

## BLUE-PRINT OF THE FUTURE

*A review of the Beveridge Report  
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There is a well known passage in Sartor Resartus in which Carlyle's hero, Herr Teufelsdröckh, raises his stein of beer in a toast "Die Sache der Armen in Gottes und Teufels Namen"—the cause of the poor in Heaven's name and —'s. The learned professor of Things in General was content with a toast. Now comes another professor to implement the toast with a blue-print for its realization. In 1941 Sir William Beveridge was asked by the British Government, through Mr. Greenwood, to make an examination of the system or systems of social insurance and to make recommendations for their improvement. The usual manner in which such examinations are made in England is to appoint what is called a Royal Commission which conducts an investigation, receives and examines evidence and then submits a report. The report is then either filed, or forms a basis upon which an Act is drawn up, discussed and amended in Parliament and finally appears upon the statute book more or less (perhaps principally less) following the spirit of the recommendation of the commission.

In the present case the proceedings were a little different. Sir William had the benefit of association in his investigation with a considerable number of civil servants who were familiar with the workings of the various schemes now in operation, but as the report was likely to contain a number of criticisms of the existing schemes, his associates acted only in an advisory capacity and the report is signed by Sir William alone, and no one knows the opinions of his colleagues.

Custom and tradition, or what Carlyle calls "use and want" are characteristic factors in British development. Innovations, when recognized as such, are usually resented, or if admitted, only subject to careful consideration and much criticism. However, as Sir William Beveridge says, "Revolutionary moments in history require revolutions, not patch-work" and it is in this spirit that the report has been written.

As in most other nations, the cause of the poor has been a constant problem in British history. The formal statutory provisions for the care of the poor may be dated roughly from the Poor Law of Queen Elizabeth's day in 1601. Elizabeth's methods had gone through three phases. The first was that of exhortation. Each parish was urged to provide for the

care of its own poor. The second stage was a sort of quota system in which the individual well-to-do persons in each parish were assessed at the sum which it was believed they ought to contribute towards the support of their less well-off fellow citizens. Finally the quotas were made compulsory. Followed a period of roughly three hundred years in which various amendments were made in the poor law acts, culminating in a Royal Commission to examine the whole system in 1909. This commission made two reports, a majority and a minority report, the latter written by Mr. and Mrs. Sidney Webb, and strangely enough it was the minority report that caused the greater amount of discussion and, on the whole, provided the greater contribution to the Acts which were passed. The year before, 1908, saw the passage of an Old Age Pension Act which provided for a rather meager pension for persons of seventy years or more. In 1911, however, a serious advance was made by the passage of Acts that were, for that time, revolutionary in character. One of these Acts provided for a form of unemployment insurance—restricted to employees in certain specified industries in which there was a more than usual amount of unemployment. The other instituted a contributory scheme of Health Insurance for the hulk of the working classes.

The contributions, or premiums, were made by a new method that has since become fairly common. Each workman had a card on which were spaces for the reception of stamps. The workman contributed twopence a week which was deducted by his employer from his wages. The employer contributed a like sum for each employee and with these sums bought stamps which were affixed to the card. The National Government contributed from general tax funds a further sum of fivepence, thus making a total premium of ninepence per week. The unemployment payments were actually calculated on the basis of these premiums. A similar method was used for health insurance.

In the administration of the Acts, the Government made use of a great many existing institutions. Friendly Societies, Industrial Insurance Companies, Trade Unions, all of which had a certain amount of administrative machinery in operation, were allowed to carry on their work and to assist in the distribution of the various benefits.

The whole process was essentially new, and naturally the first forms of the Acts were not too satisfactory. However, in the course of the years that followed a great many amendments were made, partly to remedy faults in administrative machinery, and partly to provide for extension of benefits both in the number of

insured participating and in the amounts of benefits provided. The whole series of amendments, however, resulted in a very mixed and uncoordinated mechanism. There was a great deal of overlapping of functions, and a considerable difference in efficiency of operations by the various institutions. Moreover, there were large gaps between the insured and uninsured. Because of this, and also because of the admitted necessity of a new attack on the problem of poverty, the Beveridge investigation was proposed.

The Beveridge Report runs to some two hundred thousand words of explanation, argument, criticism, history and statistical tables, and it is therefore impossible to do more than sketch briefly the essential ideas that form the conclusions and the scheme for a new treatment of the fundamental problem.

Three guiding principles are laid down in the report. First, that the experience of the past should be used and recognized, but that the proposals should not be tied down by past experience. Second, that "organization of social insurance should be treated as one part only of a comprehensive policy of social progress . . . it is an attack upon Want.

But Want is only one of five giants on the road of reconstruction and in some ways the easiest to attack. The others are Disease, Ignorance, Squalor and Idleness." The third principle is that social security must be achieved by cooperation between the State and the individual. The whole plan is put forward as a limited contribution to a wider social policy, though as something that could be achieved now without waiting for the whole of that policy. "It is . . . a plan of insurance—of giving in return for contributions benefits up to a subsistence level, as of right and without means test, so that individuals may freely build upon it."

The plan provides for a single comprehensive premium to be paid by all persons in receipt of income, supplemented by contributions from employers of labor and from the State. This premium is calculated to provide the funds from which a whole series of benefits are to be paid.

Unemployment benefits are to be paid at a figure which guarantees sufficient sums to provide the basic necessities of existence, food to the amount of the minima laid down by the British Medical Association, clothing, rent, and so forth. There is no time limit to the extent to which the unemployment benefits are to be restricted, as was the case in the older system. But after a certain maximum period of free benefits, the unemployed person must agree to attend a training center in order to qualify him for work where work is available. And he must

be willing to accept any suitable work which is offered.

A complete coverage of health protection and medical attention is to be provided for the whole community—home service, hospital treatment, medical and surgical appliances, and sufficient funds during convalescence to maintain the minima mentioned above. This is to be given as of right, and with no question of ability to pay for these services after premiums have been paid. Those who wish more personal treatment by their own physicians may obtain it, but all must contribute to the general health insurance.

Special care is given to women for childbirth, the whole costs being borne by the insurance scheme. These costs include payments to women who are employed, for a period of thirteen weeks before and after the birth of the child.

Special allowances are to be made for families, the allowances being based upon the number of children, except that the first child is not counted.

Old age pensions are a feature of the proposals, and these are to be given without any regard to the means of the persons who have reached the retirement age. However, the report suggests that it is advisable for people to keep on working as long as they can. The retirement age for men is 65 and for women

60, but if the old man or woman does not retire, then for each year of additional work done, he or she receives an increase over the minimum retirement pension. It is not proposed that this scheme go into operation completely at once, because the burden thrown upon the insurance funds would be too great. However, as the premiums build up the insurance reserve funds, the scheme is to be gradually introduced and will be in full operation by 1965, on the assumption that the whole system is adopted and in operation by 1945.

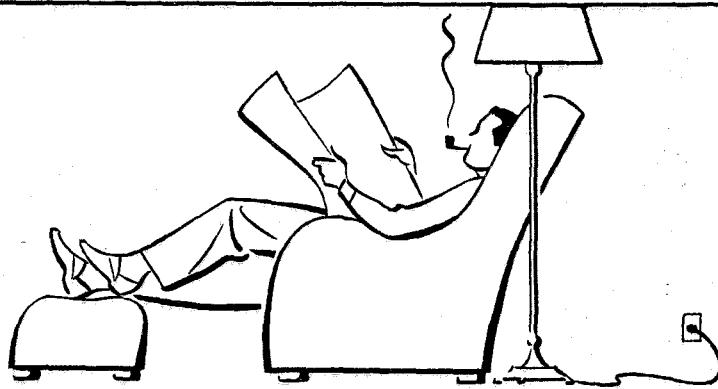
The administration of the plan is to be coordinated into a single control, headed by a cabinet Minister for Social Security. It is desired to eliminate the overlapping and unconnected agencies which operate at the present time. This involves taking away from the various Friendly Societies, Industrial Assurance companies, Trade Unions, and so on, many of the functions which they perform at present. The argument behind this proposal is that the expenses of operation, particularly with Industrial Assurance companies, are wastefully high.

Certain special problems are taken from their special positions and included in the general scheme. For example, the various schemes of workmen's compensation for industrial accidents and for diseases contracted in the course of work-

ing, are included in the general health organization. It is provided, however, that industries which have an unduly high proportion of industrial accidents—the coal mining industry for example—shall pay an additional levy in part, but only in part, to compensate for the extra expense involved.

In general the scheme has received favorable comment from sources as far apart as the London Times, and the Trade Union Congress. The interest is very widespread and the whole report has provided the basis for many articles, pamphlets, speeches and discussion groups. The opposition is likely to come very largely from the corporations which have vested interests in the present system, notably the Industrial Assurance Companies. An appendix in the Report itself deals with the wastes and profits of these companies.

Finally, there is always the problem of the productive capacity of the British Nation, especially at the close of the war and the establishment of a peaceful world. Britain cannot stand alone any more than other countries, and it may be that the whole scheme is conditional upon the development of a more coordinated and controlled international economic system. To discuss this possibility is beyond the scope of this article.



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