

Fabian Tract No. 73.

THE
CASE FOR STATE PENSIONS
IN OLD AGE.

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THE CASE FOR STATE PENSIONS IN OLD AGE.

The Problem of Old Age.

NOT less tragic than the position of the unemployed workman is that of the aged craftsman. The man who does not give the fullest measure of work for his weekly wage is promptly discarded by an economic system depending upon alert competition for its existence. Fortunate it is that sixty per cent. do not live to be replaced by active, able-bodied, hopeful young workmen, and left destitute. But a large minority meets this fate. Wages of men from forty-five years of age upwards, show a gradual and persistent decline. The roughest forms of labor are the first to suffer; but in skilled trades where deftness of handiwork is the first condition of efficiency and of continued employment, the attainment of fifty-five years of age is usually accompanied by a reduction of earnings. The Bradford weaver has to abandon one of his two looms as he advances in years; the Lancashire cotton-spinner, and the head-piecer who has never become a spinner, have to seek for work in mills where the machinery is older and does not run so rapidly; the bricklayer is unable to lay as many bricks, and the compositor to set as many ens; the seamstress's sight fails; the dock-laborer, rheumatic through exposure to the weather, finds his place occupied by more vigorous competitors from the country villages. Besides, with old age come recurring and lengthy illnesses. Some idea of the extent to which such illness restricts wage-earning capacity may be gathered from the fact that whereas the average member of the Manchester Unity of Oddfellows receives 14s. 8d. per annum in sick allowance,* those members over sixty-five years of age receive £7 4s. 9d. each. Neison, in his "Rates of Mortality," estimates that adults between twenty and forty years of age experience one week's illness per annum; between forty and sixty years, $2\frac{1}{10}$ weeks per annum, and between sixty and seventy years, $6\frac{1}{2}$ weeks each year. The Friendly Society experience proves that while adult male members average 2.06 weeks' illness at fifty years of age, by seventy years the average amount has increased to 14.74 weeks.†

* The figures for 1898 are: 944,769 members, £695,789 13s. 8d. total sick allowances.

† H.C.—303 of 1896.

To young people in the full flush and energy of early life, old age appears so far off that it is not easy to induce them to provide for it in any class. In the laboring class they cannot afford to provide for it, be they ever so prudent. An examination of existing methods of provision only proves how inadequate and futile they are.

The Extent of Existing Provision.

This may roughly be summarized in three main forms : (1) Individual saving, (2) State assistance other than that rendered by the Poor Law, and (3) Combined mutual effort.

(1) The first form may be left out of the question. A few pounds, painfully accumulated in a cracked tea-pot, are easily stolen and soon spent upon the first serious illness. There is probably less of this form of saving now than there was fifty years ago.

(2) Assistance by the State has taken the shape of the Post Office Savings Bank and of State annuities. The latter were established in 1865 ; but in the succeeding thirty-two years only 30,646 immediate and 2,980 deferred annuities were purchased, and of these 13,883 have lapsed by effluxion of time and other causes.* For convenience of calculation, the amounts invested in Trustee Savings Banks may be added to the investments in the Post Office Savings Bank showing a total, in round figures, of £164,000,000. This seems imposing ; but as it is shared amongst 8,760,000 depositors, the average investment per individual is only about £19.†

(3) Of combined mutual effort, there are four methods :

(a) BUILDING SOCIETIES.

Excepting in certain well-defined districts, such as Woolwich, the large cotton-spinning towns, and the smaller towns in the vicinity of coal-mines, the main body of investors is drawn from the middle and shopkeeping class. The security of building societies is mistrusted, sometimes with reason ; and their benefits are beyond reach of all except the best-paid artisans. They do not touch the main problem.

(b) CO-OPERATION.

The Co-operative movement devotes but little of its resources to provision for old age. Its total capital was, in 1897, only £22,984,825, divided among 1,512,128 members, which gives about £15 per head.‡

(c) TRADE UNIONS.

Here, if anywhere, should effective provision be discovered, since members, funds, and control are essentially working class ; and insurance is a recognized department of Trade Union activity. But an analysis of the assistance rendered by Trade Unions demonstrates its inadequacy. For the year 1893, 687 societies forwarded returns of their membership, income and expenditure. Only 89 of the societies had a superannuation benefit, while 598, or 77 per cent.,

* C—9022, 1898.

† C—9011, 1898, pp. 197-9.

‡ C—9011, 1899, p. 23.

had none. These 687 societies contained 1,270,789 members, out of whom 812,111 belonged to societies that did not possess a superannuation benefit. In other words, seven out of every ten Trade Unionists belong to societies in which there is absolutely no provision for old age. In 1893 only 6,789 members received superannuation benefit.* This benefit, too, involves a dangerous strain, since it is apt to outgrow the resources of a Trade Union. For instance, in 1851 the percentage of members of the Amalgamated Society of Engineers upon superannuation benefit was 0.09. Since then there has been a steady, and, to the officials, an alarming increase, till in 1898 the proportion was 4.05 per cent. "We hope, urged the officials, "the efforts of the last Delegate Meeting to finance and make this benefit secure, will be followed up by another effort of some kind, which will enable us to grant this benefit with pleasure, instead of, as is the case at present, with a fearsome thought of our ability to pursue a consistent and active Trade Policy."† The case of the Engineers' Society is not exceptional in this respect; and the drift of feeling among Trade Unionists indicates a reduction rather than an extension of the scope of superannuation benefits.

(d) FRIENDLY SOCIETIES.

Were it not for the claims made for Friendly Societies, the extent of their contribution to a practical solution of the problem of old age might safely be ignored. With the exception of a reckless granting of continuous sick pay, they have not accomplished anything. And even with regard to sick pay, considerations for the future prosperity, to say nothing of the mere existence, of their societies are rapidly compelling the members to insist upon its abolition when the age of sixty-five is reached.‡

In 1882 both the Manchester Unity of Oddfellows and the Ancient Order of Foresters adopted schemes under which members, by paying a weekly, monthly, or yearly contribution, varying according to age at joining, could secure a pension of five shillings per week upon attaining the age of sixty-five. Of 804,415 adult male members of the Manchester Unity, just over 500 have joined in seventeen years. In the Foresters the results are still more discouraging; for out of a total adult membership of 726,403, only five members have joined. As Mr. Ballan Stead, the late Secretary of the Foresters, explains, "the ordinary working-man could not

* Seventh Annual Report on Trade Unions by the Labor Correspondent of the Board of Trade, 1893. (C—7808, 1895). It is impossible to give more recent figures, owing to the unfortunate decision of the Labor Department to publish particulars relating to certain unions only.

† Report of the Executive Council of the Amalgamated Society of Engineers, 1895, p. 25.

‡ In the Valuation Reports of 1870 of the Manchester Unity, the late Henry Ratcliffe, the Unity's actuary, gave a warning. "If lodges," he wrote, "contemplate an allowance to members in old age, the members should contribute for such benefit, or the funds of the lodges will not be equal to pay the customary sick and funeral benefits."

be induced to see the value of a deferred benefit."* A Past Grand Master of the Manchester Unity expressed the feeling of the working class towards such schemes in his retiring address. "The idea," he said, "of asking young men of sixteen or eighteen years of age to make a selection for a benefit so long deferred, and for which they will have to pay a contribution higher than their fellows, is so utterly unreasonable that the most sanguine could not expect it to be very successful."† These attempts of the Oddfellows and Foresters are typical of Friendly Society effort in this direction. Nothing is to be hoped for from it.

(e) SICK CLUB, ETC.

In many large manufacturing establishments sick clubs exist. The majority only provide a moderate sick and funeral benefit. Where an old age pension is included, the clubs can be, and frequently are, used as pretexts for coercing the members. Commercial assurance societies, too, accomplish some amount of provision for old age; but as most of them, while willing to give a quotation for any form of annuity, do not publish general tables, it is obvious that the demand is trifling.

Voluntary Provision.

This is ludicrously inadequate to the necessities of the case. The highest estimate of the savings of the working class places them at £300,000,000, which, divided amongst the 16,800,000 members of the manual labor class, only yields an average saving of £17 16s. each.‡ There is no reason to doubt Dr. Hunter's estimate that only three per cent. of the working class have made any definite provision for old age. The figures relating to Poor Law relief tell the same tragic story.

Old Age Pauperism and Poverty.

According to the census of 1891 there were 1,323,000 persons over sixty-five years of age in England and Wales. For the twelve months ending Lady Day, 1892, a record was made of the persons over sixty-five who received Poor Law relief. The result showed that there were 376,427 persons over sixty-five years who were driven to accept relief from the Poor Law.§ In other words, two persons in every seven over sixty-five years old were in receipt of relief during those twelve months.

* For the evidence of the officials upon the results of these schemes, see the Report of the Royal Commission on the Aged Poor, summarized in the Final Report, C—7684, 1895.

† Speech of P.G.M. Orford White, at Bristol A.M.C., p. 10.

‡ The Chief Registrar of Friendly Societies, in a paper read before the Royal Statistical Society on April 23, 1895, estimated the total savings as follows: Savings Banks, £144,725,640; Registered Friendly Societies, £28,500,000; Trade Unions, £1,378,007; Incorporated Building Societies, £44,414,115; Industrial and Provident Societies, £18,552,867; Certified Loan Societies, £256,139; Railway Savings Banks, £2,469,965; Total, £240,296,733.

§ (C—265, 1892). The figures are exclusive of medical assistance only. For an extremely acute analysis of these figures, see "Memorandum," by Mr. Charles Booth, in the Aged Poor Commission Report.

Several objections have been urged against the accuracy of these figures. The only one worth serious consideration is the possibility of the same individual being counted more than once, since casual wards are largely occupied by men and women tramping from union to union. But however true this may be of men and women under fifty, its applicability to older persons is doubtful. It is not reasonable to assume that, to any appreciable extent, men and women weakened and harassed by a life of ceaseless toil (for after all the mass of aged paupers belong to this class, and not to the idle) wander from district to district. But even admitting that a number of the persons returned as having received relief have been enumerated more than once, the figures are too startling to leave any excuse for optimism. And it must be remembered that, bad as they are, they take no account of the hidden mass of poverty that endures starvation in preference to accepting Poor Law relief with its accompanying stigma of pauperism and disgrace. The extremely moderate Royal Commissioners, in the Aged Poor Report, have spoken out upon this matter. "There are also," they say, "many aged poor who are destitute so far as their own resources are concerned, but who are kept off the rates by the assistance of friends and by private charity. Such persons must sometimes endure great privation in their effort to avoid application for Poor Law relief; and they form a class quite as deserving of consideration as others who are actually numbered in the return as paupers."*

Can Voluntary Institutions Accomplish More in the Future?

As far as Co-operative Societies and Trade Unions are concerned, this question is negatived by the considerations already mentioned. No one pretends that they can solve the problem, or that it is any part of their business to do so. But the Friendly Societies are still relied on by the people who have no idea of their financial position or the industrial conditions of the problem. In the Report of the Treasury Committee on Old Age Pensions is an interesting table compiled by the Chief Registrar of Friendly Societies, which deals with twenty-eight Friendly Societies having a total membership of 2,214,620. Of the 21,293 branches or lodges of these societies, 12,448, or 58 per cent., were actuarially unsound at the last valuation.† In the Manchester Unity, which is by far the most stable of the large societies, 55·14 per cent. of the lodges have an actuarial deficiency. In 31 per cent. of the lodges the proportion of assets to liabilities is less than 90 per cent. In the Stepney district 26 lodges out of 46 have been proved by the Unity's actuaries to have deficiencies.‡

* Par. 24 of the Majority Report of Royal Commission on Aged Poor. (C—7684, 1895).

† C—8911, 1898, p. 187.

‡ Quinquennial Valuation. (Manchester, 1899, pp. 14-15, 76).

The 1897 Quinquennial Valuation of the Ancient Order of Foresters reveals a worse condition of affairs. Of the 3,973 courts, 3,038, or nearly 76½ per cent., show estimated deficiencies, and the proportion would have been greater had not the valuation in 1,180 courts been based upon the assumption that the funds will in future realize compound interest at a higher rate than 3 per cent.* The difficulty, in fact, of meeting financial obligations has compelled large numbers of village clubs to dissolve. In Mr. Charles Booth's enquiry into "Old Age in Villages," numerous instances of this breaking-up of country societies are given. The process there detailed is still continuing; for in the last Report of the Chief Registrar, societies containing 4,924 members had dropped out of existence.†

Even if the societies were actuarially solvent, they would be none the more within the reach of the poverty of the bulk of the laboring class. From his analysis of the Poor Law and Census Returns, Mr. Booth told the Aged Poor Commission that two-fifths of the adult population of England and Wales consists of (1) agricultural laborers, (2) unskilled town-workers, (3) women wage-earners. These classes provide 80 per cent. of the pauperism of this country. Out of every three who survive to old age, two have to come to the Poor Law for sustenance. The Friendly Societies are of no use to these classes. In the purely agricultural counties their hold upon the laborers is small. Only 0·67 per cent. of the population of Somerset are enrolled in the two large Orders; only 2·38 per cent. in Buckinghamshire, 2·78 per cent. in Oxfordshire, 3·66 in Berkshire, 4·24 in Wiltshire, and 5·68 in Norfolk, and similarly throughout the agricultural districts.‡ The membership of women is smaller still, as most societies do not admit them. Even in the two Orders, it is doubtful whether there are 20,000 women members.§ In Ireland there are only 58,000 Friendly Society members of both sexes.

There remains another serious objection to dependence on Friendly Society action. When the pensions schemes were formulated by the two Orders, the maximum of benefit that could be safely given for the minimum of subscription was prescribed. In order to ensure financial stability, no members were allowed to join after attaining fifty years of age. Yet 137,277 members in the Manchester Unity, and 92,755 in the Foresters, are over fifty. And this number is increasing out of proportion to the total membership; whereas 17 per cent. of the Unity's members were over fifty in 1887, by 1897 the percentage had increased to 19·92. In the London districts of the two societies two in every eleven members have reached the limits. How can it be claimed that the Friendly Societies unaided can solve the problem, when the two largest,

* 150 of 1898, p. 17.

† 150 of 1898, pp. 178-187.

‡ Quarterly Reports, 1893.

§ There are only 4,139 women members of the Manchester Unity. (*Oddfellows' Magazine*, June, 1899).

wealthiest, and most influential societies tell 230,032 of their members that no hope can be held out to them? At fifty the expectation of life is nineteen years; so that nearly a quarter of a million members are being compelled to face the disadvantages of old age throughout this period. Furthermore, this number must be largely increased in the future. The necessity of readjusting financial obligations to balance income will inevitably lead to a cessation of continuous sick pay. Its recipients will then have to look elsewhere for provision for their old age. The question is, Where?

State Aid Imperative.

The truth is, the State alone possesses the power and the resources for dealing with the problem. The thoughtful men in both the Trade Unions and the Friendly Societies are recognizing this. They realize how dangerously the aged members are handicapping the societies. Turn how or where they will, the claims and necessities of their aged brethren are forced upon them. For every vacancy that occurs in the voluntary pension fund attached to the South London District of the Manchester Unity—the only district that possesses such a fund—there are ten or more applicants. For every grant of 10s. and upwards that is generously made by the lodges, there are at least twenty other members quite as deserving of relief. As things are at present, the younger members of both Friendly Societies and Trade Unions are heavily taxed to provide for the unsound continuous sick pay in some lodges of the former, and the superannuation benefit in a few of the latter. The result is that financial collapse is in prospect for many Friendly Societies, and a serious limitation of trade action the heavy price to be paid by the Trade Unions. The only source from which any relief of this pressure can be obtained is through the State.

Methods of State Aid.

Four distinct methods, with numerous detailed variations, are at present before the country.*

I.—SUBSIDIES TO FRIENDLY SOCIETIES.

It is proposed by many well-meaning advocates of State aid that the Government should contribute a yearly sum to the Friendly Societies to enable them to make provision for their aged members. Clearly, were this subvention to be granted unconditionally, it would place a premium on their financial instability. It would be impossible to devote any considerable proportion of the revenue to such a purpose without conditions which would amount to State regulation, and upon the failure of any society to fulfil its obligations, State control. To this a large number of the Friendly Societies are uncompromisingly opposed; and in the teeth of their opposi-

* It is not intended to discuss here any specific or individual plan that has been published. The essential ideas of the four different methods are grouped and discussed. Nor is any reference made to various schemes which have been propounded during the last hundred years, from the one outlined in Thomas Paine's "Rights of Man" down to the earliest form of Canon Blackley's plan.

there is no likelihood of it ever becoming practicable, whatever support it may receive from aristocratic philanthropy. From the point of view of political principle the proposal is, of course, quite indefensible. The proposition to confer the privilege of a public grant of old age pensions exclusively on the members of a certain organization at the cost of the whole community, thereby placing it on the footing of one of the public services, or of those churches, colleges, institutes, museums, or galleries which are endowed for the spread of religion, learning and art, could no doubt be justified if it could be shown that the result would be the solution of the problem by the immediate flocking into the Friendly Societies of the entire laboring class. But, as we have seen, what prevents the bulk of the laboring class now from joining the societies is that they are not only not willing to pay the contributions, but not able, except at the cost of intensifying privations that are already intolerable. Their maintenance in old age would fall on the rates nearly as heavily with endowed Friendly Societies as it does now. Why, then, should the taxpayers (including the poorest voter who buys tobacco or beer) consent to a project so invidious on the face of it as a State endowment of Friendly Societies, any more than of the Prudential Insurance Company, or of the Trade Unions and Temperance bodies? Outside the societies themselves, the endowment would be regarded as a job; and, however unjust that view might be to the intentions of its advocates, it would probably be borne out by the practical results of such a measure.*

II.—COMPULSORY STATE INSURANCE.

It is proposed, in all forms of this method yet put forward, that the State should adopt a scale of weekly contributions to be paid by the workers out of their wages, in return for which a pension, in proportion to the payments, should be granted at a certain age. In other words, it is proposed that the State should do what the Friendly Societies now do, with the startling difference that membership should be compulsory on the whole community.

If anyone really regards this as a sane or possible proposal, he had better apply his imagination at once to the work of collecting the weekly premiums. Existing collecting societies, dealing with a class specially provident and specially well able to pay, have to spend a third of their income in obtaining it. The collection of school pence has been given up as unremunerative, and Free Education established. And whether the payments of the working class are to be dragooned out of them by a battalion of soldiers, wheedled from them by collectors, or freely yielded by consciences stricken with the terrors of old age, no method has been proposed, nor can the wit of man devise one, by which contributions can be secured in periods of unemployment and sickness. The average member of the Friendly Society of Ironfounders was earning nothing for over

* The House of Commons Select Committee of 1899 rejects the proposal to endow Friendly Societies because it would exclude many, especially women, from the operation of the scheme.

six weeks every year in the ten years 1881-1891. During a period of great depression in the trade the same average in the society was $14\frac{1}{2}$ weeks each year. Assuming that the unemployed or sick Trade Unionist can pay his weekly premium out of his allowance from the Union, what about the twelve millions of wage-workers who are not in any Trade Union? Yet upon continuity of payment, on pain of lapse of policy, all insurance schemes depend. If failure to pay is to be overlooked, actuarial requirements cannot be met: if inability to pay is to involve the lapse of the defaulter, the laboring class will not benefit by the plan, although they will be cruelly harried by it.

If the German form of State insurance were adopted, equal contributions would be levied from masters and workmen. In Germany the workmen complain, with good reason, that the employers' quota of contribution is paid out of their wages. The resultant strikes, quarrels, and appeals to the Reichstag suggest that in a country where Trade Union combination is more general and more highly organized, as in our own, the adoption of such a law would plunge us into a series of industrial conflicts which would soon convince us that no compulsory contribution scheme is worth the friction it would create.*

III.—VOLUNTARY STATE INSURANCE.

The more modest of the supporters of State insurance only ask that the scheme should be voluntary. This would, of course, simply mean that the existing State annuities, which have been such a dismal failure, should be widely advertised; so that the poor could stare hungrily at the list of rates in the post-office window. Were it even possible to secure at the outset any large accession of insurers, a gradual process of lapsing would ensue. In 1898 the Manchester Unity lost 23,528 members through failure to maintain contributions.† In the five years, 1881-1885, thirteen of the largest societies in the United Kingdom lost 2,431,000 members through "lapses." Some of these members probably renewed their connection; but Friendly Society officials confess that many more have never returned. The only way in which the continuance of payments could be largely ensured would be by the State having an enormous staff of collectors scattered throughout the country. If collectors with compulsory powers cost more than what they collect is worth, what could collectors without powers, collecting excuses and refusals, do for us?

In short, we are again thrown back by the old argument. The workers of this country cannot afford to contribute to any scheme of

* In 1897 over 400,000 persons in Germany drew pensions amounting to £2,750,531, about one half of which was for old age allowances. The cost of administration is about 10 per cent. of the total contributions, and is increasing. (Cf. C—8,649-17 of 1898, and C—9,414 of 1899.)

† P.G.M. Orford White, in referring to this subject in his address on May 25th, 1896, said: "That we should have lost in the last five years no less than 112,812 from our ranks from this cause alone sounds like a reproach upon our organization; yet, I believe, praiseworthy efforts are being made by secretaries and officers alike to stem the ebbing tide." (Page 5.)

insurance, much less to one in which the majority of them will not survive to participate. Mr. Charles Booth has proved to us that there are 260,000 families in London alone which have to live on a guinea a week, or less.* Sir Robert Giffen told the Labor Commission that there are one million and three-quarters of adult men in the United Kingdom earning a pound a week or less. The doctrine that what these people want is the moral tonic of a little extra self-denial, and that if they do not choose to exercise it they can end in the workhouse, has been shamed out of public life, and replaced by a demand for a higher standard of nourishment and culture among the people. Consequently, any proposal that seeks to diminish by ever so little the already scanty earnings of the working classes may be dismissed as fatal to any scheme of industrial and social reconstruction.

A less obvious, but very weighty practical objection to any scheme involving the collection of contributions, is the vehement opposition it would encounter from the leaders of the working classes in their official capacity as chiefs of the existing voluntary organizations. They well know that an increase of contribution in one direction would be provided for by a retrenchment in some other. As Mr. Broadhurst puts it: "The Friendly Societies and the Trade Unions, to which the working classes owe so much, naturally view with some apprehension the creation of a gigantic rival insurance society, backed by the whole power of the Government. The collection of contributions from millions of ill-paid households is already found to be a task of great difficulty, intensified by every depression of trade or other calamity. For the State to enter into competition for the available subscriptions of the wage-earners, must necessarily increase the difficulty of all Friendly Societies, Trade Unions, and Industrial Insurance Companies, whose members and customers within the United Kingdom probably number, in the aggregate, from eleven to twelve millions of persons."†

IV.—UNIVERSAL STATE PENSIONS THE TRUE REMEDY.

Every step in the foregoing examination points to one solution, and one alone, as the effective one. Universal State Pensions, to be claimed by every person as a right upon attaining a certain age, and provided out of the general taxation of the Kingdom, is the only remedy that will completely meet the case. We must recognize that a man who has served the community throughout his working life is as much entitled to maintenance from the community in his old age as his child is to education in his nonage.

The Government Scheme.

After years of discussion, during which a Royal Commission and a Treasury Committee have pronounced against State Pensions, a Select Committee of the House of Commons has discovered that

* *Life and Labor of the People*, Vol. I.

† See Minority Report of Mr. H. Broadhurst, M.P., in Report of the Royal Commission on the Aged Poor, etc., pp. xcix-c. (C—7,684, 1895.)

the principle of pensions is a sound and practicable one. Presided over by a Cabinet Minister who had previously denounced pensions in any shape or form, the Committee has formulated a scheme more progressive than any official declaration has hitherto been. The following heads constitute the main points of the project :

- (1) That a pension authority in each Union be established, to consist of a statutory committee, appointed by, but independent of, the Guardians, with representatives from other local governing bodies.
- (2) That the cost of the pensions be borne by the Union, but a contribution of one half the estimated cost be made on the basis of population from Imperial sources.
- (3) That the pensions be 5s. to 7s. a week, paid through the Post Office. The statutory committee may fix the amount, within these limits, in accordance with the varying cost of living in different places.
- (4) That they be granted for three years and be renewable.
- (5) That the persons eligible be British subjects, men or women, over sixty-five years of age, who for the previous twenty years have not been sentenced for serious crime, or received habitual poor relief (other than medical relief), provided that the applicant has not an income of more than 10s. a week, and has in the past shown reasonable providence, especially by joining a benefit society.

The recognition in this scheme of the principle of pensions as a legitimate claim is a satisfactory one, though there are numerous details open to criticism. The selection of Guardians as indirectly the administrative authority is objectionable for reasons given later. The proposed division of expense between the State and the Union is an unfair one, and would severely tax the resources of rural districts, on account of the undue proportion of aged residents in country villages. It may be further urged that provision for old age should be a national rather than a local obligation. The test of "reasonable providence" is unjust in theory, for the social function of providing for old age should be kept quite distinct from the social function of punishing or restraining dissolute idleness and drunkenness. It is doubtful, however, if in practice the test could be applied, except it be insisted that claimants should be members of benefit societies. To this reservation great opposition would be made.

The Committee's proposals represent, probably, the minimum concessions that the Government is prepared to support, and, by pressure and agitation, considerable alterations could be secured in the scheme.

A Practical Alternative.

The following heads of an alternative scheme are submitted as forming the basis of a practical measure :

- (1) That the County Councils be the statutory authority for the administration of the scheme.
- (2) That the County Councils be authorized to appoint a statutory committee, and such sub-committees as may appear necessary for dealing with the scheme.
- (3) That age be the sole test of an applicants' qualification.
- (4) That each applicant should forward a birth certificate, or other proof of age, accompanied by verification from two responsible householders to the offices instituted by the County Council.
- (5) That the pension be paid by the Councils through the medium of the Post Office.
- (6) That the age-qualification be sixty-five, and that the pension be one of 7s. per week for town residents, and 5s. per week for rural residents.
- (7) That the total amount of the pensions be paid by the Treasury, and the cost of administration be thrown on the county rate.

There is weight in much that has been urged in support of the choice of the Guardians as the pension authority, especially in the fact that they possess the necessary machinery and the useful local knowledge. But it is important that the present stigma attached to Poor Law relief should be removed by every possible means from the new Old Age Pensions. The stigma is a sentimental one, but it is so deeply rooted in the feelings of the working class that the only way of avoiding it appears to be the constitution of a distinct authority for the administration of the scheme.

Meanwhile, the Poor Law would of course remain; so that if any individual pensioner should prove incapable of using his pension otherwise than as a means of securing a day's drunkenness as a prelude to six days in the workhouse or prison, steps might be taken for its better administration by the Guardians. And as the pension is hardly likely to be liberal at the outset of the scheme, there need be no relaxation in the spreading of such Poor Law work on behalf of the aged poor as that described in Fabian Tract No. 54, on the Humanizing of the Poor Law, especially in the section on cottage homes. Those pensioners who were unable to shift for themselves could thus take refuge with the Guardians whilst feeling that they were contributing the amount of their pension to their own support.

Cost.

It is impossible to form any reliable estimate of the cost of a scheme of pensions. The possible number of claimants is an unknown one. But the question is not serious, for if the Government is prepared to consider a plan involving an annual expenditure of at least five or six millions, the extra cost necessary to make the scheme effective will not be overwhelming. In any case, the advantages of securing a certainty of food and clothing to our aged people are

worth an expenditure of considerably less than one-half of what we now pay for our army and navy. Our soldiers and sailors are entitled to receive at the end of a certain number of years a pension, determined by the length of their service. A nation whose annual income is £1,700,000,000* can afford to pension its fighters. Why does it think that it can afford *not* to pension its workers?

SENTIMENTAL OBJECTIONS.

It is sometimes said, even still, that old age pensions are grandmotherly and would sap the independence of the working class. How much independence is to be found in 400,000 men and women seeking relief from the Poor Law it is not easy to calculate; nor can there be much self-respect and conscious dignity in the man who appears weekly before the lodge of his Friendly Society or branch of his Trade Union to beg for a continuation of their distress grant. Independence will be fostered rather than diminished by the removal of economic disabilities that now cripple a workman during his active life, and make the thought of his last years one of harassing dread.

Neither can any doctrinaire objection prevail now-a-days to the State intervening where voluntary methods have failed. The State is but the instrument by which the collective will shapes the destinies of the nation. Democracy governs the State; and effective democracy in this country is marshalled in three great movements—the Co-operative Societies, the Trade Unions and the Friendly Societies. The pressure of disadvantageous economic conditions is visible to and felt by the members of these movements. Their entire life is fettered, haunted, and spoilt by it. It is they who have to suffer the horrors of indigent old age: it is they who have tried, by voluntary methods through their organizations, to remove them. But they have failed. Their failure has proved that the task is too great for individual effort to accomplish, and that through the State alone is it possible to effect a permanent solution of the problem.

* Tract 5, "Facts for Socialists," edition 1899.

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