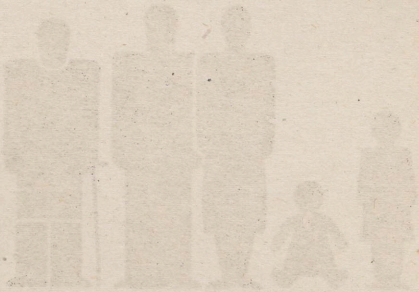
SOCIAL SECURITY



The Story
of British Social Progress
and the Beveridge Plan

by Sir Ronald Davison
visualized by ISOTYPE



SOCIAL SECURITY

The Story of British Social Progress
and the Beveridge Plan

By
SIR RONALD DAVISON
(Author of "The Unemployed: Old Policies and New," etc.)

Visualized by ISOTYPE



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PREFACE

The main purpose of this book is to show in diagrams Britain's progress towards Social Security. Our poverty problem, and the measures for combating it, past and present and future, have been illustrated by the graphic visual means of coloured charts. In this way many vitally important facts can be presented in vivid, gay, and easy shape to the ordinary reader—facts and figures which would normally be buried in statistical tables which he has no time to unravel.

Latterly the minds of all of us have turned more than ever to the future ; as a nation we are bent on social reconstruction after this war is won. That is also the intention of this book ; it might have been entitled *What Is and What Might Be.*

Although this is not primarily a treatise on Sir William Beveridge's Report, the proposals in his Plan have been naturally taken as the best guide to the future. True, that Plan has so far only been given a general blessing by the Government ; indeed, they dissent on some important features. When their official scheme is worked out in full and passed into law, then it must clearly be accorded first place. But that has not happened yet, and meanwhile the Beveridge Report contains the only coherent plan for building social security in Britain ; therefore its main provisions for the reform of our social insurances and allied services have been described and illustrated in the later pages of this book.

CONTENTS

		PAGE
	PREFACE	7
Chapter I.	BRITAIN'S SOCIAL PROGRESS REVIEWED	9
Chapter II.	THE PRIMARY NEEDS AND RISKS	20
Chapter III.	SOCIAL SECURITY IN ACTION	28
Chapter IV.	THE STORY OF ADAM BLACK AND EVE BROWN	37
Chapter V.	ADMINISTRATION AND FINANCE	50
	POSTSCRIPT	59

LIST OF CHARTS

	PAGE
POVERTY SHORTENS LIFE OVERCROWDING AND INFANT MORTALITY	10–11
UNEMPLOYMENT	15
POVERTY AND ITS SOURCES	18–19
THE CHANCES OF SURVIVAL IMPROVED	22–23
REQUIREMENTS	26–27
THE PROBLEM OF RENT	29
SOCIAL SERVICES DEVELOPED	32–33
THE SIX CLASSES AND THE AGE GROUPS	38–39
HOW THE AGE GROUPS SHIFT	43
ADMINISTRATION COMPARED	48–49
FINANCE	52–53
THE BURDEN ON THE EMPLOYER	56
THE BURDEN ON THE EXCHEQUER	57

THE STORY OF BRITISH SOCIAL PROGRESS AND THE BEVERIDGE PLAN

CHAPTER I

BRITAIN'S SOCIAL PROGRESS REVIEWED

(1) Background to the Present Scene

At the start of the present century Britain was coming to realize that poverty and want in an industrial community were not just part of the natural order of things, but could be prevented by social action. In forty years this realization has led to a profound improvement in our standards of living. A steady stream of social legislation since 1906 has gone far to transform the lives of the great

ERRATA

Page 13, *line* 1: *for* Chart 6 *read* Chart 7.
Page 13, *line* 22: *omit reference to chart*

CHART REFERENCES

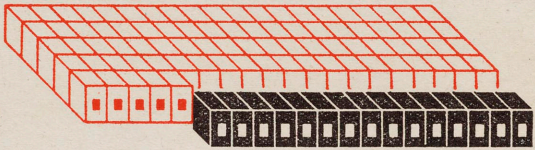
The charts referred to in the text are to be found at the following pages:

Chart 1 ... pp. 10, 11
Chart 2 ... p. 15
Chart 3 ... pp. 18, 19
Chart 5 ... pp. 26, 27
Chart 6 ... p. 29
Chart 7 ... pp. 32, 33
Chart 9 ... pp. 38, 39
Chart 12 ... pp. 48, 49
Chart 13 ... p. 52
Chart 14 ... p. 53
Chart 15 ... p. 56
Chart 16 ... p. 57

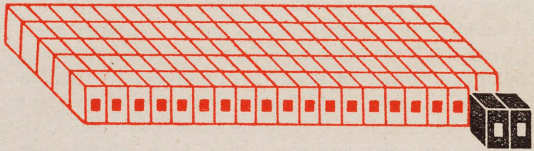
Poverty Shortens Life

Overcrowding

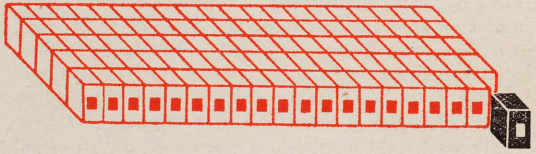
Stepney



Hampstead



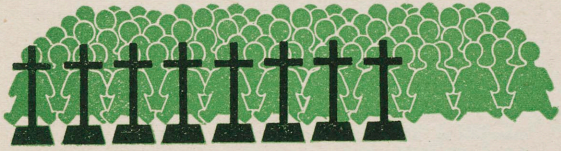
Isle of Wight



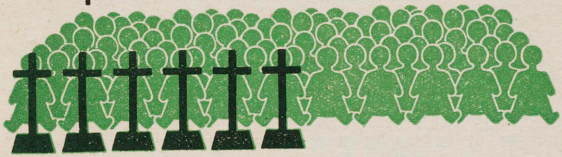
Each unit represents 1% of tenements black : overcrowded

Infant Mortality

Stepney



Hampstead



Isle of Wight



Each cross represents 1 infant death per 100 births

ISOTYPE

experience, particularly our experience of contributory insurance, and from the past draws a pattern of the future, thereby serving as a model for the post-war expansion of our existing social services.

(2) The Instruments of Progress

It is, of course, through our modern social services established since 1900, that we have done most to diminish poverty, disease, and ignorance—three of the giants in the path of social progress. But we could not have achieved so much without the accompanying increase in the national income and in real wages during the years 1900-39. Higher average earnings have been rendered possible (*a*) by the growth of national resources, (*b*) by the acceptance of collective bargaining between employers and workers, (*c*) by minimum wage legislation, Trade Board Acts, etc.

All this has led to an upgrading of the lower incomes, a mitigation of the inequalities of wealth among our citizens, and a better spread of purchasing power. A simultaneous decline in the average size of the dependent families of workers has also had something to do with it, but this is not a matter for congratulation. The economic function of the social services has been to redistribute a further portion of our national wealth—about 10 per cent. of it—in the form, not of wages, but of social services in money or in kind. It is this process which we must carry farther in the post-war world. Meanwhile the results already achieved are impressive ; our provision for sickness and disability has been a weak spot, but in all other respects the British measures for security are already more comprehensive and more adequate in cash payments than those of any other country in the world, except New Zealand.

(3) Social Services Developed (Chart 6)

The typical social services of this century have been those which furnished income-maintenance to wage-earners as a right whenever earnings were interrupted or had ceased during the main emergencies of their working lives and their old age. In 1939 old age pensions[1] (£94 million), unemployment pay (£90 million), and sick pay (£18 million) were the main items of expenditure, accounting altogether for a total social budget of £236 million. These main new services were all based on the contributory insurance plan. Workmen's Compensation (£6¾ million) and Public Assistance (Poor Law) (£24 million) filled up the gaps. Comparing 1939 with the year 1900, when the Poor Law was the only social service, we find that little more than £3 million per annum was spent on out-relief or income-maintenance at the opening of this century. This budget does not include social services in kind, such as institutional relief, education (which before this war was costing well over £100 million) or housing (over £20 million a year). Between 1920 and 1939 we built some four and a half million new houses of the working-class type (see Chart 5).

Moreover, it is a notable fact that, in spite of the war, we have since 1939 expanded some of the social services listed above. In particular we have lowered the pension age for women from 65 to 60, thereby bringing in for pensions some 400,000 extra women who are either the wives of pensioners or are themselves insured ; and we have added a scheme of Supplementary Pensions by which the old persons can get State help up to a maximum which almost doubles their weekly pensions of

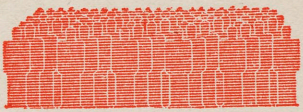
[1] This figure of £94 million includes both non-contributory and contributory old age pensions, and widows' and orphans' pensions.

10*s.* each, subject to a proof of need which is not very exacting. Unfortunately, however, there are still many gaps in our social security system which are unfilled or only inadequately filled. These are sharply revealed in the emergencies of sickness and old age, and also in the hard-pressed years when a man and wife are struggling to rear a young family. It is wrong that children should be a cause of poverty.

(4) The Gaps in our Social Security (see Charts 1, 2, and 3)

(*a*) *National Health Insurance.* Take the case of sickness first. When National Health Insurance started in July 1912 a sick man only got 10*s.* per week, and a sick woman 7*s.* 6*d.*, from insurance. Even to-day (1943) a man can only draw 18*s.* per week and a single woman 15*s.* per week; after 26 weeks of sickness the rate falls. There are no dependants' allowances, and the sick man with a wife and young children obviously cannot live on 18*s.* per week. Failing family resources or the charity of friends, he has no option but to go "on the rates"—*i.e.*, apply for Poor Law relief, now called Public Assistance. This means real poverty. True, there has been a striking amelioration in Poor Law methods since the famous Royal Commission Report of 1909. "Social welfare" rather than "deterrence" is the rule and practice of many local authorities, especially in London, but the whole system, with its means test, etc., still retains a stigma. In 1942 as many as 107,000 cases representing about 250,000 people were on out-door relief through the sickness of the breadwinner. Some of these breadwinners were not insured at all, and it is, of course, only the Public Assistance Authorities who are responsible for meeting all the proved needs, in sickness or otherwise, of

Unemployment



1899



1908



1916



1921



1927



1932



1942



Each symbol represents 1 % unemployed
among members of British Trade Unions or insured workers

ISOTYPE

any of the five or six million people of working age who have been left outside the range of our British Social Insurance schemes.

There is no reason why National Health Insurance should not be expanded and should not provide for a man's wife and children in the same way as Unemployment Insurance does to-day. The unemployed man with a wife and two children draws 38*s.* per week as a right. Clearly the remedy is (1) to pay the same rates of benefit in both kinds of emergency, where home income is interrupted, (2) to see that the rates are sufficient for reasonable subsistence, and (3) to widen the range of insurance.

(*b*) *Families in Want.* Where the family earnings are low the possession of children has always been a cause of poverty ; and the larger the family the more destitute it becomes. Nor is this confined to emergencies such as the unemployment of the wage-earner. Many a man on full wages with four children or more is desperately poor until his older children reach working age. His high rent alone may ensure this, if he tries to provide a healthy and not overcrowded home. Expert social surveys have demonstrated that, in the towns of Britain, nearly one quarter of all the disclosed poverty has been due to failure to relate incomes during earning to the needs of the family groups. How much hardship due to this cause has remained hidden no one can estimate. It is hidden

---

Note.—In this and other chapters the words 'subsistence rates' or 'minimum of subsistence' have been used. What do they mean? No final answer to cover the future can be given in terms of money, but in Chart 5 are shown the estimated requirements of different households, covering the cost of food, rent, and other needs at 1938 prices.

The regional variations of house rent—a very intractable difficulty—are shown in Chart 6.

partly out of pride, and partly because the present remedy is to go " on the rates." Not only do many living children suffer, but, by the same token, many more are never born. In future we must solve this social problem better, if only as part of a vitally needed population policy. Cash allowances with some allowances in kind (*e.g.*, free milk and school dinners) for children up to the school-leaving age will be a proof of our resolve to care for the nation's youth, and, if possible, restore their numbers. Such allowances cannot well be made part of our contributory social insurance system ; they must be direct State grants to the parents—to all parents irrespective of their incomes. Not that the future allowances will represent 100 per cent. of a child's maintenance ! Every parent will still have to bear at least half of the full burden of maintaining his children, but in future the community will step in to share the cost.

(*c*) Other less conspicuous gaps appear in our present social security system, but there is no space here to discuss them all. What is clear is that we can go far to abolish the remaining sub-standard living in Britain if we can effect a further moderate redistribution of income through an expanded social insurance system and children's allowances. Such poverty as still remains will be due to faults of character and non-compliance with reasonable rules. If we, as a nation, can accept this quite practicable ideal, and if our Government legislates broadly on the lines prescribed, we shall start the post-war era by setting a worthy goal for our nation and a fine example to the world.

Poverty and Its Sources

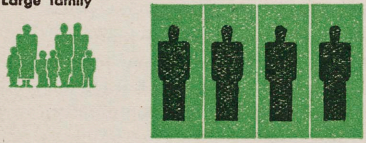
Among 100 workers the causes of poverty were:

1899

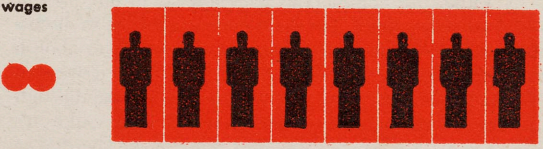
Old age, illness



Large family



Low wages



Unemployment



Others



Each symbol represents 1% of all workers
The symbols on a background are the workers living in poverty
The causes of poverty are indicated by additional symbols and words



1936

Old age, illness





Large family





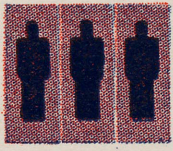
Low wages





Unemployment





Others



ISOTYPE

CHAPTER II

THE PRIMARY NEEDS AND RISKS

The primary needs which must be met in any adequate system of social security are fairly easy to define. In our modern industrial community they arise out of the following contingencies.

(*a*) *Unemployment.* This is a term which in itself needs definition before you can relieve it with cash benefits drawn as a right without any test of need. An insured man should prove that he is seeking a job of a kind which normally exists in his community, and that he is capable of performing it, but unable to find any vacancy. As a general principle he should be ready to go wherever a job can be found, provided his expenses are met. There must be a right of appeal in hard cases. It should be noted here that non-workers and people working on their own account, such as employers, shopkeepers, or professional people, cannot reasonably be insured against ordinary unemployment. They are under no contract of service.

(*b*) *Sickness and Disability.* This means the inability of a worker through illness or accident to carry on any gainful occupation. The first need is a comprehensive medical service for the prevention and cure of illness, followed, where required, by post-medical rehabilitation. But all citizens, whether employed for wages or not, should have access to medical treatment—from general practitioners, specialists, and hospitals. Social insurance, as we in Britain understand it, can hardly be made to cover such a health service for all. The present medical benefit from panel doctors should therefore be taken out of our National Health Insurance scheme and merged in some wider national health service which must be constructed

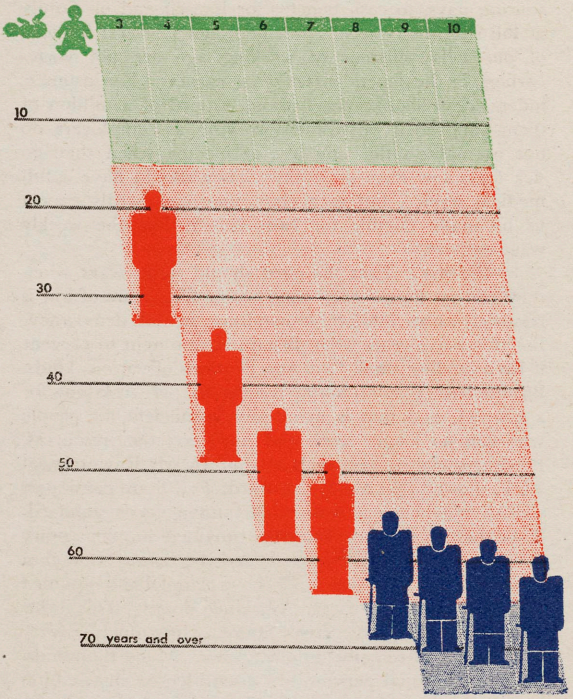
in future. Income-maintenance or sick pay is an easier problem.

Any wage- or salary-earner who is certified sick by a doctor and unable to work should be entitled, after three waiting days, to cash benefits for himself and his family at full subsistence level. But here again several millions of our fellow-citizens of working age are not wage-earners, or the dependents of wage-earners. For instance, independent shopkeepers—about a third of a million of them—and men or women working as employers do not normally suffer any loss of income when they go sick for a few days or weeks. They should have a full medical service, but as a class, they can hardly expect to be made eligible for cash benefit like the weekly wage-earners.

(*c*) *Old Age.* That the aged should suffer want when they can no longer earn wages after fifty years of toil is regarded as an intolerable condition in our democracy. For thirty-five years we in Britain have sought to prevent it by providing small Old Age Pensions of various kinds. But the basic pension to-day is only 10*s.* per week (20*s.* for a couple), and that is manifestly insufficient for people who can no longer work and have no other resources. Pre-war social surveys such as that by Mr Rowntree, at York, showed that about one-third of all State pensioners were living below a reasonable human needs standard. Since then, in 1940, the State has provided Supplementary Pensions on a mild means test, and the figures show that over one-third of all pensioners have claimed and obtained such supplements from the Assistance Board. This seems to cancel out Mr Rowntree's figure. How much poverty in old age still remains no one knows. Many thousands, not being insured persons, are disentitled to any pension at all, yet they do not apply for Public Assistance. A married couple of pension ages can to-day, in certain

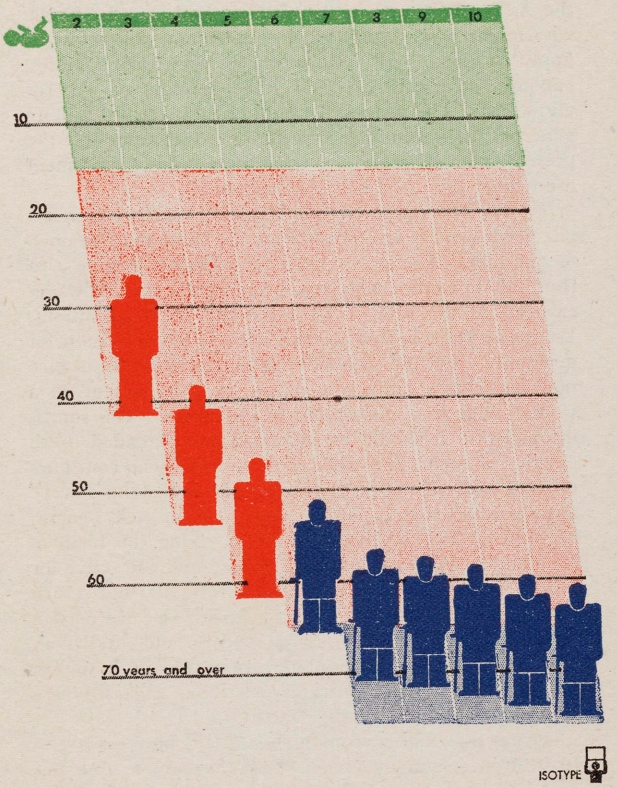
The Chances of Survival Improved

How long will 10 children live born about 1910



The position of the symbols indicates the end of the life line.

How long will 10 children live born about 1938



ISOTYPE

circumstances, secure a State income up to about 40*s*. a week if they really need it.

They are, however, up against the means test, which, even in the mild form in which it is now administered by the Assistance Board, is still disliked and feared. Some, who might now qualify for a supplement, still refuse to apply. Others, with savings or help from their families, can and do subsist on their basic pensions of 10*s*. (or 20*s*. joint). The general demand is, however, for a more generous basic insurance pension—even up to double the present rate. This and the related question of retirement are further discussed below (Chapter V).

(*d*) *The Marriage Needs of a Woman.* Whether or not a girl needs a marriage dowry from the State may be open to question. The Beveridge Plan proposes to give £10 (but only to women who have been regular insured wage-earners) at the rate of £1 for every 40 contributions. What is certain is that women need better provision for maternity. On the cash side National Health Insurance now furnishes a lump sum of 40*s*. on confinement, to a woman with 42 contributions to her credit. This sum is insufficient ; it should be increased and extended to all married women. But what of the woman who continues to work and earn after marriage ? Does not she deserve a maternity cash benefit, comparable to sick benefit, payable for two or three months covering the birth of her child ? We want to make it easy and attractive for her to give up employment in good time and not return too soon to the factory. On the health side we need a wide extension of the best maternity and midwifery services, including more maternity wards in hospitals. Children are a more precious asset than ever in these days in face of our dwindling birth-rate.

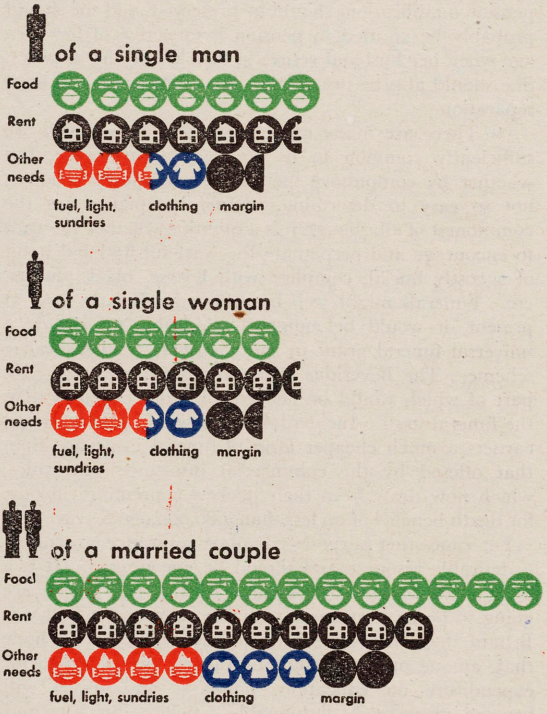
During marriage a woman should still be regarded as an insured person by virtue of her husband's contribu-

tions. Even though she does not work for wages, her pension qualifications should be preserved, and she should probably be entitled to pension irrespective of her own age when her husband retires in his old age (65 or over). She should also be insured against widowhood and legal separation.

(*e*) There are many other needs and risks which are sufficiently common to be covered by insurance, but whether by compulsory methods or voluntary action is not so easy to determine. Funeral expenses are the commonest of all, though it is a question whether we want to encourage and perpetuate the wasteful national habit of a costly burial, complete with hearse, black plumes, etc. Funerals might well be rationed. In any case, at present, it would be eminently desirable to include a universal funeral grant in the enlarged social insurance scheme. The Beveridge Plan proposes a grant of £20, part of which would be needed for other expenses than the funeral itself. Incidentally, this would give to wage-earners a much cheaper form of funeral insurance than that offered by the commercial insurance companies, which now draw from their pockets a premium income for death benefits of no less than £80,000,000 a year.

For some other purposes voluntary insurance is certainly a desirable resource and should be encouraged. It is a form of thrift, and the saving habits of our people are going to be an even more valuable asset in the post-war Britain than they have been in the past. Let us hope that, among other popular insurances, the provision for expenditure on education, holidays, and travel will become increasingly fashionable. Before this war and the now widespread concession of holidays with pay, not more than one-third of our people were ever able to enjoy as much as an annual week's holiday away from home.

Requirements



Each circle represents 1 shilling per week at 1938 prices

Requirements

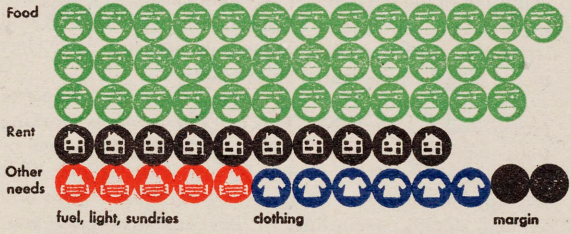


of a family of four



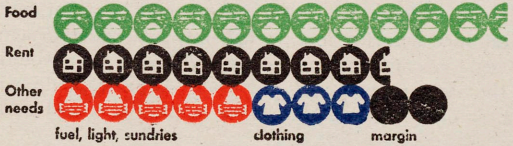


of a family of six





of a retired couple



SOCIAL SECURITY IN ACTION

(1) The Six Social Security Classes

The moral to be drawn from the foregoing analysis is that we must expand and improve the income-maintenance services, particularly National Health Insurance. We must aim at bringing the whole community into the social security scheme, and must try to provide for each group and for each contingency a scale of benefits or grants adequate to their needs. The Beveridge Plan provides the model and the general lay-out.

First of all, here is a definition of the groups into which the people are divided according to their status or condition of life. There are six main classes (see Chart 9) to be catered for in any comprehensive scheme of social security and insurance (the symbols used for each class in the chart are indicated in brackets).

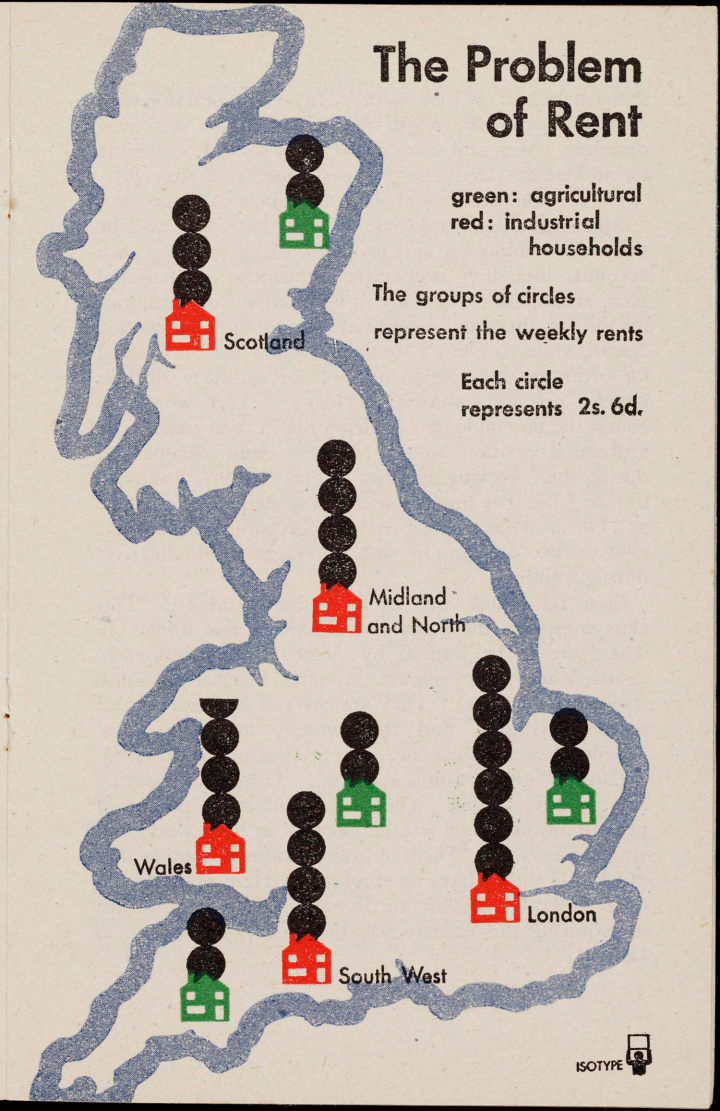
(*a*) **Persons of Working Age.** *Class I: Employed persons* (full red symbols). This means everybody working under a contract of service, normally described as wage- or salary-earners. There should be no upper income limit for insurance in future and no fixed age limit. Men and women should, according to Beveridge, become pensioners only upon retirement from earning. In insurance all should contribute compulsorily, irrespective of their varying personal risk. Married men's insurance should cover their wives: husband and wife should be treated as a team. Under Beveridge there would be a flat rate of insurance contributions varied only according to age and sex. A company manager on £5000 a year would pay the same rate (4*s.* 3*d.* per week) as an agricultural labourer on £3 per week. Their employers would add

The Problem of Rent

green: agricultural
red: industrial
households

The groups of circles represent the weekly rents

Each circle represents 2s. 6d.



ISOTYPE

their share (3*s*. 3*d*. per week). In actual practice such complete symmetry might not be attainable nor even desirable. Men and women in Class I should be eligible for all benefits (see list of proposed benefits on page 36).

Class II (full black symbols). Beveridge calls this class "others gainfully employed." In practice they will be the active employers and people working on their own account, including shopkeepers, farmers, professional men, artists, etc. These are to be brought into insurance for the first time, and would have to pay the same weekly contributions as Class I, but they would not be covered for ordinary unemployment, nor for ordinary sickness benefit, nor for industrial accident. There would, of course, be no employer's contribution in their case. The retirement pension would be their main benefit. If during their working age they fall on evil days and need to take a job they might sometimes be helped by a course at a Government training centre to prepare them for their new work. A grant in cash or wages would be paid during training.

Class III (black and white woman symbols). This class comprises the housewives, married and under 60. These are to be insured by virtue of their husbands' contributions ; they should pay none themselves, unless they work for wages. They are covered for pensions and maternity grants, and they qualify for dependants' benefit whenever their husbands are sick or unemployed.

Class IV (red outline symbols). Others of working age, but not earning. They are, in the main, persons of private means, single women engaged in housework, and students over 16. Their insurance status resembles that of Class II ; they have no employers. Here again it is an open question whether the Beveridge Plan is quite just in requiring this class to pay the same contributions as Class I.

(*b*) **Persons outside Working Age.** *Class V* (green symbols). Those below working age mainly to be covered by children's allowances.

Class VI (blue symbols). Those retired above working age and covered by pensions. These pay no contributions.

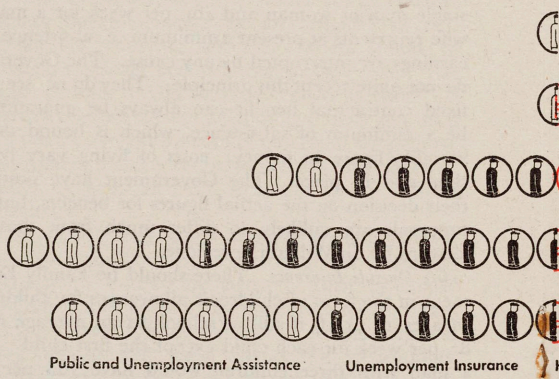
(2) The New Benefits and the Government's Proposed Modifications where known

Now as to the improved benefits which are offered to these classes under the Beveridge Plan. The governing principle of the adult scale is that 24*s*. per week for a single man or woman and 40*s*. per week for a man and wife represents at present a minimum of subsistence when earnings are interrupted by any cause. The Government do not quite accept this principle. They do not see how a fixed contractual benefit can always be guaranteed to be a minimum of subsistence, which is bound to be a variable figure in money: costs of living vary both in time and in place. The Government have postponed their decision on the actual figures for benefits, but their proposals are unlikely to differ much from those put forward by Sir William Beveridge.

(*a*) *Outside Insurance.* There should be Family Endowment in the form of children's allowances for children up to ages 15 or 16 if still at school, at an average rate of 8*s*. per week for each child except the first child. Thus, a man with three children would have 16*s*. per week added to his normal wage income. During unemployment or sickness of the breadwinner allowances would be paid for his wife and all three children, making his cash benefits up to 64*s*. per week, i.e., 40*s*. for self and wife, and 24*s*. for the three children. The Government have accepted this proposal in principle, but will probably reduce the cash allowances to 5*s*. (average) while giving rather more assistance in kind to all young children.

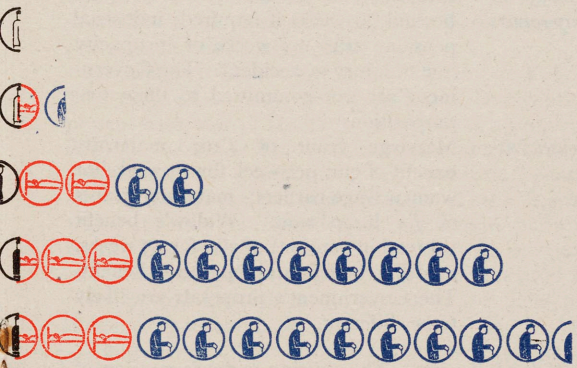
Social Services Developed

Cash Benefit Paid in Great Britain



Payments on this page are a measure of unemployment, as well as of the provision made for relieving it

Payments on the opposite page are a measure of growing social care



Health Insurance and Workmen's Compensation

Old Age Pensions, etc.

ISOTYPE

(*b*) *Inside Insurance.* New benefits of many kinds will be added :

For all citizens	Comprehensive medical and hospital treatment; a death benefit or funeral grant of £20; a retirement pension at minimum age 65 (men) and 60 (women). These vast items of the Plan have all been accepted, subject to further consideration of the actual rates of grant and pension.
For all wage- or salary-earners	Extension of unemployment benefits beyond 26 weeks if required; industrial pensions after 13 weeks of incapacity due to injury or accident. The Government are not committed to these two propositions.
For housewives	Marriage grant of £10; maternity benefit of 36*s.* per week for 13 weeks for women wage-earners; maternity grants of £4 lump sum. Widow's benefit (instead of pension) of 36*s.* for 13 weeks, guardian benefit and separation benefit. The Government's proposals are likely to be different.

(*c*) *Widows' Pensions.* The existing widow's pension of 10*s.* per week for life is to be cut out. After 13 weeks the able-bodied widow without young children should become a wage-earner, says Beveridge. Similarly, old age pensions will be converted into *retirement* pensions. This means that, in principle, no one should draw both pension and wages. Both these changes are designed to keep people working as long as they can, in order to keep up production, and to reduce the enormous pensions bill which confronts the nation. Both have been

criticized as being less generous than the present arrangements, and the Government are unlikely to cut off the widow's pension altogether, *e.g.*, for the lone widow between 50 and 60.

(*d*) *Medical Treatment.* Medical treatment for all is to be taken out of the insurance field. Presumably there will be an end to the present system of N.H.I. panel doctors, etc. A new national service for the prevention and cure of disease and for rehabilitation is one of the basic assumptions of the report. Probably it will be a public service. This vast transformation with all that it promises for our national health has been accepted in principle by the Government.

(*e*) *Retirement Pensions for the Old.* These are to be 24*s.* as a right for a single person in future, as against the present basic rate of 10*s.* plus the chance of a supplement from the Assistance Board. A married couple will get 40*s.* a week instead of £1. But these are " eventual " pensions, not payable at the full rate till 1965. This is a scheme which can only be fulfilled on a contributory basis in 20 years. The immediate proposal for mid-1944 is a pension of 14*s.* for a single person and 25*s.* joint. Thereafter basic pensions will increase at the rate of 1*s.* 6*d.* joint or 1*s.* single every second year.

The new classes not hitherto insured for State pensions will have to pay contributions for a qualifying period of 10 years. Those among them who are already aged over 55 can claim exemption from this part of their contribution.

The Government have definitely rejected this scheme. They are prepared, said Sir John Anderson, to fix a higher basic pension now and keep it there ; but they refuse to burden posterity with a commitment to a rising scale which would run into " many hundreds, if not thousands, of millions of pounds in future " (see also Chapter V).

(3) THE RATES OF BENEFIT AND OTHER PAYMENTS

Here are the "Beveridge" rates of benefit, allowance, and grant set out in tabular form. They are based approximately on current cost of living in 1942, but would have to be reconsidered if post-war prices were very different:

(*a*) *Unemployment and Disability (Sickness) Benefits*	
Single man or woman aged 21 or over	24*s*.
Married man with wife working	24*s*.
Married man with wife not working	40*s*.
Married woman with husband working	16*s*.
(Lower rates for boys and girls under 21)	
(*b*) *Retirement Pension (in 1965)* (Liable to partial reduction for any earnings)	
Man and woman (joint pension)	40*s*.
Single man or woman	24*s*.
Man with wife working or woman with husband below 65	24*s*.
(*c*) *Women only: Maternity Benefit (13 weeks)* (In addition to maternity grant of £4)	
Married woman wage-earner	36*s*.
Widow's benefit (13 weeks)	36*s*.
(*d*) *Dependant Allowances* (in addition to above)	
For each child in family	8*s*.
For each dependant above age 16	16*s*.
(*e*) *Industrial Pension*	
For total disability (after 13 weeks' sick pay)	Two-thirds of weekly wages, but not more than £3 plus children's allowances and not less than sick pay plus dependant allowance if any.

(*f*) *Marriage Dowry* (lump sum) . . . Grants up to £10 for woman wage-earner.

(*g*) *Funeral Grant* (lump sum)
Adult £20
Child under 3 years £6
(With graded sums for children 3 to 20 years)

CHAPTER IV

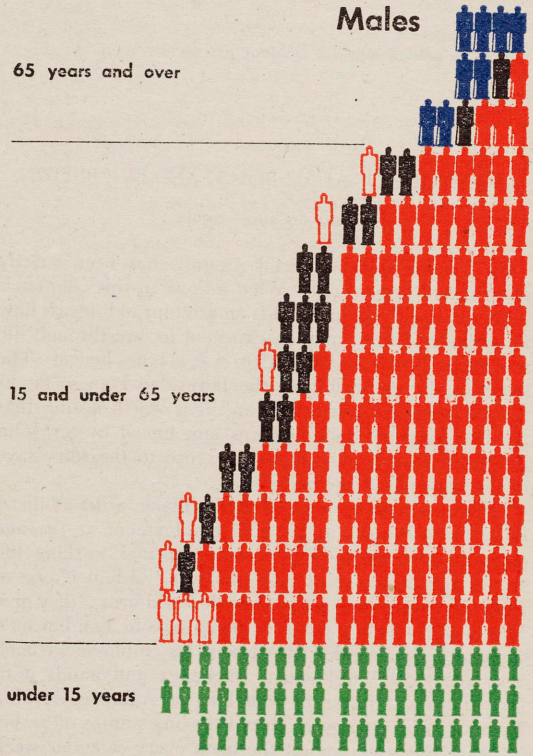
THE STORY OF ADAM BLACK AND EVE BROWN

(IN A.D. 1945—2000)

So far our story of social progress has been strictly general and impersonal. What follows in this chapter is individual and personal. It is an attempt to forecast how an ordinary citizen may be expected to fare through life under our British social services a few years hence. The story, in the main, follows the Beveridge Plan so far as cash benefits are concerned, and it is worth noting that the Government's modifications announced by Sir John Anderson would make little difference to the story save at the stage of old age pensions.

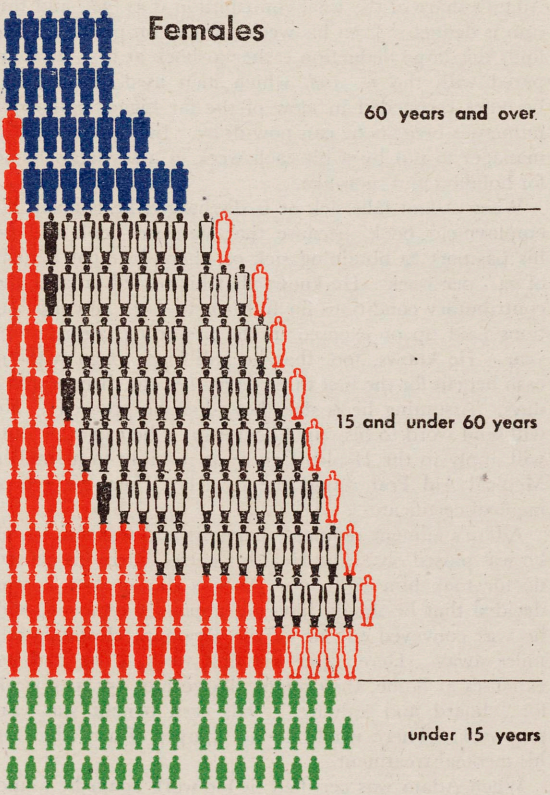
Imagine, then, the case of Adam Black, a demobilized sailor, who returns to his civil employment at the age of 25 and passes through a fairly normal working life to old age in the years after the war. Adam is one of those who are able to get back to their old firm ; they give him a rather heavy job as a boilerman in London at a wage of £4 per week. He obtains his employment book from the local Employment Exchange and hands it to his employer, who keeps it as long as Adam is working for him. The employer's duty is to buy stamps of 7*s.* 6*d.* in value and stick one on the book every calendar week in which services are rendered. *The stamp for one day's*

The Six Classes and the Age



Each symbol represents 100,000 population

Groups



Green, Children; Red, Employed; Black, Employers, etc.; Women with apron, housewives under 60; Red outlines, not earning; Blue, retired above working age

ISOTYPE

work is the same as for the whole week and covers the week. Adam's share of the total contribution is 4*s.* 3*d.*, and this sum is deducted from his weekly wages on pay day. He finds this large deduction rather a shock at first, as compared with the 1*s.* 10*d.* which men used to pay, but becomes reconciled in view of the far bigger and more numerous benefits he can now draw. In practice he still manages to put by a bit each week in a savings scheme for holidays and such-like.

When Adam falls sick or is discharged he is given his employment book, because that stamped book will be his passport to obtaining sick or unemployment benefit of 24*s.* per week. He knows that his record satisfies the contributory conditions for full benefit—*i.e.*, 48 contributions paid up or excused in the preceding contribution year. He knows, too, that he will have to go without cash benefit for the first three days—*i.e.*, the three waiting days. Assuming he is sick, how does he proceed? He will send word to his panel doctor or, if he can walk out, will apply to the Health Centre or possibly to a smaller Medical Aid Post round the corner. There he gets a medical certificate.

Adam's ailment required diagnosis and was serious, so he was passed on to the Health Centre, where his chosen doctor took him in hand. After a day or two it was decided that he should have his appendix removed, and he was conveyed to one of the Regional Hospitals ten miles away. Here, after the first week, if he had no expenses at home, they might charge him 15*s.* per week for "board and lodging." His cash benefit was 24*s.* per week. There would be no charges of any kind for his medical treatment.

When Adam was certified fit for work again he found that the boilerman's job was finished. He went to the Exchange and was told, "No vacancies for boilermen

to-day." So he signed on for unemployment benefit. As he had served his three waiting days when he first fell sick, he probably would not have to serve them again now. His 24*s.* benefit would run straight on, provided that he signed the unemployed register every other day at the Exchange and did not refuse an offer of any apparently suitable job. Supposing he did so refuse, then he would be disallowed by the Insurance Officer ; but if he thought he had a case on the ground that he was not capable of this particular heavy work or that the job was too far from his home or the wages not good enough, he might decide to appeal to the local tribunal set up for this very purpose—the Court of Referees. In due course he would be summoned to attend the Court and plead his case. He would come before three people—the chairman, who is usually a lawyer or an ex-civil servant nominated by the Minister of Labour, sitting with one representative of workers and one of employers. The chairman reads the case paper and asks Adam all about it. If the Court find against him they can confirm the disallowance up to a maximum penalty of six weeks. The same penalty would be imposed if he had left his job without justification or had been sacked for misconduct.

In Adam's case, however, the Court granted his appeal and allowed his benefit. They found that his doctor had strictly warned him only to take fairly light manual work ; it was doubtful, in view of his operation, whether he was any longer fit for an ordinary boilerman's job. Adam therefore continued to draw his 24*s.* per week, but he still could not get a job to suit him. In these post-war years the building trade was the obvious resource for men out of work. There was an abundance of new building, but pre-fabrication, concrete, plastics, and other new devices of the architects were transforming the industry, and there was nothing to suit Adam.

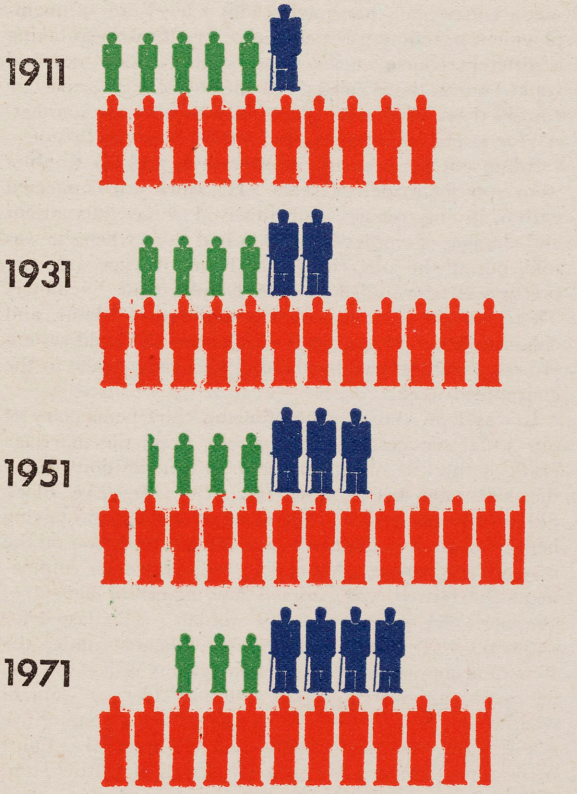
After a few more weeks the Insurance Officer called Adam up on one of his signing days and told him he would have to seek some other line of work or risk being disallowed benefit on the ground of not being really available for employment. Would he like a course of training for light engineering at a Government Training Centre? Probably he would have to be "directed" by the Ministry of Labour to some other town for the sixteen weeks of training and for suitable work afterwards. They could not let him continue drawing unemployment money and going to seed while waiting for a light job of a special kind which scarcely existed in the area. However, his travel and removal expenses were to be paid; also temporary lodgings found.

Adam hated changing his trade and did not relish moving his home; but what was the alternative? Benefit would stop. He had a bit of money saved, but not enough to live on. He was a young man. If he applied to the National Assistance office the means test would not be too severe, but it hurt his pride to think of himself sinking into the class of dilapidated human beings who had to seek relief. He accepted the training and went. Adam knew that thousands of ex-Service men were in a like case; they had to change their line of work to fit in with the changing incidence of labour demand. More fluidity in the labour market was the order of the day; it was the only way to keep up a high level of employment.

Adam Black marries Eve Brown

Adam went to a Government Training Centre in the Bristol area. His course was in light engineering, precision work which required a good deal of learning; but he was an intelligent man, fitted for something better than his old work. The Ministry of Labour paid him a

How the Age Groups Shift



Each complete symbol represents 2.5 million population

green: youth blue: old age
red: working age

ISOTYPE

trainee's wage with increments as he progressed ; that was a better plan than paying him a level rate of unemployment benefit at 24*s*. per week. Eve Brown was taking a different course at the same centre. They met and walked out in the evenings. At the end of their respective courses they asked to be placed in jobs near one another. A year later they married and settled down in Bristol.

Adam got fairly steady employment, and his troubles were over for a spell of years. His work was connected with shipping repairs and involved some fluctuations and changes of employer. Adam had to go where he was told, but all the jobs were in the Bristol district and were pretty well dovetailed by the Employment Exchange. There was, in general, rather a shortage of labour, and Adam suffered no long gaps of idleness. The old system of casual engagement by the day had given place to the guaranteed week.

It was Eve who now became the chief beneficiary of our social services. Of course, she drew the marriage grant at the rate of £1 for every 40 contributions which she had paid before marriage. But Mrs Eve Black did not give up her job. She went on earning and paying her insurance contributions until the first baby was on the way. She was wise. About six weeks before her confinement she retired and claimed her maternity benefit of 36*s*. per week as an employed woman. This lasted for 13 weeks. (It is the highest rate of benefit under the Plan, and she would not have got a penny of it if she had left work on marriage.) In addition, like all women, whether employed or not, she received her £4 maternity grant. She had her confinement in hospital. Once home again, Eve got free milk for herself and little Tom. All was arranged by the Health Centre.

The following spring Adam took them both away for a holiday. He was entitled to a statutory holiday of two

weeks on full wages, and he had been putting by a bit for the fares. But they could not afford the ordinary commercial seaside lodgings, so they tried one of the Holiday Hostels, run by the National Holiday Camps Corporation. This was a public body set up by the Government to convert, run, and maintain some of the ex-munition hostels as holiday centres for the people. It was a lovely place among the high hills in the north. There was a crèche for babies, including Tom. They repeated this jaunt in other years. Needless to say, this episode in their story had nothing to do with the Beveridge Plan.

In course of time two more children were born, Mary and Edith. No maternity benefit was payable at these births, because Eve was no longer a wage-earner, but she drew the £4 maternity grant. On both occasions the local Health Centre supplied paid Home Helps to look after little Tom and the home while Eve was away in hospital. No ordinary children's allowance had been payable for Tom, because he was the first child, but when Adam had one or two spells of sickness, each lasting a couple of weeks, he drew 40*s*. per week for himself and Eve and 8*s*. for Tom. His normal weekly earnings were £4 10*s*. at this time. He worked a 48-hour week with occasional overtime. With the second child, Mary, the regular allowance of 8*s*. per week began, and the arrival of Edith put it up to 16*s*. Thus the family's normal weekly income was now £5 6*s*. less insurance, dropping to £3 4*s*. if Adam fell sick. It was Eve Black, not her husband, who drew these children's allowances from the local Security Office.

The school-leaving age was now 15 in Bristol, but Tom was a good scholar and his parents kept him at his secondary school till 16. They were able to draw the

8*s.* allowance for him till his sixteenth birthday, but no longer. Mary and Edith left school at 15 and got small jobs, but they had to attend a Day Continuation School or Workers' College on three afternoons a week. No allowances were payable for them after 15.

At this time—we are in the 1960's—the higher school-leaving age and the compulsory part-time Colleges or Schools up to 18 were no longer novelties. Another new feature which had become conspicuous in our educational system was the Camp School for the use of school children whose homes and daily lives were "in city pent." These were schools built by the Government in attractive rural settings. They were filled by relays from urban schools all the year round. Every year between the ages of 12 and 16 Tom Black went out with his school class for a whole term to one of these Camp Schools. His parents always called it "Tom's holiday," and they declared that this three months' spell in the country, whether it came in winter or in high summer, did him more good, both mentally and physically, than all the rest of his schooling put together. These Camp Schools (thirty-two of which already exist; they were built in 1939) had by then become the "Public Boarding Schools of the People."

The years passed and the Black family grew up; the children left home and married. Adam was a steady man, but he was not strong and lost a good deal of time through sickness. Eve, a healthy woman and younger than Adam, decided to go out to work again. There was a shortage of female labour in Bristol at this time, and she easily got a good job. She could have been exempted from her share of the weekly insurance contribution (3*s.* 6*d.*) as the wife of a wage-earner and the holder of a Housewife's Policy, but she preferred to pay. She wanted

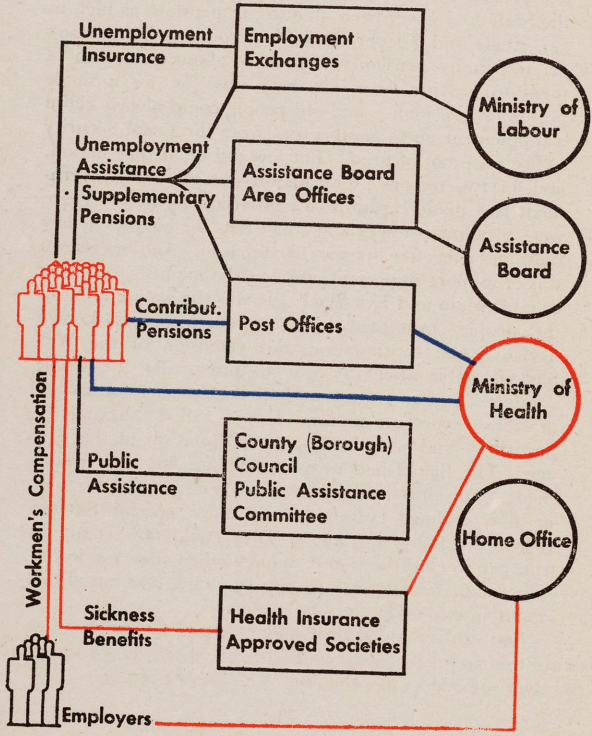
to qualify for her pension at 60 and to be covered for sickness and unemployment benefits in her own right.

Eve qualified for pension first. She did not have to wait for Adam to reach 65 a year later, because she had been a worker and contributor. What was the rate of her pension? Although we are now in the year 1985, the State had never been able to put pensions as high as 24*s*. single and £2 per week for a couple. There were far too many pensioners for that—about 9,000,000 of them to provide for. The rate was 16*s*. for a single person or 30*s*. joint; and old people could always claim a supplement up to another 12*s*. from the Local Security Office on proof of need. But few did so at that period, and for two reasons: one reason was that the Government had made certain extra provision in kind. There were pleasant cottages and small flats for couples at low rents and a few free luxuries like tobacco. Another reason was even more important and was the main factor in the case of Adam and Eve Black. It was the saving habit of the people, prompted and fostered by every known device. The continuation and extension of the War Savings habit after the war to practically the whole community of wage-earners had become a vital feature of British economic policy. It was called "Saving for Security," and was the Popular Capitalism of the new age. The Blacks had saved a tidy sum for their retirement. For thirty years they had been putting by four or five shillings every week in these special Savings Schemes run by the State. They could now count on 15*s*. per week of their own money when they needed it. That made their weekly money 45*s*. joint, and out of this about 5*s*. was taken for rent.

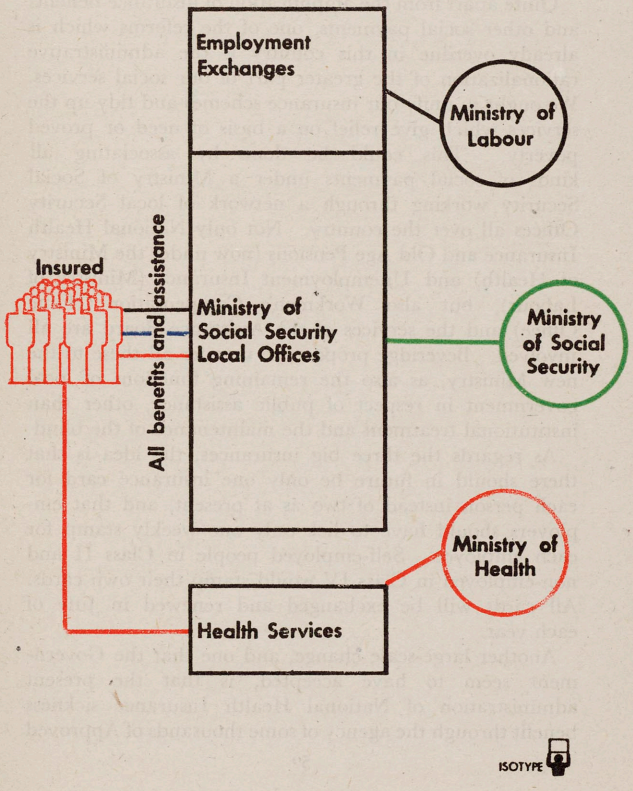
And so they ended their days. Adam died at the close of the twentieth century. His death benefit of £20 more than sufficed to pay the cost of his decent burial.

Administration Compared

Under present schemes



Under Beveridge Plan



ADMINISTRATION AND FINANCE

(*a*) *Insurance Unified* (see Chart 12).

Quite apart from the amplification of insurance benefits and other social payments, one of the reforms which is already overdue in this country is the administrative rationalization of the greater part of our social services. We ought to unify our insurance schemes and tidy up the services which give relief on a basis of need or proved poverty. This could be done by associating all kinds of social payments under a Ministry of Social Security working through a network of local Security Offices all over the country. Not only National Health Insurance and Old Age Pensions (now under the Ministry of Health) and Unemployment Insurance (Ministry of Labour), but also Workmen's Compensation (Home Office) and the services of the Assistance Board are all involved. Beveridge proposes to transfer all these to the new Ministry, as also the remaining functions of local government in respect of public assistance, other than institutional treatment and the maintenance of the blind.

As regards the three big insurances, the idea is that there should in future be only one insurance card for each person instead of two as at present, and that employers should have to lick only one weekly stamp for each employee. Self-employed people in Class II and non-employed in Class IV would stamp their own cards. All cards will be exchanged and renewed in July of each year.

Another large-scale change, and one that the Government seem to have accepted, is that the present administration of National Health Insurance sickness benefit through the agency of some thousands of Approved

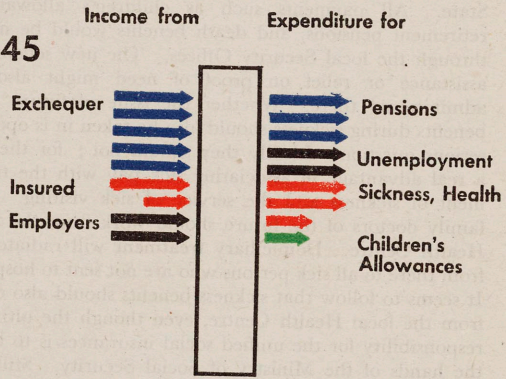
Societies (chiefly insurance companies) should be dropped in favour of direct administration by the new Ministry.

No one can doubt that this all-in unification under a Ministry of Social Security would be simpler, more efficient, and, in the long run, more economical to the State. All payments such as children's allowances, retirement pensions, and death benefits would be made through the local Security Offices. The new scheme of assistance or relief on proof of need might also be administered there. Whether the issue of future cash benefits during sickness should also be taken in is open to serious question. Ideally they should not ; for there is a real advantage in associating sick pay with the treatment of sickness and the service of sick visiting. The family doctors of the future should work from the local Health Centre. Domiciliary treatment will radiate out from there to all sick persons who are not sent to hospital. It seems to follow that sickness benefits should also come from the local Health Centre, even though the ultimate responsibility for the unified social insurances is to be in the hands of the Ministry of Social Security. Still less should the payment of unemployment benefit be separated from the agency which tests a man's unemployment claim and tries to find him a suitable job. That agency is the local Employment Exchange, and our whole national network of Employment Exchanges must certainly remain under the Ministry of Labour. Here again the function of making the actual benefit payment must be delegated by the Ministry of Social Security.

(*b*) *The Costs of Social Security* (see Charts 13 to 16).

To make financial estimates of the costs of our improved social services after the war is a precarious and speculative business. In the appendix to the Beveridge Report the Government Actuary had to take the plunge, but, in the opinion of the writer of this book, his task was well-nigh

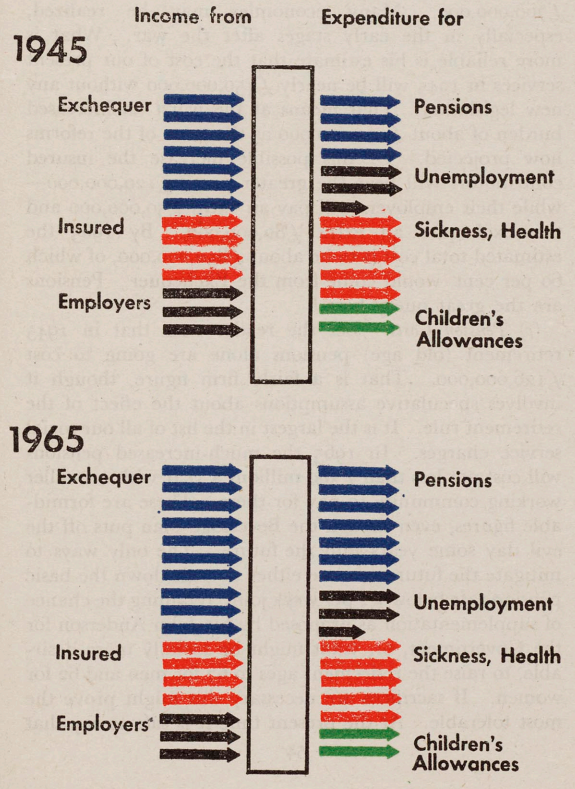
Finance
Under present schemes



Each arrow of full length represents 50 million pounds

The difference between income and expenditure—half an arrow—covers the cost of administration

Under Beveridge Plan



impossible ; he had to make so many theoretical assumptions. On the whole, he seems to have made rather pessimistic ones. With reasonable conditions in this country, the cost of the whole Beveridge Plan in 1945 might well be below the Actuary's gross figure of £700,000,000. Many economies may be realized, especially in the early stages after the war. What is more reliable is his estimate that the cost of our present services in 1945 will be nearly £450,000,000 without any new legislation. That means at the worst an increased burden of about £250,000,000 as the price of the reforms now projected. Of this possible increase the insured contributors will bear the greater part—£120,000,000—while their employers will pay an extra £50,000,000 and the Exchequer an extra £80,000,000. By 1965 the estimated total cost is to be about £850,000,000, of which 60 per cent. would come from the Exchequer. Pensions are the great query here !

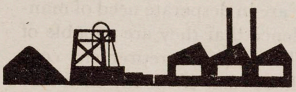
(*c*) *Pension Costs.* Let the reader note that in 1945 retirement (old age) pensions alone are going to cost £126,000,000. That is a fairly firm figure, though it involves speculative assumptions about the effect of the retirement rule. It is the largest in the list of all our social service charges. In 1965 the much-increased pensions will cost not less than £300 millions a year with a smaller working community to pay for them. These are formidable figures, even though the Beveridge Plan puts off the evil day some years into the future. The only ways to mitigate the future cost are either to scale down the basic pension rate below £2 per week joint, retaining the chance of supplementation as proposed by Sir John Anderson for the Government, or, what might be socially more desirable, to raise the retirement ages to 67 for men and 62 for women. If sacrifices are necessary this might prove the most tolerable. At the present time it is safe to say that

75—85 per cent. of male pensioners at ages 65 to 68 are working and earning good wages in addition to their pensions. That, of course, is largely due to the urgent call for their labour when we are in desperate need of manpower, but at least it is evidence that they are capable of useful work. As regards the proposed retirement condition, there is a real likelihood that if we say in future "no pension without retirement," we shall thereby put a premium on prompter retirement. It might well be wiser to leave the rule of unconditional pensions as it is now, but to raise the ages slightly. In a time of good employment that might be politically possible; if achieved it would make a large cut in the costs to the nation. Let us remember that the vital needs of the young and virile section of any country, their health and nutrition, should always have clear priority over the claims of the old. This applies particularly to Great Britain, which will inevitably have a rapidly ageing population after this war.

(*d*) *Can We Afford It?* This is a vague question as applied to our social services as a whole, and it deserves only a vague answer. In fact these services, started since 1906, have amply justified themselves on social grounds. So far they have been a paying proposition, for they have vastly improved the quality of our people. Without them, for instance, we should have been lamentably worse off in this dread war. We could neither have fought so well nor have produced such mighty armaments. The Blitz might have been our undoing.

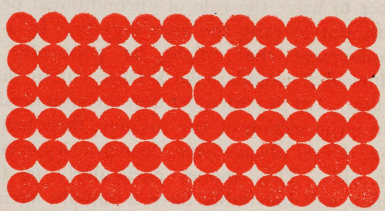
Even the higher costs of more adequate social services in the future should certainly be within our capacity to pay. With a slightly higher level of national productivity the all-in cost of social security should still be under 10 per cent. of our total national income. Nor can this 10 per cent. be regarded as so much extra consumption;

The Burden on the Employer



Output of Mining and Industry

1934 – 38
annual average



Contributions (taxes excl.)

1938



1945



Under Beveridge Plan

1945



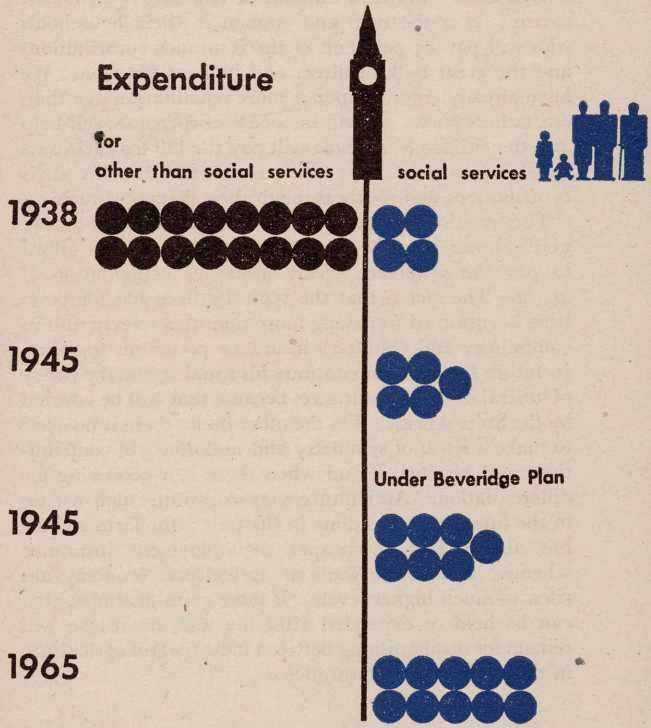
1965



Each circle represents 50 million pounds

ISOTYPE

The Burden on the Exchequer



Each circle represents 50 million pounds

ISOTYPE

it is essentially a small redistribution of consuming power and that redistribution of income will be mainly "horizontal" between millions of households of modest means. It is the men and women in these households who will pay 85 per cent. of the insurance contributions and the great bulk of direct and indirect taxation. We have already entered upon a more equalitarian age than our fathers knew. It will be a case of corporate self-help and the citizens as a whole will pay the bill for their own social security. They will pay partly through their contributions and partly through their taxes and rates.

The question has been raised whether the wage-earner at the lower wage levels (say £3 per week) can afford to pay the proposed weekly insurance contribution of 4*s*. 3*d*. The fact is that the typical citizen has for years been accustomed to paying more than this weekly sum in compulsory and voluntary insurance premiums together. In future he need not continue his usual voluntary policy of funeral or death insurance, because that will be covered by the State scheme. On the other hand, there is no need to make a fetish of symmetry and uniformity of contributions and benefits, if and when there is a good case for differentiation. Agriculture may constitute such a case in the future as it has done in the past; the farm worker has always had a cheaper unemployment insurance scheme. But in the war our agricultural economy has risen to much higher levels. If these gains in wages, etc., can be held or expanded after the war, no reason will remain for distinguishing between industry and agriculture in the field of social insurance.

POSTSCRIPT

The Constructive Principle

The realization of post-war social security will not merely be a question of finding the money for better benefits, higher pensions, and ampler assistance. Real progress must be won in the industrial field, in the field of work, wages, and better conditions, based on higher productivity. As compared with that, the Beveridge Plan is only an "Ambulance Service," co-ordinated from the bits and pieces of the past and brought up to date. But we are, as a nation, ready and waiting for that improved service. Its success will depend also on the acceptance by all parties of new obligations of many kinds. Prevention of misfortune as well as its relief must be the common duty. The emphasis must be on the speediest possible rehabilitation of each individual; that is to say, on remedying the condition, such as sickness or unemployment, which causes him to claim benefit. In the past low rates of benefit or a *deterrent* means test have been deliberately relied upon as incentives to applicants to return to self-support at the earliest possible moment. That was at best a negative remedy. No longer do we want to starve people back to health by cutting down their benefit; nor use the spur of want as a cure for a man's unemployment. Positive remedies must be our motto for the future. No man should lack any form of medical care which will most quickly restore him to health and wage-earning. By the same token he should be obliged to avail himself of that care and cure and to co-operate whole-heartedly with the service provided for him by the

community. An efficient system of sick visiting will be indispensable. Similarly, in the field of labour the Employment Exchange acts positively to get men and women back to work as soon as possible. If there is a job which a man can do, even if the offer is at a distance, it may be quite necessary to insist on his accepting the offer, rather than to remain idle on the benefit list. Something like the war-time regulation of the labour market—both employers and employed—will still be needed if we are to maintain full employment. Mass unemployment is the peril of peace. In a word, we must aim at a more socially minded community whose citizens are ready to make common cause against their personal misfortunes and are ready to accept the common remedies for them in the interests of all.

LIST OF COLOUR PLATES

PAGES

POVERTY SHORTENS LIFE . . . . . 10 and 11

OVERCROWDING AND INFANT MORTALITY

Sources : *Report on the Overcrowding Survey in England and Wales*, 1936 (London, 1936) ; Annual Reports of the Chief Medical Officers of the Ministry for the years 1936 and 1937.

UNEMPLOYMENT 15

1899 - 1908 - 1916 - 1921 - 1927 - 1932 - 1942.

POVERTY AND ITS SOURCES . . . . . 18 and 19

Old age, illness—large family—low wages—unemployment —others.

Each man symbol represents one per cent. of the workers, the symbols for old age (and illness), large family, low wages, unemployment, are in accordance with the other charts.

Source : B. Seebohm Rowntree, *Poverty and Progress ; A Second Social Survey of York* (London, New York, Toronto, 1941)

THE CHANCES OF SURVIVAL IMPROVED . . 22 and 23

How long will 10 children live born about 1910 ?
How long will 10 children live born about 1938 ?
Based on the official statistics on the number of surviving out of 100,000 born.

REQUIREMENTS . . . . . 26 and 27

of a single man — of a family of four
of a single woman — of a family of six
of a married couple — of a retired couple

According to the estimates in the *Beveridge Report.*

THE PROBLEM OF RENT 29

Scotland - Midland and North Wales - South-West - London
The groups of circles represent the weekly rents, each circle *2s. 6d.*

SOCIAL SERVICES DEVELOPED : . . . . 32 and 33

Cash Benefit paid in Great Britain : Public and Unemployment Assistance - Unemployment Insurance - Health Insurance and Workmen's Compensation - Old Age Pension, etc.

PAGES

THE SIX CLASSES AND THE AGE GROUPS . . 38 and 39

Males: 65 years and over - 15 and under 65 years - under 15 years.
Females : 60 years and over- 15 and under 60 years - under 15 years.

This chart is based on the census figures of 1931. The divisions into classes follow the Beveridge Plan.

HOW THE AGE GROUPS SHIFT 43

1911 - 1931 - 1951 - 1971
Based on estimates of population groups, as quoted in the *Beveridge Report.*

ADMINISTRATION COMPARED . . . . . 48 and 49

Under present schemes - under Beveridge Plan.

FINANCE . . . . . 52 and 53

Under present schemes 1945 - under Beveridge Plan 1945 and 1965.
Based on the estimates in the *Beveridge Report*, on the assumption that the average unemployment does not exceed 8½ per cent.

THE BURDEN ON THE EMPLOYER 56

Output of Mining and Industry 1934-38 - Contributions (taxes, etc.) 1938 and 1945 - under Beveridge Plan 1945 and 1965.
The black circles on this chart correspond to the black arrows on chart Finance on pages 52 and 53.
Only the social insurance contributions are included ; the taxes and other payments to the Exchequer are excluded.

THE BURDEN ON THE EXCHEQUER . . . 57

Expenditure for other than social services and for social services 1938 and 1945 - under Beveridge Plan 1945 and 1965.
The blue circles on this chart correspond to the blue arrows on chart Finance on pages 52 and 53.

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THE STORY OF BRITISH SOCIAL PROGRESS AND THE BEVERIDGE PLAN

CHAPTER I

BRITAIN'S SOCIAL PROGRESS REVIEWED

(1) Background to the Present Scene

At the start of the present century Britain was coming to realize that poverty and want in an industrial community were not just part of the natural order of things, but could be prevented by social action. In forty years this realization has led to a profound improvement in our standards of living. A steady stream of social legislation since 1906 has gone far to transform the lives of the great mass of our people ; they are to-day better educated, better housed, and healthier ; they have more leisure and are longer lived than ever before. There is still a submerged class in our city slums, but it is far smaller than it used to be.

The first charts or diagrams in this book reveal clearly our past progress in these respects. They do so because this is the proper background against which the further necessary reforms ought to be viewed. At present the Beveridge Plan, in its main provisions, holds the field of reform. That plan is not a bolt from the blue ; it does not propose a sudden or total revolution in British social life. On the contrary, it grows naturally out of our