

# BENEFITS

**A Journal of Social Security  
Research, Policy and Practice**

**Issue 5 September/October 1992**



# BENEFITS

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A Journal of Social Security Research, Policy and Practice

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Unsolicited research notes and reports, articles and other manuscripts are also welcome. Please see the *Notes to Contributors* on the inside back cover of the Journal. Material should be sent to the Editorial address, below. All books for review should also be sent to the Editorial address.

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## December 1942; Beveridge Observed. Mass-Observation and the Beveridge Report

by John Jacobs

When the Beveridge Report burst upon the world on December 1st 1942 Mass-Observation had had five years experience of gauging public opinion. They instantly recorded the public's reaction in several ways. They sent their volunteers out to ask people about it; they invited their regular panel of informants to tell them what they and their friends thought about it, and their regular panel of diarists wrote about it. The resulting material gives a clear record of the report's reception.

The Report was a succès fou. The day after its appearance 92% of people questioned at random by M-O's observers had heard of it. One diarist recorded the scene in Holborn;

At Kingsway to-day I joined a long queue outside the Stationery Office to obtain a copy of Sir William Beveridge's Report. The people queuing represented a good cross section of the British public. I saw a postman, a business man, a girl typist (secretary!), and ARP Rescue Worker, and Army Captain, and two men close to me were Frenchmen. The Stationery Office staff were busy collecting two bob bits [the Report cost 2/-] and the usual tidy Stationery Office was an unholy mess.

An office worker in West Drayton wrote;

I have never heard a report which caused so much discussion among my friends. For days it was the only topic of conversation; the war news faded right into the background. It caught, thanks to the excellent publicity given by the Press, the imagination of everyone.

Another correspondent claimed that;

This important document has helped to focus public attention on a great social problem, the fear from Want. The success (copies sold and the controversy aroused) of this publication is quite phenomenal.

Most of M-O's correspondents said much the same; everyone was talking about it and all over the country meetings were held to discuss it; it had indeed caught the imagination of the people. The effect it had on individuals can be seen in these typical comments from M-O's diarists;

This is the most wonderful thing that has happened since the beginning of

the war. I couldn't believe my eyes and ears (newspaper and wireless) to-day. (Teacher, f., 42.)

I found the summary of the Beveridge Report read out during the nine o'clock news, most exhilarating. What tremendous opportunities are offered if only we can fight for them. It looks as if after all something good may come out of this war. (Clerk, m., 37.)

The Report had its detractors; a surprisingly large number of those polled at random in the streets in December, 63 out of 219, (29%) were against it, some vehemently so. One M-O observer managed to collect the following comments from those he approached in London;

One further stage in the general pauperisation of the whole country. (Civil Engineer, m., 40.)

It's just another case of taxing people who work all hours of the day and night to keep a lot of idle, boozing, dog-racing crowd of toughs in luxury and unemployment. (Newsagent, f., 35.)

If people here stand for the trades unions putting this bloody Beveridge scheme across they deserve to lose the sodding war. (Jack of All Trades, m., 45.)

I think it is a direct encouragement to the lowest type of humanity to do no work and at the same time breed like rabbits. (Temporary Civil Servant, F., 32.)

It seems to me to be nothing but another racket for making the middle classes support the lowest dregs of humanity in greater comfort than ever. (Temporary Civil Servant, f., 38.)

He had struck a rich vein of dissent, sending in a further seventeen comments of similar venom. But the vast majority of those polled welcomed the report, as did an even larger majority of M-O's regular panel of correspondents. Of the 314 panel members who wrote in about the Report only five were against it, largely on the grounds that the country couldn't afford it or they themselves couldn't. The rest of the reports of M-O's panel members fell broadly into one or other of the following categories.

# ARTICLES

**Mass-Observation:** Mass-Observation was the name chosen for an organisation set up in 1937 to study the everyday lives of people living in Britain. It used many different methods to collect information, conducting surveys, carrying out observations and interviews, collecting diaries and personal reports from a panel of volunteers.

John Jacobs is Lecturer in Social Policy, University of Sussex.

**"The Report was a succès fou. The day after its appearance 92 per cent of people questioned had heard of it."**

### **'It's the goods!'**

Of the 314 panel members, 191 (61%) wrote of their more or less unqualified approval of Beveridge. Among the more common reasons are that it gave concrete expression to all the vague talk about a better post-war Britain; it offered freedom from want and from fear of ill-health; it renewed faith in democracy and in the possibility of creating a better society by peaceful means; it gave people something definite to fight for. In all these ways it gave people hope when hope was much needed. What is unmistakable is the phenomenal excitement and exhilaration which the Report engendered in so many panel members.

#### **A better Britain**

It's the goods! All the yearnings, hopes, dreams and theories of socialists for the past half century have here been crystalised into a practical economic formula. Equity for the 'lowest common factor'. I was staggered by its comprehensiveness. All this reads very sensational, yet it is true that the Report is the blue print of an economic revolution. (Insurance clerk, m., 38.)

I feel that it is one of the most inspiring documents ever issued in a Government publication. Not only does it go a long way to removing the fear that is uppermost in the minds of most working folk but it has such tremendous potential possibilities. I can say quite honestly that the people known to me personally received the Report with acclamation. It seems to have expressed the very ideas struggling for expression in many minds. (Office worker, m., 41.)

A most excellent blueprint of a Brave New World. It surpasses all my expectations and hopes. (Teacher, f., 45.)

The Beveridge Report is not only a fine piece of work in itself but it has the great merit of being almost the first concrete and practical plan for providing the community as a whole with the foundation for a 'better Britain' after the war. It has captured the imagination of the public. (Proprietor of jewelry business, m., 50.)

It had a most tonic effect on me. Till then I'd felt so pessimistic about 'after the war', knowing I wanted many things different but not seeing how and imagining that everyone with any influence or power wanted to revert to the status quo. This showed first that really intelligent people were working on plans and believed them practi-

able, and secondly showed how great changes could be brought about without unnecessary violence. (Teacher, f., 43.)

I am personally very enthusiastic about this. Although I should have found it difficult beforehand to formulate my own desires in the matter of social security I felt as soon as I heard the first summarised account of the Report that it is exactly what I wanted. (Civil Servant, f., 50.)

For these people Beveridge had done more than just catch their mood; he had given concrete expression to their vague and inchoate desires for a better Britain even before many of them knew themselves what they wanted. Once they heard it it was as if they had always known it was just what they wanted. But if they wanted it they would have to fight for it.

#### **Something to fight for.**

It gave me a feeling that there was something to work for and fight for after all, and that our efforts might be rewarded by some real social improvement, giving meaning to the phrase 'winning the peace'. It is a tremendous moral value to ourselves and would command the respect of our subjugated allies abroad. (Lance bombardier, Royal Artillery, m., 29.)

When it was about to be published I expected a lot but was not prepared for the extensive, comprehensive, radical proposals which the author made. I called it an historic document. I bought and studied a copy of the Report, I talked about it and got it discussed on the Staff Committee at my works and proposed a staff meeting to consider action on it...The Staff Committee at the very large works where I am has asked the management to facilitate a mass meeting of the staff (unprecedented) to discuss the Report. (Technical supervisor, m., 40.)

And people everywhere did fight for it. It seemed that every organisation, professional and voluntary groups, associations of all kinds as well as political organisations held meetings and passed resolutions calling for its immediate implementation.

For some the most important aspect was the hope at last of slaying the giant Want.

#### **Freedom from fear of want**

It is the first step towards removing that fear of poverty and destitution in sickness and old age which haunts so

many people. It is the first practical step to translate thoughts into action in a way which is acceptable to the great majority of people. (Physician, f., 54.)

A shop assistant of about 45, very smart but *passée*, said to me after a few preliminary skirmishes; 'You cannot imagine the relief it is to me to feel that this is really coming to pass - my nightmares all over and a feeling of a safe harbour at last. You cannot - but perhaps you do understand a little - but you *cannot* really grasp what it means to me and people like me to see security at last. It is like marrying a rich husband without having to have the husband'. (F., 47.)

For others it was the wider political impact which lifted their spirits.

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### **"It offered freedom from want and from fear of ill-health."**

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#### **Faith in democracy to create a civilised society**

It's the best and most important proposal for social advance of recent years and I am very anxious to see it acted upon... I feel it has made history for even though the present Government does not adopt it, it will remain a Charter and rallying point for believers in social democracy and must eventually prevail. (Naval rating, m., 24.)

I am aware of a new feeling of confidence in myself as a member of a democratic society when I see those social reforms which I have considered necessary for such a long time actually taking shape in the form of the Beveridge Report. It seemed to suggest that after all, government of the people by the people, for the people was a possibility. (Accountant, m., 40.)

I was stimulated and cheered by the Beveridge Report. It is a magnificent piece of work... It is the new principles it embodies which must be emphasised; the community's responsibility for all individuals when earning power is lost; the necessity for a state medical service good enough for all, whatever their income; the right of the housewife to be regarded as an individual who earns her keep. (Houseworker, f., 44.)

The acceptance of our social obligations one to another which is implicit in its proposals makes one hopeful for an ordered escape from the welter of conflicting interests which abound in

our modern society. (Estate agent, m., 28.)

### **Too good to be true?**

This socially conscious estate agent was soon jolted out of his warm feelings about democracy by a miner who told him 'I can't see those bloody Tories putting through a thing like that'. In giving this opinion the Doncaster miner was voicing the fears of a great many people. Along with the acclaim with which the Report was received went a very strong belief that it was quite literally 'too good to be true', that the insurance companies and the 'capitalists', variously seen as 'big business' or the Tories, would never let it become law, or would mutilate it beyond recognition. Nearly one in ten of all the panel members said they could not see it ever happening, and as many again reported this being the view of people they knew.

In the works this man's words covered them all; 'It would be a good thing if we got it, but they'll cut it up, they'll not let it through, they'll never give us that'. (Trades union official in a steel-works, m., 36.)

Many people I have met have received the Beveridge Report as a kind of Utopia or millenium. People have laughed at the ideals and have proudly explained that no such thing could possibly happen in England. (Student, m., 22.)

By the time, if ever, it emerges as a bill it will be so clipped, modified and hamstrung as to be useless and an ineffective palliative. (Electrician, m., 35.)

Many caustic remarks about it in the Office giving the impression that people consider it an impracticable fairytale. (Housewife, 27.)

### **'All a lot of Blah'**

The very fact that it promised so much was enough to condemn the report for some correspondents, for whom it evoked all the echoes of previous broken wartime promises. While only nine correspondents claimed this as their own view a further 17 reported this to be the view of their friends and acquaintances, and especially of the factory workers or those in the forces.

Most people view it cynically. 'More homes for heroes?' '£2 a week and cost of living making it 5/-' are typical remarks. (Flight Officer, RAF, 30.)

Cynicism was the keynote - the fate of previous reports was remembered, last war promises were quoted and to put

**"The very fact that it promised so much was enough to condemn the report for some correspondents, for whom it evoked all the echoes of previous broken wartime promises."**

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the matter in a nutshell the current attitude was 'oh yeah'. But this is not to say that the Beveridge Report was not appreciated; people applauded the aims of the Report but they hold out little hope of ever seeing it on the Statute Book. (Public Assistance worker, m., 23.)

Asked Mrs. D., 42, in munitions factory what the workers thought of it. She said they only laughed and said they had been led up the garden path before and that they thought it was a trick to get them to work harder. (Teacher, f., 45.)

'All a lot of blah' is the most frequent remark from the women in the factory. 'I don't believe a work of it; we've 'eard those promises before.' (Stores keeper, aircraft factory, f., 57.)

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**"For some the most important aspect was the hope of slaying the giant Want."**

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**'A clever piece of eyewash'**

While nevertheless applauding the intention of the Report some correspondents thought that it was a way of heading off real social change and that the Government would for that reason accept at least a version of it. Twelve held this view, while another eleven reported this to be view they had heard expressed by others.

At first, joy, joy, joy. On reading it, less joy; coming round to the Tory who said his party had best swallow it whole; 'Its the surest way of preventing real socialism.' (Journalist, m., 52.)

It is a sop to keep people satisfied with the present system and to put off socialism for another generation at least. (Chemist, m., 43.)

My friends are sceptical about it. Class 1 say it's a sop to public opinion and nothing will be done about it. Class 2 say it will be adopted by capitalists as being better than complete revolution and in order to stave off some bigger concessions. (M.)

The Beveridge Report is a plan for social insurance, definitely, but who is it to insure? I feel that it is to insure the ruling class against social revolution. (Machinist, m., 26.)

My friends seem to think it's a clever piece of eyewash to retain the capitalist system by getting the people on its

side. (Student, m., 22.)

He knows perfectly well that only such proposals as leave the status quo intact will have any chance of acceptance... The Insurance companies will oppose it but Big Business will sit back with a sigh of relief to think how cheaply they have got off... After all, as far as I can see it only amounts to 'what you pay for you can have'. (Research worker, m., 34.)

**'Only a shuffling pace to the left'**

The majority of M-O's panel members welcomed Beveridge's plan for social security with excitement, relief and acclamation. For these people the proposals were long overdue. But a sizable minority of panel members, while generally welcoming the Report, were in no doubt that it did not go far enough. They wanted red-blooded socialism and Beveridge was not offering that. In addition to the 191 who welcomed the report with open arms no fewer than 54 (17%) saw the Report as either only a first step of many that needed to be taken or as fundamentally misconceived because it did not address what they saw as the real issues.

If what I have gathered is true, namely that the Report deals exclusively with the co-ordination of social services and the specification of a minimum subsistence level, and that it does not enter at all upon the far more important problems of public ownership, of public control of finance, of the possibility of organising and guaranteeing full employment, adequate education and so forth then my attitude towards it will be that we can welcome it as a desirable civil service document but that it is merely an interim measure which must not prevent us from pushing on toward much more fundamental measures of social reform... Half a dozen Beveridge Reports will be quite by-the-way unless they get down to the ways and means, in concrete detail, of transferring economic and political power and responsibility to the whole population as a self-governing community. (University lecturer, m., 57.)

I welcome it wholeheartedly as a beginning, but I look for wider measures, affecting ownership of property etc. long before the Beveridge Report is working fully. I should not be content after this war if reforms did not proceed further than this. I want an England where the boredom of wealth is impossible and the misery of



poverty abolished. (RAF, formerly writer, m., 40.)

A drop in the ocean, and I sincerely hope that the plans for the post-war world are not made up of a series of Beveridge Reports aimed at giving us a patched up version of the 'Old Order' and leaving the major evils of class distinction, monopolies and power politics undisturbed. (Draughtsman, 37.)

Will the scheme produce better citizens? People will not feel that they have any greater share in their country or that the work they are doing is for themselves. There will still be the idea that they are working for the bosses and are being bribed into acquiescence with these benefits for which they are chiefly paying themselves, directly by means of contributions and indirectly by their labour. (Teacher, f., 32.)

A step in the right direction but not enough; a conservative idea to try to stop the tendency towards socialism. in Beveridge's own words it would be possible to make the scheme work without touching the rich man's pocket. This is the bit I do not like! (Telephonist, f., 33.)

24/- is entirely inadequate and also it seems to mean chiefly a redistribution of *worker's* incomes making the poor pay for the poor as usual. (Schoolmistress, 60.)

Only a shuffling pace to the left. (Rubber technologist, m., 43.)

## A vision lost

Some of M-O's panellists commented on the specifics of the Report. Many welcomed the family allowance and the prospect of a free health service where panel patients would be treated as equals with those who could pay; some complained bitterly that it would take twenty years to phase in the full pension, some felt that 4/3d was a lot to ask the working man and woman to find each week in contributions, and some women were incensed that whereas the benefit for dying was £20 they would get only £4 towards the cost of a new baby. But it was not the details but the scheme as a whole and the promise it held out for a better Britain that they really wanted to celebrate.

The first flush of idealistic enthusiasm for Beveridge's Report soon gave way to cynicism when it became clear in the debate in Parliament in February 1943 that the Tories in the Government were intent on

delay and obfuscation rather than whole-hearted acceptance of the plan. At the general election after the war the people showed their displeasure with a vengeance.

If Norman Fowler was hoping to be a second Beveridge he clearly failed. There were no queues outside the Stationery Office for his reports, nor did they catch the imagination of the people and evoke expressions of exhilaration or hope. But then, to judge from the self-selected sample of M-O's panellists, the people seem to have lost the capacity which they had in 1942 to expect, demand and fight for a more egalitarian society where 'the misery of poverty' would be abolished. Reading the ringing phrases of so many of the correspondents at the same time as their modern counterpoints were voting for a fourth term of Tory government I was left wondering what had happened to that sense of social cohesion, collective responsibility and the vision of a democratic socialist society which had had the power to bring such hope in the middle of a war which threatened our very survival as a nation. All those people who believed so passionately in the values implicit in any civilised society and were prepared to fight for them seemed to be from another country. Then, among all the eulogies on Beveridge I came across this demoralised response from an engineer from Dudley which offered an answer to my musings. Describing the workers in his electrode factory he wrote;

This group seems to be too busy fighting for itself to have any time to take political views seriously. Our employers tell us salaries are a personal arrangement between the individuals and the firm. They come down hard on any collaboration for better conditions. They encourage animosity between executives by hinting to each that if he 'behaves himself' 'he will get on'. We are friendly enough to all appearances but years of working in this atmosphere have dulled the mind to all except personal problems. I think each one of us, given a chance, would pull a fast one over a contemporary. This is how capitalism works...It is disgraceful that capitalism can get people into this narrow egoistic viewpoint.

After another five years of a Government that deliberately sets out to 'encourage animosity' in the name of competition, efficiency and enterprise, the people will have had their minds dulled even more to all but their own personal problems. In the fifty years since Beveridge we have become a more frightened, selfish and conservative society. It's time for another Beveridge to remind us of how we once were.

**"If Norman Fowler was hoping to be a second Beveridge he clearly failed. There were no queues outside the Stationery Office for his reports, nor did they catch the imagination of the people and evoke expressions of exhilaration or hope."**

The Tom Harrison Mass-Observation Archive is held in the University of Sussex Library. The Archivist is Dorothy Sheridan MBE.

## Social Insurance in Crisis?

by Pete Alcock

### The New Poor and the limitations of the Beveridge Plan

Fifty years after Beveridge published his famous plan for social insurance to challenge the evil of 'want' critics generally seem agreed that the insurance scheme has failed to prevent a problem of growing poverty and inadequate social security protection in Britain in the 1990s. Beveridge's belief was that protection through contribution would provide a popular basis for collective social security, redistributing resources from times of plenty to times of relative need. Evidence that many of today's poor are not the beneficiaries of such redistribution suggests that that belief may have been misplaced, and that the plan which it spawned has fallen into crisis.

The crisis, if crisis there is, is not confined to Britain, however. It is shared by many of our European neighbours. Most Western European nations developed social insurance schemes modelled on either Bismarck or Beveridge principles as a means of preventing poverty within the new welfare states. The Bismarck model, such as adopted in Germany, was a strictly employment-based insurance scheme, modelled on actuarial principles and paying benefits to those leaving employment, closely tied to contributions made. Beveridge's plan was never intended to be tied so closely to the insurance ideal; it was to be a Government run scheme collecting contributions from employees and employers and utilising these, together with support from general taxation, to provide benefits on a 'pay-as-you-go' basis for those who were absent from the labour market in certain defined circumstances. Bismarckian benefits are generally earnings-related. Beveridge's plan had always envisaged flat rate benefits to prevent poverty only, but in the 1960s and 1970s National Insurance was adapted to provide a measure of earnings-relation to some benefits.

Despite these differences of principle and practice, the Bismarck and Beveridge insurance schemes of Western Europe do have much in common. And it is these similarities that have led to their common crisis. The assumption behind both schemes was that relatively full employment would lead to only short term absence from the labour market for workers, prior to retirement, which could be covered by the contributory benefits brought by payments made into the insurance scheme. To this was linked the assumption that (male) workers would generally be the heads of, and would provide for, stable nuclear families. As a result of this even Beveridge's

insurance scheme included contribution 'conditions' which meant that some contributions into the fund had to be made before benefits could be claimed from it; and these conditions assumed a breadwinner employed on a full-time basis earning wages above a minimum, lower earnings limit.

These assumptions were perhaps understandable, if not defensible, in the mid-twentieth century after the depression of the 1930s; and the contribution conditions which flowed from them were a natural way of providing some structural logic to the ideology of collective self-protection which underlay the Beveridge plan. Contribution conditions, even if not governed by strict actuarial principles, provided a justification for benefit which could be understood, and defended, as securing a *right* to social security.

The problem, of course, is that contribution conditions necessarily exclude some from the right to benefit - those who have not paid into the scheme, or have not paid the right amounts at the right time. Given the somewhat obtuse nature of the conditions securing entitlement to National Insurance benefits in Britain, these exclusions can have a significant, and to some extent arbitrary, effect. Those who have never been able to enter the labour market are excluded, as are those who have entered but have significant gaps in participation. Those in low-paid, part-time employment are excluded, because their earnings fall below the lower limit for contributions. And in addition those who are out of employment for long periods of time are also excluded, because unemployment benefit is only paid for a maximum of one year. These exclusions largely effect those in weak labour market situations and consequently they disproportionately effect particular social groups: women, especially mothers; migrant or immigrant workers; the young unemployed; and the older, long-term unemployed.

Such exclusion from social security protection arguably was evidence of a fundamental flaw within the principles of the Beveridge plan. Significant changes in the labour market, in family structure, and in demographic trends, in the latter part of the twentieth century have meant that furthermore, in practice, the principle of exclusion has thrown the plan itself into crisis. It is no longer the case that full employment, in full-time jobs, can be provided for all breadwinners. In Britain, and in other Western European countries, unemployment excludes many from entering, or returning to, work.



Many more women now combine work with family life; but this means patterns of employment which do not guarantee full contribution records and a massive growth in part-time work which is often paid at levels below contribution thresholds. Furthermore family life is not so obviously stable, with the numbers of single parents rising dramatically. Reduced employment has also resulted in early retirement, at a time when the proportion of elderly people within the population has been growing and greater life expectancy has resulted in longer retirement. Flat rate pensions cannot provide adequately for long term benefit dependency in retirement.

The result of all these changes is that there are now significant numbers of people excluded from adequate incomes in the labour market, who are also excluded from protection by social insurance. They include the youth unemployed, the long term unemployed, lone parents, and elderly (often female) poor pensioners. The European Community Second Poverty Programme report referred to these groups as the 'new poor' (EC, 1991), contrasting them with the old poor - those temporarily excluded from relatively full employment, who would be protected by social insurance. The 'new poor' of course are not protected by social insurance, and thus they have to rely upon means-tested social assistance benefits, which carry heavier stigma and generally lower levels of payment and have restrictive aggregation rules which deprive married and co-habiting women of separate entitlement. The numbers, and proportion, of those depending on social assistance benefits has grown dramatically in most Western European countries in the last quarter of the century. Room *et al* (1989) quote increases of between 99 and 175 per cent in countries such as Denmark, Germany and the Netherlands.

What these figures reveal is a separation between the experience, and the risk, of poverty and the protection of social insurance. Changing labour markets and changing social structures have severed the link which Beveridge, and the Bismarck tradition, sought to make between contribution through employment for the prevention of poverty. The severing of this link is largely a product of structural change; but in Britain at least it has also been accentuated by deliberate Government policy to undermine the comprehensive ideals of the insurance tradition.

### Alternatives to Social Insurance

In Britain the rise in the proportion of claimants dependent upon social assistance benefits over the last decade has not been as great as that in some other Western European nations - Room *et al* (1989) calculate

it at 40 per cent. This is largely because the growing dependence upon means-testing in Britain had begun earlier in the 1960s and 1970s. It was fuelled at this time, not only by the early impact of recession upon the full employment labour market, but also by the development by Government of a greater range of selective, income-related, benefit provision. In the 1980s this conscious pursuit of means-testing, or targeting as it was then called, as an alternative to contribution based benefit protection was openly championed by the Thatcher Government as a way of ensuring that restricted public expenditure on benefits would go to those demonstrably in greatest need. The Social Security Reviews of 1984-85 provided a platform for such targeting to be defended, and consequently rationalised.

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**"Contribution conditions necessarily exclude some from the right to benefit ... these exclusions can have a significant and arbitrary effect."**

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At the same time as extending the range of means-tested benefits, the British Governments of the 1980s also reduced the scope of social insurance by a significant tightening of the contribution conditions for entitlement, by reducing the future scope of the earnings-related pensions scheme, by transferring sickness and maternity over to employers to administer, and by cutting the level of some National Insurance benefits. At the same time contribution levels were increased in order to remove the subsidy to the insurance fund provided by general taxation.

Thus at a time when increasing exclusion from insurance protection was weakening the structural logic of the social insurance plan, Government pursuit of targeting and means-testing as alternative means of providing benefit support justified reducing further the scope of protection in return for contribution. If earlier protagonists of the insurance ideal had hoped that a national fund for social security would protect the scheme from such shifts in Government policy priorities, then by the end of the last decade they had largely been disabused of such a notion.

A reduction in the scope, and the appeal, of social insurance was further accentuated in Britain in the 1980s by the direct encouragement given to private insurance protection as an alternative to state benefits for some. In particular in the field of pensions insurance, private and occupational protection was openly supported by the government, notably by providing exemptions from National Insurance contributions as an incentive to pursue private protection for

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retirement. Thus at the same time as social assistance was replacing insurance protection for the 'new poor', private protection was replacing state insurance for the well-to-do in core labour market.

There is no doubt that a growing private market in insurance protection and a restriction of state support to targeted benefits for the poor does provide a genuine alternative to social insurance as a means of ensuring social security. In the United States social security protection is already closer to such a model. In Britain in recent years it has been championed by the Adam Smith Institute (ASI, 1984 and 1989) in proposals for more far-reaching social security reform. The ASI argue, as have others before, that such an alternative path for benefit policy requires a complete abandonment of the social insurance ideal, and the merger of targeted benefits with the income tax system to provide benefits as a form of *Negative Income Tax* (NIT).

The attraction of NITs are their open concentration upon the goal of targeting through the means-test. As I and others have argued elsewhere, however (Alcock, 1985; Collard, 1980), the problems with this are the institutionalisation of all the negative and divisive features of means-tested benefit support (see Deacon and Bradshaw, 1983). Despite the support for means-testing expressed in the 1984-85 social security reviews, the British Government has not thus far been prepared to endorse such a fully fledged targeting of state support.

Whilst NITs and means-testing have been explored as alternatives to the limitations of social insurance in Britain, in some other Western European countries a rather different alternative has been presented in the form of appeals for the introduction of a *Basic Income* (BI) for all. BI has been discussed in a number of countries, including Britain, but it is in the Netherlands where it has received most impetus, with a leading Government advisory council supporting a form of BI in the mid 1980s. The idea behind BI is to provide social security through a state guarantee of a minimum income for all; wages would then provide an addition to this for those in work. If the BI was sufficiently large, then no other form of social security would be necessary as it would prevent poverty for all. If the BI was not enough to prevent poverty, then targeted benefits would still be needed for those without adequate wages.

Again the attraction of BI is the pursuit of poverty prevention through a single, simple, state support - and unlike NITs one without the divisive problems of means-testing. The problem, however, is that an adequate BI would be prohibitively expensive to introduce, and would completely undermine current labour market incentives (see

Alcock, 1989). And an inadequate, or partial, BI, such as that proposed by the Dutch advisory council, would not remove the need for other social security systems to continue in operation. Thus BIs too are not at present likely to provide a viable or attractive alternative to the failings revealed in the social insurance crisis.

## **A future for Social Insurance?**

Given the problems inherent in alternatives to social insurance, academics such as Atkinson (1969) and campaigners such as the CPAG (Lister, 1975) have in the past argued for the need to 'return' to the ideals of Beveridge, or to build on the strengths of the social insurance plan. The great strength of Beveridge's ideal was his belief in the need for public support for collective income protection through state support. Beveridge's plan was popular, as Jacobs article on Mass Observation and the Beveridge Report in this issue demonstrates, and it was firmly based upon people's willingness to contribute for security, 'one of the most certain and impressive social facts of today' (Beveridge Report, 1942, p.119).

The strength of the contributory principle was also, however, the greatest weakness of the plan for social insurance. Individual contributions purchasing individual, or family, benefits had the effect of excluding from benefit those who were unable to contribute. This was a problem in the early days of the plan, at a time of full employment and stable family structures - many of Britain's new immigrant workers were excluded from protection. By the 1980s, as we know, it had thrown the scheme into crisis.

A future for social insurance, therefore, cannot be based merely on a return to the strengths of the contributory principle. There can be no going back to the labour market and family structures of the 1940s and 1950s. A future for social insurance must be constructed within the labour markets and demographic trends of the 1990s and beyond. Discussion about the form such a future could take has already begun amongst academics and campaigners concerned with social security reform (see Lister and Fimister, 1980). It is also beginning to influence thinking about future social security policies within the opposition Labour and Liberal Democrat Parties. This debate must be fostered, and extended.

Two features are essential to such a debate, and to any future role for social insurance as the centrepiece of social security provision: an abandonment or a loosening of contribution conditions, and a reappraisal of the operation of the contributory funding base. Together a reassessment of these two planks of the contributory base of the Beveridge plan could provide a way forward



for social insurance in Britain, and elsewhere.

Because the contributory conditions exclude so many of the 'new poor' from insurance protection, and do so in such an obtuse and arbitrary fashion, they must be subject to urgent review. Given that Britain's pay-as-you-go National Insurance scheme has never been intended to operate according to strict actuarial insurance principles, it is difficult to see why contribution conditions establishing a right to benefit, based upon a fictitious notion that individual benefits have been paid for by individual contributions, need to be maintained at all. The argument that people pay the contributions more willingly because they expect to benefit from them has never been securely tested because of the compulsory nature of the contributory system; but in any event the *belief* that contributions secure benefit entitlement could be sustained, and justified, without recourse to conditions based on individual records of payment.

The purpose in advocating now a retreat from the principle of individual contribution conditions is not so much because of its fictitious logic however, but because in practice it excludes too many people from benefit. The abandonment of contribution conditions and their replacement by a right to benefit based only on absence from the labour market, would include many of those currently forced into dependency upon social assistance support. If abandonment were argued to be too radical, or too expensive a step to take, however, much could still be achieved by a loosening of contribution conditions to include some of those whose records fall foul of the current restrictive criteria - for instance, by extending the role of credits to include part-time workers and the never-employed, by expanding home responsibility protection, and by reducing the periods over which contributions would be required to establish entitlement.

Such reforms, of course, run counter to the recent tightening of contribution conditions pursued by the Thatcher Governments of the 1980s. That these changes have weakened the scope of the insurance scheme should not be lost on protagonists of social insurance. Re-establishing support for insurance is more likely to be achieved by making its appeal less, rather than more, exclusive.

Abandonment of the contribution conditions for benefit entitlement might lead logically to arguments to abandon too the separate contribution base for the funding of National Insurance benefits, especially since for those in employment contributions are in effect collected as a form of compulsory income tax. Furthermore the operation of the lower and upper earnings

limits on contributions for employees mean that contributions are in practice a more regressive form of taxation than income tax. Despite the appeal of this logic, however, there may be reasons for retaining an element of the current contributory base as a means of funding social security and developing support for a future social insurance scheme.

For a start employers, as well as employees, pay contributions. Loss of this important source of revenue for social security for the unemployed should not be readily conceded, either in practice or in principle. Employers' contributions to a social insurance scheme should be maintained as a commitment to the future welfare of the labour market from which they recruit, although rates of contribution and their possible replacement with a simpler, 'payroll tax' should be explored.

If employers' contributions to social security are retained, the value of collecting and redistributing these as a separate, earmarked, social insurance tax may be crucial in securing support from both employers and the wider public for their payment. The existence of such an earmarked element of taxation, however, would also lend itself to the maintenance too of employees, and self-employed, contributions to a hypothecated social insurance tax. Of course some of the regressive features of the current contributory system would need to be addressed, in particular the poverty trap effects of the lower earnings limit and the low ceiling of the upper limit. Furthermore the relationship between a social insurance fund and the use of more general taxation to fund benefit expenditure would require reassessment. Beveridge's expectation was of a partnership here; the terms of that partnership need to be re-established in the light of changed priorities and resources at the end of the century.

Beveridge's fundamental belief, however, was that people would be prepared to contribute for social security; and, despite the appearance of individual insurance protection in the National Insurance scheme, Britain's social insurance system has always been a form of collective state protection rather than an individual insurance scheme. The willingness to contribute for security may still provide a basis for popular support for benefit reform - indeed in a world of increasing social division and hostility to a dependency culture it may be one of the few bases there are. If support for such collective social security protection could be translated into a form which could deliver protection to the majority of those excluded from the labour markets, and the private insurance markets, of the 1990s, then there may be a future for social insurance after all.

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## A Damaging Dichotomy: Women and Part-Time v. Full-Time Employment

by Hilary Land

### Beveridge's principles

'You can't abolish want unless you make sure that everybody willing to work, everybody subject to occasional accidents and misfortunes that interrupt his earnings, has at all times, for all his responsibilities, the income necessary to meet those responsibilities.' (Beveridge, 1943, p82). Want was the giant that Beveridge's plan for social security was to overcome. The other giants were Disease, Ignorance, Squalor and Idleness. These were to be tackled by other social and economic policies. In particular, 'the destruction of Idleness means ensuring for every citizen a reasonable opportunity of productive service and earning according to his service' (Beveridge, 1943, p43). His use of the male pronoun was deliberate: breadwinners were male. Women and children were to be shielded from want by guaranteeing men paid work, replacing their *husband's* earnings when they were interrupted and by introducing a system of children's allowances. Even if women did have paid work, once they were married it was of secondary importance. As he said in his Report:

'Unless there are children, the housewife's earnings in general are a means, not of subsistence but of a standard of living above subsistence, like the higher earnings of a skilled man compared with a labourer: the children's allowance proposed...will make this true in most cases in future, even where there are children.' (Beveridge, 1942, para. 108).

His social security scheme was therefore, first, based on a model of the family in which men were in full-time paid work and women were primarily wives and mothers. At the time he was writing, many families did conform to that model or at least there was an expectation that the majority would do so once the war was over. Lone parents were a smaller proportion of all families and were the result of the death of a spouse, more often than divorce. Married women's economic activity rates had risen during the war but this was assumed by Beveridge and those responsible for social policies to be temporary. (Economic policy makers worried about a post-war shortage of labour and women themselves made rather different assumptions. See Land, 1975).

Second, his scheme was based on a labour market in which most of its members were in *full-time* employment, although as

Beveridge recognised, some jobs were casual or temporary and some workers were self-employed. His scheme accommodated these variations but had nothing to offer part-time workers: they were not even discussed. His model of the labour market was a good approximation - after all part-time workers were a tiny minority. There was no Census in 1941 which might have provided some reliable figures (figures for part-time workers were expressed in the annual employment counts as full-time equivalents), but the 1951 Census found that 4 per cent (800,000) of all those economically active were in part-time work. Today there are 5.6 million part-time workers, representing nearly a quarter of all those economically active. Half of all economically active married women (3.9 million) have part-time employment and women account for seven out of eight of all part-time workers. Between 1979 and 1988 the proportion of couples dependent entirely on the husband's earnings fell from a third to a quarter. One-parent families as a proportion of all families with dependent children had increased to 19 per cent by 1990 (CSO, 1992, p40). Just over a fifth of lone mothers in 1990 had part-time employment compared with 17 per cent in full-time employment. In this article I want to look at the challenges these dramatic changes in the structure and membership of the labour market pose for social security systems, for it is a change which is unlikely to be reversed - indeed it is expected to continue. It is also a change which is shared to varying degrees by many of our EC partners, although it is accommodated by their social security systems in different ways.

### Changes in part-time work

'The increase of part-time and temporary work, as opposed to full-time employment, has increased rapidly in the community as a whole in recent years. In 1988 part-time employment accounted for nearly 30 per cent of total salaried employment in the Netherlands and over 20 per cent in Denmark and the United Kingdom. By contrast, in Portugal, Spain and Greece part-time employment accounted for less than 5 per cent of total salaried employment in 1988. The Community average percentage of part-time employment is 13.6 per cent, or more than 14 million employees.' (House of Lords, Select Committee on the European Communities, Session 1990-91, p.9).



The Select Committee noted that, between 1983 and 1988, excluding Spain and Portugal there had been an increase of 28 per cent in part-time employment across the EC, compared with an increase of only 2.4 per cent in full-time employment. It is important to note however that the meaning of part-time employment varies markedly between countries. Part-time can mean 'shorter working hours than statutory, collectively agreed or usual hours'. In the UK it is defined as working fewer than 30 hours a week, in Sweden fewer than 35 hours, in France two-fifths of normal hours, but two-thirds of normal hours in Spain. It is therefore more illuminating to look at the *distribution* of hours of work between one country and another.

**Table 1** Distribution of Total Actual Hours Worked by Employees in Reference Week<sup>(1)</sup> in Main Job (Per Cent) 1988

	1-15 hours	16-29 hours	30-45 hours	46 hours and over	Legal provision on hours <sup>(3)</sup>
Belgium	3	12	81	4	40
Denmark	10	14	69	7	—
France	3	10	74	12	39
FR Germany	3	9	79	9	48
Greece	2	8	76	14	48
Ireland	3	8	75	13	48
Italy	1	8	82	8	48
Luxembourg	2	6	87	4	40
Netherlands	15	16	57	12	48
Portugal	2	7	81	10	48
Spain	2	10	81	7	40
UK	11	15	55	19	—
Eur 12	5	11	73	12	—

(1) Includes paid and unpaid overtime but excludes meal breaks and travel time.

(2) Includes people who did not answer and those who worked no hours in the reference week.

(3) Maximum statutory normal hours (although there are exceptions).

Source: EC Labour Force Survey (Eurostat) 1988.

**"Women and children were to be shielded from want by guaranteeing men paid work, replacing their *husband's* earnings when they were interrupted and by introducing a system of children's allowances."**

As Table 1 shows, while on average only 5 per cent of all employees in the EC worked fewer than 15 hours a week in 1988, in the UK and Denmark the proportion was double this, and in the Netherlands it was 15 per cent. The trend in the UK has been towards part-time work, meaning ever shorter hours. In 1979 among part-time workers, 30 per cent of manual workers and 23 per cent of non-manual workers worked fewer than 16

hours, by 1988 this had increased to 41 per cent and 32 per cent respectively. Those working less than 8 hours increased from 7 per cent to 12 per cent for manual workers and 6 per cent to 8 per cent for non-manual workers. At the same time their hourly earnings as a proportion of average full-time female hourly earnings fell from 80 per cent to 74 per cent. This deterioration is explained in part by the most rapid increase in part-time jobs occurring in the distribution, hotel, catering and retail sector. (Together with agriculture, this sector out of all the sectors has the lowest hourly earning rates for both full and part-time workers). Modern technology has enabled the retail and distribution trade to monitor very precisely peak times of demand and adjust their labour requirements accordingly. As the service sector grows and agricultural and manufacturing sectors decline, if left to market forces alone this trend towards shorter hours may grow in other EC countries. What is clear is that it is not helpful to analyse labour markets in terms of a simple dichotomy, namely full-time/part-time employment.

## Reasons for part-time work

Not surprisingly, the *reasons* for working part-time also vary between countries (see Table 2 below).

**Table 2** Reasons for Working Part-Time (Per Cent): Employees in 1988

	Student/ still at school	Ill or disabled	Could not find a full- time job	Did not want a full-time job	Some other reason	All part-time employees <sup>(1)</sup> (000s)
Belgium	2	2	37	13	46	314
Denmark	29	1	11	59	0	594
France <sup>(2)</sup>	—	—	—	—	—	2,158
FRG	8	2	7	68	16	3,039
Greece	5	2	50	18	25	74
Ireland	9	1	41	47	2	67
Italy	3	4	51	29	13	747
Luxembourg	24	1	8	52	16	9
Netherlands	18	3	30	36	12	1,529
Portugal	3	6	47	31	12	138
Spain	3	1	41	8	47	388
UK	10	1	9	64	15	5,084
Eur 12	10	2	17	56	16	14,140

(1) Includes people who did not state a reason for working part-time. The definition of part-time is based on respondents own assessment, not on the number of hours usually worked.

(2) Data on reasons for working part-time is not collected in France.

Source: EC Labour Force Survey (Eurostat) 1988.

Part-time employment is sought for very different reasons and the implications of this for social security systems vary accordingly. The wish or need to combine part-time employment with full or part-time study may have implications for systems of funding further and higher education as much as for the social security system *per se*. In the UK in 1991 nearly a third of men and a third of single women were working

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part-time because they were students, although overall this was the main reason for only 10 per cent of part-time workers (Department of Employment, *Gazette*, April 1992, p158). Over the past fifteen years in the UK the rights of those in further and higher education to make claims on the social security system have been removed at the same time as the value of education grants have fallen. In some EC countries there has never been an adequate system of student maintenance grants, and students have always had to rely on their families, on a loan, or on finding paid work.

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**"In the UK in 1991 nearly a third of men and a third of single women were working part-time because they were students."**

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At the other end of working life, the relationship of older workers to the social security system has changed too. In the UK until the state pension retirement age is reached (ie 65 years for men and 60 for women), men and women who have taken early retirement and are in receipt of an occupational pension, or who have part-time earnings, have had their claim on the contributory unemployment benefit system very substantially reduced in the 1980s. Altogether 13 per cent of men working part-time were aged between 55 and 64 years of age in 1988 (House of Commons Employment Committee, 1989-90, p157). However, once retirement age was reached, entitlement to a state pension was affected by either the level of earnings or the number of hours worked. In 1990 however, the state pension changed from a retirement pension to an old age pension in the UK. There are no restrictions on pensioners' earnings or hours of work. In 1988, 22 per cent of all men working part-time were aged over 65 years. The changes in 1990 make these older part-time workers very cheap to employers because they are not required to pay national insurance contributions, however much they earn so this proportion may increase. In other EC countries, for example in France, Denmark and Spain, it is possible to combine part-time employment with at least a partial state pension at an earlier age. Beveridge, who was concerned to *encourage* men to *stay* in full-time employment beyond the age of 65 years, included in his scheme the possibility of earning a higher pension if contributions were paid and retirement deferred for another five years. The state pension then became an old age pension at 65 years for women and 70 years for men.

There are also considerable variations within the EC in the proportions of part-time workers who could not find a full-time job and therefore had no alternative but to work part-time. For these workers access to social security benefits or at least maintaining their right to benefit should they become fully unemployed, ill, disabled or retired, is a crucial issue. The EC draft directive on part-time or atypical work proposed that such workers should be entitled to state and occupational benefits on a pro-rata basis. The Social Charter contained similar proposals. However, the UK is opposed to these proposals on the grounds it would be too costly to employers and make UK products uncompetitive. In 1991, 2.25 million part-time workers earned insufficient to contribute to the national insurance system (Lister, 1992, p27). In France all workers pay social insurance contributions on a sliding scale and in West Germany (as it was in 1988) only 11 per cent of part-time employees were excluded from the social insurance scheme.

Beveridge's assumption that married women's earnings were only marginal to their families' basic welfare is (and always was) untrue for many families. In 1989, in two-earner families with children, married women were contributing on average 25 per cent to the household income. Nearly 40 per cent of women working part-time compared with 55 per cent of those working full-time used their earnings to pay for *basic* essentials (House of Commons Employment Committee, 1989-90, p102). It is therefore important that they have access to a replacement income when they are sick or unemployed, irrespective of the employment status of their husband.

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**"Beveridge's assumption that married women's earnings were only marginal to their families' basic welfare is (and always was) untrue for many families."**

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On average, within the EC over half of part-time workers say that they do not wish to work full-time. These figures need to be interpreted with caution. As the EOC said in their evidence to the House of Lords Select Committee cited above:

'There is a methodological problem here. If you ask women what they would do in a scenario, which does not exist, which for example would be widely available child care or out of school care for school age children...



you have to generate for them a vision of those conditions.' (House of Lords Select Committee on European Communities 1990-91, p9).

The EOC pointed out that a number of research studies had demonstrated that a significant number of mothers would work longer hours if child care provision was improved. After all, by the time children reach the age of 16 years, two thirds of mothers in the UK are in full-time employment compared to one fifth with children under 5 years of age. In France, for example, where child care provision is extensive both for pre-school and school-age children, the *number* of children, in particular the presence of a third child, is a much better predictor of women's economic activity than *age* of child. Lone mothers in the UK have the lowest economic activity rates in the EC and as state-funded child care provision fell in the 1980s, so too did the numbers and proportions in full-time employment. Millar and Bradshaw's study found that many lone mothers on income support would take paid work if child care was available (Millar and Bradshaw, 1991).

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### **Carers' incomes and services**

Carers of dependent adults make up one in twelve of all full-time and one in six of all part-time workers. A national survey of carers published in 1990 found that half of all carers not in employment would take paid work if there were adequate facilities available to provide the necessary support (Department of Health, Social Services Inspectorate, 1991, p10). Men are much more likely to combine caring with full-time employment than women (45 per cent compared with 16 per cent of those providing at least 20 hours of care a week) (GHS, 1988). Is this because neither they nor their employers expect them to modify their employment patterns because of their caring responsibilities, or because they can afford to purchase alternative care?

However, even if alternative care can be found and afforded, for those in receipt of benefit there is the question of what level of earnings can be combined with benefit *and* how much of the cost of care can be offset against those earnings. This has become a particularly important issue for lone mothers in the UK because the rules were changed in 1988 and child care expenses are no longer deducted when calculating benefit. Patricia Cresswell, a lone mother on income support, is currently challenging this change in the European Court of Justice (see *Guardian*, March 13th 1992; Fran Bennett also discusses the Cresswell Case in this issue of *Benefits*, see 'Report Back').

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Beveridge recognised the importance of *services* for wives and mothers too, but not because he was concerned about increasing their opportunity to take up paid employment. He was interested in increasing their opportunities for *leisure*. Wage earners, he argued, had acquired two hours additional leisure a day in the previous 70 years: housewives should have their share of increased leisure too. He wrote that better housing and equipment were needed along with communal services so that 'some of what has now to be done separately in every home - washing all clothes, cooking every meal, being in charge of every child for every moment when it is not in school, can be done outside the home' (Beveridge, 1944, p264).

Today these activities are divided slightly differently between the home and the wider community: indeed many part time jobs have been created in the sectors which provide their services (processed food and catering for example). However the issue that has to be addressed is that earnings even from part time employment may be essential to an individual's or family's survival. The British income maintenance system still ignores this fact. The question today is how can *paid* and *unpaid* work be shared differently so that women - and men - can achieve a balance between caring and paid employment which does not result in many carers having to live with Beveridge's first giant - Want.

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