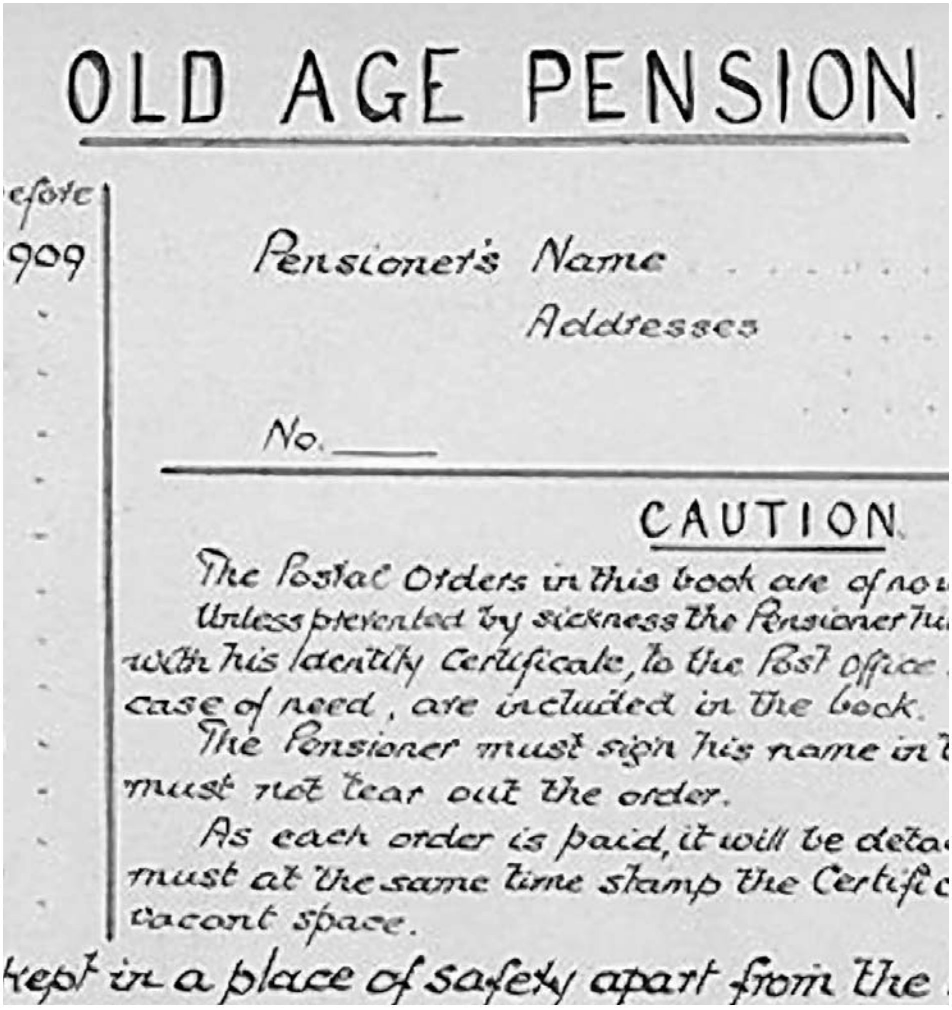
THE OLD AGE PEN

A hundred years ago this year, H. H. Asquith's Liberal government legislated to introduce state pensions. The Old Age Pensions Act, 1908, has rightly been seen as one of the foundation-stones of the modern British welfare state. It was just one of a series of remarkably enduring institutions initiated by the post-1906 Liberal governments, which created a decisive break between the deterrent and stigmatising Poor Law principles of state social welfare and serious attempts at more humane and positive forms of provision. **Pat Thane** examines the story of the 1908 Act.



OLD AGE PENSION

efore
909

Pensioner's Name
Addresses

No. ____

CAUTION

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case of need, are included in the book.
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Old age pensions were continuously debated in Britain from 1878. They were first placed on the political agenda by Canon William Blackley,[1] who proposed, in an article in *Nineteenth Century*, that everyone aged between eighteen and twenty-one should be compelled to contribute in order to provide old age pensions for the lower-paid.[2]

Blackley had spent twenty-three years in rural parishes in southern England and discovered the extent of poverty in old age. He noted that Friendly Societies, the voluntary mutual savings

ISIONS ACT, 1908

institutions, which supported most skilled urban workers in sickness and old age, provided less assistance in the countryside. For this he blamed the financial instability of the societies. In reality the greater problem was the difficulty of low-paid rural workers and their wives affording the required regular contributions. Blackley believed, however, that the one stage of life at which all workers could save was when they were young, in their first years of work before they faced the costs of marriage and parenthood. He also felt that young workers wasted money that they should be encouraged to save, citing 'instances as I can give from my personal knowledge, of young labourers by the dozen, without a change of decent clothes, continually and brutally drinking, living almost like savages while earning fully £1 a week'[3]. He proposed that all young people should contribute a maximum of £10 which would accumulate in a savings fund, controlled and invested by the state. This would deliver to all 'wage-earners' (as distinct from wage-payers and leisured and salary earners, who would contribute but not benefit), a weekly sickness payment until age seventy, and four shillings per week pension thereafter.

This elegantly logical proposal was widely debated and then investigated by a Select Committee on National Provident Insurance in 1885–87. This made clear that very many younger people, especially women, did not earn enough to save, and also that prevailing interest rates were unlikely to yield the level of benefits Blackley had envisaged, even when he cut back his proposals to include pensions only. But evidence to the Select Committee made clear that the problem of poverty in old age was real. The only publicly funded 'welfare' available was the long-established Poor Law, which was structured to stigmatise and deter applicants. Those most likely to be deterred were those who had led respectable, hard-working lives, avoiding the shame of poor relief, but never earning enough to save for old age. Most of them were women, who earned least during working life but lived longer than men. The Poor Law insisted that children had an obligation to support their ageing parents – but, at a time of high infant mortality, many older people had no surviving children. Or they might have migrated far away (perhaps to Canada or Australia) in search of security; or they might themselves be too poor to help. There is every sign that close relatives did help older people when they could.[4]

The issue of aged poverty was prominent enough at this time to give rise to international debate and, in Britain, a succession of further official investigations which offered more evidence of the scale of the problem. In 1889 Bismarck introduced in Germany the first-ever state pensions. Blackley was convinced that he had inspired this innovation, though there is no evidence to support this. Bismarck's scheme formed part of a pioneering contributory social insurance system which the German government had initiated in 1884. In return for regular contributions, workers were entitled to a pension at age seventy, or sooner if they became incapacitated for work. The weakness of the system was that it covered only regularly and better-paid, mainly male, industrial workers, thus excluding many of those at greatest risk of poverty in old age: women and low-paid casual and agricultural workers. Bismarck was concerned to win the electoral support of the male trade unionists in the better-paid trades and to stimulate economic growth by increasing the security of workers in developing industries.[5] In Britain, by contrast, the debate about pensions focused upon how best to support the very poor, who had fewest opportunities to save during their working life. The type of better-paid worker who benefited from the German scheme was normally covered in Britain

Left: one of the original old age pension books.

for sickness and old age by voluntary, mutual benefit societies: Friendly Societies and trade unions.[6]

Nevertheless, from around 1890, Joseph Chamberlain, who had been impressed by the German scheme, became interested in the issue and sought to devise a 'practical programme' of social reform, including pensions. For a while he took the lead in the public debate on the issue. He was reluctant to abandon the contributory insurance approach, on the grounds that fully tax-funded pensions would encourage dependency and discourage self-help. Yet he opposed compulsion and recognised that the poorest people could not afford contributions, yet still survived to old age. Chamberlain proposed a state-subsidised voluntary insurance scheme for the low-paid, but came to recognise that this could not help those in greatest need in the foreseeable future. In the 1890s he came to believe that only a non-contributory pension targeted at the respectable aged poor could begin to solve the problem. Schemes of this kind were introduced in Denmark in 1891, New Zealand in 1898, New South Wales in 1900 and Victoria in 1901.

The businessman and poverty researcher Charles Booth reached similar conclusions. His research on poverty in London and elsewhere helped to expose the extent of poverty in old age and convinced him that the poorest could not afford contributions. He was also convinced that targeted, means-tested schemes would not help, because respectable old people in need would identify them with the demeaning Poor Law destitution test and refuse to apply. They would also be costly to administer. In 1891 he proposed, instead, a universal pension of five shillings per week to be paid to everyone at age sixty-five, which would be simpler to administer and which the rich would repay in taxation.

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He had strong support for this in the growing labour movement, but his proposal was widely criticised on grounds of cost. Partly in consequence, he modified his proposal, suggesting in 1899 a pension age of seventy, but a pension of seven shillings per week, since his research now suggested that five shillings would not provide enough for a pensioner to live on.[7]

The Liberals in office – planning pensions

The problem of helping the aged poor continued to be investigated by commissions and committees established by Conservative governments,[8] though the costs of the Boer War (1899–1902) further diminished any likelihood of an expensive pension scheme.[9] It was still an active, unresolved issue by the time of the general election of 1906. During the election campaign fifty-nine per cent of Liberal candidates supported pensions in their election addresses. This was less prominent than free trade, which Liberals supported almost universally, amendment of the Education Act or reform of the government of Ireland, but Liberal support was still substantial. Eighty-one per cent of Labour Representation Committee (LRC, the forerunner of the Labour Party) candidates pledged themselves to pensions, which came a close fourth in their preferences after increased working-class representation, reform of the trade union law and provision for the unemployed. Among Conservative candidates, pensions and Poor Law reform were the most popular social reforms, supported by twenty-two per cent.[10]

Once in office, having achieved a landslide victory in the election, the Liberal leaders were under pressure from Labour and from the vocal reforming wing of their own party to introduce pensions, among other social measures. But they approached social policy cautiously during their first two years in office. One reason was the large Conservative majority in the House of Lords, which threatened to reject 'advanced' legislation and did reject an Education Bill in November 1906. At least as important was the problem the Liberals inherited from their predecessors, that government revenue could barely keep pace with growing government expenditure, still less fund new ventures, despite cuts in defence spending. An urgent task for Asquith, as Chancellor of the Exchequer, was to review the taxation system in order to increase government income. Liberal fiscal policy was constrained by their opposition to tariffs and strong commitment to free trade. Their only realistic means to increase revenue was to increase direct taxation, which was unlikely to be electorally popular and so had to be approached with caution. The social legislation of the Liberals' first two years in office was notable for either placing the burden of cost on local ratepayers (such as the introduction of free school meals in 1906 and medical inspection in schools in 1907) or for costing the taxpayer nothing (such as the Miners' Eight Hours Act, 1908).[11]

Nevertheless, within a year of the election, Asquith asked a Treasury civil servant, Roderick Meiklejohn, to investigate the practicability of a state pension scheme. It was highly unusual for the Treasury, which regarded its role as control of departmental spending, to initiate new expenditure in this way.[12] It is unclear why Asquith took up the issue, though he was under persistent pressure from the labour movement and from Liberal social reformers.

Meiklejohn surveyed existing pension provision and proposals. Asquith read, and carefully annotated, a detailed report on the German scheme. In December 1906 the Cabinet discussed a

Treasury memorandum which focused on poverty in old age as a major and possibly growing problem. The memorandum pointed out that trade unions and Friendly Societies could not assist low and irregular earners. It rejected an insurance scheme because it also could not include the lower paid. It acknowledged the attraction of a universal non-contributory pension, but 'the difficulty is one of money; all other objections to the scheme fall into comparative unimportance beside this one'.[13] Hence the only possibility was a limited non-contributory scheme, similar to one proposed by the Conservative leader Arthur Balfour in 1899. The memorandum emphasised the importance of dissociating pensions from the Poor Law. This evidently genuine desire no longer to stigmatise and punish the poorest was a real change from the discourse on poverty which had dominated the nineteenth century. The aim was to target pensions on the poorest older people without stigmatising them and deterring them from applying.

The Cabinet approved the memorandum, and Asquith began to prepare his second Budget. His priority was to find new sources of revenue to pay for pensions, among other things. As already pointed out, the Liberal commitment to free trade ruled out the option of seeking a new source of revenue by imposing tariffs on imports. Asquith's favoured alternative was to move from the established single rate of income tax on all incomes to a graduated tax, which would increase the tax contribution of higher earners. He succeeded in overcoming Treasury resistance to this, but had to move cautiously to win parliamentary and voter acceptance. His 1907 Budget proposed to differentiate for the first time between earned and unearned income (the latter to be more heavily taxed) and between incomes below and above £2,000 a year. The Budget speech promised pensions for the following year. In the spirit of Gladstone's determination that the costs of state action should fall equally upon all classes, Asquith announced: 'If we are ready to have social reform we must be ready to pay for it … I mean the whole nation, the working and consuming classes as well as the wealthier class of direct taxpayers.'[14] Hence he retained the additional taxes on tea, sugar and cocoa which had been introduced to pay for the Boer War, of which working people paid a high proportion, and announced that the yield would be used to finance pensions. The Budget was mildly redistributive, within the working class as well as between rich and poor.

Drafting the Bill

Asquith delegated the drafting of the pensions bill to Reginald McKenna, President of the Board of Education. He was not the obvious choice, but Asquith trusted him and was determined to keep the bill out of the hands of the Local Government Board (LGB), which he believed was too closely associated with the Poor Law, which it administered, and would taint the pension with the Poor Law stigma. The Treasury put a strict limit of seven million pounds per year on the cost of the pensions.[15]

The likelihood that the government was shortly to introduce limited non-contributory pensions brought criticism from, among others, the young Liberal correspondent on social questions for the Conservative *Morning Post*, William Beveridge. Beveridge was a resident at the East London Settlement, Toynbee Hall, and already immersed in social work and social research. A visit to Germany early in 1907 to investigate their system of employment exchanges aroused his interest in national insurance, foreshadowing his famous government report of 1942, *Social Insurance and Allied Services,* which influenced Labour's post-war welfare state. He agreed with Booth that means-tested benefits were both inefficient at detecting need and administratively wasteful. He commented, not entirely seriously, that if pensions were to be limited there was much to be said for confining them to women; the grounds for qualification were unmistakable and the need undeniable. He was attracted to the German system of invalidity pensions which 'gave not pensions at a fixed age, but pensions whenever invalidity began'. In 1907 most German pensioners qualified under this heading.[16]

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Asquith was impressed by Beveridge's well-founded criticism of means-tests, but was dissuaded by Meiklejohn from taking the social insurance route on the grounds, above all, of the cost of administration. Detailed drafting of the bill was referred to a Cabinet committee consisting of Asquith, McKenna and John Burns, the former trade unionist, now President of the LGB and the first working man to sit in a British Cabinet. Its main task was to fit a pension scheme within the strict budgetary limits laid down by the Treasury. They decided on a five-shilling pension (despite Booth's warning that this would be inadequate) to be paid to those with incomes below ten shillings per week. The chief saving was achieved by placing the pensionable age at seventy, rather than sixty-five, as had been expected; sixty-five was generally thought to correspond with the age at which most workers found it difficult to support themselves. They also recommended a reduced pension of seven shillings and sixpence per week for married couples. The LGB was anxious to include a test of 'character' (or respectability) and it was decided to exclude all who received poor relief after 1 January 1908, and all those unable to provide proof of 'thrift' during working life. The committee did not suggest how thrift was to be defined. 'Criminals, lunatics and aliens' were also excluded. 'Aliens' were all residents who did not possess British nationality; the largest group at the time were Jewish refugee immigrants from eastern and central Europe.

The scheme would be administered by voluntary local committees, composed of people with relevant experience, assisted by a paid clerk. At the Treasury's insistence, the responsibilities of the local inspectors of Customs & Excise were extended to include supervision of the local pension administration, enabling the Treasury to control the administration at no additional cost. John Burns was furious at the appointment of these Treasury watchdogs. Claims were to be made and pensions paid through the Post Office, the only government department with offices in every district. This scheme was approved by the Cabinet. Through this use of existing institutions costs were kept to a minimum.

In April 1908 Campbell-Bannerman resigned due to ill-health and was succeeded as Prime Minister by Asquith. He appointed David Lloyd George to succeed him as Chancellor. Winston Churchill took his first Cabinet post as President of the Board of Trade. Nevertheless, Asquith presented the Budget which he had prepared and took the opportunity to outline the coming Pensions Bill.

The critics

The response was predictably mixed. 'Well begun, half done' commented Frederick Rogers, former chair of the LRC and campaigner for universal non-contributory pensions. The LRC pressed on with demands for an age limit of sixty-five and a higher means limit, supported by the TUC. *The Times* commented: 'The promise of a pension at seventy is too remote to create any very lively feelings, and so far where it has been mentioned at public meetings it has been received with ironical cheers.'[17] The Liberal *Nation* and *The Economist* welcomed the announcement.

In the *Morning Post*, Beveridge pointed out, quite correctly, that there was no sign that the government had planned for the future costs of a potentially expensive system, especially as the proportion of old people in the population was expected to increase. He argued that an insurance system, however costly in the short run, would be more efficient and more cost-effective in the long run, since it would be self-financing. Beveridge was critical of the ad hoc nature of the Liberal social reforms. He conceived of pensions as the first instalment of a wider ranging programme of remedies for the major causes of need. He was shortly to become Churchill's adviser at the Board of Trade and the initiator of labour exchanges, in 1909, and unemployment insurance, in 1911. Beveridge's preference for social insurance was consistent with his wider social and political vision. He wrote:

> A non-contributory scheme sets up the state in the eyes of the individual as a source of free gifts. A contributory scheme sets up the state as a comprehensive organism to which the individual belongs and in which he, under compulsion if need be, plays his part. Each view involves abandonment of traditional *laissez-faire*. The first, however, represents a change for the worse which it will be hard to remove. The second is a natural recognition of the growing complexity and interdependence of industrial life.[18]

Social insurance, he believed, could assist social integration because all sections of society

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(workers and employers directly through regular contributions, taxpayers indirectly through the state's contribution) contributed for the good not only of the very poor and of working people but of all of society. Society gained in stability and productivity when workers had stable, secure lives and felt that the state supported them. At the same time, an insurance scheme would enable working people to continue to practice self-help as well as helping others. Beveridge dismissed the problems of integrating the poorly and irregularly paid into an insurance system, commenting: 'surely they waste more than two pence a week on drink, let them contribute that … how can a man better prove that he needs and deserves a pension than by paying for it?'[19] His approach was, however, much influenced by his assumption that 'their whole working life is one which will not be allowed to continue permanently in a well-organised state'.[20] He was to devote the next decade, as adviser at the Board of Trade, to the reduction of low-paid casual labour. But a major weakness of his approach was that he had nothing to say about the poverty of older women, who had not necessarily been in paid work throughout their adult lives and, even when employed, had often been very low paid and could not easily fit into an insurance system – especially if they were unmarried, as many were.[21]

Pensions in Parliament

The Old Age Pensions Bill received its second reading in the House of Commons on 15 June 1908. It was introduced by Lloyd George, who ever after was to receive the credit for the scheme actually devised by Asquith. The pension even came to be known popularly as 'the Lloyd George'. It became clear in parliament that claimants would potentially undergo investigation hardly less rigorous than under the Poor Law. Their income would be assessed. The disqualifying 'character defects' were now defined as 'habitual failure to work according to his ability, opportunity or need, for his own maintenance or that of his legal relatives'. Receipt of poor relief after 1 January 1908 disqualified, as did imprisonment for crime without option of fine or conviction for drunkenness, within ten years of the claim. 'Aliens and wives of aliens' were excluded. This was to prove a shock to many non-Jewish women who had married Jewish immigrants who had not taken British citizenship. Obtaining citizenship, which had previously been a relatively cheap and simple process, was becoming more difficult in this period of rising anti-Semitism.[22] One advance on Poor Law principles in the proposed legislation was that pensioners were not to be deprived 'of any franchise, right or privilege', though at a time when all women and many men who were not independent householders lacked the vote this was of limited value.

Lloyd George's opening speech was described in the *Spectator* as 'halting in tone and apologetic in manner'.[23] As the debate went on, he became ever more uneasy about the deficiencies of the scheme. He stressed repeatedly that it was 'only a beginning … the scheme is necessarily incomplete … this is a great experiment … we say it is a beginning, but a real beginning.'[24] He made clear that the five-shilling pension was not intended to provide an income adequate to live on, but to supplement and encourage saving and support from relatives and others. The Conservatives had decided not to oppose the bill in the Commons, though a small right-wing group, led by Lord Robert Cecil, did so. Cecil warned:

> War might be approaching, and if the government had weakened the moral fibre of the country by a system and a policy of which this is only the beginning, then a statesman who had mentioned this miserable backsliding from the fine statesmanship of Empire would have something to answer for.[25]

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The Labour Party approved the bill 'as a beginning', but pressed for a universal scheme and strongly opposed the disqualification of paupers. Labour succeeded in winning a review of this after two years (it was abolished from 31 December 1910, when the widows of 'aliens' who had themselves been born as British subjects were also allowed to qualify for the pension, following vigorous protests on their behalf[26]). Conservative backbenchers won a modification of the means test to incorporate a sliding scale. Old people with incomes of up to twenty-one pounds per year would receive the full pension; thereafter the pension was reduced by one shilling per week for each shilling per week of income between twenty-one pounds and a ceiling of thirty-one pounds and ten shillings per year. The minimum pension was one shilling. Those with incomes as low as twenty-six pounds per year would receive only three shillings a week. In fact, in the first ten years of the pension, the percentage of pensioners receiving less than five shillings never rose above seven.

The government imposed a closure to avoid further costly amendments. In particular, this prevented debate on the contentious issue of the age limit. As the bill completed its progress through the Commons, *The Times*, with some justice, attacked 'the vagueness of the conceptions underlying the Bill and the haphazard way in which its proposals have been flung together with no coherent theory or aim … the government are taking a leap in the dark with no more real knowledge than the rest of whether they will land on solid ground or quagmire'.[27]

The Bill survived strong Conservative opposition in the House of Lords, where some Conservative peers were evidently rehearsing the revolt which was to come against the Budget of 1909. The Lords passed a number of amendments, which were deleted when the bill returned to the lower house, on grounds of having contravened Commons privilege by intervening in a financial measure. In response the Lords passed an unprecedented measure of censure against the Commons. The ageing Lord Rosebery expressed his regret about the ways that society and Liberalism were changing. He thought this 'the most important Bill … in the forty years I have sat here' more important in its implications even than the parliamentary reform bills, for, he believed, it was a:

> … pauperising bill, symbolising the final passing of family pride in caring for their elderly … it is, of course, socialism pure and simple … but … we have advanced to that period of socialism where some such measure as this is required … it is part of the almost daily transfer of burdens from the individual to the state … it will absorb money which in the past has gone to charity … it is the beginning of a long process which will culminate in the handing over of hospitals to the state.[28]

As indeed it was. Rosebery did not, however, advise the Lords to vote against his fellow Liberals.

Pensions implemented

The Bill received the Royal Assent on 1 August 1908. It gave a pension, which was not on its own enough to live on, primarily to the very old, the very poor and the most respectable, provided that they were also

British subjects. In effect it was an amendment of the Poor Law and operated on similar principles. Yet it was not the Poor Law. The government and its administrators were careful to protect pensioners from the language of opprobrium which had characterised the poor relief system since 1834 – successfully, it seems, in view of the much larger numbers of impoverished old people who were prepared to apply for the pension than for poor relief, and of their reactions to it, as we will see. Also, entitlement and administration were uniform throughout the country, which had never been true of poor relief. For the first time, the state gave a cash payment to a group in need as a right (if they met the criteria), without deterrent penalties.[29] The dockers' leader, Ben Tillett, greeted it joyfully as 'the first piece of socialism Britain has entered upon'.[30] However, he soon changed his mind and supported a resolution at the annual conference of the TUC shortly afterwards, that:

> The Act will not be satisfactory until amended so as to provide for a minimum pension of five shillings per week, without condition, to men and women of sixty; in the case of persons who by reason of their affliction by blindness are rendered incapable of earning their living, the age limit to be entirely removed.[31]

A similar resolution was passed annually for the next sixteen years.

The first old age pensions were paid to 490,000 people on 1 January 1909, the great majority at the maximum rate. Most of the pensioners were women; 37.4 per cent were men. At the time of the 1911 census men accounted for 41.4 per cent of the over-seventy population, but were only 36.7 per cent of pensioners. The total number of pensioners rose to 650,000 in March 1909 and to 1,070,626 after the removal of the pauper disqualification in March 1911. The LGB had estimated 572,000 pensioners in the first year. The undercount was greatest in Ireland (by 70,000 compared with 10,000 on the mainland); the government appears to have underestimated the extent of rural poverty, though there may also have been some audacious claims, in view of the difficulty of proving the age of older people in Ireland, since compulsory registration of births had been introduced only in 1865, and also perhaps a temptation for nationalists to extract some illicit benefit from the English Treasury.[32] In consequence, Lloyd George had to request an additional £900,000 to finance the first year of the scheme.

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On 1 March 1906 about 168,100 people age seventy and over were receiving outdoor relief. This fell in 1910 to 138,200 with the abolition of pauper disqualification and to only 9,500 in 1912. Increasingly also, Poor Law guardians granted five shillings a week to paupers believed to be 'old' whether they were above or below the age of seventy. The numbers of people aged seventy or above in workhouses were much less affected. These mainly housed people who needed residential care or who could not survive outside on the minimal pension. The total of aged workhouse inmates on 1 March 1906 was 61,400; in 1910, 57,700; in 1912, 49,300.[33]

In the first years, about 40 per cent of the over-seventy age group qualified for the stringently means-tested pension, whereas only about 24.5 per cent of the same age group had received poor relief in 1906.[34] This suggests the extent of the severe need which had been going unmet before the introduction of the pension; and also that the pension may have been less plagued by the problem of non-take-up than later means-tested schemes, perhaps due to sympathetic local administration. The 'character clause' seems to have proved almost unworkable and hardly ever to have been applied.

The process of claiming a pension began with completing a form at the post office. This was sent to the local pension officer, who investigated the claim. He reported to the local committee, which made a decision and notified both the claimant and the pension officer. The voluntary local pension committees were made up members of Friendly Societies, trade unions, clergymen and others with relevant experience or interest in social issues. Where the officer and the committee disagreed, there could be a further investigation and a hearing which both officer and claimant might attend. If disagreement persisted, each had a right of appeal to the LGB. Claimants seem, on the whole, to have been well treated. The system seems to have worked harmoniously, with few appeals and generally good relations between pensions committees and officials.

Where a pension was approved, the pension was payable each Friday at the local post office. Grateful pensioners were said to have offered flowers, apples, and even rashers of bacon to the postmasters and -mistresses who handed them their first pension. For years they showered their gratitude on Lloyd George who had done no more than to steer the legislation doubtfully through the Commons.[35]

For all its inadequacy, the impact of the pension upon the immense poverty of Edwardian Britain should not be underestimated. As John Burns reported to Asquith after the first pensions were paid:

> I visited the shopping places where most of the poor do congregate. After chats with the butcher, the cheesemonger and the police the general view was that the five shillings to one

> was a boon, but where a couple received the joint pension it meant a great deal to the honest and provident poor. So far there was no evidence of waste or spending on drink and from many sources there were really grateful thanks for those who had brought this boon to the deserving poor.

Lloyd George commented to Parliament in 1909, in the course of defending the additional cost of pensions:

> Pensions officers and pensions committees … have all told me the same story of people facing poverty and privation for years with resignation, with fortitude and with uncomplaining patience; they all ask the same question and they ask it in vain – how on earth these poor people could have managed to keep body and soul together on such slender resources. It is not that they have understated their resources; on the contrary there are cases where they have overstated them with a sort of pride … what strikes you is their horror of the Poor Law … this Pension Act has disclosed the presence amongst us of over 600,000 people, the vast majority of whom were living in circumstances of great poverty, yet disclaimed the charity of the public … it has cost more than was anticipated, but the greatness of the cost shows the depth of the need.[36]

Conclusion

The Old Age Pensions Act, 1908, has rightly been seen as one of the foundation-stones of the modern British welfare state. It was just one of a series of remarkably enduring institutions initiated by the post-1906 Liberal governments, which created a decisive break between the deterrent and stigmatising Poor Law principles of state social welfare and serious attempts at more humane and positive forms of provision. These included the Education (Provision of Meals) Act, 1906, which enabled local authorities to provide free meals for under-nourished schoolchildren; this was made compulsory for all local authorities, with an Exchequer subsidy in 1914. In 1907 local authorities were required to inspect the health of children in state schools and to provide for their medical care; in 1912 this work also received a subsidy from the Exchequer. The Children Act, 1908, established a separate system of justice for minors under age sixteen, withdrawing them from adult courts and prisons, and shifted much responsibility for the care of children in need from the Poor Law to local authorities.

In 1909 the modern probation service was introduced as an alternative to prison for offenders, aimed at rehabilitation. In the same year the Trade Boards Act introduced an effective minimum wage for women in some of the worst-paid trades, and Beveridge's labour exchanges began to be established throughout the country, funded by the Treasury, designed to reduce unemployment by matching unemployed workers to jobs by gathering and disseminating information about vacancies. Then the National Insurance Act, 1911, introduced social insurance to Britain. Part 1 of the Act, masterminded by Lloyd George, introduced National Health Insurance; Part 2, the work of Beveridge and Churchill, concerned unemployment insurance. This was designed, unlike pensions but like the German scheme, to provide security and health care for regularly employed manual workers (white-collar and, also, agricultural workers were excluded) rather than to relieve poverty. The great majority of beneficiaries were male. However the scheme did include a maternity benefit for insured women and wives of insured workers, intended to contribute to reduction of the high rates of infant mortality by improving the resources of working-class mothers. After a campaign by women, the benefit was paid directly to the mothers rather than, as originally intended, to the insured men.

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At least as important as the social legislation, which gradually increased social expenditure under the Liberals, were the tax changes which made the spending possible. The introduction by Asquith of a graduated income tax was taken further by Lloyd George in the controversial 1909 Budget, finally passed in 1910, which increased tax on earned income, introduced a super-tax on incomes above £5000 per year, increased death duties and, for the first time, introduced tax relief for each child of taxpayers earning £500 per year or less.

This was a remarkable series of changes in a short time. Equally remarkable is how long many of them have lasted. The principles established in the 1908 Old Age Pensions Act have certainly long survived, for good and ill. British state pensions remained wholly non-contributory, with minor amendments to the scheme, until 1925. In 1925 the Old Age, Widows and Orphans Contributory Pensions Act introduced pensions at age 65 for contributors to National Health Insurance and to the widows and orphans of male contributors, in return for additional contributions. The non-contributory pension continued to be paid at age seventy to those who did not qualify for National Insurance. The rate of pension (now ten shillings , but still inadequate for survival without a supplement) was the same for both forms of pension. The change was a response to widespread conviction that too many needy people became incapacitated, or died, before the age of seventy and to the particularly high rates of unemployment among older workers during the depression of the inter-war years. Resistance to the cost of a more inclusive non-contributory pension remained strong.

The pension system was more substantially reformed by the post-war Labour government in 1946, inspired by Beveridge's 1942 report, though Labour modified his recommendations in important respects. In particular the basic state pension still did not provide a living income. Despite Beveridge's desire to avoid the means tests he had always opposed, from the beginning, large numbers of the poorest pensioners had to supplement the pension with means-tested National Assistance: 648,000 of them in 1948, almost a million by 1951. It has continued to be the case, to the present, that the basic state pension is inadequate for survival. Pensioners have been required to supplement it with occupational pensions, private savings or, in the case of the poorest, means-tested state welfare, currently known as Pension Credit. Throughout this time a high proportion of the poorest pensioners have failed to apply for the supplement for which they would qualify (currently up to 30 per cent of eligible pensioners), due either to pride or ignorance. The concerns of Booth and Beveridge about the exclusionary effects of means-testing have proved justified. Most of these poorest pensioners are female for the same reasons that women were most of the aged poor in 1908: women do not fit comfortably into a pension system based upon contributory state insurance, income-related occupational pensions and private saving because so many of them have interrupted work records due to caring responsibilities, and when they work they earn less than men and so qualify for lower pensions and have less opportunity to save. High rates of partnership break-up, like high rates of widowhood in the late nineteenth century, and the fact that women on average live longer than men, contribute further to the relative poverty of older women.[37] Many of the problems that were identified one hundred years ago have not disappeared.

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The Old Age Pensions Act, 1908, was an important foundation-stone in the building of the British welfare state, embodying some of its weaknesses as well as its strengths.

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LETTERS

Pensions and the working class

Barry Doyle ('The rank and file and the Liberal government crisis of 1912', *Journal* 59, summer 1908) may be correct in claiming that our understanding of the impact of Edwardian social welfare reform has been limited by evidence dominated by middle-class responses, but this is largely because historians have not properly exploited the resources that throw light on the reactions and experiences of the working-class beneficiaries. His example of a letter by a middle-class physician only reinforces the conventional inadequate perspective.

The crucial case of the 1908 old age pensions, for example, is very revealing of the immense popularity of some of the innovations, and of the shrewdness and humanity of the Liberal government in using the Post Office as the key element in the implementation of the scheme. The Post Office was an economical means of administering the reform and, by freeing the elderly from the humiliations of the Poor Law system, it promoted a high take-up rate.

It is in fact easy to understand popular responses by studying local newspapers, which reported freely on what the new pensioners said on collecting their first pensions and on how they coped with the system, and to follow the interaction between the recipients and the system in the Post Office archives at Mount Pleasant in London and in the Scottish National Archives (better known as the Scottish Record Office) in Edinburgh. For details, see my article, 'Working-Class Experience and State Social Welfare, 1908–1914: Old Age Pensions Reconsidered', *The Historical Journal*, 45, 2002, 775–96.

Martin Pugh

Hastings facts (1)

In his article on the 1908 Hastings by-election (*Journal* 59, summer 2008), Ian Ivatt incorrectly refers to the young Liberal candidate, Robert Vernon Harcourt, as 'Sir Robert'; and does not mention the interesting fact that, later in the same year, the thirty-year-old candidate went on to succeed John Morley as Liberal Member for the Montrose Burghs, a seat which he held until 1918.

Robert's half-brother, Lewis Vernon Harcourt, his senior by about fifteen years, was a colleague of Morley's in the Liberal cabinet, and it would have been interesting to be told whether he played any part in the Hastings by-election campaign.

Patrick Jackson

Hastings facts (2)

I much enjoyed Ian Ivatt's article analysing the Hastings by-election of 1908. From 1981 to 1986 I was the constituency agent for the Hastings & Rye Liberal Association, and we had a member (a Mr Daniel Pilcher), then aged 100, who had been involved in both the 1906 general election and the 1908 by-election. He would sometimes sing the 1906 song in support of Freeman Freeman-Thomas, the sitting Liberal MP (1900–06) and against du Cros, the Tory candidate:

> Vote, vote, vote for Freeman Thomas,
> Throw old du Cros in the sea.
> Du Cros, he is no good,
> He'll want to tax your food,
> Freeman Thomas is the one for you and me!

Readers of the *Journal* might also be interested to learn that the by-election scenes in *The Ragged-Trousered Philanthropists*, Robert Tressell's great novel of working-class life (recently dramatised on BBC Radio 4), are drawn from the 1908 Hastings by-election. The only difference is that in the novel the newly elected MP for Mugsborough (Hastings) is a Liberal. The changed result

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