

OLD AGE PENSIONS.

MR. VYVYAN MARR, F.F.A., F.I.A.

One of the most important pronouncements that has yet been made on the great question of old age pensions and the position and benefits of the present Old Age Pensions Act, its weaknesses and possible ultimate tendencies, was made at a meeting of the Faculty of Actuaries of Scotland, held on the 4th April, at Edinburgh, when a discussion on the question, "Is an extension of the present old age pension scheme on contributory lines practicable or desirable?" was opened by Mr. Vyvyan Marr, assistant secretary, Edinburgh Life Assurance Company, London.

Mr. J. J. McLachlan, the president of the Faculty, presiding, said the object which the Council had in view was not to arrive at any resolution or recommendation which might represent the opinion of the Faculty on the question, but to obtain clearly expressed statements of what were the various considerations on both sides which required to be taken into account in arriving at a sound conclusion on this most important question.

Mr. Vyvyan Marr said the existing pension scheme was limited in its operations, and in its restricted scope did not elicit the co-operation of the individual. There were numerous cases in which the benefits were regarded in the light of a charity rather than of national right, and recipients virtually considered themselves in receipt of charitable relief. Beyond the proposed amendments of the pauper and income disqualification it was difficult to see in what other respect the present Act could be extended without a supplementary contribution scheme. A reduction of five years in the age at which pensions were entered upon would entail upon the country a cost almost double the present amount. A reduction in the age was not altogether desirable. At the last census the number of occupied persons over 65 years of age was 60.6 per cent. of the total number living at or above that age, as compared with 64.8 per cent. in 1891. Pensions at the age of 65 would, no doubt, make a considerable reduction in the percentage, and tend to destroy all incentive to work, and perhaps influence the general rate of mortality. Statistics seemed to show that the popular cry for pensions at 65 was scarcely warranted, and that if that age in place of 70 were adopted the country would be deprived of useful work in a great many cases. In consequence, perhaps, it would be advisable that any reduction in the age should be confined to dealing with cases of infirmity and incapacity. It was said that the working classes were opposed to the idea of a contributory scheme, and certainly no feasible plan could be carried out in the face of their opposition. A contributory scheme would certainly not touch the most necessitous classes, as they had not the means of livelihood, let alone the means of contributing. Beveridge indicated the number of wholly unemployable at between 20,000 and 30,000; but if to this number were added the casuals, who some time or another could obtain employment, but were unable or unwilling to work continuously, and who in times of industrial depression joined the ranks of the vagrants, the figure was increased to 70,000 or 80,000. The last census

of Germany gave the number of the population at 60,641,278 persons, and in 1907 14,566,970 were insured under the invalidity scheme.

At our last census 41,976,827 persons were enumerated, so that a scheme similar to the German one would probably embrace some 10,000,000 persons, or at least two and a half times the number at present insured against sickness in friendly societies, and the wants of those 10,000,000 persons were more important than the submerged 100,000. While advocating the assessment plan, he certainly thought the contributions should be adjusted to allow for a reserve fund being formed, not necessarily in the form of a life assurance fund, but to allow a margin for contingencies, and to allow for the moneys being invested in building sanatoria and hospitals, so that more attention might be paid to preventive and curative precautions than was being done just now. He was sure more sympathy with a scheme would be aroused when it was made clear that a portion of the contributions would be applied in this way. Any extensions of the old age pension scheme should be restricted to dealing with cases of invalidity before the age of seventy, and if there were a waiting period of, say, six months of illness before the State became responsible, it would, he was sure, prove a great stimulant to the friendly society movement, and be acceptable to all classes of societies. Indeed, he ventured to think that a proposal of this nature would be welcomed by friendly societies, especially if means could be found whereby some of them were selected for carrying out the work in different centres, acting merely as agents in the matter.

Mr. Archibald Hewat, F.F.A., F.I.A., who took part in the discussion, said the old age pension scheme rather cut at the old Scottish thrift and independence to which they had been accustomed in bygone days. He was in favour of a contributory system, and he thought there should be some direct contribution as there was in Germany, and that the charitable element should be reduced as much as possible. Those statesmen who got the Act on the statute-book had never quite realized what was meant by contribution and benefit. The one required to equal the other, and failing to recognize that, they had implanted on the finance of this country an unlimited liability.

The authoritative opinions expressed by such eminently qualified statisticians on this very important subject have not come a bit too soon; in fact, such expert knowledge and guidance should have been secured before the old age pension scheme was brought before Parliament. It has generally been conceded that the scheme was unduly hurried and not sufficiently matured. True legislation for the masses is undoubtedly to pass such measures as will secure the greatest advantages to the people by safeguarding their freedom and contributing to their happiness, but in so doing to give every encouragement to thrift and manly independence. The existing Old Age Pension Act does not do this. As stated by the late Lord Shaftesbury, "The true means of elevating the working classes is to make them the creatures of benefiting their own condition." Under a contributory scheme there is the exercise of self-denial and independence engendered.—The Finance Chronicle.