

A Social Security Plan for Great Britain: The Government's White Paper *

IN JUNE 1941, the British Government asked Sir William Beveridge to recommend changes in the existing programs for social insurance and allied services. His report, presented in November 1942,¹ outlined a social security plan for "all citizens without upper income limit—all embracing in scope of persons and needs," based on assumptions that the Government would take other measures to prevent mass unemployment, would establish comprehensive health services, and would provide children's allowances. Early this year, the Government issued White Papers on proposed measures to combat unemployment and provide Nation-wide health services.² The White Paper outlining proposals for family allowances, social insurance, national assistance, and workmen's compensation was presented in September.³

With this White Paper, the British Government rounds out its comprehensive social and economic policy. The first duty of Government, the White Paper points out, is to protect the country from external aggression; the second, to secure the general prosperity and happiness of its people. The Government must first foster growth of capacity to produce and earn, with accompanying increase in well-being, leisure, and recreation, and, second, must plan to prevent individual poverty resulting from hazards of personal fortune over which

individuals have little or no control. Neither course alone is effective. A nation cannot avoid widespread poverty if earning power is impaired by unemployment or inefficiency, and, regardless of high production levels, a nation has not solved its problems if it includes any appreciable groups who are in want because their earning power is reduced by ill-health, unemployment, old age, or inability to provide properly for their children. When the present proposals, modified by public opinion and Parliamentary debate, are given the force of law, and the necessary "mosaic of details" has been worked out by the administrative agencies concerned, "provision will have been made against every one of the main attacks which economic ill-fortune can launch against individual well-being and peace of mind. Social insurance is but a means to achieving positive effort and abundant living. Yet it is a necessary means."

The Government pays tribute to Sir William Beveridge for his "comprehensive and imaginative report" by embodying much of his plan in its proposals. On details of contribution and benefit, it sometimes proposes more, sometimes less; basically, however, the Government plan, like the Beveridge report, provides a unified program of social security for the entire population, using the contributory principle as according best with the desires, characteristics, and social legislation of the British people.

Building on existing programs that since 1911 have "grown steadily in scope and thoroughness," the Government would extend social insurance in range and amount of benefits and in coverage. Insurance payments would comprise unemployment, sickness, invalidity, and maternity benefits, retirement pensions, survivor benefits, and death grants.

Outside the insurance system, but an integral part of the plan, would be family allowances, to help meet the economic burden of rearing children, and training allowances for persons of working age.

The White Paper also develops the

Government's proposals for compensation for disablement or loss of life from industrial injury or specified occupational diseases. The Government agrees with Sir William that the present system is "based on a wrong principle and has been dominated by a wrong outlook." Instead of the concept of compensation for industrial injury as an employer liability, the Government presents it as a social service. Both employers and workers would contribute, but the benefits, paid weekly at fixed rates with supplements for family responsibilities, would not depend on the contribution record. The system proposed "is in many respects like that which is the basis of war pensions schemes. It thus recognizes a certain similarity between the position of the soldier wounded in battle and that of the man injured in the course of his productive work for the community . . . each is compensated not for loss of earning capacity but for whatever he has lost in health, strength and the power to enjoy life."

The White Paper does not detail the Government's earlier recommendations for medical and hospital care for the entire population, to be financed in the main from general tax funds with a grant from the social insurance fund. Proposals for insurance and assistance assume, however, that everyone in the population, regardless of income, insurance status, occupational class, or other qualification, will have access without charge to any needed maintenance and care in a hospital and to the services of medical practitioners in the home, office, and hospital. The cost of the health services is included in the social security budget.

There still remains, the White Paper declares, "the individual's opportunity to achieve for himself in sickness, old age and other conditions of difficulty a standard of comfort and amenity which it is no part of a compulsory scheme of social insurance to provide. And in reserve there must remain a scheme of National Assistance designed to fill the inevitable gaps left by insurance and to supplement it where an examination of individual needs shows that supplement is necessary." Assistance, financed from general taxation and administered in close coordination with the insurance program, would

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¹ *Social Insurance and Allied Services*: Report by Sir William Beveridge, Cmd. 6404, H. M. Stationery Office, London, 1942, summarized in *Social Security Bulletin*, Vol. 6, No. 1 (January 1943), pp. 3-30.

² *Great Britain: Employment Policy*, Cmd. 6527, H. M. Stationery Office, London, 1944, summarized in *Social Security Bulletin*, Vol. 7, No. 9 (September 1944) pp. 20-22, and *A National Health Service*, Cmd. 6502, H. M. Stationery Office, London, 1944, summarized in *Social Security Bulletin*, Vol. 7, No. 3 (March 1944), pp. 12-18.

³ *Great Britain: Ministry of Reconstruction, Social Insurance, Part I*, Cmd. 6550, and Part II, *Workmen's Compensation*, Cmd. 6551, H. M. Stationery Office, London, 1944. American edition published by the Macmillan Co., New York.

Table 1.—Great Britain: Summary of social security provisions proposed by Government for each population class

Program	Population class				
	Class I. Employed persons ¹	Class II. Others gainfully occupied	Class III. Housewives	Class IV. Others of working age, not gainfully occupied	Class V. Children under 15, or under 16 if in school; and Class VI. Retired persons above working age
Total population (47,500,000).....	18,100,000	2,600,000	9,650,000	2,250,000	Class V 10,100,000 Class VI 4,800,000
Male (22,850,000).....	13,350,000	2,150,000	-----	1,000,000	5,150,000 1,200,000
Female (24,650,000)....	4,750,000	450,000	9,650,000	1,250,000	4,950,000 3,600,000
Assistance and services financed wholly or mainly ² from general taxation					
Family allowances.....	Universal allowance of 5s. a week for all but one child of eligible age; school meals and milk for all school children without proof of need.				
Medical care and hospitalization. ³	Universal unlimited service without charge or proof of economic need.				
Public assistance.....	Available on proof of need to all with inadequate income from insurance or other resources.				
Vocational allowances and training. ²	Cash allowance continuing not more than 4 weeks after end of course and free instruction to all who desire paid employment.				
Cash benefits and qualifications under contributory social insurance plan ³					
Unemployment benefits.	24s. a week for single person; 40s., husband and non-gainfully occupied wife; 20s., married woman insured in own right. Duration 30 weeks. Requirement—26 contributions paid and 50 paid or excused in preceding year; 3-day waiting period compensated if unemployed 4 weeks.	-----	If wife living with and maintained by husband and earns not more than 20s. a week, husband receives joint benefit (40s.) when he is unemployed. No benefit payable for her unemployment unless she herself is insured (Class I).	Dependent's allowance of 16s. a week to 1 dependent of person receiving benefit at single rate.	Class V.—5s. a week for child of eligible age excluded from family allowance.
Sickness benefits (temporary). ¹	24s. a week for a single person; 40s. husband and non-gainfully occupied wife; 16s. married woman insured in own right. Duration 3 years if 156 contributions paid; only 1 year if 26-155 contributions. 3-day waiting period compensated if sick 4 weeks.	Same as for Class I except that no benefits are payable for first 4 weeks of sickness.	If wife living with and maintained by husband and earns not more than 20s. a week, husband receives joint benefit (40s.) when he is ill. No benefit payable for her illness unless she herself is insured (Class I or II).	Dependent's allowance of 16s. a week to 1 dependent of person receiving benefit at single rate.	Class V.—5s. a week for child of eligible age excluded from family allowance.
Maternity grant.....	Flat sum of £4 for all women regardless of class, if 26 contributions paid by husband or wife and 26 contributions paid or excused in contribution year.				
Maternity benefits.....	36s. a week for 13 weeks. Requirements—26 contributions actually paid in 12 months before beginning of benefit year and evidence of inability to work or get work during substantial part of rest of year; must give up gainful work during period of benefit.	36s. a week for 13 weeks. Requirements—evidence of gainful employment for 26 weeks in contribution year and evidence of inability to work during substantial part of rest of year; must give up gainful work during period of benefit.	Attendant's allowance of 20s. a week for 4 weeks with requirements same as for maternity grant.	Allowance of 20s. a week for 4 weeks for attendant. Requirements same as for maternity grant.	
Survivor benefits ¹	Widow with child or children: 36s. a week for 13 weeks; thereafter guardian's benefit of 24s. a week while any child is of eligible age; thereafter, if widow aged 50-59 and married to husband 10 years before, 20s. a week until age 60, when old-age pension of same amount payable. Widow without child of eligible age: 36s. a week for 13 weeks; thereafter 20s. a week if aged 50-59 and married to husband 10 years before; for incapacitated widow of worker in Class I or II, sickness benefit of 24s. a week for as much as 3 years, followed by invalidity benefit of 20s. a week; old-age pension of 20s. a week at age 60. Requirement—same as for old-age retirement.				Class V.—5s. a week for child of eligible age excluded from family allowance. Amount per child increased to 12s. a week ⁴ for all children of eligible age if both parents dead.
Invalidity benefits (permanent disability). ¹	Payable after 3 continuous years of sickness benefits, as long as person remains incapable of work or until he reaches age when retirement pension payable; benefits same as for old-age retirement, except that a married woman insured in her own right receives 16s. a week.			Dependent's allowance of 15s. a week to 1 dependent of person in Class I or II.	Class V.—5s. a week for child of eligible age excluded from family allowance.
Old-age retirement pension.	35s. a week for couple (husband aged 65 or over and non-gainfully occupied wife of any age); 20s. a week for a single man aged 65 or over; 20s. a week at age 60 or over for a single woman and a married woman insured in her own right; amounts increased for deferred retirement and reduced for deficient contribution record and for earnings of more than 20s. a week after retirement. Requirement—156 actual contributions and a yearly average of 50 contributions paid or excused.				
Death grant.....	Flat sum varying from £6 to £20 depending on age; some exceptions during 10-year transitional period.				

¹ Proposed provisions for disability, invalidity, or death of employed persons (Class I) resulting from injury or specified disease of occupational origin are separate from general insurance system.

² About one-fourth of the estimated expenditures for health services will be derived from insurance contributions; the insurance fund will contribute a small sum annually toward vocational training.

³ Benefits vary with sex and are lower for persons under age 18; they are reduced if full qualifying requirements are not met. A shilling is about 20 cents at exchange rate of £1=\$4.035, stabilized Mar. 25, 1940. Translation to dollars without considering such factors as living costs and wage rates would be misleading.

⁴ 7s. from insurance system and 5s. from general taxation.

Table 1.—Great Britain: Summary of social security provisions proposed by Government for each population class—Continued

Program	Population class				
	Class I. Employed persons ¹	Class II. Others gainfully occupied	Class III. Housewives	Class IV. Others of working age, not gainfully occupied	Class V. Children under 15, or under 16 if in school; and Class VI. Retired persons above working age
	Special cash-benefit system for industrial injury or specified occupational diseases				
Injury allowance.....	35s. a week for single person for 13 weeks; an industrial invalidity pension thereafter; 3-day waiting period compensated if disability lasts 4 weeks or more. No required number of contributions.		8s. 6d. a week if she is residing with or wholly or mainly dependent on husband receiving injury allowance.	Dependent's allowance of 8s. 6d. a week to 1 dependent of person receiving benefit at single rate.	Class V.—5s. a week for child of eligible age excluded from family allowance.
Industrial pension.....	40s. a week for single person for total disability; partial disability compensated at lower rates proportioned to degree; supplement of 10s. a week if totally unemployable; additional 20s. a week (maximum) if constant attendance needed. Duration until recovery or death. No required number of contributions.		10s. a week if she is residing with or wholly or mainly dependent on husband receiving industrial pension for total disability; lower rate for partial disability.	Dependent's allowance of 10s. a week to 1 dependent of person receiving benefit at single rate for total disability; lower rate for partial disability.	Class V.—7s. 6d. a week for child of eligible age excluded from family allowance.
Benefits for survivors of deceased worker in Class I.	30s. a week for widow if aged 50 or over, if caring for worker's child, or if incapable of self-support; otherwise 20s. a week for widow if incapable of support. Maximum of 30s. a week joint pension for dependent parents or 20s. for 1 parent only. Maximum of 20s. a week for other adult dependent if incapable of self-support and if no widow's or parent's pension payable. If none of these pensions is payable, 20s. a week (maximum) for woman who resided with worker if she has care of his child or children, as long as at least 1 child is of eligible age. Temporary allowance of 36s. a week for 13 weeks for all other adult members of family, if wholly dependent; if partially dependent, benefits related to degree of dependency.			Class V.—7s. 6d. a week for child of eligible age excluded from family allowance. Amount per child increased to 12s. a week ² for all children of eligible age if both parents dead. Class VI.—Same as for classes I, II, III, and IV.	

For footnotes, see opposite page.

include unemployment assistance, special provisions for the blind, and financial aid to any person on proof of need.

Family Allowances

The Government recognizes that, next to interruption or loss of earnings, the economic burden of rearing children is the most serious cause of poverty. The White Paper therefore proposes a system of family allowances at a rate of 5s. a week per child—payable without regard to income—as a national contribution toward the costs of maintaining children. In addition, it proposes allowances in kind in the form of school meals and milk, to be given without charge to all children in primary and secondary schools which receive grants from Government departments of education. The Beveridge plan had proposed an average of 8s. a week, graduated according to age.

Believing that, unless income is interrupted, most families can afford the full cost of rearing one child, the Government proposes to pay the family allowance continuously for all but the oldest child under age 15, or 16 if

attending school or serving apprenticeship, and the allowance will continue for school children or apprentices until July 31 following the sixteenth birthday. Normally made out to the father as the economic head of the household, the allowance will be drawn in such a way that the mother can cash it.

When the parent or parents receive unemployment, sickness, invalidity, widow's, or guardian's benefits, or an industrial injury allowance, an allowance of 5s. will be paid also for the oldest child of eligible age; the amount payable for this child will be increased to 7s. 6d. a week if the parent is receiving an industrial pension for total disablement or has died from industrial injury. Children below working age who have lost both parents will receive 12s. a week, regardless of the cause of death or the parent's contribution record.

The General Insurance System

The Government accepts one of the fundamental principles of the Beveridge plan in classifying the population into the six groups (table 1) which differ not according to earnings

or economic status but in the benefits they need and the contributions they must make to receive them. There will be a single weekly contribution for each contributor, paid by one stamp on an insurance card to cover all the benefits available to the contributor's group.

Classes I, II, and IV constitute the contributing population. Most married women in Great Britain, not being gainfully employed, will be in Class III (housewives) with benefits based on their husband's contributions. Married women who wish to maintain or reestablish their own insurance status can choose to contribute in the appropriate class (I, II, IV) and acquire benefits in their own right. To limit insurance against sickness and unemployment to those with more than casual employment, however, the Government proposes that married women should be compulsorily exempted from insurance against these risks if their earnings do not exceed 20s. a week.

The Government, unlike Sir William, does not propose to gear benefits to amounts necessary for subsistence,

declaring that "Circumstances vary, not only between places but between people, and the conception of relating payments precisely to individual needs is not really capable of realization in an insurance scheme, particularly where that scheme covers all classes of the community."

Unemployment and sickness.—Adopting Sir William's recommendations, the Government proposes to make unemployment and sickness benefits identical in amount (with one exception) and to unify contribution and waiting-period requirements and the benefit year. It did not, however, accept the Beveridge recommendation of unlimited duration of benefits.

Unemployment benefit will be restricted to persons in Class I (employees), who constitute the largest single population group, and sickness benefit will be confined to Class I and Class II (others gainfully occupied).

When the husband is unemployed or ill and his wife is not gainfully occupied, a standard rate of 40s. a week for the couple is proposed. A single man or woman or a man whose wife is gainfully occupied would receive 24s. a week, and boys or girls aged 16-17 would get 15s. A married woman insured in her own right would get 20s. a week for unemployment and 16s. a week for illness. A person receiving benefit at the single rate may receive a supplemental allowance of 16s. a week for one adult dependent or for a housekeeper who looks after his dependent children.

There is to be a fixed benefit year in which a worker in Class I will be entitled to either type of benefit at the standard rate if he or she has actually paid 26 contributions and has, in addition, 50 contributions paid or excused⁴ in the contribution year immediately preceding the benefit year. If contributions are fewer, benefits will be scaled down proportionately. A contributor who exhausts rights to unemployment or sickness benefits will requalify after he has paid 10 weekly contributions.

The waiting period is 3 days for both types of benefits, but if the sickness

⁴ A contribution is "excused," or credited as if paid, when the contributor is receiving certain benefits or is certified as unemployed or incapacitated by sickness or maternity, or is a full-time student or unpaid apprentice.

or unemployment lasts for 4 weeks or more, benefits are payable for these first 3 days. Self-employed persons will receive sickness benefits after 4 weeks of uncompensated sickness, rather than the 13 weeks proposed by Sir William.

Unemployment benefits will be payable for a maximum of 30 weeks in a continuous period of unemployment; additional days are provided for contributors with good records of employment in recent years. Spells of unemployment or sickness separated by less than 3 months will be considered continuous. Sickness benefits will be payable for 3 years of continuous sickness if the contributor has actually paid 156 contributions. If his disability persists, at the end of the 3 years he will receive an invalidity benefit at a lower rate. If 26 but less than 156 contributions have been paid, the contributor will receive sickness benefits for not more than a year and will not be entitled to the invalidity benefit thereafter.

The White Paper does not specify the conditions which will disqualify otherwise eligible persons from benefits, except to indicate that unreasonable refusal to undergo a course of training should disqualify an applicant from receiving unemployment benefits. The training allowances for unemployed persons who take an approved course of training or industrial rehabilitation will be at a higher rate than unemployment benefits and may continue for as much as 4 weeks after the course is completed. If the job received after training is not in the worker's home town, a "settling in" allowance will also be payable for the first few weeks in the new location.

Maternity.—A maternity grant of £4 will be payable for all women, whether or not gainfully employed, if the woman or her husband has actually paid 26 contributions and an additional 26 contributions have been paid or excused in the last complete contribution year. In addition to the maternity grant, maternity benefits of 36s. a week are payable for 13 weeks to gainfully occupied women who give up their work for that time. Women who are not gainfully occupied are to receive an attendant's allowance of 20s. a week for 4 weeks toward providing domestic help after childbirth.

Unmarried mothers will qualify for these benefits on the same terms as married women if they meet insurance qualifications through their own contributions. The qualifying conditions for maternity benefits are 26 weeks of gainful occupation for which contributions have been paid in the 12 months immediately preceding and evidence that the woman was unable to obtain work or incapable of working for a substantial part of the rest of the year. For a self-employed married woman who has elected to be exempt from contributions and to rely on her husband's insurance, evidence of gainful occupation will satisfy the requirements.

Invalidity and old age.—Benefit amounts and qualifying conditions for long-term risks are also to be coordinated. Invalidity insurance will cover all gainfully occupied persons of working age, while retirement pensions will be payable to any qualified person above working age. When persons receiving invalidity benefit reach retirement age (60 for women, 65 for men), the invalidity benefit will be replaced by a retirement pension of the same amount. Similarly, widows who qualify for widow's pensions will be transferred to the retirement rolls at age 60.

A standard amount of 35s. will be payable weekly as a joint benefit for invalidity or old age to a man whose wife is not gainfully occupied, regardless of the wife's age; a single man or woman or a married man whose wife is working will receive 20s. A gainfully occupied married woman insured in her own right will get 16s. a week for invalidity and 20s. for old-age retirement. A benefit of 15s. a week will be payable for one adult dependent of a person receiving a single person's invalidity benefit; no allowance for a dependent other than the wife is made in the old-age retirement benefit.

To qualify for invalidity or retirement benefits, a worker must have 156 contributions to his credit. He may, if necessary, draw invalidity benefits up to retirement age. Workers with less than 156 actual contributions will not qualify for invalidity benefits or retirement pensions; assistance will be available on a needs basis. Full retirement benefits will be payable only to those who in addition to 156 actual contributions have a yearly

average of 50 contributions paid or excused; for contributors with less than this average, benefits will be at lower rates. The retirement benefits are at slightly lower rates than those proposed by Sir William but would become effective at once rather than after 20 years.

Persons who continue to work after retirement age will receive an additional 2s. a week (joint) or 1s. a week (single) for each year they defer re-

tirement. The date on which the worker declares his intention to retire will normally be the date from which benefits will be awarded. Thereafter benefits will be reduced for any amount of earnings exceeding 20s. a week. A wife's earnings of more than 20s. a week will serve to reduce her share of a joint pension.

To draw his pension in full from the Post Office, the pensioner will have to sign a declaration that he

(and, if necessary, his wife) has not earned more than 20s. in the previous week; if he has higher earnings to declare, he must report to his local insurance office, where appropriate deductions will be made before the pension is paid. If his earnings are less than 55s. (joint) or 40s. (single) a week and come from regular employment, a continuing pension at the appropriately reduced rate can be paid by the Post Office on the pen-

Table 2.—Great Britain: Comparison of social security benefits payable to a married couple with two young children, under existing programs, Beveridge plan, and Government proposals¹

Risk	Existing programs (Husband's contributions (1942): Total 1s. 10d. a week—6½d. for health, 10d. for unemployment, 6½d. for widows, orphans, and old-age pensions.)	Beveridge plan (Husband's contributions: 4s. 5d. a week for all risks.)	Government proposals (Husband's contributions: 5s. 10d. a week for all risks.)
Unemployment	38s. a week, for 20 weeks; thereafter assistance on proof of need.	56s. a week with no time limit; required attendance at training center if unemployment prolonged.	50s. a week for 30 weeks, with additional days for good employment record; training allowance at higher rate continued for as much as 4 weeks after end of course, not counted in benefit duration.
Temporary disability: Nonindustrial origin	18s. a week for 26 weeks	56s. a week, unlimited in duration, while both children under working age.	50s. a week for 3 years.
Industrial origin	60s. a week (maximum) or ¾ earnings for 13 weeks; thereafter pension for permanent disability; or lump-sum settlement. ²	56s. a week for 13 weeks; thereafter pension for permanent disability.	53s. 9d. a week for 13 weeks; higher disability allowance or pension for permanent disability thereafter; lump-sum settlement or temporary allowance at lower rate for minor disablement only.
Permanent disability: Nonindustrial origin	10s. 6d. a week until transferred to old-age pension.	56s. a week while both children under working age; 48s. a week until second child reaches working age; 40s. a week until husband aged 65, and 40s. a week thereafter as old-age retirement benefit.	45s. a week while both children under working age; 40s. a week until second child reaches working age; 35s. thereafter until husband reaches age 65 and 35s. a week thereafter as old-age retirement benefit.
Industrial origin	After 13 weeks of temporary disability benefit, 60s. a week (maximum) or ¾ earnings, or lump-sum settlement. ²	After 13 weeks of temporary disability benefit, pension of ¾ earnings from 56s. (minimum) to 70s. (maximum) a week, while both children under working age.	72s. 6d. a week if totally unemployed and both children under working age; 20s. a week additional if requiring full-time attendance; no deduction for initial period of hospitalization but 10s. a week deducted if he reenters hospital; benefits reduced for partial disability.
Maternity	£2 as lump sum	£4 as lump sum	£4 as lump sum; attendant's allowance of 20s. a week for 4 weeks to provide domestic help.
Death grant for any member of family		£6-£20 as lump sum, depending on age of deceased.	£6-£20 as lump sum, depending on age of deceased.
Death of husband ³	18s. a week while both children under working age; 15s. a week while only 1; 10s. a week thereafter.	52s. a week for 13 weeks; 40s. a week thereafter while both children under working age; 32s. a week until second child reaches working age; nothing thereafter until old-age retirement benefit at age 60.	46s. a week for 13 weeks; 34s. a week thereafter while both children under working age; 25s. a week until second child reaches working age; 20s. a week thereafter if aged 50-59; at age 60, old-age retirement benefit of 20s. a week.
Death of husband and wife		16s. a week (8s. each) until older child reaches working age; 8s. a week until second child reaches working age; nothing thereafter.	24s. a week (12s. each) until older child reaches working age; 12s. a week until second child reaches working age; nothing thereafter.
Old age ⁴	20s. a week when husband reaches age 65, regardless of age of wife.	Effective after 20 years: 40s. a week when husband retires from work at age 65, regardless of age of wife; additional 2s. a week for each year retirement postponed beyond age 65.	Effective at initiation of system: 35s. a week when husband retires from work at age 65, regardless of age of wife; additional 2s. a week for each year retirement postponed beyond age 65. Pension reduced by amount of earnings over 20s. a week.
Medical needs: Husband	Free services of general practitioner.	Free services of all medical practitioners; unlimited free hospitalization; possible reduction of disability benefits during hospitalization.	Free services of all medical practitioners; unlimited free hospitalization with disability benefits reduced by 10s. a week after 28th day.
Wife, children, and any other members of household.		Free services of all medical practitioners; unlimited free hospitalization.	Free services of all medical practitioners; unlimited free hospitalization with no reduction in insurance benefits.

¹ Assuming husband a wage earner with all contribution conditions met, wife not gainfully occupied, and both children under working age, i. e., under 16, or 16 if attending school.

² Includes war increases.

³ From nonindustrial causes. Benefits differ under workmen's compensation.

⁴ Assuming that both children have attained working age when father retires. Source: *Social Insurance and Allied Services, Report by Sir William Beveridge*, Macmillan, New York, 1942, pp. 113, 217; *Social Insurance, Part I*, Cmd. 6560, and *Part II, Workmen's Compensation*, Cmd. 6551, pp. 30-31, H. M. Stationery Office, London, 1944.

sioner's declaration that his earnings have not changed.

Survivorship.—Provisions for widows of insured persons include temporary benefits to aid in adjusting to changed economic conditions, guardian's benefits, and widow's pensions. The latter two terminate on remarriage and are to be reduced for weekly earnings of more than 20s. The contribution requirements for all types of benefits for widows are the same as for full retirement pensions, that is, 156 actual contributions and an annual average of 50 contributions paid or excused, with reduced benefits for lower averages.

Temporary benefits of 36s. a week will be paid for 13 weeks to women widowed before attaining age 60 and to older widows whose husbands had not qualified for retirement pensions. If the widow of a man insured in Class I or II has no child below working age in her care at the end of the 13 weeks and is incapacitated for work, she will receive sickness benefits of 24s. (or after 3 years, invalidity benefits of 20s.) a week as long as her illness lasts; at age 60, she receives a retirement pension.

A guardian's benefit of 24s. a week will be paid a widow with one or more children below working age in her care. This benefit, which starts with the 14th week of widowhood, will continue as long as any child is of eligible age.

If the widow is aged 50 or over when her husband dies or when her guardian's benefit ceases, and if she was married to her husband for at least 10 years before either event, she will receive a widow's pension of 20s. a week until she qualifies for retirement pension. If the widow of a worker in Class I or II is incapacitated, she may receive disability and invalidity benefits until she reaches age 60 and gets her retirement pension.

A lump-sum death grant, varying with the age of the deceased person, will be paid for an insured person of any class, for the wife or child of each insured person, and for a pensioner, as follows: at ages below 3 years, £6; between 3 and 6 years, £10; between 6 and 18 years, £15; and over 18 years, £20. As a transitional provision, only £10 will be paid for persons aged 55-64 when the program starts, and no grants will be available for children

under age 10 unless they were born after the beginning of the system.

Reduction of benefits during hospitalization.—The Government proposes to reduce the standard rates of insurance benefits by 10s. a week during hospitalization after the beneficiary has been hospitalized for 28 days, since the hospital will provide many items, such as food, fuel, light, and bedding, which are part of ordinary maintenance. This reduction applies to sickness, maternity, and invalidity benefits, retirement pension, widow's and guardian's benefits, and widow's pension. Except in the case of a joint retirement benefit, reduction is not made when the beneficiary's dependent receives hospital care.

Workmen's Compensation

The Government considered the feasibility of including workmen's compensation in the general insurance system, as Sir William had proposed, on the same terms as disability arising from other causes, and superimposing on that system a liability on the individual employer to provide additional benefits; it was concluded, however, that such an arrangement, by perpetuating the principle of the liability of the individual employer, would retain the defects of the present system. The White Paper therefore proposes to set up a separate system, with separate contributions and a separate fund, but administratively coordinated with the general insurance system under the Minister of Social Insurance.

The system would cover all persons working under contract of service or apprenticeship (except those under school-leaving age) and would also include nonmanual workers without income limit. For work-connected injuries or death, industrial allowances or pensions would replace sickness, invalidity, widow's, guardian's, and orphan's benefits, but not death grants, under the general system.

Both benefits and contributions would be fixed amounts, since the Government, in contrast to Sir William, proposes to gear industrial pensions to degree of disability rather than wage loss, and the benefits would not be conditioned on a required number of contributions. The employer, the worker, and the Exchequer would

all contribute toward the fund. In advocating employer and employee contributions for workmen's compensation at flat rates without regard for the hazards of individual industries, the White Paper says . . . "Equal contributions will be required for the main benefits under the general scheme of social insurance, and from the workman's point of view it would seem desirable that he should be on an equality in this respect with the employer." Dismissing suggestions for experience rating, which had been accepted by Sir William, the Government denies the argument that special levies based on the degree of hazard in the industry will provide a real financial incentive for employers to prevent accidents. "It must be borne in mind that a substantial number of accidents are due to causes outside the employer's control." It is believed that no experience-rating system could be operated equitably and "that the complication and expense involved in any such system would be out of all proportion to the results likely to be achieved."

Industrial disability.—An industrial injury allowance, for the first 13 weeks of work-connected disability, will be 35s. a week. After that period an industrial pension is payable at the rate of 40s. a week if the pensioner is totally disabled; for partial disability the amount will be reduced in proportion to the degree of disability. The amounts are to be the same for men and for women, and benefits at half the adult rates will be paid to unmarried girls and boys under age 18.

If, despite remedial measures, the pensioner remains virtually unemployable, a personal supplement of 10s. a week will be paid. A totally disabled worker who needs constant attendance may receive an additional weekly allowance of not more than 20s.

While the worker is receiving either a disability allowance or an industrial invalidity pension for total disability, his wife will receive an allowance (8 s. 9d. or 10s. a week, respectively) if she was living with or mainly dependent on him at the time of his injury. The same allowances will be payable to a husband dependent on a woman employee receiving an injury allowance or pension. In cases of partial

disability, these allowances for dependents are to be reduced in proportion to the degree of disability recognized in the pension.

If no wife's allowance is payable and the worker is incapable of work as a result of the injury, an allowance at the rate for a wife can be paid, as in the general system, for one adult dependent or for a housekeeper who looks after his dependent children.

In contrast to the provisions under the general system, no deduction from any of these payments will be made while a worker is hospitalized because of industrial injury. If, however, the worker has to reenter a hospital or institution for further approved treatment, 10s. a week will be deducted from the industrial pension for total disability, but not from the allowances payable during total disability to the wife, child, or other dependent.

Death.—The widow of a man who dies from industrial injury will receive a pension if she was married to him before the injury and was living with him at the time of his death. The amount will be 30s. a week if she is aged 50 or over, or is incapable of self-support, or has the care of a child under working age; otherwise, 20s. a week. If she is aged 50 or more when the last child reaches working age, her allowance will continue at the 30s. rate.

Whether or not the worker leaves a widow, a maximum of 20s. a week will be paid to a deceased worker's parent who is incapable of self-support; if both parents qualify, the maximum

joint pension will be 30s. If no pension is payable to a widow or parent, a maximum weekly allowance of 20s. will be payable to one adult member of the family incapable of self-support.⁶

A widower who is incapable of self-support will receive 20s. a week if he was married at the time his wife received an industrial injury and was living with his wife at the time of her death from the injury. Any other adult member of the deceased worker's family will be eligible for a temporary allowance of 36s. a week for 13 weeks, if wholly dependent on the worker at the time of the injury, or, if partially dependent, for an amount proportioned to the degree of dependency. Pensions for widows and other women dependents cease on their marriage, but on remarriage a widow is to receive a gratuity equal to 1 year's pension.

Public Assistance

National assistance—now limited mainly to old-age pensioners, widowed pensioners with children, and able-bodied persons normally employed in occupations covered by existing social insurance programs—will be expanded under the Government's plan to provide financial aid to any person on proof of need. Since most persons who become blind would qualify for sickness, invalidity, or old-

⁶ If there is no such adult dependent, a pension of the same amount will be payable to any woman residing with the worker at the time of his injury while she has the care of one or more of his children under working age.

age retirement benefits before the onset of blindness, the Government proposes to abolish the present non-contributory pension system for the blind and to provide assistance to all needy blind persons on the same basis as for other needy residents of the country. The major expenditures for public assistance will be for old-age and unemployment assistance.

Income and Expenditures

The social security budget (table 3) proposed by the Government excludes the cost of workmen's compensation, training allowances, and benefits in kind to children but includes estimated expenditures for health services—toward which grants will be made from the social insurance funds—and costs of family allowances⁷ and national assistance, financed from general revenues. It is estimated that contributions of insured persons and of employers will represent nearly half (44 percent) of expenditures for these programs at the beginning of the system. The share of the Exchequer or local tax funds would be 54 percent in 1945, as compared with 65 percent estimated for existing programs and about 50 percent under the Beveridge proposals.

⁶ The insurance funds will bear the costs of the allowance for the oldest child of eligible age in families receiving benefits, and of increasing from 5s. to 12s. a week the allowance for orphaned children. Estimates of contributions and expenditures include these amounts for children in the type of benefit with which they are associated.

Table 3.—Great Britain: Estimated income and expenditures for social security under existing programs (P), the Beveridge plan (B) and Government proposals (G)

Program	1945			1955			1965			1975			1945			1955			1965			1975		
	P	B ¹	G ¹	B ¹	G ¹	B ¹	G ¹	G ¹	P	B ¹	G ¹	B ¹	G ¹	B ¹	G ¹	B ¹	G ¹	P	B ¹	G ¹	B ¹	G ¹		
	Amount (in millions)									Percentage distribution														
Income, total.....	£429	£607	£650	£764	£731	£858	£706	£831	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	
Contributions.....	136	331	283	331	280	324	275	259	32	48	44	43	38	37	35	31	31	32	48	44	43	38	37	
Interest on existing funds.....	15	15	15	15	15	15	15	15	3	2	2	2	2	2	2	2	2	3	2	2	2	2	2	
Balance from Exchequer ²	278	351	352	418	436	519	506	557	65	50	54	55	60	61	63	67	67	65	50	54	55	60	61	
Expenditures, total.....	411	697	650	764	731	858	796	831	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	
Social insurance benefits.....	³ 242	367	374	442	428	553	500	542	357	53	57	58	59	64	63	65	65	357	53	57	58	59	64	
National assistance.....	³ 95	47	69	41	73	32	70	67	323	7	11	5	10	4	9	8	8	323	7	11	5	10	4	
Family allowances.....	³ 4	113	59	111	60	103	56	52	1	16	9	15	8	12	7	6	6	1	16	9	15	8	12	
Health services.....	80	170	148	170	170	170	170	170	10	24	23	22	23	20	21	21	21	10	24	23	22	23	20	

¹ The Beveridge plan includes and Government plan excludes amounts for workmen's compensation and training benefits.

² Or local tax funds.

³ Administrative costs for national assistance and family allowances included in social insurance benefits.

Source: *Social Insurance, Part I*, Cmd. 6550, H. M. Stationery Office, London, 1914, pp. 52, 53, and 55, and *Social Insurance and Allied Services, Report by Sir William Beveridge*, Macmillan, New York, 1942, pp. 199, 206-207, 209.

Contributions.—In most cases the contributions are lower than those proposed by Sir William (table 4). Weekly contributions vary with occupational class, age, and sex and range from 6s. 11d.⁷ for men aged 18 and over in Class I to 1s. 10d. for girls 16 and 17 in Class IV. Contributions paid by persons in Classes II and IV are smaller than the joint employer-employee contribution, because the risks against which these persons need social insurance are more limited. The contributions paid by persons in Class II, on the other hand, are larger than the employee contribution paid by insured persons in Class I.

Every week in the year must be accounted for by an appropriate stamp on the social insurance card or by excusal or exemption. Persons in Classes I and II will be excused from contributions during certified sickness, maternity, unemployment (applicable to Class I only), and receipt of training allowances. In Class IV, contributions need not be paid by students or some others engaged in full-time courses of instruction, by unpaid apprentices, by persons receiving training allowances, or by the individual while in receipt of widow's or guardian's benefits or widow's pensions. All "excused" contributions are deemed to have been paid for pur-

⁷ This amount includes employer contribution under the general system and 6d. a week for workmen's compensation, payable in equal shares by worker and employer.

Table 5.—Great Britain: Percentage allocation of full actuarial contribution for social insurance for adult employed person (Class I) under Government proposals¹

Insured benefit	Total		Insured person		Employer		Exchequer ²	
	Men	Women	Men	Women	Men	Women	Men	Women
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Retirement pensions.....	33.6	39.0	34.6	40.5	37.6	44.8	25.1	30.6
Widows and guardians benefits.....	7.3	—	7.5	—	8.5	—	5.2	—
Unemployment benefit ³	33.5	28.4	27.6	22.7	30.1	25.8	49.8	43.5
Sickness and invalidity benefits.....	17.2	17.4	17.6	17.3	19.1	19.8	13.1	13.6
Maternity grant and benefits.....	1.4	6.4	2.0	9.7	—	3.6	1.0	4.8
Death grant.....	2.1	1.6	5.2	4.0	—	—	—	—
Administrative cost.....	4.9	6.3	4.6	5.8	4.7	6.0	5.8	7.5

¹ Based on assumption that contributions for long-term benefits represent $\frac{3}{4}$ of the amount required for benefits to an insured person (and any eligible dependents) contributing from age 16 until retirement age. The Exchequer would bear the remaining $\frac{1}{4}$ and would carry a larger part of costs for newly covered persons and for increased benefits for persons insured under existing systems. Contributions represent $\frac{3}{4}$ the costs of unemployment benefits and $\frac{3}{4}$ those of other short-term benefits (except death grants, for which the contribution represents the total costs), and the Exchequer meets the balance.

Table 4.—Great Britain: Weekly social insurance contributions under Beveridge plan (B), and Government proposals (G)¹

Sex and age group	Class I						Class II		Class IV	
	Total		Employer		Insured person		B	G	B	G
	B	G ²	B	G ²	B	G ²				
Men:	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
21 and over.....	7 0	6 5	3 3	2 10	4 3	3 7	4 3	4 2	3 9	3 4
18-20 years.....	6 3	—	2 9	—	3 6	—	3 6	—	3 0	—
16-17 years.....	5 0	4 3	2 6	1 11½	2 6	2 3½	2 0	2 0	1 6	2 2
Women: ³	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
21 and over.....	6 0	5 1	2 6	2 3	3 6	2 10	3 0	3 6	3 0	2 8
18-20 years.....	5 0	—	2 0	—	3 0	—	3 0	—	2 6	—
16-17 years.....	4 0	3 5	2 0	1 6	2 0	1 11	2 0	2 5	1 6	1 10

¹ See table 1 for occupational classification of population and scope of protection. Of these amounts, 10d. for men, 8d. for women, and 6d. for young persons under 18 represent contributions toward health services; the employer pays 1½d. of the amount for men and women in Class I.

² In addition employer pays 3d. a week for men, 2d. for women, 1½d. for boys under 18, and 1d. for girls as contribution toward workmen's compensation; insured person pays equal amount.

³ Married women can elect exemption from contributions or can contribute at Class I, II, or IV rates, according to certain conditions, if they wish to retain insurance status in their own right.

Source: *Social Insurance, Part I*, Cmd. 6550, II, M. Stationery Office, London, 1944, p. 43; *Social Insurance and Allied Services, Report by Sir William Beveridge*, Macmillan, New York, 1942.

poses of meeting contribution requirements for insurance status.

Contribution requirements for invalidity and old-age, and survivor benefits for widows, are modified for persons insured or receiving benefits under the existing insurance systems and for those who are over age 16 when the new system starts, so that they may qualify for full benefits. Housewives are in general covered by their husbands' contributions, but if they are in gainful work and elect to contribute in their own right, married women can claim sickness, unemployment, and old-age benefits based on their own contribution records.

A few persons may at times be granted exemptions from contribu-

tions, though their employers, if any, will continue to pay the employer share. The exemptions comprise (1) persons in Classes II or IV with incomes of less than £75 a year; (2) those of pension age who take up employment after having accepted retirement pensions; (3) widows in Class I or II who are receiving guardian's benefits or widow's pensions; (4) gainfully occupied married women who earn less than 20s. a week or who do not elect to continue contributing; and (5) insured persons in prison.

Persons who leave Great Britain may be permitted to maintain their contribution records through special arrangements. While in Great Britain citizens of other countries will become contributors immediately if employed; otherwise, only if they remain in the country for more than 6 months for purposes other than courses of study.

For workmen's compensation, the weekly employee contribution is set at 3d. for men, 2d. for women, and 1½d. for boys and 1d. for girls under age 18. An equal amount is to be paid by the employer. Payments will be made by adding the required amounts to the value of the insurance stamp which the employer places each week on the worker's insurance card. The worker's share of the contribution, like other contributions for Class I, will be deducted by the employer from the worker's wages. Contributions will provide five-sixths, and the Exchequer one-sixth, of the income of

Employers and employees share equally in Class I contributions, except for maternity grant, attendant's allowance, and death grant, which are not charged to the employer's contributions.

² The average proportion from Exchequer is about 22 percent of full contribution.

³ Assuming average unemployment of about 8.5 percent.

Source: Computed from contribution amounts in *Social Insurance, Part I*, Cmd. 6550, II, M. Stationery Office, London, 1944, p. 46.

the industrial injury insurance fund, out of which all benefits and administrative charges will be paid.

Expenditures.—The proposed expenditures of £650 million in 1945 (table 3) are increased to £733 million if the Government's estimates of £23 million for workmen's compensation (£20 million for payments, £3 for administration) and £60 million for payments in kind for school children are included. The allocation of this £733 million compares, as follows, with the budget proposed by Sir William:

Item	Estimated expenditures for 1945 (in millions)	
	Government	Beveridge
Total.....	£733	£697
Retirement pensions.....	169	126
Widows and guardians benefits.....	34	29
Sickness and invalidity benefits.....	65	57
Industrial disability.....	120	15
Maternity grants and benefits.....	29	28
Unemployment benefits.....	87	110
Unemployment assistance.....	22	
Other assistance.....	43	44
Funeral grants.....	4	4
Family allowances.....	117	110
Health services.....	148	170
Administration.....	25	24

¹ Includes pensions in fatal cases.
² Includes attendants' allowances.
³ Includes marriage grants.
⁴ Includes training benefits not included in Government estimates.
⁵ Includes £60 million for payments in kind, assuming that program is in full operation.

The Government allocates almost a third of proposed expenditures as insurance payments to widows and aged persons, while Beveridge allotted them about one-fifth of the total. Both propose to spend about one-sixth of the total for children, though under the Government plan more than half the amount would be in payments in kind, while Sir William gave no estimate of the costs of supplementing children's allowances with free milk and school meals. Public assistance is a larger proportion of the total under the Government plan because of its provisions for unemployment assistance. Moreover the Government anticipates substantial expenditures to supplement insurance benefits on a needs basis, since benefit levels will not represent the full subsistence amounts which Sir William

considered an essential of assuring freedom from want on an insurance basis for the majority of the population.

Administration

The White Paper proposes to establish a single organization with responsibility for all parts of the system—either a ministry or administrative board. The Government urges immediate appointment of a Minister of Social Insurance, to be responsible for legislative and other preliminary work and to ensure smooth functioning of existing systems and their transition to the new provisions when adopted. Later, some other form of administration may be desirable. The Minister of Social Insurance would be responsible for establishing and administering the system of family allowances and would have ministerial responsibility for the work of the Assistance Board. The Beveridge report proposed that placement functions should either be transferred from the Ministry of Labour and National Service to the Ministry of Social Security or should be conducted in the local offices of the social insurance system, but the Government believes that employment services should remain with the Employment Exchanges under the Ministry of Labour.

To enforce contribution requirements and avoid duplication of benefits, the social insurance system will require a register of the entire population to record the contribution class of each person, transfers between classes, contribution records, benefit rights, and insurance status. A network of local social insurance offices would be established to receive claims, give information and guidance, and pay certain benefits. An industrial pensions officer in this local office would be responsible for workmen's compensation claims. Sickness benefits will be paid, according to the claimant's choice, either by postal draft or cash at the local insurance office to someone authorized by the claimant or, if such arrangement is not appropriate, to the claimant in his home. Some benefits may be paid

more conveniently through other departments, such as the Post Office for pensions and the Employment Exchanges for unemployment benefits.

Administration of national assistance would be centralized in a single department, and present responsibilities for public assistance carried by the Customs and Excise Department would be transferred to the Assistance Board. Health functions of local public assistance authorities would be merged in the new national health service. Local authorities would continue to be responsible for care and maintenance of orphaned and deserted children and for providing accommodations for old people who need them. The National Assistance Board, however, would make suitable arrangements for persons other than the sick, the old, and the young, for whom assistance in cash is not appropriate.

While believing that responsibility for both assistance and insurance should rest on a single Ministry, the Government proposes to separate administrative arrangements. Even though examination of means is an important distinction between assistance and insurance, the Government doubts if the distinction would be sufficiently preserved if the two programs were dealt with by the same staff. Any overlapping of inspections and visits or duplication of staffs can be avoided by agency arrangements; at present, for example, an unemployed worker who exhausts his unemployment benefits receives his unemployment assistance (after his needs have been examined and assessed by the Assistance Board) in the same way as benefits.

Although the Government recognizes the value of approved societies in the development of health insurance, it regretfully can find no satisfactory place for those societies in the social insurance program. Payment of unemployment benefits through trade unions will also be discontinued under the proposed plan, and the special unemployment insurance systems for the banking and insurance industries and agriculture will be abolished.