

Old Age Pensions at Work.

SEPTEMBER, 1899.

FOR many years attempts have been made by politicians and social reformers in England to devise a practicable system of Old Age Pensions. Controversy has raged so destructively around every scheme proposed that there is some danger of the public coming to regard the subject with the indifference of despair.

The New Zealand Law.

But while England has been talking, New Zealand has been doing. In 1898 the Houses of Parliament in that colony passed an Old Age Pensions Bill; in 1899 it came into operation, and in May about 9,000 persons out of a population of 800,000 were in receipt of Old Age Pensions from the State at a cost of something under £150,000 a year.

In view of the position at which the question has arrived in this country, it may be useful to state briefly the conditions under which the Old Age Pensions Act in New Zealand is now beneficently working. They are as follows.

Everyone, man or woman, married or single, over sixty-five years of age, can claim a pension of £18 a year—that is, practically, a shilling a day—upon the following conditions:—

1. Character.—He, or she, must be a British subject, also not a lunatic, a drunkard, or an Asiatic (for the colonists simply abhor the Chinaman).

He must have lived in New Zealand continuously for twenty-five years, and must not have incurred penal servitude. Within the last twelve years he must not have been imprisoned for a serious offence, or convicted four times for minor ones, nor must he have deserted his family.

He must also produce the evidence of some respectable citizen that he has been living a decent and steady life for the past five years.

2. Poverty.—He must shew that he does not possess or earn an income of more than £34 a year, *i.e.*, about thirteen shillings a week, and does not possess money or property to the amount of more than £50. For every £1 of income above £34, and for every £15 of property above £50, a deduction of £1 is made from the maximum old age pension of £18; in other words, one shilling and eightpence is deducted from the monthly payment of thirty shillings, so that any man or woman who is in receipt of £52 a year, or who owns property worth £320, is ineligible for any pension at all.

The people of New Zealand seem thus to have pretty plainly indicated their opinion that it is the business of the State to see that every respectable aged citizen shall have at least seven shillings a

week for his subsistence, and that such a man should accept State help without any discredit attaching to him, so long as his income does not exceed the pound a week, which the New Zealanders appear to regard as the standard for a life of reasonable and modest comfort for each aged person.

3. Machinery.—Applicants for pensions appear before a magistrate, and when he is satisfied that they fulfil the necessary conditions, he gives them a certificate entitling them to the monthly payment of their pensions from the district registrar of each locality for one year, at the end of which time their certificates have to be brought up again for examination and renewal.

Moreover, the pensioner is liable to have his pension suspended, or its payment assigned to his wife, if he is guilty of intemperance or other misconduct, or if he tries to borrow money on it or to assign it to a creditor.

A long and interesting article in the *Manchester Herald* of May 6th, 1899, from the pen of the Hon. W. P. Reeves, concludes with the following sentences :

"The New Zealand law seems in one way to have touched the colony's heart. The assembling of bands of aged and unlucky people in the magistrate's court to ask for the very moderate help granted them by the Act, in the evening of life, has furnished a series of object lessons far more eloquent than any number of speeches and articles. There, in concrete form, has been exhibited the tragic union of old age and misfortune, one of the most pathetic sights which can appeal to a nation's conscience. And the appeal in New Zealand was none the less successful because nearly all the applicants were neither utterly debased nor sunk in the lowest stage of misery. Almost all were decent folk. Many were being supported in whole or part by children ; others by public charity ; a number were still earning a wage often small and precarious. Hardly any but were clean, fairly intelligent, and comfortably clad. Rags, filth, and drunkenness were nowhere remarkable : the would-be pensioners were not, as a class, repulsive.

"The Act will need strong administration and a public opinion which, while reasonably sympathetic, is yet sensible that imposture will have to be reckoned with and sternly kept down. Personally, I have not much fear that it will discourage thrift among the very poor. There are two ways of inducing people to be thrifty : you may encourage them with the hope of attaining to comfort, or you may frighten them with the alternative of utter destitution. I attach more value to the efficacy of hope. The New Zealand pension is more likely to induce the poorest to lay by a few pounds to supplement the State's allowance by, say, the purchase of a little annuity, or continue to earn some small wage for the same purpose, than it is to incite them to waste their last shilling because, forsooth, when they come to sixty-five, they are to be recipients of a shilling a day. Seven shillings a week does not mean luxury, even in a country where meat and bread are as cheap, and the sunshine gives as much warmth, as in pleasant New Zealand."

The Danish Law.

For the past seven years Denmark has had Old Age Pensions in operation. Every native-born subject, over sixty years of age, who is unable to provide the necessities of life or proper treatment in sickness for himself or his dependants is entitled to a pension, provided that he has not undergone sentence for a crime; that his poverty is not due to his own misconduct; and that for the past ten years he has had a fixed residence and has not received poor relief. The pensions granted vary in amount from 2s. to 3s. 7d. a week (average 2s. 4d.) for heads of families, and from 1s. 4d. to 3s. (average 1s. 7d.) for single persons. The smaller sums are paid in rural districts, the larger in market towns.

In 1896 (the last reported year) 36,246 persons received pensions for themselves and for 14,223 dependants; a total of 50,469 persons were therefore thus benefitted. The cost was £216,317, of which half was paid by the State and half by the communes. Poor relief in 1896 was less by £81,005 than in 1890; which indicates a general preference for this form of relief.

But, as the House of Commons Committee reports, there is little difference between this system and our outdoor relief, except that Danish pensions can be claimed as a right and involve no civil disqualification.

The German Compulsory Insurance Law.

German workmen have been compelled to insure against old age since 1891, and, in 1895 (the latest date reported) over 11½ millions were insured. When the law is fully working, thirty years' subscription (of only forty-seven weeks each) will entitle to a pension. Provisional regulations allow old men to claim earlier, in view of the recent date of the Act. The pension can be claimed at seventy, and the amount varies according to the scale, which divides the contributors into classes, and fixes contributions on the basis of earnings. The average pension paid in 1897 was £6 17s. 11d., or 2s. 8d. a week. The funds are raised in part by a grant of 50s. per pension from the Imperial Government: the rest is contributed equally by employers and workmen. The average charge is 2½d. a week, paid by the employer, who may deduct one-half from the workman's wages. This payment also entitles the insured workman to a temporary or permanent "invalidity" pension in case of ill-health, which is slightly higher than the old age pension, and may begin at any age. A sum of £2,750,531, of which the State provided £1,079,823, was paid to workmen in 1897, almost equally divided between Old Age and Invalidity Pensions, whilst no less than £5,233,325 was contributed by employers and employed in the same year, and the funds in hand amounted to £26,948,220. The plan is complicated, and this account is merely an outline.

No other countries appear to have a general Old Age Pensions Law.

The Government Plan.

In July, 1899, a Committee appointed by the Government reported in favor of a Bill on the following lines:—

- (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.

This most important report, issued by a committee proposed by the Government, and presided over by Mr. Chaplin, a member of the Cabinet, can hardly fail to lead to legislation on the lines proposed.

The New Zealand facts are given on the authority of the Hon. W. P. Reeves. The others are quoted from "Provision for Old Age by Government Action in European Countries" (C—9,419, July 1899; 3d.); and "Report of Select Committee on Aged and Deserving Poor" (H.C.—299, 27th July, 1899; 5d.). For list of books on the subject, and a fuller discussion, see Fabian Tract 73, "The Case for State Pensions in Old Age," by George Turner (2nd edition, revised, 1899; 1d., or post free 1½d.).

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