

Social Security for Great Britain—A Review of the Beveridge Report¹

MARTHA D. RING*

The Interdepartmental Committee on Social Insurance and Allied Services was appointed in June 1941 to undertake a survey of the existing British programs of social insurance and allied services, with special reference to their interrelations, and to make recommendations for consideration by the Parliamentary Committee on Reconstruction Problems. In view of the official connections of the departmental representatives of the Committee and the issues of high policy involved, Sir William Beveridge, as Chairman, was authorized in January 1942 to regard the departmental representatives not as co-authors of the report but as advisers and assessors of the various technical and administrative matters with which they are concerned. Sir William is, therefore, alone responsible for the report and recommendations, which were submitted to Parliament on December 1, 1942.

EXPRESSING HIS BELIEF that the British people have the material and spiritual power to abolish want, Sir William Beveridge sets forth the direction, scope, content, and administrative framework of a comprehensive unified system of social insurance and allied services as part of a broad policy of reconstruction. The proposals of his report, he declares, "cover ground which must be covered, in one way or another, in translating the words of the Atlantic Charter into deeds. They represent, not an attempt by one nation to gain for its citizens advantages at the cost of their fellow fighters in a common cause, but a contribution to that common cause." They are concerned with distribution of whatever wealth is available to the British people in order "to deal first with first things, with essential physical

needs. They are a sign of the belief that the object of government in peace and in war is . . . the happiness of the common man . . . a belief which, through all differences in forms of government . . . unites the United Nations and divides them from their enemies."

The report recommends that Parliament at once undertake consideration of measures to abolish want by maintaining income security for all British citizens, regardless of income level. Want is recognized, however, as only one of the impediments to reconstruction. The others are disease, which often causes want and brings other troubles in its train; ignorance, which no democracy can afford among its citizens; squalor, which arises mainly through haphazard distribution of industry and population; and idleness, which destroys wealth and corrupts men, whether or not they are well fed. "In seeking security not merely against physical want, but against all these evils in all their forms, and in showing that security can be combined with freedom and enterprise and responsibility of the individual for his own life, the British community and those who in other lands have inherited the British tradition have a vital service to render to human progress."

The framework of the social security plan as a whole is a unified system of cash payments, geared to subsistence levels, to provide: contributory social insurance protection for all persons of

*Assistant Chief, Division of Publications and Review, Office of the Executive Director; Marian Wayave and Florence C. Beal assisted in the construction of tables.

¹ Beveridge, Sir William, *Social Insurance and Allied Services*, Cmd. 6404, London, H. M. Stationery Office, 1942, 200 pp. Appendix G, "Memoranda From Organizations," is issued as a separate publication: *Social Insurance and Allied Services; Memoranda From Organizations, Appendix G to Report by Sir William Beveridge*, Cmd. 6405, London, H. M. Stationery Office, 1942, 244 pp. Rights of publication of an American edition were granted to the Macmillan Company, which has reproduced the report photographically from the English edition: Beveridge, Sir William, *Social Insurance and Allied Services*, New York, Macmillan, 1942, 200 pp.

For convenience of American readers, this review of the Beveridge report includes dollar values of British currency converted at the official exchange rate stabilized on Mar. 25, 1940, of \$1.035 per pound sterling, unless otherwise indicated; for the same reason, it draws more heavily on sections of the report dealing with social security and social policy, the social security budget, and the details of the proposed plan than on those describing the administrative and technical changes involved.

working age, designed to cover all insurable risks so general that they may affect all persons in the population; noncontributory public assistance, conditioned on need, to maintain subsistence income in special cases of want arising from non-insurable risks and from special situations among persons with inadequate duration of contributory social insurance coverage; and universal, non-contributory children's allowances without a means test. These provisions for cash payments would be administered by a National Ministry of Social Security. In addition, the social security plan postulates a system of universal medical and rehabilitation services administered by the health departments to provide—for all age groups, without means test or contributory conditions—all types of preventive, curative, and restorative measures necessary to maintain health and working capacity. Provisions for income maintenance above subsistence levels would be left to voluntary insurance, which the report stresses as a vitally important adjunct to the proposed national plan.

The unified social insurance program would be financed by a single flat weekly contribution varying with sex and age, paid by insured persons, by the employers of insured employees, and by the Government; the Government would bear the entire costs of public assistance and children's allowances; the costs of medical and rehabilitation services would be met in part from contributions collected under the social insurance program and in large part from Government funds.

Social Security and Social Policy

Social security, as used in the report, denotes the assurance of an income to replace earnings interrupted by unemployment, sickness, or accident, to provide for old-age retirement, to protect the family against loss of support resulting from the death of the breadwinner, and to meet exceptional expenditures such as those connected with birth, marriage, and death. In setting forth the details of his social security plan, Sir William makes three special assumptions without which, he believes, no satisfactory system of income maintenance can be established: (1) that the Government will pay noncontributory flat allowances for children up to the age of 15, or to age 16 if they are in full-time attendance at school, for all children

other than the first child when the parent is earning, and for the first child in addition, during interruption of earning; (2) that a national system of comprehensive health and rehabilitation services, available to all members of the community, will be established for prevention and care of disease and restoration of capacity for work; and (3) that substantially full employment will be maintained by prevention of mass unemployment.²

The report outlines the principles, methods, and costs of establishing the proposed social security plan and providing children's allowances and health and rehabilitation services. Actual procedures for maintaining employment are recognized as beyond the scope of the recommendations. The need for such provision as a foundation for any comprehensive plan for social insurance, social assistance, and social services rests on the belief that idleness is demoralizing, even when there is income; that without an offer of work there is no satisfactory test of unemployment or of eligibility for unemployment or disability benefits; that in time of active demand for labor, as in war, there are incentives for the rehabilitation and recovery of injured and sick persons through the chance of a happy and useful career; that income security, as contrasted with a reasonable chance for productive employment, is so inadequate a provision for human happiness that it is hardly worth consideration as a sole or principal measure of reconstruction; and that unemployment, by increasing expenditures for benefits and reducing the income to bear such costs, is the worst form of waste.

Existing social insurance and assistance programs in Great Britain take account of all major threats to income maintenance—industrial accident and disease, nonindustrial sickness and disability, unemployment, old age, widowhood, and orphanage—but the provisions to meet these risks have been piecemeal in development, limited in compulsory insurance coverage, inadequate in benefits, and excessively complex in organization and administration. The remedy which the Beveridge report proposes for Great Britain lies in reorganizing and expanding the insurance programs to provide subsistence benefits, irrespective of the amount of interrupted earnings; compulsory contributions varying with age, sex, and source of income, payable by all persons of working age,

² In framing the budget for the proposed plan, it was assumed that the average rate of unemployment in the future will be about 8.5 percent.

regardless of means;³ a unified system of administration which would permit weekly payment of a single contribution into a single social insurance fund from which all benefits and other insurance payments would be made; benefits adequate in amount and duration to provide the minimum income needed for subsistence in all normal cases, to be continued indefinitely without a means test so long as the need persists, though subject to change of conditions and treatment required by occupation and prolonged interruption of earnings; comprehensive and compulsory coverage of all persons and of all risks—such as burial costs—so general and so uniform that they should not be left to voluntary insurance or public assistance; and provisions capable of adjustment to take account of the different ways of life of all classes of the community—those dependent on wages or salaries, those earning in other ways, those rendering vital unpaid services as housewives, those not yet of age to earn, and those past earning. (See tables 1 and 2.)

Social insurance is considered as the most important social security measure, but is recognized as only one of three approaches. It must be supplemented by public assistance (payable from

¹ Persons of working age with annual incomes of less than £75 (\$303) a year who are not employees would be permitted to elect exemption from contributions and benefits; gainfully occupied housewives would be permitted to elect exemption from contributions and in that event would be entitled only to benefits which derive from their husbands' contributions.

the National Exchequer) and by voluntary insurance. Public assistance, particularly during a transitional period, but for exceptional cases in all periods, would provide cash payments conditioned on need and adjusted to individual circumstances; voluntary insurance would enable individuals to maintain higher standards of living than the basic minimum for subsistence. The Beveridge plan for social security "is not one for giving to everybody something for nothing and without trouble, or something that will free the recipients forever thereafter from personal responsibilities. . . It can be carried through only by a concentrated determination of the British democracy to free itself once for all of the scandal of physical want for which there is no economic or moral justification. When that effort has been made, the plan leaves room and encouragement to all individuals . . . to satisfy and to produce the means of satisfying new and higher needs than bare physical needs."

"Want," Sir William says, "could have been abolished in Great Britain just before the present war. It can be abolished after the war, unless the British people are and remain very much poorer than they were before, that is to say unless they remain less productive than they and their fathers were. There is no sense in believing . . . that they will and must be less productive. . . Reconstruction

Table 1.—Great Britain: Population in July 1939 and social security provisions under proposed plan, by class

Class	Number of persons (in millions)	Contribution provisions	Security provisions							Other provisions
			Unemployment benefit ¹	Disability benefit ¹	Industrial pension	Training benefit ²	Retirement pension	Funeral grant	Health and rehabilitation service	
I. Employees	18.4	Insured by weekly contribution on employment book.	X	X	X	-----	X	X	X	Removal and lodging grant, industrial grant.
II. Others gainfully occupied.	2.5	Insured by contributions on occupational card.	-----	(³)	-----	X	X	X	X	
III. Housewives	6.3	Insured on marriage through housewife's policy.	(⁴)	(⁴)	(⁴)	X	X	X	X	Marriage grant, maternity grant, maternity benefit, ⁵ guardian benefit, separation benefit.
IV. Others of working age	2.4	Insured by contributions on security card.	-----	-----	-----	X	X	X	X	
V. Persons under working age.	9.6	None.	-----	-----	-----	-----	-----	X	X	Children's allowance.
VI. Persons retired and above working age.	4.3	Insured by contributions made during working age.	-----	-----	(⁶)	-----	X	X	X	

¹ Includes provision for nongainfully occupied wife of married man or adult dependent of single person.

² Includes provision for nongainfully occupied wife of married man or adult dependent of single person and removal and lodging grant.

³ Payable after 13 weeks of disability.

⁴ Includes 1.4 million gainfully occupied married women.

⁵ Payable to gainfully occupied married women in class I who have chosen to make contributions.

⁶ Payable to all gainfully occupied women.

⁷ Represents number of children under 14, i. e., present minimum age for leaving school. Proposed plan for children's allowances assumes age 15 as minimum age for leaving school.

⁸ Payable if industrial pension granted prior to retirement age is larger than retirement pension.

Source: Beveridge, Sir William, *Social Insurance and Allied Services*, Cmd. 6404, H. M. Stationery Office, London, 1942, p. 123.

of social insurance and allied services to ensure security of income for all risks is a general aim on which all reasonable men would agree. It involves changes affecting many sectional interests, but it raises no issues of principle or of party. It involves an immense

Table 2.—Great Britain: Social security provisions under proposed plan

Social security provision	Conditions for full benefits ¹	Weekly amount payable ²
Unemployment benefit.....	Not paid for first 3 days of unemployment unless unemployment lasts for at least 4 weeks.	Man and nongainfully occupied wife 40s. (\$9.07) Man with gainfully occupied wife not receiving benefit 21s. (\$4.84)
Disability benefit ³	Not paid for first 3 days of disability unless the disability lasts for at least 4 weeks. Payable to person in class II only after first 13 weeks of disability.	Single person, aged 21 or over 21s. (\$4.84) Gainfully occupied married woman 16s. (\$3.23) Adult dependent of single person 16s. (\$3.23) Single person, aged 18-20 20s. (\$4.61) Single person, aged 10-17 15s. (\$3.03) Child's allowance (average per child) 8s. (\$1.61)
Training benefit.....	Payable for maximum of 26 weeks to persons in class II who have lost their livelihood, to widows (or deserted or separated wives) in class III, or to persons in class IV when it becomes necessary for them to earn their living.	
Dependent's allowance.....	Payable to adult dependent of single person receiving unemployment, disability, or training benefit.	
Retirement pension.....	Payable to man aged 65 or over or woman aged 60 or over, subject to deduction for earnings. Basic pension not payable at full rate until end of transitional period of 20 years from beginning of new program.	Man and nongainfully occupied wife 40s. (\$9.07) Man with gainfully occupied wife not receiving benefit 21s. (\$4.84) Married woman contributor with husband below pensionable age 21s. (\$4.84) Single person 21s. (\$4.84) Child's allowance (average per child) 8s. (\$1.61) Pension increased if retirement postponed after age 65 or 60, by 1s. (20 cents) a week for a single person, and by 2s. (40 cents) a week for a married couple, for each year of deferment.
Industrial pension [*]	Payable in place of disability benefit to person in class I disabled because of industrial accident or disease, if such disability lasts more than 13 weeks.	For total disability: $\frac{3}{5}$ of estimated full-time earnings in period preceding disability but not more than £3 (\$12.10) a week or less than disability benefit (including dependent's allowance). For partial disability: Pension proportionate to estimated loss of earning power. Child's allowance (average per child) 8s. (\$1.61)
Industrial grant [*]	Payable on worker's death from industrial accident or disease, to widow or other wholly or mainly dependent person. Not payable for deaths after minimum age of retirement.	Amount and form of grant to be determined by regulation.
Removal and lodgings grant.....	Payable to person taking work or training, at distance from present home, for all or part of expenses of removal and temporary lodging.	Amount and form of grant to be determined by regulation.
Marriage grant.....	Payable to woman in class I or II.....	Rate determined by number of contributions prior to marriage; from £1 (\$4.04), for 40 weekly contributions up to £10 (\$40.35).
Maternity grant.....	Payable to married woman and to other women if insured in class I or II.	Lump sum £4 (\$16.14)
Maternity benefit.....	Payable to gainfully occupied woman on condition of not working during 13-week period, including date of child's birth.	Benefit 36s. (\$7.20)
Widow's benefit.....	Payable to widow under age 60, for 13 weeks following husband's death.	Benefit 36s. (\$7.20) Child's allowance (average per child) 8s. (\$1.61)
Guardian benefit.....	Payable to widow with dependent children on cessation of widow's benefits; subject to deduction for earnings.	Benefit 21s. (\$4.84) Child's allowance (average per child) 8s. (\$1.61)
Child's allowance [*]	Payable for each child under 15 (or 16 if in school) if parent is receiving benefit or pension, and for each child after the first if parent is earning.	Average of 8s. (\$1.61)
Funeral grant.....	Payable to person responsible for funeral expenses Not payable for death of any person aged 60 or over at beginning of new program.	Age of deceased person: Lump sum 21 years or over £20 (\$80.70) 10-20 years £15 (\$60.62) 3-9 years £10 (\$40.35) Under 3 years £0 (\$21.21)
Medical and rehabilitation service [*]	Available to any person requiring service. In addition, household help furnished if housewife needs hospital care.	No cash payment.
Assistance payment [*]	Payable to person for whom no insurance benefit is payable or whose benefits require supplementation.	Amount to be determined on basis of need.

¹ Benefits subject to reduction for unpaid or "unexercised" contributions except for provisions marked with an asterisk, which would have no contributory requirements.

² Dollar amounts computed at official exchange rate of \$4.035 per pound sterling stabilized on Mar. 25, 1940.

³ No contributory requirements for disability of industrial origin.
Source: Beveridge Report, pp. 127-133, 135, 141, 150, 151, 175, 177.

work of detail in legislation and organization for which time is essential, for which there may be less time in the uncertain aftermath of war than there is today. If a plan for freedom from want, so far as social security can give it, is to be ready when the war ends, it must be prepared during the war. To give effect to the plan . . . requires decisions of three kinds: decisions of principle, decisions of execution and detail, and decisions of amount, that is to say of rates of benefit and contribution. Decisions of the third kind . . . do not need to be taken now; they can wait until the probable level of prices after the war is better known. Decisions of the first kind, . . . decisions of principle, can be taken now and need to be taken, if any plan for social security is to be ready when the war ends."

The cost of subsistence in the future cannot be forecast accurately, and cannot be assumed to be the same for all families or for all parts of the country. A subcommittee of the Interdepartmental Committee, using existing data on expenditures of families in industrial and agricultural areas, found that the cost of rent, in particular, varied markedly by sections of the country and among families of the same size in the same parts of the country. The fact that expenditures for rent cannot be reduced during temporary interruptions of earnings raises questions for the future as to the desirability of determining different levels of subsistence and benefits for working families in large cities, in smaller communities, and in agricultural areas. In establishing provisional rates for benefits, however, Sir William makes no such differentiation, with the statement that the differentiation, which should apply to contribution rates as well as benefits, can be made later without affecting the main structure of the social security plan if the change is considered desirable and practicable.

At 1938 prices (table 3), it is estimated that subsistence needs for food, clothing, rent, fuel, light, and household sundries required a weekly expenditure of \$7.82 for a man of working age and his wife.⁴ Since not all expenditures can be made with a maximum of economy and efficiency, 49 cents a week additional is considered necessary as a margin for waste. For a retired couple, with lower requirements for food and clothing and with

⁴ Dollar expenditures in this instance are based on 1938 average official exchange rate of \$4.8804 per pound sterling.

opportunities for making permanent arrangements for housing at lower rental, the budget needs are placed at \$7.25 a week. For single men of working age the estimated cost is \$4.04 a week, and for retired men aged 65 or over, \$4.36; for single working women the subsistence budget is \$4.40 and for retired women aged 60 and over, \$4.24. On the average, subsistence needs for a child under age 15 cost \$1.71 a week in 1938, with no allowance for rent or margin.

Table 3.—Great Britain: Weekly subsistence requirements at 1938 prices¹

Sex and age	Weekly amount ¹					Margin
	Total	Food	Clothing	Rent	Fuel, light, and sundries	
Adults, working age:						
Man and wife.....	\$7.82	\$3.18	\$0.73	\$2.44	\$0.98	\$0.49
Man.....	4.04	1.71	.37	1.60	.01	.37
Woman.....	4.40	1.47	.37	1.69	.01	.37
Retired persons:						
Man and wife.....	7.25	2.81	.65	2.08	1.22	.49
Man.....	4.36	1.47	.33	1.47	.73	.37
Woman.....	4.24	1.34	.33	1.47	.73	.37
Children:						
Average, all ages.....	1.71	1.46	.20	-----	.06	-----
Under 5 years.....	1.30	1.10	.14	-----	.06	-----
5-9 years.....	1.73	1.47	.20	-----	.06	-----
10-13 years.....	2.02	1.71	.24	-----	.06	-----
14-15 years.....	2.20	1.83	.31	-----	.06	-----

¹ Dollars computed at official exchange rate of \$4.8804 per pound sterling (average for 1938). Totals may differ from sums of amounts because, in converting to dollars, amounts were not forced to add to totals.

Source: Beveridge Report, pp. 87-90.

In suggesting benefit rates and children's allowances at subsistence levels, the plan assumes that post-war costs of living will be 25 percent higher than 1938 prices. Subsistence needs would represent 40s. (\$8.07) a week for a man and his wife living together, and 24s. (\$4.84) a week for a person living alone, disregarding differences of sex and raising amounts to the nearest full shilling. For young persons aged 18-20 a provisional rate of 20s. (\$4.04) a week in benefits is suggested and a lower rate of 15s. (\$3.03) for boys and girls aged 16-17. Instead of providing for a post-war subsistence cost of 9s. (\$1.82) a week for younger children, the plan takes account of substantial public provisions for children through school meals or free or below-cost milk and places the allowance at 8s. (\$1.61) a week. If rents are kept at pre-war levels, the provisional benefit rates would cover an increase of 33 percent in other costs of living, including the margin. A somewhat larger proportion is allowed for margin in the retirement pen-

Table 4.—Great Britain: Weekly contribution rates for compulsory social insurance under present and proposed plans ¹

Employed workers and program	Rates in shillings and pence									Rates in dollars ²								
	Present plan						Proposed plan			Present plan						Proposed plan		
	General worker			Agricultural worker			Employee (class I)			General worker			Agricultural worker			Employee (class I)		
	Total	Em- ployer	Em- ployee	Total	Em- ployer	Em- ployee	Total	Em- ployer	Em- ployee	Total	Em- ployer	Em- ployee	Total	Em- ployer	Em- ployee	Total	Em- ployer	Em- ployee
Men																		
65 years and over:																		
Total	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
Unemployment insurance	1 10	1 10	0 0	1 3½	1 3½	0 0	7 6	3 3	4 3	\$0.37	\$0.37	\$0.00	\$0.26	\$0.26	\$0.00	\$1.51	\$0.66	\$0.86
Health insurance	0 10	0 10	0 0	0 3½	0 3½	0 0	---	---	---	.17	.17	0	.08	.08	0	---	---	---
Pension	0 0	0 0	0 0	0 0	0 0	0 0	---	---	---	0	0	0	0	0	0	---	---	---
21-64 years:	1 0	1 0	0 0	1 0	1 0	0 0	---	---	---	.20	.20	0	.20	.20	0	---	---	---
Total	3 8	1 10	1 10	2 7	1 3½	1 3½	7 6	3 3	4 3	.74	.37	.37	.52	.26	.26	1.51	.66	.86
Unemployment insurance	1 8	0 10	0 10	0 7	0 3½	0 3½	---	---	---	.34	.17	.17	.12	.06	.06	---	---	---
Health insurance ⁴	0 11	0 5½	0 5½	0 11	0 5½	0 5½	---	---	---	.18	.09	.09	.18	.09	.09	---	---	---
Pension	1 1	0 6½	0 6½	1 1	0 6½	0 6½	---	---	---	.22	.11	.11	.22	.11	.11	---	---	---
18-20 years:																		
Total	3 6	1 9	1 9	2 6	1 3	1 3	6 3	2 9	3 6	.71	.35	.35	.50	.25	.25	1.26	.55	.71
Unemployment insurance	1 6	0 9	0 9	0 6	0 3	0 3	---	---	---	.30	.15	.15	.10	.05	.05	---	---	---
Health insurance ⁴	0 11	0 5½	0 5½	0 11	0 5½	0 5½	---	---	---	.18	.09	.09	.18	.09	.09	---	---	---
Pension	1 1	0 6½	0 6½	1 1	0 6½	0 6½	---	---	---	.22	.11	.11	.22	.11	.11	---	---	---
16-17 years:																		
Total	2 10	1 5	1 5	2 4	1 2	1 2	5 0	2 6	2 6	.57	.28	.28	.47	.24	.24	.01	.50	.50
Unemployment insurance	0 10	0 5	0 5	0 4	0 2	0 2	---	---	---	.17	.08	.08	.07	.03	.03	---	---	---
Health insurance ⁴	0 11	0 5½	0 5½	0 11	0 5½	0 5½	---	---	---	.18	.09	.09	.18	.09	.09	---	---	---
Pension	1 1	0 6½	0 6½	1 1	0 6½	0 6½	---	---	---	.22	.11	.11	.22	.11	.11	---	---	---
Under 16 years:																		
Total	0 8	0 4	0 4	0 7	0 3½	0 3½	---	---	---	.13	.06	.06	.12	.06	.06	---	---	---
Unemployment insurance	0 4	0 2	0 2	0 3	0 1½	0 1½	---	---	---	.07	.03	.03	.05	.03	.03	---	---	---
Health insurance	0 4	0 2	0 2	0 4	0 2	0 2	---	---	---	.07	.03	.03	.07	.03	.03	---	---	---
Pension	0 0	0 0	0 0	0 0	0 0	0 0	---	---	---	0	0	0	0	0	0	---	---	---
Women																		
60 years and over:																		
Total	1 6	1 6	0 0	1 0	1 0	0 0	6 0	2 6	3 6	.30	.30	0	.20	.20	0	1.21	.50	.71
Unemployment insurance	0 9	0 9	0 0	0 3	0 3	0 0	---	---	---	.15	.15	0	.05	.05	0	---	---	---
Health insurance	0 0	0 0	0 0	0 0	0 0	0 0	---	---	---	0	0	0	0	0	0	---	---	---
Pension	0 9	0 9	0 0	0 9	0 9	0 0	---	---	---	.15	.15	0	.15	.15	0	---	---	---
21-59 years:																		
Total	3 1	1 6	1 7	2 1	1 0	1 1	6 0	2 6	3 6	.62	.30	.32	.42	.20	.22	1.21	.50	.71
Unemployment insurance	1 6	0 9	0 9	0 6	0 3	0 3	---	---	---	.30	.15	.15	.10	.05	.05	---	---	---
Health insurance ⁴	0 10½	0 5½	0 5	0 10½	0 5½	0 5	---	---	---	.18	.09	.08	.18	.09	.08	---	---	---
Pension	0 8½	0 3½	0 5	0 8½	0 3½	0 5	---	---	---	.14	.06	.08	.14	.06	.08	---	---	---
18-20 years:																		
Total	2 11	1 5	1 6	2 0	0 11½	1 0½	5 0	2 0	3 0	.59	.28	.30	.40	.19	.21	1.01	.40	.61
Unemployment insurance	1 4	0 8	0 8	0 5	0 2½	0 2½	---	---	---	.27	.13	.13	.08	.04	.04	---	---	---
Health insurance ⁴	0 10½	0 5½	0 5	0 10½	0 5½	0 5	---	---	---	.18	.09	.08	.18	.09	.08	---	---	---
Pension	0 8½	0 3½	0 5	0 8½	0 3½	0 5	---	---	---	.14	.06	.08	.14	.06	.08	---	---	---
16-17 years:																		
Total	2 4	1 1½	1 2½	1 10	0 10½	0 11½	4 0	2 0	2 0	.47	.23	.24	.37	.18	.19	.81	.40	.40
Unemployment insurance	0 9	0 4½	0 4½	0 3	0 1½	0 1½	---	---	---	.15	.08	.08	.05	.03	.03	---	---	---
Health insurance ⁴	0 10½	0 5½	0 5	0 10½	0 5½	0 5	---	---	---	.18	.09	.08	.18	.09	.08	---	---	---
Pension	0 8½	0 3½	0 5	0 8½	0 3½	0 5	---	---	---	.14	.06	.08	.14	.06	.08	---	---	---
Under 16 years:																		
Total	0 8	0 4	0 4	0 6	0 3	0 3	---	---	---	.13	.06	.06	.10	.05	.05	---	---	---
Unemployment insurance	0 4	0 2	0 2	0 2	0 1	0 1	---	---	---	.07	.03	.03	.03	.02	.02	---	---	---
Health insurance	0 4	0 2	0 2	0 4	0 2	0 2	---	---	---	.07	.03	.03	.07	.03	.03	---	---	---
Pension	0 0	0 0	0 0	0 0	0 0	0 0	---	---	---	0	0	0	0	0	0	---	---	---

Social Security

¹ Present plan as of 1942; proposed plan would begin as of July 1, 1944. Contribution rates under the present plan for members of Crown forces and other special groups are not shown here. Proposed rates for insured persons in classes II and IV are shown in table 5.

² Dollars computed at official exchange rate of \$4.035 per pound sterling stabilized on Mar. 25, 1940. Totals may differ from sums of amounts because, in converting to dollars, amounts were not forced to add to totals.

³ Represents the sum of rates payable by employer for employed persons for health insurance and pensions; the portion for health insurance is transferred from the pension account to the health insurance funds.

⁴ For low-paid workers aged 18 and over whose remuneration does not include board and lodging provided by employer, rates are adjusted as follows: When worker's remuneration exceeds 3s. but not 4s. a day, employer's contribution increased (and worker's decreased) by 1d.; when remuneration does not exceed 3s., employer pays total contribution. For masters and seamen serving on a foreign-going ship, rates are reduced 3d.

Source: Beveridge Report, pp. 174, 227-229.

sions, since the subsistence needs of retired older persons are lower than for persons of working age.

The Scope of the Social Security Plan

Coverage

Under the social security plan proposed, virtually the entire working-age population of Great Britain would begin on July 1, 1944, to contribute toward a unified social security fund and would acquire rights toward benefits representing subsistence costs of living whenever normal income is interrupted by unemployment, disability, old-age retirement, or death of the income producer. The estimated 1944 population of Great Britain is divided into six classes, as follows:

Class I, employees (13,350,000 men, 4,750,000 women) comprising persons whose normal occupation is employment under contract of service, including military and civilian personnel in Government service;

Class II, others gainfully occupied (2,150,000 men, 450,000 women) including employers, traders, and independent workers of all kinds;

Class III, housewives, i. e., married women of working age (9,450,000), including those gainfully occupied;

Class IV, other persons of working age who are not gainfully occupied (1,000,000 men, 1,300,000 women), including students aged 16 and over, persons of private means, unmarried women engaged in housework without pay, and disabled persons;

Class V, children below working age, under age 15 or under age 16 if at school (5,000,000 boys, 4,800,000 girls);

Class VI, retired persons above working age (1,200,000 men aged 65 and over, 3,550,000 women aged 60 and over).

Contributions

Every person in classes I, II, or IV would pay, each week or other specified period, a single insurance contribution, differing with source of income, sex, and age. The employer of workers in class I would also contribute, affixing an insurance stamp to the worker's employment book and deducting the worker's share from his wages or salary. Employers insuring on their own behalf and other self-employed persons (class II) would contribute by affixing stamps to an occupation

card. Persons in class IV would affix their own stamps to social security cards.

For all adult age groups, contributions for men would be higher than for women to provide funds for benefits to which nongainfully occupied housewives would be entitled when their husbands receive benefits. A "housewife's policy," issued on marriage, would determine these rights to benefits. Married women who are gainfully employed might, however, elect to contribute as class I or class II workers, depending on their occupational status, and in that event would receive in their own right benefits for disability, unemployment, and retirement.

Children below working age would be exempt from contributions. The plan assumes that children's allowances, payable from the National Exchequer, would be granted on behalf of all such children when the responsible parent or guardian is receiving insurance benefits and on behalf of all but the first child of eligible age in all other families. Persons in class VI and those in receipt of other benefits would be excused from contributions. Persons of retirement age who remain at work would continue to contribute and to be

Table 5.—Great Britain: Weekly contribution rates for compulsory social insurance under proposed plan, beginning July 1944

Sex and age group	Employees ¹ (class I)			Others gainfully occupied ¹ (class II)	Others of working age ² (class IV)	
	Total	Insured persons	Employers			
Rates in shillings and pence						
Men:	<i>s.</i>	<i>d.</i>	<i>s.</i>	<i>d.</i>	<i>s.</i>	<i>d.</i>
16-17.....	5	0	2	6	2	0
18-20.....	6	3	3	0	3	0
21 and over.....	7	6	4	3	4	9
Women:	<i>s.</i>	<i>d.</i>	<i>s.</i>	<i>d.</i>	<i>s.</i>	<i>d.</i>
16-17.....	4	0	2	0	2	0
18-20.....	5	0	3	0	3	0
21 and over.....	6	0	3	6	3	0
Rates in dollars ³						
Men:						
16-17.....	\$1.01	\$0.60	\$0.60	\$0.40	\$0.30	
18-20.....	1.20	.71	.65	.71	.61	
21 and over.....	1.51	.86	.66	.85	.76	
Women:						
16-17.....	.81	.40	.40	.40	.30	
18-20.....	1.01	.61	.40	.61	.60	
21 and over.....	1.21	.71	.60	.70	.61	

¹ Includes gainfully occupied housewife unless she elects to be exempt from contributions and therefore is entitled only to maternity grant and benefit and other benefits based on husband's insurance.

² Excludes persons with total income of less than £75 a year who elect to be exempt from payment of contributions with resulting loss of benefit rights.

³ Dollars computed at official exchange rate of \$4.035 per pound sterling stabilized on Mar. 25, 1940. Totals may differ from sums of amounts because, in converting to dollars, amounts were not forced to add to totals.

Source: Beveridge Report, p. 174.

eligible for all types of benefits. Retirement benefits would be increased for each year of contributions after attainment of retirement age.

A comparison of weekly contribution rates for employees (class I) under the proposed plan with corresponding rates under the present system appears in table 4. Proposed rates of contribution for each class of insured persons and each age group of persons of working age are shown in table 5; they vary from 4s. 3d. (86 cents) a week for adult men employees to 2s. (40 cents) a week for boys and girls in class II and 1s. 6d. (30 cents) a week for boys and girls in class IV. Employers would contribute from 2s. to 3s. 3d. (40-66 cents) a week on behalf of each of their employees; the amount would vary with the age and sex of the worker.

It is estimated that these insurance contributions would be sufficient, with specified Government contributions, to finance the basic benefits during periods of unemployment, disability, or retirement. In addition, the insurance contributions, including the share of the Exchequer, would finance marriage grants, maternity benefits and

Table 6.—Great Britain: Social security expenditures for 1938-39 and estimated expenditures under present plan for 1945 and under proposed plan for 1945, 1955, and 1965, by program

[In millions]

Program	Amount in pounds sterling					Amount in dollars ¹				
	Present plan		Proposed plan			Present plan		Proposed plan		
	1938-39	1945	1945	1955	1965	1938-39	1945	1945	1955	1965
Total.....	334	415	607	704	858	1,348	1,075	2,812	3,083	3,402
Social insurance	243	310	367	442	551	981	1,251	1,481	1,783	2,231
Benefits	213	290	349	424	535	850	1,170	1,408	1,711	2,159
Unemployment benefits (including training benefit)	90	84	110	109	107	133	130	414	410	432
Disability benefits other than industrial	19	27	57	68	71	77	100	230	274	286
Industrial disability benefits, pensions, and grants	10	13	15	15	15	40	52	61	61	61
Retirement pensions (old age)			126	190	300			508	767	1,211
Widows' and guardian benefits	94	163	26	26	21	370	458	117	105	85
Maternity grants and benefits		73	7	6	6		12	28	21	24
Marriage grants			4	3	3			4	12	12
Funeral grants			4	7	12			16	28	48
Administrative costs	22	20	18	18	18	80	81	73	73	73
Other payments	8					32				
National assistance	26	15	47	41	32	105	61	160	165	120
Assistance pensions			39	33	25			157	133	101
Other assistance	26	15	5	5	5	105	61	20	20	20
Administrative costs	(12)	(12)	3	3	2	(12)	(12)	12	12	8
Children's allowances		11	113	111	103		44	450	448	416
Allowances		11	110	108	100		44	444	436	404
Administrative costs		(12)	3	3	3		(12)	12	12	12
Health and rehabilitation services	65	70	170	170	170	202	310	686	686	686

¹ Dollars computed at official exchange rate of \$4.035 per pound sterling stabilized on Mar. 25, 1940. Totals may differ from sums of amounts because, in converting to dollars, amounts were not forced to add to totals.

² Includes unemployment assistance but excludes proposed training benefits.

³ Based on assumption of benefits at new proposed rates for all persons in receipt of disablement benefits at beginning of new program; if permanent invalids among recipients of disablement benefits receive pensions at rising rates during transitional period 1945-65, this figure would be reduced to £47 million.

⁴ Includes total cost of existing cases of prolonged disability; all present weekly payments will be raised to new rates with offset against the amount shown, in the reserves held by insurance companies and associations to cover their liabilities at present rates.

⁵ Represents £79 million for contributory widows', orphans', and old-age pensions, and £15 million for noncontributory old-age pensions.

⁶ Represents £94 million for contributory old-age pensions and pensions to widows aged 60 and over; £12 million for widows under 60; £10 million for noncontributory pensions; and £47 million for supplementary pensions.

⁷ Grants not payable under present plan.

⁸ At outset, persons then aged 60 or over are to be excluded from provisions.

⁹ Includes administrative costs for national assistance and children's allowances.

¹⁰ It is assumed that the scope of assistance in which administrative costs are relatively high will be greatly decreased and that such costs, which totaled about £7 million for central and local administration in 1938-39, should certainly not exceed £3 million in 1945. Costs of administering industrial disability benefits and pensions should not be more than 10 percent of the much higher benefits provided. £16 million is allowed for administering all other social insurance programs as compared with £14 million in

1938-39, an apparently reasonable assumption when increase in prices and in total scope of the program is offset against economies which will follow administrative coordination.

¹¹ Includes £3 million applied toward reduction of debt.

¹² The most important groups included are: (1) women aged 60-70, not entitled to present contributory pensions (it may be assumed that claimants for assistance will increase materially from this group); (2) persons between age 55 (60 for women) and 70 at outset, who are outside present scope of contributory pensions and who either will be exempt from contributions under proposed plan or will qualify for such inadequate pensions when they reach retirement age (long before 1965) that they will be in need; and (3) persons in classes II and IV who, because their annual income is below £75, will not qualify for contributory pensions.

¹³ Represents £24 million for public assistance (out relief) and £2 million for assistance to blind persons. Excludes £35 million for unemployment assistance, which was included with unemployment benefits.

¹⁴ Other than noncontributory and supplementary pensions included under retirement pensions.

¹⁵ Included with social insurance administrative costs.

¹⁶ Represents £15 million included in National Health Insurance and £30 million for other health services met from public funds.

¹⁷ Represents £19 million included in National Health Insurance and £60 million for other health services met from public funds.

¹⁸ Rough estimate on assumption that hospital treatment and all other treatment are included in health service through compulsory social insurance contributions without further voluntary contributions or charges. Estimate also assumes expansion of services from 1945 with corresponding reduction in number of cases requiring service.

Source: Beveridge Report, pp. 112, 191, 199, 201, 203, 204, 214, 241.

grants, widow's benefits, guardian's benefits, benefits to wives separated from their husbands, and funeral grants for the entire population. Costs of children's allowances would be met from the National Exchequer; approximately one-fourth of the costs of medical treatment and rehabilitation services would come from the insurance fund and three-fourths from the National Exchequer and local tax receipts. During a 20-year transitional period, certain interim rates of benefits are assumed for retirement pensions and may be desirable for disability benefits.

Eligibility

For current risks, such as unemployment, nonindustrial disability, and survivorship, eligibility for benefits would be dependent upon the payment of at least 48 contributions in a contribution year, except that contributions for persons receiving benefits would be waived or "excused," i. e., credited as if paid. For old-age retirement, the eligibility requirement would be an average of 48 paid or waived weekly contributions a year throughout the working life of the insured person from the beginning of the proposed program. Reduced benefits would be provided for persons who do not qualify for full payments, and public assistance, on a needs basis, would be available for persons whose ineligibility for full benefits brings them below subsistence levels. Special qualifying conditions for maternity benefits and for funeral grants may be necessary and, when the program is in full operation, special initial qualifying contributions would be required, except for disability of industrial origin and widow's or guardian's benefits.

Total Costs

Under the provisions of the plan it is estimated that the social security program would cost £697 million (\$2,812 million) in 1945, £764 million (\$3,083 million) in 1955, and £858 million (\$3,462 million) in 1965, including, in addition to cash insurance benefits, administrative expenses, children's allowances, public assistance, and national health services (table 6). Contributory social insurance benefits represent about 50 percent of the total in 1945, 56 percent in 1955, and 62 percent in 1965; public assistance expenditures represent 7, 5, and 4 percent of the total in the 3 years, respectively; children's allowances account for

16, 15, and 12 percent; administrative costs for all the foregoing services account for 3, 2, and 2 percent, respectively; while health services represent 24, 22, and 20 percent.

Source of Funds

The new social security plan is based on the tripartite system of contributions established with the unemployment insurance program in 1911—Government contributions from the National Exchequer representing contributions of citizens as taxpayers, compulsory contributions from insured persons as potential beneficiaries, and contributions from employers taxed for employment. The institutions for medical treatment and for domiciliary care of recipients of public assistance would be financed in part from local funds, bringing in a fourth source of income—citizens as local property taxpayers. The expenditures of local authorities for allied social services (such as housing, education, maternal and child welfare), though closely related to social security, are not reckoned in the social security budget.

"The distinction between taxation and insurance contribution is that taxation is or should be related to assumed capacity to pay rather than to the value of what the payer may expect to receive, while insurance contributions are or should be related to the value of the benefits and not to capacity to pay. Within insurance a further distinction may be drawn between voluntary and compulsory insurance. In voluntary insurance, the contribution is a premium which must be adjusted to some extent to the degree of risk; persons with low risks must be allowed to pay less for the same rate of benefit than those with high risks; otherwise they will not insure. In compulsory insurance, the contribution may vary with the risk but need not do so. . ."

Suggestions that social security should be financed wholly from general taxation or that it should be financed from earmarked special taxes are dismissed by Sir William on the ground that they break with the contributory principles on which insurance programs are based. As a further argument against assignment of taxes to special purposes, he cites the gasoline tax which was introduced specifically to improve roads for motor transportation; such earmarking, however, proved no assurance that the proceeds of the tax would be applied solely to the original purpose.

The contributory principle is retained in the plan because (a) insured persons can pay and like to pay and would rather pay than not; (b) it is desirable to keep the social insurance fund self-contained, with defined responsibilities and defined sources of income, in order that insured persons may realize that they cannot get increased benefits without increased contributions, may support measures for economical administration, and may realize that the Government is not the dispenser of gifts for which no one needs to pay; and (c) contributions provide an automatic record by which the insured persons may be classified in accordance with their type of occupation and by which their claims for particular benefits may be tested.

In general, Sir William believes that the argument for employers' contributions to the insurance system is not so strong as is that for requiring contributions from insured persons.

Table 7.—Great Britain: Social security income for 1938-39 and estimated income under present plan for 1945 and under proposed plan for 1945, 1955, and 1965, by source of funds

Year	Total	Contributions		Interest on existing funds	Exchequer ¹
		Insured persons	Employers		
Amount in millions of pounds sterling					
Present program: ²					
1938-39.....	342	55	60	0	212
1945.....	432	69	83	15	266
Proposed program:					
1945.....	697	104	137	15	361
1955.....	764	196	135	15	418
1965.....	858	192	132	15	519
Amount in millions of dollars ⁴					
Present program: ²					
1938-39.....	1,380	222	260	30	855
1945.....	1,743	278	335	61	1,009
Proposed program:					
1945.....	2,812	783	653	61	1,410
1955.....	3,083	791	645	61	1,687
1965.....	3,462	775	633	61	2,094
Percentage distribution					
Present program: ²					
1938-39.....	100	10	10	3	62
1945.....	100	10	10	4	61
Proposed program:					
1945.....	100	28	20	2	60
1955.....	100	25	18	2	55
1965.....	100	22	16	2	61

¹ Represents balance met from Exchequer and/or local tax receipts.

² Includes social insurance systems and allied services.

³ Includes payments from reserves held by employers (or their insurers) for compensation on old scales to persons injured before July 1944, amounting to £6 million for 1945 and £5 million for 1955 and 1965.

⁴ Dollars computed at official exchange rate of \$4.036 per pound sterling stabilized on Mar. 25, 1940. Totals may differ from sums of amounts because, in converting to dollars, amounts were not forced to add to totals.

Source: Beveridge Report, pp. 112, 206, 207.

The employer's tax is not related to his profits or his capacity to pay; it varies with the extent to which he uses labor and not with the extent to which, in the management of his business, he endeavors to prevent unemployment or sickness. The employer's tax, however, can be described as an addition to wages; it can and should be regarded as a proper part of the cost of production; it is in the employer's interest that his employees are maintained during inevitable intervals of unemployment or illness and that they should have an income which helps to make them efficient producers. Employers should, and most do, feel concerned with the lives of those who work under their control. Employers should also have a definite interest, based on contributions, in the administration and improvement of social insurance. Special contributions of employers to cover the risk of industrial accident and illness are described below under industrial disability.

Under the existing program for social insurance and allied services, 16 percent of the income of £342 million (\$1,380 million) in 1938-39 was derived from insured persons, 19 percent from employers, and 65 percent from public funds, including 3 percent in interest on existing social insurance funds. Estimated income for 1945 would be £90 million (\$363 million) higher or a total of £432 million (\$1,743 million), distributed in approximately the same proportions. Under the proposed plan, the 1945 income is estimated at £697 million (\$2,812 million), more than twice that of 1938-39, and 61 percent above the estimate for the existing programs in 1945. The share borne by insured persons under the new program would increase by about 80 percent, representing in part the contributions of insured persons newly included in coverage. Employers would contribute approximately the same percent of the total as at present (20 percent) and the amount derived from public funds, although £86 million (\$347 million) more than that estimated for the existing program, would represent only about half of the total. Not until 1965 would public funds provide as high a proportion of total income as under the existing program. (See table 7.)

The Beveridge report explicitly denies that there is anything sacred about the division of financial responsibility suggested; it is no more than a basis for discussion. "It is possible to argue that the contribution of employers should

Table 8.—Great Britain: Average weekly expenditures on security in households of industrial workers, 1937–38 prices¹

Class of expenditure	Average weekly expenditures		
	At 1937–38 prices		Per adult man at 25-percent increase in prices ²
	Per household	Per adult man	
Total.....	\$1.50	\$1.15	\$1.44
Voluntary insurance premiums, payments to pension funds, etc.	.58	.45	.50
Medical treatment, including hospital, doctor, dentist, optician, midwife, nursing, drugs, and appliances.....	.41	.31	.30
Compulsory insurance.....	.51	.39	.40

¹ Dollars computed at official exchange rate of \$4.0167 per pound sterling (average of rates for calendar years 1937 and 1938).

² Increase shown for comparison with contribution rates assumed for proposed social security plan.

Source: Beveridge Report, p. 115.

be reduced, at the cost either of the insured persons or of the National Exchequer. On behalf of insured persons it can be argued that even if the contribution proposed is within the capacity of most adult men, it is not within that of persons with low wages, and that these should be relieved at the cost of the taxpayer or the employer. . ."

It is estimated (table 8) that in 1937–38 industrial workers spent an average of \$1.50 per household per week for security, i. e., for voluntary insurance, medical care, and compulsory insurance contributions. For an adult male these expenditures averaged \$1.15 a week. The expenditures shown in the table are average expenditures, not those of the poorest families; individuals with incomes of less than \$8 a week paid on the average 55 cents a week for security, while those with weekly incomes between \$16 and \$20 paid 70 cents a week. Under the Beveridge proposals the capacity of lower-paid workers to contribute toward social insurance without depleting resources needed for subsistence would be increased materially by children's allowances. Furthermore, "contributions for voluntary insurance must in general be paid whether the contributor is earning or not. . . In social insurance, on the other hand, contributions are required of employees only when wages are being earned. Social insurance, unlike voluntary insurance, gives to these contributors an additional benefit of remission of substantial contributions when, for any reason, they are not in receipt of earnings." Sir William believes that the proposed contribu-

tion scale would not be excessive for any appreciable number of insured persons.

One-half or more of the total costs of the plan would be borne by the National Exchequer and local tax funds—50 percent in 1945, 55 percent in 1955, and 61 percent in 1965. Interest on investment of existing trust funds is estimated as 2 percent of the total throughout the period. The insurance contributions of insured persons and employers would represent declining proportions of costs, decreasing from 28 percent derived from insured persons in 1945 to 22 percent in 1965, and from 20 percent derived from employers in 1945 to 15 percent in 1965 (table 7).

Allocation of Expenditures

The report points out also that some of the proposed expenditures which would be borne wholly or mainly by the Exchequer are for purposes hitherto the accepted responsibilities of insured individuals, such as support of children and the provision of medical care for dependents. Shifting such responsibilities from the citizen as consumer to the citizen as taxpayer, it may be argued, might lead to extravagance. The main burden on the Government would come 20 years hence in provision for the large and growing proportion of aged persons. "That is a burden which cannot be escaped; the facts are inexorable; the older people will be here and will be maintained—if not by pensions in their own right, then at the cost of their individual families, by charity, or by pensions subject to a means test. The plan of this report ensures that this inevitable burden shall be foreseen and shall be made as light as possible, by encouraging those who can work to go on working, and shall be borne fairly by the community as a whole."

In the actuarial allocation of insurance contributions for adult class I workers, i. e., employed persons, the Exchequer would bear one-third of the costs of unemployment benefits and one-sixth of other benefits, except marriage and funeral grants, the costs of which would be met solely from contributions of insured persons. Employers and insured persons would share equally in meeting five-sixths of the expenditures for all weekly benefits except unemployment benefits, for which each would finance one-third. These allocations include administrative costs and an actuarial margin.

Table 9.—Great Britain: Actuarial allocation of weekly contribution rates for adults in class I to employee and employer

Program	Men			Women		
	Total	Em- ployee	Em- ployer	Total	Em- ployee	Em- ployer
Amount in pence						
Proposed total contribution.....	90.0	51.0	39.0	72.0	42.0	30.0
Contribution:						
Benefits and adminis- tration.....	79.7	41.3	38.4	64.1	34.1	30.0
Health services.....	10.0	8.5	1.5	8.0	0.5	1.5
Margin ¹.....	.3	1.2	-.0	-.1	1.4	-1.5
Amount in dollars ²						
Proposed total contribution.....	1.51	0.86	0.66	1.21	0.71	0.50
Contribution:						
Benefits and adminis- tration.....	1.34	.60	.65	1.08	.57	.50
Health services.....	.17	.14	.03	.13	.11	.03
Margin ¹.....	.03	.03	-.02	-.03	.03	-.03

¹ Represents difference between total contribution and amount allocated to benefit cost.

² Dollars computed at official exchange rate of \$4.035 per pound sterling stabilized on Mar. 25, 1910. Totals may differ from sums of amounts because, in converting to dollars, amounts were not forced to add to totals.

Source: Beveridge Report, p. 188.

The proposed contributions include, for all classes, a contribution toward the costs of health services, varying from 10d. (17 cents) a week for an adult man and 8d. (13 cents) for an adult woman to 6d. (10 cents) for young persons aged 16-17. The allocation of the total contributions of adult insured workers and their employers for social insurance benefits, health services, and margin are shown in table 9, and for contributions of all insured persons in classes I, II, and IV in table 10.

The Value of Social Security to Contributors

In answering the question whether social security is worth its money price, Sir William says, in part: "For the insured person the answer is clear. The capacity and the desire of British people to contribute for security are among the most certain and most impressive social facts of today. They are shown in the phenomenal growth both of industrial assurance and of hospital contributory schemes . . . On every occasion the pressure has been to come into insurance rather than to keep out, and to get higher benefits rather than to pay lower contributions . . . The popularity of compulsory social insurance today is established, and for good reason; by compulsory

Table 10.—Great Britain: Actuarial allocation of weekly contribution rates for classes I, II, and IV

Class and program	Men aged—			Women aged—		
	21 and over	18-20	16-17	21 and over	18-20	16-17
Amount in pence						
Class I:						
Proposed total contribution.....	90.0	75.0	60.0	72.0	60.0	48.0
Benefits and administration.....	79.7	69.4	53.1	64.1	53.4	42.7
Health services.....	10.0	8.0	6.0	8.0	6.0	6.0
Margin ¹.....	.3	.6	.9	-.1	.0	-.7
Class II:						
Proposed total contribution.....	51.0	42.0	24.0	45.0	36.0	24.0
Benefits and administration.....	40.5	33.7	27.0	37.1	30.9	24.7
Health services.....	10.0	8.0	6.0	8.0	6.0	6.0
Margin ¹.....	.5	.3	-.0	-.1	-.0	-.7
Class IV:						
Proposed total contribution.....	45.0	36.0	18.0	36.0	30.0	18.0
Benefits and administration.....	33.7	28.1	22.5	28.8	22.3	17.0
Health services.....	10.0	8.0	6.0	8.0	6.0	6.0
Margin ¹	1.3	-.1	-10.5	1.2	1.7	-5.9
Amount in dollars ²						
Class I:						
Proposed total contribution.....	1.61	1.26	1.01	1.21	1.01	0.81
Benefits and administration.....	1.34	1.12	.80	1.08	.90	.72
Health services.....	.17	.13	.10	.13	.10	.10
Margin ¹.....	.01	.01	-.02	-.01	.01	-.01
Class II:						
Proposed total contribution.....	.80	.71	.40	.76	.61	.40
Benefits and administration.....	.69	.57	.45	.62	.52	.42
Health services.....	.17	.13	.10	.13	.10	.10
Margin ¹.....	.01	.01	-.15	.01	-.01	-.12
Class IV:						
Proposed total contribution.....	.76	.61	.30	.61	.50	.30
Benefits and administration.....	.57	.47	.38	.48	.37	.30
Health services.....	.17	.13	.10	.13	.10	.10
Margin ¹.....	.02	.01	-.18	.03	.03	-.10

¹ Represents difference between total contribution and amount allocated to benefit cost.

² Dollars computed at official exchange rate of \$4.035 per pound sterling stabilized on Mar. 25, 1910. Totals may differ from sums of amounts because, in converting to dollars, amounts were not forced to add to totals.

Source: Beveridge Report, p. 189.

insurance, so long as it is confined to meeting essential needs, the individual can feel assured that those needs will be met with the minimum of administrative cost; by paying . . . a substantial part . . . as a contribution, he can feel that he is getting security not as a charity but as a right.

"For the employer, the answer should also be clear. What he pays as insurance contribution is part of the cost of his labour—from his point of view an addition to wages. At whatever reasonable point the employer's insurance contribution is fixed, it is a small part of his total bill for labour and of his costs of production; it is the sign of an interest which he should feel and does feel in the men whose work comes under his control." The Government bears costs which are the inevitable burden of citizens as taxpayers or as consumers, a burden which cannot be escaped. The proposed social security budget presents figures large in comparison with budgets for previous years, but not large in relation to national income. The

plan for social security "is only a means of redistributing national income, so as to meet openly needs which must be met in one way or another."

Basis and Character of Proposed Changes

Major particulars of the recommendations on coverage, benefits, grants, allowances, and social services are outlined in the following pages with special reference to the changes proposed in existing provisions. It must be emphasized, however, that a brief review cannot do justice to the wealth of information and analysis contained in this epochal report. For the philosophy of social security there outlined by Sir William, the details of particular proposals, and the important record of existing provisions in Great Britain, the reader is urged to consult the original document.

Of the 23 specific changes in existing systems of social insurance and allied services proposed in the report, 4 relate to insurance coverage, 8 are concerned with the character, levels, or duration of insurance benefits, and the remaining 11 recommend modifications of administration to provide a unified program. Three other substantive recommendations deal with the content and place of public assistance, children's allowances, and health and rehabilitation services in the unified plan for social security.

Insurance Coverage

Housewives.—One of the most significant proposals is the "recognition of housewives as a distinct insurance class of occupied persons with benefits adjusted to their special needs." Proposals to meet such special needs include a marriage grant based on contributions as an insured person before marriage (though it is indicated that this proposal might be subject to postponement or discard without material effect upon the plan as a whole); a maternity grant; widowhood and separation provisions and retirement pensions; benefits during the husband's unemployment and disability if the wife is not gainfully occupied; and if the housewife is gainfully occupied special maternity benefit in addition to the maternity grant and, if she elects to contribute, somewhat lower than standard unemployment and disability benefits in her own right. These recommendations include the abolition of the existing Anomalies Regulations for Married Women, which

were imposed to prevent the use of unemployment benefits to subsidize women who withdrew from the labor market on marriage with no intention of reentering covered employment. Under the existing unemployment insurance system, the housewife is recognized as an adult dependent of her husband, and his unemployment benefit is increased on her behalf; in health insurance she is not recognized at all, except during maternity.

"In any measure of social policy in which regard is had to facts," the report declares, "the great majority of married women must be regarded as occupied on work which is vital though unpaid, without which their husbands could not do their paid work and without which the nation could not continue." The social security plan treats man and wife as a team by making the standard rate of all benefits that for a man and wife, subject to reduction if there is no wife or if the wife is also gainfully occupied, and by treating a man's contributions as made on behalf of himself and his wife as two equally essential members of a team. Most married women have worked at some gainful occupation before marriage, and most who have done so give up that occupation on marriage or shortly thereafter.

"On marriage a woman gains a legal right to maintenance by her husband as a first line of defense against risks which fall directly on the solitary woman; she undertakes at the same time to perform vital unpaid service and becomes exposed to new risks, including the risk that her married life may be ended prematurely by widowhood or separation. . . . Moreover, even if a married woman, while living with her husband, undertakes gainful occupation, whether by employment or otherwise, she does so under conditions distinguishing her from the single woman in two ways. First, her earning is liable to interruption by childbirth. . . . In the national interest. . . the expectant mother should be under no economic pressure to continue at work as long as she can, and to return to it as soon as she can. Second, to most married women earnings by a gainful occupation do not mean what such earnings mean to most solitary women. Unless there are children, the housewife's earnings in general are a means, not of subsistence but of a standard of living above subsistence. . . . In sickness or unemployment, the housewife does not need compen-

sating benefits on the same scale as the solitary woman because, among other things, her home is provided for her either by her husband's earnings or benefit if his earning is interrupted."

Under the Beveridge plan a woman, on marriage, begins a new life in relation to social insurance by acquiring a housewife's policy endorsed on or attached to her previous employment card, occupation card, or security card, depending upon her prior occupational status. She forfeits rights to unemployment or disability benefits acquired by contributions before marriage. If she engages in employment or other gainful occupation, she may elect to remain exempt from social insurance contributions and ineligible for unemployment and disability benefits in her own right or may contribute, and thereby requalify for unemployment and disability benefits at two-thirds of the normal single-person rate. If gainfully occupied, whether she claims exemption or decides to contribute, she would receive, on giving up earnings for the period of childbirth, both the maternity grant available for all married women and maternity benefit for 13 weeks at a rate above the normal rate of unemployment and disability benefit for men and single women. "Taken as a whole, the plan for social security puts a premium on marriage, in place of penalizing it."

Self-employed persons.—Persons working on their own account (class II) would be covered by the old-age retirement program through contributions to the social insurance fund. These contributions would be approximately the same as those of employed persons and would not equal the combined employer and employee shares. Many independent workers, such as small shopkeepers, are poorer than many of those employed under contract of service and are equally dependent on good health for their income. However, short-time disability of self-employed persons is difficult to prove and may not seriously interrupt earnings, and since many persons working on their own account have limited means and cannot afford the full contribution paid by employers and employees in class I, it is proposed that disability benefits for class II be limited to disability which lasts more than 13 weeks. Certain groups, such as home workers, share fishermen, and small contractors, who are included in the existing health insurance program, would probably be placed in class II and would not be compulsorily insured against the first 13 weeks of

sickness; they would be eligible, however, for higher than present benefits for prolonged disability. Self-employed persons would also be eligible for a training benefit equivalent to the unemployment benefit, if they desired to learn a new trade.

Nongainfully occupied persons.—A major change in coverage, in addition to the extension of insurance against old-age and prolonged disability to all gainfully occupied persons, is extension of old-age insurance coverage to all persons of working age, whether or not gainfully occupied. It is held that all persons, even if not gainfully occupied throughout their working lives, should be assured subsistence income when they are too old to work and should obtain that income through contributions paid during their adult years. Insurance against disability, on the other hand, is proposed only for gainfully occupied persons. Persons of working age who are not gainfully occupied (class IV) would also insure for training benefit through contributions on their security cards.

The group of nongainfully occupied persons includes a few who, through infirmity, are permanently incapable of work, and a few who, because of private means, may never need to work; a much larger number will be engaged in gainful work at a later stage in their lives (for example, students over age 16), and many may alternate between working for pay and giving unpaid services other than as housewives, such as daughters who are looking after parents. "Such persons . . . cannot count on continuance of their support throughout life . . . If they lose their unpaid livelihood . . . while they are of working age, they will be able to obtain training benefit as a means of passage to other livelihoods. They need to be assured of pensions for their old age. Those who work in employment all their lives will pay contributions for retirement pensions throughout; it is contrary to insurance principle that others who equally need pensions should contribute only in part of their lives, or should be able, as at present, to make factitious contracts of employment late in life with a view to securing pensions at minimum cost."

Removal of existing exemptions.—The third important change in coverage proposed in the social security plan is the abolition of existing exceptions from insurance coverage, i. e., persons

receiving more than £420 (\$1,695) a year from employment in nonmanual occupations; persons in government service, national and local; policemen; nurses; railroad employees; and indoor domestic servants in private homes. Nearly all such persons have hitherto been excluded from unemployment insurance, but only the higher-paid nonmanual workers have been excluded from other types of compulsory social insurance protection. "The view taken here is that, as regards unemployment, all industries should stand together," both those which have small risk of unemployment as well as those which claim to have no unemployment risks. Distinctions among industries, it is pointed out, lead to difficult demarcation problems. If there are any occupations which have already made provisions for old-age retirement and disability insurance, "they should do so in future in the light of the basic provision being made for all, including their members, by the national plan for social security."

This proposal would mean a substantial increase in employee and employer contributions toward social security—proportionately a greater increase than for other classes. Since the full rate of old-age retirement benefits would not be reached until the end of the 20-year transition period, there would be time to readjust the special plans for retirement pensions and, if employers and employees desire, to reduce the contributions now payable under these special plans.

Abolition of present salary limits for coverage of nonmanual workers is urged on the ground of injustice in exempting highly paid persons from compulsory contributions required of lower-paid employees in the same occupations; it avoids the present complicated and unsatisfactory devices for continuation of coverage on a voluntary basis when persons are exempted from coverage in middle life or afterwards because their salaries exceed the compulsory level; it puts an end to troublesome questions of defining nonmanual work and rates of pay in seasonal (fluctuating) occupations; and it removes such anomalies as now exist with identical income limitations for single men and heads of families.

Comprehensiveness of coverage.—With these extensions of coverage, the social security plan proposed for Great Britain encompasses the entire population, assuring, as a matter of right for those who meet the contributory qualifications: sub-

sistence payments in the form of universal old-age retirement pensions; unemployment benefits for all who suffer income loss through unemployment; disability benefits for all whose earnings are interrupted through periods of prolonged illness (more than 13 weeks) and for all employees who suffer such interruption through illness of more than 3 days' duration; training benefits for all persons of working age (except class I workers) who need to acquire skills for a gainful occupation; funeral grants with respect to every person who dies; pensions to widows, or guardians of small children deprived of parental support; special marriage grants, maternity grants, and separation benefits for all married women and maternity benefits for mothers who are gainfully employed; and special allowances for adult dependents other than wives.

Benefits for Unemployment, Training, and Disability

Sir William places all benefits for income loss at uniform levels, i. e., the subsistence cost for a working man and his wife and for single workers, classified by sex and age group. "Uniformity," he says, "has the advantage of giving no motive to the insured person to claim one form of benefit rather than another (say unemployment rather than disability) because it is higher and not because it really fits his case." Moreover, all forms of compensation for current wage loss would have uniform provisions for qualification, waiting period, and benefit duration. Under the existing social insurance programs there is wide variation among these provisions; disability benefits are lower for prolonged than for temporary disability, and unemployment benefits are higher than either, despite the fact that the sick person needs more income than the able-bodied unemployed man, for special food or attention. In prolonged interruption of earnings, moreover, "income needs tend to increase rather than to decrease; the other means at the disposal of the insured person become exhausted; expenditures on clothing and equipment which he may have been able to postpone become unavoidable, since they cannot be postponed indefinitely. Measures other than the provision of income become increasingly necessary, to prevent deterioration of morale and to encourage recovery."

To correct these deficiencies in existing programs, the plan proposes uniform subsistence

benefits for unemployment, training, and non-industrial disability, payable to all qualified persons after a 3-day waiting period, for which payments would be made retroactively if the duration of the income loss is 4 weeks or more. No means test is imposed for any of these benefits, and duration is unlimited except for training benefits and certain limitations which would be applied for persons above working age who might be eligible for old-age retirement benefits. Certain requirements for accepting offers of suitable work or attending a training course would be imposed, however, for continued receipt of unemployment benefits after 26 weeks in normal cases, and disability benefits would be conditional on the beneficiary's willingness to cooperate in rehabilitation measures if his working capacity could be restored or improved thereby. The training benefit would normally be limited to 26 weeks and would be restricted to persons in classes ineligible for unemployment benefits in their own right, i. e., gainfully occupied persons (other than employees), housewives, and nongainfully occupied persons of working age (classes II, III, and IV). Subject to regulations, provision would be made also for grants, by way of loan or otherwise, to meet, in whole or part, expenses for transportation and temporary lodging for persons taking training courses at a distance from home. These grants would be available also for unemployed persons in class I who take jobs away from home.

Dependents' allowances would be payable to single persons in receipt of benefits for unemployment, training, or disability, if they have living with them a nongainfully occupied dependent above the age for children's allowances.

The benefit year for all benefits would comprise 12 months beginning with the first of October, and rights to full benefits, grants, and allowances for unemployment, training, and disability would require 48 weekly contributions paid or excused in the preceding contribution year ending in July. For a housewife, the relevant contributions would be those of her husband. The report points out that only a few persons dependent on earnings would be disqualified by the contribution requirement, e. g., seasonal workers or others who take work only occasionally and who are not continuously available for work. For persons who fail to meet the full qualifications, benefits, reduced

in amount or duration, would be determined by regulations. When the program is in full operation, there would be an initial qualifying condition of 26 actual contributions, and the duration of nonindustrial disability benefits would be limited to 52 weeks unless the insured person has paid 156 actual contributions.

The report points out that the correlative of adequate benefits paid by the Government for unavoidable interruption of earnings, however long, is "enforcement of the citizen's obligation to seek and accept all reasonable opportunities of work, to cooperate in measures designed to save him from habituation to idleness, and to take all proper measures to be well. The higher the benefits provided out of a common fund for unmerited misfortune, the higher must be the citizen's sense of obligation not to draw upon that fund unnecessarily."

Thus, (1) persons in receipt of unemployment benefits cannot be allowed to hold out indefinitely for the type of work to which they are accustomed or for work in their present places of residence if other work which they could do is available at standard wages for that work; (2) to prevent unnecessary idleness and, incidentally, to unmask the relatively few persons who may be suspected of malingering, who have perhaps some concealed means of earning, unemployed workers should be required to attend work or training centers to improve their earning capacity; (3) present measures for control of claims to disability—both by certification and sick visiting—will need to be strengthened; (4) special attention must be paid to the prevention of chronic disability, by advice and supervision of cases in which it is threatened and by research into its causes; (5) requirements for benefit eligibility must be enforced when necessary by suitable penalties.

In this framework, the social security plan would offer a married man with a nongainfully occupied wife and no children or other dependents unemployment benefits of 40s. (\$8.07) a week, one-third higher than under the existing program and for unlimited periods, without a means test, in contrast to 26 weeks—the present limit on duration of insurance payments. For agricultural workers the increase in benefits would be even greater, because the existing program for agriculture provides lower rates of unemployment benefit for these workers while the

proposed plan makes no such distinction. For short-term disability the benefits for a married man with a nongainfully occupied wife would be more than doubled—40s. (\$8.07) a week instead of 18s. (\$3.63)—and there would be no transfer to a lower disablement rate—now 10s. 6d. (\$2.12) a week if the disability extended beyond 26 weeks. Benefits for other age groups would be lower for single than for married persons and lower for women than for men, as is now the case, but in all instances they would be higher than present levels and, under conditions adapted to various modes of gainful work, would establish protection against current risks of income loss for the entire British population of working age.

Special Pensions for Prolonged Industrial Disability

Disability of industrial origin poses special questions. The social security plan proposed by Sir William advocates the abolition and replacement of the present system of workmen's compensation by including provisions for industrial accident and disease within the unified social insurance program, subject to a special method of meeting costs, special pensions for prolonged disability, and grants to dependents in cases of death.

The existing system of workmen's compensation was introduced in limited form in 1897 and made general in 1906. The report points out that although the system has conferred great benefits in the past it has many disadvantages: (1) it rests in the last resort upon the threat of litigation or on formal legal proceedings; (2) it provides no machinery for aiding workers in presenting their claims, and workers feel, rightly or wrongly, under pressure to reduce claims, accept unfair lump-sum settlements, or go back to unsuitable light work for which they are not ready; (3) it affords no absolute assurance of payment, since employers, except those in mining, are not compelled to insure; (4) it fails to assure maintenance of necessary income, since, particularly in cases of permanent or prolonged disability, the workers agree to accept lump sums which prove inadequate or are injudiciously expended to meet pressing, but temporary, needs, and in process of bargaining for such lump sums the workers are afraid to prejudice their positions by attempting to get well or by taking any kind of work; (5) it entails

inevitable demarcation disputes when compensation has to be provided from different funds by different authorities; (6) it embodies principles for defining dependents which differ from those of existing unemployment insurance and pension programs; (7) its administrative costs are unnecessarily high—ranging from 45 percent of the premiums paid to insurance companies to 7 percent of the premiums paid to some of the mutual indemnity associations in coal mining, not including substantial costs incurred by some workers in presenting claims—since methods of negotiation of claims and litigation are inevitably more expensive than procedures for determining claims by administrative authority subject to appeals to special tribunals; (8) it provides no assurance of compensation for disability arising from an industrial disease which is gradual in onset, since employees with symptoms of such disease may be discharged and since difficulties may arise in tracing its origin to any one of successive employments; (9) it contributes "little or nothing to the most important purpose of all, which should have come first, namely, restoration of the injured employee to the greatest possible degree of production and earning as soon as possible," since—except for workers with no dependents who become totally disabled or die—it makes no provision for medical, hospital, or rehabilitation services other than the medical treatment available under national health insurance.

Workmen's compensation, the "pioneer system of social security in Britain," the report says, "was based on a wrong principle and has been dominated by a wrong outlook. It allows claims to be settled by bargaining between unequal parties, permits payment of socially wasteful lump sums instead of pensions in cases of serious incapacity, places the cost of medical care on the workman or charity or poor relief, and over part of the field, large in the numbers covered, though not in the proportion of the total compensation paid, it relies on expensive private insurance."

In view of the fact that the needs of disabled workers and families of workers who are killed are the same regardless of the cause of the worker's disability or death, it may be argued that the flat rate of compensation adopted under the plan for other forms of income interruption should also be applied without reserve or qualification to industrial accident and disease. Arguments can be

advanced, however, for making a distinction, since some occupations are especially dangerous, since persons disabled in industry have been working under orders, and since employers are currently liable at common law. For death or prolonged disability, according to the report, the reasons for distinguishing accident and disease of industrial origin from such contingencies due to other causes outweigh those for complete uniformity of treatment.

The social security plan proposes, therefore, to treat the first 13 weeks of industrial disability like any other form of disability and to abandon the existing separate system of workmen's compensation. If disability due to industrial accident or disease lasts more than 13 weeks, benefits at a flat rate would be replaced by an industrial pension related to the average earnings of the disabled worker and continued as long as disability lasts. For total disability the pension would represent two-thirds of the full-time earnings of the worker, subject to a minimum equal to his disability benefit, including dependent's allowance, if any, and a maximum of £3 (\$12.10) a week. For partial disability, the industrial pension would be related to loss of earning capacity. If death results from industrial accident or disease, industrial grants would be payable on behalf of the widow, if any, and persons wholly or mainly dependent on the deceased. Regulations would determine the amount of such grants and their relation to the widows' and guardians' benefits and funeral grants.

These special payments would be financed in part from payments of insured persons in class I and their employers, in part from the Exchequer, and in part from special levies on employers, with adjustments at the outset of the program for liabilities already incurred by employers or their insurers. Industrial pensions would not be payable with respect to disability arising after pensionable age, but if granted before that age would continue for life in place of the contributory old-age insurance benefit if it exceeded the latter. A worker receiving an industrial pension for partial disability would be permitted to work; should he suffer unemployment or illness he could qualify for unemployment or disability benefits and receive such benefits and the industrial pension simultaneously. No contributory conditions would be imposed for any benefit, pension, or grant with respect to disability or death arising

from industrial accident or disease; rights to such payment would depend solely on whether or not the contingency arose out of and in the course of employment under contract of service.

The integration of provisions for industrial accident and disease with the social security plan would require, in addition to the changes already outlined: (1) abolition of the existing remuneration limit on coverage for nonmanual workers; (2) restriction of lump-sum payments for disability to cases in which the social security office is satisfied that such a payment is in the employee's interest; (3) dealing with claims by administrative, rather than legal, procedure with provision for appeals by employees, employers, or their associations to special local tribunals of three members; (4) review of the law of employers' liability in view of improved provisions for industrial accident or disease; (5) establishment of statutory associations of employers and employees in industries classed as hazardous to promote safety and measures for rehabilitation and reemployment, to advise in formulation of regulations, to collect special employer levies toward financing the program, and to establish systems to supplement benefits under the proposed program.

Old-Age Retirement Benefits

Unlike the existing program for contributory old-age pensions, the social security plan proposes to make old-age benefits conditional on retirement from work, with provision for an increase in amount of benefits for each year of postponed retirement. These proposals are made (1) as a logical consequence of giving adequate amounts, (2) as an incentive for the individual to continue at work as long as he can, instead of retiring, in order to lighten the burden that would otherwise fall on the community through the large and growing proportion of people at the higher ages, and (3) as a recognition of the fact that the age to which men can go on working with satisfaction to themselves and advantage to the community varies with individuals and with occupations. "Adequate pensions with a flexible age of retirement will increase happiness and wealth in many ways. Early retirement of men on pension is not wanted or useful as a cure for unemployment." On the contrary, there should be as few idle consumers as possible at any age after childhood is past. Two reservations to this statement must

be recognized, however: first, that in some occupations, such as service in the armed forces, early retirement and pensions are needed; and second, that the possibility of early retirement is a means of adjusting labor supply to fluctuations in demand.

A person who continues gainful work after reaching the retirement age would continue to contribute to the social security fund at rates applicable to his class. For each such contribution year, the basic pension would be increased by 1s. (20 cents) a week for a single person and 2s. (40 cents) a week for a couple. The worker, until he retires, would be able to obtain unemployment or disability benefits, for perhaps a maximum of 20 weeks in a benefit year. If a person who has retired on pension thereafter undertakes paid work in employment or otherwise, the amount of his pension in any 3 months would be reduced by a proportion of his earnings in a previous 3-month period. If a person in class IV defers claiming the pension for which he is eligible and continues to contribute, his pension would be increased as for gainful workers.

The plan for social security proposes a basic pension of 40s. (\$8.07) a week for a retired man aged 65 or over with a nongainfully occupied wife, regardless of her age. Should she die, his pension would be that of a single man. For a single man aged 65 or over and for a single woman aged 60 or over, the basic pension would be 24s. (\$4.84) a week. These basic rates of payment, however, would be lower during a 20-year transitional period, but even the reduced rates would be higher than under the existing program. For persons now receiving contributory pensions or contributing to the existing pension plan, the benefits in the first year (1944-45) would start at 25s. (\$5.04) a week for a married couple (representing a 25-percent increase over the existing rate) and at 14s. (\$2.82) a week for a single person (a 40-percent increase over present levels). The benefits would rise to 32s. 6d. (\$6.56) a week for a married couple and to 19s. (\$3.83) a week for a single person in 1954-55, plus, in each case, any weekly increase payable for postponed retirement.

For a person to qualify for full retirement benefits, his contribution record would have to show an average of not less than 48 contributions paid or waived throughout his working life from the beginning of the proposed insurance program.

In general, he would remain in full benefit status by certifying that he was not earning. Special qualifying conditions would apply during the 20-year transition period. For persons who are excluded from the existing contributory pension program, rates would be somewhat lower during the transitional period. Benefits for these newly covered groups would not be payable until the plan had been in operation for 10 years, and the increase for postponed retirement would not apply until after June 1954.

Great Britain is faced with a serious problem of old age. Persons of pensionable age represented an estimated 12.0 percent of the population in 1941 and may constitute, according to the report, 20.8 percent in 1971. The problem is dealt with at present by a threefold system of Government pensions: (1) contributory pensions of 10s. (\$2.02) a week to men aged 65-70 and to women aged 60-70, payable without a means test and regardless of their continuance in employment, and for the most part limited to persons who have been employed; (2) noncontributory pensions of 10s. (\$2.02) a week or less, payable to all persons aged 70 or over, subject to a means test unless they have been receiving a contributory pension; and (3) supplementary pensions payable to increase the amount of contributory or noncontributory pensions, subject to a means test different from that applied for receipt of noncontributory pensions. In general, persons below age 70 may receive contributory and supplementary pensions only if they have been in what the report terms class I. Such pensions are not generally available to persons who have never been gainfully occupied, to those who have worked on their own account, or to the wives or widows of such persons. A voluntary system of old-age insurance, established in 1937, has permitted persons outside the contributory system to qualify for pensions, but in the main the only public provision for the aged in these groups is public assistance administered by local authorities with their own tests of need.

The present contributory pensions, the report finds, "are manifestly inadequate, if there are no other resources; at the same time they are often superfluous, since they may be drawn by people still able to earn a full living. . . Any plan of social security worthy of its name must ensure that every citizen, fulfilling during his working life the

obligation of service according to his powers, can claim as of right when he is past work an income adequate to maintain him." At the same time, an adequate plan must avoid "spending money which is urgently needed elsewhere or money on a scale throwing an intolerable financial burden on the community." An essential part of the plan is a retirement pension enough for subsistence whether or not the pensioner has other resources. Such subsistence pensions, however, would not be paid from the beginning of the plan to any persons past working age. Full subsistence payments would be postponed to permit the national economy to be built up again after the disturbance of war, to permit adjustment of the great variety of existing pension plans to the new plan, and to allow for determination of appropriate levels of subsistence benefits and pensions.

The proposed transitional period of 20 years would not affect any man under age 45 or any single woman under age 40 at the beginning of the social security plan. Persons who are already in receipt of contributory pensions without retirement conditions would continue to receive their \$2 a week as long as they like and would continue to work and to contribute toward the new social security pensions. When they retired, they would receive pensions at the appropriate level of the new scale. The same principle of safeguarding existing pensioners would apply also to non-contributory pensions and to certain other situations.

In brief, the plan for old-age insurance calls for unifying, under a Ministry of Social Security, administrative provisions now divided among the Ministry of Health, the Department of Health for Scotland, Customs and Excise, the Assistance Board, and local public assistance authorities; for an increase in pension rates for contributors to the present old-age insurance program; for bringing into coverage all persons of working age who are excluded from the existing contributory system, and permitting them to qualify—when they meet the required conditions—for substantial contributory pensions after 10 years and full contributory pensions after 20 years; for permitting persons not now eligible for noncontributory pensions to obtain public assistance on proof of need (see discussion of national assistance, below); and for replacing by a single test the several diverse tests of need which are now in operation.

Survivor Pensions

The Beveridge report proposes major changes in existing provisions for widows and orphans under the Widows', Orphans', and Old Age Contributory Pensions Act of 1925, as amended in 1929, 1937, and 1940. The report recommends replacing the existing inadequate unconditional widows' pensions by provisions suited to the varied needs of widows—temporary benefits at a special rate in all cases, training benefits when required, and guardian benefits so long as there are dependent children.

According to the report, the unconditional benefit payable under the existing social insurance system is inadequate in many cases and as superfluous in others as is the unconditional contributory old-age pension. "There is no reason why a childless widow should get a pension for life; if she is able to work, she should work. On the other hand, provision much better than at present should be made for those who, because they have the care of children, cannot work for gain or cannot work regularly . . . Having regard to the prospective age constitution of the population, the principle that any person physically fit for work should be entitled to retire from work upon pension before reaching the minimum pension age . . . cannot without grave danger be admitted in any scheme for social insurance." Under the social security plan, a widow who is totally disabled at the time of her husband's death would get disability benefits; one who loses her husband through industrial accident or disease would get a special industrial pension or grant. "Permanent provision for widowhood as such, irrespective of the care of children and of need, is a matter for voluntary insurance by the husband."

In addition to a funeral grant, the plan proposes the following benefits for widows whose husbands had full insurance status at the time of death, i. e., 48 contributions paid or waived in the preceding contribution year: (1) a temporary benefit of 36s. (\$7.26) a week, 50 percent higher than the unemployment and disability benefits for a single adult woman, payable for 13 weeks to allow time for the widow to adjust herself to new conditions; (2) a guardian's benefit, amounting to 24s. (\$4.84) a week, so long as the widow has young children; (3) a training benefit of 24s. (\$4.84) a week for a maximum of 26 weeks to per-

mit any widow to acquire or resume a gainful occupation. The guardian benefit in all instances would be subject to partial reduction for earnings if the widow is gainfully employed. It would be supplemented without any such reduction by an allowance, averaging 8s. (\$1.61) a week, for each child in her care under age 15, or under age 16 if attending school.

Widows whose insurance benefits are too low, for any reason, to provide subsistence or who are unable to obtain paid work for which they are capable would be able to obtain public assistance. Widows who, on termination of widow's benefit, are unable to take up work on account of permanent disability would be eligible to have their pensions continued at the rate for disability benefit. At age 60, the widow whose husband has insurance status at the time of his death, regardless of other conditions, would qualify for old-age benefits on retirement from gainful work. The insurance status of a widow who remarries would be determined by her occupational category and the insurance status of her new husband. Pensions now paid to widows under the existing program would be continued at existing rates to age 60 unless the widow qualifies for higher rates of benefits under the new proposals for widows and guardians.

Maternity

Under the existing system of social insurance in Great Britain a lump-sum maternity benefit of £2 (\$8.07), which may be increased by additional grants, is payable to wives of all men covered by the contributory health insurance program, and an additional payment of £2 is made to employed married women who are also covered by this program in their own right. The social security plan proposes as a substitute a maternity grant of £4 (\$16.14) available to all married women and to other women if insured in class I or II, and, in addition, a maternity benefit of 36s. (\$7.26) a week payable for 13 weeks, including the date of the child's birth, to all gainfully occupied women, whether they pay contributions or are exempt, but conditioned on discontinuance of gainful employment during the 13-week period. All women, whether gainfully occupied or not, would also be entitled to medical care, maternity care, and nursing services as part of the proposed comprehensive health program. "The maternity grant is not

intended to cover the whole cost of maternity, which has a reasonable and natural claim upon the husband's earnings. But it should be raised materially above its present figure. The maternity benefit is intended to make it easy and attractive for women to give up gainful occupation at the time of maternity, and will be at a rate materially higher [50 percent higher, as in the case of widows' temporary benefits] than ordinary unemployment or disability benefits."

Special Marriage Needs

The plan proposes, though it does not envisage the proposal as an indispensable part of the projected program, a marriage grant at a rate of £1 (\$4.04) for each 40 actual social insurance contributions paid by a woman in class I or II prior to her marriage, up to a maximum grant of £10 (\$40.35). If the marriage grant is omitted from the program, the contributions of women in these classes might be reduced, beginning with age 18, by 3d. (5 cents) a week. "This grant," the report states, "is desirable both as compensation for giving up previous qualifications for benefit and having to requalify if she continues in gainful occupation, and also in order to obtain prompt notification of marriage. It is . . . something that might be omitted if it were thought necessary to reduce contributions."

The plan proposes, also, special household help for housewives in time of sickness, to be provided under the comprehensive health services when such help appears necessary to permit the housewife to enter a hospital for effective medical treatment.

If marriage ends in legal or voluntary separation, divorce, or desertion, the housewife would be entitled to the same insurance protection as for widowhood, "unless the marriage maintenance has ended through her fault or voluntary action without just cause." If she is not at fault, "she should not depend on assistance." Difficulty in determining responsibility for the marital break is recognized. "It may for practical reasons be found necessary to limit the widow's insurance benefit to cases of formal separation, while making it clear that she can in all cases at need get assistance and that the Ministry of Social Security will then proceed against the husband for recoupment of its expenditure."

The plan proposes further to provide some

degree of protection for an unmarried person living as a wife, setting forth three main principles for determining the type of approach to this problem. An unmarried man who has a non-gainfully occupied woman living with him as a wife should be able to obtain a dependent's allowance for her when he is drawing unemployment or disability benefits, bringing his benefits to the joint rate for two persons; it may be considered right to exclude such allowances, however, if the man already has a legal wife. Since widows' and guardians' benefits are not financed from women's contributions, these benefits should be paid only to the woman who was the legal wife of the deceased man and such wife should be the sole beneficiary of the wife's retirement benefits toward which the man contributes; any other woman who may live with him as a wife should qualify for a retirement pension only on the basis of her own contributions. Despite the fact that the 13-week maternity benefit is to some extent a compensation for the lower unemployment and disability benefits for which a gainfully occupied married woman may qualify in her own right, "it will probably be felt right, in the interests of the child, to make this benefit equally available to unmarried mothers, so that they may have the same opportunity of withdrawing from gainful occupation at the time of the confinement."

Funeral Grants

Burial expenses in Great Britain are ordinarily met through voluntary industrial insurance, "at an excessive expense—certainly in administration, probably also in actual expenditure." The social security plan proposes to include a universal funeral grant as one of the benefits in the contributory social insurance program. This grant, payable to the person responsible for funeral expenses, would amount to £6 (\$24.21) for a child under 3 years of age, £10 (\$40.35) for children aged 3-9, £15 (\$60.52) for those aged 10-20, and £20 (\$80.70) for adults. The deaths of persons aged 60 or over at the outset would not be covered by this grant.

Average administrative expenses of industrial life insurance offices in 1937-40 were 37.2 percent of the premiums; the cost of administering funeral grants in the social insurance program would be not more than 2 or 3 percent of contributions for such benefits. Inclusion of funeral grants would

add only 2-3 cents a week to the cost of the contributory insurance stamps to be affixed to any insurance card. On the benefit side, it would mean paying one claim only for each person with respect to a fact concerning which there could be no doubt and one which must be formally recorded by the Government for other purposes. "There can be no justification for requiring the public who need insurance for direct funeral expenses to pay the heavy tax involved in industrial insurance."

The existing criticisms of industrial insurance, its methods of house-to-house collection, high lapse rate, administrative costs, and burden on low-income families have led Sir William to propose the transfer of this form of insurance among persons of limited means from the sphere of commercial undertaking to that of public service. This proposal is not classed as essential to the security plan as a whole. The alternative, assuming inclusion of provision for funeral grants in the social security plan, is to leave to the industrial life insurance offices "as business concerns the great and growing sphere which would still remain—of insurance for indirect expenses connected with funerals, of life and endowment insurance for purposes other than funeral expenses, and of insurance against minor needs." The risk of burial costs is so general in incidence that it should not be left to voluntary insurance provisions. The grant proposed for the social security plan would be a money grant and would not involve standardization of funerals. Persons would be able to spend either more or less than the grants and to choose the undertaker, according to their resources and desires.

Public Assistance

"However comprehensive an insurance scheme," the report declares, "some, through physical infirmity, can never contribute at all and some will fall through the meshes of any insurance. The making of insurance benefit without means test unlimited in duration involves of itself that conditions must be imposed at some stage or another as to how men in receipt of benefit shall use their time, so as to fit themselves or to keep themselves fit for service; imposition of any condition means that the condition may not be fulfilled and that a case of assistance may arise. . . National assistance is an essential subsidiary method in the whole plan for social security, and the work of the As-

assistance Board shows that assistance subject to means test can be administered with sympathetic justice and discretion taking full account of individual circumstances. But the scope of assistance will be narrowed from the beginning and will diminish throughout the transition period for pensions."

As part of the proposed plan, assistance would be available to meet all needs which are not covered by insurance; it would meet needs up to the subsistence level but would not exceed that level. Though distinct from social insurance, the assistance program would be administered as a minor but integral part of the work of the Ministry of Social Security. The insurance proposals will make the permanent scope of assistance much less than at present. It will be needed primarily for (1) persons who fail to fulfill contribution conditions because they have less than the minimum number, because they never are able to work, because they are not receiving full benefits for unemployment, disability, or retirement, or because as members of class II or IV, they claim and obtain exemption from contributions by reason of insufficient income; (2) persons disqualified from unemployment benefits by refusal of suitable employment, leaving work without just cause, dismissal for misconduct, or failure to attend a work or training center; (3) persons with abnormal needs for diet, care, or other matters; (4) persons in need through noninsurable causes, such as some forms of desertion or separation.

Other special assistance problems may arise to warrant assistance to persons involved in a strike or lock-out; assistance on loan with provision for subsequent reimbursement; and assistance in kind. Moreover, there must be some provision for the limited class of persons "who through weakness or badness of character fail to comply . . . In the last resort the man who fails to comply . . . and leaves his family without resources must be subject to penal treatment."

The proposed public assistance program would include pensions to the blind now administered by the Customs and Excise Department and assistance from local and voluntary agencies. Present provisions comprise national noncontributory pensions for the blind, subject to a means test and payable to persons 40 years of age and over on the same general basis as noncontributory pensions for the aged; money grants from local authorities,

conditioned on need; and local workshops, training centers, and home teaching courses.

Since by far the largest group of blind persons lose their sight after age 50, most persons would be contributors to the proposed social insurance plan before blindness makes them incapable of work. They would, therefore, be entitled under that plan to appropriate rates of disability benefit and subsequently to retirement pensions. In addition, local authorities and voluntary agencies should prepare revised plans for dealing with the problems of blindness as a handicap not only in earning but in all occupations, for furnishing the special subsistence needs of totally or partially blind persons, and for providing institutional care for the blind.

Under the proposed public assistance program, the three differing tests of need and means, now applied by three separate authorities, for noncontributory pensions, supplementary pensions, and public assistance would be replaced "by a test administered by a single authority on principles uniform in themselves, though taking account of the different problems which arise in relation to different classes." The needs of adults, children, and retired persons should be based on the same estimates of subsistence costs as those proposed for determining full insurance benefits. Determination of ownership of resources does not seem to require material change in procedures established under the existing Determination of Needs Act. Methods of treating resources of various kinds would have to be established by regulation. The total costs of national assistance, including administration, are estimated as 7, 5, and 4 percent of total proposed social security expenditures in 1945, 1955, and 1965, respectively (table 6). Under the existing social insurance and assistance system, assistance expenditures were 8 percent of the total in 1938-39 and represented 4 percent of the estimated total for 1945.

Children's Allowances

Basic to the abolition of want is the adjustment of incomes to family needs. To this end, the social security plan includes a general system of children's allowances for the maintenance of dependent children. These payments would be made to the persons responsible for the child's care during periods of earning as well as unemployment of such persons, for the following reasons. "First

. . . social insurance should be part of a policy of a national minimum. But a national minimum for families of every size cannot in practice be secured by a wage system, which must be based on the product of a man's labour and not on the size of his family . . . Second, it is dangerous to allow benefit during unemployment or disability to equal or exceed earnings . . . The maintenance of employment . . . will be impossible without greater fluidity of labour and other resources in the aftermath of war than has been achieved in the past. To secure this, the gap between income during earning and during interruption of earning should be as large as possible for every man. It cannot be kept large for men with large families, except either by making their benefit in unemployment and disability inadequate, or by giving allowances for children in time of earning and not-earning alike."

In addition, "children's allowances can help to restore the birth rate, both by making it possible for parents who desire more children to bring them into the world without damaging the chances of those already born, and as a signal of the national interest in children, setting the tone of public opinion. . . [Moreover] the small families of today make it necessary that every living child should receive the best care that can be given to it."

Practical considerations make it desirable that children's allowances be provided entirely out of general taxation. "First, the flat rate of contribution required for purposes which should be contributory is about as high as it seems right to propose. . . Second, . . . [although] children's allowances should be given mainly in cash, the amount of cash at any time must be adjusted to the provision in kind and this adjustment can probably be made more easily, if the cost of allowances is provided from the State than if it forms part of a contributory system."

In view of the fact that wages generally are adequate to cover the expenses of at least two adults and one child, and that it would be undesirable and unnecessary to relieve the parent of the whole cost of maintaining his children, it is proposed that allowance should not be paid for the first child when the responsible parent is earning. Allowances would be payable for all other children under age 15 (or age 16 if attending school full time), whether or not the parent or guardian was earning. The allowance should be

payable irrespective of family income, since it is believed that little saving would result from the establishment of any reasonable income limit.

An allowance at the average rate of 8s. (\$1.61) per week is suggested, the amount to be graduated with the age of the child in order to compensate for the greater needs of older children. The cost of these allowances, exclusive of administrative expenses, is estimated at £110 million (\$444 million) in 1945 assuming omission of the first child when the parent is not in receipt of benefits; the trend in fertility rates will increasingly determine the cost in later years. Inclusion of the first child would increase the cost by about £98 million (\$395 million). The proposed children's allowances, however, would replace various existing payments—allowances for juvenile dependents under the unemployment insurance and assistance system, children's allowances and orphans' benefits under the contributory pension system, and children's allowances under workmen's compensation—which would cost approximately £11 million (\$44 million) in 1945.

For the administration of the children's allowances, the logical agency would be the Ministry of Social Security, since it would have offices in every locality experienced in the handling of claims. If the allowance for the first child is added to the parent's unemployment or disability benefit, this administrative integration would be especially appropriate. Additional provisions for the care and supervision of children could be administered by welfare agencies concerned with health and education, under arrangements for central and local cooperation with the Ministry of Social Security.

Health and Rehabilitation Services

The establishment of a comprehensive national health service for prevention and cure of disability and disease and for medical and postmedical treatment to rehabilitate disabled persons and fit them for employment is considered a basic component of the social security plan. "It is a logical corollary to the payment of high benefits in disability that determined efforts should be made by the State to reduce the number of cases for which benefit is needed. It is a logical corollary to the receipt of high benefits in disability that the individual should recognize the duty to be well and to cooperate in all steps which may lead to diagnosis

of disease in early stages when it can be prevented. Disease and accidents must be paid for in any case, in lessened power of production and in idleness, if not directly by insurance benefits. One of the reasons why it is preferable to pay for disease and accident openly and directly in the form of insurance benefits, rather than indirectly, is that this emphasises the cost and should give a stimulus to prevention."

The plan would assure to all British citizens whatever medical care they may require in any necessary form, domiciliary or institutional, including care by general practitioners, specialists, and consultants; provisions for dental, ophthalmic, and surgical appliances; nursing and obstetrical care; and rehabilitation after accidents. This care would be organized by the national departments responsible for public health and should encompass positive and preventive as well as curative measures. Although payments toward the costs might be included in the social insurance contributions (the proposed social security budget estimates that £40 million (\$161 million) out of total expenditures of £170 million (\$686 million) for health and rehabilitation services in 1945 would come from contributions of insured persons), the care needed by any individual would be provided without contribution conditions.

Domiciliary medical care is now available for persons insured under compulsory national health insurance and is financed from contributions under that act. Care for the dependents of insured workers must be obtained on a fee-for-service basis or, more rarely, by contributions through medical-care associations. Institutional treatment is not included in the present health insurance program, except to a small extent as an additional benefit. It is obtainable from public hospitals subject to recovery of the cost, i. e., payment according to means or free for persons unable to pay. It is also obtainable from private hospitals in return for prepayment of dues under voluntary hospital insurance plans, which have grown remarkably in recent years. Private hospitals also give some care for which payments are graduated to means. Dental and ophthalmic treatment and appliances are included as additional treatment benefits for insured workers under present national health insurance but are generally obtained on a fee-for-service basis. Surgical appliances, convalescent homes, and nursing are even less

widely available as additional insurance benefits.

The existing health insurance program in Great Britain has utilized friendly societies and other associations as an integral part of administering cash benefits and medical treatment for insured workers. These "approved societies" differ in form, composition, coverage, and financial status. A society may realize a surplus or deficit through administration of the compulsory national health insurance contributions which it collects for the Government from its members. When there is a deficit, the society can give no additional benefits.

The Beveridge report holds that the approved society system is inconsistent with a national policy of medical treatment and minimum disability benefits. If the Government provides a minimum benefit based on subsistence needs, it appears inequitable that different rates of cash benefits should emerge from uniform rates of contribution; if any form of medical treatment is given as an additional, rather than statutory, benefit, it is given selectively, with reference not to the degree to which it is needed but according to the financial status of the society in which the insured person is a member.

No organized disinterested information is available to guide insured persons in the choice of societies, and unless persons are members of some of the larger societies with agencies everywhere, on change of residence they have no assurance of any personal treatment or contacts in their affiliations with some other group. Approved societies have the right to reject membership applications from poor insurance risks; persons so rejected are insured by the Government. Some of these disadvantages have become apparent only in the course of time. The system made it possible to build a compulsory national health insurance program on the foundations of voluntary insurance and utilized in a wider field the experience and organization of the great friendly society movement. It conflicts irreconcilably, however, with the compulsory social insurance principles that "all men should stand in together on equal terms, that no individual should be entitled to claim better terms because he is healthier or in more regular employment."

As a better basis for administering the proposed health insurance program, the Ministry of Social Security would be allowed to make arrangements with societies which fulfill certain conditions so

that these societies could act as agents for administering disability benefits to their members. These conditions would be (1) provision of a substantial additional or supplementary disability benefit from the society's resources, financed from the voluntary contributions of members; (2) maintenance of an efficient system of sick visiting, wherever its members may be; (3) effective self-governing operations; (4) nonprofit organization and disassociation from any profit organization; (5) registration under the Friendly Societies Act or the Trade Union Acts, or substantial conformity with requirements for such registration.

The problem of existing collecting societies and industrial insurance companies is not so easily solved. Their "service to national health insurance is directly associated with the purpose of securing customers for industrial assurance, and has undoubtedly been of great advantage to the industrial life offices in the extension of their business." The services rendered by these offices in the past, in providing "efficiently and on reasonable terms the machinery of health insurance for the large numbers of insured persons who were not members of friendly societies," should not be belittled, but it is "impossible to contemplate an arrangement under which bodies working for private profit were allowed to act as agents of the social insurance fund at the risk of the fund, and to use this agency as a means of extending their business; on these terms the industrial life offices, so far from having any motive for careful administration of disability benefit, would have a direct economic motive to be liberal with the money of the social insurance fund, in order to obtain or retain customers for industrial assurance and to increase the profits of their shareholders or the pay of their staff." The organized ability and the experience of staff who now serve the industrial life offices might better be converted, the report maintains, from a competitive business into a public service.

Administration of the Proposed Plan

Eloven or nearly half of the changes proposed by the Beveridge plan deal with changes in present forms of administration. Some of these changes have been touched upon briefly; others, because of their far-reaching implications for existing agencies, need special mention.

The report advocates:

(1) Establishing a national Ministry of Social Security with responsibility for collecting the single unified weekly contributions from all insured persons and from employers on behalf of all employed persons, for administering the unified social insurance fund in which all such contributions are collected, for paying all cash benefits, grants, and allowances from that fund, for paying children's allowances from funds provided by the National Exchequer, and for making assistance payments from Exchequer funds to needy persons;

(2) Merging existing separate social insurance funds, so far as deposits and benefits are concerned, but not necessarily preventing segregation of the accounts for unemployment, disability, and retirement benefits within that fund;

(3) Withdrawing authority for approved societies to collect health insurance contributions from their insured members and to pay benefits under the compulsory insurance system in conjunction with the additional disability benefits which the favorable financial position of some approved societies has made possible;

(4) Separating medical treatment from the administration of cash sickness and disability benefits and setting up, under the supervision of the health departments, a comprehensive medical service for all citizens, covering all treatment and every form of disability;

(5) Abolishing the existing provisions for workmen's compensation and merging administration of disability benefits for accidents and disease of industrial and nonindustrial origin in the Ministry of Social Security;

(6) Abandoning separate unemployment insurance systems for agriculture, and for banking, finance, and insurance industries by amalgamation of such separate programs with the unified social insurance system;

(7) Transferring to the Ministry of Social Security the public assistance functions of local authorities except for treatment and services of an institutional character;

(8) Transferring to the Ministry of Social Security responsibility for maintenance of blind persons and establishing a new plan for maintenance and welfare of blind persons through cooperation of the Ministry, local authorities, and voluntary agencies;

(9) Transferring to the Ministry of Social Security the functions of the Assistance Board,

the work of the Customs and Excise Department in connection with noncontributory pensions, and probably the employment service of the Ministry of Labour and National Service, in addition to unemployment insurance, and the work of other departments in connection with the administration of cash benefits of all kinds;

(10) Substituting a Social Insurance Statutory Committee for the Unemployment Insurance Committee and widening its powers;

(11) Converting the business of industrial insurance into a public service under an Industrial Assurance Board—a tentative proposal.

The Ministry of Social Security, under a Cabinet Minister, would establish a network of regional and local security offices for the administration of cash benefits, assistance, and related activities, but would not be responsible for medical services, which would fall within the sphere of the health departments. There would be, however, a joint committee of the Ministry of Social Security and all departments concerned with health and welfare to promote measures designed to prevent disease and reduce the burden to be borne by the social insurance fund. Important organizational aims of the Ministry of Social Security would be (1) decentralization and close contact with local agencies of all kinds in dealing with the varied needs of insured persons and (2) selection and training of staff with special regard to their functions in serving the public and in understanding the human problems with which they would be concerned.

Unification of administrative responsibility for the plan is urged for the following reasons: convenience to the insured person of having one authority to deal with, "in place of being bandied about from pillar to post"; avoidance of demarcation problems—disputes as to which authority is responsible for dealing with a particular case and on what principles; avoidance of overlapping and duplication of benefits; avoidance of gaps in insurance; absolute security of benefit; uniformity of benefit rates and conditions, unless differentiation is justifiable by real differences of need or other circumstances; uniformity of procedures for determining claims to benefits, except insofar as differences are justified.

"It is clear," Sir William maintains, "that the administration of the Ministry of Social Security must be decentralised, so that its local officers are in intimate touch with the problems and circum-

stances in their localities. This can be secured without making these officials servants of, and subject to the control of, the local authority. The present important function of the relieving officer of giving relief in cases of sudden and urgent necessity will, in future, have to be performed by the equivalent local officer of the Ministry of Social Security. There is no difficulty in practice in arranging for local administration by local officials of a central department. But, to make such officials servants of the local authority means either that the local authority has discretion in spending money to which it does not contribute in any way and in which, therefore, it has no motive to economise, or that it has no discretion, in which case the local authority becomes an agent without responsibility. It is neither desirable for the strength of local democracy that local authorities should have to administer a service without discretion and according to detailed rules nor compatible with a national minimum and a national plan of social security that people should be given assistance according to a scale and conditions which vary from place to place."

Local authorities would still have the important and growing task of organizing and maintaining institutions of various kinds for treatment and welfare. The report declares that, in view of the increasing number of old persons, there is probably considerable scope for developing services concerned with the recreation and welfare of the aged, including housing facilities. Local authorities would play an important part in the development of domiciliary care under the national health service and in other fields of social welfare, such as housing, education, and the recreational and cultural services.

War and Post-War Aims

"Abolition of want cannot be brought about merely by increasing production, without seeing to correct distribution of the product; but correct distribution does not mean what it has often been taken to mean in the past—distribution between the different agents in production, between land, capital, management and labour. Better distribution of purchasing power is required among wage earners themselves, as between times of earning and not earning, and between times of heavy family responsibilities and of light or no family

responsibilities. Both social insurance and children's allowances are primarily methods of redistributing wealth. Such better distribution cannot fail to add to welfare and, properly designed, it can increase wealth, by maintaining physical vigour. It does not decrease wealth, unless it involves waste in administration or reduces incentives to production. Unemployment and disability are already being paid for unconsciously; it is no addition to the burden on the community to provide for them consciously. Unified social insurance will eliminate a good deal of waste inherent in present methods. Properly designed, controlled and financed, it need have no depressing effect on incentive."

After trial of a different principle, "it has been found to accord best with the sentiments of the British people that in insurance organised by the community by use of compulsory powers each individual should stand in on the same terms; none should claim to pay less because he is healthier or has more regular employment." In accord with that view, the proposals of the report mark another step forward to the development of social insurance as a new type of human institution, differing both from the former methods of preventing or alleviating distress and from voluntary insurance.

"There will, it may be hoped, come a season when it is profitable to consider the practical relations of social insurance in Britain and of schemes for the same purpose in the Dominions, in the Colonies and in other countries of the world. On the assumption that once again it will be possible for men to move from one country to another to find the best use for their powers, it will be desirable to consider the making of reciprocal arrangements between the schemes of different countries facilitating transfer from one to the other, that is to say, arrangements enabling men on migration to avoid forfeiting security and allowing them to carry with them some of the rights that they have acquired in their former country."

In concluding his report, Sir William Beveridge answers in the affirmative the question whether it is possible to give due consideration to reconstruction problems in time of war. The current interest in these problems, the common concern of all citizens in the prevention of want and the diminution and relief of disease, and the sense of national unity and readiness to sacrifice personal interests to the common cause, may make it possible, he declares, to bring about changes which will be acceptable to all but which would have been difficult to make at other times. "There appears at any rate to be no doubt of the determination of the British people, however hard pressed in war, not to live wholly for war, not to abandon care of what may come after. That, after all, is in accord with the nature of democracies, of the spirit in which they fight and of the purpose for which they fight. They make war, today more consciously than ever, not for the sake of war, not for dominion or revenge, but war for peace. If the united democracies today can show strength and courage and imagination equal to their manifest desire, can plan for a better peace even while waging total war, they will win together two victories which in truth are indivisible."

"Freedom from want," he continues, "cannot be forced on a democracy or given to a democracy. It must be won by them. Winning it needs courage and faith and a sense of national unity: courage to face facts and difficulties and overcome them; faith in our future and in the ideals of fair-play and freedom for which century after century our forefathers were prepared to die; a sense of national unity overriding the interests of any class or section. The plan for social security in this report is submitted by one who believes that in this supreme crisis the British people will not be found wanting, of courage and faith and national unity, of material and spiritual power to play their part in achieving both social security and the victory of justice among nations upon which security depends."