

EP 161511 371

poverty, socialism, and Labour in power

Peter Townsend
fabian tract 371

2s6d

SOCIALISM

AN INTRODUCTION

fabian tract 371

poverty, socialism and Labour in power

contents	1	the new conception of poverty	1
	2	the scale and nature of poverty	9
	3	intentions and performance	20
	4	future policies	27

this pamphlet is based on a lecture given before a Fabian audience in London in November 1966

RCP)

BP 161511 (371)



this pamphlet, like all publications of the Fabian Society, represents not the collective view of the Society but only the view of the individual who prepared it. The responsibility of the Society is limited to approving the publications which it issues as worthy of consideration within the Labour movement. Fabian Society, 11 Dartmouth Street, London SW1. January 1967

1. the new conception of poverty

It will be one of the supreme paradoxes of history if social inequalities become wider instead of narrower and poverty more widespread during the term in office of the present Labour Government. Yet the likelihood of this happening is far from remote. Here is a political movement whose egalitarian ideals were nurtured by the degradations which millions of men, women and children endured during the nineteenth century in mines, factories and slums. These ideals are vigorously expressed today on the shop floor, within the trade unions, at ward meetings and at party conferences. Men have come to regard the achievement of equality as the essence of socialism. Much that is important and indeed noble in the search for a humane social order, unselfishness, partnership, solidarity, fair shares, common responsibility and, above all, the elimination of poverty is crystallised in the concept. This central motivation carried the Labour Party to power in 1945 and played a big part in the victories of 1964 and 1966.

Given the history and ideals of the Labour Movement how is it possible to conceive, therefore, that the problems of poverty and inequality might be growing? Brian Abel-Smith has discussed already the shortcomings of forward planning and has shown in terms of this country's recent experience and developments in other industrial countries that the social services are being starved of resources. (*Labour's Social Plans*, Fabian tract 369) Richard Titmuss has shown that the private market is incapable of solving the problems of poverty, discrimination and unequal access to education, social security and medical care. (*Choice and "The Welfare State,"* Fabian tract 370) I shall argue first that the problem of poverty in modern society is different from conventional or traditional interpretations, that it is big and is growing. It therefore demands more comprehensive action to solve than might be supposed if the traditional interpretation were followed. Second I shall argue that even by conventional standards the extent of poverty in Britain has been and is underestimated and, third, that the Labour Government has as yet done little to meet such poverty. Finally, I shall try to suggest the kind of measures which have to be given priority for socialist objectives to be reached.

different conceptions of poverty

There are many different conceptions of poverty. The individual may feel he is poor, in relation to the people around him, the job he is expected to perform or his past experience. Collective or conventional views tend to be reflected in the minimum standards of social security benefit which are adopted in different countries. (see: Brian Abel-Smith and Peter Townsend, *The poor and the poorest*, Bell, 1965, O. Ornati, *Poverty amid affluence*. The twentieth century fund, New York, 1966, S. M. Miller and M. Rein, "Poverty, inequality and policy" *Social problems* (ed H. S. Becker) John Wiley, New York—forthcoming) Those with less income than the minimum rates of benefit are regarded as in poverty.

Within a single country different organisations may hold conflicting views. For example, local authorities in Britain vary widely in the means tests they apply in educational, home help and housing services. A single organisation too, may apply different conceptions simultaneously. The Government's definition of subsistence varies from around £50 a week for class A employees working temporarily in Paris, £21 a week for employees or consultants on official business in this country to around £5 10s a week (including average rent) for citizens on national assistance.

Is there an objective or scientific approach? Historically much has been made of a basic "subsistence" level—meaning, in its restricted sense, the minimum resources needed by a man or a family to get enough to eat and maintain physical health. The trouble with this approach is that contrary to common supposition nutritional needs cannot be strictly defined and to a large extent are relative to the social and occupational conditions in which they arise. If men are expected to expend their energies in steelworks or mines rather than look after a herd of camels they need more to eat and drink. But practically no scientific study has been made of variations of diet according to both social and occupational environment. Whether those in sedentary occupations, like clerks, pass their evenings and weekends in violent physical exercise—playing football and ballroom dancing—while the miners have their feet up in front of a television set is unknown. Second, even in agricultural societies there are psychological and social needs as basic as nutritional or physical needs which can be met only by the expenditure of resources in money or kind. Third, in industrial societies the individual and the family plainly have to meet new obligations which are thrust upon them—whether by local housing or education authorities, the state, modern technology and marketing or simply changing social norms and values.

A vivid example of the insistence of society that individuals conform to modern standards was a case in New York of an old man who was denied welfare because he refused to give up sleeping on rags in a barn. The Court's considered opinion included this gem: "Appellant also argues that he has a right to live as he pleases while being supported by public charity. One would admire his independence if he were not so dependent, but he has no right to defy the standards and conventions of civilised society while being supported at public expense." (Quoted by C. A. Reich, "The New Property," *The Yale law journal*, vol 73, no 5, April 1964).

relative poverty

Human needs arise by virtue of the kind of society to which individuals belong. We can therefore consider such needs meaningfully only in relation to various

social groups and systems—ranging from households, families, local communities and national societies to, finally, international society. Any rational definition of poverty must be relative. Consequently, if it is to be applied at different points of time during periods of economic and social growth it must be upgraded, and not merely repriced.

This helps to explain inconsistencies which arise in the world today. United Nations and other experts have produced standards of subsistence for some developing countries far in excess of the resources commanded by the average wage-earner in those countries but far below the standards adopted in advanced industrial countries (for example, *Assistance to the needy in less developed areas*, Department of economic and social affairs, United Nations, New York 1956). The national income per head in India, Bolivia, the Congo and Pakistan, when translated into us dollars, is *on average* less than 100 dollars a year. The amount required by the *poor* to survive is far less. Yet the standard officially adopted in the United States below which people are described as in poverty, ranges from about 1500 dollars a year for a person living alone to about 700 dollars a head for large families (M. Orshansky, "Counting the poor: another look at the poverty line," *Social security bulletin*, vol 28, January 1965).

" subsistence standards "

There is a reluctance to accept evidence that so-called "subsistence" standards are dramatically higher in advanced industrial than in developing countries, and there is an equal reluctance at least in Britain and the United States, to accept the evidence that such standards have been or ought to be upgraded in the course of time. There are political as well as social and psychological reasons for this. The subsistence or national minimum has a hallowed history. In Britain the basic rates payable by the Supplementary Benefits Commission and Ministry of Social Security are distantly related to the levels advocated in the Beveridge Report in the war, which in turn reflected the standards used in measuring poverty by Rowntree and others before the war. Many people like to believe the national minimum has a scientific basis. First of all, when used as a measure of poverty only a minority of the population are found in fact to be exposed to this problem. Wages in industrial countries are usually enough to maintain physical efficiency. Second, if the same measure is applied in later years the proportion in poverty is found to diminish. This is very comforting for politicians. But if the standard is adjusted only for price increases the diminution is inevitable. Since real incomes in industrial countries tend to rise, the proportion of the population "left behind" is almost bound to shrink. Seebom Rowntree liberalised the measure of poverty which he had used in York in 1899 when he undertook a second survey in 1936 and again when he undertook a third survey in 1950, but not to the same extent as real

increases in wages. Partly (though not wholly) as a consequence he found fewer people in poverty—the percentage falling from 28 to 18 and then to 2 at the three dates (B. S. Rowntree and G. R. Lavers, *Poverty in the welfare state*, Longmans, 1951). Similarly, by applying its standard of subsistence, the Social Security Administration of the United States has found an encouraging reduction in poverty from 22 per cent to 18 per cent during five recent years. As the 1964 *Economic Report of the President of the United States* declared with pride (p110) “five years of prosperity and continued economic expansion have contributed significantly to reducing the number of people who live in poverty. Between 1959 and 1964, the number of persons defined as poor decreased from 38.9 million to 34.1 million.” But the failure to revise the measure in accordance with wage increases and social changes largely invalidates the result.

Third, the whole concept of a national minimum invites selective, ameliorative and isolated rather than universal and reconstructional policies to relieve poverty. Social and economic reforms, it is supposed, do not have to be drastic. Providing welfare can be concentrated among the pockets or islands of the population where it is needed all will be well. The rich, the middle-income groups, the status, income and class hierarchies of society and the values and standards of many professional and voluntary associations will not be threatened. Minor adjustments alone are needed.

The subsistence standard or national minimum has an ideological rather than a scientific basis. It reflects the separatist social philosophy flowing historically from the less-eligibility principle of the English Poor Law. The income-levels of the poor, it is supposed, have to be determined differently from those of the rest of the population—as if they were a race apart. Sargent Shriver, director of the US President’s War Against Poverty, has complained of the tendency in the United States for many to speak of “we the people” and “they the poor.” Broadly, the poor are allowed living room on a “floor” at the bottom of the hierarchial social structure, above which they are expected to rise by their own efforts. They have to struggle for a foothold on the ladders to the more affluent levels of society, irrespective of the fact that there are places enough on neither the ladders nor the upper storeys for more than a few more of them and irrespective of the fact that chutes from the upper storeys are regularly transporting individuals and families to the nether levels.

It is only in terms of a modern version of Brueghel’s Tower of Babel, as representing hierarchical society, that we can perceive the limitations of the “national minimum” approach to poverty. Each level of society may be on an escalator of socio-economic growth, and there may be machinery for slightly reducing or increasing the distance between levels. But the structure determines poverty. In

relation to the resources commonly sought after and commonly acknowledged to be necessary there is a section of the population which is deprived of commanding them.

defining resources

What is the alternative approach? Individuals and families can be defined as in poverty when they lack or fall seriously short of the resources commanded by the average members of society. This might of course be discussed at great length but two matters deserve special attention. The idea of what constitutes individual or family "resources" in modern society has to be revised. We can no longer talk about poverty only in terms of the money income coming in week by week. There are people with small incomes but substantial other resources (including assets) and vice versa. The ownership of assets can be important in maintaining living standards, especially among the middle-aged and old. There are not only assets like savings and housing, but also cars, boats and household possessions. Some people have powers to distribute the realisation of assets over time (see R. M. Titmuss, *Income distribution and social change*, Allen and Unwin, 1962). Then there are fringe benefits—such as luncheon vouchers, educational endowment, superannuation payments and travel and housing expenses. Recent estimates suggest that the cost of fringe benefits to employers is over 10 per cent of the earnings bill in Britain and still rising. (G. L. Reid and D. J. Robertson, *Fringe benefits, labour costs and social security*, Allen and Unwin, 1965) In one study fringe benefits accounted for an extra 31 per cent of the £7,000 average earnings of company managers but 11 per cent of the £1,000 average earnings of those at the foot of the salary scale (A study by Hay—MSL Management Consultants, *The Times*, 11 August 1966) For some families income in kind, such as gifts and services from relatives and neighbours, is of major importance.

Account must also be taken of current consumption of public social services and private possession of public assets, such as the use of free or subsidised housing and office-space and the possession of assets such as educational qualifications. Too readily in the past it has been supposed that universal public services have automatically conferred equality of access as well as equality of rights. The wealth dispensed by government is, as Charles Reich has argued, the new property (*op cit*) Who owns this property and how such ownership is measured are important questions. For example, more middle-class than working-class students gain University degrees at State expense. National Health Service lists and school classes tend to be larger in working-class areas.

The Newsom Report describes in particular the disadvantages of the schools in slum areas. Seventy-nine per cent of them, compared with 40 per cent of

secondary modern schools generally, are in buildings which are seriously inadequate. The turnover of staff is much higher. Fewer pupils stay on an extra term or two beyond the minimum leaving age and fewer belong to school clubs and societies. (A report of the Central Advisory Council for Education (England) *Half our future*, HMSO, 1963).

Many of the poorest people seem not to qualify for subsidised Council housing or are obliged to leave it for far worse and usually more costly privately rented housing. The Milner Holland Committee on Housing in Greater London has described the rigidities in housing supply and the difficulties of various classes of tenants. "The people who suffer most from housing stress are those with the lowest incomes, those with average incomes and large families, and many of the newcomers to London." (*Report of the Committee on Housing in Greater London*, Cmnd 2605, HMSO, March 1965, p91; see also pp127-131) In France "the poorest families cannot get into the low-rent flats for letting which in theory are designed for them. . . . In the present state of the law, low-income families are therefore inexorably forced into slum neighbourhoods, squalid furnished accommodation or 'the grey areas' on the outskirts of the town." When slums are torn down "the destruction of their neighbourhoods involves the destruction of a whole network of relationships and communications, drives them further from their place of work, deprives them of their accommodation with its very low rent and the last remaining amenities (running water, for example)." (M. Parodi, "France," *Low income groups and methods of dealing with their problems* OECD, Paris, 1966).

other groups without access to welfare

Other groups may not have access to welfare. Many migrants, especially from overseas, cannot qualify for years for admission to housing waiting lists. Of men who were unemployed in August 1966 nearly half did not receive unemployment benefit and half of these did not get national assistance. Some of those getting unemployment benefit did not qualify for the full rate (*Ministry of Labour Gazette*, October 1966).

Separated and divorced wives and widows may not qualify for supplementary benefits. The Supplementary Benefits Commission has powers to refuse benefit to a mother when it believes it has evidence of her living with a man. Anonymous letters are sometimes acted upon. There are individual officers who have responsibility for investigating fraudulent claims. Some mothers report instances of officers searching rooms and cupboards without permission in attempts to check whether or not there are men present or are articles of men's clothing lying around. These inquiries do not appear to be as ruthless as those in some parts of the world.

In certain areas of the United States, for example, special investigation teams pay surprise visits in the middle of the night and search the house for any sign of a man, with unnerving effects on the entire family (see Greenleigh Association, *Facts, fallacies and the future*, A study of the aid to dependent children program of Cook county, Illinois 64, 1960). All these are the kind of issues with which we will be obliged increasingly to deal.

Families vary in their command of these kinds of resources. A family may be in poverty in terms of all or only some of them. It may have low monetary income, no liquid assets, no educational capital, access only to a dilapidated hospital and an overworked general practitioner partnership; the children may go to a slum school and the home itself may be a slum. Alternatively, only some of these deprivations may apply. The distinction between total and partial poverty is one which must be made in industrial society. Both kinds of poverty are significant. This analysis also suggests that some of the people who are excluded in surveys of income and expenditure, such as children in children's homes and adults in long-stay hospitals and residential homes, may be found to be in poverty. Isolated institutions can too quickly fall behind the standards of living being attained by the population in private households. By comparison with standards of living enjoyed by people of the same age in the general community, there is evidence of the inmates of many psychiatric hospitals, hospitals for chronic disease and welfare institutions being in poverty. (J H. Sheldon, *Report to the Birmingham Regional Hospital Board on its geriatric services*, Birmingham, RHB, 1961, K. Jones and R. Sidebotham, *Mental hospitals at work*, Routledge, 1962, P. Townsend, *The Last Refuge*, Routledge, 1962).

level of resources

The second matter which is crucial to a revised conception of poverty is the level of resources at which it is justified to begin talking of "poverty." In descending the various scales of resources it is in principle possible to establish when there are significant departures from social norms and conditions. For example, in many surveys the proportion of household expenditure devoted to food has been found to be fairly constant for middle-income groups but increases sharply below particular levels of income. The point at which the proportion changes could be treated as the point below which people may be found to be in poverty. Future research might establish other indices of exclusion from participation in particular social customs and relationships, such as inability to take holidays away from home, keep children at school, replenish stocks of clothes, have regular cooked meals and entertain guests and treat friends at home or outside the home. President Johnson's advisers have sometimes recognised the problem and have searched for formulations going beyond the traditional conception of poverty. In his message

on poverty to Congress in 1964, for example, the President asked, "What does this poverty mean to those who endure it?" First, he gave the traditional interpretation. "It means a daily struggle to secure the necessities for even a meagre existence." But he then went on, "*It means that the abundance, the comforts, the opportunities they see all around them are beyond their grasp.*" (author's italics). (*The war on poverty: the Economic Opportunity Act of 1964*, us Gov printing office, Washington, 1964).

2. the scale and nature of poverty

We are struggling to identify and measure these new forms of poverty. In Britain it could be argued that they began to be recognised around the mid nineteen-fifties. Earlier the Labour movement and the general public assumed that through its Welfare State policies the Attlee government had consolidated the greater social equality ushered in by the war. In the words of the Chairman of the National Food Survey Committee in his preface to the committee's 1958 annual report (*Domestic food consumption and expenditure*, HMSO, 1960) we had witnessed the "virtual elimination" of poverty.

the extent of poverty

At first the problem was thought to apply to a substantial section of the aged but to relatively few other persons in the population. In writing of the United States, where unemployment was heavy in some areas, J. K. Galbraith referred to "islands" of poverty. (*The affluent society*, chap 23, Hamish Hamilton, 1958) It was difficult in both countries to believe that despite new legislation and rising prosperity there remained large-scale hardship. Yet a gradually accumulating literature on the aged, widows, the sick and the unemployed in Britain, and a few income studies in the United States led to a partial realisation of the size of the problem. (See P. Marris, *Widows and their families*, Routledge, 1958, L. A. Shaw and M. Bowerbank, "Living on a state-maintained income, I and II," *Case Conference*, March and April 1958). Finally a quantitative measure was obtained of what at least was conventionally regarded as "poverty." In the United States 38 million people or 22 per cent were found to have incomes below those thought necessary to secure a reasonable minimum diet. (M. Orshansky, *op cit*). In Britain the proportion of "subsistence" poverty was found to be smaller but still substantial. An analysis of income data collected for 1960 by the Ministry of Labour suggested that between seven and eight million persons, or around 14 per cent, were living below a specially defined "national assistance" standard, i.e., a standard incorporating the basic national assistance rates and average rent plus a margin, 40 per cent, to cover income which was disregarded by the National Assistance Board and small additions commonly made at the Board's discretion (B. Abel-Smith and P. Townsend, *op cit*) The American standard is in real terms much higher than the British "poverty line" but judged in relation to average earnings is about equal. Moreover, more of the poor in the United States than in Britain are markedly below the line. The studies in both countries revealed the unpalatable fact that hardship existed among a substantial number of families of wage-earners.

Not only are the numbers of the poor large. They are almost certainly growing. For some years it has been generally recognised that "on the whole . . . the economic inequalities between developed and underdeveloped countries have been

increasing." (G. Myrdal, *Economic theory and underdeveloped regions*, p6 Methuen, 1963) The possibility that a similar process may be occurring *within* the developed countries is just beginning to dawn. In many of them there have been relative increases in some groups in the population who have been at an economic disadvantage in the years since the war. Thus, there has been a shift in structure of the adult population towards the older age-groups; a revival of the birth-rate together with an increase in the number of families with four or more children; and small increases in the numbers of chronic sick, disabled and handicapped among the middle and older age-groups. Certain forms of dependency may in fact increase in advanced societies. Secondly, the differential development of state and private welfare schemes has reinforced social divisions. The growth of occupational sick pay and superannuation schemes has made a mockery of the minimum benefits of national insurance schemes. The real value of family allowances has been eroded while that of children's tax allowances has increased. The teaching and facilities in many slum-area schools has remained abysmal while that in many suburban and housing-estate schools has greatly improved. There is inequality within the state sector as well as between the public and private sectors. Thirdly, it is possible that flagging demand for unskilled workers, together with the continuing increase in the employment of married women and the greater opportunity for certain workers to maintain two jobs has held down the wage-rates of some male employees and thrown a number into premature retirement. These are some of the critical factors.

the character of the problem

What therefore was the problem faced by the Labour Party when it achieved power in October 1964? Among those in poverty are the following :

1. Families in which the head is in full-time work but has either a relatively low wage or several children or both (the estimated number of persons living below a national assistance standard, including rent and a margin of 40 per cent extra to allow for income disregards and discretionary additions, (B. Abel-Smith and P. Townsend, *op cit*) is three million, of whom rather less than a million have incomes below the basic national assistance rates, including average rent paid).
2. Persons of pensionable age, whether living alone, as married couples or with others in the household (the estimated number living below a national assistance standard is about $2\frac{1}{2}$ million, of whom about 850,000 have incomes of less than the basic national assistance rates, including average payment for rent).
3. Families composed of a mother and dependent children but no father (estimated number of persons below the standard being around $\frac{3}{4}$ million, of whom possibly

as many as 300,000 have incomes of less than the basic national assistance rates).

4. Families in which one parent, not necessarily the head or the father of a family, is disabled or has been sick for three months or more (estimated number of persons living below the standard being about $\frac{3}{4}$ million including up to $\frac{1}{4}$ million with incomes of less than the basic national assistance rates).

5. Families with a father who is unemployed (estimated number of persons living below the standard being at least $\frac{1}{2}$ million at the present time, of whom at least $\frac{1}{4}$ million have incomes of less than the basic national assistance rates).

Although these groups are not exhaustive they are the principal ones and are discussed below.

wage earner families

Too little is yet known about living standards in these families. The Ministry of Social Security's report on a survey of households with children is eagerly awaited. A pilot study of families in London with five or more children has shown that nearly a quarter have incomes below the basic national assistance rates and another sixth only up to 20 per cent more than these rates. (Hilary Land, "Provision for large families," *New Society*, 24 November 1966) The man's wage is below the total that would be allowed under the national assistance or what is now the supplementary benefits scheme. Some families' incomes do not reach the total even when the wife takes paid employment to supplement her husband's inadequate wage.

The problem is by no means confined to large families. The latest work of a research team at the University of Essex and the London School of Economics, on a national survey of poverty financed by the Joseph Rowntree Memorial Trust, suggests that a significant minority of wage-earner households with two or three children—perhaps 10 per cent—fall below national assistance, or supplementary benefit, levels. It also suggests that a disproportionately large proportion of men with low wages are disabled or have histories of ill-health and disability. In October 1960, when the average wage was £14 3s, a survey of manual earnings in selected manufacturing industries carried out by the Ministry of Labour showed that as many as 10 per cent of men aged 21 and over were receiving less than £10 a week. About 30 per cent had earnings of less than 80 per cent of the average. (*Ministry of Labour Gazette*, April and June 1961) The survey had severe limitations. It did not cover earnings in agriculture, transport, docks and mining, for example, did not extend to clerical, technical and supervisory staff and referred to only 73 per cent of the total number of manual workers employed in the

selected industries. None the less the survey was the most comprehensive yet carried out by the Ministry.

family expenditure

A recent report of the Family Expenditure Survey allows us to go further—though the precision of the data is still uncertain. As with preceding income and expenditure surveys the response rate was low and it is possible that fewer of those with low earnings than with average or high earnings responded. An analysis of the earnings of male employees aged 21 and over who were covered by the 1965 Survey showed that 8 per cent, representing more than a million, were earning under £12 per week, or less than 60 per cent of the average earnings, which were then nearly £20. (By April 1966 average earnings had risen to £20 5s, *Ministry of Labour Gazette*, October 1966) About 41 per cent, or 6 million, had earnings of less than 80 per cent of the average. Employees in manufacturing industry tended to earn rather more. Few of them had earnings of less than 80 per cent of the average (the figure for *manual* workers being 22 per cent, compared with 30 per cent in the 1960 special inquiry). The report shows that there are substantial proportions of manual workers in the extractive and service industries earning considerably less than the average, and also that there are some non-manual workers with very low earnings (Ministry of Labour, *Family expenditure survey, report for 1965*, pp 3-4, HMSO, 1966).

Without further information about the regularity of earnings, household composition and other sources of household income it is difficult to judge the meaning of these earnings data. Some people with low earnings live in households where there are other earners. The number of wives in paid employment has been rising steadily since the war and is now around 4½ millions. Despite this increase the number of households with more than one earner has been falling. At the 1961 Census 42 per cent of all households in England and Wales had more than one earner, and 13 per cent three or more earners. This compares with 46 per cent and 15 per cent respectively at the 1951 Census. The increase in married women in paid employment seems to be more than balanced by the increase in numbers of "retirement" households, the falling number of composite households and more adolescents in households who stay on at school.

retired persons

A series of local and national studies allows us to be fairly precise about the income levels of the aged. The incomes of a majority are low. In 1962 nearly 1¾ million men and women aged 65 and over (or about half of all single and widowed persons) had total incomes of less than £4 a week, and 400,000 couples

(or just under a quarter of all couples) less than £6 a week. They accounted for well over half the total of nearly 6 million persons of this age and corresponded roughly with those whose incomes derived wholly from the State together with those who had no more than £1 a week in addition to State benefits. The median income of the retired is about half that of younger persons in the population who have no dependants. (P. Townsend and D. Wedderburn, with S. Korte and S. Benson, *The aged in the welfare state*, Occasional papers on social administration, no 14, Bell, 1965).

There is another way of expressing the relatively low incomes of the majority of the elderly. A quarter of retirement pensioners, or around 1½ million, receive national assistance but at least another ¾ million do not receive assistance and yet would seem to qualify for it. A further million do not qualify but are only marginally better off. Social scientists who made cautious estimates of these numbers in the nineteen-fifties were derided by Government Ministers and by the Chairman of the National Assistance Board and yet eventually vindicated (for example D. Cole Wedderburn with J. Utting, *The economic circumstances of old people*, occasional papers on social administration, no 4, 1962). The Allen Committee of Inquiry into the Impact of Rates on Households and the Ministry of Pensions survey-report on retirement pensioners both concluded that between half a million and a million retirement pensioners were eligible for national assistance and were not receiving it. The Allen Committee estimated that there were 800,000 *households* with retired heads (containing over a million retired persons) who were "apparently eligible for national assistance but not getting it." Even allowing for some understatement of incomes they concluded that about half a million households were eligible. (*Report of the committee of inquiry into the impact of rates on households*, p117, Cmnd 2582, HMSO, 1965) The Ministry's study showed that 34 per cent of widowed and unmarried female retirement pensioners were receiving national assistance, that another 21 per cent were provisionally entitled to it and that only 19 per cent had a net available income exceeding needs (as defined by the national assistance scale rates) by £1 a week or more. The corresponding figures for widowed and unmarried male pensioners are 22, 13 and 33; and for married pensioners 18, 17 and 50. (Ministry of Pensions and National Insurance, *Financial and other circumstances of retirement pensioners*, pp 20 and 83-4, HMSO, 1966).

Another common assumption must also be questioned. Occupational pensions add significantly to the incomes of only a minority of the retired—two thirds of whom, it should be noted, are women. Forty-eight per cent of men, 24 per cent of women on their own insurance and 11 per cent of widows draw such pensions. A third of the men, a quarter of the women and a half of the widows receive less than 30 shillings a week. Moreover, three-quarters of those with pensions from the

private sector have not received an increase since they first started getting them. (*ibid*, pp 154-163).

fatherless families

The Census of 1961 shows that for England and Wales there were approximately 400,000 families in which there were dependent children under 16 years of age but only one parent, usually the mother—accounting for a million persons, including 600,000 children. About 6 per cent of all children are in such families and the Family Expenditure Survey shows that their incomes are low. For example, in 1953-4 8 per cent of all children in Britain were in households living below a defined national assistance standard but as many as 36 per cent of children in households consisting of one woman and two or more children were living at this standard. (B. Abel-Smith and P. Townsend, *op cit*, p32) To take another index of comparison, in 1953-4 the average expenditure of households consisting of a woman and two or more children was 160 shillings; whereas the average expenditure of a household containing a man, woman and one child was 240 shillings, as much as 50 per cent more. (Ministry of Labour, *Family expenditure survey*, Report for 1953-4, London, HMSO, 1957). A pilot study by Dennis Marsden at the University of Essex reveals that compared with widows, separated and divorced wives with children tend to be poorer and unsupported mothers of illegitimate children are poorest of all. Not only do they feel stigmatised socially; their incomes are more insecure and irregular, based as they are on national assistance and court orders; they do not receive state benefits as of right and stringent earnings rules are applied when they receive assistance. (D. Marsden, *Fatherless families in a northern and a south eastern area of England*, forthcoming) The 1965 report of the National Assistance Board (p27, Cmnd 3042, HMSO, 1966) shows that there are 104,000 women separated permanently from their husbands and receiving assistance of whom 50,000 have neither court orders nor out-of-court agreements. There are 43,000 with court orders, only 21,000 of whom receive maintenance regularly; 15,000 receive no payments at all.

the sick and the disabled

During 1964-5 about 456,000 persons below pensionable age had been off work and receiving sickness benefits for three months or more. Of these as many as 310,000 had been receiving benefits for twelve months or more. (Ministry of Social Security personal communication) There were 275,000 persons receiving war disablement pensions with 30 per cent or more disablement (three-fifths of them in the 1939 war or subsequently) and another 90,000 with industrial injury disablement pensions, also with 30 per cent or more disablement. (*Report of the Ministry of Pensions and National Insurance for the year 1965*, pp 97 and

146, HMSO, 1966). Many of these were also receiving sickness benefits, but an additional 139,000 incapacitated persons received national assistance allowances only. Most of these had been incapacitated since birth or early childhood (*Report of the National Assistance Board for the year ended 31 December 1965*, pp 6-8, Cmnd 3042, HMSO 1966) Although the exact numbers drawing both sickness benefit and war or industrial injury pensions are not known it seems that there are in the population at least 750,000 persons under pension age who are disabled or long-term sick. About 240,000 receive national assistance in some form and perhaps another 50,000 to 100,000 might qualify for supplementation or basic assistance. If we add dependants these figures become around 400,000 and 120,000 to 240,000.

the unemployed

In November 1966 approximately 575,000 were unemployed, of whom 160,000 had been unemployed two months or more. Altogether, probably 150,000 people have experienced 6 months unemployment during the past year. Some experience recurrent short spells of unemployment rather than long spells (R. A. Sinfield, *Unemployed in Shields*—forthcoming) The Ministry of Labour carried out a special survey of the unemployed in October 1964 and found that half of the women and 60 per cent of the men were "poor placing prospects on various personal grounds." This categorisation is highly ambiguous if not prejudicial but those on the list included many who were disabled or who had a history of ill-health. As many as 8 per cent of the women and 10 per cent of the men were registered disabled persons. In December 1965 as many as 112,000 unemployed persons received assistance. Together with their dependants they numbered 272,000. Of these about 88,000, nearly a third, were in households affected by the wage stop. (*Report of the National Assistance Board for the year ended 31 December 1965*, pp 30 and 61)

widening inequalities in Britain

The problem in 1964 was not, however, one just of scant monetary resources. At a time of growing demand for higher education how could the proportion of working class children reaching the sixth forms and going on to university be increased? Broadly speaking, inequalities of educational opportunity have not been reduced over a generation. In the 1950's only $\frac{1}{2}$ per cent of the children of unskilled and semi-skilled manual workers were reaching the universities, about the same proportion as in the late 1930s and 1940s. About $14\frac{1}{2}$ per cent of the children of professional, managerial and intermediate occupational groups were doing so, compared with 6 per cent in the 1930s and 1940s. In recent years one in every four of the non-manual middle class children entering a grammar school

type course at the age of 11, but only one in every 15 to 20 of unskilled manual workers' children entering such a course have eventually gone on to a university. (A. Little and J. Westergaard, "The trend of class differentials in educational opportunity in England and Wales," *British Journal of Sociology*, 1964). We should also remember that in comparing utilisation of educational facilities there has been a rapid expansion in university courses for graduate students, the majority of whom are middle class. But of course the problem of the distribution of educational resources affects children of all ages and not just students entering university. How is it possible to steer enough resources to the secondary modern and primary schools to prevent them falling even further behind the new comprehensive as well as the independent, direct grant and grammar schools? What can be done to dramatically increase the numbers of young working class people benefiting from further education?

There are many other spheres in which there are sharp contrasts in facilities and opportunities. How is it possible to upgrade ancient hospitals, particularly for the chronic sick and mentally ill, when the general and teaching hospitals are insisting on new space and better equipment? How can that proportion of slum and sub-standard housing which cannot be replaced in the next 20 years be renovated or modernised? And how can the division of resources between different regions be prevented from remaining as unequal as it is or from becoming more unequal, despite the actions of recent governments? In many different spheres therefore there is a problem not only of how to allocate additional resources but how to reallocate existing resources.

Some economists have suggested that emigration of labour from certain areas may have secondary depressing effects which perpetuate or even widen disparities between regions in unemployment rates (for example, G. C. Archibald "Regional Multiplier Effects in the United Kingdom," *Oxford Economic Papers*, Spring, 1967). Sociologists too have begun to call attention to these disparities. Over a period of eight years up to 1961 the number of long-term unemployed was on average ten times greater in the Northern Region than in the Eastern and Southern Regions. There was also a higher rate of sickness and incapacity, markedly lower average earnings and markedly fewer children staying on at school beyond the age of 15. (R. A. Sinfield, *Unemployed in Shields*, to be published)

In some respects, as I have suggested above, the problem of poverty in Britain has been growing. We can begin with low earnings. Unfortunately it is difficult to say much about the trends in the *distribution* of earnings over the past 20 years. But *average* earnings in low-paid industries are rising less quickly than in other industries. In 1960 the Ministry of Labour listed average earnings in 128 industries. There were 24 with average earnings of less than £12 10s. In 17 of these

earnings rose during the next 6 years (April 1960 to April 1966) by less than the average of 44 per cent. Earnings in agriculture, which are also relatively low and which were excluded from this analysis, also rose less than average. (Ministry of Labour, *Statistics on Incomes, Prices, Employment and Production*, no 18, September 1966, pp 26-27)

Secondly, the value of family allowances has fallen. For a family with four children, for example, they have fallen from 12 per cent of average earnings in 1956 to 6 per cent of average earnings in 1966.

Thirdly, social security beneficiaries have continued to be subject to principles of "minimum" treatment, despite the development in this country of fringe benefits and fiscal welfare, despite more public awareness of the deprivations of environment and opportunity and despite the more rapid growth of social security in other countries. Levels of benefit have remained low. Between 1950 and 1960, as Mr. Tony Lynes has shown, average disposable income per head rose faster than national assistance rates. (*National Assistance and National Prosperity*, Occasional Papers on Social Administration, no 5, Codicote, 1962). Increases in benefits in 1961, 1962 and 1963 slightly redressed the balance, but not enough to do more than mildly improve the relative level of living of beneficiaries. And the position has worsened again since the latest increase which took place in March 1965.

Fourthly, the relative increase in dependence within the social structure, particularly children and the elderly, has swelled the numbers with low incomes. The numbers of children in large families and of persons of advanced age have increased disproportionately. Between 1953 and 1965 the number of children in families drawing family allowances in Britain grew by 25 per cent. But the number of fourth children attracting allowances in families grew by 50 per cent, fifth children by 63 per cent and sixth or later children by 84 per cent. (*Reports of the Ministry of Pensions and National Insurance for the years 1953 and 1965*, Cmd 9159 and Cmnd 3046, HMSO, 1954 and 1966) Also between 1953 and 1965 the number of retirement pensions in payment increased by 54 per cent. This rate of increase was faster than the increase in numbers of persons of pensionable age, which itself was much faster than the increase in the population of all ages. Two further points are worth noting. First, there has been a disproportionate increase in the numbers of persons aged 80 and over among the elderly; between 1951 and 1961 for example, their numbers increased by 40 per cent. Second, the Registrar General's estimates of population suggest that during the next 10 years the numbers of children under 15 and persons of pensionable age will increase by 15 or 16 per cent, but the population aged 15 to 59 will increase by only 2 per cent.

Sociologists have begun to write of an "underclass" in industrial societies and have also begun to appreciate that periodic increases in immigration can postpone the need to make structural adjustments in the economy and in the status hierarchy. Racial prejudices may displace but also in some ways reinforce existing social prejudices. White natives who occupy the same areas and kind of jobs as coloured immigrants can easily be regarded as inferiors too and gradually they experience a fall, relative to others, in living standards. There is therefore the possibility of poverty growing in two forms—that of a dependent "underclass" of persons who are found in all regions of the country, and that of immigrant and native-born families living in communities in areas of bad housing where the unemployment rate is high.

poor nutrition

Many illustrations of the consequences of these trends might be given. In the analysis of the data from the National Food Survey households are divided according to composition and social class into a number of groups. The proportion of children living in groups of households which consume a diet which *on average* fails in at least two particulars to reach the minimum levels recommended by the British Medical Association increased between 1960 and 1964 from 36 per cent to 43 per cent. Those in households failing to reach the minimum levels in three or four respects (protein, calcium, energy value and riboflavin) increased slightly from 16 per cent to 19 per cent.

This trend has not been consistent throughout the last 10 years. In 1956, for example, the number of children in families which on average failed to reach the minimum levels in two or more respects was 36 per cent, but in 3 or 4 respects 29 per cent. There has been a slow upward drift in the nutritive content of the average diet of all groups of families but (a) the poorest and largest groups of families have not gained on the richest and smallest families, (b) the poorest and some of the middle-income large families and those with adolescents and children have still to attain the BMA levels, and (c) relatively *more* of the children in the annual survey are now to be found in larger households. (Ministry of Agriculture, Fisheries and Food, *Domestic food consumption and expenditure*, 1964 and 1960, Annual reports of the National Food Survey, HMSO, 1966 and 1962).

The household groups with poor nutrition consist of man and wife and three or four children and families with adolescents and children and they include two groups in the highest income class, and not only groups with low incomes. I wish it were possible to express these findings more directly and more cogently. It is a public scandal that the National Food Survey Committee has as yet made no effort to

establish the numbers and kinds of families markedly *below* the average. A national food survey has been carried out annually at considerable public expense for many years. Its most important conclusion has been buried in statistical minutiae. Although the conclusion was disinterred recently by curious social scientists and brought into public view (for example, R. Lambert, *Nutrition in Britain 1950-60*, Occasional Papers on Social Administration, no 6, Codicote, 1964) the Committee has not felt it proper either to present the findings in the most revealing form or to undertake urgent inquiries to develop our knowledge about these large sections of the population who are living at inferior nutritional levels. Perhaps the Ministers of Social Security, Labour and Agriculture can combine to put pressure on the Committee to answer the simple question which has been waiting to be answered for at least a decade—how many families (and how many children and adults in those families) have diets which are 10 per cent or 20 per cent or more below the minimum levels recommended by the British Medical Association ?

3. intentions and performance

By the late 1950's the Labour Party had begun to develop a coherent strategy for dealing with poverty. Of the statements published in the few years before October 1964, the most radical was probably *Signposts for the Sixties*. Measures were required to achieve two major objectives—the elimination in so many departments of national life of the disjunction between private affluence and public squalor and the dispersal of new forms of privilege or power that were concentrating among a small ruling elite. What were the remedies? They were, briefly, to transfer the freehold of building land to public ownership, repeal the Rent Act, repair and modernise private rented houses and build more houses, introduce redundancy payments, completely re-cast national insurance by introducing “a system of all-in wage-related social security,” reduce the size of school classes, reorganise secondary schools along comprehensive lines “broaden the present narrow apex of higher education,” establish a trust to integrate private with state schools, introduce a capital gains tax and re-grade family allowances steeply according to age. “We should reorganise family allowances, graduating them according to the age of the child, with a particularly steep rise for those remaining at school after the statutory school-leaving age.” (*Signposts for the Sixties*, 1961)

Later statements added or reaffirmed plans for regions within a national economic plan, the introduction of an Incomes Guarantee and a rates rebate scheme, the abolition of prescription charges and the expansion of community care services. Writing at the time of the 1959 election, the present Prime Minister acknowledged the fact that “many” of the British people faced “real, bitter poverty.” He went on “the co-existence of conspicuous wealth and avoidable poverty is a distortion of the moral laws of civilised society.” He admitted that Labour's was a “piecemeal” programme but that it was “on a broad front” and corresponded with the complexities of human needs. Piecemeal though it was it represented “the unifying and transforming influence of a Socialist approach.” (H. Wilson, “The war on poverty,” *New Statesman*, 3 October 1959).

Whether these proposals were indeed sufficiently far-reaching and sufficiently integrated to meet the problem can of course be disputed. They were at least constructive and implied a shift of resources from rich to poor and from private to public sectors. But it must be emphasised that in the event the Labour Government has so far failed to implement some of the most important of these measures and has implemented others in a much milder form than originally intended. Let me be specific. In some instances the situation is clear. Measures like improved family allowances just have not been introduced. Measures like the Land Commission Bill, the Rent Act, the Capital Gains tax, the Corporation tax and the Social Security Act seem to be small in their effects. The Land Commission Bill turns a plan for the automatic acquisition of land for development (which meant stabilising rather than reducing the price of land) into one primarily

involving a betterment levy. Power to acquire land in certain circumstances is vested in the commission but in the absence of evidence that it can be used extensively we must assume it will be used sparingly. The Commission is to be voted £45 million for acquiring and managing land and this would be extended to £75 million with Parliamentary approval. These are very small amounts by comparison with land values or capital investment programmes. It is of course too early to pronounce on the total effects of the bill, for much will depend on the policy which is in practice followed by the Commission, but the prospects of it becoming a major instrument in controlling development in the public interest are not dazzling. The Rent Act has damped down the increase in number of extortionate rents but by leaving initiative with tenants and creating a system of rent assessment which in some ways is biased against tenants it has so far had a surprisingly small result. Moreover, many of those entitled to benefit under the new rates rebate scheme are not applying. The capital gains tax replaces the short-term levy introduced by Selwyn Lloyd. The maximum rate of 30 per cent (20 per cent for amounts up to £5,000) is low and is lower than the effective rate of income tax and surtax that is applicable to high incomes. This is not a wealth tax. It is an intermediate kind of tax which allows room for argument about some capital values at the time the Finance Act was implemented and therefore the amount of gain to which the rate of tax up to 30 per cent is applied.

social security

The incorporation of the income guarantee scheme within the Social Security Act is a particularly intriguing example of a paper lion which has turned into a lamb. For a long time the Labour Party had been searching for a way of abolishing the means test in national assistance, at least for the great majority of recipients, and simultaneously raising the standards of living of those who had been accustomed to drawing assistance. While in opposition in 1963 it stated, "As a result of the Government's policy, what was the exception had become the rule. . . . The means test, which it was the aim of the 1946 Act to abolish, has been built into the Government's system of social security, as one of its main instruments for distributing relief" (the Labour Party, *New frontiers for social security*, p9, 1963) In 1963 the Party therefore not only reaffirmed its previous support for a national superannuation scheme but firmly committed itself to extending the change "from flat-rate pensions to half-pay on retirement" to all forms of state benefits and, to ensure "fair play" for existing pensioners, an income guarantee was to be introduced. The guarantee involved giving a supplement to pensioners and widows to raise their incomes to a certain level "well in excess" of the present level of retirement pension. It would be paid automatically—through simplified tax returns.

The Social Security Act of 1966 attempts to preserve this proposal, but it is a pale shadow of its former self. Nominally the National Assistance Board has been abolished by the merger with the Ministry of Pensions. In its place is the Supplementary Benefits Commission. Efforts are being made to improve the image and encourage more people to apply for supplementary help. In some ways it is still too early to comment on administrative procedures. But the opportunity to make a clean break with restrictive and narrow-minded attitudes enshrined in the National Assistance Act of 1948 was lost. Some important steps in the direction of establishing the rights of non-contributory beneficiaries could have been taken. For example, it is a pity that the right of a person to know in writing how his supplementary benefit has been calculated or why his application for benefit has been refused was not written into the Act. The Minister gave assurances in committee that administratively "as soon as possible, at least those getting a supplementary pension (not *benefit*) will receive written explanation. Others, if there is a refusal, or if they are not clear, or if they do not think that the amount they are receiving is sufficient will right from the beginning be able to ask for a written explanation, as they can do at the moment." (*Hansard*, 17 June 1966, col 1906) But the effect of a symbolic clause in the Act upon relations between officers of the new Commission and the public might have been considerable. Instead, much of the apparatus of the Act passed 18 years—almost a generation—previously has been preserved in a too bureaucratic form.

Secondly, the qualifying conditions for supplementary help were liberalised. The amounts of capital and income which can be "disregarded" in assessing needs was increased. A standard rate of 9s a week was added to the supplementary grants of old people and the sick. The idea was that this would be an automatic supplement for long-term beneficiaries. But for the great majority of existing recipients it made little or no difference to the amounts they received. Seventy-three per cent of supplementary pensioners at the end of 1965 were already receiving discretionary additions averaging 10s 1d per week. Fifty-seven per cent of the sick received amounts averaging 11s 8d. (*Report of the National Assistance Board for 1965, op cit*, p18). The 9s supplement does of course limit the amount of discretion that an officer can exercise at present to add to a particular rate of assistance. This is good but because the amount is so small it does not change the existing situation drastically. There will remain a large number of people whose incomes will in part depend on official discretion. And the opportunity the Government had of reviewing the rationale which should underlie the basic rates was not taken.

Thirdly, and most importantly, the income guarantee was not applied outside the customary spheres of operation of National Assistance. The Labour leaders

wanted to fuse income tax and income security. But after they approached one of Britain's most implacable institutions, the Board of Inland Revenue, they retreated. Officials of this Board and of the National Assistance Board persuaded them to change their minds. Perhaps their momentum for reform had already been lost. The fact is that the Board of Inland Revenue felt it was outrageous for the Board actually to hand out money. Whoever heard of such an idea? They were a taxation department, not a social service department. To bring together the functions of taxing income and making it more secure was most improper.

The verdict of history is likely to be that the Social Security Act of 1966 has achieved little more than extending national assistance, or supplementary benefit, to a larger number of the lower middle classes, while distinguishing rather more sharply between old and young. It has also served the purpose of saving face for the Labour Party—which is not perhaps the strongest reason for reform.

The Act also discriminates against the unemployed. One discriminatory practice against those with large families, the wage-stop, is preserved. Another, against the long-term unemployed, is introduced. Unlike the retired, who receive it at once, and unlike the sick, who receive it after two years, none of the unemployed receive the long-term benefit of 9s a week.

postponed superannuation

What has happened to the complementary and even more important plan—the wage-related scheme of social security, incorporating national superannuation? I believe it can be argued that with a little more determination on the part of the Government we might have had this on the statute book by the end of 1965. In November 1964, soon after the election, the Government took a major decision. It announced big increases in existing benefits, raising the retirement pension of a single person by 12s 6d to £4 a week and of a married couple by 21s to £6 10s. This was, it is true, a substantial improvement on existing rates but was carried out within the structural inadequacies of the existing scheme and was quickly overtaken by earnings. The increase in early 1965 represented the largest *absolute* increase in insurance benefits, though some increases in earlier years were *relatively* larger. The benefits represented increases of 18.5 per cent for a single person and 19 per cent for a married couple but between May 1963 (when benefits were last increased) and August 1966 average industrial earnings rose by 20 per cent. Between May 1963 and August 1966 retail prices increased by 13 per cent. (*Ministry of Labour Gazette*, October 1966) Moreover, the employees' flat-rate contributions which, according to the Labour Party only a year earlier had "already reached a level where they constitute a savage poll tax on the lowest

paid worker" (Labour Party, *New frontiers for social security*, p11) were increased by 17 per cent from 11s 8d to 13s 8d a week. One view was that the needs of the poor were urgent and that a comprehensive review would take time. But the work of Lord Beveridge's Committee in the war from the start to the publication of the actual report was accomplished in eleven months and the Labour Government already had a head start afforded by the deliberations and publications of its Study Group on Security and Old Age, which had been sitting since the mid-fifties. Another view is that it had difficulty in getting on with a socialist programme with such a tiny Parliamentary majority and in such a grave economic crisis. But the social productivity, if we may call it such, of the Labour Government has been if anything smaller since March 1966 than before that date, and the National Plan, as Brian Abel-Smith has pointed out, actually adopted the assumption that a major new scheme would not be introduced before 1969.

In fact, what was planned to be a consistent and concerted attack on poverty has turned into haphazard skirmishes on a wide front. The Government has given little impression from its actions that it has adopted an overall strategy. By increasing benefits along conventional lines early in 1965 it took the edge off demands for reform. By then introducing a redundancy payments Act and later earnings-related benefit in unemployment and sickness for the first six months it allowed itself to be diverted from giving priority to poverty to giving priority to redeployment. The earnings-related scheme for the unemployed and sick does little for those with low earnings. Men and women with less than £9 a week do not qualify. A man with £12 a week gets a supplement of £1 in addition to his flat-rate benefit of £4 but if he has a wife and four children only 8 shillings because the Act has introduced a maximum total benefit of 85 per cent of earnings and, with a flat-rate of £9 16s, he would otherwise exceed this maximum. If he is unlucky enough to have been unemployed or sick for a total of twelve weeks in the preceding tax year, by no means a rare eventuality, he will receive no supplement at all. Adrian Sinfield also points out that "the implication of calculating gross *weekly* earnings from a gross *annual* income for the assessment of the supplement seems to have been overlooked. Although the use of a gross annual income has administrative advantages, it also lowers the value of the supplement for men with previous recent experience of unemployment, sickness or any other absence from work." (*Unemployed in Shields*, to be published).

The scheme does nothing for the man with long-term benefit. The supplement is paid after two weeks unemployment but ceases after a further six months. Those who have become accustomed to receiving fairly substantial earnings-related supplements will then experience a sharp reduction in level of living. If they are sick and draw means-tested supplementation they have to wait another 18 months before they qualify for a standard supplement of 9s a week. This is not

planning. It is helter-skelter chaos. There are a number of connected problems. The Government has failed to wind up the Conservative Government's graduated pension scheme, after proclaiming, rightly, that it was a disgraceful "swindle." The benefits are very small indeed in relation to contributions. The Government's "profit" on the scheme is growing. In 1962-3 the excess of income over expenditure was £182 million, in 1964-5 it was £277 million. (Parliamentary written answer by Mr. Norman Pentland, *Hansard*, 6 July 1965). The Government has also failed to introduce transferability of pension rights, which means incidentally that it has not removed an important obstacle to redeployment.

Instead of a co-ordinated and consistent scheme of social security we run the risk of building up a fragmented, piecemeal set of measures which bristle with anomalies and between which many groups in the population fall. It should perhaps be recalled that the original aim of the Labour Party's national superannuation plan, and hence of the comprehensive wage-related social security plan, was to bring about a dramatic immediate increase (50 per cent for single retirement pensioners) in national insurance benefits by rationalising the principles and practises of existing employers, private and public schemes within a single wage-related scheme which the mass of the population might find personally attractive as well as socially just. (The Labour Party, *National Superannuation*, 1957). The scheme would simultaneously reduce by over a million the number having to depend in any form on means-tested assistance. The introduction of a single co-ordinated scheme would also allow more flexibility than a succession of piecemeal measures to eliminate anomalies. Perhaps the most indefensible of these is the payment of different rates of benefit to those disabled in war, industry and civil life.

sub-standard housing

Let me refer briefly to one other plan. Has much been done to carry out the modernisation and repair of sub-standard housing? According to the Denington sub-committee on standards of housing fitness, which reported in November 1966, "there are many, many houses which are below any standard that can be considered satisfactory in the second half of the twentieth century. About three-quarters of a million are below the present minimum fitness standard. Something like 3 million lack one or more of the basic amenities of water closet, cold water tap, hot water supply and bath. While some of them will be demolished in the next few years, others must serve for a longer period, however fast new homes are built. These must have some degree of improvement, according to the length of time they will remain in use. Sound houses must be maintained in good repair and improved where practicable. Successive governments have tried to secure the voluntary modernisation of these houses but the response has been inadequate

and disappointing. Present measures of compulsion, which apply in limited circumstances to tenanted property, have proved ineffective, perhaps because of the cumbersome and time consuming procedure. *In our view there is a need both for effective compulsion to improve and maintain the better old houses and for more pressure for early clearance of the worst.*" (Ministry of Housing, Central Housing Advisory Committee, *Our Older Homes: A Call for Action*, Report of the sub-committee on standards of housing fitness, p5, HMSO, 1966). Although about 120,000 improvement grants a year in England and Wales are made, only about a third are made to private landlords. The principal beneficiaries are middle-class owner-occupiers.

While some Government actions have not lived up to pre-election plans others may actually have reinforced social inequalities and poverty. For example, soon after awarding Members of Parliament, Ministers and judges huge proportionate pay increases and university teachers, general practitioners and senior civil servants increases ranging from 10 to 25 per cent the Government expected the trade unions to happily accept a wage-policy holding down increases to 3 to 4 per cent. The restoration of traditional differentials of pay can be invoked to justify most of these increases. But in terms of long-term socialist strategy as well as the immediate need to secure support for an incomes policy they were inept.

Again, by imposing harsh controls on the entry of immigrants and by simultaneously refraining from introducing any really positive measures for racial integration, the moral authority of the Labour Party, so carefully established by Hugh Gaitskell in the famous Parliamentary debates of 1961 and 1962, was lost in one reckless step. The position of the coloured minority is still very different in Britain from what it is in the United States but social scientists are beginning to wonder whether we will follow the pattern established there of increasing inequality in living standards and employment status between white and coloured sections of the population. Research has shown that in the years since the war the economic gains of the non-white population in the United States have been less than proportional to those of whites, and that the relative position of a significant majority of non-whites has worsened. (O. Ornati, *op cit*, p59). If so, then Britain will have, if it has not already, a group of new poor. By adopting a non-existent or at most a weak policy on the integration of coloured immigrants the Government has surrendered more than it probably realises. Acquiescence in racial inequality tends to have a corrupting influence on general attitudes towards social inequalities.

4. future policies

This analysis clearly implies certain priorities in policy. First of all, measures to raise low standards of living are required. The most urgent action is required to greatly increase family allowances (by at least threefold) and extend them to first children in the family. In a recent survey of 62 countries with some form of family allowances system, only 12 were found not to make a payment to the first or only child in the family. (United States Department of Health, Education and Welfare, *Social security throughout the world*, 1964, Washington 1966). General pensions and allowances including constant attendance allowances must be introduced for the long-term sick and those disabled in civil life as well as in industry and war. The Disablement Income Group has been bringing the needs to the attention of the public. (The anomalies of social security benefits have been discussed recently by Mrs. Phyllis Willmott in a book written otherwise by disabled individuals P. Hunt (ed), *Stigma: The Experience of Disability*, Chapman, 1966). Some form of regular State maintenance allowances for all fatherless families must also be introduced and the wage-stop in the supplementary benefit and earnings-related unemployment and sickness schemes abolished.

The more comprehensive plan for wage-related social security must be brought forward. A major repairs and modernisation programme is badly needed, particularly for housing (Ministry of Housing, Central Advisory Committee, *Our Older Homes, op cit*) as I have argued, but also for schools and hospitals, quite apart from a scheme for new building which involves an expenditure closer to the proportions of gross national product being spent by some other countries. (See, for example, Political and Economic Planning, Broadsheet no 490, *Housing in Britain, France and Western Germany*, 1965, United Nations, *Statistical indicators of housing levels of living* 1959). A variety of measures to strengthen the threadbare sections of our social services are also required. Examples of these are under-doctored areas and under-developed community-care services, under-staffed schools, particularly secondary modern schools where there is a high turnover of staff, and under-staffed hospitals, particularly for long-stay patients.

universalism

Second, because the new minimum levels can be defined only in relation to the resources, customs and institutions of the community, certain complementary measures must simultaneously be adopted to reallocate those resources and modify those customs and institutions. These will inevitably form part of general domestic policy. It means challenging the kind of view put forward by the Minister of Social Security at the 1966 Labour Party Conference when she said that further improvements in social security depended on economic productivity. Other social service Ministers have made similar statements. The argument was put forward in the Labour Party Election Manifesto of 1964. In fact, of course, there is

considerable scope for redistribution, of both an aggregate nature from one public service to another as well as of a vertical nature between well-off and poor, even at a time of economic crisis. Fundamentally redistribution must also be reinforced by change in political and administrative institutions. "A new Government unhappily does not mean a new Civil Service elite. . . . The Civil Service is too narrowly based on Oxbridge. It lacks expertise. The specialists it has are not put in the right places; its personnel lacks experience in the industrial, financial and social service fields in which it has to operate; there are high institutional barriers to outside recruitment; it neglects to train." (P. Shore, *Entitled to Know*, p154, MacGibbon and Kee, 1966).

The tax system must be more progressive. Its total effect is in fact regressive at the lowest incomes and then proportional even up to quite high incomes at present. In 1964 a family of man and wife and two children with an original income in the lower middle range of £676 to £815 paid about 28 per cent of that income in taxes (national insurance contributions 9 per cent, income tax 1 per cent and indirect taxes 18 per cent) while a similar family with an income of £1448 to £1751 paid 27 per cent (national insurance 5 per cent, income tax 7 per cent and indirect taxes 15 per cent). For a family of man and wife and one child the figures are 32 and 32 respectively and for a man and wife and three children 25 and 24 respectively. For families of similar composition *direct* taxes are mildly progressive from 100 per cent below to 100 per cent above the mean income, *indirect* taxes are mildly regressive and national insurance contributions sharply regressive. (These figures are based on tables D, 1d and 2b in "The incidence of taxes and social service benefits in 1963 and 1964," *Economic Trends*, no 154, August 1966. In calculating the percentage of original income taken in indirect taxes, I have taken the total of indirect taxes on all income and have divided it proportionately between the income remaining after taxes and insurance contributions have been paid and income represented by social service cash benefits, that is family allowances and national insurance benefits).

Real income re-distribution does not seem to have markedly changed since before the war. "There appears to have been little increase in the amount of vertical redistribution between 1937 and 1959, but the extent of the increase, if any, depends on how much the estimates of the amount of redistribution in 1937 would have been reduced if they had been made on the same basis as our estimates for 1959." (J. L. Nicholson, *Redistribution of income in the United Kingdom in 1959, 1957 and 1953*, Bowes and Bowes, 1965).

If tax allowances for children are reduced, and direct family allowances increased, and if wage-related contributions replace flat-rate contributions in social security some but not all of the inequalities will be reduced as they affect relatively low

income groups. Other measures to strengthen the progressiveness of the tax system become necessary. It is possible, in the history of tax policy, that when certain groups in the population are taxed more heavily they respond by asking for larger pay differentials and by resorting more frequently to legal and illegal methods of avoiding tax, by pressing for larger fringe benefits and by converting income into capital. Much of this therefore implies that egalitarian objectives must be pursued more vigorously through fiscal policy but also through measures designed to elicit information particularly from companies, corporations and trade unions and impose limits on their powers to exploit privilege. The new Companies Act is a mild step in this direction.

I am arguing, in effect, that some form of incomes policy is necessary less for economic than for social reasons. Minimum wage legislation might be helpful in raising the standards of those with the lowest wages, but only if it is wide in scope and if the levels are not merely linked automatically with average earnings but deliberately designed to *rise*, relative to the average, over a number of years. Economists have come to mixed conclusions about minimum wage legislation.

For example, a review of the 1956 American legislation suggested that *temporary* improvements were secured in low-wage industries at the cost of some displacement of labour and a reversion before long to former differentials (N. M. Douthy, "Some effects of the \$1 minimum wage in the United States," *Economica*, May 1960). One assumption upon which a new national plan should be based is that minimum wages and minimum social security benefits will in future rise faster than average earnings. Poverty must be tackled through a wages or incomes policy as much as through a better fiscal or social security policy.

This amounts therefore to an argument for a deliberate policy of securing a levelling up of wage and income levels through a concerted incomes, fiscal and social security policy. It means bringing certain Government departments together which are not accustomed to working with each other. It also means professionalising the Civil Service and improving the information at our disposal. Earlier I complained about the analyses offered by the National Food Survey Committee. There is little doubt that far better analyses of income distribution could be provided through the Board of Inland Revenue and the Ministry of Labour than are at present published. We are just beginning to produce the kind of data which are needed by a modern society if it is to have humanitarian and socialist objectives. This needs emphasising for it is no academic foible. If the Ministry of Pensions had had a substantial Statistical and Research Department in the past the reluctance of hundreds of thousands of beneficiaries to apply for assistance, or the poverty of children in large families and of the disabled, might have been revealed a lot earlier. Perhaps the newly-appointed Director of the Central Statistical Office

can, with suitable support from Ministers, breathe sweetness and light into the innermost recesses of the Government's information services.

limitation of privileges

Finally, however, this strategy of achieving equality through integration cannot be effective unless it is recognised that adjustments have to be expected of social elites. If poverty is relative then standards are partly determined by the incomes, wealth, living conditions and expectations of the rich. The relief of poverty is secured by lower managerial and professional incomes, relative to the average, as much as by higher minimum wages and benefits. It is not that the rich can pay sufficient new taxes to finance, say, a major increase in the retirement pension. It is doubtful whether they could finance a five shilling increase. Their resources and incomes provide the starting point from which the rest of the social hierarchy unfolds, and this is crucial. No doubt the difficulties of embarking upon such a strategy are immense. History might lead us to suppose that although there are periods of greater social equality the traditional lines of division between classes and income groups reappear in the long run. Guy Routh made a detailed study of occupational and pay structure in Britain between 1906 and 1960 and concluded that over a period of 50 years "the most impressive finding was the rigidity of the inter-class and inter-occupational relationships." "According to our calculations, the average for semi-skilled men was 86 per cent of the all-class average in 1913 and 85 per cent in 1960; (G. Routh, *Occupation and Pay in Great Britain*, px, Cambridge, University Press, 1965). Certain comparative figures drawn from the same source are equally interesting. In 1913/14 the unskilled worker received approximately 19 per cent of the average earnings of "higher" professional workers (16 per cent of general practitioners' average earnings) and in 1960 26 per cent (21 per cent). In 1913/14 he earned 31 per cent of the average earnings of managers but in 1960 29 per cent. (G. Routh, *ibid*, calculated from tables 30 and 47). Barbara Wootton has brilliantly described the apparently irrational but fundamentally social determination of differentials of pay. (B. Wootton, *The Social foundations of wage policy*, Allen and Unwin, 2nd ed, 1967).

The problem, moreover, is no longer narrowly national. The "brain drain" and the emulation by elites in developing countries of western standards of living reminds us that the inequalities of pay structures have outside determinants as well. But difficult as it is the problem must be faced. Government Ministers should have relatively lower salaries than they do today. So should Permanent Secretaries, university professors, hospital consultants and company directors. If maximum wage-legislation is felt to be remote from political practicalities I believe it will in time come to be taken seriously. In struggling to establish the principle of making public the remuneration of company directors and managers, Peter Shore,

among others, has recognised that incomes policy must start at the top. "The top salary structure (of industry) . . . is today shrouded in secrecy and has never been subject to any serious or rational consideration." (P. Shore, *Hansard*, 21 February 1966). The moral point which I want to impress is that if it is the highly skilled, managerial and professional classes who gain from present differentials it is the aged, the low-wage earners, the children in large families, the sick and the disabled who lose.

In advanced industrial societies inequalities are maintained by the educational system, by the institutions of property and inheritance, by the professions and the trade unions, and by popular ideas or beliefs about status, responsibility and rights. The process of structural change can introduce new inequalities as well as reduce existing ones. Every salary increase that is larger than the average wage-increase, even when accepted by national sentiment to retain the professional manpower, say, of doctors and scientists, widens inequalities and may indirectly increase the extent of poverty. One is linked to the other. The privileges at the exclusive public school are gained at the cost of worse conditions in a secondary modern school in one of our big cities. One is in equilibrium with the other. So perhaps the critical criterion of socialist strategy, which the Government has yet to meet, is a relative diminution of the citadels of privilege. When honours are no longer conferred, and managers earn only two or three times as much as dustmen, and, cruellest of all, public schools really are integrated rather than given a new lease of life by Flemingism, the millenium may begin to dawn.

I have been extremely critical of the Government's record in the first two years of office. It would be unfair to neglect the list of reforms which have been adopted—the abolition of prescription charges, the tax on betting, the restriction on business expenses, protection from eviction and others in addition to some which I have discussed. Good deeds have been done. But they are no more than hot compresses on an ailing body politic. I have tried to call attention to the need for a more single-minded and large-scale strategy to achieve greater social equality and have tried to make a number of constructive suggestions. I have argued that greater equality is not dependent on economic growth. Indeed it would be possible to go further and argue that greater equality is a pre-condition for rapid economic growth. National morale can be raised and the right sense of national purpose created. Improving social security could be one means of persuading people to accept severe restraint on wage and salary increases. Another could be further control of upper-income fringe benefits and tax avoidance practices. These suggest what would be a practical immediate policy as well as one concordant with ultimate socialist objectives. The Labour Government is compromising too readily with entrenched interests, is avoiding the need to confront racial and social prejudice with moral authority, is failing to introduce institutional change and is

forgetting that in this growingly more complicated world it must, like Alice, run even faster to stay in the same place and to preserve, still less extend, existing human rights.

Partly our problem is one with which it is irresponsible to pretend that Government Ministers must wrestle alone. Tawney reminded us, "Nothing could be more remote from Socialist ideals than the competitive scramble of a society which pays lip service to equality, but too often means by it merely equal opportunities of becoming unequal." He warned against "the corrupting influence of a false standard of values, which perverts, not only in education, but wide tracts of thought and life. It is this demon—the idolatry of money and success—with whom, not in one sphere alone but in all, including our own hearts and minds, Socialists have to grapple." (R. H. Tawney, *The Radical Tradition*, pp 178-180, Allen and Unwin, 1964).

fabian society the author

The Fabian Society exists to further socialist education and research. It is affiliated to the Labour Party, both nationally and locally, and embraces all shades of Socialist opinion within its ranks—left, right and centre.

Since 1884 the Fabian Society has enrolled thoughtful socialists who are prepared to discuss the essential questions of democratic socialism and relate them to practical plans for building socialism in a changing world.

Beyond this the Society has no collective policy. It puts forward no resolutions of a political character, but it is *not* an organisation of armchair socialists. Its members are active in their Labour Parties, Trade Unions and Co-operatives. They are representative of the labour movement, practical people concerned to study and discuss problems that matter.

The Society is organised nationally and locally. The national Society, directed by an elected Executive Committee, publishes pamphlets, and holds schools and conferences of many kinds. Local Societies—there are some 80 of them—are self governing and are lively centres of discussion and also undertake research.

Enquiries about membership should be sent to the General Secretary, Fabian Society, 11 Dartmouth Street, London, SW1 ; telephone Whitehall 3077.

Peter Townsend is Professor of Sociology at the University of Essex, and was Chairman of the Fabian Society in 1966. He is author of *The last refuge* (Routledge and Kegan Paul; *The family life of old people* (Routledge and Kegan Paul) and jointly with Brian Abel-Smith *New pensions for old* (Fabian research series 171).

The author would like to thank the following, for advice and help in the preparation of this pamphlet: Brian Abel-Smith, Audrey Harvey, Hilary Land, Tony Lynes, Dennis Marsden, Adrian Sinfield, Richard Titmuss and John Veit Wilson.

Cover design and typography by Geoffrey Cannon. Printed by Civic Press Limited (TU), Civic Street, Glasgow, C4.

recent fabian pamphlets

research series

180	Arthur Skeffington	Leasehold enfranchisement (revised)	3s 6d
235	Jack Cooper	Industrial relations: Sweden shows the way	3s
236	Laurie Pavitt	The health of the nation	3s 6d
243	Cedric Thornberry	The stranger at the gate	2s 6d
245	Sidney Pollard	The Co-operatives at the crossroads	4s
247	a Fabian group	A plan for incomes	3s 6d
248	Richard Pryke	Why steel	3s
250	a Fabian group	The unprotected protectorates	2s 6d
251	Peter Odell	Oil: the new commanding height	2s 6d
252	Peter Mittler	The mental health services	3s
253	Keith Openshaw	The remoter rural areas	2s 6d
254	Michael Posner and Richard Pryke	New public enterprise	3s
255	Jebs	Personal taxation	2s 6d
256	Elizabeth Allsopp and David Grugeon	Direct grant grammar schools	2s 6d
257	Ken Jones and John Golding	Productivity bargaining	4s 6d

tracts

62	Michael Pease	Parish and district councils (revised)	1s 6d
346	Thomas Balogh	Planning for progress	4s 6d
353	Brian Abel-Smith	Freedom in the Welfare State	1s 6d
355	a Fabian group	The administrators	4s
356	a Fabian group	New patterns for primary schools	2s 6d
359	Somerville Hastings and Peggy Jay	The family and the social services	1s 6d
361	L. J. Sharpe	Why local democracy	3s 6d
362	Jeremy Bray	The new economy	4s
363	K. W. Wedderburn	Company law reform	2s 6d
364	David Downes and Fred Flower	Educating for uncertainty	2s 6d
365	a Fabian group	Britain and South-East Asia	2s 6d
366	Norman Ross	Workshop bargaining: a new approach	3s 6d
368	George Cunningham	Rhodesia: the last chance	3s 6d
369	Brian Abel-Smith	Labour's social plans	2s 6d
370	Richard M. Titmuss	Choice and "the welfare state"	2s 6d

young fabian pamphlets

7	Howard Glennerster and Richard Pryke	The public schools	3s 6d
9	a study group	General practice	3s
10	a study group	Strangers within	3s 6d
11	a study group	Womanpower	3s
13	James Goudie	House agents	2s
14	a study group	The youth employment service	3s 6d