CABINET

NATIONAL ASSISTANCE, NATIONAL INSURANCE
AND THE COST OF LIVING

Memorandum by the Minister of Pensions
and National Insurance

This paper requires no action. I circulate it because I think it may be of help to my colleagues in discussing our present difficulties to be able to see in pictorial form what we have achieved in the field of Assistance and Insurance since 1951, and the extent to which these achievements must be prejudiced by any further rise in the cost of living, whether this occurs as a result of further wage inflation, or by deliberate acts of policy, such as the abolition of the bread subsidy.

2. The first chart deals with national assistance scales and their purchasing power in terms of the kind of things upon which persons in need spend their money. The cost of living for these people has risen more steeply than it has for the general run of the population, because they spend a higher proportion of their incomes on essentials like food and fuel, which have risen more in price than other less essential goods and services. The chart begins in 1948 because it was on that date that the Socialist Government claimed that the new assistance scales gave to the poorest of the poor a better standard than ever before. The chart shows that when the Socialist Government raised assistance scales in 1950 and again in 1951 they did no more than make good the loss of purchasing power which had occurred; the increases restored the 1948 position. The increase given in the Summer of 1952 went further, and raised the standard of these people to the highest level ever achieved. It enabled us to claim until the Autumn of 1954 that persons on assistance were better off than at any time under the Socialist Government. The increase given in February of this year restored the position as it was in June, 1952. It will be seen, however, that there is now not much margin left. Quite a small further rise in the cost of living will put persons on assistance back to the standard of July, 1948. In this case, the Board would soon proceed to recommend an increase in the scale. The smallest practicable rise which they could recommend is 2s. 6d. a week for a single person; they might well recommend, as they did in 1952, raising the scale by more than that in order to anticipate a further rise in the cost of living, and avoid the administrative difficulties which frequent changes in the scales involved. An increase of 2s. 6d. would cost the Exchequer over £12 millions a year, and of 5s. over £24 millions a year.
3. Chart No. 2 shows how national insurance benefits have moved since 1946 in relation to the ordinary retail prices index. It illustrates clearly how, from the time when pension and benefit rates were first fixed in 1946, the pension lost value despite the increases made for some pensioners only by the Socialists in October, 1951, and by our Government for all pensioners in 1952. The recent increases in pension and benefit rates which came into force in the spring of this year not only fully restored the 1946 value, but enabled us to claim at the Election that the purchasing power of pensions and benefits was higher than when first fixed in 1946. Here again, a further rise of three points in the retail prices index, such as that announced in July, would bring the purchasing power of pensions and benefits at basic rates back to the 1946 level.

4. Chart No. 3 shows the number of grants of national assistance in payment, and the number of such grants given in supplementation of national insurance pensions and benefits. It shows how, from July, 1948, when the National Insurance scheme came into full operation, the number of assistance grants rose steeply year by year up to the end of 1952. In 1953 the pace slackened, and in 1954 we achieved virtual stabilisation. The increases in national insurance pensions and benefits which came into force this spring were of course bigger than the corresponding increases in national assistance scales. Since then the number of grants has fallen by 175,000 to the lowest figure since 1952. With a stable cost of living, there would be every reason to hope that we had now turned the corner, and that a progressive decline would occur in the numbers seeking assistance. The favourable factors are mainly the growing proportion of old people who will have retirement pensions; the growing number with occupational pensions; and the growing number who have earned increments of national insurance pension of such magnitude as to take them outside the national assistance field. There has also been a revival of private thrift, encouraged by the greater stability in the value of money which we succeeded in achieving in the years 1952 to 1954. With present wage levels there are great possibilities for more private savings by working people, particularly against their old age, in the years from 50 to 65 or so, when their children have, for the most part, ceased to be a cause of expenditure and have left the home to make their own way in the world.

5. If a further rise in the cost of living takes place and the National Assistance Board recommend an increase in assistance scales, our recent achievements will be jeopardised and we shall see an increase in the numbers on assistance, and its cost. The only way of avoiding this would be once more to increase national insurance pensions and benefits, and that would involve another increase of insurance contributions. Moreover, a further increase in the cost of living would give rise to pressure for further advances in the whole social security field, in war and industrial disability pensions, and in family allowances as well as in national insurance pensions and benefits.
When Sir Geoffrey Hutchinson succeeded Mr. George Buchanan as Chairman of the National Assistance Board, I suggested to him that he should make use of the Board's officers to collect some information about the welfare of the aged. A number of unofficial enquiries have already been made in this field; and some of them have given rather disquieting reports which have been politically embarrassing, although they reflect favourably on the humanity of the Board's administration. The result of the Board's enquiries appears in their Annual Report for 1955 which came out in July. As many of my colleagues will not have seen it and as it is, I think, of exceptional interest, I attach the relevant extract from the Report as an Appendix.

C.P.


21st September, 1955.
APPENDIX

Extract from the 1954 Annual Report of the National Assistance Board describing the circumstances of 121,000 old people over 80 and living alone

Less than one in ten of these old people were living and cooking in one room; two-thirds were living in three or more rooms. The great majority were found to be over-housed rather than under-housed. It was plain that many had remained in the family home after the family had scattered. Hardly any of the over-housed old people would consider a suggestion that they should sublet rooms; they have never sublet and are afraid of getting in "the wrong type of people". Although many of those who have been rehoused are happy, particularly in the specially-designed bungalows included in some of the new housing estates, most of the old people seemed to prefer to end their days in the homes which, however inconvenient, hold their memories.

Water was found to be reasonably accessible to most, but where it is not, friends and neighbours are generally available to help to fetch it, though a few have to carry it themselves and the task puts a heavy strain on their strength. Although many have to go outside to a lavatory, lack of indoor sanitation is not looked upon as a hardship by people who have been accustomed to it all their lives. One widow of 83, a retired nurse, lives alone in a country district in a three-roomed wooden bungalow with an outside lavatory and the only water 50 yards from the house; she has been offered a modern bungalow by the local Council but steadfastly refuses to move.

Eighty out of every 100 homes were described as "well kept" and only about one in 50 as poor, neglected or insanitary. Many were reported to be in beautiful or spotless condition. In many cases the credit for this may be due to relatives, neighbours or paid domestic help, but it is also a tribute to the vigour, the pride and the independence of the old people themselves. In nearly every case where it seemed to be required (about 52,000) some sort of domestic help was already being given or was arranged for by the Board's officers, by a home help supplied by the Local Authority, by private arrangement (payment being made by the Board through an addition to the allowance), or by relatives or friendly neighbours. There were, as might be expected, a fair number who refused to accept any help, and a few for whom help might indeed be difficult to obtain (for example a woman of 85, who lives in a dirty, smelly, six-roomed house with a dog, three cats and a parrot, refuses to allow anyone to help her).

More than one-third of the old people send out their laundry (and receive special additions to their assistance allowances to meet the cost) and about the same proportion are receiving some help with the shopping; the visiting officers reported only a few cases where help of these kinds was required, or would be welcomed, but was not obtainable.
A surprisingly large proportion of the old people - certainly much more than half of them - were to all appearances well and active; no doubt other arrangements had already been made for most of the really frail and infirm, either in the homes of relatives or in an old people's home or in hospital. Of the nearly 122,000 people over 80, only 2,400 - one in every 50 - were bedridden (the officers were of course at pains to satisfy themselves that some reasonable arrangements had been made for their care); 17,600, or 14.5 per cent, though not bedridden were confined to the house. The district nurse was attending in 7,500 cases; very few were found who seemed to need her services but were not getting them. Where chiropody services have been arranged either by a voluntary organization or by the Local Authority these are much appreciated. The great majority said that they were in regular touch with their doctor, though the Board's officer thought it desirable to advise some 2,000 who had not seen their doctor for a long time to consult him about some ailment that was troubling them. Of the majority who were in good health, many were anxious to pass on their particular recipes for a long life, "a daily nip of whisky", "drinking well-water", and "temperance and hard work" being highly recommended. One man of 84 returned no reply to questions about his health but climbed a tree and picked some apples by way of demonstration.

Officers are expected, in the ordinary course of visiting, to take the opportunity of advising those old people who seem to need them how to obtain, free of charge, spectacles or false teeth or hearing aids and they did so again on this occasion. People of this age who have managed without them are, however, often reluctant to make a start with these aids at their time of life and a not uncommon reaction was a polite but obstinate refusal; one old lady said she had not had a tooth in her head for 50 years and saw no reason for wanting any. Another replied that she could see and hear "as much as God intended". However, as a result of the special attention which the officers gave to the matter many of the old people were supplied with spectacles or false teeth or hearing aids, and some - a much smaller number - with surgical boots and home nursing appliances. A few of the old people were also referred to the Blind Welfare services, and, where there was a local branch, to the Deaf or Hard of Hearing Society.

One of the most interesting impressions was the extent to which old people living on their own are visited and befriended by relatives and neighbours. Very many of those reported on had friends and relatives, some quite a number, with whom they exchanged visits, and others were members of a church or of a social club. Allowance must be made for those who, from pride or reserve or for other reasons, are reluctant to admit that no one bothers about them; and indeed, in about 2,000 instances where there was some doubt whether the old person really was in regular touch with anybody, the officer was able to arrange for a friendly visitor from the church, or the local old people's welfare committee or club, or otherwise to put the old person in the way of some welfare contact. How the arrangement will work out depends almost as much on the old person as on the friendly visitor. Those who were not in regular contact either with relatives, friends, neighbours, or some church or club, and for whom the officer could make no arrangements, numbered rather less than 1,000.
This small minority who seemed to be really lonely or neglected were, it must be said, often themselves difficult, even disagreeable people, who by actively discouraging callers over a long period had finally cut themselves off from almost all human contacts except the routine ones with the milkman, the postman, and so forth. The regular visit every two or three months by the Board's officer is sometimes itself resented. By the time such people have reached the age of 80, they often take a perverse pride in the fact that they "don't neighbour" and little can then be done except to arrange for someone to keep an unobtrusive eye on them.

Even if relatives or friends pay frequent visits, the intervals between them must often seem long to an old person, particularly to one who cannot get about much. Old age inevitably brings loneliness to many, especially when it is accompanied by some decline in faculties, the loss of a lifetime partner and the companionship of old friends and contemporaries, which no amount of good neighbourliness or friendly visiting can altogether replace. The happiest old people were those who knew how to fill up their time — cleaning and polishing the furniture, gossiping in the public house, visiting the cinema, watching the children on the recreation ground. Most strenuous or more unusual activities reported were "hiking", bicycling, swimming, "old tyme dancing", hospital visiting, playing the piano, making jam, writing plays or poetry, studying languages, keeping goats and mending watches; but reading and listening to the wireless were the most favoured occupations, though knitting, sewing and gardening ran them close and some of the old people got much enjoyment from television sets.

Nearly half the old people said they belonged to a church or to a social club, and such meeting places form a most valuable link between a solitary room and the outside world. It is possible that more would attend old people's clubs if transport difficulties could be overcome; but apart from those who are too infirm to get about much, there is a large group who are not interested, and these are not confined to the ungregarious, or the censorious (one of whom described the local club to the officer as "a gossip shop and marriage bureau").

The overriding impression left on the visiting officers by this large group of old people is that while a few of them are distressingly lonely (often perhaps from some eccentricity or defect of personality rather than from neglect by the community) and others, who find it increasingly burdensome to fend for themselves, would undoubtedly be happier and better cared for in a home, the overwhelming majority are comparatively healthy, independent, reasonably contented, and in frequent touch with relatives and neighbours; grumbling a little about the cost of living, their rheumatism and the weather, feeling their age and the disappearance of most of their own generation, but not neglected and not unfriended. In broad outline the picture which emerges is not dissimilar from that presented by the report of the recent survey by the National Old People's Welfare Committee, which has already been referred to. It affords support for the view not only that there has been no decline in the sense of responsibility for their old relatives on the part of the younger generation but also that there is a positive growth of neighbourliness and community interest in all parts of the country.
reflecting the increasing concern for the care of the aged in recent years. The reports which the Board have received are on the whole encouraging, but they give no grounds for complacency; there must be no slackening of effort, either in the application of the statutory services, including, of course, those administered by the Board, or on the part of voluntary workers, whose services, as the Board have perhaps a better opportunity than anyone else of knowing, have come to mean so much to old people.
Key:
- Red line = all grants
- Blue line = grants in supplementation of National Insurance benefits

Note: In many cases the grant covers the needs of husband and wife and, when dependants are included, the number of persons covered by the grants is nearly 1/3 times the number of grants themselves.