, as under Mr. Rubin's, the administration rests with the local authorities. The man (or woman) who has a clean record in the above respect, is entitled to lay his claim before the parish or Communal Council, who are obliged to meet it unless it can be shown that his poverty is the

consequence of any actions by which he, for the benefit of his children or others, has deprived himself of the means of subsistence, or is caused by a disorderly or extravagant mode of life, or is in any other way palpably and evidently his own fault. In case of refusal the applicant has the right of appeal to the County Council. The Communal Council, however, is not bound by any hard and fast rule as to the amount of the pension which shall be given, or as to the separate treatment of single and married people. A general instruction in the law provides that it shall be "sufficient for the support of the person relieved and of his family, and for their treatment in case of sickness," but it may be given in money or in kind, as circumstances require, or it may consist in free admission to a suitable asylum or other establishment of the same character. If the recipient should be guilty of any penal offence, or if he should squander what is given him for his support, the relief may be withdrawn. If he marries and afterwards requires a larger measure of support than was previously accorded him, he is transferred to the Poor Law, but while in receipt of the special old age benefit provided by the law of 1891 his claim to the ordinary forms of relief is held to be in abeyance.

The Danish scheme is financed jointly by the Government and the Communal Councils. The relief is given by the Commune in which the applicant "has his residence," and when the definition of residence is disputed, one Council may enter a claim for reimbursement against another. The law provides that one-half the expenses incurred by the Communes shall be paid by the State, and for this purpose a maximum payment of 2,000,000 kronors (£111,110) provided, as already explained, out of the beer tax, is allotted for distribution among the Communal authorities. The pension accounts are to be separately kept, regularly audited, and passed on, in the first place, to the County Councils, and then to the Minister of the Interior. The law is retrospective in so far as it permits all living persons over 60 years of age to receive pensions on condition that in the ten years preceding their sixtieth year they were not in receipt of the ordinary relief under the Poor Law.

It will be seen that the State contribution is limited to £111,000, and that this is expected to cover one-half of the total cost. The experiment, therefore, even for so small a country as Denmark, is by no means on the grand scale. But if the law remains in force, and is carried out in accordance with its spirit, this experimental estimate may need to be considerably increased. We have already seen that Mr. Rubin's scheme, which contained no disqualifying test, contemplated an expenditure of nearly double this amount. But the Danes, like others, are as yet very much in the dark as to the effect of their law, and the cost of carrying it into execution. It is wholly impossible to say in advance what number of people will be able or be induced by the hope of the pension to keep clear of Poor Law relief between their fiftieth and sixtieth years. That will largely depend upon the view which the Communal authorities may take of their duties, and upon the amounts of the pensions which they may offer. To make the pension sufficient to act as a stimulus, and yet not so much as to swamp all saving in the ordinary Poor Law, and to land the Communes in a large additional expenditure, must necessarily be a task of the greatest delicacy. The promoters of the law have naturally indulged the hope that the saving to be effected under the one head would go far to balance the expenditure under the other, but whether this anticipation will be realised is a question which can only be answered when the scheme has for some years been in working order.

An English Poor Law reformer, criticising the Danish scheme from what may be called the Charity Organisation point of view, would probably urge that it is simply out-door relief under another name. The Danish Government has attempted to establish a distinction by inserting a clause to the effect that the relief given after the sixtieth year "is not in this case to be deemed poor relief," and therefore does not carry with it any of the disqualifications of pauperism. In short, the theory is that after the sixtieth year is passed there are to be two classes of assisted poor—one the deserving poor in receipt of pensions, the other the undeserving poor in receipt of Poor Law relief in the ordinary form. As already

seen, provision is actually made for degrading the first under certain circumstances to the rank of the second. Therefore, it is argued, the enjoyment of a pension can in no way be confounded with relief under the Poor Law, but will even be an outward and visible sign that the pensioner has maintained his independence in past years, and is at the present time a man of excellent character. Here, again, the only remark we can make is that the force of the argument depends upon the administration of the law. If it becomes the uniform practice to give a pension to every man of good character who has reached his sixtieth year, and has satisfied the previous conditions, then the pension will be definitely distinguishable from ordinary relief, and may even be regarded as a mark of grace. But if the Communal Councils use their discretion in such a manner as to confine the pensions to a limited number of the most necessitous, no provision in the law itself can prevent the pensioners from being regarded as a dependent and more or less pauperised class.

In some ways, the most interesting part of the Danish scheme is the attempt to make it a condition precedent that the applicant for a pension shall not, during the ten preceding years, have had recourse to the ordinary forms of Poor Law relief. A rigid test of that kind is open to all manner of objections, and may possibly prove unworkable. If a man is otherwise deserving, it is not reasonable that sickness or accident entailing recourse to the parish should deprive him of his claim to be ranked among the deserving poor. For an agricultural population the years between 50 and 60 are, perhaps, not exceptionally arduous, but we have seen that for an industrial and town population the latter portion of that period is one of the most difficult in life. An investigation into causes is absolutely necessary before we can determine the moral penalty which rightly attaches to the pauper, and it is the natural drawback of all Government schemes that they must work by more or less rigid rules, and can only take a very rough account of moral considerations. The danger of the Danish rule is that it may encourage the poor to exhaust their savings between the ages of 50 and 60, and rely on the pension fund for what remains

of life, while at the same time denying a reasonable relief to those who, through sickness, accident, or other misfortune, have broken down in the struggle to avoid the Poor Law.

From the administrative point of view, the Danish plan has much to recommend it. Within the area of a Communal authority every man is known to his neighbour, and there should be very little difficulty in ascertaining whether he is a fit subject for the benefit. The fact, moreover, that the authority which awards the pensions is itself responsible for finding one-half of the funds is a natural guarantee against abuse of the benefit. Here, again, as in Germany, we have an example of the decentralised method; indeed, under the Danish system, the independence of the local authority is even more complete than under the German.

The idea of a national pension fund for old age has been in the mind of Italians from the time that Italy first started on her career as a nation. It was a favourite idea of Cavour's, who maintained that insurance against old age was the natural and logical sequel to other forms of organised thrift. A tentative scheme for the establishment of a National Institute was discussed in the two Chambers during the war of 1859, and actually became law. In the troublous times which followed this law fell into abeyance and has not since been revived. But in 1881 the matter was again taken up by the Government who proposed a scheme under which the voluntary Savings Banks would have been compelled to devote a fifth of their net profits to a public institution for pensions in old age. This was stoutly resisted and ultimately withdrawn, but in 1883 the Government made another attempt to establish a national office, and produced a second scheme to which was attached an elaborate *exposé des motifs* prepared by Signor Berti, the Minister of Commerce.

Signor Berti's main thesis was that insurance on the part of the workman should be optional, and that the State should confine itself to affording inducements by subventions and guarantees. He did not contemplate any large extension of the scheme to the poorest class, nor did he regard it as in any sense a solution of the

poverty problem. The work was to be undertaken by a combination of Savings Banks, and Provident Institutions under the supervision of the State and with the aid of a State subsidy, and a guarantee of 5 per cent. interest. No individual was to have particular rights or claims, but suitable cases for the pensions thus jointly provided were to be chosen by local committees nominated partly by the Government, and partly by the Societies and Banks concerned. That proposal, like the others, proved abortive, but it has formed the basis of a third scheme which has been favourably considered by a Committee of the Chamber, and is now awaiting the sanction of the legislature.

The Bill in its present form establishes a National Pension Institute or self-governing body corporate whose seat is to be at Rome. There are to be local funds and a central fund, the former controlled by the various bodies who combine to effect the insurance, the latter by a superior commission (formed from representatives of these bodies together with nominees of the Government) which will also exercise a general supervision over the whole field. Every Savings Bank or Society which is authorised to join and to receive contributions is required to guarantee 50,000 *lire* (£2000) of unemployed capital which shall be repayable by degrees as sums come in to meet it. Where a Bank or Society is unable to guarantee this amount, several may join in one united Society with a combined office. All Italian citizens of either sex are entitled to open an account at the local centre provided they are members of a Mutual Aid or Co-operative Society and have received from the Syndic a certificate showing that they are workmen or belong to a society of workmen. Each subscriber has an individual account, and he may make one or more deposits in a year, but the aggregate deposited in any one year must not exceed 500 *lire* (£20). Subscribers acquire a right to a pension after twenty years from their first subscription provided they have then completed their fifty-ninth year. The amount of the pension is such annuity as the total contributions together with compound interest will purchase at that age, but no pension must exceed 500 *lire* per annum, and all capital exceeding the sum necessary

to obtain that amount will be returned with compound interest to the contributor. Should the subscriber die before becoming entitled to a pension, his contributions are repaid with compound interest to his successors or executors.

So much for the local funds. The central fund consists of (1) six-tenths of the annual profits of the Postal Savings Banks; (2) the balance of which the Treasury shall be in possession after all paper money has been paid in, and which will represent the value of bills lost or destroyed; (3) the surplus of income from the fund for public worship; (4) the intestate property to which the State succeeds; and (5) the net profits annually derived from the employment of judicial deposits. For the first fifteen years this central fund will accumulate one half the interest and profits arising from these sources, while the other half will be divided equally per head among all the members subscribing during this period. At the close of the fifteen years and afterwards the central fund will divide seven-tenths and retain three-tenths. The sums divided may either be added to the purchase money of the annuity or to the extent of one-half be paid in a lump sum to the subscriber when his pension becomes due. A re-valuation of the assets and liabilities of each centre is to be made every five years, when the surplus, if any, will be paid into the reserve fund of the central fund, and the deficit, if it should exist, made good out of the same source. But in all cases where the centres are found to be at fault in their calculations, they will be required to mend their scale of benefits as a condition of relief.

In certain cases the insurance may be conducted collectively, and Mutual Aid Societies, duly registered, have the option of paying in the sums which have collected from their members for this purpose, and drawing the sums due to them on the whole account. The pension funds, central and local, are exempt from taxation, and the clerical work of the centres in their relations with their members or with one another is to be done gratuitously by the Postal Savings Banks.

For the present, this scheme is still in the stage of discussion, and may not emerge, if it emerges at all, in anything like its

present form. But it has a very considerable interest if only because it represents a serious attempt to meet the demand for old age pensions by joint action on the part of the State and of the voluntary thrift and Friendly Societies. The conditions require that the scheme should be a voluntary one, but the inducements offered by the State are so considerable that if any voluntary scheme can be made to meet the case, this one should have a fair chance of success. It will be seen that the Government undertakes no guarantee of the Savings Banks and Friendly Societies concerned other than is already undertaken by the law which governs their registration, but it gives them a powerful indirect support by requiring that all applicants for the pension fund shall be members of a Mutual Aid or Co-operative Society. The Societies are permitted to insure their members either individually or collectively, but in any case the funds set apart for insurance are credited not to the Society but to the insurance centre, and are absolutely inalienable. This arrangement is not without risk, as we have already seen in the case of France, where the inducements offered by the *Caisse de Retraites* have tempted the *Sociétés de Secours Mutuels* to devote a larger portion of their funds to old age pensions than they could properly spare from current benefits. Whether this piece of history will repeat itself in Italy depends largely upon the extent to which the Italian Executive finds itself able to enforce the law of 1886 respecting the registration and solvency of Friendly Societies. But, apart from this special danger, the establishment of a State-aided department for providing pensions in old age should relieve the Societies of a very difficult and embarrassing part of their functions.

The Italian Government have not scrupled to ear-mark the proceeds of certain taxes for the benefit of the pension fund, and in Italy they are not likely to encounter any of the economical objections to this practice, which are commonly raised in this country. There is a certain appropriateness in the taxes thus allocated, but if the pensions are to be anything like universal among the Italian working-class, the subvention will either have to be considerably

increased, or the pensions will fall to a very insignificant figure. As a matter of fact nothing like universality appears to be expected. The Italian peasant, and less skilled workman of the cities, is not commonly a member of a Friendly Society; his wages are such as almost to preclude the possibility of saving, and his education has not yet advanced to the point when an immediate sacrifice for a deferred benefit is readily undertaken. In the *exposé des motifs* attached to the laws of 1883, from which we have already quoted, Signor Berti contemplated a form of insurance which, for the present at all events, would be confined to artisans earning moderately good wages, and in fairly regular employment. The present Bill works on much the same principles, and is therefore to be regarded rather as an interesting experiment in the extension of mutual thrift than as a thorough-going attempt to deal with the poverty of old age.

There are no other schemes in Europe at the present time which need detain us. The Friendly Society movement is strong and flourishing in Switzerland, but there is so far no organised endeavour to meet the case of old age. An additional article to the Federal Constitution was voted last year by the Federal Assembly and subsequently adopted by the people at the referendum empowering the Confederation to legislate on the whole question of compulsory insurance. The British Minister reports, however, that the measure which the Federal Government are preparing for presentation to the Chambers does not include any scheme of insurance for old age and infirmity. For schemes actually at work we are therefore confined to Germany and Denmark. The first affords the example of a universal scheme based on compulsory contributions exacted from workmen and masters and assisted by fixed State grants; the second, of a scheme which applies to all the necessitous without previous contributions, provided they have kept clear of the Poor Law during the ten years of their life which precede the pension age. In addition to these measures actually in operation we have in France the proposal to establish a voluntary measure resting, like the German, on the joint contributions

of masters and men, together with a large State subsidy ; and, finally, in Italy we have another proposal to establish a pension fund, with State aid, through the medium of Savings Banks and Friendly Societies. The fates and fortunes of these various types will be closely followed by those who are seeking to accomplish the same end in our own country.

CHAPTER VII.

Experiments and Proposals in England.

PROPOSALS in the Last Century.—Attempt of the Post-Office to Provide Annuities.—Reasons of Failure.—Canon Blackley's Scheme.—Special Committee on National Provident Insurance.—The Report of the Committee.—General Result to Show the Impossibility of Compulsory Contributions, and Inadvisability of Combining Sick Pay with Old Age Pensions.—Progress of Opinion Since the Report.—Attitude of Friendly Societies Largely Determined by the Inclusion of Sick Pay in Canon Blackley's Scheme.—Fresh Proposal of National Providence League and Other Schemes.—Proposal Endorsed by Mr. Charles Booth to Make State Pensions Universal, Without Previous Contributions, at 65. Advantages and Difficulties of this Plan.

THE proposal to make some form of State provision for the aged is by no means new, even in this country. It appears to have been much talked of and thought of at the close of the last century, and in 1772 a Bill, establishing a voluntary scheme of annuities for workmen to be guaranteed and assisted by the poor rates, actually passed the House of Commons, though it was subsequently rejected by the House of Lords. In the second volume of his *Rights of Man*, Thomas Paine propounded "a plan for ameliorating the condition of men by creating in every nation a national fund to pay to every person who arrived at the age of 21 years the sum of £15 sterling to enable him (or her) to begin the world, and also £10 sterling during life to every person now living of the age of 60 years, and to all others when they arrive at that age, to enable them to live in old age without wretchedness, and to go decently out of the world." But these, and similar proposals, had no practical result for the time being. The great achievement of the subsequent half-century was the

reform of the Poor Law, and it has taken fifty years to bring the question of old age poverty once more into the region of practical politics.

All that the State has actually done hitherto in England has been to offer certain facilities for the purchase of annuities through the Post-office and the National Debt Office. With the terminable annuities under the National Debt service we are not in this place concerned, but the efforts, mostly futile, which have been made by the Post-office require a brief consideration. During the whole period, from 1865 onwards, that the Post-office annuities have been in existence, only 19,379 immediate, and 1,723 deferred, annuities have been purchased by the public. The insignificance of the returns, under these heads, is made the subject of a yearly apology and explanation from the Postmaster-General. In 1890 the business again showed a slight decrease as compared with the previous year, and the total number of immediate annuities granted was returned at 948, and of deferred annuities at 116. The Postmaster-General remarks in his report that the working-class "show a distinct preference for insurance in local benefit societies, and especially for those societies which employ disabled working-men as agents and collectors." Commenting on the same figures in his last annual report, the Chief Registrar of Friendly Societies takes occasion to say, that they are "not, perhaps, an encouraging sign as respects the projects now rife for a general system of superannuation."

The chief matter for surprise is, perhaps, not that the Post-office does so little business, but that it does any at all. The Postmaster-General's remark about the "disabled working-men collectors" is really wide of the mark. It is not compassion for the bodily infirmities of the collectors which induces the working-class insurer to give his preference to the voluntary benefit society. When two agencies are in the field, of which the one employs every legitimate method of canvassing, advertising, and educating its clients, while the other sits with hands folded behind a barrier of red tape, we need not search far for explanations why the one should prosper and the other fail. Not only has the purchaser of

the Government annuity to go to the Post-office, instead of the Post-office coming to him, but when he is there he is only at the beginning of his troubles. He is presented with a form containing twelve separate entries to be filled up, requiring the references of two separate householders, and the presence of a witness who certifies that "he read over and explained the above declaration to the proposer." It is interesting to find that the Post-office assumes the declaration to be unintelligible without the assistance of a third party who shall "explain the above declaration." The assumption is fully warranted, but it is absolutely fatal to all direct dealings between the Post-office and the class for whom the annuities are intended, and, as a matter of fact, the majority of the transactions are carried out through the medium of benevolent persons who introduce the applicants and guide them through the official labyrinth.

But there are other reasons also why the Post-office fails to make progress. The annuity business is at the best apt to be shirked by an ordinary Insurance Office. There is little profit to be made out of it, and the trouble of management is considerable. A State Department might fairly be expected for public purposes to undertake the trouble and dispense with the profit. But in every business that the Post-office undertakes, there is not one but two or three departments which have to be considered. It is a tradition in official circles that the Post-office should hand over a handsome profit yearly for the increase of the national revenue and the reduction of the National Debt. Every inducement is offered to the officials to push such business as is profitable and to drop what is unprofitable. So far as annuities are concerned, the Post-office is practically the agent of the National Debt Office, whose object is to look after the National Debt and not to undertake any extraneous business for the public benefit. Thus the annuity business inevitably falls between two stools. The Post-office has no interest in the matter beyond the collection of contributions, and the National Debt Commissioners require that the rates shall be fixed on the most cautious assumptions. The Government in fixing the scale for deferred annuities allow an

interest of $2\frac{1}{2}$ per cent. only, and assume a rate of mortality deduced from the select class of Government annuitants, whose lives are generally much longer than those of the working-class. Thus, while the Foresters charge a lump sum of £9 9s. 1d. for a deferred annuity of 5s. a week to commence at the age of 65, the Government require £17 18s. 7d. for the same benefit. If the charges are made on a strictly business-like basis, it is reasonable that the investor should pay something more for Government security than he pays for the security of a Friendly Society, but even so the disproportion between the two charges is unnecessarily great, and if voluntary Societies chose to organise and push their annuity business, the Post-office scheme, as at present established, would probably become extinct.

The experience of the Post-office is at least useful in showing us that if voluntary insurance is to be promoted by the State it must be by other than merely passive methods. It is not enough to offer certain facilities and hedge them about with official formulas. The benefits must be made reasonably attractive; they must be explained in simple language and actively brought home to the classes whom it is intended to reach. The particular form of thrift which consists in making immediate sacrifices for deferred benefits demands special education if it is to be voluntarily undertaken. The working-class investor understands nothing about actuarial calculations; he requires the results to be put before him in the simplest tariff of payments and benefits. In the vast majority of cases he will take no steps of his own accord; he must be sought out and persuaded to come in. If the Government undertakes the business at all, it must be prepared to do as any private firm would do under the same circumstances—that is to say, advertise its wares and send its army of canvassers and collectors to do business in the market-place with others.

While this extremely insignificant effort on the part of the Post-office is all that we can put to the credit of the State, the growth of opinion on the subject in England is marked by several definite steps during the last ten years. It is no more than justice to acknowledge that a large part of the progress which has been made

is due to the zeal with which Canon Blackley promoted his own particular scheme. The objections to this scheme are numerous and insurmountable, and it is not likely to be proposed again in its original form. Nevertheless, to Canon Blackley belongs the credit of having proposed a definite plan which at least gave form and substance to a controversy which might otherwise have remained quite vague. In particular the agitation set on foot by Canon Blackley and the National Providence League led up to the important enquiry on National Provident Insurance undertaken in 1885 by a Select Committee of the House of Commons.

Briefly described, Canon Blackley's scheme was one for the compulsory insurance of all persons of both sexes and all classes by the prepayment between the ages of 18 and 21 of the sum of £10 or thereabouts into a National Friendly or Provident Society, which was to guarantee the wage-earning class 8s. a week sick pay and 4s. a week superannuation benefit after the age of 70 years. This proposal was supported by evidence drawn from the returns of pauperism and by working-class witnesses who bore testimony to the misery and insecurity of a life which offered no prospect of rest and comfort in old age. On the other side it was stoutly opposed by representatives of the great Friendly Societies who objected to the scheme as generally damaging to the independence of the working-class, and in particular, as offering an unfair and injurious competition to their own organisations. Expert evidence was also adduced which tended to show that the scheme was actuarially unsound, the contributions too small, the assumed rate of interest too high, the combination of sick benefit throughout life with superannuation benefit at the age of 70 most perilous, and the difficulties of collection and identification very great. The Committee sat during three sessions and finally reported in 1887. Their decision was adverse to Canon Blackley's scheme, and without declaring themselves absolutely opposed to the principle of superannuation through the State, they were "disposed to await the further development of public opinion," which they believed would ensue from certain recommendations which

they made for the education of the working-class in the principles of provident insurance.

So much for the general result. But it is important to examine carefully the reasons which the Committee gave for their decision. To take first the objections on principle which relate to the whole scheme, they regarded the proposed compulsion to subscribe as "open to very strong objections." They believed "that the great majority of the working-classes would prefer to provide their own insurance in their own way, rather than be parties to any compulsory scheme. Anything which tended to undermine the self-taught habits of thrift and self-help which prevail among the working-classes to a considerable extent, or to lead the wage-earners of the country to rely for support upon a National Insurance Society practically guaranteed by the State might be fraught with disastrous consequences. There is no proof," they added, "that this scheme by which the employer would hand over a large part of the insurance money without any personal effort¹ on the part of the wage-earner would teach habits of thrift. It might, it is to be feared, work in the opposite direction. It might lessen the feeling of responsibility which is shared by a constantly increasing number of the working-class of providing their insurance for themselves." The objection to compulsion was, in the Committee's view, increased by the proposal that while all classes should contribute, only the working-class should receive the benefit. "Many poor persons who were not wage-earners would be excluded, and many wage-earners who are perfectly able to provide for themselves would be admitted to the proposed benefits." Moreover, "the upper and middle-classes, none of whom would ever enjoy the benefits unless they fell to the level of wage-earners, would," the Committee thought, "strongly protest against this form of compulsory charity (a compulsory tax of a very different kind from the existing poor-rate), part of which

¹ "I propose that every employer of labour of persons over 18 years of age unable to show a completed insurance card shall be required to make deductions from the wages earned and pay them into the post-office to the credit of the persons so employed until the necessary sum has been received."—Canon Blackley's Evidence, 1885, Qn. 17, p. 3.

would be enjoyed by many wage-earners who are quite able to look after themselves."

On the financial side of the matter, the Committee generally endorsed the view of the experts that the proposed £10 would be insufficient to provide the benefits promised. But in the absence of any means of ascertaining even approximately what sums would accrue from the contributions of the upper and middle-class, who would be excluded from benefit, and the extreme uncertainty of the cost which would be incurred through the sick pay, this part of the report is not conclusive. However, it is important to notice that the Committee recorded their opinion that no scheme of national magnitude could be calculated on a higher rate of interest than 3 per cent.

To the special objection of the Friendly Societies that Canon Blackley's scheme threatened them with injury, the Committee attached very little importance. They remark that "no conclusive evidence was given to show that the establishment of a compulsory society on a national basis could endanger the funds or affect the soundness of an existing voluntary society conducted on a sound principle." "Little adverse evidence," they add, "was offered by, or on behalf of, any Friendly Societies except the Affiliated Orders," and while "deferring much for the present to the opposition" of the Orders, they rejoin with an expression of their earnest desire to see "further exertions made in the direction of securing the investments of their contributors." In conclusion, they express a general opinion that, in spite of the increasing good work done by well-managed Friendly Societies, "their tendency is, while aiding the thrift of the unthrifty, in no way to discourage or put an end to the waste of the improvident."

One important point remains to be noticed. This is the opinion of the Committee that the financial objections to Canon Blackley's proposals "do not press with such force against the deferred annuity part as against the sick pay part of his scheme." It may be regretted that the Committee did not develop this part of their report at greater length, for the principle of combining the

two forms of insurance was one of the crucial points of Canon Blackley's scheme.

If the same Committee were reappointed to undertake the enquiry anew, their report would probably be modified in certain respects. The intervening four years have contributed something to that growth of opinion which the Committee contemplated. The word "compulsion" has not quite the same terrors as formerly. Other European nations have gone ahead in the interval, and Germany, at all events, has not shrunk from an attempt to lay the whole working-class under compulsory contributions. But no subsequent experience can be said to have modified the general objections to Canon Blackley's scheme. The public are more disposed nowadays to ask, not whether compulsion is sound in theory, but whether it can be satisfactorily carried out in this country. We have already observed the immense difficulty under the German scheme (which is intended to be universal as well as compulsory) of obtaining contributions from men and women who are not in regular employment. Of this practical difficulty, Canon Blackley had no solution to offer. Asked how he would deal with men who refused to work, he replied as follows :

"I should propose to leave them alone for a while. The people who will not work in the end must become burdensome to the community in some way. If they have friends who will pay their insurance for them, well and good, we do not object ; but we would not compel any one to pay it for them ; but those people will come to us in the end, either to the workhouse or the gaol, and then, if they have not done what they ought to have done, if they are unable to show that any time of their lives they have worked at all, it would not be unreasonable that they should be made to work ; and, therefore, when these people either applied as paupers to the workhouse, or came as prisoners to the gaol, they might be very reasonably detained there to earn their national insurance, though we need not take the trouble, of course, of ever arresting them for the purpose outside. It may be said in reply

to this that prison labour is unremunerative, but then we must remember that the prison labour is of a special sort; there is no particular advantage in a man working hard in gaol, but if a man's liberty depends on it and just the liberty such a character as this desires, if a man knew that till he has earned £10 he will be deprived of beer and tobacco, it is a probable thing that he would earn that £10 without the least difficulty in three months' time, if he puts himself in work and has a will to do a little. Somehow or other and sometime or other we should even get the contributions of such men."

This answer, instead of removing, simply illustrates and emphasises the difficulty. If we have a scheme involving a national liability and based, financially, upon certain carefully calculated contributions, we could not rely upon the possibility more or less vague of obtaining a large portion of the contributions "somehow or other" or "sometime or other." Nor could we seriously adopt the suggestion that any person of this class who might be caught and imprisoned for another offence should be further deprived of his liberty until he had worked out his insurance money. Such a confusion between the penalty which a man pays for crime and the debt which he would owe the State for undertaking his insurance would be most undesirable, even if so entirely haphazard a method of dealing with defaulters were otherwise admissible. But the mere fact that Canon Blackley is driven to propose what is for all practical purposes forced labour in lieu of a tax is significant of much. It shows the immense difficulty, under any system of contributions, of reaching the class whose dependent condition and lack of employment are a chief part of the social problem.

Looking back on the whole enquiry, the conclusion is forced upon us that the attitude of the Friendly Societies both then and since was mainly determined by the inclusion of sick pay, and compulsory contributions among the features of Canon Blackley's scheme. Though the Committee may have been justified in reporting that no sound Society would suffer damage, it was inevitable that the proposal to create a State department for com-

pulsory sick insurance should be regarded in the light of a threat by the Voluntary Societies. And as a matter of fact, if every person were guaranteed a sick allowance of 8s. a week by the State, it is impossible to doubt that a large part of the inducement which leads men at present to become members of Friendly Societies would be withdrawn. But it has not been sufficiently observed that one chief result of the enquiry was to demonstrate the extreme difficulty of combining ordinary sick pay with old age allowances in one insurance. We are not aware that the proposal has ever been seriously made except by the National Providence League. Certain of the Trade Unions make one contribution cover both contingencies, but their methods, however adequate in themselves, are clearly not applicable to the nation at large. We have seen the difficulties which beset the Friendly Societies themselves, when sick pay is stretched to cover the case of old age. It is true that in Germany the rare case of permanent disability is combined with insurance against old age, but insurance against sickness is intrusted to an entirely separate department, and based upon entirely separate contributions. Similarly the pension schemes proposed both in France and Italy are concerned with old age insurance alone.

It is conceivable that a sick insurance fund might in case of necessity be organised by the State. There are difficulties and objections to State action which have been sufficiently brought out in the enquiry conducted by the special Committees, but provided always that the scheme is thoroughly decentralised and controlled by local Committees, who have individual knowledge of the persons insured, the obstacles are not insuperable. But insurance against sickness, and insurance against old age are two separate objects to be kept apart and considered each on its own merits. The lumping of the contributions for these two purposes into one fund is open to great objections from the actuarial and administrative points of view, and is not commended by considerations of general policy. On the contrary, the confusion between the two objects in Canon Blackley's scheme has created a prejudice in the minds of Friendly Society leaders which

might never have arisen, if they had been kept strictly apart. The Friendly Societies have the best right to be heard on the question of sick insurance, whereas their opposition to a national superannuation scheme is not justified by their record, nor is it really in accordance with their own best interests.

For the present we may take four chief points as having been specially developed in the course of the parliamentary enquiry:—(1) That insurance against old age among the working-class is almost untouched by any existing agency; (2) that it is a highly desirable object in itself; (3) that any compulsory scheme based on contributions would be extremely difficult to work except among those who are in regular employment; and (4) that a combination of sick pay and superannuation benefit under one insurance is undesirable in itself, and open to great objection from the financial point of view.

Since this enquiry closed, the sick pay part of Canon Blackley's scheme has not again been prominently put forward, but the National Providence League, with which he is closely associated, has lately produced a proposal for a voluntary State-aided old age pension scheme. The Committee of the League pledge themselves to two main principles:—(1) That the contributors for a pension be required to make a contribution out of their own resources, and (2) that the contract made by contributors for their own share of the pension assured be only recognised as entitled to State augmentation if effected through some "financially sound organisation," whether a Friendly Society or annuity office, a pensions trust fund established by Parliament or the Post-office. Subject to these conditions, it is suggested that each individual insuring be required to provide a pension of not less than £6 10s. a year, payable at 65, out of his own resources, and that the State shall add another sum of £6 10s., bringing the whole up to £13 a year or five shillings a week. As a pendant to these proposals it is recommended that every contributor who has completed his own part of the payments shall receive a certificate which shall entitle him or her to "any Poor Law relief which may be neces-

sary during life, in the form of out-door relief, if so desired." Lastly, if he dies before receiving his pension, his nominee is to receive a sum not exceeding £5.

It is impossible to do more than indicate the leading difficulties of these proposals. The proposal that the State augmentation shall be given only to those contracts which are made through some "financially sound organisation" raises the whole question of State supervision. The State, under these conditions, could not accept a contract as eligible until it had satisfied itself that the agency proposing it was "financially sound." This, in the case of Friendly Societies, would be a very grave matter, entailing nothing short of constant supervision, for in accepting a contract the State would necessarily be giving a guarantee of soundness. Again, while the National Providence League have announced their withdrawal of the sick pay part of Canon Blackley's scheme, the proposal that the pensioners shall, on producing their certificates, be entitled to out-relief at any period of life before the age of 65 is really a revival of sick pay in another and more objectionable form. Apart from all other objections to this part of the scheme, the granting of any out-door relief, "which may be necessary," might easily amount to sick benefit, out-of-work donation, and even idle benefit rolled into one, unless carefully limited and administered by some responsible body, like a Board of Guardians. The public liability, under these circumstances, would be an unknown quantity, bearing no ascertainable relation to the contributions. On the other hand, if the benefit is administered by a Board of Guardians or other special authority with power to discriminate between the various applications and to vary the amount of the relief conferred, the new form of relief would in no way be distinguishable from the old, and it would be a misnomer to speak of the insurer as being "entitled" to it.

There is practically no limit to the various methods of combining voluntary contributions with State subventions, which might be proposed. A large number have been outlined during the last few years, widely differing from each other in appearance, but most of them combining in one form or another the features

which enter into the schemes — English and foreign — which have been described in this volume. In an appendix to the report of the Select Committee on National Provident Insurance, will be found a scheme, devised by Mr. H. Seymour Tremeneheere, by which the wages of all lads between the ages of 14 and 21 would be subject to deductions to provide sick pay, burial money, and an annuity in old age. Mr. W. Vallance, the well-known clerk to the Whitechapel Union, has recently proposed a plan which corresponds in the main to M. Constans' proposal in France, except that the State contribution is left out. He would make insurance voluntary as regards the workman, but compulsory as regards the employer, supposing the workman takes advantage of his option. That is to say, if the workman elected to insure himself to the extent of 1½d. a week, the employer should be compelled to add a similar amount, the total being invested in an annuity department of the Savings Bank. Another proposal is to entrust local authorities with the duty of providing the proposed annuities. In his evidence before the Select Committee on National Provident Insurance, Mr. W. Sutton, the official Actuary to the Registry of Friendly Societies, laid special emphasis upon the necessity of decentralisation, and we have seen that both in Germany and Denmark the chief burden of administration falls upon the local Institute or the Communal Council as the case may be. There is everything to be said for this method under any scheme which requires individual knowledge of the persons insured, or is in any other way adjusted to varying conditions. Nothing but the simplest and most automatic system could possibly be administered from the centre. Nor could a central body invest and control a large central fund without causing certain disturbances and fluctuations, not at all to be desired, in the ordinary money market.

Mr. Chamberlain has lately published¹ a scheme which represents the conclusions of the voluntary Committee of the House of Commons, which considered the question during the session of 1891. Stated briefly, it is a plan by which the State guarantees a

¹ *National Review*, Feb., 1892.

pension of 5s. a week at 65, and certain payments to widows and children, in case of death, for a lump sum payment of £5 before 25, and subsequent payments of £1 per annum until the pension age. Mr. Chamberlain's proposed method of affecting the guarantee is to credit each insurer, who has contributed £5 before the age of 25, with a State bonus of £15, both sums to accumulate at $2\frac{1}{2}$ per cent. compound interest until the age of 65, when the total product of the £5, the £15, and the annual contributions will purchase an annuity of £13 per annum. Women are to be insured on a lower scale, and apparently to have no benefits for their survivors. The pension in their case will be 3s. a week at 65; the lump sum payment before 25, £2; the State contribution, £8; and the annual payment, 8s. 8d.

In explaining this scheme, Mr. Chamberlain has expressed his belief that few workmen "would resist the temptation to secure £15 by saving £5." If it were really a case of "securing" £15, we might admit the force of this argument. But what the workman secures is not £15, but the prospect of obtaining, forty years later, the annuity which £15, invested for forty years at $2\frac{1}{2}$ per cent. interest, will purchase, provided he has in the meantime paid an annual subscription of £1 in addition to the lump sum payment before 25. Moreover, he apparently incurs the risk of losing his own contributions if he should for any reason have allowed his subscription to be more than five years in arrears, while, in spite of the State bonus and lump sum payment, he pays rather more for his annuity in annual contributions under Mr. Chamberlain's scheme than he would under the tariff proposed by the Manchester Unity of Oddfellows. It is true that in the event of his death before the pension age, his widow would receive 10s. a week for six months, and his children 2s. a week, if under 12, until they reached the age of 12, provided always that the weekly sum paid to any single family did not exceed 10s. If a man died young, these benefits might be very considerable, but if he died between 50 and 60 and, as is most probable, left no children under twelve years of age, the contri-

butions returned would amount to no more than £13 for his widow, or some proportionate sum for his representatives.

On the whole, there is very little ground for supposing that this scheme, or any other on the same lines, will attract more than a very small number of the working-class. There is this cardinal difficulty about all of them. However attractive a State subsidy may look, it can do little more than make up the difference between the low rate of interest, which alone the State can offer, and the higher rate of interest which can be obtained by voluntary agencies. Mr. Chamberlain has probably done the best that can be done on the lines which he has chosen to adopt, but a scheme, which requires a contribution of £45, must be entirely beyond the reach of the majority of the labouring class, whether in town or country, and could only be adopted by others on condition that they dropped the contributions which they are making at present to clubs and Friendly Societies. On the other hand, if the scheme came at all generally into favour among the more prosperous artisans, the State contribution might entail a sensible increase of taxation upon the poorest class for the benefit of the comparatively well-to-do.

Mr. Chamberlain has made a further proposal for adding a State subsidy to deferred annuities obtained through Friendly Societies or Trade Unions. If the scheme were adopted in its present form, this might easily prove the most attractive of its benefits. The Friendly Societies can already offer better terms for deferred annuities than are possible under a State scheme, and the addition of a State subsidy might enable them to offer the same benefits as the State scheme for a contribution far below that which the State would be compelled to levy. This portion of Mr. Chamberlain's plan has been recommended on the ground that it involves no guarantee or supervision by the State of the Societies concerned. It is not quite certain whether the payments could be made, as proposed, without creating an impression in the public mind that the State did in some sense or other guarantee the Society which it subsidised. In any case it would be necessary to cancel the State contribution in case the

Society failed to perform its part of the contract, and thus in appearance to double the loss of the individual who had insured himself in an unsound Society. Whether a rule of this kind could be rigidly maintained without causing grave dissatisfaction is a point which needs careful consideration in advance.

There remains one plan not yet considered, and that is at once the most comprehensive and the least difficult to carry out. This is the proposal that the State shall pay a certain minimum pension—say five shillings a week—to every person, irrespective of class or wealth, who shall have attained the age of 65. Mr. Charles Booth has lent the weight of his support to this scheme, and it is favoured by some even of those who have prominently supported the policy of restricting out-door relief. The two chief merits of this proposal are its simplicity and the clear distinction which it draws between the pension and any form of relief which may be granted by the Poor Law. An annuity which is given to all without any qualification, except that of age, cannot justly be said to pauperise any one, nor would such a scheme encounter any of the administrative difficulties which accompany all the plans that are based upon contributions. The supporters of this scheme commend it as the only possible solution of the poverty problem in old age. Other plans, they tell us, may encourage the thrift of the thrifty, and may offer valuable facilities for certain kinds of provident effort. But this alone is likely to touch the classes who stand most in need of assistance, and to offer a remedy which is at all commensurate with the evil. Such is the argument, and those who have enquired at all carefully into other schemes will be the last to deny its cogency.

But a proposal to spend fourteen millions out of the public treasury in making provision for the aged is, in the largest sense of the word, a political proposal, and must be argued on political grounds. Is the case strong enough to justify this strong measure, are there other objects which have a prior claim upon the exchequer, will this expenditure increase the strength of the nation as a whole by lightening the incubus of poverty, or will it undermine character by discouraging thrift and weakening

self-reliance? These are the questions which lie at the root of the problem, and public opinion will naturally demand a very mature deliberation of each of them. That the evil is of the gravest, and that the proposed remedy is not open to serious objection, are propositions which seem to us capable of reasonable proof, but it would be useless to ignore the fact that the expenditure required under this plan is a practical obstacle which can only be overcome by a strong and definite growth of public opinion.¹ The question remains whether any less costly plan may serve as a stepping-stone to a larger proposal hereafter. Upon that we shall have something to say in a future chapter.

¹ A slight variant of the free universal scheme has been put forward by the Poor Law Reform Association in a series of "suggestions upon a practical pension scheme." The Association proposes a "minimum pension" at the age of 65, but does not mention the amount. Any person who cannot maintain himself or herself with the aid of this minimum pension is to be referred to the Poor Law, and if the relief is granted, the Guardians are to have the power of impounding the pension. This, of course, would be a necessary part of all universal schemes. Further, to encourage voluntary thrift, the Association recommends that the Post-office Insurance system be remodelled and supplemented by a State subvention not exceeding 20 per cent. of the pension which a man's own contributions could secure. It is also suggested that the Post-office should make special arrangements for collecting insurance premiums from or through employers of labour for persons in their employment.

CHAPTER VIII.

Financial and Actuarial Considerations.

IMPORTANCE of Providing a Few Simple Tests by which Particular Proposals may be Criticised. — Universal Scheme without Contributions stands Apart from Actuarial Calculation.—Its Net Cost, Including Working Expenses. — Usefulness for other Schemes of Actuarial Evidence given to Committee on School Board Superannuation. — Mr. Sutton's Tables Applicable to the Whole Country.—Specimen Tables.—Comparison Between Specimen Tables and Post-Office Tariff.—Lapsing of Policies not a Necessity.—Proposal that State should Grant a Higher Rate of Interest than Ordinary.—Importance of State Grant being either Definitely Fixed or Easily Calculable in Advance.

It has been generally assumed that on its financial side the question of annuities in old age is one of immense complication. To the lay mind there is nothing more mysterious than actuarial calculations. And if we travel outside certain defined limits there is practically no end to the number of estimates which may be formed, or to the conflicting criticisms which may be passed on them. In a book intended for the general reader it would be wholly out of place to follow these controversies or to enter into the maze of technicalities which they involve. But if we limit the enquiry to what the State can do, according to the conditions which the State must accept, there are certain definite

conclusions which can be arrived at without any great difficulty, and which, when arrived at, admit of very little controversy. It is with these, and these alone, that the present chapter is concerned.

One scheme and one alone has the merit of dispensing with all actuarial calculations. This is the proposal that 5s. a week should be given to every man and woman who has attained the age of 65. Here the liability of the State is either known or can be predicted with almost absolute certainty. In England and Wales there are at present about 733,000 women and 590,000 men above 65 years of age, or in all, about 1,320,000. At £13 per annum each a universal pension list would reach about £17,000,000 per annum. Scotland, on the same calculation, would figure for about £2,500,000, and Ireland, with her large proportion of old people, for over £4,000,000 more.¹ The total for the United Kingdom would thus be £23,500,000. With a pension scheme, out-relief for the aged would necessarily come to an end, and we should thus ultimately save about £4,000,000, making the net cost something less than £19,000,000 for the United Kingdom, and about £14,000,000 to England and Wales. But to these totals we must clearly add something for working expenses. The task of identifying and verifying the ages of applicants, disbursing the money week by week to the pensioners, and, in case of illness or incapacity, conveying it to their homes or to their representatives, could not be undertaken even by existing departments without a considerable expenditure. The amount of this can only be the subject of a very rough estimate; but whatever it is, it would be fair to deduct it from the pension instead of charging it to the treasury. The cost would, of course, grow with the growth of population, but the proportion of expenditure to national resources might be expected to remain the same. There is, however, one disturbing element to be taken into account in considering the future. This is that the enjoyment of a pension would generally prolong life,

¹ *Enumeration and Classification of Paupers*, by Charles Booth, p. 46.

and so increase the number of annuitants in proportion to population, who would become chargeable to the State. Such an effect, though extremely desirable in itself, has a plain bearing upon the financial side of the scheme, and some allowance, though not a large one, should be made for it in predicting the cost.

In making his estimate of the cost of a universal scheme, Mr. Booth has with great prudence assumed that every man and woman, whatever their other resources, will claim their allowance of £13 per annum. If the sum were paid yearly, or even quarterly, or paid by regular instalments into a Savings Bank account, there could be hardly any doubt on this score. But if the pension is paid weekly, and has to be fetched by the pensioners, this point does not appear to us quite beyond doubt. It will then depend almost entirely on the method of disbursement. If the pensioners are required to fetch their five shillings in person every week, there is a strong probability that a considerable number of the wealthier classes will not put themselves to the trouble of claiming their allowance, and that some saving will in consequence accrue to the pension fund, but how much there is no possibility of forecasting.

When we pass outside the universal scheme we are faced with a variety of alternatives. The State may do one of five things. It may (1) follow the German example and conduct the whole operation of insurance on a basis of contributions made by the persons insuring, or (2) it may make a fixed contribution to annuities when they fall due, or (3) it may make a subvention proportionate to the annuity which an individual has secured for himself, or (4) it may undertake the investment of private funds at a higher rate of interest than is ordinarily given, or (5) it may make certain grants to local or Poor Law authorities, to be disbursed at their discretion for this particular object. All schemes that have hitherto been proposed rely on one or other of these methods, or combine several in one scheme.

Now, if the State makes a fixed grant, it clearly dispenses with actuarial calculations. The liability is definite, and can only be increased by the action of the Government which holds office. But if it guarantees a general system of insurance, if it makes either a fixed contribution to annuities when they fall due or a contribution proportioned to the amount otherwise subscribed, or, if it undertakes the investment of private contributions, it assumes a contingent liability, which can only be estimated by balancing probabilities. Under a compulsory and universal scheme these probabilities can be predicted with something approaching to accuracy; under a voluntary scheme they can only be the subject of conjecture. How far the general public will subscribe to a voluntary scheme of State-aided or State-guaranteed insurance depends largely upon the terms which may be offered. They will be popular in proportion as they are liberal, and the greater the benefit the State may propose to give to the individual insurer, the larger, in all probability, will be the number of those who avail themselves of the scheme. Hence, under a voluntary system, a State subvention on a large scale would entail a liability out of all proportion to a similar subvention on a small scale. Not only would more be paid to every individual who chose to insure, but the number of those who would avail themselves of the option would undoubtedly be increased.

It would be tedious and not very fruitful to examine separately the various schemes that have yet been proposed. Most of them are "feelers" rather than definite proposals, and the details are, generally speaking, quite vague. The better plan is, if possible, to provide a standard by which we may test the adequacy of the contributions proposed, or estimate the liability which will be involved. Such a standard will be found if we can ascertain what contributions the Government might probably require if it should undertake and guarantee the business of old age insurance without incurring any unreasonable risk. Here, by an exceptional¹ piece of good fortune, we happen to have information available¹

which, though intended for another purpose, may be applied as it stands to the present enquiry.

A Committee of the House of Commons was appointed in February, 1891, to examine the scheme of the London School Board for the superannuation of their teachers, and to report generally upon the whole question of superannuating elementary teachers in England and Wales. This Committee has not yet presented its report, but for the purposes of the enquiry, Mr. William Sutton, the official Actuary to the Registry of Friendly Societies, was asked to prepare a series of tables showing the scales of contributions necessary at various ages to obtain deferred annuities beginning at the ages of 60 and 65. These tables are reckoned at various rates of interest, and are based upon assumptions which apply to the country at large. Indeed, the risk of applying them to the country as a whole is probably less than that of applying them to a special class, such as elementary teachers. Mr. Sutton's qualifications for framing these estimates are too well-known to need any recommendation on our part, and in reproducing his tables we have the advantage of knowing that they come from an official source, and are intended for the guidance of a public body which is at present attempting to solve the problem of insurance against old age.

The general results are that a person subscribing £1 per annum at the age of 20, the age of 21, and so on until the pension became due, would become entitled to a pension of £9 8s. per annum at 60 years of age, or £15 16s. per annum at 65, supposing the money is not returnable either in case of death or in any other emergency. This is assuming 2½ per cent. interest—a rate which is about the highest that can be undertaken without risk by the State. On this reckoning, a pension of 5s. a week or £13 a year would require a payment of about 6¼d. a week if to commence at 60, and of 4d. a week if to commence at 65. To these sums a small addition would have to be made for working expenses, if the scheme were intended to be wholly

self-supporting.¹ Mr. Sutton has made separate estimates for males and females, but for present purposes it is sufficient to confine ourselves to the male rates.

If we assume a 3 per cent. interest, a payment of £1 at age 20 and each succeeding age would produce an annuity of £11 at 60 years of age, and £18 at 65. On the same assumption, a payment of about 5¼d. a week would be required from age 20 to secure an annuity of 5s. a week at age 60, and a payment of about 3¼d. to secure the same annuity at age 65. All these estimates assume that the money will not be returned in any case. If the money is returned with interest at death, the rates required on the 3 per cent. basis would be from 7¾d. or 8d. a week to secure the pension of 5s. a week at 60, and from 4¾d. or 5d. to secure the same pension at 65. Mr. Sutton has not worked out the rates with the assumption that the contributions will be returned on the 2½ per cent. basis, but we may assume that they will be increased in about the same proportion and amount to about 9d. a week from age 20 for the pension at 60, and about 5½d. a week for the pension at 65.

It will, perhaps, be convenient if we reproduce from Mr. Sutton's report the three tables which have the most direct bearing upon the present question. There are three columns of figures in each case. The first shows the age at which a payment of £1 is assumed to be made, the second the fraction of £1 per annum which that single payment will purchase from the age of 65 until death, and the third the total sum per annum which a payment of £1 from the assumed age until the pension becomes due will purchase at age 60 or 65. If any other amount than £1 be taken as the unit, the sum will work out in precisely the same proportion.

The tables are as follows :—

¹ Report School Board for London Superannuation Bill, p. 148.

I.—MONEY NOT RETURNABLE IN THE EVENT OF DEATH.
 MALES.—INTEREST AT $2\frac{1}{2}$ PER CENT.—MORTALITY AND INTEREST ONLY.

PENSION AT AGE 60.			PENSION AT AGE 65.		
Age (x).	Pension which Payment of £1 at Age (x) will buy at Age 60.	Total Pension which a Payment of £1 at Age (x), and each Age after, will buy at Age 60.	Age (x).	Pension which Payment of £1 at Age (x) will buy at Age 65.	Total Pension which a Payment of £1 at Age (x), and each Age after, will buy at Age 65.
18	£.4622	£10.3101	18	£.7444	£17.2379
19	.4477	9.8479	19	.7211	16.4935
20	.4335	9.4002	20	.6982	15.7724
21	.4195	8.9067	21	.6756	15.0742
22	.4058	8.5472	22	.6536	14.3986
23	.3926	8.1414	23	.6323	13.7450
24	.3795	7.7488	24	.6112	13.1127
25	.3669	7.3693	25	.5910	12.5015
26	.3547	7.0024	26	.5713	11.9105
27	.3428	6.6477	27	.5522	11.3392
28	.3313	6.3049	28	.5336	10.7870
29	.3200	5.9736	29	.5155	10.2534
30	.3099	5.6536	30	.4980	9.7379
31	.2986	5.3437	31	.4810	9.2399
32	.2883	5.0451	32	.4643	8.7589
33	.2784	4.7568	33	.4483	8.2940
34	.2687	4.4784	34	.4327	7.8463
35	.2592	4.2097	35	.4175	7.4136
36	.2500	3.9505	36	.4027	6.9961
37	.2411	3.7005	37	.3883	6.5934
38	.2324	3.4594	38	.3744	6.2051
39	.2240	3.2270	39	.3608	5.8307
40	.2158	3.0034	40	.3475	5.4699
41	.2078	2.7872	41	.3347	5.1224
42	.2000	2.5794	42	.3222	4.7877
43	.1924	2.3794	43	.3100	4.4655
44	.1850	2.1870	44	.2980	4.1555
45	.1778	2.0020	45	.2864	3.8575
46	.1708	1.8242	46	.2752	3.5711
47	.1640	1.6534	47	.2642	3.2959
48	.1574	1.4894	48	.2535	3.0317
49	.1508	1.3320	49	.2429	2.7782
50	.1445	1.1812	50	.2328	2.5353
51	.1383	1.0367	51	.2228	2.3025
52	.1322	.8984	52	.2130	2.0797
53	.1262	.7662	53	.2033	1.8667
54	.1204	.6400	54	.1940	1.6634
55	.1148	.5916	55	.1848	1.4694
56	.1092	.4048	56	.1759	1.2840
57	.1038	.2956	57	.1671	1.1087
58	.09849	.19182	58	.1586	.9416
59	.09333	.09333	59	.1503	.7830
60			60	.1422	.6327
			61	.1342	.4905
			62	.1264	.3563
			63	.1187	.2299
			64	.1112	.1112

II.—MONEY *NOT* RETURNABLE IN THE EVENT OF DEATH.

INTEREST AT 3 PER CENT.—MORTALITY AND INTEREST ONLY.

PENSION AT AGE 60.			PENSION AT AGE 65.		
Age (x)	Pension which Payment of £1 at Age (x) will buy at Age 60.	Total Pension which Payment of £1 at Age (x), and each Age after, will buy at Age 60.	Age (x)	Pension which Payment of £1 at Age (x) will buy at Age 65.	Total Pension which Payment of £1 at Age (x), and each Age after, will buy at Age 65.
18	£5910	£12'2621	18	£9692	£20'7732
19	'5699	11'6711	19	'9345	19'8040
20	'5492	11'1012	20	'9005	18'8695
21	'5287	10'5520	21	'8670	17'9690
22	'5090	10'0233	22	'8346	17'1020
23	'4899	9'5143	23	'8033	16'2674
24	'4714	9'0244	24	'7730	15'4641
25	'4536	8'5530	25	'7439	14'6911
26	'4363	8'0994	26	'7155	13'9472
27	'4197	7'6631	27	'6882	13'2317
28	'4030	7'2434	28	'6618	12'5435
29	'3881	6'8398	29	'6364	11'8817
30	'3730	6'4517	30	'6116	11'2453
31	'3585	6'0787	31	'5879	10'6337
32	'3445	5'7202	32	'5649	10'0458
33	'3309	5'3757	33	'5426	9'4809
34	'3178	5'0448	34	'5212	8'9383
35	'3052	4'7270	35	'5005	8'4171
36	'2930	4'4218	36	'4804	7'9166
37	'2811	4'1288	37	'4610	7'4362
38	'2697	3'8477	38	'4423	6'9752
39	'2586	3'5780	39	'4241	6'5329
40	'2480	3'3194	40	'4066	6'1088
41	'2376	3'0714	41	'3897	5'7022
42	'2276	2'8338	42	'3733	5'3125
43	'2179	2'6062	43	'3574	4'9392
44	'2085	2'3883	44	'3420	4'5818
45	'1995	2'1798	45	'3271	4'2398
46	'1907	1'9803	46	'3127	3'9127
47	'1821	1'7896	47	'2987	3'6006
48	'1739	1'6075	48	'2852	3'3013
49	'1659	1'4336	49	'2721	3'0161
50	'1582	1'2677	50	'2594	2'7440
51	'1507	1'1095	51	'2471	2'4846
52	'1433	'9588	52	'2350	2'2375
53	'1362	'8155	53	'2233	2'0025
54	'1293	'6793	54	'2120	1'7792
55	'1226	'5500	55	'2010	1'5672
56	'1161	'4274	56	'1904	1'3662
57	'1098	'3113	57	'1801	1'1758
58	'1037	'2015	58	'1700	'9957
59	'0978	'0978	59	'1603	'8257
60			60	'1509	'6654
			61	'1417	'5145
			62	'1328	'3728
			63	'1242	'2400
			64	'1158	'1158

III.—MONEY RETURNABLE WITHOUT INTEREST IN THE
EVENT OF DEATH.

MALES.—3 PER CENT.—INTEREST AND MORTALITY ONLY.

PENSION AT AGE 60.			PENSION AT AGE 65.		
Age (x).	Pension which Payment of £1 at Age (x) will buy at Age 60.	Total Pension which Payment of £1 at Age (x), and each Age after, will buy at Age 60.	Age (x).	Pension which Payment of £1 at Age (x) will buy at Age 65.	Total Pension which Payment of £1 at Age (x), and each Age after, will buy at Age 65.
18	£.4492	£9.4449	18	£.7125	£15.0761
19	.4319	8.9957	19	.6844	14.3636
20	.4154	8.5638	20	.6572	13.6792
21	.3993	8.1484	21	.6310	13.0220
22	.3839	7.7491	22	.6058	12.3910
23	.3691	7.3652	23	.5814	11.7852
24	.3548	6.9961	24	.5580	11.2038
25	.3411	6.6413	25	.5356	10.6458
26	.3279	6.3002	26	.5140	10.1102
27	.3152	5.9723	27	.4929	9.5962
28	.3030	5.6571	28	.4729	9.1033
29	.2913	5.3541	29	.4537	8.6304
30	.2799	5.0628	30	.4351	8.1867
31	.2691	4.7829	31	.4173	7.7416
32	.2592	4.5138	32	.4002	7.3243
33	.2486	4.2546	33	.3837	6.9241
34	.2390	4.0060	34	.3679	6.5404
35	.2297	3.7670	35	.3528	6.1725
36	.2209	3.5373	36	.3382	5.8197
37	.2123	3.3164	37	.3242	5.4815
38	.2041	3.1041	38	.3107	5.1573
39	.1962	2.9000	39	.2979	4.8466
40	.1887	2.7038	40	.2855	4.5487
41	.1814	2.5151	41	.2737	4.2632
42	.1745	2.3337	42	.2624	3.9895
43	.1679	2.1592	43	.2515	3.7271
44	.1615	1.9913	44	.2410	3.4756
45	.1554	1.8298	45	.2312	3.2346
46	.1498	1.6744	46	.2216	3.0034
47	.1441	1.5246	47	.2125	2.7818
48	.1388	1.3805	48	.2038	2.5693
49	.1338	1.2417	49	.1955	2.3655
50	.1290	1.1079	50	.1876	2.1700
51	.1250	.9789	51	.1800	1.9824
52	.1199	.8539	52	.1728	1.8024
53	.1158	.7340	53	.1659	1.6296
54	.1118	.6182	54	.1594	1.4637
55	.1080	.5064	55	.1532	1.3043
56	.1045	.3984	56	.1474	1.1511
57	.1011	.2939	57	.1419	1.0037
58	.09790	.19279	58	.1366	.8618
59	.09489	.09489	59	.1316	.7252
60			60	.1270	.5936
			61	.1226	.4666
			62	.1184	.3440
			63	.1146	.2256
			64	.1110	.1110

With these figures before him, the reader can work out the cost of any pension he chooses, according to the various assumptions, at the ages of 60 and 65. A very simple sum will enable him to reverse Mr. Sutton's process and discover the cost of an annuity of £1 at 60 and 65 in single payments or in annual payments from the assumed ages onwards. For this purpose he has merely to divide £1 by the figures in the second and third columns respectively. Having done this he will be in a position to compare the results with the cost of the annuities under the Post-office scheme, or under any of the schemes proposed by the Friendly Societies.

A comparison with the Post-office tariffs reveals certain discrepancies to the disadvantage of the latter. Under the Post-office scheme a contribution of about 5d. a week from the age of 24 onwards is required to secure a pension of 5s. a week at 65; according to Mr. Sutton's calculation, at $2\frac{1}{2}$ per cent., it would be about 4d., the assumption in both cases being that the money is not returnable under any circumstances. The discrepancy is greater if we compare the tariffs for money returnable, but in this case no accurate comparison is possible, since under the Post-office scheme the money is not only returnable in the event of death, but withdrawable on application at any time. For all practical purposes, the money invested in a Post-office annuity under these circumstances is merely to be considered as accumulating at compound interest until an annuity for the remainder of life is purchased with it.

Mr. Sutton's tables are subject to a slight increase to cover expenses of management. The Manchester Unity of Odd-fellows estimated about 5 per cent. under this head in their superannuation scheme, but even so require no more than thirteen monthly payments a year of 1s. $1\frac{1}{2}$ d., from age 20 onwards (or $3\frac{1}{2}$ d. a week), for a pension of 5s. a week to begin at 65. An official estimate of expenses for a State scheme would probably be not less than 10 per cent., which would necessitate the addition of another halfpenny or thereabouts to the weekly payments which we have deduced from Mr. Sutton's calculations.

An important question, which arises under a voluntary scheme, is when and under what conditions a policy should lapse, if the payments are not regularly made. The fear of a policy lapsing is one of the most powerful inducements to make regular payments, and no scheme could dispense with it without suffering in that respect. But on financial grounds there is no positive reason why any policy should lapse unless the benefits are calculated on the assumption that a certain number of subscribers will forfeit their payments. Supposing a man contributes one pound in his twenty-first year towards a pension payable at 65 and then drops all payments for a term of years. The single pound which he has paid will still have its value at 65 irrespective of any other payments which he may or may not have made. This value the insurance agency may pay him without incurring any loss, supposing always that the benefits to other subscribers are not calculated on the assumption that a proportion of the policies will lapse. Thus, it would be quite possible to arrange a scheme by which any person who chose would be enabled to go to a post-office or other agency at any period of his life and buy there and then five shillings or ten shillings worth of pension, payable so many years later. He might repeat the operation as rarely or as frequently as he liked, but each transaction would hold good separately, and when the pensions became due he would receive the sum total of the amounts which he had purchased during the previous years. Mr. Sutton's tables show quite clearly on what terms these transactions might take place at different periods of life, for the various figures are each separately valid and have no dependence on those that precede or follow them. Continuity of payments, then, may be an integral part of any particular scheme, but there is no necessity for it in the nature of things.

One proposal of considerable importance remains to be considered. This is that the State should subsidise a pension scheme indirectly by guaranteeing a higher rate of interest to the contributions than would ordinarily be possible. There are numerous objections to this plan and not much to set against them. The State would assume a large, incalculable liability while receiving very

little credit for its generosity. How much the State might really be contributing under the guise of a higher rate of interest may be seen from one or two very simple calculations. At an interest of 5 per cent., the cost of a deferred annuity of 5s. a week at age 65 bought at age 25 is £8. At $2\frac{1}{2}$ per cent. it is £20 11s. 8d. If the State guaranteed 5 per cent. interest instead of $2\frac{1}{2}$ per cent. it would practically be making a present of £12 11s. 8d. to the pensioner, although in a form which concealed the extent of the bounty and established little claim to gratitude on the part of the recipient, who would regard the pension as the result of his own contribution. Again, the value of £1 forty years hence at $2\frac{1}{2}$ per cent. is £2 13s., while at 5 per cent. it is £7, a difference of £4 7s. If the State undertook to give the latter rate of interest instead of the former, it would be handing on an increasing liability to a future generation, which would have to bear the burden of the last of a series of years at compound interest. It is true that certain precedents may be urged for this method of dealing with the question. Under certain Acts of Parliament of the reign of George III., and even of the present reign,¹ registered Friendly Societies were permitted to invest their funds with the National Debt Commissioners at an interest in some cases of 3d. per cent. per diem, in others of $2\frac{1}{2}$ d., and in others of 2d. per cent. per diem. This privilege generally expires at the death of the last member living at the time when the Act renewing it was passed, but it still survives in some cases and has been the means of endowing certain of the older Societies with large reserve funds. But it is not a satisfactory method of making a State contribution. If the State gives a grant in aid to a voluntary scheme of old age insurance it had better do so in a form which enables the public to see quite clearly the amount contributed or the liability incurred.

¹ 59 George III., Cap. 128, Sec. 11; 57 George III., Cap. 130, Sec. 11; 18 and 19 Vict., Cap. 63, Sec. 33.

CHAPTER IX.

General and Economic Considerations.

SPECIAL Difficulties to be Overcome in England.—Necessity of Adjusting New Schemes to (1) Poor Law, (2) Existing Voluntary Institutions.—A Pension Scheme Considered as a Substitute for Poor Relief in Old Age.—How Differing from Poor Relief if (a) Accompanied (b) Unaccompanied by Individual Contributions.—Clear Distinction between Universal Pensions Without Contributions and Out-door Relief as at Present Administered.—Adjustment of Pension Scheme to Friendly Societies.—Economic Considerations.—Possible Influence on Wages, Prices, and Rent.—Varying Value of Pension in Town and Country, and at Different Periods.—Possibility of Attracting Indigent Foreigners, how Provided Against.—Loss Incurred in Taxation.—Advantages of General over Special Taxation.—Importance of Keeping Poor Rate Intact.—Reasons for Choosing 65 as the Pension Age.

WE are now in a position to gather up and consider briefly some of the more general questions which are raised by any proposal to grant pensions to the aged through the instrumentality or with the aid of the State. We have seen that strong reasons exist for being dissatisfied with the conditions of old age life among a large portion of the community; we have followed the various efforts to find a remedy which have been, or are about to be, made by foreign countries; we have briefly considered some of the chief proposals made for a solution of the question in this country. There still remain certain public and economic considerations which apply with greater or less force to almost any scheme that can be brought forward.

If English statesmen have been slow in making experiments, it is partly because there are special difficulties to be overcome in England. Foreign Governments can either build anew from the

foundations, or at least deal in summary fashion with any institutions which may have occupied the ground before them. The English statesman must respect what is. Any proposal that he may make needs the nicest adjustment to the institutions which he finds in existence—to the Poor Law on the one side, and on the other to the great voluntary Friendly Societies which assert their independence of the State, and their strong aversion to State supervision. The Friendly Societies count for much in politics. It is not merely that they influence votes; though that, indeed, is no unimportant part of their power—but they afford a rallying ground for individualistic opinions, and give definite form and shape to an opposition which might otherwise remain only in the region of theory.

The relation of a pension scheme to the Poor Law is the first if not the chief point which claims attention in discussing this part of the subject. Any universal scheme without contributions or any compulsory scheme with contributions must necessarily supersede out-door relief after the pension age. It would be practically impossible to maintain two separate forms of State bounty, each provided either wholly or in part out of taxation, one of which was held to pauperise and the other not to pauperise. If the pension scheme is to be universal, it must be the one uniform method of State aid for all persons of pension age outside the workhouse. The workhouse would remain for those who failed to support themselves on their pension as well as for those who through drink, vice, or infirmity, were still unable to avert destitution. In these cases the Poor Law authorities would receive the pension, and recoup themselves at least in part for their expenditure.

It may be said that a pension scheme based on the contributions of individuals would be clearly distinguished from the Poor Law relief, which is provided wholly by the State. If the contributions were voluntary, the argument might be admitted, but in that case the pension scheme would probably be on a scale so small as to interfere little with existing arrangements. If the contributions were compulsory, it is open to grave doubt whether

the distinction could be maintained. The German Government, it is true, have acted on the assumption that the pension scheme and the Poor Law relief can be maintained side by side, but that is rather a practical admission that the pension is inadequate than a serious attempt to work the two systems together. We have seen that this feature of the German scheme has already created certain difficulties, and a modification of the law in this respect is by no means improbable. The Danish Government have attempted to create a distinction between the deserving and the undeserving poor by confining the pension to those who have avoided pauperism during the ten preceding years, and relegating the remainder to the Poor Law. This is an experiment to be watched with interest, but it is hardly probable that any such rigid test will suffice to create a real distinction between the two classes in the public mind.

The difficulty will be better seen if we take an imaginary case. Suppose A has during life contributed £50 to the pension fund; suppose B during the same period has paid £50 in poor-rates. Assuming that both are compulsory taxes, would it be fair to say that B is pauperised because he receives half-a-crown a week from the parish, while A is not pauperised if he receives five shillings a week from the pension fund? Or suppose A has contributed under the same kind of compulsion both to the poor-rates and to the pension fund, would it be rational to say that he was pauperised in respect to what he receives from the Poor Law and not pauperised in respect to what he received from the pension fund? Unless it can be proved that the classes which become dependent on the Poor Law in old age do not, directly or indirectly, make any considerable contribution to the rates during life, it is difficult to see how the distinction could be maintained with any sort of plausibility.

The truth is that apart from public opinion the word "pauperise" has no definite significance. It expresses the feeling sanctioned by popular opinion, that a man who receives public relief belongs to an undeserving class, or has failed in life. It is a useful feeling, which society has fostered, both for its own

protection and for the encouragement of all classes in habits of thrift and self-reliance. But whether it can be reconciled with the root-facts of the Poor Law, and whether it can be permanently kept alive among the working-classes are wholly different questions. It is by no means uncommon to hear strong expressions of opinion among working-class leaders, that the Poor Law is, in reality, a national insurance fund, to which the unfortunate may lay claim by right, and in so doing incur no more reproach than the man who draws his insurance money from a Fire Office when his house has been burnt down. This argument is ordinarily met by appealing to the history of the Poor Law, by pointing out that it was originally intended as charity, and established as a substitute for monastic charities at the time when the monasteries were dispersed. But such an answer is not really effective. For modern purposes, we have to consider not what the Poor Law was intended to be, but what, according to the present system of levying poor rates and administering relief, it really is. And when the working-classes speak of it as a National Insurance it is exceedingly difficult to combat the argument with any cogent proof to the contrary. Some, indeed, have urged that this aspect of the matter had better be boldly faced, and a serious attempt made to recognise our system of public relief on the basis of a National Insurance Fund. So far as the aged are concerned, this is what a universal pension scheme, as a substitute for out-door relief, would for all practical purposes effect.

But suppose we establish the free and universal scheme. Suppose that all persons become entitled to five shillings a week out of the general fund of taxation on completing their 65th year. The question now arises—should we not merely have established a large system of out-door relief for the aged, and have renewed the evils which were condemned by the Poor Law Commissioners of 1834 and 1840, and by most Poor Law reformers from that time to this? It is here we meet the full force of the argument which is urged against a pension scheme by all those who are anxious to limit the scope of the Poor Law. In order to measure it, we must understand precisely the nature of the objections to

out-door relief. These cannot even now be better stated than in the words of the Poor Law Commissioners in their report of 1840. Here we find two propositions laid down:—

(1) That in proportion as the condition of any pauper class is elevated above the condition of independent labourers, the condition of the independent class is depressed, their industry is impaired, their employment becomes unsteady, and its remuneration in wages is diminished. Such persons, therefore, are under the strongest inducements to quit the less eligible class of labourers and enter the more eligible class of paupers. The converse is the effect when the pauper class is placed in its proper position below the condition of the independent labourer. Every penny bestowed that tends to render the condition of the pauper more eligible than that of the independent labourer is a bounty on indolence and vice.

(2) It is impossible to apply the principle (that the pauper class should be the less eligible) to those who receive out-door or domiciliary relief, for their condition cannot always be ascertained or regulated, inasmuch as it is often impossible to discover what resources they have, or what aid they may receive in addition to the maintenance afforded to them by the poor-rates.

There are other subsidiary arguments of great importance, but in these two propositions we get the fundamental objection, which is, that out-door relief cannot be so administered as to be otherwise than demoralising, whereas admission to the workhouse is an automatic test which prevents relief being sought except when the necessity is absolute. That out-door relief habitually operates as the Commissioners assert is the testimony of Poor Law Inspectors repeated year after year in their annual reports to the Local Government Board. One and all declare that the supply creates the demand, that pauperism increases by leaps and bounds where the administration is lax, and that the system leads to the distribution, without proper enquiry, of small doles, which are inadequate

and unhelpful when the necessity is real, and extremely demoralising when it is not real.¹

But how, it may be asked, does the argument affect the destitute among the aged who are unable, in consequence of years and infirmity, to support life? May not the stringency of the above propositions be maintained as regards the young and middle-aged, but relaxed in respect of the aged and infirm? But here, again, we are met by the argument that to give any kind of relief, which may raise the condition of the pauperised class above that of the independent class, is to discourage the young and healthy to provide support for their late years, and to remove the motive which stimulates them to support their aged parents and relatives.² The objection then is twofold: the promise of support in old age, at the expense of the State, has (1) a demoralising effect in advance upon the class who are likely to benefit by it, and (2) when carried out, an equally demoralising effect upon the children and relatives who would otherwise be compelled to support the aged paupers.

Now, of these various arguments, the last two alone apply absolutely as they stand to the proposed pension schemes. The first asserts that for the State to provide for old age would be to discourage and discount individual efforts to make a similar provision. It is not safe to dogmatise about human nature, but we have seen some reasons for doubting the force of this objection. We have seen how the impossibility of saving sufficient to make adequate provision for old age operates with large numbers of the working-class as a discouragement to saving at all. We have found reasons for supposing that the certain prospect of a small annuity for the last years of life might encourage independent effort to increase the provision. But however this may be, it is quite clear that a pension of 5s. a week, beginning at 65, would not supersede the necessity for thrift, or even for well-considered charity. According to the conditions of modern industry, the ten preceding years are exceedingly difficult years which would have to be provided

¹ See specially Mr. Fleming's Report, Twentieth Annual Report Local Government Board, pp. 220-222.

² See Report on the Further Amendment of the Poor Law, Dec., 1839, pp. 37, 38.

for by private resources. Nor, as a rule, would a pension of 5s. a week alone be sufficient to support life outside the workhouse. Further than this, the cogency of the argument is somewhat weakened by a growing conviction that the thrift which is required to make provision for the period of old age is wholly impossible with many, and not possible with others, except at the cost of lowering the whole standard of life and comfort during the preceding years.

The second argument is of the vicarious kind which for good or evil has gradually become discredited during the last ten years. The plea that the State must not help the parents for fear of demoralising the children and relatives who would otherwise have to support them has a close analogy to the argument that the State must not give free education to the children for fear of demoralising the parents. Against this portion of the *laissez-faire* theory, the conviction that the children have a personality of their own, which is not to be sacrificed even in the hope of conveying a moral lesson to the parent, has gradually prevailed. A similar objection will scarcely carry more weight in the case of the aged, if a scheme can be devised which is otherwise acceptable. Moreover, we have seen that the dependence of parents upon children is not an unmixed blessing from the moral or from any other point of view. It is apt to work in a kind of vicious circle by increasing the difficulty of saving, and thereby helping to perpetuate the condition of dependence from one generation to the next.

Let us now return for one moment to the more general objections urged by the Poor Law Commissioners of 1840, and repeated by the Inspectors of the Local Government Board from that time to this. If we analyse them, the evils alleged are mainly these: The absence of a uniform standard, the creation of unequal conditions between the independent and the pauper class, the disturbance to industry and wages in consequence, the discouragement to thrift when the man who has not saved finds himself in an equally advantageous position with the man who has saved, the impossibility of administering any but the most simple and automatic test without fear, favour, or corruption. That these

evils exist and are an almost unavoidable accompaniment of out-door relief is the unanimous testimony of those who are best entitled to speak. But a pension scheme, if only it is universal, avoids a great many of them, if not all. There will be no inequality of conditions, no test other than that of age, no difficulties of administration, no such condition as the exhaustion of previous savings. Whatever else may be said for it or against it, a universal pension scheme is clearly quite different in these most important respects from the present system of out-door relief, while it has the additional merit of not creating any new line of demarcation between the rich and poor.

On the other hand, the moment we adopt any test in addition to the age limit, we begin to encounter the evils which attend the administration of out-door relief. If we adopt either an income limit or an enquiry into character, or any standard of merit which may be variously applied in different parts of the country, we are on the same ground as heretofore. There will be the same difficulty in avoiding abuses of administration, and if the prosperous are excluded from the pension, there may even be the same discouragement to thrift as is alleged against the Poor Law. Even a voluntary scheme, which depends to any large extent upon State assistance, must, if it is generally taken advantage of by the working-class, ultimately incur some of these difficulties. For the difference between the man who receives a State contribution in augmentation of an annuity, and the man who receives the same annuity in the form of Poor Relief is not so real that we can rely upon it to continue permanently.

From this point of view, then, the conclusion is forced upon us that a universal scheme without contributions, and with no qualification except that of having attained a certain age, is the only comprehensive scheme yet proposed which is clearly distinguishable from out-door relief, and which avoids the evils that attach to out-door relief. To say this is not to conceal the enormous difficulties which accompany the universal free scheme, nor even to say that other schemes are impossible. So far as England is concerned, the case stands thus. Compulsory contributions are all but in-

possible ; voluntary schemes depending on contributions are not likely to touch the case of the poorest, nor, unless accompanied by the most attractive offer of State aid, to extend beyond a small circle. There remains the universal scheme which, though requiring a large public outlay, yet covers the whole ground, is free from administrative difficulties, and not open to the objections which may be urged against out-door relief. In this matter we need to discriminate as to the end in view. If we are seeking to deal with the whole problem of poverty in old age, nothing short of a universal free scheme is likely to meet the case. If we are simply seeking to encourage thrift and to educate the public in the purchase of deferred annuities, various kinds of voluntary schemes may achieve the purpose, without raising any great administrative difficulties or conflicting with existing institutions. But whether any voluntary scheme depending on contributions could, as some have assumed, be made a half-way house to a universal scheme on the lines approved by Mr. Booth is a much more difficult question. In passing from one to the other the State would either be compelled to repay the contributions of those who had subscribed to the voluntary scheme, or to add the general pension to the annuity which the subscribers had secured by their own contributions. Either course would be open to objection, and the existence of a large body of voluntary pensioners, with clearly defined privileges, might, under certain circumstances, be held to estop any further action on the part of the State.

Those who have followed the previous chapters will have gathered that the adjustment of a pension scheme to existing and voluntary institutions, whether Friendly Societies or others, is not in our opinion a very serious difficulty. If the pension scheme is confined to old age, there need be no conflict.¹ The Friendly Societies either do not undertake this form of insurance at all, or,

¹ To be strictly accurate, we ought, perhaps, to qualify this by saying that those schemes which provide for repayment at death do to some extent conflict with the funeral benefits and life policies of the voluntary Societies. But as these repayments are ordinarily provided for without interest, they are not likely to create any serious competition with existing agencies.

if they do undertake it, meet with little success. On the other hand, their indirect method of dealing with old age by means of continuous sick pay is a constant source of embarrassment to them financially, and is beyond all doubt unfair to their younger members. A pension scheme beginning at the age of 65 would relieve them of this difficulty and enable them to follow the often repeated advice of their actuaries that sick pay should not be continued beyond the age of 65, unless secured by special contributions. The case is different if the pension scheme travels beyond the limits of old age and attempts to provide sick pay either directly or indirectly. The moment that is done, the State comes into competition with the Friendly Societies, and whoever proposes such a scheme must expect their uncompromising opposition. We may add here that the Trade Unions, notwithstanding that many of them do definitely provide superannuation benefit for their members, appear generally to favour a State pension scheme.

A further question arises whether any State-aided scheme could be undertaken through the agency or instrumentality of Friendly Societies. If State supervision is required, the Friendly Societies will probably reject the idea. The question remains—is any plan possible which will dispense with State supervision? Undoubtedly, such a plan is possible, though whether it would be wise is another matter. The French Government has for many years worked on these lines through its *Caisse de Retraites*, and the Italian Government is now proposing a plan which will be limited to members of Friendly and Co-operative Societies. In neither case does the Government undertake any supervision or guarantee of the Societies other than is provided under the general enactments, which apply to Friendly Societies. The French plan merely provides that the Societies may each year, if they choose, invest a certain portion of their funds in the *Caisse de Retraites*. This sum, whatever it may be, is proportionately increased by a Government subvention, and the proceeds paid back to the Society after a term of years in the form of annuities. Comparatively little success has accompanied this method, and, according

to M. Léon Say, the State subvention has in some cases proved a snare to the Societies, through the temptation which it offers them to devote a larger portion of their funds to the annuity business than they can properly spare from current benefits. The Italian scheme proposes a special combination of Savings Banks and Friendly Societies for the purposes of old age insurance. The institutions combining each contribute a portion of the reserve fund, and nominate one or more of their members to act on the governing Boards. The insurance may be undertaken either by a Society as a whole, or by its members individually. But once the contributions are paid they pass out of the hands of the particular Society which may act as agent, into the hands of the joint Boards which conduct the old age insurance. These Boards invest the contributions, receive and disburse the State subventions, and in all their operations are subject to the supervision of a central authority at Rome. This authority, however, has no concern with the individual Societies, and undertakes no responsibility with regard to them. The underlying principle is the same both in the French plan and in the proposed Italian plan. The annuity fund is absolutely separate from all other funds, and when once appropriated cannot be withdrawn for any purpose whatsoever. The State confines its supervision to the annuities, and leaves the Societies alone in all other respects. On these conditions, then, joint action between the State and Friendly Societies is possible, though we have no reason to suppose that it will carry us far.¹

There remain to be discussed a few considerations which, speaking generally, may be called economic. Supposing every man and woman to receive 5s. a week at the age of 65, what would be the effect upon wages and upon prices? How much, if any, would be absorbed by the increase of rents in big towns, or by a rise in the prices of the chief articles of food and clothing? With every desire to give full weight to this class of considerations,

¹ Another plan proposed by Mr. Chamberlain—that of supplementing annuities obtained through Friendly Societies by a State grant—is also feasible, though it has the demerit of depriving the insurer of his State grant in case the Society should become insolvent.

it is almost impossible to regard them as of great importance. The earnings of the poor after the age of 65 are exceedingly small, and except in the case of a very limited number who perform the duties of caretakers, are not likely to be prejudiced. Nor is it reasonable to suppose that the prospect of a pension at 65 would have any effect in advance upon the earnings of adult workmen. Trade Unionists, indeed, may be heard to argue that a pension scheme will have the special advantage of saving the old from the necessity of entering the labour market and depressing the wages of younger men. The superannuation schemes of the greater Unions are commonly recommended on this score, and are, in fact, an almost necessary consequence of the attempt to maintain a standard rate of wages throughout life. A pension which began at 65 could hardly be relied upon to promote this object, except so far as it enabled a man to retire earlier and to spend his private resources in the knowledge that there would be something to follow ; but to this extent it would help to solve a problem which is a source of equal embarrassment to employers and workmen.

Nor need any general effect upon rent or prices be anticipated from a pension scheme. The total sum disbursed in pensions would be but an infinitesimal portion of the national income, and, however spent, it could hardly have any appreciable effect upon the market at large. Locally and under special circumstances, there might be disturbances. It is difficult to set any limits to the power of a landlord in a big town where the competition to secure living space works wholly in his favour. There is an impression in many big towns, probably well-founded, that a portion of every sum disbursed, either in out-relief or in charity, finds its way into the pockets of the landlords in the more crowded areas. Tales are told in some districts of how the landlords are also Guardians, and how one capacity may be made to work in with the other. In London these dangers are probably to some extent enhanced by migration from Unions where out-relief is abolished into others where it is freely given. We have even heard of cases where a family, having unwittingly moved into one of these less desirable

districts, applied to a Charity Organisation Society for aid to enable them to move back from whence they came. A universal pension scheme would clearly not be open to these and similar evils which arise from the unequal administration of the Poor Law, but it could hardly escape other consequences of the fierce competition for the necessaries of life which obtains in certain districts.

Here we touch the difficult problem of the varying value of money in different districts. A pension of five shillings a week would clearly be a very different thing in the heart of the country and in the centre of a big town. We have elsewhere given details of a scheme proposed by the Danish Radical party under the guidance of Prof. Marcus Rubin which endeavours to solve this problem by arranging differential tariffs for urban and rural districts, and for men and women. There was to be one scale for Copenhagen, another for the small towns, a third for the country districts. This proposal was finally abandoned in favour of the Government scheme, which left the Communal Councils free to fix the amount of the pensions. As a matter of policy it is open to question whether any attempt to vary the pension according to the purchasing power of money would be wise, even if it were found practicable. The inducements which draw men and women from country to town are already so numerous that we may well refrain from correcting any circumstances which have an opposite tendency. If the greater cheapness of country life should attract some of the old people who now remain in the towns to take their pension and settle in the villages the incidental advantage to the community would be worth reckoning.

But if money varies in different places, it also varies at different times. Its fluctuations in this respect may be a more serious difficulty in maintaining a pension scheme. Five shillings a week thirty or forty or a hundred years hence may mean something wholly different from five shillings a week at the present moment. This is a problem of which no solution can be found in advance. Any sum that is fixed as the amount of pension in these days

is necessarily subject to revision by posterity, according as the purchasing power of money may have changed in the interval.

We have spoken of migration, but the possibility of immigration also claims a word of notice. Unless limited in some special manner to people of English birth, or to those who have resided in England during a certain period, the prospect of obtaining five shillings a week at 65 might possibly attract a certain number of indigent foreigners to this country. The French scheme now under consideration proposes that all benefits shall be confined to persons of French origin, and not only that, but the framers of the French Bill have even proposed that a tax of ten centimes a day shall be levied upon all foreign workmen employed in France, the proceeds to be applied to augmenting the State contributions in aid of pensions. It would perhaps be a sufficient safeguard in this country if every applicant of foreign origin, whether naturalised or not, were required to prove a certain number of years residence in England as a condition of receiving a pension.

In the present stage of the movement it would be fruitless to discuss the various means which might be adopted to raise the necessary funds for the support of a universal pension scheme. We can only say in general terms that the amount required is not such as to place it beyond the reach of a people whose national income is estimated at a thousand millions, while it is sufficiently large to require a very definite movement of public opinion to bring it within the range of practical politics. When the time comes, if it does come, the raising of the money will be a question for Chancellors of the Exchequer, who will decide it according to the general principles which govern taxation. But, meanwhile, there are one or two general considerations which may be briefly mentioned here as applying to any proposal, whatever form it may take. In the first place it may be urged that in raising seventeen millions of money and distributing it in the form of pensions, the community as a whole must suffer a loss. The money will be returned minus the cost of collection and distribution. There is no gainsaying this objection, and it applies with greater or less force to all forms of taxation. The difference be-

tween the money raised and the money returned will represent the fine which the community pays for the process of redistribution, and the only question to be considered is whether the object is worth the expenditure.

A second point to be borne in mind is that this expenditure is likely to be less if the money is raised by the general process of taxation, than if it is obtained by a special tax apportioned and appropriated to the business of insurance. The task of levying special contributions, crediting them to the accounts of individuals, and distributing the funds in strict proportion to contributors, would absorb a larger portion of the total sum raised than the simpler process of taking the required amount out of the general fund of taxation and dividing it in equal portions among the total population above a certain age. As regards economy in working, the former method has a distinct advantage over the latter.

A third and most important consideration is the necessity of not disturbing the incidence of existing taxation in levying a new tax for the purposes of a pension fund. It has been objected by the Socialists of Germany that the new German law of insurance is simply an attempt to shift the burden of the poor-rate from the landed and propertied class on to the shoulders of the workmen. A similar objection has already been raised in this country to certain proposals for the establishment of State pensions. And the objection will hold good unless extreme care is taken that the traditional liability to contribute to the support of the poor, which attaches to certain forms of property, is preserved intact. If this is not done an imperial tax for the purpose of pensioning the aged might act, at least, in part as another contribution to the relief of rates.¹

A final question which may be asked is why the superannuation should be fixed at 65? The French Government proposes 55 ;

¹ To this it might, perhaps, be added, that if the tax were levied equally upon town and country, the greater longevity of the country might make the pensions equivalent to a considerable contribution from town to country.

the Danish Government has fixed 60. We have ample evidence that in most trades the earnings of an English working-man come near the vanishing point long before the sixty-fifth year is completed. It is, perhaps, a sufficient answer to say that the statistics of pauperism appear to determine 65 as the time of life when old age poverty begins to be most keenly felt. To fix the limit earlier would be possibly to interfere with wages; to fix it later would be to make the benefit too remote. The great majority of the working-class contrive somehow to maintain their independence until about 65, but when that age is passed we have the strongest evidence of their increasing destitution. Moreover, the difference in cost between pensions payable at 60 and pensions payable at 65 is so great that in considering what is practicable there are strong reasons against proposing the earlier limit, unless the most absolute necessity is proved. It is possible that the prospect of a pension beginning at 65 might, to some extent, increase out-door relief during the years immediately preceding that age. Boards of Guardians will, perhaps, be induced to give such help as will maintain a home until the pension becomes due. But this is not a very serious matter, and if it is an evil, would, at least, be confined within very narrow limits.

There is necessarily something tentative about all arguments in the present stage of the question. We cannot pretend that the considerations urged in this chapter are either exhaustive or final. Difficulties which loom large when a proposal is first under discussion frequently disappear when it is put into execution, while others, which were unforeseen, assert themselves in the most obstinate manner. It is sufficient at present to show that the question is a living question, and that it touches life and politics at many different points. If the public mind is once made up to the fact that the evil is real and demands a serious remedy, there are no obstacles which need discourage a statesman from approaching it in a practical spirit.

CONCLUSION.

THE object of the present volume is rather to provide the material for forming a judgment than to press any particular proposal upon the reader. Nevertheless, without departing from this intention, one or two conclusions which have suggested themselves to the writer in preparing this volume may here be stated without comment. These are :—

(1) That the poverty among the working-class in old age has not been exaggerated, but is hardly as yet realised to the full by the public. A great deal of this poverty is quite unavoidable by any efforts earlier in life. The tendency of modern industry is often against the aged, and even the elderly. Though modern wages are higher, the earning period is generally shorter than formerly.

(2) That provision for old age among the working-class is not made through existing institutions in any form that can be regarded as permanent and satisfactory. The superannuation schemes of the larger Friendly Societies have broken down, the Post-office annuities quite fail to meet the case, and other schemes are partial or temporary. The indirect method adopted by Friendly Societies of providing for old age through continuous sick pay is open to grave objection, and extremely dangerous to the financial stability of these Societies. There is, therefore, no ground for the assertion that State action would compete unfairly with existing voluntary agencies.

(3) A universal compulsion to contribute by instalments or in a lump sum to any scheme of insurance against old age would be impossible and unworkable in this country.

(4) The only method of dealing with the whole problem of poverty in old age and superseding out-door relief, is to adopt the plan of paying a uniform pension to all persons on attaining the

age of 65, without any previous contributions. This plan would be free from most of the objections which attach to out-door relief as at present administered.

(5) Various voluntary schemes, with or without State aid, might be devised, some of which would be a valuable aid to the thrifty and better-to-do members of the working-class. But there is no reason to suppose that these would extend far or make any large impression upon the bulk of poverty in old age. How far a voluntary scheme could be used as a stepping-stone to a universal scheme without contributions is open to some doubt.

(6) There is no sufficient ground for thinking that the grant of a small pension at 65 would discourage thrift or injure the character of the recipients. Nor need we anticipate any prejudicial effect upon wages or prices if the pension were not given before 65.

THE END.

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