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Can Labour Rule?—No. 10

# PENSIONS FOR THE AGED AND THE MOTHERS



WITH AN INTRODUCTION BY THE  
Rt. Hon. PHILIP SNOWDEN, M.P.

*Chancellor of the Exchequer*

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## INTRODUCTION

BY

### THE CHANCELLOR OF THE EXCHEQUER

I COMMEND this pamphlet to the careful attention of those who want an honest and fair statement of what the Labour Government has done for the thrifty old people. The vilest lies and misrepresentations are being widely circulated in the Press and by platform speeches by the political parties who, up to the advent of the Labour Government, had deliberately penalised the old people who had been thrifty by depriving them of the Old Age Pension.

All the limitations in the Old Age Pensions Acts and all the humiliating conditions and inquisitorial investigations had been devised by successive Liberal Governments. Although the Liberal or Tory parties had been in office all the years since the first Old Age Pensions Act was passed they did nothing whatever to remove the thrift disqualification. The Liberals came into power in 1906 pledged to give Old Age Pensions. They waited nearly three years before they did anything at all, and then they introduced and passed a Bill which gave five shillings a week to the husband and only half-a-crown to the wife. They deliberately refused to give an Old Age Pension to anyone who had received Poor Law relief. In these two respects the Act was subsequently amended through the persistent demands of the Labour Party. But all the other injustices and annoyances of the Act remained.

It fell to me as Chancellor of the Exchequer to devise legislation for amending the Old Age Pensions Act. As soon as I took office I turned my attention to this long-delayed reform. We did not wait three years as the Liberal Government did before doing anything. In the first session of office, although we were overwhelmed with other urgent and important matters, we introduced and passed into law a new Old Age Pensions Act, **which will give to the old folks additional pensions equal in amount to the total sum provided by the first Liberal measure.**

This new Act, which I am proud and glad to have been able to pass, does not profess to finally solve the question of Old Age Pensions. It was meant to deal, and to deal only, with one crying evil, namely, the injustice of depriving an old person or an old married couple of the right to a pension because they had

been thrifty and made some provision for their old age. This injustice the new Act has removed, and about a quarter of a million old people are now drawing pensions for the first time or are getting a higher pension.

The Labour Government are not satisfied that the old folks should have to wait to 70 years of age before getting a pension, and I have now a scheme ready for next session for reducing the age to 65. This is in connection with a comprehensive scheme of Widows' and Children's Pensions. This scheme will be one of the greatest boons ever conferred on a needy and deserving section of the community.

It should be remembered, too, that the Budget was a great help to the old folks by reducing the taxes on food. It did more in this respect than has ever been done before. All these things are only the first instalment of the Labour Government's plans for bringing succour to the aged and the needy. We have done this in the first months of office. The only way to make sure of further reforms is to strengthen the Labour Party.

PHILIP SNOWDEN.

## Pensions for the Aged and the Mothers

### AN OUTLINE OF LABOUR'S REFORMS

IN America, Lord Birkenhead tells us, none of the great political parties will ever take up a cause until they are convinced that it is (as they say) a winner. Is this the attitude of our own Liberals and Tories to schemes of social reform and social re-organisation? Some recent events would seem to suggest that it is. They have supported in opposition what they fought tooth and nail when in power. Eagerness to share in the credit for the good work done by the Labour Government would be understandable. But why did the Liberals and Tories so strenuously oppose all such advances when they had the power to make them themselves?

Old Age Pensions reform is a case in point. In the House of Commons on June 25th, Sir Laming Worthington Evans said:—

The fact that a man has subscribed to a friendly society or has saved money and bought his house, or perhaps has answered the appeals to be a patriot and has bought War Savings Certificates—the fact that that should disqualify him for a pension is an anti-social act.

Who would imagine from these words that Sir Laming himself had belonged to two Governments which were repeatedly asked to remedy this grievance, and either neglected or refused to do so? Mr. Baldwin indeed tried to make a merit of his refusal. When he was Chancellor of the Exchequer, in Mr. Bonar Law's Administration, this matter of the Old Age Pensions was brought to the attention of the House of Commons on a motion by Mr. James Maxton for the removal of the means qualification.

To this Mr. Dennis Herbert moved as an amendment that even the thrift disqualification could not be removed in view of the financial condition of the country. And Mr. Dennis Herbert's act was supported by all the authority of the Tory Cabinet. On this occasion Mr. Baldwin said:—

This country is suffering from the burden of taxation . . . and **before we can contemplate taking any further steps, much as we should desire them, in such a direction as this,**

**those taxes must be reduced for the sake of the trade of the country** and for the sake of the consumer inside the country

The honest straightforward course is to tell the House that we cannot afford it to-day.

So this "anti-social" practice continued until the Labour Government stopped it by their Old Age Pensions Act.

#### AN INTOLERABLE POSITION.

But Sir Laming Worthington Evans is right in one thing. The grievance which he (as member of two pre-Labour Governments) himself neglected to remedy when he had the chance was really intolerable.

In spite of unemployment, low wages, sickness, accident and all the vicissitudes of employment, the workers of this country devote a positively stupendous amount of money each year to providing for a rainy day. In the House of Commons on February 20th, Mr. Snowden put the figure at "the colossal total of £430,000,000 a year."

Not all of this, of course, is intended as a provision for old age. But the point is that of what is so intended the worker was largely deprived of the benefit under the old law. All his income from whatever source was taken into account. In so far as it exceeded 10s. in the case of a single pensioner or £1 in the case of a married couple, the benefit of these enormous sacrifices really redounded to the State. The savings of the workman in his prime diminished his pension in old age, or even excluded him from pension altogether, and the limit of means was so low that hardship was inevitable.

One case is on record of a man of 80 who had managed to save between £400 and £500. By very careful investment it might have produced £32 to £40 a year. But he was held to have too much money to be entitled to an old age pension.

Another class of hard case was mentioned by Mr. Gibbins in the House of Commons on June 25th:—

There is one man of whom I could tell, he said, who for 48 years was a workman on public works. He worked for a smallish wage, and now that he is almost crippled he is debarred from drawing a full pension because of the pension received from his firm.

This man will now be one of the 63,000 whom the new Act will raise to the position of full pensioners. But perhaps even his case was not of the type that raised the greatest irritation against the law as it existed before the passing of the new Act.

If the children of a pensioner wanted to add to the comforts of his old age by giving him rather more than £1 a week to

live on they could not do so without relieving the State of all liability for pension. If they offered the pensioner a home, the value of the accommodation so given was taken into account in assessing the pension. And the Coalition refused to alter this state of things even when prices were at their height, and it was known to all that old people could not be maintained in a workhouse under a figure which was well over £1 a week.

Even now it would seem as if there were some who think it disgraceful in the aged to take a non-contributory old age pension. Thus, Mr. Dennis Herbert, ever consistent, said in the House of Commons on June 25th:—

If you do not in any way distinguish between that small minority (whom he called "wastrels" because they "had never done anything to deserve an old age pension") and the great majority of the poorer workers in this country it is absolutely inevitable that there must be some slight taint of pauperism about these old age pensions.

Whether such a view is or is not generally held among the members of the Tory Party, it is certain that that is the spirit in which the Old Age Pension Acts were administered before the Labour Party went into office.

#### LABOUR GOVERNMENT'S REMEDY.

All this has to be changed and is being changed. The machinery for the change is contained in a short Act passed at the end of the Labour Government's first Parliamentary session. It is called the Old Age Pensions Act, 1924. This Act makes a change in the law which is almost startlingly simple. But it will be far-reaching. It alters the method of calculating the means of a person claiming old age pension.

Now a single pensioner—widow, widower, or person whose spouse is under the pensionable age—is entitled to have 15s. a week—allowance, annuity, or other income not received as wages—excluded from the calculation of his means for the purposes of old age pension. Correspondingly a married couple both over 70 are between them entitled to have 30s. of income disregarded provided that it is not received as earnings.

This removes the thrift disqualification to a very large extent, and at the same time strikes a blow at those meticulous investigations of minor sources of income which have proved so irritating in the past.

Until recently no single pensioner could receive full pension if his income exceeded 10s. a week, or could receive any pension at all if his income exceeded 19s. Now, the income of a single pensioner may be raised by pension to as much as 35s. a week,

and in the case of married pensioners to £3 10s. It is this expansion of the means limit which gets rid of so many of the evils of the old law. As Mr. Snowden put it, it automatically "removes every legitimate grievance."

Now, as under the old law, pensions are payable on a scale diminishing as the income of the pensioner increases. The old scale was:—

Yearly income of pensioners as calculated under Acts of 1908 and 1919.	Equal to weekly income of about	Pension per week.
Not more than £26 5s. ....	10s. ...	10s.
£26 5s. to £31 10s. ....	12s. ...	8s.
£31 10s. to £36 15s. ....	14s. ...	6s.
£36 15s. to £42 ....	16s. ...	4s.
£42 to £47 5s. ....	18s. ...	2s.
£47 5s. to £49 17s. 6d. ....	19s. ...	1s.
Over £49 17s. 6d. ....	— ...	No pension.

#### THE NEW SCALE.

As modified by the Act this scale now is:—

Yearly income of pensioners as calculated under Acts of 1908, 1919, and 1924.	Equal to weekly income of about	Or earned weekly income of about	Pensions per week.
Not more than £26 5s., plus £39 unearned.....	25s.	10s.	10s.
£26 5s. to £31 10s., plus £39 unearned	27s.	12s.	8s.
£31 10s. to £36 15s., plus £39 unearned	29s.	14s.	6s.
£36 15s. to £42, plus £39 unearned...	31s.	16s.	4s.
£42 to £47 5s., plus £39 unearned ...	33s.	18s.	2s.
£47 5s. to £49 17s. 6d., plus £39 unearned .....	34s.	19s.	1s.
Over £49 17s. 6d., plus £39 unearned	—	—	No pension.

Perhaps the best way of showing the advantage to the old age pensioner given by the new Act is by examples from the white paper explaining the new scheme.

#### CLASS I.—CASES IN WHICH THE MEANS ARE DERIVED FROM SOURCES OTHER THAN EARNINGS.

##### SINGLE PENSIONER.

(a) Means as calculated under Acts of 1908 and 1919:—

From Friendly Society.....	9s. per week.
Property .....	10s. ,,
<b>Total .....</b>	<b>19s. ,,</b>

Under the old law, the rate of pension was 1s. per week. Under the new Act, 15s. would be deducted in calculating

means which would then be deemed to be 4s. per week and the rate of pension would be 10s.

(b) Means as calculated under Acts of 1908 and 1919:—

From Trade Union .....	10s. per week.
Property .....	10s. ,,
Benevolent allowance.....	5s. ,,
<b>Total .....</b>	<b>25s. ,,</b>

Under the old law, no pension was payable because the income exceeded 19s. Now a full pension of 10s. per week is payable.

##### MARRIED COUPLE.

(c) Joint means as calculated under Acts of 1908 and 1919:—

From War Pension .....	12s. per week.
Trade Union .....	10s. ,,
Property .....	13s. ,,
<b>Total .....</b>	<b>35s. ,,</b>

Under the old law, the means of each would have been calculated as 17s. 6d. per week, and each would have got a pension of 2s. per week. Now, full pension of 10s. per week is payable to each.

(d) Joint means as calculated under Acts of 1908 and 1919:—

From Superannuation allowance.....	25s. per week.
Property .....	20s. ,,
Benevolent allowance.....	5s. ,,
<b>Total .....</b>	<b>50s. ,,</b>

Under the old law no pension was payable because the means of each exceeded 19s. Now the full pension of 10s. per week is payable, thus bringing the joint income up to 70s. per week.

#### CLASS II.—CASES IN WHICH THE MEANS INCLUDE EARNINGS.

##### SINGLE PENSIONER.

(e) Means as calculated under Acts of 1908 and 1919:—

From Earnings .....	12s. per week.
Benevolent allowance.....	5s. 6d. ,,
<b>Total .....</b>	<b>17s. 6d. ,,</b>

Under the old law the pension was 2s. per week. Under the new Act the income would be taken to be 12s. per week and the pension is 8s. Only 5s. 6d. of the new allowance is brought into

account in this case because the rest of the income of the pensioner consists of earnings.

(f) Means as calculated under the Acts of 1908 and 1919:—

From Earnings .....	17s. per week.
Property .....	14s. „
	31s. „

No pension was payable under the old law. Now the pension is 2s. per week.

#### MARRIED COUPLE.

(g) Joint means as calculated under Acts of 1908 and 1919:—

From Earnings .....	20s. per week.
Property .....	10s. „
Benevolent allowance.....	6s. „
	36s. „

Under the old law the pension of each was 2s. per week. Now the income of each is calculated at 10s. per week, and each gets the full pension of 10s., thus bringing the joint income up to £2 16s. per week.

(h) Joint means as calculated under Acts of 1908 and 1919:—

From Earnings .....	32s. per week.
Property .....	30s. „
	62s. „

Under the old law no pension was payable. Now each would get the advantage of the full allowance of 15s., and a pension of 4s. per week is payable to each, bringing the joint income up to £3 10s.

#### THE NUMBERS BENEFITED.

The new method of calculating means will benefit 236,000 people. It will raise to full pension the bulk of the 63,000 pensioners who are now drawing an average of 6s. per week, and it will make pensions available for 173,000 others who now get no pension at all. Of the 1,600,000 people over 70 in the country 1,090,000 will receive old age pensions under the new Act. The remaining 510,000 may be divided into two classes:—

1. Unoccupied persons with an income of over 35s. per head per week..... 127,000
2. Occupied persons earning over £1 a week and largely earning over £2 a week ... 383,000

The first class includes “ a very large percentage of well-to-do and even rich people.” For the most part they are income tax and even super-tax payers. Of the second class Mr. Snowden said:—

That includes people in business and their wives, well-to-do people and those of the manual labour class who are still sufficiently active to be able to continue their occupation.

To give pensions to these would be to give pensions to some people who are very far from needing it and to subsidise wages to a very considerable extent. That this is so is shown by another view of the figures. It would take an additional £15,000,000 to extend the old age pensions to all people of 70 below the income tax level. It would only take £3,000,000 more to make them universal and bring in the dukes and millionaires.

Roughly, and in round figures, therefore, there are 100,000 income tax and super-tax payers over the age of 70. The remaining 410,000 are, therefore, persons with a minimum income of £1 and a maximum of £4 6s. Only bachelors, widowers, widows, and old maids can have less than £2.

Therefore the great mass of the earning class, who are excluded from the benefit of the new Act, are earning normal wages. It was that which led Mr. Snowden to say in the House of Commons:—

I do not think we should be doing a good thing in paying pensions to a man who is earning £2 a week. I do not want to subsidise wages.

The effect of a subsidy to wages is inevitably to depress wages. The force of the tendency may vary in different circumstances but it is unquestionable that that is the tendency.

#### CONFLICTING CLAIMS.

Another objection to the grant of universal Old Age Pensions or pensions to all below the income tax level is the cost of such a scheme and the comparative urgency of other matters. Whether is it of more importance to do more for the old people of 70 or to reduce the pensionable age to 65? If people are so exhausted by the toils and uncertainties of industrial life that at 65 they are unable to make their income up to the pensionable limit there can really be little doubt about the answer.

This year Mr. Snowden has budgeted for a surplus of £38,074,000, which has been devoted to reducing the food taxes, and a part is earmarked for such expenditure as may be necessary for

Old Age Pensions Reform, Mothers' Pensions, and Housing.

There are other conflicting demands upon the surplus for matters of urgent national importance. But that more has yet to be done for the old people is shown by the words of Mr. Snowden in the House of Commons on June 25th.

I am hoping that before long . . . . I shall be able to submit to the House a scheme on a new basis which will deal with Mothers' Pensions and at the same time will provide means by which the age for Old Age Pensions can be reduced say to 65. I do not submit this scheme as a final settlement.

Already these other schemes are being prepared. The removal of the thrift disqualification will cost from £4,000,000 to £7,000,000 in a full year. It is estimated that the reduction of the pensionable age to 65 would cost about £14,000,000 in a full year. The estimated cost of a really satisfactory scheme of Mothers' Pensions is about £20,000,000 in a full year. Of course, this will not be a full year for any of these schemes. But under the circumstances, no one can doubt that in dealing with Old Age Pensions for people of 70 the Government were wise to confine themselves as Mr. Snowden put it to the removal "of every legitimate grievance." That they have succeeded in doing so is the Labour Government's claim. That the claim is well founded must be the opinion of every unprejudiced person.

#### MOTHERS' PENSIONS.

The need for Mothers' Pensions has long been felt. As long ago as 1908 the Women's Labour League, now merged in the Labour Party, demanded that some such provision should be made for mothers who were left without support for themselves and young children through the death of the bread-winner of the family. In 1911 the Labour Party Conference passed a resolution embodying this demand. But succeeding Governments turned a deaf ear to all pleas set up in favour of the widowed mother.

It is true that Sir Auckland Geddes, when Minister of Reconstruction under the Coalition, did make some inquiries into the cost of a scheme for Mothers' Pensions. Of the material then collected the main use that has been made by the Liberal and Tory colleagues and successors of Sir Auckland Geddes has been to try and make the taxpayers' flesh creep by talking of £50,000,000 as the necessary cost of any such scheme.

The warrant for the use of such a figure was that in 1919 the Government actuary estimated that the *maximum* cost of a

scheme might be £51,350,000. This was for a scheme on the war pensions scale to cover:—

Widows under 60 with young children .....	430,000
Their children .....	733,000
Wives of invalid and disabled men .....	81,000
Their children .....	150,000
Unmarried mothers with children under 16 .....	270,000
Women who divorced their husbands, separated and deserted wives .....	20,000

For these large numbers the Government actuary estimated that the scheme could probably be worked for £37,850,000. Even this figure ought to be very substantially reduced on the ground that it covers too wide a field. Widows of or approaching 60 years of age would normally have grown-up children who would contribute to their support.

The urgent need is amongst the younger women up to about 45 years of age whose children may be supposed to be all young. Moreover, the demand for Mothers' Pensions is a very different thing from the endowment of motherhood. It does not as such include a claim that every unmarried mother who has a child should have a pension.

The demand is for support for those families which by circumstances beyond their control have lost their natural supporter. On that ground, the bulk of the 270,000 unmarried mothers do not properly come within a scheme for Mothers' Pensions.

It was on this basis that the resolution in favour of Mothers' Pensions moved by Mr. Dukes in the House of Commons on February 20th, 1924, was accepted by the Labour Government. Not only that, but the estimate of the Government actuary was based on the provision of pensions for people in receipt of half pay under the Workmen's Compensation Acts and people already covered by National Health Insurance and other schemes.

But because one scheme might have cost £50,000,000 as a maximum the opponents of Mothers' Pensions have argued that nothing at all should be done even on a more modest scale.

#### THE REAL NEED.

While this controversy was actually in progress the Ministry of Pensions has been administering a scheme for war widows which provides for 165,450 widows, 333,150 fatherless children, and 18,450 orphans at a cost to the State of £22,250,000. The importance of this for the present purpose lies in the approximation of the numbers provided for to those who would come within a reasonable and workable scheme of Mothers' Pensions. In

a careful analysis of the figures, made in September, 1923, Mr. Rhys Davies shows that to meet the needs of the case it is only necessary to provide for something under 170,000 widows under 45 and between 250,000 and 280,000 children. He says:—

The available returns from the 1921 census show that out of 54 per cent. of the total population there were almost 160,000 widows under 45. We may expect the total number of widows under 45 therefore to be about 300,000. The number of war widows (obviously mostly under 45) is now 165,450. Making allowance for war widows over 45 it will be seen that these census figures suggest the figure named—170,000.

From that figure has to be deducted the childless women and women of independent means, whom Mr. Rhys Davies estimates at 50,000, thus reducing the ultimate residue to about 120,000.

#### HOW WIDOWS LIVE.

At present the condition of these people is deplorable. In January, 1922, there were 66,755 widows with 142,000 children receiving Poor Law relief. Of the children 134,610 were receiving outdoor relief. But that this is an unsatisfactory way of dealing with them is shown by the fact that at no age do such children equal the average child in weight or stature. In an official report it is pointed out that

the out-relief boy at 14 is very little heavier than the average boy of eleven. . . . The out-relief girl at 14 and upwards is usually a weedy slip, showing none of the natural rounded curves, and with the hips of a child of twelve.

The reason given is that the relief given is generally inadequate. The mother is unable to support herself and her children properly, or she is forced into industry, and thus prevented from giving them proper care. It is a remarkable fact that

although widows in the very nature of the case are older on an average than married women, and although the whole tendency of modern industry is towards the employment of the young, yet **the percentage of widows (occupied in industry) is three times as great as the percentage of married who are occupied.**

The effect on the mothers was thus described by the Commissioners on the Poor Law in 1909:—

They have stuck for years to their work of being father and mother, breadwinner and housewife, on an altogether insufficient income, and it has ended by breaking them down. . . . Many cases struggle on who might be cured by timely treatment, because to give up and go into the work-house infirmary means usually to break up the home.

#### THE EFFECT ON WAGES.

The effect on wages is equally disastrous. Thus Mr. Rhys Davies says:—

The widow in industry is driven by a sharper necessity than that of the single woman or that of the woman who has an employed husband. Necessity is a notorious breeder of blackleg labour. Hence it is that the presence of working widows in industry creates a tendency to depress the wages of other women workers—a process that in time, of course, must react on the widow's own wages.

Thus the absence of proper provision for the widow with young children results in suffering and injury to the health both of the widow and her children, and it tends to reduce wages below the economic level.

#### LABOUR AND THE WIDOW.

Never since 1911 have the Labour Party ceased to advocate the grant of pensions.

The Labour Government have undertaken the task of carrying out such a scheme as part of the work of social reorganisation on which they have embarked.

Preceding Governments delayed action, and when they did act, conceded as little as possible. The Labour Government have pressed steadily on with their schemes of reform. In a few months, they have done more for the helpless and the aged than their predecessors did in years. With a few years of Labour in office, this country will be a different place for the worker to live in.



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