

**THE QUEST FOR INSTITUTIONAL WELFARE
AND THE
PROBLEM OF THE RESIDUUM**

**The case of income maintenance and personal
social care policies in Norway and Britain
1946 to 1966**

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ABSTRACT

This study focusses on the relationship between social assistance and personal social services on the one hand and various forms of social insurance on the other hand.

During the period the expressed objective was in both nations to replace the Poor Law with insurance, leaving only a small last resort assistance scheme. While Norway continued the pre-war practice of breaking down the Poor Law "from without" through the gradual extension of insurance, Britain attempted a more immediate transition through the creation of a universal National Insurance and a National Assistance freed from the cash-care multifunctional nature of the Poor Law.

The comparison of the ensuing development rests on two postulates. First, Norwegian social insurance will be seen to have experienced a more favourable development in terms of coverage and levels of benefits. Second, in the case of assistance the Norwegian scheme covered a decreasing proportion of the population with a service bearing strong resemblance to those of the Poor Law. Britain, by contrast, experienced a growth in the number covered by assistance, in terms of numbers as well as need categories. The services obtained bear, however, less resemblance to the Poor Law compared to their Norwegian counterpart. For both nations it will be hypothesised that the scope and nature of assistance can be largely explained by the development of social insurance.

The findings will be discussed in relation to Titmuss' models of welfare. The hypothesis is that while Norway on the whole has reached an income maintenance closer to the institutional model compared to Britain, a paradox emerges when we see that Norway also features a more residual assistance in comparison to services offered to equivalent groups in the UK. These findings are also discussed in relation to theories about the social division of welfare as well as different interpretations of determinants of welfare.

The study is in two parts: Institutional and residual welfare. In the first we analyse first the emergence of the models of insurance in the two countries and, second, the

1946-1966 development of old age and disability pensions. The second part focusses on assistance and the changing nature of social work in the local authority personal social services.

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**"I call this class the residuum,
which there is in every constituency
of almost hopeless poverty and
dependency"**

Bright in Times. March 27.1867

INTRODUCTION

The theme of this thesis is the relationship between the two main forms of public income maintenance, social insurance and social assistance. The analysis will in the main be restricted to the first twenty years after the Second World War, the most formative period of the dynamic between the two sets of services as they exist today. Social assistance is the modern day version of the services of the Poor Law. Because the Poor Law combined the function of allocating money with the provision of personal social services, including the giving of advice, we shall include in the study an analysis of the organisation of these latter services in the period.

Originally the aim was to analyse the Norwegian development on these lines. The reason for including a study of the development in the UK was, at the outset, to use the comparative approach in order to cast further light on the Norwegian development. As it turned out, equal weight has been given to both countries. But the "mirroring" approach has been maintained by allowing the Norwegian experience to determine the choice of questions to be inquired into in the British history. In the choice of Britain and Norway we hope to have struck a balance in the tight-rope walk of comparative studies: to have found two countries different enough to make a comparison interesting, while at the same time similar enough to make it feasible. The similarity lies, first of all, in poor laws established on similar lines in the first half of the 19th century, and second in an almost simultaneous launch of social insurance towards the end of that century. In the fifty years that

followed both countries continued the dismantling of their poor laws through the gradual extension of social insurance to cover groups for whom the inadequate benefits and degrading treatment of the Poor Law was no longer an acceptable alternative. In what follows we shall refer to this approach as the break up of the Poor Law "from without".

The main dissimilarity lies in the divergence that occurred with Britain's abolition of the Poor Law and separation of social services from the income maintenance element of social assistance in 1948. Subsequently this brought about very different developments of the descendants of the cash-care multifunctional Poor Law in the two countries. Different models of social insurance added to this divergence. Although they employed different means, the two countries both set out after the Second World War to further develop insurance as the main method of reducing assistance to a residual safety net for a limited number of need situations, for which insurance was either an undesired or insufficient form of support. The focal point of this thesis is the difference in the treatment of these social groups in the two countries. Our "residuum" is therefore defined in relation to services: it is the group(s) that the policy makers of both countries intended to keep within "the fourth division of welfare" ¹. We will argue that the fact that the quality of services (assistance and personal social services) offered to this group featured strong and increasing dissimilarities in the two countries is largely an unintended by-product of the development of social insurance. This rests on the assumption that in both countries we find evidence of the desire to maintain a service "something less desirable than insurance" for parts of the population ².

An initial picture of the divergence can be pieced together from the relative spending on social insurance and assistance in the period of our analysis. The earlier post-war launch of major insurance schemes in the UK is reflected in the fact that while Britain spent 10% of GNP on social security in 1950, the equivalent figure in Norway was only 5.7%. In 1966, however, the British proportion had only increased to 12.5%, compared to a near doubling, to 11%, in Norway ³. If we look at the spending on assistance as a percentage of total social security spending a different picture emerges. In 1950 Britain spent 11% on assistance. This proportion remained stable in the following years and in 1966 the sum was still 11.1%. In Norway a similar 12.3% was spent in 1949. This figure decreased, however, and in 1966 made up only 6.2% ⁴. In the field of social insurance our emphasis will be on pensions.

1. Pinker 1974.

2. The phrase is Beveridge's (Cmnd 6404 para 369)

3. Flora 1983 p 456.

4. Ibid pp 526 and 527 for Norway and pp 546 and 547 for the UK. In 1974 the number for the UK had risen to 17.4% while it remained stable in Norway.

The proportion of spending on this area of social security increased in Norway from a modest 15.6% in 1949 to 38.7% in 1966. In Britain the same area took up 30.8% in 1959, increasing to only 34.1% in 1966 ⁵. This shows that Norway experienced a greater overall expansion of social security during our period of analysis. This increase is furthermore largely due to more spending on pensions, while the objective of a reduced assistance appears to have been largely fulfilled. By contrast assistance continues to constitute an expanding area within British social security. A major objective of this thesis will be to cast light on the "hows" and "whys" of this divergence.

The extent to which each nation managed to move away from the practices of the poor law cannot, however, be measured in terms of the numbers remaining in the services which descended from it alone. We will, therefore, go behind the numbers and study the nature and composition of these services. While Norway was more successful in reducing assistance in number terms, a contrastive picture emerges when we look at the nature of the remaining assistance schemes. We will argue that the British scheme features fewer similarities to the Poor Law than does the Norwegian scheme. While Norwegian assistance continued to be primarily concerned with and used by the poor only, this was less the case in Britain. In this lies a paradox: while Norway shows a better performance record in its attempt to escape from the Poor Law through the creation of alternative services, and thereby in the reduction of the scope of assistance, Britain appears to show a better record when the nature of the remaining assistance scheme is compared. In order to test the validity of this observation and its possible explanations we need to develop a conceptual framework for the analysis.

1 Models of Welfare

Our starting point is Titmuss's distinction between "three contrasting models or functions of social policy" ⁶. First, "The Residual Model of Welfare" sees the function of social services as one of dealing only with people who are unable to help themselves. Social services form a safety-net under the economic system, and only when the "natural" channels of welfare - the private market and the family - break down "should social welfare come into play, and then only temporarily". Second, "The Handmaiden Model" rests on the view that social services are functional to other institutions. According to this model "social needs should be met

5. Ibid. Unfortunately no statistics are provided for the UK prior to 1959. That year the percentage in Norway was 24.7. Again the divergence continued after 1966 and in 1974 Britain still spent only 34.4% on pensions compared to 41.6% in Norway.

6. Titmuss 1974 p 30.

on the basis of merit, work performance and productivity". Third, "The Institutional Redistributive Model" "sees social welfare as a major integrated institution in society, providing universalist services outside the market on the principle of need"⁷.

Central to Titmuss's models is the distinction between selective and universal services. While universality is made an explicit feature of the institutional model, selectivity of the role of the social services is an implicit assumption in the residual model as outlined above. Although the models had strong normative connotations - for Titmuss the matured welfare state was the embodiment of the institutional model - he remarks elsewhere that universality could not be seen as an end in itself.

"The challenge that faces us is not the choice between universalist and selective social services. The real challenge resides in the question: what particular infrastructure of universalist services is needed in order to provide a framework of values and opportunity bases within and around which can be developed socially acceptable services aiming to discriminate positively, with the minimum risk of stigma, in favour of those whose needs are greatest"⁸.

Yet it becomes apparent from Titmuss' writing that "acceptable selectivity" is only achievable in an (as yet non-existent) ideal type of welfare state: in this situation the hierarchy of universal and selective services that presently exists would be eradicated. It is therefore tempting to make an analogy to the Marxist acceptance of greater diversity in society once the state of communism has been achieved. Recognising the stigma that is still associated with selective social services through association with the deliberately stigmatising services of the selective Poor Law, we realise that although the intentions of policy makers may change, "the subjective perception of ordinary people", which according to Pinker offers the only real test of a service's stigmatising potential, is a quality much more resistant to change⁹. But, recognising that such changes can be induced to a certain extent through the reform of services, we will compare the selective services in the two countries according to the existence of such a "universalist infrastructure".

7. The "residual" and the "institutional" models were first developed by Wilensky and Lebeaux (1965). They used the models to categorise different approaches to social work. It is the wider usage of the terms that is usually associated with the work of Richard Titmuss. While Titmuss only wrote a few pages outlining the models, they have later been applied and elaborated by for example Pinker (1971) and Mishra (1977).

8. Titmuss 1979 p 135.

9. Pinker 1971 p 136.

The relationship between the models on the one hand and the division between selective and universal services on the other can perhaps be better understood when we take as a starting point Titmuss's sharp distinction between an economic and a social market.

"The grant, or the gift or unilateral transfer - whether it takes the form of cash, time, energy, satisfaction, blood or even life itself - is the distinguishing mark of the social (in policy and administration) just as exchange or bilateral transfer is a mark of the economic" ¹⁰.

The "gift relationship" in welfare is thus the mark of the social market, and the relationship between the two markets becomes that of "warring social principles" ¹¹. We will argue that the two markets can and should be combined and accommodated as a means towards the achievement of a high degree of institutional welfare. Titmuss's assessment, in our view, is based on the particular British experience in which, in the case of pensions, the two markets have indeed been treated as incompatible entities. By introducing the distinction between on the hand the "differentiated welfare state" and the "integrated welfare state" on the other, Mishra provides a conceptual framework within which such a reconciliation can be understood. In this model the British "Keynes-Beveridge" approach is used to exemplify the differentiated or pluralist model. This was "based on the idea of "correcting" the tendencies of a market economy, through judicious state intervention and limited forms of social policy" ¹². The integrated, or corporatist, model "recognises the need to harmonise the economic and the social within society as a whole". Mishra uses Sweden, together with Austria, to exemplify this approach to welfare. For the purpose of our analysis the Swedish experience is very similar to the Norwegian, and we will therefore return to a comparison of Britain and Norway according to this model.

The understanding of a dichotomy between the economic and the social market underlies Titmuss's distinction between the different models of welfare. Both the residual and the handmaiden models are based on a subordination of the social to the economic market. In this perspective the residual model represents the minimalist approach while the handmaiden model allows for greater public welfare activity, but only on the condition that this is serving the interests of the economic market ¹³. Only the institutional model, therefore, represents a true victory of

10.Ibid p 22.

11.Mishra 1984 p 106.

12.Ibid p 104.

13.Spicker (1983 p 190) argues that elements of the handmaiden model may be incorporated into the residual as well as the institutional model. We agree, but in

social over economic market values. In income maintenance the distinction between economic and social markets is particularly relevant in the field of social insurance. Pinker argues that the "insurance principle was based on the ethic of an economic rather than a social market" ¹⁴.

While claiming to be a champion of the insurance principle, Beveridge tried, however, to avoid its worst features. By introducing flat-rate contributions and benefits he tried to accommodate social market values. This could be, and indeed was, supported from a socialist perspective as an expression of social equality. For Beveridge, however, we will argue that a main function of this approach was to limit the scope of social insurance. By curtailing the growth in benefits through the flat-rate principle Beveridge intended to leave room for the continued growth of private insurance. If we accept that people will want to "save for a rainy day", and save according to their means, the choice is as to whether this activity takes place within or outside of public income maintenance. Beveridge's approach was therefore minimalist: while the role of public welfare is reduced to providing subsistence, the achievement of standard security should take place in the economic market of private insurance. In this way the British model of social insurance laid the foundation for a gradual residualisation of public welfare, limiting its scope and objective to the alleviation of poverty. In Norway, by contrast, the economic market was increasingly allowed to play a role in public income maintenance through the extension of the earnings-related element of pensions. We will contrast this British "anti-poverty approach" to the Norwegian "standard security approach".

A decade after the launch of the Beveridge programs one outcome of this policy was highlighted by Titmuss in his seminal article "The Social Division of Welfare" ¹⁵. He portrays a strong division between the welfare provided through public channels and that of occupational and private schemes. This leads Titmuss to further emphasise the need for welfare based on the social market, which to him appears to be synonymous with public welfare. From similar premises to those of Titmuss we will argue differently: only by incorporating the economic market into public welfare (through the pursuit of standard security by means of competitive earnings-related benefit) can the public sector continue to expand and pose a real alternative to the non- public forms of income maintenance.

The attitude towards selective services was furthermore very different in the two countries. While Britain gave priority to universality in the 1940's, Norway

terms of societal connotations the shared values of the residual and the handmaiden distinguishes these from the institutional model.

14.Pinker 1971 pp 88,89.

15.Titmuss 1987.

accepted a continued element of selectivity through means tested pensions. The difference can be described in term of priority given to economic versus social equality. The continued selectivity in Norway thus favoured continued redistribution through means testing. The social equality involving equal treatment of everybody was sacrificed in order to pursue economic equality. In Britain the emphasis on social equality made the achievement of economic equality through welfare more difficult. This difference must furthermore be understood in light of the much closer relationship between economic and social policies in the Norwegian model of welfare.

While this theme will be central to our analysis of social insurance, the second half of the thesis emphasises the other side of the equation. Here we argue that the gradual residualisation of British social insurance brought about and ensured the continued role of social assistance as an important part of social security. This in turn, we will argue, brought about an enhancement of British assistance, an enhancement that also benefitted the residual groups for whom assistance was originally intended. The social division of welfare in Britain, in the income maintenance of the 1946 to 1966 period, is therefore increasingly between on the one hand a relatively undivided public welfare, and on the other a substantial private and occupational welfare arena through which standard security is offered. In Norway, by contrast, equally strong divisions exist, but mainly within public welfare - between a developed insurance sector on the one hand and a residual assistance on the other. Within social insurance also, divisions developed between the basic pensions on the one hand and the earnings-related supplements on the other.

We have already mentioned the problem of accessibility of selective services. One key characteristic of the Poor Law was the limitation of services to the poorest segment of the population only. The extent to which assistance continues to be targeted at the poor therefore becomes a decisive factor in determining the extent to which they are still associated with Poor Law services, which thus suffer stigma by association. From this premise we will argue that the relative failure of British social insurance from this perspective turned out to contribute towards the enhancement of that country's assistance services. The inability of social insurance to incorporate and contain large number of "deserving" need categories opened the way for a large assistance scheme forced to target beyond the traditional poor only. We will therefore hypothesise that British assistance developed further away from its residual past than did its Norwegian equivalent. In this way it may also have contributed towards the creation of a "universal infrastructure" (in assistance), under

which the most selective services have also gained in acceptability ¹⁶. We will hypothesise that rather than being an intended outcome this development was an enhancement of welfare by default. As there appears to have been no less of a desire to maintain a "fourth division of welfare" for the "undeserving" few in Britain than in Norway, the enhancement resulted from the "residuum" being "swept along" into an assistance scheme improved to accommodate other groups such as the elderly and the disabled.

Similarly, the British separation of cash allocation from the personal social services will be suggested to have facilitated personal social services freer from Poor Law association, and hence more accessible than its Norwegian counterpart, where the cash/care multifunctional nature of social services remained unchanged after the abolition of the Poor Law. In this way, both elements of Norwegian assistance will be seen to feature stronger residual traits than their British counterparts.

In addition to providing us with a framework, Titmuss's models will be used because of their central position in welfare studies. We will therefore include a discussion of their usefulness with particular reference to assumptions about the dichotomous nature of welfare associated with the models. For example the tradition of "social conscience" theory represents a view of social policy in which the models have come to serve as ideal types ¹⁷. While the residual model reflects the harshness of the Poor Law, the institutional model is tied to the modern welfare state in its most developed form. This highly atheoretical approach, particularly popular in Britain in the 1950's, started from the assumption that "social policy manifests, through the state, the love that men have for each other" ¹⁸. Welfare development, from this perspective, results from a widening of such sentiments, together with greater knowledge and understanding of social need. There is a clear methodological and ideological linkage between this approach and that of "convergence theories". This approach, while rejecting the British bias and insularity of the social conscience theorists, maintains that the welfare state is an integral part of modern capitalist society and that nations of similar levels of development will feature similar welfare arrangements. As countries converge in development, so also will their social policies ¹⁹. The welfare state, therefore, is seen by the two theories as the civilised replacement of the minimalist and oppressive ideologies and measures of the Poor Law. Expressed in Titmuss's terminology, the developed welfare state thus represents the replacement of residual with institutional welfare.

16. This "infrastructure" probably differs from Titmuss's as he probably envisaged this being created within social insurance in the case of income maintenance.

17. J Baker 1979.

18. Ibid p 178.

19. See Higgins (1981) for a discussion of these approaches to welfare.

Finally, linked to the theories above is the controversy about the relationship between the Poor Law and modern social services. While the view that the latter developed as a reaction to the former is linked to the ideas of social conscience and convergence, the critics of this approach maintain that the two sets of services are different systems serving different purposes. Therborn, for example, argues that the much used expression "from the poor house to the welfare state is fundamentally misleading from a perspective of social history"²⁰. While we question the normative assumptions of the social conscience thesis and the simplistic comparative assessment underlying the convergence thesis, we will argue that the complexity of the inter-relationship between Poor Law services and those of modern welfare reveals close linkages, both in the forms of contrasting policies and in the continuation of the values embedded in the Poor Law²¹. The modern welfare state thus reflects the greater societal differentiation in which it has developed and exists.

With reference to Titmuss's models, the comparative hypothesis can be summed up in two points. In Norway the majority of those relying on public income maintenance benefit from a system that comes closer to the institutional model than does its British counterpart. The small minority that in Norway relies on social assistance for their income maintenance are served by a scheme that features stronger residual traits than do the services offered to equivalent groups in the UK.

2 The case Studies

While most comparative studies are based on data covering only a limited period of time, we have chosen the more complicated approach of studying policy development in two nations²². The choice of three case studies in each country has forced us to focus on very specific questions, and the chapters to follow should therefore not be read as an attempt to write complete histories of the chosen areas for the 1946 to 1966 period. Another aspect that contributes to this choice, and similarly distinguishes this from a historical thesis, is our use of the historical material. For us, the historical evidence serves to cast light on the development of a particular area of welfare and the models and theories that have been developed to

20. Therborn 1983. For an example of the opposite view see Nestor 1976. A discussion of the two approaches is provided by Fraser in Mommsen 1981.

21. See for example Abel-Smith 1964.

22. This assessment is based on Kuhnle (1983 p 93). He points to Heclo's 1983 study as an example of an ambitious case study covering two areas in two countries over a long period of time. Kuhnle concludes that he knows of no other study within the area of social policy which attempts such wide coverage as Heclo's analysis of Sweden and the UK. Ours, I am glad to say, is not equally ambitious.

analyse these developments. The analysis will therefore be divided according to the distinction between residual and institutional welfare.

Institutional Welfare:

We have chosen to focus on the development of pensions in the two countries. The emphasis will be on old age pensions as these played the greatest role in freeing people from first the poor law and later social assistance. In doing so they were furthermore instrumental in setting standards for the further development of pensions. Our examination of such extensions will focus on the introduction of pension schemes for the disabled. A key variable, therefore, is the extent to which social insurance managed to incorporate groups outside the labour force.

Residual Welfare:

The functions of the Poor Law were twofold. In addition to providing income maintenance, the schemes in both nations combined this with personal social services, a major objective of which was to change the life of the claimant in order to make him independent from public support. In this section we will study the successors of both types of services. This includes a comparison of the education and practices of professional social workers, as these play a key role in the provision of services for the assistance clientele.

Both the insurance and the assistance services will be compared cross-nationally according to the index of institutional and residual welfare in the table below.

Table 1: Index of Residual and Institutional Schemes.

<u>Indicator</u>	<u>Institutional</u>	<u>Residual</u>
Coverage	Universal	Selective
Statutory resp.	Central	Local
Criteria for allocation	Entitlements	Discretion
	Needstesting	Needs- and means testing
	No councill.	Counselling
Users of service	Other groups in addition to poor	Poor only

While we have already discussed the first indicator, the distinction between central and local services must be understood in light of the shared tradition of a localised poor law. The criteria for allocation also take the Poor Law as a starting point, and the institutional side represents the greatest distancing from the criteria employed by the administrators of poor relief. In both countries poor relief was allocated on a highly selective basis, with assessment of the client's needs and means carried out by officials and lay boards on a discretionary basis. The distinction between means and needs testing is blurred and often means testing is used to denote both. We define means- tested benefits as those exclusively provided for individuals whose economical resources fall below an agreed minimum. Needs tests, by contrast "start from an assessment of the claimant's requirements and then determine the extent to which the claimant's resources may or may not fall short of what is needed to meet approved requisite expenses" ²³.

A means test is more extensive than a needs test: while the needs test focuses on the extent to which a claimant falls within a specific need situation (for which benefits are provided), the means test takes this a step further and introduces a second barrier by considering the individual's ability (and sometimes his family's) to meet the needs himself. A means test therefore involves greater scope for inquiry into and control of the claimant. A system which is means-tested is therefore more likely to be associated with the legacy of the Poor Law. Both systems may, moreover, be based either on clearly defined statutory rights, or they may subject the claimant to discretionary assessment by an official and/or a lay board. A high degree of discretionary decision-making brings the service closer to the practice of the Poor Law and, thus, to the residual model. Finally, the extent to which the use of a service is restricted to the poor only will be seen as both a result and a cause of its residuality. The latter is best expressed by Spicker, who argues that "the stigma often lies more with the users of the service than with the service itself" ²⁴.

In accordance with our main hypothesis, it is expected that the cash and care multifunctional personal social services of Norway will fall on the far right hand side of the index. British social assistance and its personal social services will both be expected to feature less residual traits than their Norwegian equivalents. Although the index is best applied to assistance and personal social services, we will also compare the social insurance schemes according to Titmuss's models. Here Norwegian social insurance will be seen to have come closer to the institutional model than its British counterpart.

3 Determinants of Change and Divergence

²³. Jones 1985 p 108. The definition of means-testing is based on Hatland 1985.

²⁴. Spicker 1983 op p 124.

3 Determinants of Change and Divergence

At this point we need to stress the distinction between models and theories. While models are merely conceptualisations of reality, a theory must in addition possess predictive values ²⁵. What we have outlined above are therefore models only. Yet we believe that the distinction between the different models of welfare provide a conceptual framework within which we can attempt to analyse and explain developments. This requires, though, discussion of the different factors that induce change in policies on the variables of the models.

Again we need to be very specific in deciding what we will attempt to explain. As our main emphasis is on the changing role and nature of the Poor Law successors, we will focus on the factors that explain the divergent development in these services. We take as our initial postulate that the major factor in this development in the two countries was the unequal success of social insurance. The focus is, therefore, on the determinants of social insurance that explain the extent to which it was successful in diminishing the scope of assistance. When the two countries arrived at very different models for insurance in the 1940's, the policy inheritance will in both nations be seen to determine the choices made at that time. When a particular solution is chosen at one point this decision will determine in part the choices to be made at the next cross-roads. Thus, for example, the choice of a contributory approach establishes individual entitlements to benefits which may complicate the transfer to a tax-financed solution. If successful, the chosen approach has furthermore proved its feasibility, and experts, perhaps with vested interests as administrators, will be reluctant to change direction. Heclo similarly emphasises the role of experts, civil servants in particular, but our approach takes the argument a step further by viewing these groups as upholders of the established policy inheritance ²⁶. Still, we do not take a deterministic approach, and, like Pinker, we stress the role of individual policy makers ²⁷. This is particularly true in Britain, where William Beveridge for example played an instrumental role in the 1940's.

While the influence of experts can be described as pressure from above, the influence exerted by recipients of welfare, and their organisations, will be seen as

25.Duncan Mitchell 1979 p 228.

26.Heclo 1973 p 301.

27.Pinker 1979 chapter 7.

pressure from below ²⁸. We will argue that in the case of social insurance the Norwegian case features stronger pressures from below in the form of greater influence of organised labour, i.e. more corporate policy-making. In Britain, the relative absence of such influences gave greater scope to the role of individual policy makers. In the case of assistance and personal social services, by contrast, the development is in both countries largely determined by pressure from above. In this area the role of professional groups will be given particular attention.

Finally, we will discuss the extent to which policy-makers learned from each other through cross-national diffusion between our two countries. Britain's pioneering role in welfare expansion after the war has led many observers to emphasise its influence upon Norwegian policies ²⁹. Although such influences will be recognised, we will question their extent.

28. Jens Alber (1982 pp 76,77) argues that all non-functionalist theories, Marxist as well as pluralist, can be labelled as either stressing pressure from below or pressure from above in their interpretations of determinants of welfare.

29. See for example Kuhnle (1983), Seip (1987) and Greve in Rodgers (1968).

Section I

The Evolution of Institutional Welfare

Introduction

In the area of income maintenance the development of social insurance represents the gradual replacement of the residual welfare of the Poor Law with services financed, administered and allocated according to an institutional model of welfare. Universal schemes based on a test of need replace selective means tested programs. While Poor Law services had great scope for discretion, social insurance is allocated according to clearly defined statutory rules. The responsibility for the services lies with the state rather than with the local authorities.

As we shall see in the next four chapters, the reality is, however, not so neat, and the differences between the insurance programs of our two nations become more important than the similarities. In order to carry out this comparison we need first, therefore, to outline the variables along which insurance schemes may differ, and second, to highlight the particular features that will be emphasised in our analysis¹.

There are three main variables along which social insurance programs vary. First, the method of finance takes two main forms. On one extreme is the strictly contributory approach whereby future beneficiaries contribute together with their employers. At the other end of the spectrum is a system whereby the entire cost is covered by general taxation. Both sources of income can be operated on a pay-as-you-go basis or the money can be accumulated in a fund. A tax system may be based on progressive taxation or, alternatively, a set percentage of the income can be paid. As we shall see, the Norwegian and the British system both combine these

1. An "official" definition of social insurance and other social security programs is provided by the ILO (Introduction to Social Security, ILO 1984 second ed.) When ILO for example defines insurance as "financed by contributions which are normally shared between employers and workers, with, perhaps, state participation in the form of a supplementary contribution or other subsidy from the general revenue" (p 4) we find this to be too narrow a definition. In our analysis "social insurance" will therefore include schemes that are mainly financed over general revenue. Furthermore, unlike the ILO we also include schemes that include an element of means testing.

two approaches, the differences are found in the divergent balancing of the two forms of finance. Second, the level of benefits may vary in real terms, most importantly in relation to benefits offered through social assistance. Third, the coverage of a national insurance system varies between a high degree of universality and a selective approach in which entitlements are restricted by a test of means and/or a test of need. Furthermore, a strictly contributory scheme includes only individuals with contributory records.

The term social insurance comprises services targeted at wide varieties of need situations. A general trend has been for pioneering programs to cover loss of earnings from work. Through extensions groups outside the workforce have been included through a change of emphasis away from work-record to an assessment of need alone. Thus, Flora and Alber found that of the twelve European nations in their study, six introduced industrial accident insurance as the first scheme. Five started out with sickness insurance, while only Denmark introduced old age pensions at the outset ². The authors describe the close association to the labour market as "a break with liberal ideas concerning the assignment of guilt and responsibility among individuals". From this perspective securing against loss caused by occupational contingencies "could be rationalised by redefining the old idea of liability for individually caused damage" ³. Furthermore, these schemes would have very limited coverage, including only individuals who were able to contribute towards future benefits, and thereby placing an acceptable burden on the state. When old age receives particular attention from policy makers at a later stage, this must be understood in light of the situation of the late 19th century. While disability caused by sickness or industrial accidents was an common need situation, old age pensions grew out of the idea of retirement. Prior to the first programs, the rule was to work until old age and frailty made this impossible. With improved medicine to keep people alive long after frailty made work impossible, the need for a support system outside the Poor Law became pressing for this group also.

Our focus on old age pensions in this section, must therefore be understood in light of the purpose of this section. Except for the 1930's, when unemployment dominated the Poor Law in both countries, it is the extent of transfer of the elderly from the Poor Law to insurance that has had the greatest impact on support systems in the two countries during the period of analysis. Furthermore, old age pensions set the standard for later extensions of social insurance ⁴.

2. Flora and Alber 1981 p 51.

3. Ibid.

4. Pettersen 1985 and Jones 1985.

Moreover OAP's represent the most important insurance scheme for a study that attempts to highlight the inter-relationship between private and public income maintenance. Traditionally this is an area where private insurance has played a significant role as a provider of income maintenance ⁵. The extent and nature of this activity will be seen to have strong bearings on the different paths taken by social insurance in both countries. This influence may take two forms. First, a low income replacement ratio in social insurance will be favoured to allow room for growth for private insurance. Second, in the case of a contributory system of social insurance a low ceiling for contributions will be favoured for the same reason. A final reason for examining old age pensions is to draw out more clearly the role of the labour movement. As we will see, in this area of social insurance the difference in the extent to which welfare was extended beyond coverage of the labour force in the two countries is highlighted. This, in turn, is of vital importance to the extent of the transfer of claimants from assistance to insurance in the period of our analysis.

The old age pensions (and related programs) will be analysed according to the three variables outlined above. We turn now to the questions that will be raised in relation to each of these.

Finance

Until the end of the 19th century the Poor Law represented the only form of public income maintenance.

Measures were taken only when extreme hardship occurred. The ad hoc nature of relief together with the composition of the target group ensured that finance from general taxation was the only alternative. Because receiving poor relief was closely tied up with punishment, it was hardly a situation towards which potential "beneficiaries" would have contributed, had they been able. With the introduction of income maintenance programs aimed at a wider section of the population, and designed to meet more foreseeable contingencies, new ways of financing the services were rendered possible. The much greater costs involved gave more impetus to the search for ways to relieve the public purse.

It was, furthermore, in line with prevailing (liberal) notions of self help that the individual should contribute towards his own future maintenance. But, with wages at subsistence level the practicality of contributory pensions had clear limitations. Finding it hard to make ends meet as it was, it was unrealistic that the individual worker should be expected to provide for the full cost. The first debates on the

5.Kaim-Caudle 1973 p 131.

principle of finance furthermore coincided with the emergence of socialist parties, for whom tax financed pensions soon became a major political objective.

Following on from this connection to labour politics, we will argue that while the taxation principle represents a socialist approach to social policy, the contributory principle is based on ideas traditionally associated with non socialist ideologies. While the contributory approach stresses self help and actuarial reciprocity, the main ideas underlying the taxation principle are solidarity through collective responsibilities and the desire to achieve redistribution through welfare. That this latter approach is more in line with socialist ideologies is also emphasised by other writers. Fraser writes about finance "via the more socialistic general taxation" ⁶. A similar understanding underlies Pinker's equation of the contributory principle with "the ethic of an economic rather than a social market" ⁷.

In the introduction above we hypothesised that the difference in the forms of finance chosen by Norway and Britain prior to the post-WW2 insurance expansion largely explains the varying degrees of success in reducing the scope of assistance in the two countries. Our analysis of finance therefore covers two areas. First, we shall analyse how the two nations arrived at different positions in 1945. This is the main focus of chapters one and three of this section. Second, in chapters two and four we will outline how the different solutions brought about a very different development of insurance in the two countries.

Coverage

The establishment of insurance schemes gradually lifted groups out of Poor Law dependency. Up until WW2 Norway and Britain both followed this approach of breaking down the Poor Law "from without" through the creation of alternatives. In 1948, however, Britain broke with this tradition and attempted to launch a frontal attack on the Poor Law itself. Its abolition necessitated, among other schemes, the setting up of compulsory insurance for the elderly. Norway, by contrast, continued the breakdown "from without" in the period leading up to the reform of the Poor Law in 1964. During this period the coverage of old age pensions was gradually extended through the easing of the means test, which was finally abolished in 1957. The different roads towards universality in the two nations will be seen to have a bearing on the unequal development of assistance.

6. Fraser 1982 p 232. See also Abel-Smith 1953 p 21.

7. Pinker 1971 p 90.

Furthermore, this heading also comprises an analysis of the extent to which insurance has been extended beyond old age pensions to cover other groups that have little possibility of achieving insurance through a contributory system. The extensions may take two forms. First, existing schemes can be opened for other groups of claimants. In general this involves a liberalisation of the test of eligibility. The extension of disability pensions to new categories of handicapped people is one example. The extent to which this can take place is, as we will see, largely dependent on the form of finance. Second, separate schemes for different need categories can be established along the lines of an existing insurance program.

Levels of Benefits

Put bluntly, it is not an impressive achievement for a state to establish a universal pension if the benefits offered are far from sufficient to cover the essentials for subsistence. Universality, therefore, is in itself not a sufficient condition for a nation to deserve being called a welfare state. The level of pensions therefore has a direct impact on the scope of assistance. With insufficient insurance benefits, recipients may have to turn to assistance for supplementation. This will be one of the main focusses of chapter four, where we look at British insurance after the war. Moreover, it will be argued that the Norwegian policy of a gradual extension towards universality also proved beneficial for the elevation of benefit level.

Explanatory Factors

This section aims to answer first of all how the two countries arrived at very different models of social insurance in 1945. In both countries Labour governments came into power in this period. We therefore have to ask why and how the two Labour parties could arrive at very different policies. Our analysis of the postwar period will highlight the importance of the method of finance in explaining the divergent development of insurance. We need first, therefore, to analyse attitudes to this question in the two Labour parties in the period leading up to 1945.

In this period the difference in policy inheritance is considered the most important factor in explaining the contrasting policy choices in the labour movements of the two countries. But although we argue that policy development in both countries represents a case of the victory of continuity over change, we are also discussing the extent to which ideological factors played a role, first in establishing the policy to be inherited and, later, in maintaining the support for the specific solutions.

Once established, a particular solution, in the form of a welfare scheme gets invested with professional and bureaucratic interests which may resist deviation from the established norm. Furthermore, client groups which feel that the existing solution favours their interests could exert political pressure to preserve these vested interests. Finally, unless the existing schemes have been found to represent a dead end, their existence will have an impact on the debate by their proven feasibility.

Policy inheritance embodies, in the context of this analysis, non-public as well as public precursors to state schemes. While the latter include municipal and state programs, private and occupational pensions will be considered to be the most important non-public schemes.

In Britain non-public schemes (self help programs such as Friendly Societies together with the private insurance business) will be seen to have exerted the greatest influence on the decisions made on the finance, level and scope of social insurance during and after the Second World War. In Norway, by contrast, self help and private insurance arrangements never developed to a degree comparable to that in Britain. The important policy inheritance in Norway is found within the public sector. Municipal pension schemes proved to have a particularly strong influence both on the choice of a tax-financed insurance system as well as in laying the foundations for insurance the aim of which went beyond meeting the needs of the workforce only.

Neither the creation of a policy nor its later influence upon future programs can be explained without reference to the major political groups involved in the process of policy formation. Although all political parties played an active role in both countries, the differences can best be explained by comparing the contrasting policies of the respective labour movements. Here, we will hypothesise that the Norwegian labour movement played a much more active and constructive role than its British counterpart ⁸.

8.Heclo (1973 p 228) makes a similar point in his comparison between the British and the Swedish development.

Chapter 1.

Towards the Norwegian Model of Social Insurance

In this chapter we will analyse the political process which facilitated a change from contrasting positions at the time of the first social insurance initiatives towards the end of the 19th century, towards a near all-party consensus on the major principles of insurance by the mid 1930's. The emphasis will be on the compromises that made the consensus possible. For both sides of the political spectrum, pragmatism rather than dogma proved to have been a necessary approach in this process. In particular, the pragmatism of the labour movement will be seen to have been of great importance. The existence of municipal precursors to later state pensions will be seen to have facilitated the particular consensus reached.

The chapter will conclude with an outline of the main elements of what we believe to be a model of social insurance particular to Norway.

1 Security in Old Age

With the exception of Finland, Norway ranked in 1935 as the country with the narrowest social insurance coverage in Europe ¹. During the following five years Norway experienced the greatest expansion in social insurance coverage of any European country since the introduction of Bismarck's first legislation in 1883 ². Thus, according to Alber's index of insurance coverage, Norway ranked as number four in Europe by 1940 ³.

The development of the old age pension both largely explains the country's position as a welfare laggard and later, after its enactment in 1936, accounts for

1.Kuhnle 1983 p 147.

2.Ibid

3.The ranking is based on an index developed by Jens Alber. Cited in Kuhnle Ibid p 148. We should, however, be aware of an important weakness in this index. As it includes only state schemes the level of benefits and spending would figure higher in Norway due to the widespread of municipal pensions in the pre-1936 period.

much of the ensuing expansion. With the first state pension to be introduced in 1936, Norway preceded only Finland (1937) and Switzerland (1946) of the countries in Flora's comparison.

In other areas of social insurance Norway figured differently. While Britain enacted its first compulsory occupational insurance scheme in 1946, Norway ranked among the first in Europe with the introduction of such a scheme in 1894⁴. Norway's first subsidized voluntary unemployment insurance was introduced in 1906, five years before Britain got her first compulsory scheme for the unemployed. In health insurance also the Norwegian scheme preceded the program enacted in 1911 during the British period of liberal reforms.

These facts highlight two important points: First, they show that one nation may be a laggard in some areas of welfare, while at the same time in other areas it is a forerunner. (This furthermore shows the limitations of total spending indexes.) Second, they emphasize the importance of old age pensions to the total scope of social insurance.

Why, then, did Norway perform relatively poorly in this important section of social policy? The country was one of the last European nations to be industrialized. General underdevelopment would therefore be one tempting explanation. The examples above concerning the development in related areas contradict, however, such a conclusion; in spite of her late industrialization Norway did carry out pioneering work in some areas of public welfare. Similarly, in the 1830's the liberal ideology underlying the new poor law was discussed simultaneously with, and under direct influence from, the events taking place in Britain.

After Norway was freed from Danish colonial rule in 1814, she entered a union with Sweden which was to last until 1905. During this period the country had its own constitution and elected parliament. While Sweden controlled the foreign policy, matters such as social legislation was largely left to the national parliament. As in the UK, the question of pensions had been a political issue in Norway since the middle of the 19th century. This places Norway alongside other European nations in that respect. Simultaneously with Britain, the first Norwegian Royal Commission on old age pensions was appointed in 1885. However, the political background to the two commissions was quite different. The Commons committee "to inquire into the best system of National Provident Insurance against poverty" was to a great extent the outcome of a process instigated by Canon William L

4. Flora 1983.

Blackley, "an obscure ,but reform-minded curate who had learned about the pension technique both abroad and in his own profession" ⁵.

In Norway, by contrast, it was not primarily social engineers who instigated reform. Dating back to the 1850's various labour assemblies were propagandizing for old age pensions. In the years preceding the first commission these groups were particularly active. Pettersen explains the appointment of the committee in 1885 as resulting from labour pressure ⁶. Yet at the time workers could exercise only indirect influence. No workers were represented on the committee.

Prior to 1885 proposed pension schemes were rejected on liberal grounds. Compulsory pensions were seen to clash with the free contractual relationship between labour and capital ⁷. However, from 1885 onwards the will to establish a public alternative outside the poor law was generally shared.

The two nations reached consensus on establishing equivalent schemes at the same time. But while Britain waited twenty-eight years before enacting the scheme, the same process stretched over half a century in Norway. According to Pettersen ⁸, the position as a welfare laggard may paradoxically be explained by the highly ambitious nature of Norwegian social policy at the time. We shall later see that this attitude has sustained and contributed in the long run to a much more benevolent development in the Norwegian pension sector compared to equivalent areas in the UK. The ambitions were directed towards two key areas of welfare: coverage and finance. As early as in 1894 the second commission on pensions established a new socio-political norm: the principle of equal treatment. This embodies the idea of a general old age pension including all Norwegian citizens. Pettersen quotes the Conservative member of the Storting, Morell, who in 1918 explained the many delays with the fact that:

"the spokesmen of the reform have, from the very beginning, aimed to cover a wider segment of the population than would be the case if the aim was restricted to a workers insurance" ⁹

5. Heclo 1973.

6. P. A. Pettersen 1982. Seip (1984 pp 90-91) argues, though, that the Committee was established after initiative from the Swedish King, Oscar II. The government was influenced by the development in Bismarck's Germany. Also the Norwegian plans were expected to pacify the growing working class.

7. Ibid

8. Ibid

9. Ibid p 30

According to Kuhnle this principle was at the time rare in European social policy¹⁰. The target groups were otherwise still those without means of their own. The Norwegian state was, however, not yet ready to meet the cost that the implementation of such a principle would involve.

The struggle for a compromise on the questions of finance and coverage resulted in a series of committees in the period between 1885 and 1917. The 1885 commission never produced an actual proposal. Due to the enormity of the task the committee was first asked not to consider the old age- and disability insurance. Also the proposal for a sickness insurance was completed by later committees¹¹. In 1894, therefore, a new committee was established. Its work resulted in 1899 in a proposal for an old age and invalidity insurance covering the entire nation. Because of the unacceptable costs involved, a new "critique-commission" was established. The government was still not satisfied after considering its recommendations, and in 1907 a new "Folkeforsikringskomite" (People's insurance commission) was established. Unable to reach agreement on major issues, the Committee presented a minority and a majority report. This further delayed the achievement of consensus in the matter until 1914. By that time changes in the value of the krone and the level of income, necessitated new statistics to be worked out before the rates could be set¹².

A royal commission on old age pensions presented its proposals in 1918, one year after the presentation of the new income statistics. This report introduced a change of terminology which reflects the changes in Norwegian social insurance and also the increasing divergence between this and British policies. Most importantly the term "forsikring" (insurance) was replaced with "trygd" (security)¹³. During the following five years the proposed pension was repeatedly debated and reviewed in parliamentary and extra-parliamentary hearings. In 1923 a pension scheme was finally enacted. The majority in the Storting, made up by the Conservatives together with socialists from three parties, pushed through legislation to create a system based on the principle of financing over general taxation. Eligibility for the scheme was to be subject to a test of means. Even before the final decision on the matter it became evident, however, that the economic crisis rendered the implementation of the scheme impossible for the time being and it was postponed indefinitely. Except for a Labour attempt to introduce it in 1926, it was not before the mid- 1930's that the scheme could be implemented. However it proved to be important as a policy decision.

10.Kuhnle 1983.

11.Seip 1984 p 91

12.Pettersen 1982.

13.Hatland 1988 p 8

The scheme introduced in 1936 was more or less a duplicate of the 1923 law. This, together with the urgency felt at the time for an alternative to the poor-law, made the process of enactment swift. We shall therefore commence the analysis by focussing on the debate that took place between the presentation of the 1918 proposal and the 1923 legislation. It was in this period that the main questions regarding the nature of the scheme were to be emphasized, both in practical terms, and increasingly concerning the nature of principal positions.

The following analysis will thus follow the development along the key variables of finance, coverage and level of benefits.

1.1 Finance: From the Contributory Principle to a Modified Taxation Solution

The question of how to finance a future pension for the elderly was a key issue in the pension debate from its outset in the mid 19th century. In the 1840's the Amtmann (county mayor) of Bergen proposed a compulsory insurance scheme for "those with limited means" ¹⁴. A few years later the radical Thrane Movement supported another contributory system, only this time the employers were to cover the full cost ¹⁵. Both proposals were rejected by the Storting on liberal grounds ¹⁶.

During the last two decades of the 19th century, the desirability of a non-poor law alternative for the elderly was widely felt. The two proposals mentioned above set the parameters for the division in the question of how to finance such a scheme. On the one hand the socialists supported a solution whereby employers, and later the state, were to meet the expenses, while on the other hand conservatives and liberals favoured a solution based the principle of insurance. The debates towards the end of the century strengthened this division which subsequently remained unchanged until 1918.

Although the socialists voiced their views on pensions in various fora, they were, during the important years of the last two decades of the 19th century, not yet represented in the Storting. This partly explains why the commissions on pensions were free to focus exclusively on the insurance solution. However in 1907 when

14.Seip 1984 p 258.

15.The Thrane Movement was a revolutionary labour group which was active in the years 1848-1852.

16.Seip op cit p 258

Labour was represented in the Storting, the commission of that year still focussed exclusively on the insurance solution ¹⁷. The fact that this approach was chosen by the Conservatives and the Liberals can, according to Seip, be explained partly by the strong influence of Bismarck's Germany upon Norwegian policy at the time ¹⁸. The German scheme was financed mainly from individual contributions .

Having rejected the taxation approach, the debate in the commissions centered around the different solutions and alternatives within the contributory system. This involved the choice between a compulsory and a voluntary system, the role of the state in subsidizing the scheme, and the question of which groups to include.

The increasing influence exerted by the labour movement forced the planners of reform, however, to produce more fundamental arguments for the desirability of a solution on the lines of the insurance principle. The arguments were, according to Seip, in part economic and in part moral ¹⁹. Economically both the lower cost involved for the taxpayer and the resistance to the introduction of a redistributational scheme favoured a system where those who benefitted also paid the bill. More important, however, were the moral arguments:

"Insurance was self-help. It fostered self-respect and a correct impression of receiving a return service according to your previous contribution" ²⁰

In the 1907 review the non-socialists also shared the strong conviction in support of the insurance principle. Seip quotes the conservative representative Klingenberg:

"I was like many others, on the basis of my purely non-socialist instincts, in favour of the insurance principle" ²¹.

New Alliances 1918-1923:

The five years between the 1918 proposal and the 1923 enactment represent the turning point in the development of Norwegian pensions. In contrast with the strong

17.Seip 1981 p 41

18.Ibid

19.Ibid pp 40,41

20.Ibid

21.Ibid

and contrastive positions prior to this, pragmatism opened the way for new solutions and compromises. The three most important parties in this context were the Labour Party, the Liberals and the Conservatives.

The Labour Party launched an attack on the proposal put forward in 1918. The extensive (governmental) review carried out prior to the 1918 proposal concluded with a proposal for a contributory scheme whereby contributors would pay two per cent of their income, and in return receive stamps which they had to save until pension age in order to prove eligibility. In addition to its principled rejection of the insurance solution, the Labour Party criticized the proposal on two major points. First, the scheme did not cover the already old ²². Second, they envisaged enormous administrative costs.

By this time the Labour Party had gained enough political strength to influence the majority of the Storting to conduct a review based on the taxation principle. The following report from the "People's Insurance Committee" highlighted the illusory nature of the division between tax and insurance. It was argued that in effect both systems relied on beneficiaries themselves paying for their pensions "with their taxes and productive labour in past and present" ²³. The majority support for this argument was a significant step on the road towards political consensus on the question of finance. Hatland argues that the existence of municipal pensions contributed significantly to the change of attitude among the non socialists ²⁴. We shall return to the role played by these schemes later. Also contributing to this change was a support for the taxation principle from unexpected quarters. In 1919 the Norwegian Association of Actuaries decided to support a review of a solution along the taxation principle. Prior to this the insurance principle had been widely regarded by the professionals as the technically superior solution. Again the feasibility of the taxation approach as documented through the municipal schemes proved important ²⁵.

The Liberals, who formed a new government in 1921 under the leadership of Blehr, continued to be the strongest advocates of the insurance principle. This government made a new proposal based on insurance in 1921. In hearings this gained little support ²⁶. The ongoing struggle between the two principles forced Blehr to look for compromises.

22. The proposed scheme excluded persons over the age of 56 at the time of enactment. Seip 1981 p 44.

23. Debates in the Storting 1923 cited Ibid p 45. Prior to this date only the Labour representatives had used this argument.

24. Hatland 1988 p 34

25. Ibid pp 34 35

26. Seip 1981 p 46

By this time the Conservatives , who had reconsidered their position on the question of finance after the latest review, were willing to support a tax-financed system. According to Seip the majority of the Storting, including the Conservatives, supported this solution because it would involve lower administrative costs, and also because the already-old would benefit. Most importantly, however, the Liberal proposal was rejected because the contributions were designed to be based on the flat rate principle. Seip refers to the view expressed by the majority of the review-committee in Storting:

"It would be unreasonable and at variance with fundamental principals of taxation, that poor and rich, single persons and persons with family responsibilities, should be charged equally" ²⁷.

During the second decade of the century Norway experienced strong economic growth. The increased wealth enabled the government to levy the additional taxes necessary to finance the scheme. While the economic situation thus contributed to the feasibility of the scheme, it was also changes in the economy that finally stalled the implementation of the enacted program. By 1920 the recession was already starting to be felt. The first measure was to delete the invalidity pension from the plan. When the Storting finally voted on the pension scheme in 1923 it was clear that this was a vote on a principle and not on a scheme to be implemented in the near future.

The First Old Age Pension:

The implementation of an old age pension was given high priority in the 1935 coalition government headed by Nygaardsvold of the Labour Party. In the last battle over pensions, between 1918 and 1923, it was the non-socialists who were forced to make concessions on the question of finance. The Labour Party was at that time able to pursue and maintain its principled position. The 1936 pension proposal may, by contrast, be interpreted as a movement to the right by the Labour Party.

While the Labour Party had originally advocated a scheme financed totally out of local and state taxes, they now proposed a system where the individual insured person would also contribute to the scheme through the payment of a premium. Furthermore, contrary to the flat rate approach of the Liberal proposal by the Blehr

²⁷.Ibid

government in 1921, the individual contributions varied according to the size of the insured person's income. Also, the lowest paid were exempt from paying the premium which amounted to one per cent of net income. A proposed means test and the exemption of the lowest paid from paying contributions added to the redistributive nature of the scheme.

Seip interprets the acceptance of an element of individual contributions as involving a clear turn to the right by the Labour Party. She quotes the Minister of Social Affairs:

"It is only of limited interest to discuss whether it (the pension scheme) should be built on one or the other theoretical system. The main issue is to find a practicable solution." ²⁸

Hatland finds it hard to follow Seip's interpretation of the Labour Party's policy in this period. Referring to the above mentioned redistributive aspects of the scheme, he argues that it was a far cry from a solution along the insurance principle. Adding to this, he argues, is the fact that there was no actuarial relationship between contributions and benefits, and that the scheme would commence immediately and thereby include the already old ²⁹.

We feel that while Seip is partly right in pointing out the turn to the right in the Labour Party, Hatland's interpretation of this as a change of policy that did little to alter the principles held by the party is equally valid. This policy was an expression of compromises necessitated by the political situation obtaining at the time. With this change the Labour Party had also become more pragmatic on the question of welfare. Both Seip (1981) and Pettersen (1982) consider the mid-30's to represent the convergence between the socialist and the non-socialist on the question of finance. This pragmatic compromise was later instrumental in the post World War II consensus on welfare.

Funding Versus a Modified Pay-as-you-go System:

On this question also contrasting viewpoints from the earlier debates softened up during the time of the 1935 coalition government. From totally rejecting both

28.Ibid p 47

29.Hatland 1988 p 46

individual contributions and funding in 1923, the Labour Party in 1935 proposed a fund built up from money paid by contributors ³⁰.

This fund was, however, given a rather minimal role in the finance of the scheme. The state was to cover 62%, the municipalities 25% and the fund 12% of the total cost. The majority of the fund was saved to meet the rising costs due to envisaged demographic changes. Also, Keynesian economic theory was starting to make its influence felt in the Norwegian political milieu, and in particular the Labour Party wanted to use the fund to finance housing, agriculture and other means to enhance productivity. Seip quotes from a pamphlet published by the Labour Party in 1918. The statement highlights the pragmatism in the Party on this question as well:

"It would be a different case if society, irrespective of the question of finance, should be interested in creating a big fund as a means to ensure social control over industry" ³¹.

With a redistributive element ensured through a combination of, on the one hand no upper ceiling to contributions (1% of income), and on the other hand means tested benefits, also the Labour Party was ready to change its view on the question of funding. For many of the same reasons that made the Labour Party support funding, the Conservatives now opposed it. Pettersen points to the paradoxical situation whereby the Conservatives in 1936 were the only defenders of a principle that prior to 1918 was only supported by the Socialists ³². The Liberals and the Agrarian Party had earlier (1920) supported the fund for reasons similar to those expressed by the Socialists in 1935. With the Socialist in power, they still supported the fund, but this time as an instrument to avoid higher taxes in the expected event of growing demand for pensions due to demographic changes. The strongest opponent, the Conservatives, again paradoxically, became the strongest supporters of the fund after the war when the labour government wanted to use the money in the daily running of the pension.

In this section we have seen that the political parties merged from opposing positions. In particular the Conservative Party entered a more pragmatic phase around 1920 abandoning their dogmatic rejection of the taxation solution. Only the Liberals maintained a more prolonged adherence to the insurance principle. In 1935 a Labour Party in power, and thereby responsible for carrying the scheme through, showed a greater willingness to abandon some of its ideological positions and accept

30. Pettersen 1982 p 145

31. Seip 1981 p 48

32. Pettersen 1982 p 144

an element of individual contributions. The combined system of finance worked out through a series of compromises in this period has remained more or less unchanged until the present day.

1.2 Coverage: Towards Pragmatic Selectivity and Gradual Universality.

In a similar way to the debates on finance outlined above, pragmatism replaced dogma in this question also and gradually brought about a situation where compromises and even alliances between socialists and non socialists could be made.

Early Development.

In the 1885 Workers Commission the crossing preferences of the labour movement in relation to pension coverage were already highlighted. The two Labour representatives supported universality in some areas of social policy, while in others a more selective approach was preferred. The priorities depended both on the kind of schemes that were debated and also on the proposed means of financing the pension. First, in the choice between various schemes, universality was preferred where:

"it was only limited economic resources in question, or where stigma caused by differential treatment would be particularly strongly felt, and where it was seen to be tactically important that the workers were treated similarly to others; for example in education" ³³

The above priorities exemplify the struggle between the virtues of economic versus those of social equality. At the time the former tended to be given priority over the latter. This must, of course, be understood in light of the poverty that the services were designed to alleviate.

In the case of OAP the position taken by the labour movement furthermore depended on the solution to the question of finance. In the case of a contributory system, the socialists rejected a selective scheme. Such a system would, they argued, become a "poor tax" for the workers to pay for their own old age ³⁴.

33. Seip 1981 p 43

34. Ibid p 42

The pragmatism of the labour movement in relation to this question appeared when an OAP along the taxation principle was debated. While supporting universality in principle, the social democrats were willing to sacrifice social to economic equality and support a pension paid by all wage earners and allocated according to a test of need. This position, we shall see, was sustained until 1957.

After 1918:

In 1918 the Labour Party defended for the first time its dissent from the principle of universality:

"..now it is most important to give help where it is most needed. Later the pension can be gradually extended to cover new groups." ³⁵

The Conservatives also supported the principle of universality. The political opponents concurred, however, from contrastive political priorities. The virtues of universality to the socialist must be understood in the light of their hatred of the means tested poor law. By contrast, the main reason for the Conservatives to support universality was based on an "equality before the law" principle ³⁶. According to Pettersen the Norwegian Conservatives deviated here from mainstream European conservatism at the time ³⁷. In the Bismarckian tradition, conservative parties tended to support schemes aimed at only the poorer sections of society.

Both the Conservatives and the socialists deviated from their principled positions in the process leading up to the enactment of the meanstested OAP in 1923, but again they did so for different reasons. By 1923 both groups acknowledged the limitations imposed by the economic crisis. The Conservatives therefore sacrificed "equality before the law" in order to make the scheme less costly. By contrast, to the socialists, the redistributive effect achieved by meanstesting weighed more than the fear of prolonged stigma ³⁸.

The First OAP

35.Ibid p 43. Seip quotes the proposal for a pension as presented by the Labour Party in 1918.

36.Pettersen 1982 p 53

37.Ibid

38.Ibid p 52.For both parties this line of argument is based on the premise that the scheme was financed over general taxation rather than by individual contributions.

In 1936 the desire to establish an OAP as soon as possible ensured, together with the still relatively weak economy, continued provisional Labour support for a selective scheme ³⁹. The Conservatives and the Liberals also continued their pragmatic support for a means tested scheme.

Having postponed universality, the political struggle shifted to center around how to implement selectivity. Depending on the rules for testing eligibility, a selective scheme may vary from being targetted at only a small minority to covering all but a small section of the group found to meet the basic requirements of need (i.e. those over the age of 70) ⁴⁰.

In this situation the socialists wanted to include more categories of means into the test than did the non-socialists. Pettersen finds that this question brought about more debates in the Storting and in the committees than did any other question related to the enactment of the first Norwegian OAP ⁴¹. While the socialist proposed to bring even very small occupational pensions into the means test, this was strongly challenged by all non socialist parties. They feared that this proposal would make employers lower the pension benefits below the set limit, and thereby bring an end to occupational pensions in Norway .

With occupational pension schemes already restricted to only a small minority of companies, the government saw no reason to contribute to the unequal treatment of workers in different industries by supporting these schemes.

Conservative and Liberal support for giving preferential treatment to occupational pensions must be understood in the light of pragmatic as well as ideological perspectives. Pragmatic because the groups covered were seen to be potential voters for non-socialist parties. Ideologically, support for occupational pensions was in line with the stress on the virtues of self help in social policy.

The Agrarian Party, however, supported the socialists in the move to include even the smallest occupational pension in the meanstest ⁴². Since self help was stressed as a virtue among the farmers representatives also, we must look for pragmatic explanations for this move. With very few voters in industry, the saving obtained

39.Seip 1981 p 47

40.M Reddin 1968

41.Pettersen 1982 p 147

42.The Agrarian Party had its stronghold among people working in the primary industries in rural Norway. In 1959 it changed name to the Center Party (Senterpartiet)

by restrictive means testing was more important than supporting the self help schemes in the cities.

With the stringent means test imposed, it is perhaps surprising to find that as early as in 1940 as many as 76% of the over-seventies received benefits ⁴³. To Hatland this goes to show that the means test was not very strict after all. It could also be seen as a sign of the relatively shared standard of living among the majority of the elderly and it also serves as an indicator of the relative absence of occupational pensions in Norway.

In the late 1930's the legislators were too occupied discussing the methods of means testing to embark again on the discussion of the principle of universal versus selective pensions. This debate reemerged, however, after the Second World War.

1.3 Level of Benefits

In his discussion of the road towards compromise between the political parties around 1920, Hatland argues that the level of pensions never became a major controversy ⁴⁴. If the Labour Party was to follow its earlier prioritizing of economic over social equality, it would be natural to pursue higher benefits from the tax-financed and means tested pensions in order to maximize the living standards of retired workers through redistribution. When this did not happen, Hatland argues that the achievement of social equality through extended rights to benefits, which had a symbolic value as a way of distancing the scheme from the existing Poor Law, was given priority over concerns over the economic circumstances of the elderly population.

In spite of this, in 1936 the coalition government established two central targets for the development of the new Old Age Pension. First, the benefits offered were to be set at a level "sufficient to give a reasonable coverage of what is needed for a person's subsistence".

This implied the adoption of a new approach to public responsibility in welfare. To Hatland this is the introduction of a strategy to alleviate poverty rather than prevent socialist unrest among the working class ⁴⁵. In the terminology of Jones

43.Hatland 1986 p 50

44.Hatland 1988 p 70

45.Hatland 1986 p 47.

this can be interpreted as the introduction of a "standard security approach" at the expense of a "poverty alleviation approach" to welfare. The significance lies in the fact that it is recognized that the public support scheme should fulfill this aim, and that eventually it shall not be necessary to add savings or alternative pensions in order to maintain income in old age.

In addition to this, the majority in the Storting gave their support in principal for a universal pension as the ultimate aim ⁴⁶. However, with limited resources available, the Government was forced to give priority to one goal at the expense of the other. The choice was between universal pension at a very low level and a selective pension at a higher level. In the event the Government gave priority to economic equality over the immediate achievement of social equality. Social equality was also less important a problem because the majority of elderly actually received pensions.

2 ALTERNATIVE SCHEMES

In the introduction to this section we argued that the role played by alternative pension schemes offers an important key to the understanding of the divergent development of British and Norwegian social insurance. Here we also hypothesised that a precursive public alternative would exert a very different influence from that of private or voluntary schemes. We shall return to a comparison along these lines towards the end of section 1 of this thesis (Social Insurance). In this chapter the emphasis will be upon how alternative programs contributed to the particular Norwegian model of public insurance in the run up to the old age pension in 1936.

2.1 Non-Public Schemes:

In Norway self-help and private insurance never developed to an extent comparable to that in the UK. This has both directly and indirectly influenced the divergence of the courses taken by Norwegian and British pensions. Directly, in Norway, because there was no scheme of any significance to stall or influence the course of the emerging state alternatives. Indirectly, because the participants in the struggle for pensions had no vested interests to take into consideration.

This is not to say, though, that private and voluntary schemes were non-existent in Norway. The history of social insurance features examples of the influence of such

46.Seip 1981 p 49

schemes being felt and debated in Norway. In the negotiations preceding the enactment of the first OAP in 1936, existing occupational pensions were brought into the debate. Due to the postponement of the implementation of the 1923 OAP, the following years saw a growth in occupational pensions. These were, however, limited only to large companies. The small scale nature of Norwegian industry therefore counteracted a stronger growth than that which took place ⁴⁷.

The proposed means test opened for certain kinds of earnings disregards. Both the Liberals and the Conservatives wanted to give preferential treatment to incomes from occupational pensions. This would, they argued, encourage thrift and saving. If, on the other hand, the pensions were counted in full, companies would lower the benefits to just below the limit for earnings disregard ⁴⁸.

The Agrarian Party, which was the third major non-socialist party at the time, supported the Government in its non-preferential treatment of occupational pensions. This party even contributed to a lowering of the disregard originally proposed by the Government. Pettersen explains this by a combination of their general desire to save on public spending and the nature of their voters; farmers and fishermen did not receive occupational pensions ⁴⁹. In the enacted pension, occupational pensions received the same treatment as did incomes from earnings, interests and private insurance.

In 1936 the Government had no clear picture of the prevalence of these schemes. But, it was believed that they were so few that there was no reason to give them preferential treatment. Furthermore, the fact that only the already better off workers would benefit from the scheme contributed to this decision.

2.2 Public Alternatives to State Pensions

Although the role of non-public schemes was not strongly felt in Norway, alternative schemes did play an important role in the establishment and nature of the state run OAP. The effects upon the latter are, however, different when the alternatives are public and not privately run. Starting in 1916 Norwegian municipalities established their own old age pensions in order to provide an alternative to the poor law for some of their ageing population. With the expectation of a state scheme to be carried through shortly, the growth of municipal OAPs accelerated between 1918 and 1923.

47. Pettersen 1982 p 150

48. Ibid. See also Seip 1987 p 229.

49. Ibid

Old Age and Disability Pensions:

The first scheme was set up in the rural municipality of Storelvdal in 1915. Although the main purpose of the pension was to free the elderly from the stigma of the Poor Law, it still retained many of the principles of the latter. First, a stringent means test was introduced to exclude those who could be supported by their own family. Second, a distinction between deserving and undeserving applicants found its expression in the ineligibility for persons who had a history of absenteeism and drunkenness, along with other forms of socially unacceptable behaviour. As an example of the latter, previous receipt of poor relief for reasons other than sickness was grounds for refusal ⁵⁰. The program, which was modelled on the Danish law regulating the "support of deserving elderly", was soon adopted by many other local authorities mainly in the south eastern parts of Norway. By 1922 municipalities covering 40% of the population had established such schemes ⁵¹.

The significance of these pensions lies, first, in the fact that, however similar to the Poor Law, they were created to offer an alternative for groups found deserving of escaping it. Second, and perhaps more important, being wholly tax-financed they represented a successful pilot project in a period where this approach was struggling to gain acceptance. Adding to these factors, two schemes set up in the capital had a more direct influence on the path taken by Norwegian social insurance.

In 1917 the Labour Party gained power in the Kristiania (Oslo) city council ⁵². Along with other radical measures the socialist mayor proposed the setting up of a municipal pension scheme to replace poor relief for the elderly and for the disabled. Hatland argues that the composition of the committee appointed to outline the scheme is a first indication of its national significance. These included the chair of the national Labour "Shadow Committee" on pensions. Among other prominent members was the later Minister of Finance in the first Labour government in 1936 ⁵³.

In its considerations the committee criticised the insurance based scheme proposed by the government in 1918. This criticism took two forms. First, it was argued that the majority of the people were unable to make contributions sufficient to avoid

⁵⁰.The outline of the Storelvdal and the Oslo Old Age Pensions is largely based on a recent study by Aksel Hatland (1988)

⁵¹.Ibid p 14

⁵².The name of the capital was changed to Oslo in 1924.

⁵³.Hatland 1988 p 16

poverty in old age and disability. Second, because the proposed pension was not financed solely out of contributions they argued that it would be more sensible to extend the state subsidy to make it mainly tax-financed. Furthermore, it was pointed out that a contributory system offered no benefits to the already old/disabled. Finally, the high expenses that were needed to administer a system of individual contributions, were considered a waste of resources. The validity of this argument should not be underestimated in a time when, as Hatland puts it, "the main administrative tools were pen and ink" ⁵⁴.

The taxation solution, by contrast, was seen to signify that maintenance in old age and infirmity was a public rather than merely an individual and familial responsibility. This was expressed in the term "socialisation" of maintenance. In bringing forward this argument the sympathy was, according to Hatland, clearly with those impoverished by caring for dependents rather than with the person in need of care ⁵⁵.

The Kristiania Committee also discussed the distinction between the "deserving" and "undeserving" needy. They rejected the principles of the Storelvdal model on the grounds that it practised a moralising form of selectivity. The Conservative minority of the Committee argued that similar clauses to those in Storelvdal should be included in the Kristiania pension. In an ironic address to these members, Emil Stang the chairman, refers to the existence of "idle persons in all classes" ⁵⁶.

We saw above that the report of the Labour Party "People's Insurance Committee" formed the basis for a compromise on the question of finance in 1923. The arguments expressed then drew heavily on the experiences of the creation of the Kristiania pension in 1917. The capital had provided a "test area" for the feasibility of the taxation principle. In this way the Stang Committee laid the ground for the achievement of a compromise between the advocates of the competing principles of finance on a national level also. Hatland furthermore documents that there was direct pressure from the municipalities on the state to finance a future pension out of taxation. When Kristiania enacted its pension in 1918, a request was made to the Storting for a tax-financed state pension. Similarly, a survey of local authorities showed that while only 70 supported the insurance principle, a majority of 145 were in favour of a tax-financed state scheme.

54.Ibid p 17

55.Ibid p 18

56.Ibid p 22

Mothers Pensions:

Although the main influence exerted by the Kristiania experience was through the Old Age and Disability Pension, the less recognised Mothers Pension Scheme introduced simultaneously complemented this. A recent study by Seip and Ibsen Olaussen highlights how the scheme added a new dimension to insurance by expanding its target groups ⁵⁷. Let us first consider how this scheme complemented the local old age pension.

Norway played a pioneering role in establishing services targetted at families in general and children in particular. With the Castberg Child Welfare Law of 1915 an important barrier was broken by the introduction of equal rights for legitimate and illegitimate children alike. This legislation also had an economic element in the provision of maternity benefits to unmarried and poor married mothers. Although these benefits failed to be realised due to a lack of state funding, the idea of a public responsibility for children and mothers had been introduced ⁵⁸. Again it was Kristiania that preceded the state in creating a viable scheme. When the Kristiania Mother's Pension was introduced in 1919 the link to a future state scheme was, if possible, made even more explicit than was the case for the simultaneous old age pension.

The Pension was seen by the Labour representatives as a pile- driver. The municipality had only started what the state ought to take over: the communities "ought to be at the forefront and show the way to the state,..which has the first responsibility,...the communities must...force the state" ⁵⁹. Ibsen Olaussen and Seip argue that "Local initiatives were here seen as a strategy in what we can call "welfare state building"" ⁶⁰.

The scheme also proved to influence the discussion on the principle of finance. In the case of the municipal pension the choice was between finance out of general taxation on the one hand, and tying the funding to the wage agreement on the other hand. The latter solution was modelled on the French "caisses familiales". Labour preferred the taxation solution arguing that benefits ought to be paid regardless of the father's position in the labour market. Again, therefore, tax financing was favoured as a means to achieve universality.

⁵⁷.We have been allowed to quote from this unpublished paper. Ibsen Olaussen and Seip 1988

⁵⁸.Ibid p 3

⁵⁹.Ibid p 8. The quote is from city council documents in the capital 1919-1920

⁶⁰.Ibid

When the state Family Allowance was enacted as a universal tax financed scheme in 1946 the vote was unanimous. The experience with the Oslo predecessor contributed largely to this outcome. In the rejection of the insurance principle in 1946 a further argument was introduced. Tax finance proved to be a good method to include the self-employed. This, together with the realisation that an all-inclusive flat rate scheme involved no redistribution, made the non- socialist parties accept finance out of general taxation.

Even though some municipalities were forced to close down their schemes during the recession, by 1936 43% of the population was covered ⁶¹. By this time the municipal schemes had proved the practicality of a scheme that the Government wished to implement nationally. Furthermore, the municipalities had no interest in counteracting the implementation of the state scheme in order to save their own. There were no economic interests vested in the scheme which would lose out by the introduction of a state alternative. On the contrary, the implementation of the state scheme would involve great savings for the municipalities. In fact, as we have seen, many of the schemes were created with the expectancy of an early state take over. This way, their existence added strength to the political arguments expressed by the local authorities. Hatland sums this up: "While it would have been politically difficult to replace these with an insurance based scheme for the elderly, it would also be economically difficult to make the working population pay individual contributions for a new scheme in addition to a continued tax contribution to the existing municipal pension" ⁶².

After 1936, the growth in municipal schemes continued, but now offering additions to the state pension. In the comparative section we shall return to how the Norwegian experience contrasts with the influence exerted by alternative schemes in Britain.

3 Towards an Early Consensus

Far from being an isolated case, the compromises that facilitated the implementation of the 1937 OAP were part of a more wide ranging political change taking place in Norway in the mid 1930's. After a period of Liberal government, the Labour Party took office in 1935. This happened after Labour's proposed measures to counteract the economic crisis had contributed to a growing support for the Party. The non- socialist parties had failed to achieve a joint policy to meet the

61.Hatland 1986 p 47

62.Hatland 1988 p 34

state of crisis. In particular the Agrarian Party felt that the policy of the Liberal Government did little to help their supporters, the farmers and other workers in the primary industries. This situation facilitated a "crisis compromise" between the Government and the Agrarian Party. The latter gave support for the socialist austerity measures while the Government in turn backed policies designed to alleviate the problems of the primary industries ⁶³.

In addition to the Agrarian support for the minority Labour Government, other factors coincided to facilitate the expansive policies that Labour now embarked on. Most importantly, from 1935 onwards there was an upswing in the Norwegian economy. In the period 1934 to 1939 industrial output increased by 40%. 140 000 new jobs were created and the GNP increased by 25% ⁶⁴. Furthermore, the Government now in power accepted the new Keynesian doctrine of more rather than less public spending as a measure to create economic growth ⁶⁵. In this perspective expenditure on social policy programs was also seen to be productive ⁶⁶. The new emphasis on family policies, as advocated in the work of Alva and Gunnar Myrdal in Sweden, was also important in changing the focus and scope of social policy in this period ⁶⁷.

The new Labour Government established a Social Legislation Committee (Sociallovkomite) as early as in 1935. Partly building on existing plans, as in the case of the OAP, the Committee soon began to propose new social security programs. First, the existing Health Insurance was extended in 1935 to include the fishermen and later, in 1937 sailors in the merchant marine. In 1937 new programs for the unemployed, the disabled, and for the protection of workers were enacted. It is of particular interest to note that the new state Unemployment Insurance was financed according to the contributory principle. In contrast to the case of OAP's this area had a history of voluntary schemes financed from individual contributions. Although it can be argued that unemployment is a more "insurable" contingency compared to old age, this can, from the perspective of our analysis, also be interpreted as a sign of the importance of policy inheritance in deciding the form

63. This short account is based on Lorentz 1974 pp 39-44. Sweden and Denmark also experienced similar compromises between socialists and non-socialists in this period.

64. Nestor 1986 p 51.

65. Yet, Nestor (Ibid) argues that the extent of this reorientation was limited. In particular the poorest recipients failed to benefit; the number of people receiving Poor Relief remained unchanged between 1934 and 1939. During this period social policy expenditure did not increase faster than GNP.

66. Seip 1987 p 209. Nestor (1986 p 52) argues, however, that "the fear of the destructive influence of social policy upon production and the creation of wealth was still present among the majority of the elected representatives". In particular this was expressed in the discussion on a more extensive Unemployment Insurance.

67. The Myrdals published their book "Kris i Befolkningsfraagan" in 1934.

of new schemes ⁶⁸. The disability scheme was, however, financed out of general taxation. While the plans of the Labour Government outlined a universal scheme, the Act of 1937 was limited in scope in that it only covered the blind and the severely physically handicapped ⁶⁹.

The new programs enacted in the 1930's can be interpreted as representing a change of emphasis in Norwegian social policy. Hatland argues :

"Up to this point the social security acts could be regarded as a kind of labour legislation, one of their objectives being to reduce the political discontent of the working class, but the new old age pension and the aid to the blind and crippled was aimed far more distinctly at alleviating the poverty in the country. Rights were held by virtue of one's being a citizen, not by virtue of being an employee" ⁷⁰. Hatland furthermore sees this approach to be an already established "Scandinavian line in social policy" ⁷¹.

Although the changes are also recognised by other writers, the extent to which this represented a new direction of policy is questioned. Nestor points to the fact that the numbers receiving Poor Relief hardly decreased at all in the 1935 to 1939 period. He also stresses the needs of other poor groups when he argues that the change of emphasis was only limited: "survivors, disabled, single parents and many of the unemployed were not favoured in this period of welfare expansion" ⁷². Seip argues that although the new schemes heralded a new approach to welfare, the extent of expansion was not significant enough to represent a break with the past ⁷³. Although we agree with Seip in her stress on continuity over change, we also find that the extensions to cover groups outside the (past and present) labour force embodied an important new orientation in Norwegian social policy. Although such extensions were only limited in scope, the importance lies in the recognition of such extensions as a desirable development. Even more importantly, perhaps, the 1930's legislation established the taxation principle as the main form of finance for

68. Unemployment is more "insurable" because the situation will be preceded by periods of income from work. By contrast, not all old people have a work record; a compulsory/universal OAP is therefore more difficult to finance over individual contributions. By contrasting the means of finance in the OAP and the Unemployment Insurance further evidence to test our hypothesis about the significance of "policy inheritance" could be provided. This analysis falls, however, outside the scope that can be covered in this thesis.

69. Kluge 1973 p 70.

70. Hatland 1986 p 47

71. Ibid.

72. Nestor 1986 p 52.

73. Seip 1987 p 206.

Norwegian social insurance. As we shall see later, this facilitated the extensions along the lines embarked upon in this period.

The change of focus away from the labour force towards the needs of the population at large, coincided with a transfer of power within the Labour Party. Lorentz argues that:

"While in the 1920's it was the trade unions that decided the policies of the Party, it was now the parliamentary section that decided the policies of the trade union movement" ⁷⁴. Although the trade union movement lost some of its autonomy and influence upon Party policies in this period, the Labour Government also strengthened the union's powerbase. In particular through their participation in various boards and committees, the trade unions gained access to the state apparatus. The period 1935-1939 saw an increase in the number of bodies that comprised representatives from the state on the one hand and employers and employees on the other ⁷⁵. Moreover, the 1935 Cabinet comprised two Ministers from the trade union movement ⁷⁶. If there was an overall loss of power in the union movement, this was certainly not reflected in the level of unionization: from 1934 to 1938 the number of members of the LO increased from 172 000 to 344 000 ⁷⁷. The new role of the trade union movement may be interpreted as a move in the direction of a more corporate state. A further step in this process was the 1935 "general treaty" between the employers and the workers organisation regarding wages and labour relations in general ⁷⁸. This was a further step towards the replacement of class conflicts by cooperation.

In chapter 3 we will see that in Britain a contrasting positions was established between party and unions in the run up to a Labour Party acceptance of social policies along very different principles from those prevailing in the Norwegian labour movement of the same time. The increased influence of the TUC upon Labour politics will be seen in the 1942 endorsement of Beveridge's liberal social policy. As we shall see later, there is however, nothing to suggest Labour support for a contributory principle in the case of the more influential Norwegian trade union movement. In Norway, a stronger trade union element in the Party may, however, have counteracted the 1930's tendency towards greater emphasis on groups outside the labour force. As we shall see in the next chapter, the change of emphasis towards a wider "catchment area" for social insurance is crucial to the

74. Lorentz 1974 p 42.

75. Ibid p 43.

76. Edvard Bull Norsk Fagbevegelse p 135.

77. Ibid p 44.

78. Norwegian: "Hovedavtalen" 1935 Ibid.

understanding of the development towards welfare along the institutional model in Norway in the post-war period.

We can therefore conclude that the political situation favoured reforms in this period. The need for reform was furthermore particularly great in the mid 1930's. Since the onset of the depression prevailing economic doctrines had prevented the state from meeting the growing needs with expanded programs. The situation between 1920 and 1935 has been described as one of "Sunday silence" in the Department of Social Affairs ⁷⁹. In combination, these factors facilitated an ensuing period of expansion in the area of social policy.

Summary and Conclusions

In this chapter we have seen how the socialist and the non- socialist parties merged from contrastive positions in the two key areas of finance and coverage of a future old age pension. The compromise reached on finance followed the original Labour idea of a system paid for by general taxation. The agreement was due partly to changing attitudes in the non-socialist camp, in particular among the Conservatives, while on the other hand the Labour acceptance of an contributory element made it easier for the non-socialists to reach a consensus.

In the area of coverage also the political opponents found common ground over the issue of means, while the objectives behind their positions remained different. Thus, in particular the unity between Labour and the Conservative facilitated a selective scheme that was designed to evolve into universality through the gradual relaxing of the means test.

Although the level of the pension was relatively low in 1935, the existence of the means test was used politically as an instrument to elevate this before extensions could be made. The fact that the system was tax-financed made the setting of the level a question of political will rather than of the individual's ability to contribute.

The municipal predecessors to the state pension furthermore played a constructive role in the creation of state schemes. Being wholly tax-financed, they gave evidence of the feasibility of this solution. Furthermore, they were designed to be replaced by state schemes, and thus not only had no interest in stalling the state alternatives, but actually contributed to the pressure on the state to establish new programs.

⁷⁹.Nestor 1986 p 41.

Lastly, they led the way in creating schemes for groups previously outside the realm of social insurance.

The consensus of 1935 facilitated a model of social insurance that was designed for expansion. A tax-based system has greater scope for the extension of coverage compared to a system where only groups that are able to contribute individually can be included. The level of benefits was set low, but there was not, as in the UK, a flat rate contributory system to curtail their future development.

Furthermore, the programs enacted in the mid and late 1930's pointed in the direction of offering welfare to the population at large, rather than restricting the non-poor law services to participants in the labour market. According to the model laid out in the introduction to this thesis, this can be viewed as an important foundation for later moves towards institutional welfare. In this model services are allocated according to need rather than previous records; be it moral behaviour or individual social insurance contributions.

While this chapter has focused on the achievement of compromises, we will see in the next chapter that it was in this period that the foundation for the post-war consensus was established. Seip sums up the relationship between the two. In spite of prolonged conflicts over social policy in the 1930s, she concludes that "the climate for compromises was better than in earlier days. And at the next crossroad the decisions were binding. Compromise led to consensus" ⁸⁰.

80.Seip 1987 p 209.

Chapter 2

Norwegian Social Insurance 1940 to 1967: From Pragmatic Selectivity Towards Institutional Universality.

In the British literature, emphasis has been given to the impact of war upon social policy. Titmuss in particular has contributed to the discussion of the experience of the second world war as a determinant of the post-war consensus in British social policy ¹. In Norway this relationship has been given less attention than in Britain, but both Seip and Kuhnle argue that a similar influence can be traced in this country ².

The British and Norwegian war experiences were very different. Norway was occupied by Germany for five years and the Government was forced into exile. In Norway the war therefore involved an intermission in the policy making process ³. The occupation government did not initiate new welfare programs. The break during the war enabled the Norwegian welfare state to resume the thread from before the war, and thereby continue the constructive development of the late 1930's. This contrasts to Denmark's war experience where a coalition government managed to undermine a pre-war consensus similar to that achieved in Norway ⁴. Unlike Britain, where the war involved new collective programs and large scale policy planning, the Norwegian war experience had a less direct impact on the post-war development of the welfare state.

The exiled Norwegian Government stayed in London during the war. The extent of contact between Norwegian groups attached to the Government and British policy makers has not yet been researched. An element of direct diffusion is, however, made implicit in both Seip's and Kuhnle's considerations of the influence of the war experience. While there can be no doubt about the spread of inspiration and optimism created by the Beveridge Report and its reception, we feel that both the

1.R Titmuss "Problems of Social Policy" HMSO London 1950,"War and Social Policy" in "The Philosophy of Welfare 1987.

2.Kuhnle 1983 p 154 and Seip 1987 p 210.

3.Seip (Ibid) p 210.

4.Ibid.

direct influence and the extent to which this report served as a model for Norwegian policy makers has been exaggerated.

Seip sees a change of orientation, partly resulting from this (direct and/or indirect) influence, from the German model to the British approach to welfare during and after the war. This is based on three assumptions. First, she considers the paper "The Future Norway" to be a "Norwegian variant of the Beveridge Report" ⁵. This pamphlet, published by the Norwegian LO (TUC) in Stockholm during the war, outlines, among other things, a future social policy for Norway. Its recommendations had a clear impact on the post-war plans outlined below. The extent to which these documents compare to the contemporaneous British plans will be discussed in the comparative conclusion of this section. For now we hypothesize that the similarity has been exaggerated. Second, the influence of Beveridge is understood to be further evidence of the turn to the right by the Norwegian Labour Party: "once again Liberal ideology was taken up (adopted) by Scandinavian social democrats" ⁶. (The "again" probably refers to the compromise on pensions in 1936.) In the previous chapter we found Hatland's criticism of Seip's interpretation of the Labour acceptance of a contributory element in that year as a turn to the right to be valid ⁷. Third, Seip's interpretation of the British influence appears to be based on an understanding of Beveridge's return to collectivism in the 1930's as an expression of a more radical approach to social policy: "by the mid-30's the pendulum had swung once more, and the war experience radicalised him even more strongly" ⁸. In the chapter on British social insurance during the war we shall return to a discussion of the extent to which Beveridge's new approach could be termed radical. For now, we hypothesize that Beveridge's radicalism, and hence that of his plan, is exaggerated whether "radicalism" is used to denote movement towards socialist views, or the advocacy of thoroughgoing changes ⁹. In our view his plans were neither socialist nor as far-reaching as they are often claimed to have been.

While we recognise the influence of war in facilitating a feeling of integration and solidarity, and thereby adding to the support for collective measures, our main emphasis is on the continuity of the consensus achieved in the mid-1930's ¹⁰. In

5. "Framtidens Norge" LO Stockholm 1945

6. Seip 1987 p 210

7. See ch 1

8. Seip 1987 p 211

9. Similarly Pinker (1979 p 239) argues that Beveridge (together with Keynes) was an enthusiastic collectivist with regard to social policy because he was an anti-socialist.

10. The importance of this period is also supported by Kuhnle and Seip. While Kuhnle (1983 p 155) also stresses this continuity, we find Seip's interpretation to give too great an emphasis on the element of change during the war.

this chapter we will outline how the compromises chiselled out in this period resulted in a policy that ensured the combined effect of, on the one hand, universality followed by extension to include groups other than the elderly, and on the other, a gradual elevation of benefits for the elderly as well as for the newly included need categories.

In 1945 a coalition government consisting of all the political parties was established. It soon produced a joint program outlining the policies of reconstruction. The document included a key statement for the development of the welfare state:

"Social insurance will be developed to make the services of the Poor Law superfluous. The social insurance schemes shall be coordinated to form a joint system covering sickness, invalidity, unemployment and old age" ¹¹

In 1948 the Labour Government presented the first plan for a National Insurance. The tripartite method of finance laid down in 1936 was unchanged in principle. With the proposed extensions to cover groups other than the elderly, the contribution would be changed to a general "social insurance duty" ¹². The continued balancing between the virtues of high benefits, universality in the OAP, and the extension to cover new groups was outlined in a stage-by-stage plan in which economic growth would determine the speed of implementation. In the first stage the aim was to establish a disability pension. This would be followed by an elevation of benefits. In the third stage priority would be given to the revision of the Health Insurance, the Unemployment Insurance and the Occupational Injury Insurance. Lastly, the benefits would be further increased, together with the establishment of maintenance schemes for children and widows ¹³.

It was not only in the area of finance that the 1948 plan represented a continuation of the principles reached through the compromises of the mid-1930's. As we have seen, the gradual extension, first to ensure a universal OAP and later to include other groups, continued. The same was true for the gradual elevation of benefits.

We now turn to a study of the balancing of these different objectives in the period eventually leading to the establishment of the National Insurance Scheme in 1967.

1 1948 to 1957: Priority Conflict and Compromises

11.Fellesprogrammet 1945

12.Stortingsmelding nr. 58 1948 p 11

13.Ibid pp 84,85

The Road Towards Universality:

In the late 1930's the legislators were too occupied discussing the methods of means-testing to embark again on the principal discussion of universal versus selective pensions. This debate reemerged, however, after the Second World War. In the 1948 National Insurance Report the Labour Government stated clearly that the principal aim was a universal OAP. According to Hatland three arguments were central to the government's determination to abolish the means test ¹⁴. It would:

- a) stress the character of the pension as a right for all;
- b) enable big administrative savings;
- c) encourage saving and work.

Having recognised the virtues of abolishing the means test, the Government in 1948, however, was not yet ready to introduce a universal scheme. With consensus reached on the principles of this important question, the subsequent ten years represent a struggle over priorities. The Labour Government wanted to extend the pension to include benefits for the disabled and widows before including the remaining quarter of elderly not yet receiving pensions. Another area given priority by the Government was the elevation of existing pensions. In 1948 this was also given priority over universality.

The non-socialists were divided over the issue. The Christian Party followed the socialists in giving priority to the disabled. The three other non-socialist parties all wanted to abolish the means test before pensions were extended to cover new groups.

In 1951 a committee instructed to present a report "with the least possible delay" was appointed by the Storting. It was, among other tasks, asked to consider the means test and give recommendations on whether to raise the earnings disregard or abolish it altogether. In this committee the Labour representatives for the first time gave priority to its abolition ¹⁵. In spite of a united Standing Committee on Social Affairs the debate in the Storting saw support for an immediate abolition of the of the means test in 1952 only from the Liberals and the Agrarian Party. The

14.Hatland 1986 p 49

15.Pettersen 1985 p 62

Conservatives now prioritized the establishment of a disability pension. The Government also stressed the elevation of the existing pension ¹⁶.

The combination of higher pensions and elevated earnings disregards would gradually bring about a decrease in the number of people being excluded from eligibility after being means tested ¹⁷. Hence the role of the means test would diminish. This outcome enabled the majority of the Storting to tie the Government to a promise of abolition once the above two aims were achieved. Subsequently the Standing Committee on Social Affairs in the Storting established a twofold goal: by 1957 the basic pension was to be elevated to 1/3 of average earnings in industry, and the means test abolished.

According to Pettersen, the Standing Committee on Social Affairs supported a plan for:

"..elevated pensions and thereby higher earnings
disregard, to reduce the numbers excluded to a size
that made it natural to take the small step to fulfill the ultimate aim of
universality" ¹⁸

Yet the proposition bore sign of compromise:

"The Conservatives, the Liberals and the Farmers Party
sacrificed the immediate lifting of the
means test while the government gained time
for the elevation of rates" ¹⁹

In 1955 the Conservatives broke, however, with the established consensus and proposed the immediate abolition of the means test. In addition to the argument of administrative savings the Conservatives main worry was the negative impact the means test had upon the development of occupational pensions ²⁰. This "solo-performance" by the Conservatives made the other non-socialists, however, group together in support of the agreement reached in the Social Committee in 1954.

In 1957 the universal pension was enacted, and it was implemented from January 1959. According to Pettersen this decision represents "a change of principles without

16.Ibid p 68

17.In 1952 82% of those above the age of 70 received pensions.

18.Pettersen 1985 p 70

19.Ibid

20.Seip (1987 p 212) shows that only the Conservatives stressed the need for making room for private pensions in their programs of the late 1950's.

conflict" ²¹. With the exception of Child Benefits (universal from their introduction in 1946 onwards), all public schemes had a redistributive effect resulting from the combining of tax-financing and selectivity. Such a redistributive effect in the large and important OAP was therefore sacrificed by the Labour Party in 1957. The change of finance in 1957 also contributed to the diminishing of redistribution through social security in Norway ²².

With a substantial elevation of the basic pension the Government saw its main objective fulfilled. The OAP now set the standard from which social security could be extended to cover new groups.

Levels of Benefits:

As we have seen above, the central area of conflict in the question of pensions during this period was between, on the one hand, those who wanted to give priority to universality, and on the other those who wanted first to elevate the level of pensions to a more decent level. The Labour Party gave priority to the elevation of pensions, while all the non-socialist parties gave preference to the inclusion of the remaining 20% of elderly still excluded from receiving pensions. The extent to which the non socialist parties shared the Labour desire for elevated pensions, and thereby disagreed only on priorities and timing, is open to interpretation. What we do know is that Labour was the only party explicitly mentioning the standard of benefits in the party programs of the first post-war decade ²³.

Pettersen stresses the long term strategy that the Labour Government planned and carried out in this period. The Government tied the gradual extension of earnings disregard in the means test to the gradual elevation of benefits ²⁴. Furthermore, the Labour Party was aware of the significance of the development of old age pensions to the future development of other areas of social insurance. Both because such great numbers were involved, and because pensions for the elderly got priority at a relatively early stage, they would set the standard for later schemes to be established ²⁵.

21. Pettersen op cit p 80

22. We will return to this issue below.

23. Seip 1987 p 214

24. Pettersen 1985 p 50

25. Ibid p 40

In the 1948 White Paper (Stortingsmelding) the Government made some international comparisons between alternative approaches towards the level of pension. Here the British 1946 National Insurance Act was, together with New Zealand's 1938 Social Security Act, used to exemplify the "minimum standard" approach to social insurance. While the equivalent system in the Soviet Union was used to exemplify the opposite approach, the Government chose an intermediate position:

"The Ministry (of Social Affairs) feels that the achievement of socially acceptable income maintenance for all members of society is a central responsibility of the public social insurance program" ²⁶

In order to achieve this ultimate aim the Government was still not willing to let go of the savings and redistribution resulting from the means test, given the way means testing was practised in Norway. With growing pressure from the non-socialists, and with no resistance in principle towards universality in the Government, the time was ripe, however, for compromises in the question of pensions. The significant breakthrough came with the 1954 consensus in the Standing Committee on Social Affairs. Here it was agreed that by 1957 the level of pensions was to be raised to one third of average earnings in industry, while at the same time the means test would be abolished.

Figure 2.1 below shows that the level of pensions experienced an increase in the 1945 to 1957 period. When the means test was abolished in 1957, the strategy of the Labour Government had thus proved successful.

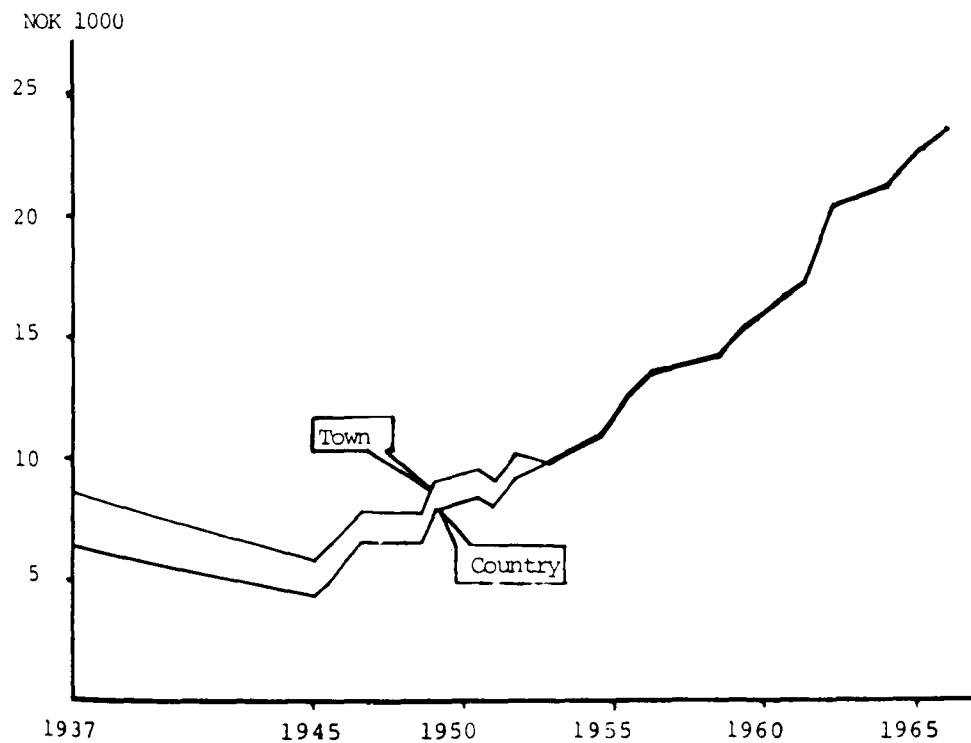
2 1957 to 1967

While the compromise in the period leading up to 1957 brought about higher rates, it had been argued earlier that universality would counteract the further elevation of rates. It is therefore of particular interest to see what happened to the rates in the period following the 1957 OAP Act. The results appear in the figure below ²⁷.

²⁶.St.melding 58 p 7 ,our emphasis.

²⁷.Hatland 1986 p 51

Fig. 2.1 Development of old-age pensions for married couples. 1982 NOK.



Contrary to what one might expect, the rates rose even more steeply in this period than in the previous years. Although there exists no cast-iron explanation for this, some tentative reasons can be suggested. In contrast to 1936 (or 1948 for that matter) the economy allowed for growth in welfare spending in this period. The immediate reconstruction that followed the war was brought to an end.

Furthermore, the new groups to be included with the introduction of the universal OAP now had objective interests in exercising political pressure towards the elevation of benefits. Before 1957 such pressure would have brought about higher taxes and no gain to either the groups excluded from benefits by the means test or to their political representatives.

[In the concluding comparative part of this section we shall return to consider what significance the absence of private and occupational schemes had in this situation]

Changes in the Methods of Finance:

The fourfold source of income has remained unchanged until the present day ²⁸. What has changed is the distribution of responsibility between the different sources.

With the abolition of the means test in 1957, the system of finance was reformed. First, the contribution paid by individuals changed from being paid over general taxation to become a specific membership premium. Second, the employers were to pay a contribution varying according to the contribution paid by the individual employee. Third, the system changed from funding to pay-as-you-go ²⁹.

The main argument for the change from general tax to premiums lay in the fact that this would make the relationship between contribution and benefit more visible to those involved. This, it was believed, would enhance the popularity of the scheme and make increases in the level of pension more practicable ³⁰. The reform thus involved a change towards incorporating a key element of the insurance approach to social security.

The introduction of employers contributions turned out to be instrumental in the increase in the level of benefits paid. With the change to pay-as-you-go, all increases had to be financed through higher contributions. The Labour Government made employers pay for the majority of the increases in the years following 1957. Although reluctant at first, the non-socialists were to follow the same pattern when the first non-socialist government increased pensions in 1965.

3 The 1966 National Insurance Act:

Finally, nearly two decades after the publication of the first white paper, the scheme was enacted in 1967. This is not to say, however, that no new schemes had been created in this period. While the 1967 Act also created new programs, its main function was to bring existing schemes together under one umbrella ³¹.

The Introduction of an Earnings-related Supplement (ERS):

Prior to 1967 there was no state-run ERS scheme in Norway, though the question had already been raised, in the discussion following the 1952 Government Report

28. That is, in 1976 the contribution from local authorities was abolished.

29. The existing fund would be used to regulate the economy of the pension, but no further funds would be accumulated after this date. Pettersen 1985 p 83

30. Ibid

31. We will return to the other social security schemes in part 4 of this chapter.

on Pensions. At this time the Standing Committee on Social Affairs in the Storting felt, however, that:

"..it was not a natural part of social insurance for the time being" 32.

Hatland feels, though, that by this statement the Government left the way open for a future attempt to create a public earnings-related pension.

In 1960 the LO and the NAF made an agreement to establish an earnings-related pension for their members (FTP) ³³. This scheme was, however, not designed to be extended beyond the limits of organized workers. Its implementation therefore highlighted the existing differences between those who had the possibility of obtaining a supplementary pension and those who did not. Growing attention focused on this question was furthermore due to the debates in Sweden. In 1957 a referendum there decided in favour of a state-run scheme. This was a big victory for the Labour Party in Sweden, and the non-socialists came out weakened and divided.

When the Norwegian debate a few years later took a somewhat different path to that of Sweden, this must be understood in light of the Swedish experience ³⁴. This time the Liberals (the Norwegian counterpart to the losing party in Sweden) supported a state-run scheme. Only the Conservatives opposed this scheme, and gave their support to a non-state solution. The existence of the FTP also contributed to the different path taken in Norway. With the only existing scheme limited to organized labour, the non-socialists were less willing to support a future pension based on this scheme than would they have been if it had been freed from organisational ties.

Nor was the Labour Party unanimously in favour of a state scheme. Among some circles in the Party there was a desire to replace the old notion of equality (i.e. similar pensions for everybody) with a new equality which sought to diminish the difference between industrial workers on the one hand and salaried staff and civil servants on the other. As the latter groups already had established occupational schemes, this approach supported a solution along the existing FTP instead of a

32.Cited in Hatland 1986 p 57

33.The FTP was a ERS-scheme organised by the LO and the employers organisation (NAF). The Labour Party was later willing to sacrifice this pension in order to gain political support from groups outside the LO (fishermen, farmers, and civil servants mainly.)

34.Hatland 1986 pp 57 58

universal state-run ERS ³⁵. In an interview, Gerhardsen, the PM, expressed support for such a solution ³⁶.

When eventually a state-run scheme was chosen in 1963 this can, according to Hatland, be at least partly explained by the specific political situation in Norway at the time. In 1963 the Labour Government was forced to resign after a mining accident on Spitsbergen. In order to regain power, Labour proposed an insurance scheme covering the entire working population. This, it was hoped, would win further support from voters outside the immediate boundaries of the Labour Party ³⁷. Also, a state scheme would ensure public (state) control of "the savings of the people" ³⁸. When, in 1965, the non-socialists formed a coalition government, they agreed to abandon their individual party preferences and gather around one solution ³⁹. By this time the state scheme was widely recognized, and thus compromise by the non-socialists was more feasible ⁴⁰.

The scheme, which was implemented by the non socialist Borten Coalition Government in 1967, involved a strengthening of the standard security approach to welfare ⁴¹. It furthermore had a built-in redistributive element due to graduated contributions, exemptions for the lowest paid and a higher degree of income replacement for the lower paid than for those with high incomes.

The Basic Pension after 1967:

In the introduction to this thesis we discussed the importance of incorporating strong, deserving and well organised groups into a scheme in order to facilitate its growth and strengthening. In the concluding part of this section we will return to a comparison of the British and the Norwegian experience along these lines. For now

35.Seip 1987 p 218

36.Hatland 1986 p 58

37.The Norwegian Labour Party has always relied on support from peasants and fishermen.

38.Seip 1987 p 220

39.While the Conservatives and the Agrarian Party supported a solution which included private earnings related pensions, the Liberals and the Christian Party wanted graded pensions within a state scheme. While the Labour Party originally supported a corporative solution, it was the Liberals and the Christian Party that first advocated the eventually enacted state-run solution. Ibid p 219.

40.Hatland 1986 p 60

41.We will return to a comparison of the Norwegian "standard security approach" with what we regard the British "poverty alleviation approach" in the concluding part of this section.

we can accept that the incorporation of the last 20% or so into the OAP in 1957, and the subsequent growth in rates, may be viewed from this perspective.

If this line of argument is correct, then the creation of a two tier system in 1967 could turn out to have had the opposite effect. In this way, wage earners could target their political pressure towards the earnings related supplement at the expense of the basic pension. This in turn, could undergo a decrease in relative value. A tentative explanation for the fact that this did not happen in Norway lies in the way the 1966 Act was shaped. It was decided that the basic pension was to be indexed according to the growth in average earnings. More vaguely, it was also settled that the pensioners should be awarded their share in the nation's general growth in prosperity ⁴².

Hatland shows that in the period 1967-1982 the basic pension experienced a growth greater than that of the prices in the same time-span. Consequently the purchasing power of the pension increased by 14%. Compared to average earnings, however, the pension experienced a slightly smaller growth.

The Special Addition:

In order to ensure higher pensions for those unable to work up entitlements for the ERS, it had, as early as 1964, been suggested that a compensational addition should be made to the basic pension for these groups. The majority decided at that point against the proposal and suggested instead an elevation of the basic pension. This would, it was believed, in combination with the subsequent indexing, ensure the same result.

The pressure for a specific addition continued, however, and in 1969 the Storting enacted the Special Addition (Saertillegg). Going beyond its original target group, the already old wage earners, the scheme also included housewives and other persons without income from earnings. It therefore:

"..attained the character of a guaranteed minimum supplementary pension" ⁴³

From representing a 7.5% addition to the basic pension at the time of its introduction, the value of the Special Addition rose to half the value of the basic

38.Ibid p 101

43.Ibid p 73

scheme in 1983. It is therefore within this scheme that the greater part of the growth in pension value for those without SERP has taken place.

The prolonged period of dependence on the basic scheme for large groups was furthermore rendered possible by the the nature of the rules for working up entitlement for the ERS. Only after paying contribution over 20 years were the pensioners entitled to draw full benefits. In this way support from large and strong groups of wage earners was secured.

4 Extensions to Cover New Groups

When we now turn to look at other social insurance programs, we do so with the understanding that there is a close relationship between the OAP outlined above and the timing, nature and standard of these schemes.

This relationship is expressed in the use of the term "extension". Although it follows from the preceding section that the OAP was the scheme from which extensions to cover new groups were made, this is, of course, not to say that groups other than the elderly were included in the OAP. The new schemes covered different contingencies with different needs. Furthermore, the preceding OAP not only showed the way for the new schemes, it also laid the foundations upon which parallel avenues could be constructed.

The above is, however, not to say that the OAP was the first scheme pointing in the direction of non poor law welfare in Norway. In 1894 a Workers Accident Insurance was enacted. This was later extended to include seamen and fishermen. A compulsory sickness insurance for wage earners was enacted in 1909. These schemes both set important standards in the development of income maintenance. While the OAP developed from selectivity, first covering the poorest and then gradually moving towards universal coverage, the situation was the reverse for the pioneering reforms. The initial selectivity of these schemes first embraced the better off, and better organized, segments of the industrial workers, and only later incorporated a wider section of wage earners. From this perspective it can be argued that while the "industrial schemes" set the standard for compensatory levels of benefits, the OAP was a forerunner in including groups outside the wage-earning part of the population.

Thus both approaches pointed in the direction of institutional welfare, the former with regard to standards of benefits and the latter concerning coverage.

By 1957 the OAP had attained a combination of universality and relatively high standards of benefits paid. It was awarded on the basis of needs irrespective of the claimants means. This, together with its built-in potential to be expanded to cover other groups, is the reason that I regard it as the foundation upon and around which institutional welfare could be built ⁴⁴. Through its development between 1936 and 1957 the OAP showed constructive progress in the field of coverage as well as level of benefits.

The following is an overview of the schemes enacted after 1957 along the lines of the OAP. The pension for the disabled deserves particular attention, both because of its large size and because of the role it played in the struggle over priorities in the pre-1960 period.

The Disability Pension (DP):

Simultaneously, and in combination with the first proposals for an OAP, a pension for the disabled was first proposed in 1899 ⁴⁵. In the period between that year and 1919 all the committees working towards the establishment of an OAP included a scheme for the disabled in their proposals. In 1919 this part was left out as a first attempt to make the implementation of the OAP practicable in a period of mounting economic difficulties. In 1936 a pension scheme for the blind and severely disabled was, however, enacted together with the first OAP. In addition to the extremely hard test of need (only the completely helpless were included) the scheme also involved a much harder test of means than that of the OAP. This comprised a test not only of the claimant's income and means but also of that of his relatives. As a result of these measures to ensure selectivity only one thousand blind persons and the same number of disabled received benefits in the first year of the scheme's operation ⁴⁶.

With benefits initially lower than those of the OAP, the level of the pension was tied to the OAP in 1947. At the same time the means test was relaxed somewhat. The claimant no longer had to be completely helpless - inability to gain income

44.The "built-in potential" results from the adherence to the taxation principle as the main form of finance.

45.Pettersen 1985 p 167

46.Ibid p 145

from earnings became the central criteria. Thus housewives, for example, were still excluded from the scheme ⁴⁷. Prior to 1948 the Disability Pension was considered a "downward extension" of the OAP. In this perspective, people were allowed to retire as a result of disability before having reached pensionable age. In 1937 it was proposed that only disabled between the age of 65 and pensionable age (70) should be eligible for the new pension. In 1948 this changed, with age becoming less central as long as the claimant was above 19 years old. Also the level of disability required to achieve entitlement was changed that year from 90% to 80% ⁴⁸.

The nature of the pension as a highly selective scheme continued, however, throughout the 1950's. In 1955 the Minister of Social Affairs, Rakel Sewerin, was asked what the department would do about the means test in the Disability Pension when this was abolished in the OAP. She replied by referring to the solutions to this problem adopted by other nations:

"The disability pensions I know of are all means-tested, and I believe it is necessary to stick to that. If a person is able to gain income otherwise, then the disability is not of a nature that calls for state support" ⁴⁹.

The time was, in other words, not yet ripe for applying the same test of eligibility to the DP and the OAP.

Still, in 1957 the means test was somewhat eased.

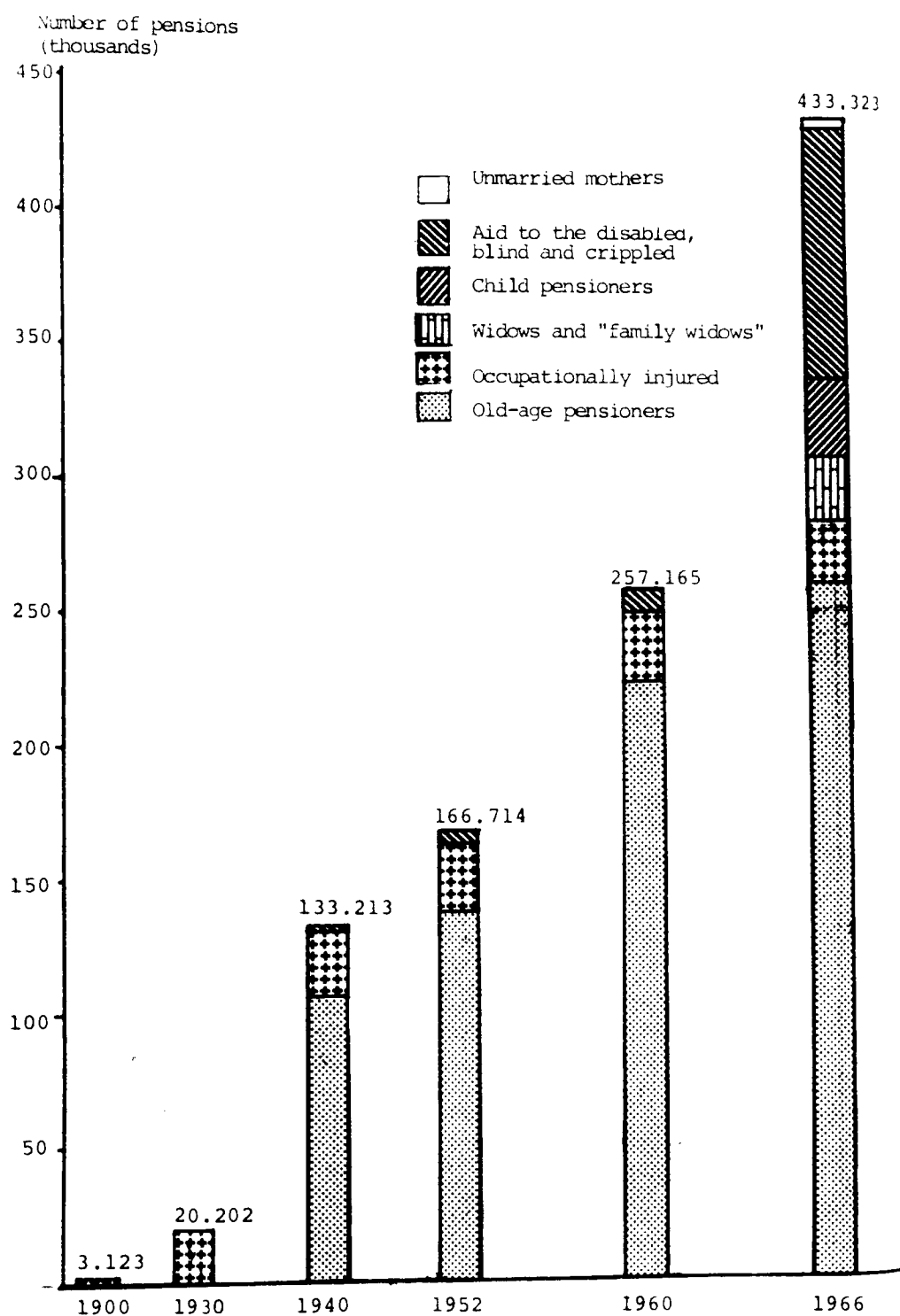
In the section on the OAP we saw how the enactment of a general Disability Pension was delayed because the extension and elevation of the OAP was given priority. Thus the disabled gained little from the early post-war welfare expansion. After the enactment of the 1957 OAP, however, the time was ripe for new initiatives to secure the income maintenance of the disabled. Hatland describes the decade following 1957 as the greatest period of Norwegian welfare expansion. The 1960 Disability Pension and its subsequent development is responsible for a great deal of that growth. This becomes apparent from the figure below.

47.Ibid p 159

48.Ibid p 160

49.Seweriin in the Storting quoted in Pettersen (Ibid p 164).In Seweriin's statement we see an example of the widespread misuse of the term means testing. By using the term "able to gain income" Seweriin is really referring to a test of need.

Figure 2.2 The development in the number of current pensions under national insurance schemes during the period 1900-1966. 50



At the time of its implementation the new Disability Pension was strongly influenced by the OAP. This is true with regard both to level of benefits, to methods of establishing eligibility, and to the way by which the funds for the scheme were raised.

From 1947 onwards the level was directly tied to that of the OAP. Due to the strong selective element only a small minority profited from this before 1960. From this date on, however, the disabled were able to share in the harvest of the struggle for higher pensions in the 1950's. They also benefited, together with the elderly, from the elevation of rates in the years to come.

The 1960 Act restricted the target group to those who could document a work record. However, with general taxation as the main source of income, the way was opened for inclusions of other groups outside the workforce. It is when such extensions are found desirable that the advantage of the taxation over the insurance principle stands out most clearly. It is furthermore in accordance with our definition of institutional welfare that services should be allocated more on a basis of need and less on a basis of previous records - be they of work or of contributions.

Having said this, it should be noted that the DP had a stronger contributory element than that of the OAP. Two factors in combination may help explain this outcome. First, the rather vague need requirements in the DP compared to those of the OAP created a fear of "scrounging" less prevalent in the general attitude towards the OAP claimants. Second, most of the need categories covered at first were of a kind that it would otherwise be natural for the individual to seek some kind of insurance against ⁵¹. In this way the contributory element would foster a stronger perception of "rights". This is important for the advocates of what are often perceived to be "unpopular" reforms, as well as for the claimants, both in how they are judged by others and in how they themselves see that this concept of rights may ease any potential stigma. With "old age" as the central criterion it is somewhat easier to prove "deservingness".

⁵¹ Later in the development, when need categories such as alcoholics and single parents were included, this would of course be different.

Changes in the Coverage of the DP:

The enactment of the 1960 Disability Pension involved the inclusion of a great number of new claimants compared to those who received benefits from the preceding disability and blindness scheme. This showed only a small growth and even by 1955 only 4500 individuals were receiving benefits.

The OAP had set the standard whereby need became the central element in the test of eligibility. It was, however, both more difficult and more challenging to general notions of "deservingness" to implement an equivalent standard in the DP. The years after the enactment of the first general DP therefore, represent a gradual shift in the view of what constitutes need. It was not until 1969 that the first deliberate attempt to break with the tradition of bringing the cause of the problem into consideration was launched. The later Labour Prime Minister Odvar Nordli argued that year in the Storting:

"To a great extent we have built up a system where the level of the benefit, as well as the form in which it is given, varies according to the situation of the insured. It seems right in the future to consider the situation of the insured, and not the reason why this situation has emerged."⁵²

In the years between the 1960 enactment and the above statement we witness, however, a gradual extension of the coverage of the DP. Indirectly, the extensions were conditional upon greater acknowledgement of need regardless of cause. The liberalization of the test of eligibility took three forms. First, the degree of disability required was lowered from 2/3 in the 1960 Act to 50% with the introduction of National Insurance in 1967. Second, there was a liberalization of the nature of the symptoms that could create entitlement. In particular this extended the pension beyond physical disability towards an increasing acceptance of mental and social disabilities. Third, the requirement to establish "objectively registerable symptoms" was abandoned.

The liberalizations cannot be fully understood with reference to a more generous social policy alone. In many areas of health and welfare, the 1960's represent the zenith of the belief in the value and results of treatment. Simultaneously with the enactment of the DP, the law introducing Rehabilitation Benefits came into being. This offered income maintenance for people undergoing medical treatment or occupational rehabilitation. The belief was that with successful rehabilitation the

52.Odvar Nordli speaking in the Storting 1969. Quoted in Pettersen 1985 p 190

majority of those awarded Rehabilitation Benefits would soon be back in the workforce. The idea was that instead of being immediately awarded DP the sick or disabled person should receive a provisional benefit while in rehabilitation. This would, it was believed, counteract the passiveness and terminal dependence often associated with the DP ⁵³.

The Government expected the Rehabilitation Program to gradually restrain the trickle of new clients into the DP.

When this optimism eventually proved wrong it was difficult, even if desirable, to reverse the trend and introduce stricter tests of entitlement.

Furthermore the forecasts of the expected number of clients were, according to Pettersen, unrealistically low ⁵⁴. Based on a combination of the Swedish experience ⁵⁵ and the municipal DP in Oslo ⁵⁶, it was expected that after three years of operation the number of clients would stabilize at around 70 000.

The combined effect of the number of people who would satisfy the criteria set, and the unrealistic expectations about the possibilities of rehabilitation, proved the prognosis dramatically wrong. At the time of the introduction of the NI in 1966 the number of clients had reached 100 000. After this date the growth exploded and by 1972 the DP provided benefits for a record 154 000 individuals. It was in this latter period that the majority of the "symptom-liberalizations" and the lowered disability requirements were introduced.

5 Other Schemes:

The establishment of a wide ranging, non-means tested DP was by far the most important extension of social insurance after the introduction of the 1957 OAP. Still, this development alone did not bring about what Hatland describes as the greatest period of welfare expansion in Norway ⁵⁷. Simultaneously with the incorporation of the DP into NI, Norway witnessed a development whereby a wide

53. In chapter 5 below we will return to a discussion of the notion of "rehabilitation" as a key issue in the relationship between the DP and the Social Care Act.

54. Pettersen 1985 p 171

55. The Swedish DP was not means tested, but it had a stricter disability requirement compared to the later Norwegian scheme. Ibid.

56. Oslo had a long history of municipal DP. This was also true for many other local authorities. By the time of the 1960 enactment, 20 000 persons were covered by municipal DP's. This compares to the 4500 in the state-run disability and blindness scheme. Ibid.

57. Hatland 1986 p 51

range of need categories found their way into the great bosom of National Insurance.

In part these were groups already demarcated and covered by specific schemes, and in part newly established need categories defined and lifted out of Social Assistance and/or family dependency. While the widows and unwed mothers may serve to exemplify the former, surviving unmarried persons forced to live at home ("Family Nurses") may represent the latter⁵⁸. Common to all these groups is that incorporation into NI involved an enhancement in their welfare, not only in terms of entitlement, but also in terms of their relative position in the welfare hierarchy.

In 1964 the Widow and Mother Insurance Scheme was introduced. In an international perspective this scheme represents a piece of welfare pioneering because unwed mothers were also included. Moreover the new scheme for "Family Nurses" represented unique legislation at the time. The National Insurance Scheme came into effect on January 1st 1967. It replaced the previous schemes relating to OAP, DP, Widows and Mothers Benefits, Survivors Benefits for children and Rehabilitation Assistance. Later, in 1971, Health Insurance, Unemployment Insurance and Occupational Injury Insurance were also incorporated into NI. The latest group to be incorporated into NI were separated and divorced parents in 1981.

Tentative Explanations of the Extensions:

The gradual incorporation of groups into social insurance in Norway after 1957 offers more than an account of an expanding welfare state. Studied in more detail it also reveals a picture of internal differences between the various incorporated groups. This applies both to the nature of the groups per se, and to the way in which they are perceived by policy makers and the public at large.

I have earlier hypothesized that individuals and groups experiencing contingencies deemed more "deserving" stand a better chance of being incorporated at an early stage compared to those suffering from less socially accepted problems⁵⁹.

58."Family Nurses" are unmarried persons who have been forced to stay at home to give necessary care and attention to parents or near relatives. This reform, which is unique to Norway, gave these persons a right to a pension when their parents died.
59.We will return to a discussion of the notion of "deserving" and "undeserving" clients in the concluding part of the thesis.

This distinction furthermore relates not only to the nature of the contingency itself, but also to the degree to which the person is seen as responsible by having inflicted the problem upon him- or herself. The latter is particularly important to the public attitude regarding deservingness. In the DP this found its expression in the earlier incorporation of physical disabilities as against mental problems. In this hierarchy social disabilities, for example those resulting from alcohol and drug abuse, were incorporated at a later stage than the two above. This latter extension was part of the "symptom liberalization" we have described.

Another factor that will be seen to have influenced the timing of incorporation is the relationship between the need category and the labour market. As we have seen disabled workers were incorporated earlier than, for example, disabled housewives. In the chapter on Norwegian social assistance we will pursue this discussion further and study the welfare offered to the groups excluded wholly or partly from National Insurance.

Political and Ideological Aspects of the Extensions:

So far my discussion of the relationship between the OAP and the later established schemes has focused on the practicalities of the extensions through the inclusion of parallel schemes. I have showed how the solution of the question of finance rendered possible the inclusion of groups with little or no possibility of working up a contributory record (for a insurance based scheme). Furthermore, the OAP created a non-means tested scheme offering universal benefits at a relatively high level. This constitutes a scheme attractive to groups still not incorporated into social insurance.

The dynamics of the extensions that took place can thus be summed up: the technical solution in the form of a mainly tax-financed social insurance constitute a necessary prerequisite for inclusions. Furthermore, the relatively high level of welfare made inclusion desirable for "outsiders". But neither the technical solution nor the desirability of the scheme constitute a sufficient explanation of the inclusions that took place. In order to gain a better understanding of the development described in this section we must therefore include further explanatory factors. The two central programs for post-war social insurance, as outlined above, also offer a key to an understanding of the gradual extensions of insurance in the two decades following 1945.

First, in 1945 the Joint Program for the Coalition Government established the goal of "developing social policy in order to make the Poor Law superfluous". Later, in 1948, the important National Insurance White Paper was presented by the Labour Government. This document includes explicit discussions on the questions analysed above. Two important sections stand out. In the discussion on the level of the future pensions a distinction was made between on the one hand a minimum standard, and income replacement on the other hand. We saw that the Norwegian Government argued for an intermediate solution. The basic level of social insurance aimed eventually to offer "socially acceptable income maintenance for all members of society ". In comparison with the UK we see that the two countries shared ambitions with regard to coverage but that Norway had higher ambitions concerning level. A cautious note was included in the acceptance of economic growth as the main determinant of the speed with which the reforms would be implemented. Thus, although ambitious goals had been established it was generally agreed that all the aims concerning level and coverage could not be achieved immediately. Therefore the 1945 aim of replacing rather than abolishing the Poor Law was still valid in 1948. But rather than being satisfied with general aims only, the Government established in the 1948 proposal the need categories that should eventually be covered by the proposed NI, and stated the order of the reforms to be implemented. The aim was to establish a system as close to universal coverage against loss of earnings as possible. This would require insurance in the cases of old age, disability, unemployment and loss of supporter.

With the general aims established and the first step toward extensions through inclusions taken with the 1960 DP, a new explanatory factor comes into play. The acceptance of the needs of one group in the form of incorporation into National Insurance, creates a pressure from other non-included groups sharing similar problems. If this is true, groups that could create channels through which their interests could be expressed and pressure exerted might be expected to enjoy an advantage. It falls, however, outside the scope of this thesis to analyse the nature and extent of such influences in the period. We will, though, return to the question when we look at the non inclusion of the assistance clientele into National Insurance.

Summary and Conclusions:

In this chapter we have seen that Norwegian post-war social insurance represents a continuation of the policies forged through the compromises of the mid-1930's. Crucially, the tripartite method of finance, where the state, the employers and the individual all contributed towards the cost of the scheme, continued. The strong

dominance of public funds made this a program along the principle of tax-finance, incorporating elements of the insurance principle through individual and employers' contributions. The significance of the emphasis on tax-finance became clear when extensions to include groups that had no contributory record were deemed desirable. Also, the gradual extension towards universality through the easing of the means test was continued after the war. Finally, while the benefits were set low at first, the aim was to move towards a high degree of income replacement when the economy allowed for this. We therefore find that although the war may have had an influence of the level of ambitions in social insurance, the course of the envisaged development remained unchanged. In the comparative conclusion of this section we shall return to the other aspect of the question of the impact of the war, when we consider the extent of diffusion between British and Norwegian policy makers in this period.

We have seen that the conflict over priorities in the first post-war decade facilitated the achievement of two major objectives. The gradual extension towards universality in the OAP was accompanied with a gradual elevation of benefits in this scheme. The third objective set out in 1948, extensions to incorporate other groups into social insurance, was, however, delayed in this process. Thus the disabled for example, gained little in this period. In general we can say that the Labour Government in this period continued its long established pragmatic approach to priorities, whereby economic equality, through a levelling out of the differences in the living standards, was favoured over the long-term goal of social equality through equal treatment of rich and poor alike in periods where income maintenance was needed.

When universality was achieved in 1957 the time was, however, ripe for extensions to be made. As extensions were made according to the principles and standards established in the OAP, the newly incorporated groups finally benefited from the post-war development. Moreover from the late 1950's onwards the economic and political climate favoured extensions as well as further elevations of benefits. Finally, when the ERS was introduced as part of the 1967 National Insurance, the particular solution favoured a further elevation of the basic pension also.

At this point it is tempting to speculate about what the outcome might have been if, first, universality in the OAP had been achieved earlier, in accordance with the wish of the non-socialist parties, and, second, the extensions to include other groups had been given priority over universality in the OAP and/or the elevation of benefits in this scheme. Judging from the dynamic that we have seen existed between the elevation of benefits and coverage in the 1950's, we find it not

unlikely that such an alternative development might have stalled the development of benefits for all groups covered by social insurance in Norway. There would have been a "thinner spread" when limited resources were allocated (remember the prominence given to economic factors in setting the pace) . Also, with a mainly tax-financed scheme, it could be that the political desire to elevate pensions would have been less widely shared if large groups of, for example, mentally disabled people had entered the scheme. In this perspective, old people are seen to be generally accepted as a highly deserving group. It is therefore likely that in the long run groups such as the disabled benefited from the long wait until they were incorporated into a scheme already elevated to a relatively high level of welfare.

Again therefore, as in the early part of the century, the particular ambitiousness of Norwegian social insurance was characterised by "cautious haste". In the comparative part of this section we will see that this contrasts sharply to the British approach of "as much as possible as early as possible". Most importantly, the two approaches had very different consequences for the relationship between social insurance and assistance and their respective clienteles in the two countries.

In Norway, the development of insurance has contributed to the decrease of the role and scope of assistance in two ways. First, the gradual extension of social insurance has brought about the incorporation of groups previously depending on social assistance for their income maintenance. Second, the relatively high level of the basic national insurance benefits decreased the "spill over" which would otherwise be caused by the need for supplementation of insurance benefits through assistance. This will be discussed further when we turn to Norwegian assistance in chapter 5.

Chapter 3

BRITISH LABOUR AND CONTRIBUTORY PENSIONS: FROM REJECTION TO ACCEPTANCE AND IMPLEMENTATION

Introduction

With the 1946 National Insurance Act the Attlee Government started implementing the recommendations of the Beveridge Report. Although this and later social insurance legislation did more than merely duplicate the Beveridge blueprints, it did not deviate from Beveridge's central principles of social insurance. We shall return to the Beveridge Plan and its implementation in the next chapter. For now the significant aspect of this plan is that social insurance was based on a system of finance in which people would be awarded benefits according to their previous individual contributions. The contributions were equal for all participants in the scheme, and so were the benefits.

Labour's support for these principles contrasts sharply to the Party's position in the run up to the first Old Age Pension in 1908.

The focus of this chapter is on the contributory principle, for two reasons. First, in chapter one we found that the Norwegian choice of a mainly tax-financed social insurance proved to be the cornerstone of what we termed the "Norwegian model of social insurance". In order to understand the roots of the British model, in itself as well as in relation to its Norwegian counterpart, we therefore have to analyse how and why Britain arrived at the opposite solution in this key aspect of social insurance. Second, in chapter two we saw that the tax-financed solution proved instrumental in the achievement of a gradual elevation of insurance benefits and the extension towards a more universal scheme in the post-war period in Norway. In the next chapter we will hypothesise that the British choice of a contributory approach was equally important in determining the development of British insurance in this respect. The unequal success of the two approaches to insurance will, in turn, be seen to be the main factor explaining the divergent scope and nature of social assistance in the two countries in the same period.

When we focus on the Labour Party in this period, the reason is that without its support the implementation of the contributory principle would not have been possible in 1946. This follows from the fact that the Attlee Government ruled with majority support in Parliament, in contrast to the situation of the two earlier Labour governments. Being both minority governments it cannot be ruled out that their inability to break the policy inheritance of contributory social insurance was a result of "ruling without power".

In the introduction to this section we argued that while the taxation principle was traditionally advocated by socialist parties, the contributory principle is equally associated with conservative and, in particular liberal social policy.

In chapter one we saw that the Norwegian Labour Party adhered to the taxation principle, while gradually accepting some contributory elements. This compromise contrasts sharply, however, to the program enacted in Britain after the war. The 1946 legislation will therefore be seen as a departure from socialist social policy.

This, then, is the time when the British Labour Party departs from the line taken by its Norwegian counterpart. With both parties in power in the immediate post-war period, the ensuing divergence between the two welfare states is thus the result of the contrasting policies of the first socialist majority governments in the two nations.

The objective of this chapter, therefore, is to analyse the standpoint of the Party with regard to the contributory principle of finance in the years leading up to the Party's definitive acceptance of the principle with its implementation in 1946.

It will be argued that rather than representing a sudden break with earlier policy, the position taken by the Labour Party in the 1940's was the end product of a process of gradual acceptance of the contributory principle. This process will be seen to have got under way as early as 1910. The factors that made this change possible, will, however, be traced still further back. The final turn towards full acceptance will furthermore be seen as a non-decision: never discussed in principle within the Party, and never brought into the Parliamentary arena by Labour MPs.

The analysis first focuses on the Labour Party's policies in the pre-World War II period. We will then go on to study Labour and TUC publications in the period leading up to the Parliamentary debate on social insurance in 1943. In this section we will also look at two other examples of relevant current literature. The third section highlights the contribution of Labour representatives during this debate. In

the fourth and concluding part the findings will be discussed in relation to existing literature which, directly or indirectly, addresses the question of this chapter.

1 The Labour Party and Contributory OAP's before WW 2

The purpose of this section is to find out when, how and why the Labour Party came to accept the contributory principle.

But before we do so a short overview of the actual development of the OAP along the variable of finance is necessary, not only as a backcloth against which to see Labour policies, but also to present an explanatory factor, inasmuch as policy inheritance will be seen to play a role in determining later policy decisions.

In 1908 Lloyd George's Liberal Government instituted the first British OAP. The scheme, which was based on the taxation principle, remained more or less intact until 1925, when it changed to being financed mainly from individual contributions. Pensioners entitled to benefits under the previous scheme continued, however, to receive a non- contributory benefit. After the introduction of the 1925 scheme, therefore, three types of pensions for the aged coexisted:

- a noncontributory pension paid between the ages of 65 and 70 for those eligible for National Health Insurance
- a partially contributory pension for the same group after they reached the age of 70
- a noncontributory pension for those over the age of 70 without a NHI record.

While the latter two remained means tested, this was lifted from the former ¹. Apart from minor technical changes, the 1925 scheme remained largely unchanged until the Second World War ².

Labour's attitude to the contributory principle in the first half century of the Party's existence appears to be distinguished by three stages. The first period, partly predating the establishment of the Party, sees a united labour movement behind a firm rejection of contributory pensions. This period culminates with the 1908 enactment. The second stage is one which sees a Party on the move over this question. This starts with the debate leading up to the 1911 contributory NI. The

1. Thane 1982 p 199.

2. Heclo 1973 p 209.

end of this stage is harder to date, there is a gradual phasing into the third stage in the 1940's, when the question of finance becomes a non-issue.

1.1 1899-1908: Struggle for non-contributory pensions and Party consolidation.

A natural starting point for this analysis is the 1899 establishment of the "National Committee of Organised Labour on Old Age Pensions" (NCP). The Committee consisted of Trade Unions, Trade Councils, Friendly Societies and Cooperative Societies. The organisation was established "with the avowed aim of gaining a free state pension of 5 shillings a week for every citizen at age 65" ³.

Heclo argues that "The force of labor behind pensions was scarcely organized as such; indeed pensions helped advance the organization of the British labor movement as much as the reverse" ⁴. In the years leading up to the 1908 enactment, the fight for a non-contributory pension became an issue around which the young labour movement could unite. Prior to this period conflicting interests counteracted the unification of the movement and the ultimate aim of establishing a Parliamentary Party.

A contributory scheme was rejected by the NCP on the grounds that it "would interfere with the activities of the Friendly Societies and that it would offer no help to women, the poorest and those in need of immediate aid" ⁵. At the outset the Friendly Societies rejected the idea of a state pension altogether. Towards the end of the century they realised, however, that a pension could be to their advantage. By this time the Societies were facing economic problems as their members continued to draw "sickness benefits" for much longer periods of time than previously. According to the Societies' policy a member was entitled to benefits when he was too frail or ill to work. Improved health and medicine extended, however, the period from this point to the time of death. In this way the Societies were unwillingly taking part in the "invention of retirement".

When they changed their attitude and welcomed a state pension to relieve them of some of this burden, they could not, however, accept a contributory scheme. As they faced economic problems due to high expenditure, it became increasingly important to safeguard their only source of income. A state contributory scheme would have introduced a competitor in the limited market of the savings of working people, and hence, the extension of the practice of self help became subordinate to

3.Ibid p 166.

4.Ibid p 165.

5.Ibid p 167.

the protection of vested interests. The role of Friendly Societies at this point thus represents a variant of what Kaim-Caudle described as the situation where "insurance companies have an interest in impeding the expansion of public welfare"⁶. The interrelationship between public and non-public welfare will, as we shall see, continue to be one of the main determinants of the development of British social insurance.

When the Labour Party was established in 1906 it made non-contributory, universal OAPs "the first plank" in its social reform program⁷. Thane furthermore argues that the Treasury played an instrumental role when contributory pensions were rejected in 1908, its main concern at this point being the cost involved in administering the individual contributions⁸. To answer whether it was the rejection by the Friendly Societies of a contributory pension, the Treasury's objections, or the Labour campaigns for a non-contributory scheme that most determined the 1908 outcome falls outside the scope of this analysis. We will, however, return to the question in the conclusion of this section, where we compare the routes towards the first non-contributory OAP in the two countries.

The success of the struggle, in terms of social policy as well as in terms of the wider political objective of consolidating the labour movement, undoubtedly gave the non-contributory approach a symbolic value that it later proved hard to openly depart from.

1.2 1910-1930: Practical acceptance and rhetorical dissociation.

In practical terms the united stance was, however, short-lived⁹. This brings us to the second period, which starts with the support for the 1911 contributory NI by a majority of the Parliamentary Labour Party. To understand this "apparent volte-face", we must bring in a third argument that had been used by the labour movement in its rejection of contributions a few years earlier¹⁰. The TUC feared that payment of contributions could undermine the wage-earners ability to pay union dues, and thereby have a negative impact on union membership¹¹. In a necessary attempt to seek cooperation and support from voluntary organisations in

6.Kaim-Caudle 1973 p 132. See also above for outline of this argument (introduction to this section.)

7.Ibid p 171.

8.Thane 1982 p 82.

9.Our analysis of this time period relies heavily on Mountford's study. L Mountford 1984.

10.Ibid p 40.

11.Ibid p 43.

the insurance field, the Liberal Government sent a TUC delegation to Germany to study the records of contributory insurance there. The delegation came back with a most favourable report. The most important of their conclusions was that the contributory scheme appeared to have stimulated the growth of trade unions. By electing representatives to the bodies administering the scheme, the trade unions were seen to gain in strength and importance ¹²

Mountford concludes that the impact of the German experience together with actuarial problems in the trade unions own insurance schemes, "was enough to overcome any practical or theoretical objections they might have" ¹³. She furthermore attributes the Parliamentary Party support to the influence in particular of the unions for skilled, well paid workers, upon the Party as a whole. A further point which strengthens this line of argument was the way in which the 1911 scheme came to be administered. Friendly Societies, trade unions and insurance companies were given the responsibility of the day-to-day running of the scheme ¹⁴. With skilled workers dominating both the trade union movement as well as the Friendly Societies, it is not surprising that this decision eased union opposition to the new schemes.

There were still groups within the Party which objected to the policy shift, notably the Fabians, the Independent Labour Party, and unions with nothing to gain from contributory pensions ¹⁵.

Although the 1911 National Insurance Act did not include old age pensions, both the introduction of contributory social security and the Labour support for the scheme as a whole was to set important precedents for the later development of social insurance. Before Labour was forced to decide on the method of finance once again, there was a period in the 1920's during which pre-1911 attitudes enjoyed a renaissance. The means test attached to the 1908 OAP, as well as the diminishing values of benefits in the 1908-1920 period, made the Labour movement intensify its struggle for a universal non-contributory pension offering benefits sufficient for subsistence. This was expressed through resolutions moved by Labour members of Parliament ¹⁶.

The first real test of the changing attitudes within the Labour Party after 1911 came with the short-lived Labour minority Government in 1924. Mountford has

12.Ibid p 48.

13.Ibid p 53.

14.Thane 1982 p 85.

15.Mountford 1984 p 60.

16.Heclo 1973 p 205.

studied in detail the socio political activities of both the MacDonald Labour Governments. She challenges interpretations positing the main cause of Government inactivity to be that it was "ruling without power" ¹⁷. She argues convincingly that "parameters imposed by the Treasury, not by the Palace of Westminster, were what constantly pressed on the policy making process" ¹⁸. In other words, the greatest failure of the two Governments was their inability to challenge economic orthodoxy.

An increase in the deteriorating OAP benefits, and perhaps more importantly, a shift in the financial arrangement of sickness and unemployment benefits to the non contributory approach, would indeed imply considerable increases in public expenditure. The "failure", of the two minority Governments under the chairmanship of Ramsey MacDonald, must therefore be judged in the light of the political economy of the time.

Of more specific interest are the attempts made by Philip Snowden, the Chancellor of the 1924 Government, to ease the means test in the OAP. He announced in that year that a scheme could be found to achieve that important Labour aim. Mountford states, however, that "it seems almost certain that the scheme he had in mind was the product of the deliberations of the Anderson Committee" ¹⁹. It was upon the recommendations of this Committee that the Conservative Government in 1925 introduced the first contributory OAP in the UK. If Mountford is correct, this represents further evidence of a Labour Party willing to sacrifice the non-contributory principle in social insurance.

Heclo similarly concludes that the desire for a universal pension at subsistence level, combined with its inability to challenge economic orthodoxy, forced the Labour Party to accept contributory pensions in the mid 1920's. He quotes Snowden observing that:

"the case for universal pensions is not really logical. I can imagine circumstances where (they) might be justified if the country had means to squander and it knew of no other purpose to which they could be devoted" ²⁰.

Heclo obviously sees this as a turning point in the struggle over the future source of finance when he states that

17. This was Snowden's own term. Mountford 1984 p 65.

18. Ibid.

19. Ibid p 133.

20. Hansard 25. June 1924 quoted in Heclo 1973 p 205.

"with the defection of the major defenders of the 1908 Pension Act, it was now only a matter of time until British social policy finally turned to contributory old age pensions" ²¹.

Again, the Treasury played a key role in the policy-making process. We have mentioned that the 1908 OAP offered very low benefits. The weekly rate of five shillings was two shillings below the lowest amount which, according to Rowntree, could support one person ²². The stringent means test detracted further from the ability of the pension to alleviate poverty in old age. At the time it was described as a pension for "the very poor, the very respectable and the very old" ²³. By 1925 the value of the pension had decreased further. While the pension at this point was ten shillings per week, the equivalent rate for poor relief was often fifteen shilling ²⁴. The Government was therefore under great pressure to increase the level of the benefits. On this occasion the Treasury's argument was that it could "only countenance an increase if pensions were shifted onto an insurance basis" ²⁵.

Once enacted, by a non-Labour government, the 1925 scheme was met, however, with a frontal attack from Labour MPs. All the arguments from the debates leading up to the 1908 enactment were remobilized ²⁶. "The Bill bristles with anomalies inevitable in the case of a contributory scheme", said Arthur Greenwood ²⁷. The Party in general, and the later advocate of the Beveridge proposals, Greenwood, in particular, showed that the symbolic value of the non-contributory standpoint had not yet been abandoned in the mid-1920's. In practical politics the Party showed, however, at best an inability to find ways to counteract the means test other than that of a contributory income maintenance. Labour thus appears to have come halfway to accepting the contributory principle.

During the late 1920's there was growing resentment among the Labour Party grass-roots membership against contributions. According to Mountford this strengthened the position of those in the parliamentary party arguing for noncontributory pensions ²⁸. Yet, on their return to power in 1929 the Labour Ministers again proved unable to break the policy inheritance of contributory income maintenance. A Labour Party, determined to prove itself "responsible", lacked the know-how to

21.Heclo *ibid*.

22.Thane 1982 p 83.

23.*Ibid*.

24.*Ibid* p 142.

25.*Ibid* p 143.

26.Mountford 1984 p 168.

27.*Ibid* p 169.

28.*Ibid* p 209.

counteract the advice of established experts in the fields of social insurance and, not least, the realities of the national economy.

In her conclusion Mountford states that by 1926 the Party had realised that the contributory route for some inevitably meant the means tested route for others ²⁹. While only some of the people in present and future need were able to contribute, the remainder were still forced into the means test of the Poor Law. Furthermore, in 1931 claimants realised that a contributory scheme entailed no greater rights for the beneficiary than did a non-contributory scheme ³⁰. In combination one would expect that these insights and experiences would be sufficient for the Party to see through the argument that Beveridge had marketed since 1907; that only through contributions could the right to non means tested benefits be achieved.

The fact that the new insight achieved in 1926 did not have any decisive impact on the views taken by the Party, Mountford explains by the nature of the Party itself.

"Primarily it served the interests of the higher paid, male trade unionists, and it was this section of the working class who, for much of the period under consideration (1908-31), had more to gain from the operation of the contributory principle than to lose from it, given the limited possibility of alternatives." ³¹

1.3 The 1930's: The final move towards full acceptance

This period is one of inactivity in the field of OAPs. In fact, even the rates set in 1925 remained unchanged until 1939 ³². For British income maintenance as a whole the period was, however, one of drastic changes, both in the nature of schemes as well as with regard to the balance between various groups in the struggle over social policy.

The change of focus was provoked by the arrival of mass unemployment. We shall therefore venture outside the immediate area of the study for this period. The struggle around Unemployment Benefits (UB), will be dealt with, however, only to the extent that it will be seen to have had repercussions on the later development of social insurance in general and OAPs in particular.

29. Ibid p 308.

30. Ibid p 311. In chapter 7 below we will return to the breakdown of the contributory system in the 1930's.

31. Mountford ibid p 313.

32. Thane 1982 p 198.

The analysis will focus on three areas. First, the development of UBs per se'. Second, this development will be studied in relation to the changing power structure within the Labour Party. Third, particular attention will be given on the role played by William Beveridge.

During the 1920's unemployment rose to more than one million. The payment of UB's therefore became a mounting responsibility for the governments in charge. The insurance fund proved, not surprisingly, unable to cover the cost, and by 1931 the contribution paid by the Exchequer amounted to nearly one quarter of all government expenditure ³³. When successive governments continued to increase the length of the period of entitlement, this must be understood in relation to the political cost involved in throwing such great numbers onto the poor law ³⁴.

Eventually, the burden proved, however, too great, and in 1931 Transitional Payments were introduced. With this scheme, all unemployed persons who had either paid less than 30 contributions over the last two years, or drawn benefits for more than 26 weeks in one year, were excluded from the insurance based UB. To cater for the newly established category, numbering 900 000 persons, Transitional Payments was set up to be paid at employment exchanges. The significance of the reform lies in the fact that these new payments were made subject to a test of means administered by the local Public Assistance Committee. In effect, therefore, this section of the unemployed was forced back onto the poor law. It was with the introduction of Transitional Payments that the notorious "household means test" was introduced into British social policy. This refers to the extension by which the means of everybody who shared a dwelling was taken into account. This is the scheme usually referred to when the postwar welfare state is seen as a reaction to the experience of means tested income maintenance in the 1930's.

For the unemployed things became worse still with the establishment of the Unemployment Assistance Board in 1935. Its main objective was to counteract the tendency to generous treatment of the unemployed by some local authorities.

It should come as no surprise that the crisis in general and the experience of UB's in particular had political repercussions beyond the field of social policy. For the Labour Party this was particularly strongly felt in the autumn of 1931. In order to finance the mounting costs of UB the second Labour Government was forced to seek foreign loans. It was made part of the terms that "considerable economies had

33. Deacon and Bradshaw 1983 p 15.

34. Ibid

to be made in public expenditure" ³⁵. This was the background for the imposition of the means test. The Government fell, however, over this issue shortly afterwards. An important minority in the Cabinet refused to accept a 10% cut in the insurance based benefit. The introduction of a means test was, however, endorsed by all ministers. The crisis that this event brought about within the Party was further heightened by the "solo performance" of MacDonald in immediately entering a coalition Government. The TUC in particular felt betrayed by this move. They were not consulted on the matter. The TUC was later instrumental in having MacDonald excluded from the Party ³⁶.

Pelling argues that in the power vacuum that emerged after MacDonald's fall, the TUC gained a much greater influence within the Party. He sees this change as part of a more general phenomenon;

"As is usual when the parliamentary party is at the bottom of its fortunes, most of its members were trade unionists, especially miners" ³⁷.

Another vacuum was created by the inactivity of what Pelling describes as "the long moribund Fabian Society" in this period ³⁸. He concludes that:

"In this period of disorder among the more committed Socialists and intellectuals, the General Council of the TUC under the leadership of Bevin and Citrine abandoned its usual role of being the sheet-anchor of the party and instead moved in to take the helm" ³⁹.

Following this development the newly appointed National Council of Labour, in which the TUC held 50% of the seats, the rest being divided between the parliamentary section and the Party organisation, became the central arena for the shaping of Labour policy in the mid and late 1930's ⁴⁰.

It would be wrong to infer that greater influence by the TUC upon the Party would necessarily lead to a move to the left. Although such an influence might have been exerted when it comes to industrial relationships, in the area of social policy the TUC represents sectional interests more than those of the working class as a whole. This tradition will prove important in the crucial years that were to follow.

35.Ibid

36.Pelling 1985 pp 72,73.

37.Ibid p 74.

38.Ibid p 76.

39.Ibid p 77.

40.Ibid

As a consequence of the division of UB's into a means tested and a contributory non-means tested scheme, two advisory bodies were set up. William Beveridge was brought in to be the chairman of the committee which gave advice on the running of the insurance-based scheme. With his appointment as Chairman of the Unemployment Insurance Statutory Committee, Beveridge reentered the process of social policy making. While he took part actively in shaping social insurance before the First World War, he spent most of the inter war years being "more often the critic than the architect of new insurance schemes" ⁴¹. For Beveridge himself this work was furthermore instrumental in strengthening not only his own desire for contributory pension, but also his belief in the popularity of this approach among ordinary people. Working on the Committee allowed him to get in close contact with popular attitudes:

"He was greatly impressed by the strength of support for insurance among the organized working class, and by their willingness, even eagerness, to pay larger contributions for broader coverage - in striking contrast to the widespread hostility to insurance that he had found in 1916" ⁴²

With the division into two UB schemes- and two corresponding advisory bodies -it was exactly the "organised working class" with which Beveridge came to work together on the Committee in the years to follow. Beveridge himself gives particular emphasis to the cooperation with the head of the Social Insurance Department of the TUC, J.L Smyth. This relationship was to form "an admirable foundation for the discussions on social insurance that were to follow in 1942" ⁴³.

2 Discussions in the Labour Movement 1940 to 1943

We now turn to look at the internal discussion in the labour movement in the period leading up to the parliamentary debate on the Beveridge Report. As we will see in the next section, this debate produced no questioning of the principles of the Report by Labour MP's. This does not, however, necessarily mean that the issue was not debated internally in the Party. It is conceivable, that the early implementation of a much needed National Insurance was considered so important that no time should be wasted in debates over principles.

41.J Harris 1977 p 346

42.Ibid p 359

43.Beveridge 1953 p 226.

It was not until 1943 that the first political polls were published in Britain, showing increasing support for Labour. In 1942 there was, however, nothing that pointed towards a post war Labour election victory. In view of this it is possible that the Labour Party was willing to sacrifice principles in order to realise some of the undoubtedly progressive proposals imbedded in the Beveridge report. If this line of reasoning is correct, then one should find evidence of discussions on principles in the Party in the period leading up to the parliamentary debate.

To test this, let us first look at the report from the 1942 Annual Labour Conference and, second, at the official Labour Party periodical "The Labour Organiser" for the period 1941-1943. The 41st Annual Labour Party Conference was held in May 1942, six months before the Report was published. The later Minister of Social Insurance in the Attlee Government, James Griffith, moved a resolution by which the Conference "welcomes the establishment of the Interdepartmental Committee"⁴⁴. The resolution goes on to stress the Labour objectives of comprehensiveness, adequate payments, family allowances and the establishment of a National Health Service. In his following speech Griffith expands on the main points of the resolution. Of particular interest are his arguments relating to comprehensiveness. He refers to the anomalies created by the piecemeal development of social security so far, when he concludes:

"We believe the time has come when we ought to build into one comprehensive system the whole of these social services. What we propose is that there shall be one scheme administered by one Minister, one contribution, and one benefit"⁴⁵.

What Griffith does, in effect, is to make the acceptance of the contributory principle an underlying assumption upon which his proposal is built. It is therefore particularly interesting to study the debate following the resolution. In this debate two amendments were moved. The first concerned Family Allowances. Not unexpectedly, a delegate from the trade union movement proposed the withdrawal of Family Allowances from the resolution. The amendment was met with a heated debate, and was finally defeated by a majority of nearly two thirds.

The second amendment, moved by Mr J.J. Tinker, asked the Congress to "Add new section (e) "That contributions from wages and industry be discontinued and the total cost of all Insurance Schemes be met from Exchequer Funds".

44. Report of the 41. Annual Labour Party Conference p 132.

45. Ibid. Our emphasis.

Mr Tinker argues his amendment on four points. First, noting the fact that the state is partly involved in the finance of the scheme as proposed by Beveridge, he asks

"why cannot we ask the state to meet the whole of it". Secondly, he refers to the fact that "the contributory method has grown up with us, and it is difficult to break away from it". He is, however, optimistic about the ability of the Party to break an established policy when he goes on to say: "If we are going to set about a new society there is nothing we cannot break away from". Thirdly, he acknowledges that "our people who are negotiating have already committed themselves to the contributory system" Again he asks the conference to change that commitment. He concludes by addressing those who think that "because they (workers) are not subscribing directly it is a loss to their dignity because they are getting something for nothing." Referring to the non-contributory pensions for these groups he asks somewhat sarcastically whether the conference believes that Lord Chancellors and Judges "blush for shame" when they claim their (state) pensions.

Except for the important question of redistribution, Tinker raised all the earlier Labour objections to the contributory principle. Far from setting off a heated debate, the amendment was totally ignored. Only when the National Executive, Mrs. B. Ayrton Gould, summed up the debate before voting, was the motion addressed, and then only because it had to be voted on. She refers to the contractual obligation of the Party to the contributory principle and concludes:

"if you are to try to put it all on the Exchequer, what you are going to do is to tie up our hands in the working out of the details of the scheme" ⁴⁶

In the vote the amendment was defeated by 1.226 000 to 237 000 votes.

2.1 "The Labour Organiser"

The Party periodical ran a series of articles on the Beveridge proposals in its issues of 1942 and 1943. The editor attempted to spark a debate with a rather provocative editorial in the December 1942 issue. His main argument was that the Beveridge proposals did nothing to bring socialism nearer and that "it leaves the whole structure of society unchanged" ⁴⁷. Apart from these wideranging considerations, he also touched upon the more immediate deficiencies, when he stated that "with Beveridge in full swing the capitalists need only raise prices and the benefits

46.Ibid.

47.The Labour Organiser

become negligible" ⁴⁸. This shows an awareness of the weakness of the system in times of inflation. The roots of the problem; the tying of benefits to flat rate contributions was, however, not raised. The article triggered no polemic, and the only response in the following year did little but repeat the arguments of the editorial ⁴⁹.

2.2 Contemporary Literature

A different insight into the mood of the time can be gained by studying the literature discussing the Beveridge Report around the time of its publication. Again, we shall limit our focus within the labour movement. The first book is a very popular account written by a journalist in the TUC- controlled Daily Herald ⁵⁰. The second book is included because, in addition to being the most thorough evaluation of the Proposals at the time, it contains the official Fabian Society reactions to the Report.

In the first few pages Frederick J Scheu presents the main thrust of his book "British Labor and the Beveridge Plan": "While Liberals and some progressive Conservatives are favorable to the Plan, the main driving force behind it is the British Labor Movement" ⁵¹. In the context of our analysis the desire to prove paternity of the Plan is more interesting than its outcome. Now one should be careful about making Scheu a representative of the views of the labour movement as a whole. He presents, however, a convincing picture of a movement united behind the Beveridge proposals. His claim of Labour paternity is less convincing, though, and his characterisation of Arthur Greenwood as "grandfather and godfather of the Beveridge Plan" is at best an exaggeration ⁵².

Again, the most interesting aspect is the total absence of an evaluation of the contributory principle. Correctly, Scheu notes that "scepticism within the labor movement was confined to..children allowances" ⁵³. His account of what was debated within the movement appears to be correct.

Of greater political significance is the book "Social Security" published by the Fabian Society ⁵⁴. In addition to presenting a Fabian scheme of social security, the book also contains articles on the Beveridge report, which, in the words of the

48.Ibid

49.The Labour Organiser 1943 p 255.

50.Pimlott and Cook 1982 p 72.

51.Scheu 1943 p 5

52.Ibid p 110.

53.Ibid p 90.

54.Robson 1943

editor William Robson are "the most thorough critical examination the Beveridge report has so far received" ⁵⁵. This promise, together with the historical role played by the Fabian Society as a stronghold of Labour theoretical considerations, indicates the significance of the book for this study.

In the preface, Robson first stresses the independence of the Fabian group vis-a-vis the Beveridge Committee by stating that, by the time of the appointment of the Beveridge group, the Fabian Sub Committee "had already embarked on some hard thinking" ⁵⁶. We can therefore expect an independent presentation of Fabian proposals and not only a response to Beveridge's plan. With the history of the Fabian society in mind it is thus surprising to read Robson's conclusion about the relationship between the two plans ; "Taking the matter all in all, it is remarkable how large a measure of agreement exists between the Beveridge Report and the Fabian plan" ⁵⁷. Although there is no direct connection, striking dissimilarities appear when we juxtapose this response to that of the Fabians to the Liberal reforms of the early century. Although the Webb's Minority Report to the Poor Law Commission did little more than to propose the scheme to which the 1911 National Health Insurance Act became the "antithesis", at least they produced exactly that ⁵⁸.

This is not to say that the Fabian plan was totally in line with that of Beveridge. They proposed, for example, a separate rent allowance to compensate for higher rents in the cities ⁵⁹. This was in turn rejected by Beveridge to whom "flat rate of benefits " was one of the key principles. Like Beveridge, they furthermore focused on the anomaly of the Approved Societies. Through the administration of the National Health Insurance by the Societies, recipients were drawing unequal benefits for equal contributions ⁶⁰. In their criticism of the handling of contributory insurance they ignored the principle of insurance as such. Similarly, they criticised private insurance and advocated a compulsory state scheme as less wasteful ⁶¹.

The firm rejection of contributory insurance in the 1909 Minority Report stands in stark contrast to the 1943 Fabian Plan, in which the same principle is reduced to an implicit assumption, and thereby accepted without being debated. The plan portrays a Fabian Society with enfeebled critical powers, still not restored after being "long

55.Ibid p 1

56.Ibid

57.Ibid p 4

58.Pinker 1971 p 89

59.Robson 1943 p 2

60.Ibid p 238

61.Ibid

moribund" in the 1930's ⁶². Furthermore it represents a continuation of the process Mountford described as starting as early as 1911: a Fabian Society increasingly accepting the political realities. It was, as we will in the next chapter, not until the mid 1950's that the Fabian Society was to restore its critical powers in regard to social policy.

In the absence of a strong Fabian Society, we need to look elsewhere for expert critical examinations of the contributory principle. This is found, not on the left, but in the independent Political and Economic Planning (P.E.P.) ⁶³. In their memorandum to the Beveridge Report they argue that "the contributory insurance method will ultimately prove unworkable as the basis of a completed system of income maintenance services. There is a strong case for financing children's benefits, medical services, long term incapacity cash benefits and pensions out of taxation" ⁶⁴. In the labour movement the shortcomings of the system were, as we will see in the next chapter, first understood by Griffith in 1946. The reason why we bring forward these two facts is that they indicate that with a better "think tank" at hand the labour movement might at least have understood what they were silently accepting. This is not say, however, that the outcome would have been any different.

The analysis so far has established that there were no discussions on the principle of contributory social insurance within the labour movement's most representative bodies in the period leading up to the parliamentary debate on the Report.

3 The Parliamentary Debate 16-19 February 1943

Perhaps the most central figure in Labour's involvement in social policy at the time, was Arthur Greenwood.

As Minister without Portfolio in charge of post war planning and reconstruction, he was in 1941 responsible for the appointment of Beveridge to chair the interdepartmental committee ⁶⁵. He opens the Labour contribution to the debate by moving the following resolution on behalf of the Party:

"that the House welcomes the Report" ⁶⁶.

He goes on to explain how the Report has been received by the labour movement

62. Pelling 1985 p 76.

63. The PEP was an independent, non party research organisation founded in 1931 and supported by subscriptions from industry, commerce and private individuals and by grants from trusts and foundations. Crossman 1981 p 258n.

64. CMND 6405 1942

65. Addison 1975 p 169

66. Hansard 1943 p 1617.

"The Labour Party , the Trade Union Congress General Council, and the Cooperative Movement have given it a warm welcome in its broad outlines" ⁶⁷.

In particular, he refers to a resolution adopted unanimously by The National Council of Labour, "the most representative working class organisation in this country" in which they: "approve the principles laid down in the Report" ⁶⁸. Greenwood then goes on to introduce the issue which was to arouse the most controversy in the days to follow, the timing of the implementation of the proposals:

"Delay will be disastrous. Early action would hearten the people of this country and of other countries and would give Britain the moral leadership in the universal struggle for social security for all peoples in all lands" ⁶⁹.

In broad terms the division in the House on this issue came to be between on the one hand Labour advocating early legislation, and on the other Liberals and Conservatives advocating a postponement until after the war had been won. The exception from this polarisation was a group of forty young Conservatives who also favoured early legislation and the immediate setting up of a Ministry of Social Security, a key issue ⁷⁰.

What strikes the reader of the voluminous minutes today is that never were the principles upon which Beveridge based his recommendation brought into the discussion. It is particularly interesting that the contributory principle received no attention from Labour MP's, as this traditionally was an approach to which the Party had objected. In fact, the only reference to the principle was made by a Tory representative, Mr Hudson, who, in agreeing with Labour's Mr Barnes on the "non-political nature of the proposals", concludes that "Contributory pensions, I would remind my own Honorary Friends, is a good Tory principle" ⁷¹. By not objecting to this claim , Barnes, and in effect Labour, approves of a Tory principle under a "non-political" guise.

Although the contributory principle was never explicitly endorsed by Labour MP's, their acceptance of it can be traced in many contributions to the debate. Mr. Clynes first refers to an editorial article in "The Times" (16. Feb 1943) and he quotes;

67.Ibid

68.Ibid

69.Ibid p 1628

70.Scheu 1943 p 100.

71.Hansard 1943 p 1780

"It is significant that although the finance of the schemes has not passed unchallenged, no substantial body of opinion, certainly no organisation with claims to represent the manual workers, has seriously objected to the high price in terms of compulsory weekly contributions which wage earners will be called upon to pay for the greatly expanded range of benefits provided under the new scheme"

To explain the validity of the claims in the article, Mr Clynes goes on to say;

"The workman has come to understand that the money will flow back to him in several forms when he is in the greatest need. It is good that the report carries a message of encouragement to the masses of the workers to put as much as they can for this sensible purpose" ⁷².

Another important Labour representative, Herbert Morrison, implicitly endorse the principle when he argues for the equity of "flat- rate benefits for flat-rate contributions" ⁷³.

Other MPs attacked the unfairness of the existing benefit structure as practiced by Approved Societies. The Conservative Mrs Cazalet Keir makes a statement with similar implications to that of Mr. Morrison when she admits that

"I do not pretend in any way to understand its (Approved Societies') intricacies,(but) one thing seems to be agreed by everybody, that unequal benefits for equal compulsory contributions should no longer be tolerated and that people should get equal benefits for equal contributions" ⁷⁴

Only in one case can criticism be traced, and then only indirectly. Mr Tom Brown complains about the meanstested pension for the already old. He argues that pensioners are hesitant to apply because of the stigma attached to means testing. In his view the Chancellor should wipe out the means test once and for all-

"The fact that they were born on and attain the age of 60 on a certain date should be sufficient to guarantee them a pension" ⁷⁵.

The inference to the impossibility of the achievement of this aim in a contributory system was not made.: As we have seen above, the Labour Party realised early that the contributory way for some lead to the means tested way for others.

72.Ibid p 2008

73.Ibid p 2038

74.Ibid p 1721

75.Ibid p 1803

This account of nearly unanimous unison praise of the Beveridge proposals by the Labour Party should not, however, lead us to conclude that the Party necessarily considered the Plan to be socialist. On the contrary, according to Mr Barnes;

"I say as a convinced socialist that I do not support the Beveridge Plan because it is a socialist plan. It is not. To me, frankly, it is a common sense method of meeting our peace-time casualties under the prevailing system, the capitalist system " ⁷⁶.

Similar reasoning underlies Mr Buchanan's statement;

"Often I have thought in the past that he (Beveridge) was reactionary...But I take the Report as a whole" ⁷⁷

4 The 1943 Non-Decision: Possible Explanations.

4.1 The Fear of the Means Test

First, let us consider the extent to which previous experiences with the means test can explain Labour's acceptance of the contributory principle as outlined in the Beveridge Plan. When the means test is referred to as a "backcloth" against which the emergence of modern British welfare is seen, it is usually the more specific experience of "the household means test" of the 1930's that is in focus ⁷⁸.

According to Tom Marshall

"Nothing in the history of social policy, except perhaps the old mixed workhouse, has inspired such hatred and detestation as this household means test" ⁷⁹.

Beveridge therefore probably conveys an accurate picture of prevailing British attitudes when he refers to "the strength of popular objection of any kind of means test" ⁸⁰. His ensuing extrapolation of this as a reason for the "established popularity of compulsory insurance" and "the phenomenal growth of voluntary insurance" appears to be more of a rhetoric extension of the argument. One could argue that any established schemes that avoided means testing would have enjoyed a similar popularity. In Britain this happened to be contributory insurance in the immediate past. As we have seen there are also reservations even to this truth; it was the

76.Ibid p 1770.

77.Ibid p 1783

78.As a foreign observer of British social policy one cannot help to be struck by the weight that is given to the experience of means testing in studies of the history of income maintenance in this country.

79.Marshall 1985 p 69

80.CMND 6404 para 12

failure of contributory unemployment benefits which forced large numbers into the household means test in the 1930's.

In assessing the impact of the experience of the means test upon World War Two social policy planning, Deacon and Bradshaw outline the two aspects upon which analysis most frequently focuses

"First, the public were now less inclined to see poverty as the result of personal failing or irresponsible behaviour. Second, there was a far greater awareness of the misery and hardship it had caused in earlier years." ⁸¹

Although they question the degree to which both the Conservatives and the Labour Party desired its total abolition, they do not challenge the impact its history had upon policy making in the 1940's. In their interpretation, the Beveridge Plan allowed for enough means testing for the Conservatives to accept it, and little enough to ensure Labour support ⁸². The "acceptable" means testing in this assessment was that of National Assistance as a safety net under National Insurance.

If we are to accept that the experience of the means test had a direct impact on Labour's acceptance of Beveridge's contributory principle, it must be on the following assumption: that Labour had finally accepted the argument that Beveridge had been hammering since 1907: that only through contributory social insurance could the means test be avoided. Labour had, however, reason to expect more means testing than what would follow from the role of National Assistance as envisaged by Beveridge. As we have seen above, experience had proved that the contributory route for some leads to the means tested route for others.

The popular "hatred" was directed more towards the specific "household means test" than towards means testing in general. The abolition of the household means test in 1941, and its replacement with an individual means test, brought about an increase of recipients from the Assistance Board of a quarter of a million people ⁸³.

This reform involved a change away from means testing mainly the unemployed to subjecting old people applying for supplementary pensions to the test. This latter scheme was not exposed to great hostility and there was no failure in take-up. A continued impact of the means test upon the policies of the labour movement would therefore seem to be dependent on a fear for a return to the means test of the 1930s; i.e. a fear for post-war mass unemployment and a return to the household means test. According to Deacon and Bradshaw, Beveridge's estimate of 8.5% post-

⁸¹. Deacon and Bradshaw 1983 p 31

⁸². Ibid p 47.

⁸³. Fraser 1984 p213. See also chapter 7 below for a further discussion of this development.

war unemployment was generally considered to be too optimistic⁸⁴. Judging from the experience of the First World War when mass unemployment followed, it is not unlikely that this reasoning was behind the labour movement's continued fear of the means test.

This leaves us with two possible interpretations of Labour's standpoint in 1943. Either the Labour movement was suffering from political amnesia in which the experiences of the 1930's when contributory pensions failed to stave off the means test were lost, or (given that they expected widespread unemployment and the possible return to the house hold means test) the Party was willing to accept even a substantial role for means testing in the future.

The "amnesia hypothesis" cannot be properly tested with the material we have available, though focussing on the actual drafts of social policy documents worked out by bodies within the labour movement might go some way towards doing this. As we will see in the next chapter, Attlee was far from well equipped with blueprints when he took office in 1945. The only plan we can find was the Fabian proposal which bore striking similarity to that of Beveridge. Given this lack of plans of its own, it is perhaps understandable that the Labour Party was inclined to adopt an ostrich posture. Furthermore, by concentrating on the advocacy of early legislation of the proposals, they could hope to draw on the spirit engendered by the War and ensure the enactment of the undoubtedly progressive elements of the Beveridge Plan. In a situation in which a post-war election victory was not yet in sight, this reasoning becomes plausible.

The "intellectual vacuum" caused by the demise of the Fabian Society hindered an informed debate within the labour movement. Traditionally, Fabians have played an instrumental role in the shaping of the social policy of the Labour Party. In the gap between the Webbs in the early century and the Titmuss group at the LSE from the mid-1950's onwards, the party was left without this important influence⁸⁵.

Still, even with the necessary expert advice provided, it is unlikely that the Party would have rejected the contributory approach in 1943. As we have seen above, the 1930's saw a shift of power towards the TUC. For the group in control of the Party Beveridge's contributory insurance proposal represented, therefore, a principle they had advocated since 1910. The means test, in this situation, was a price that the Party was willing to accept. A harsher, and perhaps more speculative extension of

⁸⁴Ibid p 44

⁸⁵It should be noted that Richard Titmuss was never a member of the Fabian Society himself. He played, though, a key role in its activities during the 1950's and 1960's.

this line of reasoning, is that the experience of the 1930's might have sharpened the divisions within the working class in relation to welfare. Dating back to the 19th century, the divisions between on the hand the better off and better organised workers who enjoyed exclusive welfare rights through occupational self help schemes and the less organised, less skilled workers excluded from this area of welfare, had rendered joint working class interests and demands in social policy impossible(difficult). The 1930's, we must bear in mind, involved an increase in the standard of living for the three quarters of the work force still employed. For these groups, means testing the others might have been seen to promise lower taxation and, no less important, an antidote to "scrounging". In the words of Derek Fraser

"This majority of the nation, in asking the unemployed to take the full brunt of the depression, displayed a lingering feeling that somehow the men out of work deserved to be less eligibly placed than the rest" ⁸⁶.

Similarly Harris concludes that

"The TUC delegation to the Beveridge committee was in fact in many ways a remarkable embodiment of the traditional sterling virtues of the labour aristocracy. The delegates were strongly in favour of contributory insurance; they were contemptuous of "dodgers", of the "very poor" and of "the type of person who will not join a Friendly Society" ⁸⁷.

We can therefore conclude that while the relationship between contributory pensions and means testing appears not to be fully understood by the Labour Party, such an understanding would probably have done little to change the attitudes among the dominant groups within the Party at the time.

4.2 The Financing of the National Health Service

The National Health Service Act of 1946 established a tax-financed universal health service in Britain. This solution was strongly supported by the Labour Party. The popularity of the contributory principle within the Labour Party becomes evident, however, in the final scheme presented by Aneurin Bevan. He preserved an element of contribution by arranging for part of the National Insurance contribution to be used in the financing of the National Health Service ⁸⁸.

⁸⁶.Fraser 1984 p 195

⁸⁷.Harris in Winter 1983 p 48.

⁸⁸.Fraser 1984 p 233.

"Thus was born the popular myth that the health service is paid for out of insurance contributions, whereas in fact it was never intended that the insurance fund should contribute more than a fraction of the cost" ⁸⁹.

There are several possible interpretations of why a different form of finance was chosen for the health service. According to an ILO publication on social security: "The state may assume all or the greater part of the charge for certain benefits which are considered particularly conducive to social welfare, such as family allowances or a national health service" ⁹⁰.

Indeed, when enacted in 1945, Family Allowances in Britain were also financed out of general taxation ⁹¹.

Another possible explanation that would also include family allowances, is the question of deserve. While many of the contingencies covered by National Insurance could be seen to be at least partly the individuals responsibility, (this way the tradition of self help had also ingrained into the population a responsibility to "save for a rainy day" even if that was one of old age) it is easier to find general support for a solidaristic system in the unforeseen event of bad health.

A third interpretation is that while there was an underpinning safety-net in the form of National Assistance in the case of income maintenance, such a system neither existed nor was proposed as a part of the future health services. Health therefore needed to be fully universal. With less fears of "scrounging" and a universal coverage, the case for a tax-financed solution was easier to argue than in the case of income maintenance. Tied up with this is the dimension of "work-testing" which is central to income maintenance as such schemes usually originates from schemes targetted at the workforce for later to be extended to cover the generation at large ⁹². With no underpinning scheme and thereby a fully universal health service, there was no need for a work test through the payment of individual contributions. By contrast, both the work test and the National Assistance scheme were key elements in the contributory National Insurance.

4.3 Policy Inheritance

⁸⁹.Ibid.

⁹⁰.ILO 1984 p 117.

⁹¹.Thane 1982 p 243.

⁹².We will return to this theme in the next chapter.

Lastly, the significance of established traditions as an explanatory factor deserves particular attention. There are two dimensions to this influence. First, the insurance principle was established as the accepted norm for social insurance. A return to non-contributory insurance would therefore require convincing arguments if the public at large and the policy makers were to accept it as a feasible alternative. Second, since its introduction in 1911, the experience with contributory insurance meant that large groups had already acquired rights for present and future benefits. As we will see in the next chapter, Beveridge's proposals largely built on the framework of established schemes. A change to non-contributory system would involve much greater and more complicated reforms than those proposed by Beveridge.

The first of these considerations is strongest put by Heclo when he states that the contributory flat-rate principle was "imported into the postwar British welfare state because that is the way things had been done since 1911"⁹³. Taken out of its context this statement appears to be rather deterministic. The evidence presented by Heclo, as well as our contribution indicates, however, that the momentum of contributory pension after 1911, made the trend increasingly difficult, if desirable, to reverse.

Conclusion

The British Labour Party's relationship to the finance of pensions represents an example of a struggle between on the one hand wider political objectives, and on the other hand, the pursuit of sectorial interests within the political group. The wider objectives of redistribution and state responsibility were allowed to dominate until 1910. Although the non-contributory stance was firm and well founded in this period, it is also worth noting that at this point a non-contributory pension was deemed the least harmful solution to the sectional vested interests already present within the labour movement; i.e. those of the members of Friendly Societies.

Already two years after the implementation of the 1908 OAP, these interests, as represented by trade union commitment to and benefits from non public insurance, made themselves felt. The Labour Party support for the contributory 1911 National Health Insurance thus marks the start of the party's gradual swing towards full acceptance of the contributory principle.

From this time on realpolitik reduced the taxation principle to the ranks of political rhetoric. The main reason for its postponed execution was the value it had gained as a unifying factor for the organized labour movement in its infancy.

93.Heclo 1973 p 256.

Attention was thus only drawn to it when non- socialist governments extended the scope of contributory insurance.

This process was further accelerated, first in the late 1920's by the inability of the two Labour Governments to challenge economic orthodoxy and thereby avoiding Exchequer transfers as a means to save the non-contributory OAP. Later, in the 1930's the shift of power within the Party in favour of the trade unions ensured the final move towards full acceptance of the principle.

Meanwhile, the momentum of policy inheritance added to the difficulties for the few who still advocated a non-contributory approach. A change of the method of finance would, at this point, have necessitated a firm and united stand behind this principle. The British Labour Party asked to consider the Beveridge Plan in 1942-43 had neither.

From being the central topic of political disputes over social policy in its early days towards the end of the 19th century, by 1940 the contributory principle of social insurance was established as a cornerstone in the British tradition of welfare. It is therefore not surprising that the final move towards full acceptance and implementation of the principle was taken in the form of a non-decision in the Labour Party.

Postscript:

In a recent article Kevin Jeffery challenges the notion of a welfare consensus being established during the Second World War ⁹⁴. By focussing exclusively on the Conservative Party in the testing of this hypothesis, Jeffery makes the implicit assumption that a welfare consensus along the Beveridge principles entails a move of the Conservatives in a collectivist direction. Although our study represents no attempt to contribute conclusive evidence to that debate, the findings presented above suggests that the consensus reached resulted mainly from the Labour Party making a final rightward move towards traditionally liberal social policy.

In fact, Beveridge's main achievement was the carrying though of the old Tory principle of "all-in insurance". Paradoxically, the most progressive of Beveridge' proposals, the "subsistence level", was one of the few elements departed from in Labour's 1946 implementation ⁹⁵. The immediate payment of full sub-subsistence benefits was considered more important.

94.Jeffery 1987.

95.Walley 1972 p 81.

Chapter 4

RESIDUAL UNIVERSALITY AND INCREASING SELECTIVITY:

SOCIAL INSURANCE IN THE UK 1946-1966

Introduction

In the chapter above we saw how the contributory flat rate system was established as the main source of finance for social insurance in Britain after the Second World War. In this chapter we shall study the effects of the choices made during the war on National Insurance's first twenty years of operation.

Instead of attempting to give a full analysis of British social insurance in this period, we shall focus on very specific areas. The themes arise from the findings in chapter two above, where we analysed the development of Norwegian social insurance in the same period. Our analysis in that section pointed to the significance of the question of finance to the development of social insurance. In the last chapter we treated finance as a dependent variable, focussing on the reasons why the two nations arrived at different solutions. In this chapter "finance" will first be dealt with as an independent variable. The variables it will be seen to influence are those of "level of benefits" and "coverage" (or "comprehensiveness"). Later however we shall see that the question of benefit levels in particular brought about new debates and, eventually, changes in the ways by which British insurance was financed.

The Norwegian experience showed that the choice of a tax-financed OAP in 1936 made a prolonged role for means-testing, and thereby selectivity, acceptable to the Labour Party. Although universality was the ultimate aim, selectivity became the pragmatic means by which to achieve the combined results of redistribution and the elevation of the basic pension. Furthermore, the choice of the taxation principle in Norway made the question of which groups to include in the process of extending social insurance a political rather than a practical question.

In the UK the choice of a contributory scheme will be seen to have had equally strong implications for the post-war development of pensions. Our hypothesis is

that the divergent British development features two main differences to that of Norway. First, the contributory flat rate system of finance impeded the development of the level of NI benefits. In effect, therefore, the greater spillover of the elderly to social assistance dependency through NA supplementation in Britain compared to Norway resulted largely from the choice of the contributory flat rate system of finance. Second, the gradual incorporation of groups other than the elderly into social insurance, as seen in Norway, was made more difficult in Britain. A contributory system can only incorporate those who are enabled or compelled to pay the required contributions. As we will see, for example, the choice of the contributory system excluded large groups of disabled people from social insurance and left them in continued dependency on social assistance.

Referring back to the main hypothesis of this thesis, the choice of how to finance social insurance is the main cause of the differences in the extent and form of assistance and in the composition of the clientele in the two countries. In the next section we shall return to the divergent influence this has had upon the nature of social assistance.

Although the comparison will highlight the less favourable development of British social insurance in the first two post-war decades, this is not to say that the British social reformers were less ambitious than their Norwegian counterparts. On the contrary, Britain took a much greater initial step on the road towards universal social insurance in 1946 compared to the Norwegian reforms at the time. But as we shall see, British universality was built on insecure foundations, the undermining of which was to create conditions much more conducive to selectivity in the long run.

The chapter falls into five parts. First, the sections of the Beveridge Report relevant to our analysis will be briefly outlined. Second, the actual development of the level of the OAP will be analysed, starting with the 1946 National Insurance Act. In the third part we will look briefly at the income maintenance offered to groups equivalent to those gradually incorporated into social insurance in Norway. Fourth, we shall return to the question of finance, covering the renewed debate on this issue in the mid-1950's. At the end of this chapter we sum up the section and contrast the development of social insurance in the two countries.

1. THE BEVERIDGE PLAN

The importance of the Beveridge Report as the blueprint for British post-war social insurance is well known.

We argued in the chapter above that the Labour Party's acceptance of the main principles of this plan can be at least partly explained by the intellectual "vacuum" that existed within the British labour movement during this period. The political influence (or lack of it) of intellectuals in the British policy-making process becomes even more clear when we look at the way in which the plan was conceived and hammered out. The writing of the Report highlights an important difference between the British and Norwegian polities. In Norway the normal procedure is for the government in power to set up a commission with a clearly defined mandate when new legislation is planned. A broadly composed committee, usually comprising representatives of the relevant organisations, in addition to central government and political representation, subsequently drafts the detailed plans within the framework laid down in the mandate ¹. In the British tradition, by contrast, the system works very much the other way around. A committee is given a relatively autonomous role in working out plans and recommendations. Its mandate is usually limited to defining the areas of policy that it is supposed to concentrate on. Through hearings, the affected groups are able to express their views. After its completion the plan is made subject to parliamentary readings. With the affected groups entering the policy-making process at this late stage, influence on policy decisions is probably dependent to a larger degree on clearly worked out ideas and reactions to the proposed policy, whereas in Norway the equivalent groups are included at an earlier stage. The greater need for independent, considered opinion as a counterweight to the power embodied in the committees adds to the significance of the "intellectual vacuum" outlined in the chapter above.

The Norwegian model, which can be described as featuring stronger corporate traits, thus probably offers more opportunities for affected interest groups to play an active role in the shaping of policies. The different ordering of the process together with the different composition of the committees may account for the greater role played by individual, politically unaccountable, policy makers in the British system. Ashford argues that "the disjointed character of British policymaking gave enormous powers to civil servants, probably more than in any other political system" ². In the history of modern British social policy few have taken more advantage of this aspect of the policy-making process than William (later Lord) Beveridge. Paul Addison goes as far as describing the Plan and its outcome as "a brilliant coup by one man" ³. Ironically, Bevin's main motive for appointing Beveridge to head the Inter-departmental Committee on Social Insurance was to escape the irritation of an advisor with whom he had grown increasingly impatient

1. Arntzen and Knutsen 1980 p 63.

2. Ashford 1986 p 245.

3. Addison 1975 p 212.

⁴. Neither the then "bitterly disappointed" Beveridge, nor those who appointed him could envisage the importance of the work that was to follow ⁵. Thus, Beveridge not only filled the intellectual "vacuum" that had been left open, he also used to the fullest the possibilities that the British political system provided for an individual to influence the course of policy- development. The appointed Inter-departmental Committee seldom met, and when they did, the purpose was usually for Beveridge to inform them about the progress of his work.

The final report was signed by Beveridge alone.

The Plan outlined "six principles of social insurance". These were ⁶ :

1. Flat rate of subsistence benefit
2. Flat rate of contribution
3. Unification of administrative responsibility
4. Adequacy of benefit
5. Comprehensiveness
6. Classification

The first two principles concern the nature of finance and the level of benefits. As we have seen, the contributory principle is itself made an implicit feature. Because we discussed this in the last chapter, we shall not treat it here.

Both the "minimum" approach, as expressed in the term "subsistence benefits", and the flat rate approach leave room for, and indeed necessitate, a prolonged reliance on voluntary insurance in order to achieve an acceptable level of income replacement in old age and other need situations. It could also be argued that Beveridge in his outline focusses more on delimiting the role of public insurance as against securing what in Norway was referred to at the time as "socially acceptable" levels of benefit. Thus Beveridge's notion of a minimum approach implies not only the importance of the "floor" below which no one should fall, but equally important the notion of a "ceiling" above which, according to Beveridge, social insurance had no role to play. In the words of the Report, flat rate subsistence benefit "follows from the recognition of the place and importance of voluntary social insurance in social security." ⁷

Again, therefore, the existence of a large non-public insurance sector influences the scope and nature of British social insurance. This contrasts sharply with the

4. Thane 1982 p 244.

5. Ibid p 245.

6. Cmd. 6404 1942 para 303.

7. Ibid

influence exerted by "alternative schemes" in Norway. We shall return to the comparative implications of the two approaches towards the end of this chapter.

Measured against the level of existing schemes, the realisation of "subsistence" required a raising of benefits. Referring to the "floor" aspect Vic George argues that "Lord Beveridge considered the subsistence principle the central idea of his report"⁸. Beveridge later wrote that "without this the report would be little more than a rationalisation of existing powers"⁹. This, together with its comparative significance for our study and its ultimate fate, makes the subsistence principle worthy of closer examination. In relation to poverty the term arouses associations to early 19th century American prison experiments carried out to establish how little people could survive on¹⁰. The analogy is not too unreasonable. Beveridge based his subsistence level on research carried out by Rowntree in York in 1936. Rowntree's notions of subsistence were based on highly scientific work conducted by nutritionists¹¹. It would be wrong of us to evaluate this on the basis of later notions of relative poverty. Our point is that the levels represented an absolute minimum on which people could survive (if, that is, they had the knowledge of professional nutritionists). In order to compensate for the rise in prices since 1938 Beveridge added 25% to the figures established by Rowntree¹².

In his outline of the "flat rate of contribution" principle Beveridge gives no reason why the contribution also had to be on a flat rate. But a sense of equity surely underlies the statement "all insured persons, rich or poor, will pay the same contributions for the same security"¹³. It is by this choice, not by the contributory principle in itself or even by flat rate benefits in combination with it, that the Beveridge Plan excludes the possibility of redistribution between groups through social insurance. In the last chapter above we discussed the political background to the acceptance of this principle. In this chapter we are concerned with the consequences of its implementation.

The third principle represented perhaps the greatest achievement of the plan. The piecemeal development of British social insurance had created a variety of schemes run along different principles and administered by different public and non-public authorities. The unification of the various schemes was therefore a major task in achieving fairness and administrative efficiency. Under the slogan "all-in insurance"

8. V George 1968 p 33.

9. Lord Beveridge "Social Security Under Review" The Times, 9.November 1953. Quoted *ibid*.

10. Townsend 1979

11. Shragge 1984 p 44

12. George 1968 p 44

13. Cmd 6404 op cit para 305

such a unification had first been advocated, by the Conservatives, in the mid-1920's¹⁴. We shall not, however, analyse further the extent to which this principle was realised.

The fourth principle expands on the notion of subsistence. "Adequacy" implies that benefits should be "sufficient without further resources to provide the minimum income needed for subsistence in all normal cases"¹⁵. Thus although it gives room for voluntary insurance, it "does not assume that in any case"¹⁶. Beveridge also introduces here another aspect of "adequacy", by stating that benefits will continue indefinitely without means test, "so long as the need continues"¹⁷.

"Comprehensiveness" as Beveridge explains in regard to the fifth principle, implies that "It (social insurance) should not leave either to national assistance or to voluntary insurance any risk so general or so uniform that social insurance can be justified."¹⁸. The groups covered by social insurance are divided into six "classes"¹⁹:

- I. Employees, that is, persons whose normal occupation is employment under contract of service.
- II. Others gainfully occupied, including employers, traders and independent workers of all kinds.
- III. Housewives, that is married women of working age.
- IV. Others of working age not gainfully occupied.
- V. Below working age.
- VI. Retired above working age.

There is no clear demarcation between social insurance and social assistance. Under the joint heading social security Beveridge lists all the need categories covered. The combined scheme is one which provides income maintenance in the cases of "interruption or destruction of earnings power and for special expenditure arising at birth, marriage or death"²⁰.

The sixth principle, "Classification", is used "to denote adjustment of insurance to the different circumstances of each of these classes and to many varieties of need

14.Thane 1982 p 196.

15.Cmd 6404 para 307.

16.Ibid.

17.Ibid.

18.Ibid para 308

19.Ibid para 19

20.Ibid para 17.

and circumstance within each insurance class " ²¹

In what follows the focus will be upon the extent to which the realisation of the two first principles has influenced the fate of principles number four and five. In short: the extent to which the contributory flat rate system has been successful in giving its defined need categories adequate benefits. Adequacy will be measured as the extent to which these categories actually stay out of social assistance dependency. "Comprehensiveness" will in this context be seen to involve "adequacy", as well as the extent to which individuals belonging to the defined groups are administratively incorporated into social insurance. In other words, if a group of claimants is still dependent on National Assistance for supplementation in order to achieve subsistence benefits, we do not consider the group to be comprehensively covered by social insurance. We start the analysis by looking at the implementation of the central Beveridge principles in the 1946 National Insurance Act under the Attlee Government.

2 SUBSISTENCE THROUGH SUPPLEMENTATION

Except in one important respect, the Labour Government adopted Beveridge's subsistence principle. While Beveridge had proposed a twenty year build-up period to reach subsistence levels in the case of retirement pensions, the 1946 National Insurance Act established near uniform benefits for all categories ²². The Act gave entitlement to full pensions with immediate effect to all those covered by the 1925 Act, and the build-up period for future beneficiaries was reduced to ten years. Beveridge's scheme would, by contrast, have depended to a larger degree on supplementation from National Assistance in the first twenty years of operation. "Adequacy" in Beveridge's terminology would only be achieved for the comprehensive National Insurance after 1966 ²³.

The degree to which subsistence was attained in 1946 is, however, open to discussion. Although the Labour Government added more to meet the rise in living costs since 1938, the benefits introduced were still in real terms below those calculated by Rowntree. When the Labour Government established benefit rates in 1946, it was believed that these were at subsistence level. By 1948 when the scheme

21. Ibid para 309.

22. Fraser 1984 p229.

23. The higher initial costs involved in the 1946 Act brought about a change from the proposed system of funding to a system of "pay-as-you-go. As this necessitates state subsidies to meet deficits, it can be argued that the change involved an undermining of Beveridge's insurance principle.

came into operation, inflation had, however, already undermined these rates. By this time rates were definitely below subsistence level ²⁴.

Thane argues that the Labour Government made no commitment to bring benefits up to subsistence in the future ²⁵. Furthermore, Section 40 of the new Act provided for quinquennial reviews of rates. With rising costs of living in the years to follow this proved detrimental to the real value of the benefits. But more frequent reviews proved difficult to carry through because of the way the scheme was financed. Because Labour followed Beveridge's flat rate contributory system, any increase in benefits had to be met by increased contribution. Under the flat rate system, this would place the greatest burden on the poorest contributor. Hence the British universal insurance scheme took the form of a convoy, where, of course, "the speed is that of the slowest ship" ^{26, 27}.

It was not until 1958 that the benefits reached the level proposed by Beveridge ²⁸. We therefore turn now to look at the actual development of a scheme which was both established on a level which was generally accepted as being inadequate and had built-in curtailments to growth. In studying NI benefits, the main focus will be upon how they compared to benefits offered through National Assistance.

National Assistance benefits were established two years later than NI rates. The increased cost of living was taken into account and the rates were consequently set at a higher level. This, together with the availability of discretionary allowances, as well as allowances for rent, accounts for higher benefits from NA from the launch of the scheme. ²⁹

Table 4.1 below shows developments in the relationship between social assistance, social insurance and average earnings in the period of this analysis ³⁰.

24.Fraser 1984 p 230

25.Thane 1982 p 254.

26. Griifith quoted in Fraser 1984 p 229.

27.During the Second reading of the National Insurance Bill in 1946, a alternative method of pegging benefits to a cost of living index was discussed. The Labour Party rejected the idea however, on the basis of past experience. The method had been tried during WW 1 but broke down soon after. Also, it was argued that this would leave pensioners with smaller increases than they would otherwise achieve. This, of course, proved to be a false prediction. George also rejects the other arguments used as "equally unconvincing": That this method would involve a decrease of pension value in the case of a reduction in the cost of living. Experience had shown that this was very unlikely to happen. Second, the fear of the inflationary pressures exerted by such an indexing is rejected by George when he asks "what social justice is there in a society which expects its weakest members to act as a buttress against inflation" George 1968 p 35.

28.Shragge 1984 p 45

29.George 1968 p 212.

30.Ibid p 211.

Table 4.1. Indices for NI benefits, NA allowances, retail prices and average earnings 1948-1967, single persons.³¹

	NI	NA	Prices	Earnings
1948	100	100	100	100
1949	100	100	103	105
1950	100	108	106	109
1951	100	125	117	119
1952	125	146	128	130
1953	125	146	131	139
1954	125	146	134	148
1955	154	156	139	162
1956	154	167	146	175
1957	154	167	151	180
1958	192	188	154	189
1959	192	208	155	196
1960	192	208	158	211
1961	221	223	161	225
1962	221	240	169	234
1963	260	265	174	241
1964	260	265	178	263
1965	308	317	184	282
1966	308	338	188	302

From the table we can see that NA allowances continued to stay above the rates set for NI benefits. Because of more frequent rises in NA, (fourteen times compared to seven for National Insurance), the basic NA benefit was higher than insurance benefits in half of the years between 1948 and 1967. With rent and discretionary allowances taken into account, assistance allowances were substantially higher for the entire period ³². While NA allowances outpaced the rise in prices each year, those relying solely on insurance benefits for their subsistence also experienced a decrease in the purchasing power of their benefits between 1949 and 1955. If we compare these rates to average weekly earnings a different picture emerges. Over the period as a whole both insurance and assistance benefits rose slightly more than

31.From George (ibid table 57.) His sources were Annual reports of the MPNI and NAB Ministry of Labour Gazettes.

32.Ibid p 212.

earnings. It is worth noting, with our specific time period in mind, that before 1965 NI benefits also dropped behind average earnings.

Not surprisingly, the slow development of NI compared to NA brought about a growth in the number of social insurance beneficiaries receiving assistance supplementation. Table 4.2, from the Report of the Phillips Committee, shows the growth in the years 1946 to 1953 ³³

Table 4.2. Numbers of National Assistance Grants in Supplementation of Retirement Pensions

1946	460 000
1949	558 000
1950	678 000
1951	767 000
1952	856 000
1953	938 000

This survey does not cover wives, the inclusion of whom would bring the numbers up by approximately 20% ³⁴. As we see, the numbers increased every year, although more slowly towards the end of the period. In an early reference to the problem of "take-up", the Phillips Committee admits that "some witnesses have told us, however, that there are still some old people who do not apply for assistance despite the fact that they may be eligible" ³⁵.

33. Phillips report 1954 (Cmd 9333) p 57.

34. Ibid

35. Ibid

In table 4.3 the wives are included, and we can also see the percentage of old people relying on NA ³⁶.

Table 4.3. National Assistance Grants 1953.

	No. of old persons(1000s)	No. provided with NA	% prov. with NA
NI-pensioners (incl.wives)	4.310	1.110	26
Non-contrib. pensioners (incl. wives)	345	162	47
Other old persons	2.280	128	6
Totals	6.935	1.400	20

Most important here is the 26% of National Insurance retired pensioners receiving assistance supplementation. The experience of approaching the Assistance Board was no different for the nearly half of the elderly still receiving non-contributory old age pension. For the particular period under investigation the group merits, however, less attention in this analysis, as this scheme was gradually being phased out.

The workings of the Phillips Committee, from which the above material originates, represents the first major review of social security after Beveridge. The Conservative Government which instigated the Committee, was, as we can see, left with the choice between two possible options, given that their intent was to enhance social security. Either they could launch a major strengthening of NI in order to float the pensioners off assistance dependency. Or, alternatively, they could abandon the ambition to reach subsistence level for the pension, or rather, a level which made NA supplementation unnecessary except in exceptional circumstances.

36.Ibid p 8.

In essence therefore, the choice was between a universal and a selective approach for social security. The recommendations of the Phillips Committee followed the latter course and thereby advocated the abandonment of the major principles of the Beveridge Report.

Firstly, with regard to the level of benefits, the Report states:

"A contributory scheme cannot, in our view, be expected to provide a rate of benefit which would enable everybody, whatever their circumstances, to live without other resources either of their own providing or by way of national assistance. Even if a "subsistence" rate of pension could be related to some average of need or requirement, a large increase in pension would be required to make any substantial reduction in the number of pensioners at present receiving supplementation. As so much of the cost of national pensions has to be met from general taxation an attempt to provide a subsistence rate for all without regard to need would appear to be an extravagant use of the community's resources. Indeed, where only limited resources are available it is argued by some that the emphasis should be upon the improvement of assistance scales - which would benefit those, by definition, most in need - rather than on improvement in the rates of insurance benefits" ³⁷

Although the wording is vague and non-committal, there can be no doubt that the statement represents a departure from Beveridge's central principles of "subsistence" combined with "adequacy" and "comprehensiveness".

Not surprisingly, the acceptance of a permanent and significant role to be played by assistance presupposed a rehabilitation of NA:

"We wish to stress that a changed attitude on the part of the public to the whole problem of national assistance is needed. In the minds of many it appears to be simply the successor of former systems of poor relief. In the welfare state as we know it today "national assistance" subject to a needs-test is available for many purposes, though under a different name. For instance, the value of a state scholarship is related to the parent's income and, though paid by the Ministry of Education, is really a form of national assistance " ³⁸.

By distancing the scheme from the Poor Law through the comparison with other selective, but non-stigmatised schemes, the Committee attempts to enhance the acceptance of National Assistance without changing the scheme itself. This may be

37. Ibid p 56.

38. Ibid

compared with the many changes in the name of assistance introduced in both countries. All exemplify attempts to enhance the status and acceptability of assistance through cosmetic changes without necessarily introducing simultaneous reforms of the schemes themselves. Moreover, the use of the term "needs test" instead of "means test" in the quote above is likely to be intended to serve a similar function.

In the context of the previous development of the pension, these recommendations should come as no surprise. Politically they were, though, highly controversial. Informed criticism followed shortly in the Fabian pamphlet "New Pensions for the Old", co-authored by Brian Abel-Smith and Peter Townsend ³⁹. Referring to the subsistence principle, they point to the lack of discussion underlying and following the "abandonment of the central idea of the Beveridge Plan" ⁴⁰. The authors furthermore point to the lack of evidence upon which the recommendations were based. This critique was also aimed at the Conservative Minister who endorsed the suggested reforms. They argue that "it would seem rather hard to come to reasonable decisions about the level of social security benefits without knowing something about the circumstances of those for whom the benefits are intended" ⁴¹. It is surprising, though, that no mention was made of the problem of "take-up" in the criticism of a move towards greater reliance on means-tested benefits, particularly as the Phillips Committee itself, as we saw above, pointed to the possibility of people refraining from applying although they were eligible ⁴². In a contemporary pamphlet Abel-Smith discusses the problems of means-testing at length without touching upon the problem of non-take-up ⁴³. It was not until 1962 that evidence was presented showing the degree to which old people avoided claiming assistance. In the conclusion of their book written in 1962 Cole and Utting estimate that over 12 % of all old people units, nearly half as many again as are at present receiving Assistance, are entitled to help from the Assistance Board, but are not getting it" ⁴⁴. One reason for low take up in assistance was the problem of "stigma by association", i.e. the association of social assistance with the preceeding Poor Law. The fact that the experience of the Poor Law was fresher in memory in the early post war years gives reason to believe that this problem was even greater in that period.

39. Abel Smith and Townsend 1955.

40. Ibid p 4.

41. Ibid p 5.

42. Phillips Report 1954 p 57.

43. Abel-Smith 1953.

44. Cole and Utting 1962 p 98.

In spite of the reluctance to elevate pensions expressed by the Phillips Committee as well as by the Minister in charge, it was the Conservative government of the day which first managed to raise pensions to the levels of 1946. Heclo argues, though, that this was due "less to because of changes in party or interest power than because of a freer spending climate following the post-Korean decline in defence expenditure" ⁴⁵. This was followed by a further increase with the 1959 National Insurance Act. That same year, however, NA benefits were elevated to bring them once again above NI benefits ⁴⁶. In the following six years the relationship between NA and NI did not change significantly. After the steady rise in the numbers of NI pensioners receiving NA supplementation in the 1948-1952 period, the high proportion (around 23%) remained unchanged throughout the period leading up to the 1966 legislation ⁴⁷. With the growth in the number of pensioners in this period this furthermore accounted for a growth in the percentage of old people receiving assistance in relation to other groups. The changes in the composition of NA claimants for the period are summed up in the table below.

Table 4.4. Assistance Allowances According to Category of Recipient.(Percentages)

	1949	1965
Supplementation of Insurance benefits:		
Retirement pensions	48.2	59.9
Sickness/Industrial injury	7.9	7.5
Widows' benefits	7.5	4.9
Unemployment benefits	2.6	1.7
Supplementation of non contributory OAP:	8.5	5.6
Assistance to persons not receiving pensions or benefits:		
Person registered for employment	3.1	3.9
Persons over pension age	5.4	6.4
Persons under pension age	16.7	13.1

45.Heclo 1973 p 257.

46.George 1968 p 227.

47.Ibid p 228.

From this table we see that in 1965, more than three quarters of the weekly NA allowances were being paid to persons over pensionable age. The development that was highlighted in table 4.2 thus continued after 1953, and NA increasingly became a supplementary scheme for old age pensioners. While the number of retirement pensioners receiving supplementary assistance that year was 938 000, this increased to more than 1.4 million in 1965 ⁴⁸.

The low level of NI benefits, in relation to NA as well as to what was needed for subsistence, thus largely explains the central role that assistance continued to play, far beyond that intended in the Beveridge Plan and in the 1946 legislation.

In table 4.4 we furthermore see that the second largest group receiving assistance was "persons under pension age".

Behind this collective term we find a group of particular comparative interest: disabled persons not qualifying for sickness benefits. In the Norwegian material we saw that after the elevation of the old age pension the main cause of the reduction in the numbers receiving assistance was the gradual inclusion of the disabled into National Insurance. The relatively numerous presence of this group in National Assistance indicates a different development in the UK.

We therefore turn now to give a short outline of what happened to equivalent groups in Britain.

3 FURTHER LIMITATIONS TO COMPREHENSIVENESS

We saw above that the low level of benefits forced growing numbers of NI beneficiaries onto NA for supplementation. Dependency upon social assistance is of an even more total and permanent nature for those disabled from birth or childhood. For these groups assistance represented, more likely than not, their sole source of income.

The case of disability highlights a fundamental contradiction in the Beveridge Plan and its implementation. Under the heading "comprehensiveness" Beveridge writes that social insurance "should not leave either to national assistance or to voluntary insurance any risk so general or so uniform that social insurance can be justified" ⁴⁹. The contradiction arises when this is matched with the way by which

48. Berthaud and Brown 1981 p 140.

49. Cmd 6404 para 308.

entitlement is achieved. Being a strictly contributory system, social insurance following the Beveridge recommendations only comes into play after a person, in addition to falling within an eligible need category, has paid a specific number of contributions. However "general or uniform" your specific need category is, this does not in itself give you entitlement to benefits. Because the payment of contributions is organised in relation to paid employment, eligibility is established through the labour market. In relation to disability this excludes from benefits those who never entered paid employment - housewives and those disabled from birth or childhood are two obvious examples. It is surprising that George does not make the connection when he expands on his observation that "social policy in this country, unlike that of many other European countries, does not recognise civilian disability"⁵⁰. Instead Britain introduced sickness and industrial accident schemes, both directly connected to work. This must be understood in light of the history of the British disability insurance. The scheme originated in the 1911 National Insurance Act as an arrangement for insured employees organised through Approved Societies. When the scheme was first introduced the benefits equalled those of the then non-contributory old age pension. Its value decreased dramatically in the years leading up to the Second World War, when it was equivalent to less than 11% of the average earnings of a male manual worker⁵¹. With the 1946 National Insurance Act the scheme was incorporated and the name changed to "sickness benefits". These were, however, payable for an unlimited period of time as long as the sickness lasted. While the OAP "blanketted in" the already old, sickness benefits had a much more "curtailed universality". First, the claimant needed to have been insured as an employee or as a self-employed person for at least three years prior to the sickness, and even then only if he was incapable of work because of some specific disease or disablement would he receive benefits.

The change in the definition of "disability" towards considering these individuals as either sick or unemployed in the 1946 NI Act is further example of the close proximity between work and welfare in this program. Moreover, the 1944 Disabled Persons (Unemployment) Act was based on the assumption that adequate employment could be found for all the employable disabled. As this did not prove possible, the failure added to the great numbers of disabled remaining in assistance dependency⁵².

Beveridge's "classes" appear at first sight to be comprehensive in covering the entire population: the non-working would, according to the plan be covered under "Class

50. George 1968 p 104.

51. Kaim-Caudle 1973 p 169.

52. Berthaud and Brown 1981 p 139.

IV: Others of working age not gainfully occupied" ⁵³. This particular category was, however, excluded from unemployment as well as disability benefits ⁵⁴. This anomaly left large groups of congenitally disabled and others with no work record excluded from receiving National Insurance benefits before they reached pensionable age.

In an appendix to the 1959 report from the National Assistance Board, the first post-war survey of persons under pensionable age in receipt of weekly NA allowances is presented. The group appears on the bottom line of table 4.4 above. Because of their sickness or disability, these claimants were not required to register for work as a condition of being assisted ⁵⁵. The report points out that they are not the only group of disabled persons among the NA recipients. Although they enjoyed more favourable conditions, the blind received their entire income maintenance from the National Assistance Board ⁵⁶. Furthermore, many disabled persons received NA to supplement NI benefits.

Among the 128 000 beneficiaries, the largest single group were the "mentally defective" ⁵⁷. Two thirds of the sample investigated were said to have been disabled from birth or childhood. Finally, the same proportion (2/3) had received NA benefits for five or more years. If therefore we take the congenitally mentally disabled as an example, there can be no doubt that this is a group "uniform enough for social insurance to be justified". Muriel Brown sums up this anomaly by pointing out that different amounts of money are paid "according to the source of disability rather than its extent" ⁵⁸.

The dependency of large numbers of disabled persons upon NA continued throughout the period of our analysis. In 1967 Sally Sainsbury found that that nearly half her sample of 211 disabled men and women depended wholly or partly on supplementary benefits ⁵⁹.

Another factor which undermined Beveridge's claim of universality was the arrangements made for married working women. Because NI offered unfavourable conditions for this group they were allowed to opt out of the scheme and remain dependent on their husbands' entitlements as main breadwinner ⁶⁰. With growing

53. Cmd 6404 para 19 II.

54. Ibid para 19 V.

55. Cmd 1085 p 51.

56. Ibid.

57. Ibid p 52.

58. M Brown 1982 p 206.

59. Reported in the Guardian 6. May 1967. Quoted in George 1968 p 185.

60. Abel-Smith in Glennerster 1983 p 11.

numbers of women joining the labour force in the post-war period, the assumption of female dependency has proved wrong, and the lack of compulsion in the inclusion of women into NI proved a further limitation to the level of comprehensiveness achieved.

The composition of NA claimants was thus greatly influenced by two aspects of National Insurance. First, the failure to raise NI benefits, not only to subsistence level but also to the level of NA, left great numbers of NI recipients in NA dependency through supplementation. Second, the failure of social insurance to include large need categories left groups which in Norway were gradually lifted out of social assistance dependency totally dependent upon NA for their income maintenance. In table 4.4 we saw the consequences this development had for the composition of NA recipients. The number of social assistance claimants in Britain increased from 2 750 000 in 1949 to 3 491 000 in 1966 ⁶¹.

The exclusion of the non-working population highlights an important obstacle to the achievement of institutional welfare through the contributory principle of social insurance. As we have argued in the introduction to this thesis, a feature that distinguishes institutional from residual welfare is the allocation of services according to need alone, not restricting benefits to those who have been entitled through merit, for example participation in the labour market. In Norway, we saw that the expansion of insurance increasingly included groups outside the work force. The development of disability pension therefore offers a good example of the difference in the British and the Norwegian approach. Shragge uses the term "work-testing" to highlight the close tie between work and welfare in Britain ⁶². We focus on this aspect of British social insurance once more because of the implications it has for the success of social insurance in its proclaimed aim of minimizing social assistance. Through the relation of insurance to work, large sections of those permanently in need of benefits are excluded from National Insurance. This is furthermore of great importance to the composition of social assistance claimants, a question to which we shall return in the next section of this thesis.

4 RENEWED DEBATE ON THE CONTRIBUTORY FLAT RATE SYSTEM

Before we sum up the development of British social insurance we shall return briefly to the method of finance. In Britain the re-emergence of the debate on how to finance social insurance is closely tied in with the question of superannuation.

61. George 1968 p 224.

62. Shragge 1984 p 29.

For that reason it will be juxtaposed with the solution of that same question in Norway. The analysis of the Norwegian development of earnings-related supplements (ERS) showed that it was after the combined achievement of universality and the elevation of scale rates to 1/3 of average earnings that the question of an ERS was brought into the debate. Hence in Norway the establishment of an ERS was a move in the direction of "standard security " which was deemed to be desirable once an acceptable basic pension had been achieved.

Examination of the UK development reveals a contrastive background. Research focussing on the miserable conditions of large numbers of NI pensioners compelled a questioning of the aspect of the pension causing this decline. Inflation was, as we have seen, allowed to undermine the value of the pension in the first decade of its operation. The results of the deterioration of benefits were brought to light by research carried out by the "Titmuss group" at The London School of Economics ⁶³. In addition to Richard Titmuss the most prominent figures in this new breed of intellectual Fabians were Brian Abel-Smith and Peter Townsend. Abel-Smith wrote in 1953 that "it is commonly claimed that Britain's social services are "the envy of the world". Although he left the validity of that claim open, he stated that "in terms of the level of insurance benefits Britain's position is far from that of a world leader" ⁶⁴. In a later study Abel-Smith and Townsend revealed that not only did poverty persist to a much greater extent than was generally believed , but, perhaps to the even greater surprise to many, old age and not unemployment was the main cause of destitution ⁶⁵. The same pamphlet furthermore pointed out the growing divide between "two nations in old age" ⁶⁶. These consisted of "an underprivileged majority" relying on NI benefits, often supplemented by assistance, for their subsistence, and a "privileged minority" which, by contrast, consisted of some 6.5 million better-off persons covered by private occupational pensions. The development of private and occupational pensions was, as we have seen, one of the cornerstones upon which the Beveridge Plan was constructed.

These findings led to a questioning of the central principles of British social insurance. Abel-Smith scrutinized the contributory flat rate principle in "The Reform of Social Security". First, describing it as a system of taxation (which it really is), he highlights its regressive nature by claiming that "the contribution is not just a flat rate levy or poll tax, but a tax adjusted to ability not to pay - a

63. The "Titmuss Group" consisted of Richard Titmuss, Brian Abel-Smith, Tony Lynes and Peter Townsend. We will return to the influence of this group in the chapter on British social assistance.

64. Abel-Smith 1953 p 2.

65. Abel-Smith and Townsend 1955.

66. Ibid p 6.

larger sum is taken from the poorer than the richer" ⁶⁷. In 1948 the then Minister of Social Insurance, James Griffith had admitted in that "we have reached the limit of what we can do by flat rate of contribution and in future we shall have to give further consideration to see whether some method of financing the insurance scheme other than that of flat-rate contributions can be found " ⁶⁸. The system was allowed to work for another five years before Abel-Smith highlighted its shortcomings in 1953. In the same pamphlet he furthermore refutes the assumptions upon which Beveridge's advocacy of the contributory flat rate principle was based. Abel-Smith also points out that the growth of private insurance, rather than being an expression of its popularity, only proves "that people want money available when they need it". Reaching the same conclusion, we argued above that any system which could provide this would in turn gain some popularity. Of people's rejection of the rationale for means-testing, he makes it plain that "the fact that people don't like a means test can only prove that they don't like a means test."Neither observation", he writes, "tells us anything about the method by which people want money to be collected." ⁶⁹

In the pamphlet "National Superannuation", published in 1957, the Titmuss group take their findings and recommendations further into the political world by outlining "labour's policy for security in old age". It was here that a turn towards earnings-related benefits in return for earnings-related contributions was first presented as the solution to the problem of raising pensions to subsistence level and beyond. The Conservatives adopted the recommendations and were the first to implement them, with the Boyd Carpenter system which came into effect in 1961 ⁷⁰. While the struggle against persistent poverty had been Labour's main reason for advocating ERS, the actuarial situation regarding the NI was the main motive for the Conservatives. ⁷¹

The division between "two nations in old age" continued, however, with the favourable conditions for "contracting out" into occupational pensions following the Boyd Carpenter Plan. This system allowed for companies that could prove that they offered occupational pensions to a standard equal or better than that of the state pension to opt out of the state scheme. In the years following the 1946 NI the development of these schemes had strengthened the role of private insurance to the extent that any withdrawal of their slice of the insurance cake would be extremely difficult, even if politically desirable. Between 1953 and 1965 the number of

67. Abel-Smith 1953 p 18

68. Hansard 16 July 1948.

69. Abel-Smith 1953 p 19

70. Heclo 1973 p 273.

71. Ibid p 270.

persons covered by occupational pensions increased from 5 million to 12 million⁷². Again, therefore, the presence of alternative non-public schemes had an influence on British social insurance that was absent in the Norwegian case. The weight of this policy inheritance increased year by year.

The same pattern was repeated when the Labour Party introduced their first ERS with the Castle system in 1975: contracting out continued to be a part of the system.

While the addition of an earnings related supplement to a scheme usually indicates a turn in the direction of "standard security", in Britain its introduction is a further example of the "poverty alleviation" approach to social security.

The findings of this chapter so far can be summed up in three points. First, under the system of flat-rate contributions "actuarial soundness" required pensions to be set at a relatively low level in 1946. Second, the same system later became an impediment to attempts to elevate the benefits to subsistence levels, and large groups of NI pensioners were therefore left in continued reliance upon National Assistance for supplementary benefits in order to bring their income maintenance up to subsistence levels. Third, the strong adherence to the contributory principle as the basis for establishing entitlement, excluded large sections of the population although they met the need conditions. In combination the 1946-1966 development left large, uniform and "deserving" need categories in social assistance dependency either for supplementation or for their entire income maintenance.

5 CONCLUSION SECTION 1

In this section the emphasis has been upon the differences in the development of social insurance between Britain and Norway in the first two post-war decades. Documents from the immediate post-war period on social security in the two countries appear to express the common ambition of developing social insurance in order to replace the income maintenance of the Poor Law. The wording expressing the way in which this was to take place already embodies, however, the two countries' different approaches to the problem. In Britain the Beveridge Plan

72.George 1968 p 166.

expressed as a main ambition the discontinuation of the means test. The emphasis on the means test as the embodiment of the degradation of the Poor Law must be understood in light of people's experience of the extended "household means test" in the 1930's. In Norway, by contrast, the emphasis was upon the gradual process of making the Poor Law superfluous through the creation of alternative social insurance programs. This process of breaking down the Poor Law "from without" had been pursued by both countries in the half century preceding the Second World War. The implications of Britain's departure from this approach through the 1948 abolition of the Poor Law will be further analysed in the next section. But the difference is also significant for the development of social insurance in the 1946-1966 period. The two approaches brought about very different social insurance systems in the two countries towards the end of the period.

In this section we have given equal weight to the creation of the two models of social insurance and to the subsequent development of services. The first topic is analysed in chapters one and three. The main difference between the two models is that while the Norwegian system was financed mainly out of general taxation, the British model adhered more to the contributory principle. It should be noted here that both the Norwegian and the British systems were based on tri-partite forms of finance, with employers, employees and the state all contributing towards the cost of the insurance schemes ⁷³. The differences between the two approaches emerge first when we look at the balancing between the three sources of finance. While the Norwegian system accepted a major state responsibility from the outset, the development of the British pension was curtailed to a greater extent by the ability of the individual to make larger contributions. Both the choice of a contributory scheme and the later reluctance on the part of the state to contribute the necessary funds must be understood in light of the power of the British Treasury and its unwillingness to contribute towards social programs. Brian Abel-Smith has argued that decisions in British social policy have been determined more than any other factor by the Treasury's desire to find the cheapest possible solution. While the fear of administrative cost favoured the tax-financed solution in 1908, the much more costly insurance of the post-war period necessitated the savings and constraints embodied in the contributory approach. ⁷⁴

For both countries, we consider policy inheritance to be the single most important factor in explaining the nature of the model arrived at prior to the launch of the post-World War II reforms. In our analysis of the respective policy inheritances we

⁷³In Norway also the municipalities contributed until 1976.

⁷⁴These were Abel-Smith comments when I presented the ideas underlying chapter 3 at a research seminar at the LSE in May 1986. Abel-Smith has elsewhere made a similar point about the NHS. Abel-Smith 1983.

have distinguished between on the one hand alternative public precursors to state schemes, and on the other hand private and occupational alternatives. In Norway we found that the existence of municipal pension schemes facilitated the choice of a tax-financed state old age pension in two ways. First, it showed the feasibility of this approach at a time when it was considered to be inferior to the contributory approach by many specialists in the field of social insurance. Second, the municipal schemes did not favour any vested interest by way of acquired rights or professional interests tied to their administration. On the contrary, they were created in the expectation of a future state take-over.

In Britain, by contrast, there were no equivalent municipal schemes. Dating back to the Friendly Societies and private insurance companies in the 19th century, non-public income maintenance schemes have played a much larger role in Britain than in Norway. Throughout the period tax concessions favoured this development. When the first British OAP was financed over general taxation, a main reason for this choice was the threat that a contributory solution was seen to pose to the economic interests of the insurance industry. Two years later the contributory approach was established as the main model for British social insurance. This was made possible through the involvement of the insurance industry as administrators of the state schemes. In both cases, therefore, the non-public insurance sector had a decisive impact on the course taken by public insurance in Britain.

When Beveridge proposed a comprehensive social insurance on contributory lines in 1942, two factors facilitated the necessary labour support. First, the effect of occupational and private pensions had been to increase the divisions within the working class. Its better-off and better-organised sections - whose experience of these schemes had been positive, and who had a vested interest in their continuation - formed the power base of the Party at the end of the 1930's through their dominance of the TUC. Also, the Labour Party was suffering from an intellectual vacuum during this period. In a Party which tended to leave the fundamental questions of social welfare to the expertise of intellectuals (in particular the Fabians), the lack of informed opinion in the period after the Webbs and before the arrival of the "Titmuss group" cannot be underestimated. The importance of the lack of informed opinion in the 1940's became clear when Abel-Smith (and others) documented the need to rid social insurance of the "straitjacket" of the flat-rate contributory approach. When the Labour Party accepted Beveridge's argument that only through the contributory approach could rights be insured and the means test avoided, this must therefore be explained as resulting from (in addition to the element of political expediency mentioned above) a combination of ignorance and vested interests.

In Norway an apparently contrastive power configuration may have contributed to the ensuing divergence. When Labour gained power in 1935, the Parliamentary Party became the center of power within the labour movement. While policies prior to this time were greatly influenced by the LO (the Norwegian equivalent to the TUC), the trade unions now took on a less dominant role in the shaping of Labour policies. Although this must be highly speculative, it can be argued that this change cancelled out the possibility of an insurance solution favouring the sectorial interests of organised labour, which might have introduced a stronger element of "work testing" similar to that established in Britain with the 1946 National Insurance Act. Moreover, the 1930's in Norway was the period when intellectuals favouring collective measures entered the political arena as advisors to the Labour Party. In this way Keynesian policies strongly influenced the path taken by the Labour Government from 1935 onwards. With the exception of similar wartime measures, an equivalent influence in Britain did not become manifest until after the war.

This is the background to the different approaches adopted towards the post-war expansion in social security. The divergent policies are outlined in chapters two and four. In Norway the tradition of a tax-financed and means-tested scheme excluding the high earners continued along the course established in the 1930's. Gradual elevation of benefits was favoured over the immediate achievement of universality through the abolition of the means test. When this was finally abolished in 1957, the aim of "socially acceptable benefits" outlined by the Labour Government in 1948 was largely achieved. By this time, political pressure and the economic climate facilitated further extension of social insurance on the model of the OAP to include large groups still depending on assistance for their income maintenance. The taxation principle allowed for the incorporation of new groups regardless of their ability to contribute towards the cost of the programs. The extension of social insurance was therefore a political rather than a practical question. In 1967 the level of benefits was further raised through the establishment of an earnings-related supplement to the basic pension. Again, the relative absence of occupational and private schemes facilitated a universal state solution. For the same reason there were comparatively few constraints to the level of the supplement.

While Britain and Norway shared the ultimate aim of a universal social insurance, Britain took a much greater initial leap towards that aim with the 1946 National Insurance Act. From the outset, however, the scheme, which was largely based on Beveridge's proposals, carried built in restrictions which impeded the achievement of universality. Being a contributory scheme, it could only include persons who paid contributions or for whom contributions were being made. This excluded the

congenitally disabled and other groups outside the workforce. For working women participation in the scheme was made optional.

The impediments to comprehensiveness proved, however, even greater in the practical implementation of the scheme. Once the contributory solution had been chosen it was decided that both contributions and benefits were to be set at a flat rate. The shortcomings of this approach were not realised at the time of implementation. As early as 1948, however, the then Minister of National Insurance realised that the development of a flat rate contributory system was analogous to "the speed of the convoy being that of the slowest ship". In the relative hardship of the early post-war period no minister was willing to carry the political cost of the necessary raising of contributions and the unreasonable burden this would put on the lowest paid. With unexpected inflation the pension benefits, already set very low in 1946, failed to reach subsistence level. A more favourable development of National Assistance in terms of benefit levels contributed to a massive spillover from National Insurance of pensioners in need of assistance for supplementation. Furthermore the contributory principle in itself ensured the continued exclusion of large groups. Even if there was a political desire to incorporate the civilian disabled, for example, their inclusion would involve a breach with the principle upon which the entire scheme was constructed.

When an earnings-related supplement was introduced in 1961, its main function was to bring more funds into a National Insurance which found itself running into the red, and not as in Norway, to extend the level of insurance in the direction of a greater degree of standard security. Another factor limiting the impact of the ERS was, once again, the influence exerted by the non-public insurance industry. Meeting their demands for "opting out" laid the ground for the gradual residualisation of the public earnings-related program. For the same reason the level of the ERS was set very low from the outset in 1961 ⁷⁵.

Finally, let us arrive at some preliminary conclusions in relation to the theoretical models outlined in the introduction of this thesis. By comparison to Norway, Britain took a much greater leap towards the institutional model of welfare with the early post-war social insurance legislation. National Insurance achieved an initial comprehensiveness much greater than the patchwork of social insurance still in existence in Norway at that time. Furthermore, while National Insurance offered a non-means- tested service, the Norwegian means test in the case of the old age pension was not abolished until ten years later. If we look at the total extent of means testing within public income maintenance the picture is, however, very

75. Berthaud and Brown 1981 p 144.

different. While Norway experienced a decrease in services awarded after a test of means through the extension of social insurance after 1957, the picture was the opposite in Britain. Both the spillover to National Assistance and the non-inclusion of significant need categories ensured a continued and growing reliance on means-tested benefits in Britain during the period of our study. The universality of the 1940's was thus followed by a growing selectivity by default.

The consequences for the social division of welfare in the two countries were far-reaching. In Britain we see a relatively undivided public income maintenance sector, with social insurance failing to offer better benefits than assistance. The division between a means-tested assistance and a non-means-tested social insurance, in terms of the services provided, remains. For the individual recipient the distinction became, however, increasingly blurred as more and more people were subjected to the means test in order to reach subsistence benefits. (This must be understood as resulting not only from a poorer performance of NI, but equally importantly as a consequence of an assistance scheme offering welfare on a less residual model than its Norwegian counterpart.) The standard security aspect of income maintenance was increasingly offered by the non-public sector, with a significant rise in the numbers covered by occupational pensions. The main social division of welfare in Britain thus falls between the entire sector of public income maintenance on the one hand and the private insurance sector on the other. While we will deal with the residual sector of welfare in the next section, we can now establish that the welfare services of the social insurance sector in Britain took on increasingly residual traits.

In Norway the social division of welfare developed very differently. The most important factor here was the limited scope and political insignificance of the private insurance sector in welfare. The division emerged instead within public welfare. While social insurance developed towards a mature institutional model, offering welfare at a relatively high level on the basis mainly of need, the other side of the institutional coin in Norway was the assistance sector, which remained in relative obscurity and politically irrelevant. The fact that this service has received less mention in this section than its British counterpart is thus because it never played an active role in relation to insurance in Norway. As groups were lifted out of dependency on assistance they tended much more than in Britain to stay out. We can conclude, therefore, that while Britain took the lead on the road towards institutional welfare with the 1946 National Insurance Act, the Norwegian system started out much more cautiously but outdistanced the British scheme in the long run.

In chapter two we challenged the claims of widespread diffusion between Britain and Norway during and after the Second World War. In that chapter we argued that Norwegian post-war policy represented first and foremost a continuation and extension of the policies laid down in the mid 1930's. Still, this does not exclude the possibility of an element of learning and influence from Britain in the years that followed. We will therefore return to the comparative aspect of the question. Seip's understanding of the relationship between British and Norwegian policy around the period of the Second World War appears to be based on two assumptions. First, she argues that the Beveridge Plan was a result of its author's gradual radicalisation. The references to this question found in the British literature all stress, however, Beveridge's lack of radicalism. What is apparent, however, is that he changed from being a traditional free market liberal towards advocating greater collective measures in social policy. Harris describes Beveridge in this way:

"He has often been portrayed as a collectivist liberal with a continuous commitment to social reform dating back to his days as sub-warden of Toynbee Hall in the early 1900's; but in fact his views on politics and society were a great deal more ambivalent than this view would suggest. Ideologically he veered between an almost total commitment to the free market, and a belief that the free market was corrupt and inefficient and should be replaced by a strong, impartial administrative state"⁷⁶

Similarly, Abel-Smith argues that "Beveridge was a man of the centre, and at varying times he had had both leftist and rightist leanings, but he was never a socialist"⁷⁷. Moreover, when the Labour Party accepted his recommendations in 1942, they did so for pragmatic reasons and not because they had any illusions about their being socialist. The Labour MP, Mr. Barnes, summed up the understanding within the Party:

"I say as a convinced socialist that I do not support the Beveridge Plan because it is a socialist plan. It is not. To me, frankly, it is a common-sense method of meeting our peacetime casualties under the prevailing system, the capitalist system"⁷⁸. In a party lacking plans of its own, this aspect of political expedience becomes all the more important.

The second assumption underlying Seip's argument was the idea of a change in the social policy of the Norwegian Labour Party. In chapter two we found, however, that the perception of the Norwegian Labour Party's policy of the late 1930's as representing a turn to the right has been convincingly challenged by Hatland. This

⁷⁶.Harris in Winter 1975 p 240.

⁷⁷.Abel-Smith in Glennerster 1983 p 11.

⁷⁸.Hansard 1942 p 1770.

indicates that there was less common ground between Beveridge and the Norwegian Labour Party than Seip's argument supposes.

Yet although we have argued that the differences between the British and the Norwegian post-war plans are greater than the similarities, this does not exclude the possibility of influence exerted by the undoubtedly trail-blazing Beveridge Report. In particular the emphasis on comprehensiveness in the Report was adopted in the Norwegian post-war plans. Still, the recommendations of the so-called "Philadelphia Declaration" proclaimed by the ILO in 1944 appear to have exerted an equally strong influence on the 1948 White Paper on social insurance ⁷⁹. Furthermore, both Seip and Kuhnle emphasise the importance of the direct influence through contacts between British policy makers and the Norwegian Government-in-Exile in London during the war. We have found no evidence that indicates contacts of this nature. More research is, however, necessary in order to test the validity of Seip's and Kuhnle's claims. We did, though, raise the question with Rakel Seweriin who became Minister of Social Affairs in 1953 ⁸⁰. She was resident in London during the War. In 1942 she represented the Norwegian Government at the 41st. Annual Labour Party Conference ⁸¹. Here she talked about the Norwegian resistance movement. No mention was made of social policy. Incidentally, she presented her speech on the day before the Party gave their formal support to the Beveridge Plan. During her two years in London she recalls no discussion on social policy with British policy makers. Moreover, in the Beveridge Papers we find that Beveridge visited Oslo in 1946 in order to receive an honorary doctorate from the University of Oslo. Although he stayed in Norway for several days and had talks with politicians in the liberal movement, he was not invited to talk with people directly involved in the making of Norwegian social policy ⁸². When he went on to Denmark his diary has, by contrast, several entries describing meetings with Danish policy makers. If there had been extensive contacts between the Beveridge group and representatives of the Norwegian Government it is surprising that they did not use the opportunity to consult with him at a time when the situation was ripe for Norwegian social policy to move on from the drawing-board ⁸³.

We are therefore inclined to feel that the notion of the influence exerted on Norwegian income maintenance by such "contacts" as well as the influence exerted

79.St.melding 48 p 19-28.

80.See chapter 5 for the interview with Rakel Seweriin.

81.Report of the 41 Annual Labour Party Conference op cit.

82.Beveridge Papers BLPES.

83.When we here implicitly equate "contact with British policy" makers to contacts with the people surrounding Beveridge, this must be understood in light of our portrayal of the striking lack of discussions within the British labour movement during the War

by the British example may be guided by hindsight. Perhaps the best example of such possible "post hoc, ergo propter hoc" thinking underlying the assumptions of widespread diffusion is found in an article written by Britain's only expert on Norwegian social policy, John Greve. Referring to the social policy statements of the Norwegian Joint Program of 1945 he argues:

"These goals were strikingly similar to those promoted by the organized Labour movement in Britain in 1944 and 1945, two years after the Beveridge Report. The Report which led to such widespread discussions in Britain also helped to influence the policies formulated by the Norwegian Government after the war. Several members of that Government, as well as a number of other political and labour leaders and civil servants had spent up to five years of the war in England, and were well acquainted with the discussion and planning in British circles for social and economic policies to be put into effect after the war" ⁸⁴.

In summary, therefore, a close examination of British and Norwegian social insurance highlights two important aspects. First, although the post-war plans featured similar goals, contrastive approaches brought about both very different means towards these ends and, consequently, very different degrees of achievement. Furthermore the difference of approach can only be understood in light of the contrasting public and non-public policy inheritance in the two countries. Our conclusion corresponds with Ashfords who stresses the importance of the inter-war period in shaping the post-war policies of the five countries in his comparison ⁸⁵. The resulting dissimilarities will be further highlighted when we turn now to look at the corresponding developments in the social assistance services, the replacement of which was the ultimate aim of the insurance programs in Norway as well as in Britain.

84.Greve in Rodgers 1968 p 100.

85.Ashford 1986 p 244

Section 2

Residual Welfare in the Expanding Welfare State

Introduction

Perhaps to an even greater extent than the association between social insurance and institutional welfare, the poor laws in both nations epitomise the service delivery and wider societal connotations of residual welfare. Although the history of the poor laws of our two countries feature differences we take as our starting point that for the purpose of our analysis the similarities are dominant. In fact, the Norwegian Poor Law of 1845 was to a large extent modelled on the British new Poor Law of 1834. In both nations the Poor Laws were financed and administered by the local authorities. With some exceptions, politically elected lay persons played an active role in assessing paupers for benefits. These were kept low for reasons of economy, but also in order to create incentives for work, charitable activities, and private care through the family. The personal contact between pauper and administrator further added to the saving by making benefits conditional on the pauper's willingness to accept individual guidance from the guardians. Economy was moreover achieved by more explicitly punitive measures. While both nations employed the restriction of citizenship, through the loss of franchise and disqualification from taking public office, the British system went further by establishing less eligibility as a norm and the workhouse test as an ultimate deterrent.

Paradoxically, it seems that a main reason behind Norway's inability to introduce this latter method of saving was the lack of the resources needed to build the necessary work- houses. The dominance of rural rather than - as in Britain - urban pauperism was further justification for the choice of out-door relief in Norway. It makes more sense to give an impoverished peasant family a sack of potatoes or some seed wheat, thereby enabling them to survive on their meagre patch of land, when moving them to a work house would involve taking responsibility for all their material needs. In Britain, by contrast, an urban labourer had fewer possibilities of exercising self-help, and would therefore be more likely to become totally

dependent on the public for the survival of his family. In this situation the workhouse "makes more sense".

One important difference that should be mentioned is the much greater central control over poor law services in Britain. In Norway the Municipal Acts of 1837 ensured a high degree of municipal autonomy ¹. The tradition of a framework - law, enabling the municipalities to have a major influence on the implementation of the scheme, continued throughout our period of analysis ². This difference between our two countries becomes particularly relevant when we turn to look at the process leading up to the nationalisation of assistance in 1948. With this enactment Britain also broke with the till then shared tradition of breaking the Poor Law down from without through the creation of alternative schemes. In Norway, by contrast, this process continued during the first two post-war decades. This will be seen to represent a key factor in explaining the divergence in this period.

When we use social assistance and the personal social services as exemplifying the residual model, we do so because these schemes in combination have inherited the main functions of the poor law. The extent to which these functions have been maintained by their modern alternatives, however, varies considerably. A key area is therefore the relationship between income maintenance and attempts to make the client more self reliant. In the personal social services the lay persons' repressive measures have to a large extent been replaced by a more therapeutic approach, whereby professional social workers are responsible for most of the direct contact with the clients. While the functions of social work and cash allocation have continued to be combined in Norway, these were separated into two services in Britain in 1948. While, inevitably, this also has a great influence on the experience of the individual claimant, we will focus on the unequal consequences this development has had for the training and practice of professional social workers in the two countries.

The fact that ours is a study more of the social services than of the experience of approaching them will influence our discussion of the users of these services. The difference in the size and composition of the clienteles will therefore be discussed as one of the factors that determine the nature of assistance and of the personal social services. In particular, the extent to which the services have continued the poor law tradition of serving the poorest section of society only will be seen to have

1. Arntzen and Bredrup Knudsen 1980 p 79.

2. See Seip 1984 pp 65-77 for an overview of the formative years of Norwegian Poor Relief legislation.

had a marked impact on the degree to which the residual traits of the poor laws have been maintained in their modern-day versions.

NORWEGIAN SOCIAL ASSISTANCE 1946-1966

In Norway social assistance continued to be an integral part of the personal social services. In the following two chapters we will therefore focus on how these services developed over the last two decades of the Norwegian Poor Law and into the Social Care Act of 1964.

In the first chapter the emphasis is upon the legislative aspects of this process. The development of social insurance described above will be seen to have acted as a major influence on the outcome of this process. The second chapter turns the focus onto social assistance as an arena for social work. After presenting our interpretation of how and why social workers were given such an instrumental role in implementing the new scheme, we shall turn to look at the simultaneous departures in the training of social workers.

The two processes, as represented by the two chapters, are closely interlinked. Although to a varying degree, the same "groups" participate in the policy making process throughout the study. On the political side we can distinguish between, on the one hand, the state as represented by the Department of Social Affairs and on the other the municipalities. The latter found their main expression through the Norwegian Society For Social Work, which was a joint council for local authorities, and not a social work organisation. On the implementing side the main distinction is between the lay men and women and the professional social workers. While the former had the sole responsibility for implementing the Poor Law, the Social Care Act introduced professional social workers as the group increasingly responsible for the daily running of the personal social services.

While the political groupings will be sufficiently described in the analysis, an initial presentation of the advocates and representatives of the two implementing groups is necessary. The interests of the social workers found their expression through the Norwegian Association of Social Workers. This organisation was started in 1959 and by the time it gave its reactions to the departmental proposal for a new Social Care Act in 1960, it counted 188 members ¹. In the

1.O Tutvedt 1979 p 39

analysis it will become clear that there was a large degree of convergence of interest between the Department and this organisation. Incidentally, Bernt H Lund, who was chosen to draft a plan for the future social work training, was also one of the pioneers in the organisation. Tutvedt, another pioneer, writes: "It is fair to say that the views of the Norwegian Association of Social Workers found their expression in Bernt H Lund's report."²

The interests of the lay persons found their main advocates in the Sobriety Movement. The lay influence in the social services comprised more than local authority sobriety work. But as it was, this particular part of the social services felt that the departmental proposals for a new social assistance scheme threatened their influence and integrity.

While we argue a convergence between the interests of the Department and that of the social workers, the other side of the coin is a corresponding concurrence between the interests of the local authorities and those of the laymen and their advocates. The picture does, however, become more complex as we go along. Corresponding to this main division is one between the advocates of social work education, who focused on legal and administrative aspects, and those who argued for a shift to counselling in the form of social casework. This will be outlined in the second chapter.

CHAPTER 5

From Social Assistance to Social Care: A Study of a Legislative Process.

Introduction:

The plans for the future of social assistance were only indirectly commented upon in the first Norwegian post war document outlining, among other things, a program for the income maintenance schemes to be developed. With the proposal to "develop social insurance in order to make assistance superflous", the coalition Government decided to continue a long established policy of diminishing the scope of assistance rather, than abolishing or reforming the scheme itself ³.

2.Ibid p 40.

3.Fellesprogrammet 1945.

By 1948, it was decided, however, that the 1900 Poor Law bore too strong a resemblance to a social policy from which the government of the day wished to distance itself. It was felt that the word "poor" in the existing legislation was "incongruous with prevailing opinion" ⁴. With the legislation that year the word "poor" (fattig) was replaced with "assistance" (forsorg) throughout the 1900 Poor Law. Similarly, a changing attitude to the Poor Law was evident in the blueprint for social insurance also published in 1948:

"The Department (Of Social Affairs) will later consider the question of establishing a form of social assistance covering cases which still fall outside the boundaries of social insurance, but where the help ought not to bring about the legal effects of receiving assistance"⁵

In 1950 a committee was appointed to "review existing assistance legislation and bring forward proposals for a new act."⁶

The proposals of the Committee, presented in 1953, mark a major departure from the policies of the existing assistance legislation. It was, however, to be another ten years before the final departmental response to these proposals was put forward. The focal point of this analysis is the divergence between these two plans for social assistance schemes designed to replace the existing poor law.

In our attempt to explain the divergence, the focus will be on the targeted clientele. We believe that changes regarding the social assistance clientele in the 1950's strongly influenced the direction of policy concerning the group. The role played by the target clientele in a process of policy formation is, however, multi-faceted. In order to grasp the complexity of the ways in which the nature of the particular group influence the course taken by policymakers, we will employ the term perception of clientele. This concept incorporates an objective, a subjective and an active element. The objective element is the actual size and composition of the group. Myths, incorrect or ill-informed may add a subjective element to the policymaker's understanding of the same. The active element, i.e. considerations regarding the kind of services and methods required to help the clientele, may be guided by any combination of the two aforementioned factors. In addition, prevailing approaches to welfare, in the

4.Ot.prp. 24 1945, referred in "Utkast til Lov om sosialhjelp. (1953 Proposal)

5.St.melding nr. 58 1948.

6.1953 Proposal p 5

form of technology advocated by the dominant professions, will have bearings on the subjective and, consequently, the active element.

Thus, in methodological terms, the clientele will be considered an independent variable influencing the nature of the services to be established - the dependent variable. In this perspective "perception of the clientele" becomes an intervening causal variable.⁷

Relevance to main themes of theses:

Our focus on the relationship between assistance and insurance guides the choice of areas highlighted in the analysis. The correlation between the two areas of income maintenance will be seen to take two forms. First, social insurance has a direct impact on assistance in the period because the extension of the scope of insurance is the main reason for the reduced numbers of people relying on assistance. Subsequently, this also leads to changes in the composition of the assistance clientele. Second, and more indirectly, the new notion of rehabilitation originates in social insurance and was subsequently applied in a modified version in social assistance.

We shall first give a brief account of the Committee proposal. Second, this will be juxtaposed to the subsequent departmental response. In this section we focus partly on the extent to which the two proposals represent diverging sociopolitical approaches, and partly on the consequences these differences came to have regarding the nature of the schemes proposed. In a third section we shall expand the scope of the analysis by attempting to see the changing approaches in the light of developments in areas outside the immediate proximity of the policy areas in question. In the fourth and last section there follows a brief presentation of the new scheme as it was finally enacted in 1964.

The sources used are parliamentary papers, secondary sources and interviews with two ministers and one civil servant, all three of them active at the time in question.

1 The 1953 Proposal

While the 1948 reform was only cosmetic, the 1950 Committee proposed a totally new social assistance scheme. The proposal starts out with a clear-sighted critique of the 1948 reform:

7. Hellevik 1973 p 299.

"The change of name has done little to enhance social assistance, so as to distinguish it from poor relief. To be a recipient of assistance carries today the same invidious connotations as did the poor relief board" ⁸.

In a further comment on the 1948 reform we find the first mention of those being left behind in the ongoing process of making the Poor Law superfluous:

"By extending the scope of social insurance we enhance the position of those incorporated. This does not, though, improve the position of those still depending on assistance" ⁹.

Thus the Committee makes an important departure from previous considerations of the poor law: social assistance would, even in the event of a successful development of social insurance, continue to exist for the foreseeable future. Responding to this reality, the Committee Report represents a genuine attempt to break with the past and establish a new scheme more in line with the existing and planned income maintenance services of social insurance. In this respect the above quotations are representative of the flavour of the Report. It is therefore particularly interesting to see what recommendations the Committee came up with.

Our outline of the recommendations is informed by two objectives. First, we will focus on the extent to which the proposal represents a genuine break with the past. Secondly, and most important for our analysis, we will highlight the areas in which the 1963 Proposal diverged from the earlier Report.

One objective pervading the Report is that of making assistance more equal to social insurance than was the case at the time. While assistance still bore "the taint of charity" ¹⁰, insurance was both felt to be, and awarded as, a right. Consequently, it is significant that the first paragraph of the proposed law was titled "The right to Social Assistance." ¹¹

It was recognised by the Committee that human needs are so varied that social insurance alone can neither embrace all needs cases nor give everyone receiving benefits full coverage of their requirements. Hence, subsistence as well as supplementation of social insurance benefits would continue to constitute a

8.1953 Proposal p 13

9.Ibid

10.Ibid

11.Ibid p 53

major task of social assistance. It seems that those receiving assistance instead of, or in addition to, social insurance, were the groups the Committee had in mind when it argued for the establishment of an assistance scheme more in line with the principles of social insurance. With the statement "Only when we get such a scheme can we truly claim that our National Insurance is completed" ¹², the Committee went even further and implicitly referred to assistance as a section of social insurance; a point of view not advocated elsewhere in the report.

Although the focus was clearly upon present and potential insurance claimants, the proposed changes were meant to cover all recipients of assistance. This is implicit in the statement: "Those who receive assistance are not different from those in receipt of insurance, and should not, like those receiving poor relief, be made to feel inferior."¹³

There were various means by which the enhancement of assistance was meant to be attained. Traditionally, poor relief was given in kind as well as in cash. A change to cash payments only "would be in line with our insurance benefits and corresponds to the present understanding of what public benefits should consist of." ¹⁴

Similarly, in arguing for a stop to the tradition of the duty to repay benefits whenever possible, the Committee argued that "the reason why people apply for assistance will in most cases not be very different from those for which they seek social insurance" ¹⁵. Hence, in this area also the group recommended that assistance practice should follow that of insurance. Although this was ^{not} expressed in the document, we can trace a change here away from means-testing towards needs-testing in social assistance also. Furthermore, the Committee proposes the introduction of a right to appeal decisions made by the local authority assistance board to a higher level of government¹⁶. Again, social insurance is the standard.

Another area where the proposal diverges from then existing assistance legislation is that of mutual obligation of maintenance between family members. The Committee argues that the main objective of the existing rules "is not to ensure the needs of the claimant, but rather to reduce spending on assistance".¹⁷

12. Ibid p 16

13. Ibid

14. Ibid p 20

15. Ibid p 24

16. Ibid p 46

17. Ibid p 28

Here the standard is civil law, and the Committee finds it unreasonable that the assistance legislation should entail greater responsibilities than those found there. This meant that only obligations between parents and children, and those between spouses, would remain. Because these areas were covered by child and marital legislation respectively, the Committee found no reason to include even these provisions in the act. This is, as we see it, further evidence of a move away from the Poor Law towards a more stringent income maintenance scheme.

Further examples of the desire for a split between income maintenance and other functions are found in the response to

"those who argue that people who receive social assistance are inferior persons, workshy, given to drink, and criminals who should not be handled by society with kid gloves [...] and whose existence justifies a social assistance scheme less desirable than social insurance." ¹⁸

The Committee acknowledges that such persons exist, but argues that

"the means society should employ to improve such persons or to protect itself against them are not those of a social assistance act, but regulations in different acts aimed at all citizens of the type mentioned, and not only those who apply for social assistance" ¹⁹

Compared with the tone of the document as a whole, the recommendations for services required for this clientele were surprisingly harsh. The Committee advocated more stringent provisions in the section of the vagrancy legislation relating to workcamps. Although the proposals advocated workfarms established by the authority in charge of social assistance, the powers to refer clients to the camps should be covered, again, by different legislation from that of assistance. The harshness of the latter proposal is somewhat disguised in the statement: "Those who are referred to workfarms may turn the offer down, but when they do accept the help they must accept it in the form it is given" ²⁰

It is difficult to interpret the significance of this apparent harshness in dealing with the more problematic assistance claimants. We can see two possible interpretations. It can be seen as the result of a genuine desire to impose harsher measures upon this particular section of the clientele. Because the proposal as a

18.Ibid p 14

19.Ibid

20.Ibid p 22

whole was much milder and extended clients' rights, this rests on the assumption that the more problematic clientele would form a small minority, which could be further reduced by extensions in legislation relating to their particular problems. The above mentioned focus on insurance-related needs makes this interpretation plausible. A different, and not mutually exclusive, explanation is that the proposals were a concession to the "hawks" in social policy ²¹. Again, this argument presupposes the expectation that such groups would form an insignificant minority of claimants.

Another question which received much attention in the Proposal was the allocation of assistance expenditure between municipalities. Following the existing legislation, the local authority continued to be responsible for the cost of maintaining a pauper after he or she moved out of the municipality. Only after two years of residence without any claims made was the responsibility transferred to the new town of residence. Although practised even earlier, the principle of residence rights was first enacted with the 1845 Poor Law. Since that date it had remained more or less unchanged. Understandably, the practice of this provision caused a lot of disputes between local authorities over the years. A majority of the Committee proposed a change towards giving wider responsibilities to the original town of residence ²². In effect this would involve a growth in expenditure for municipalities, with greater numbers moving out than those moving in. In conditions of continued urbanisation, which pertained in Norway in the 1950's, the proposal would involve a shift of expenditure from the cities to the rural municipalities.

The obvious solution to solving this problem once and for all was that chosen by the UK in 1948. By making social assistance a national scheme the financial responsibility was removed from the individual municipality. This possibility was debated in the proposal. Referring to it, the Committee concludes:

"There is a lot to be said in favour of the State taking over the responsibility of assistance as it has already done with social insurance. But the Committee realises that such a propoosal will lead nowhere and that there is no prospect of the state taking on greater social assistance expenditure than what is already the case"²³

21. A minority of the Committee consequently argued for the continuation of legislation giving the assistance board authority to use labour camps.

22. Ibid p 41

23. Ibid p 37

The Committee also stresses what they consider a positive aspect of keeping assistance local.

"Assistance is of a character that makes it of great importance that the scheme is managed by a local board responsible for accurate individual needs-testing as well as responsible for the expenditure"²⁴

The report gives no clue as to why it would be unlikely for the state to take on a greater financial responsibility for social assistance. At the time, the state reimbursed the expenses incurred by the municipality only in the case of vagrants and aliens. From the way the problem is referred to in the Report it seems that the question is one of the state extending that responsibility rather than, as the earlier juxtaposition with social insurance might indicate, a complete take over by the state. This apparent inconsistency in the argumentation might be a sign of the problems involved in breaking a long-standing policy inheritance whereby the very poorest were the responsibility of the local community. In the case of social insurance, by contrast, local schemes were being established with the hope that the state would take over the responsibility. Keeping in mind that Britain took a different route in this area, we will later look in the comparative evidence for possible explanations for the fact that the option of a state take-over was ruled out.

Only twice has the 1953 Proposal been discussed in the Norwegian literature. Kluge ²⁵ stresses the focus on rights in the proposal. In his article on the historical development of Norwegian social assistance, Terum ²⁶ goes further and discusses the proposal as a step in the direction of income maintenance. He sees the ILO's 1944 declaration on social insurance as a main point of reference in the Proposal.

Having presented the main recommendations in the Proposal, we will return to a few key points in more detail when we turn now to juxtapose the 1953 document with the proposal that represents the next step in the legislative process.

23.Ibid p 37

24.Ibid

25.Kluge 1973 p 74

26.Terum 1987 pp 8-10

2 The 1963 Departmental Response ²⁷

It took seven years for the Department to submit its first proposal based on the plan submitted by the Committee. After another three years the proposal upon which the 1964 legislation was based was presented to the Storting. This latter scheme diverged very little from that put forward in 1960. Together, the two departmental proposals represent a contrasting sociopolitical approach to that embarked upon by the preceding committee.

Our review and analysis of the Departmental plan will focus on the area where it diverged from the one submitted in 1953. For the purpose of our analysis, we have decided to divide the comparison into four themes. First, the choice of name for the respective schemes will be seen to give an indication as to the ideology behind the proposal. Second, we will look at how the two proposals represent a diverging understanding of the targeted clientele. This, in turn, will be seen to have influenced the recommendations for the types of services needed to cater for the clients. Thus, in the third section, our focus will be on service variation along the continuum of rights versus discretionary decision making. The final theme is that of the changing relationship between income maintenance and counselling, or, as we see it, social work and money.

2.1 The Name of the Scheme.

When social reformers set out to change welfare schemes which traditionally carry a sense of stigma, the choice of name for the new scheme tends to serve one of the following functions. First, when no substantial changes in the scheme have been agreed upon, a new name serves as a mock reform. The changes enacted in 1948 exemplify such an approach. Second, when a scheme has undergone genuine changes, a new name will be used to emphasize the departure from the preceeding service. Thus, the name "sosialhjelp" (social assistance) in the 1953 Proposal marked two major changes in relation to the existing scheme. First, social assistance was seen to be "essentially different from "forsorg" (assistance)" ²⁸. Secondly, "The authority in charge of allocating social assistance will also provide advice in all cases of a social nature - also

27. The Parliamentary Proposal to the Storting (Ot.prp.) corresponds to the British Green Paper.

28. 1953 Proposal p 16

The Committee furthermore felt that their choice of name was in line with international developments. In addition to the above-mentioned ILO Report, the Swedish development and the British "National Assistance Act" were referred to as examples of legislation in the same direction.³⁰

In the departmental response the term "social assistance" was replaced with "social care" because it was felt that the latter "gives a better description of the content of the proposed law."³¹ The reasoning behind this change is closely tied to the greater emphasis on advice and counselling in the latter scheme. The term "social assistance" thus serves as a generic term for the services covered by article 3,³² while the term "social care" comprises these services as well as the advice, counselling functions and other support made available by the scheme³³. The change of name thus heralds the shift away from the stress on income maintenance in the 1953 plan towards greater emphasis on an extended service-delivery in the departmental response.

2.2 The Perception of the Clientele

Richard Titmuss claims that "poor people's services will always be poor services"³⁴. We will not attempt to question the degree to which that statement is universally valid here. We will, however, start from the assumption that the nature of the targeted clientele is one of the determining factors when the nature and quality of a service is established. When we refer to the "perception" rather than the "nature" of the clientele, we do so because there are sources of error which might distort the policymaker's understanding of the nature of the target group. When only sparse information about the group is available, any statements made should be checked for prejudice. A lack of information may for example lead planners to choose to focus attention on the section of the clientele towards which they would like to target the scheme, and thereby implicitly make them representative of the group as a whole³⁵. Hence the perception does not accurately reflect the actual situation.

In this section we will focus on the extent to which the changing approach can be seen as a function of a changing perception of, and attitude towards, the

30.Ibid

31.Ot.prp nr. 56 1962-63 p 6 (Ot.prp. 56)

32.Covers all the cash benefits of the scheme.

33.Ot.prp. 56.

34.Titmuss 1968 p 143.

35.A similar result may occur if the planners deliberately choose to redirect the scheme towards a specific section of the existing clientele.

clientele towards which the services were targeted. Changing attitudes may represent an adequate response to changing size and composition of the clientele. New sociopolitical ideologies can, however, develop independently of changes in the clientele. In order to understand why and how the divergence between the two proposed schemes came about, we must therefore see the changes in the light of the actual development of social assistance recipients.

We shall first give an overview of the actual development of the target group in the period in question. Next follows an account of how the clientele was referred to in the two proposals. Together the two accounts form the basis for an analysis of the relationship between the subjective and objective elements which together determine policy makers' perception of the clientele.

The (Actual) Size and Composition of the Clientele 1946-1966:

During the 1946-1966 period there was a steady decrease in the numbers relying on social assistance in Norway.³⁶

Table 5.1, Heads of Families receiving Public Assistance 1946-1966:³⁷

1946	50805	1951	39092	1956	33844	1961	33406
1947	48069	1952	39875	1957	34629	1962	31608
1948	44698	1953	40134	1958	37370	1963	31689
1949	41386	1954	36888	1959	37763	1964	32341
1950	39266	1955	34027	1960	35847		

We saw that during the 1946-66 period the number of people receiving assistance fell by about one third. From 1966 the statistics also included information about the composition of the clientele. In that year approximately half the recipients also received social insurance.³⁸ Prior to this no such statistics were available, though some of the annual reports contain interpretations of the changes occurring. Together with our own interpretations these will be used to cast light on the developments underlying the numbers in the table above. In this way some of the more dramatic annual changes can be

36. The following account is based on the publications "Fattigvesenet" 1945-1947, "Forsorgvesenet" 1948-1964 and "Sosialhjelpsstatistikk" 1966. Each publication presents the statistics of social assistance/social care based on information gathered by The Central Bureau of Statistics and printed annually in the publication "Statistiske Meddelelser".

37. Historisk Statistikk 1968 p 578.

38. Sosialhjelpsstatistikk 1966 p 23.

explained as effects of new social insurance legislation. The decrease caused by insurance was in two stages. In the first decade much of it can be explained by the continued establishment of municipal insurance schemes for the elderly, the tuberculous, the disabled, and in some cases single parents ³⁹. Hence, for example the sharp fall between 1947 and 1950 is explained mainly by the establishment of new municipal schemes .

"The municipal insurance schemes may bring about decreases in the number of recipients under the 1900 Poor Law by the introduction of new schemes, by the extension of existing schemes (like the Disability Pension in Oslo in 1947), or by the raising of benefit levels." ⁴⁰

In 1950 the Bureau of Statistics carried out a small survey that showed the decrease in assistance to be greatest in the south-eastern parts of the country the area with the greatest number of municipal pensions ⁴¹. By leading the way in establishing alternatives outside the Poor Law, the municipal schemes became a major force behind the establishment of new state schemes. Towards the latter end of the period, however, municipal pensions were being replaced by the extension of national social insurance. The reduction following the 1960 enactment of the Disability Act would have been even greater were it not for the numerous municipal schemes for the disabled. Yet the decrease between 1960 and 1962, when the Act came into full effect, was substantial. In its 1962 report the Department concludes that: "The marked decrease in the numbers receiving assistance over the last two years is first and foremost due to the introduction of the State Disability Pension as of January 1 1961." ⁴² There was also the establishment of new schemes which took large groups of clients directly out of social assistance. For example, with the enactment of the 1964 Child Care Act 1600 children were transferred from the responsibility of the assistance scheme.

The marked effect of the establishment of new legislation shows that alternative income maintenance schemes contributed greatly to the decrease in social assistance. Higher standards of living and minimal unemployment contributed in the same direction.

Although no mention was made of the changing composition of claimants, the above account indicates that the number of clients in need situations

39. See above chapter 2.

40. Forsorgsstatistikk 1950 p 174.

41. Ibid.

42. Forsorgsstatistikk 1962 p 5.

increasingly covered by social insurance would form a decreasing proportion of the total group of social assistance clients.

Because the departmental proposal will be seen to represent a shift away from social insurance thinking, it is of particular interest to see if this shift can be justified by changes in the nature of the targeted clientele. Traditionally, social assistance covers needs which occur in a limited time period. Social insurance, by contrast, is usually targeted at more permanent need situations. If we can document that typical insurance cases such as the elderly and the disabled constituted a decreasing proportion of the assistance clientele, the change of emphasis from 1953-1963 may be justified as a natural policy response. However prior to 1966 no statistics exist to "break down" the clientele according to need categories. We must therefore rely on our interpretation of the available statistics in order to find out if such a change actually occurred. By combining three variables in the 1946-1966 statistics, we can get a picture of the clientele along these lines.

In the statistics we find the numbers of new claimants calculated for each year.⁴³ Immediately following the end of the war there was a large increase in new claimants. This is explained by the high number of previous "nazis and striped persons".⁴⁴ Not surprisingly, these persons had particular difficulties in finding work. With the exception of this sudden increase, the number of new claimants started relatively low and increased throughout the period.

Table 5.2, New claimants in relation to total numbers.⁴⁵ Average for five year periods.

	Total on ass.	New claimants	New cl.as % of total
1945-1949	46943	7313	15.6%
1950-1954	39051	7871	20.2%
1955-1959	35527	7905	22.3%
1960-1964	32978	7684	23.3%

The total number of new claimants remained fairly steady throughout the period. If we take into account the sharp decrease in the total number of

43. "New claimant" is defined as claimants not having received benefits in the preceding five years.

44. Forsorgsstatistikk 1947 p 350. The term "striped" (stripete) refers to persons sympathizing and/or collaborating with the occupying power.

45. Based on material in Forsorgsstatistikk 1964 p 5.

assistance clientele we find, however, that the new claimants constitute a growing proportion of the clientele.

In a situation with, as we have seen, expanding state and municipal social insurance, it was very unlikely that the assistance scheme would find its new "recruitment" in groups such as the elderly and the disabled. The stringent means test in insurance, where the poorest, (i.e. potential assistance clientele) were incorporated first, strengthens this interpretation.

The growing proportion of new claimants can therefore be seen as a sign of a shift in the nature of the clientele towards being less dominated by long term need situations such as old age and chronic disabilities. The correlation between the decrease in numbers and the establishment of new insurance schemes supports and strengthens such an interpretation.

In our review of the 1953 proposal we touched upon the question of rights of citizenship in relation to the allocation of expenses between different municipalities. When we take the political significance of this question into consideration, it is perhaps not surprising that it is reflected in the statistic where it is one of the few specifications of the clientele.

Table 5.3, Numbers with right of citizenship in a different municipality from where help has been provided, as percentage of numbers receiving aid in their own community. Averages for five year periods.⁴⁶

1951-1954	25.7%
1955-1959	32.5%
1960-1964	37.2%

The main reason for this increase, as is repeatedly pointed out in the annual statistics, is the greater mobility of the population. In as much as different need categories differ with regard to mobility, this can also be seen as a shift in the composition of the clientele. We would, for example, expect elderly persons and the disabled to be less "on the move" than for example casual workers and people suffering from a combination of social problems such as alcoholism, mental instabilities and anti-social behaviour in general.

⁴⁶Based on material in Forsorgsstatistikk 1951-1964. Prior to 1951 this breakdown was not provided.

Thirdly, starting in 1947 the statistics provide information on the relationship between decrease and reduction, expressed in the term gross reduction.⁴⁷ From the table below we see that the total number of individuals leaving the scheme increased, in spite of the large overall reduction in the clientele. A great number of people leaving the scheme (decrease), in relation to the actual reduction in numbers receiving assistance, can be seen as a sign of increasing fluctuations in the clientele.

Table 5.4: Gross decrease in relation to average total numbers of claimants. Five year averages.

	Total number	Gross decrease	Gross decr. as % of total
1946-49	46240	6925	14.9 %
1950-54	39051	8900	22.7 %
1955-59	35526	7895	22.2 %
1960-65	32978	8878	26.9 %

As the gross decrease was larger than the overall reduction of the clientele, this is a further sign of increased fluctuations within the assistance population. In the annual statistics, the early post-war decreases are explained by the improved availability of work, while after 1950 several references are made in which new insurance schemes are seen to be the major factor in explaining the increase.

In combination these three variables indicate a change in the composition of the clientele in this period: increasing numbers of new claimants, more people from "out of town" and a larger decrease compared to the total reduction all point to a change away from clients with long term, unchanging need situations toward a more mobile, fluctuating clientele. As pensioners and disabled tend to fall within the former category, this evidence suggests that the expansion of social insurance not only largely caused the reduction of assistance, but also brought about a change in its composition. By the early 1960's, therefore, assistance was less dominated by "social insurance cases" than in the 1950's.

47. The gross decrease is calculated by subtracting the number of claimants in one year from the number in the preceeding year. To this sum is added the number of new claimants in the year. This number then expresses the number of persons actually leaving the scheme in a particular year.

References made to the clientele in the two proposals:

When the Department argues for a deliberate delay in presenting the proposal, they point to the "expedience of implementing (a number of) social insurance schemes first"⁴⁸ Thus, it continues, "the Department, in contrast to the Committee, will be able to model its plan on the basis of a much more completed social insurance system. Naturally, this has resulted in a proposal diverging on many points from that of the Committee."⁴⁹ This is the only reference made to changes in the clientele in the 1963 proposal.

The account of statistics presented above is based on material readily available to the policy makers in 1963 as well as in 1953. It is surprising, therefore, that no reference to these figures is made in the proposals. If used, the material would as we have seen, have supported the Departments interpretations. As we can only suppose that it must have been known, we can only assume this to mean that the information was made an implicit understanding in the Department's proposal. The only exception is an overview of the decrease in numbers since WW2 in the 1953 plan.⁵⁰ Interestingly, the Committee concludes that no statistics exist with which to break these numbers down. While the source referred to is "Statistical Yearbook", the missing numbers could have been found in another report, also published by the Central Bureau of Statistics. This failure to use all the relevant statistical sources may be illustrative of the low priority given to this part of the project. The complementary plans for social insurance employed, by comparison, detailed and thorough statistical material.

Referring to the lower numbers brought about by an advantageous expansion of the scope of social insurance, the Committee concludes in 1953 that the main function of social assistance is reduced to that of an "safety valve for the needs cases which still do not come within the scope of insurance or where the help provided through insurance proves insufficient."⁵¹ It is significant that this realisation made the Committee recommend a scheme as close to social insurance practice as possible. This approach was furthermore adequate inasmuch as the clientele in 1953 was still strongly dominated by either recipients of insurance or groups for which insurance was generally accepted as desirable in the future.⁵²

48.Ot prp 56 p 6

49.Ibid

50.1953 Proposal p 38

51.Ibid p5

52.Among the latter category the disabled is the most important group.

In its response the Department points to the development of insurance in the 1953-60 period as the main reason why its "proposal diverges from the Committee proposal on principal points"⁵³. Still, it makes no reference to how and to what extent the extension of social insurance has affected the scope of social assistance. It gives, though, a thorough account of what they see as "the future need for social assistance."⁵⁴ Because this is guided by "what is left in spite of the expansion of the insurance system and remaining welfare schemes which has taken place"⁵⁵, we find it justifiable to see the following overview as an indication of how the Department assessed the clientele at the time of writing.

As was the case in 1953, the scheme was defined in relation to social insurance. But while the Committee used the complementary roles of the schemes to advocate a merging in the way needs were met, the Department arrived at a contrasting conclusion from the same premises. As we shall see, the proposal focuses more on the differences between insurance and assistance. This is true both for the services as well as for the respective clienteles. While we focus on the clientele in this section, we will return to the service in the following two sections.

The Department categorises what they see as the eight groups of clients according to the cause of the need.⁵⁶

- a: Persons undergoing treatment for sickness, injury or defect
- b: Persons who are permanently incapable of work.
- c: Widows, divorcees, unwed mothers and others.
- d: Elderly persons.
- e: Unemployed persons.
- f: Anti-social persons and psychopaths.
- g: Vagrants.
- h: People who have lost major assets as a result of accidents and the like.

Persons in categories a,c,d and e are referred to uniformly as cases where social insurance for one reason or another fails to meet their full needs.(The exception

53.Ot.prp 56 p 6

54.Ibid p 11

55.Ibid

56.Ibid pp 11-17

to this is the case of single parents where social insurance had yet to cover all categories.) Inasmuch as the Department holds out expectations of extended legislation soon to cover these groups, they are also referred to as "social insurance cases". This vague notion will become clearer, we hope, when we contrast the description of these groups to those in the remaining categories.

In the case of persons in category b, the report makes an interesting distinction according to what caused the incapacity preventing work. Because the proposed Disability Pension only covers medical disabilities, substantial numbers are excluded from entitlement. It is also recognised that "persons with only minor bodily disablements may have problems in obtaining sufficient incomes, for example when, in addition to the disability, they have an intellectual capability which is below average or are physically weak."⁵⁷ Complaints which are difficult to establish objectively, such as less serious neurosis and psychosomatic disorders, will also fall outside the boundaries of disablement benefits. The Department expects this group to form "a substantial part of the clientele" ⁵⁸. This was the only group for which expectations about size were mentioned. Furthermore, they expect such problems to increase in the years to come as a result of "the work and living conditions in a modern urban industrial society" ⁵⁹. The strong distinction between physical and other causes of disability must be understood in the light of the proposed Disability Act, which was put forward simultaneously with the Social Assistance Act in 1960. Here the Department further accentuated this distribution of responsibility between the two sets of legislation.⁶⁰

The other group which deserves particular attention in our analysis are those labelled "anti-social and psychopaths". The Department starts out by stating that "numerically this group is perhaps not big, but each individual person represents an extremely difficult problem for his/her surroundings as well as for society as a whole."⁶¹ Hence this group is discussed in the proposal in more detail than any of the others. "Anti-social" is used as a collective term, which includes the psychopaths: "Characteristic of the psychopaths is precisely their anti-social attitude to life. They lack the ability to adjust to the prohibitions, demands and considerations - the entire system of norms- upon which an ordered society is based."⁶² It goes on to expand on how this impairs their ability to live a

⁵⁷.Ibid p 13

⁵⁸.Ibid

⁵⁹.Ibid

⁶⁰.We will return to the relationship between the two proposals in the explanatory section.

⁶¹.Ot.prp 56 p 15

⁶².Ibid

normal life, and, more importantly, to maintain themselves. While the milieu is seen as the main reason for the problems of the group as a whole, psychopathy is also seen to be congenitally determined. The significance of this group will be further elucidated in the following two sections.

As we have seen, both proposals defined the purpose and the scope of the scheme in relation to existing and future social insurance. In 1953 the coexistence of the two schemes highlighted an important similarity. Many of the claimants of assistance also received insurance. This led policymakers to the conclusion that the two types of recipient should be treated in the same manner. A further reason for this decision may have been the knowledge that many of those dependent on social assistance, notably the disabled, were destined to enter future insurance schemes. Still, it is important that the line of reasoning concluded that all need categories covered by assistance deserved welfare similar to that enjoyed by social insurance recipients.

We must then consider whether or not the changes in the perception of the clientele as expressed in the 1963 proposal can be seen as a direct response to actual changes in the clientele. In 1963 the emphasis was on the difference between the two welfare institutions, despite the fact that in 1966 half of those receiving assistance also received insurance benefits, and that that proportion most probably was even greater at the time of planning around 1960. Still, our review of the statistics shows a move away from a dominance of "insurance cases" in the years between the two proposals. But as the 1953 Committee chose to stress equality with insurance for all, because the need categories didn't differ greatly, the Department could also have argued similarly. The disproportionate stress on some need categories over others in the overview of the future need for assistance gives a first insight into the reasons why the emphasis was so different in 1963. Here the stress was on need cases that were both outside insurance coverage, and also, most importantly, deliberately excluded from insurance. In the statement concerning category f ("anti-social persons and psychopaths") lies the key to the understanding of the divergence. The scheme was targeted at, and designed around, a group which the Department for specific reasons wanted to keep out of insurance. The 1953 scheme was designed according to the needs of the group then seen to be most dominant, and the same thing happened ten years later. But, for a variety of reasons, this was a very different group, and hence the scheme also came to differ greatly. The changes cannot be explained by the changes in the clientele alone. In order to understand these changes we shall first turn to give an

account of the nature of the proposed services. Although this will give us a better understanding, later in the chapter we shall turn to look at political and professional aspects outside the immediate proximity of the schemes in question, in order to see the development in the broadest possible perspective.

Not surprisingly, changes in both the actual composition of the target group as well as with regard to which sections the reformers chose to emphasize, came to have repercussions on the kind of services the policy makers deemed suitable for the social assistance clientele.⁶³ In the following two sections we will focus on how such changes can be traced in the two proposals.

2.3 Rights versus Discretion

An inherent feature of social assistance is, by definition ⁶⁴, the use of means-testing in establishing entitlement to benefits. A means test may, however, be implemented in a variety of ways. The assesment of means can, for example, be carried out by matching the individual's situation to a set of clearly defined rules. Alternatively, at the other end of the continuum, it may be entirely subject to the discretion of an official. If the latter is the case, the individual's right will be seen to be curtailed.⁶⁵ Both the 1953 and the 1963 proposals advocated a strong element of discretion in the schemes. They differed, however, with regard to the extent to which other measures should be taken to ensure the rights of the clients. These differences appear in the discussions on the questions of the right to appeal a decision, the extent to which clients are expected to repay benefits received and, lastly, the extent to which family members are made mutually bound to maintain each other.

The Right to Appeal:

We have already mentioned the significance of the wording of the first clause of the 1953 proposal.⁶⁶ Having chosen the term "right to social assistance", the Committee goes on to discuss the extent to which this actually entails a right. In the sense that a right can be tested by a court of justice, the scheme falls

63. This line of reasoning can of course be reversed in a "chicken and egg manner". We shall later return to how changing ideas about servicing influenced the choice of groups to focus on.

64. ILO 1984 p 5

65. Pinker's notion of "discretionary interpretation" in the case of highly complex, rulebased system, should, however, be kept in mind. Beltram 1984 p 35.

66. See above section 2.1 of this chapter.

outside the definition. Therefore, in order to ensure the right of the clients, the Committee advocates the introduction of the right to appeal to a higher level of authority.⁶⁷ Again, social insurance is the yardstick against which assistance is measured: "Because social assistance following the Committee's proposal will be made equal to social insurance, the right to appeal should be the same for the person claiming assistance and the insurance claimant."⁶⁸

In the departmental response the tune is very much changed. While the Department approves of the right to appeal, they do not consider the two schemes to be of equal status:

"Social insurance is in a variety of ways fundamentally different from assistance. The social insurance schemes are a form of insurance designed to meet specific needs when certain established conditions exist"⁶⁹

By contrast "assistance is based on an individual assessment with regard to need as well as with regard to the kind and extent of help provided"⁷⁰.

This difference, the Department feels, must be kept in mind when the mode of appeal is decided upon. Without going into more detail, the departmental proposal advocates substantial powers to the local Social Assistance Board as the first authority of appeal. The second tier is the Regional Commissioner. Arguing for this change, the Department stresses the desirability of choosing an appeal authority which has "the advantage of having personal contact with the applicant...and of knowing his milieu and background". This line of argument can be questioned on two points. First, with the way Norwegian social insurance was financed the insurance (i.e. actuarial) aspect of the scheme was not much more than symbolic.⁷¹ Thus, the two schemes were both predominantly financed over general taxation. Also, like social assistance, social insurance entailed strong elements of discretion in the process of assessing need. It is furthermore difficult to see why there should be less of a need for a strong appeal authority in the case of a discretionary decision than in the case of a decision based upon established rights. Surely the opposite priority could be argued.

67.1953 Proposal p 46

68.Ibid

69.Ot.prp. 56 p 52

70.Ibid

71.See above chapters 1 and 2.

Second, the argument whereby a locally based appeal authority is preferred can be questioned. The other side of the coin of "closeness" and "personal knowledge" is, in the case of a weak clientele claiming a stigmatized service, the experience of prejudice and negative attitudes. In the case of discretionary decisions concerning a clientele and a service of this kind, one could well argue the need for an appeal authority removed from the closeness of the local community.

We will not claim that behind the argument lies a desire to actually curtail the right to appeal. However, the comparison with social insurance certainly indicates that the Department is not willing to extend the right to the level of that scheme. And as the arguments are not convincing, an ulterior desire to limit the right is one possible explanation.

The Duty to Repay Benefits:

Since 1845 the Norwegian poor laws had clauses on the duty of the recipient to repay benefits when he or she was able to.

Again the Committee's proposal in 1953 is influenced by the practice in social insurance. While social insurance is awarded without further conditions, "assistance is regarded as a kind of loan or an advance to be repaid whenever possible."⁷² In the view of the Committee, however, "the reasons behind social assistance claims will in most cases be socially not very different from the causes behind social insurance claims. The principal rule should therefore be that social assistance benefits are not reclaimed."⁷³

The departmental response is another example of the turn away from insurance thinking. After first giving lukewarm support for a reduction in the practice of repayment, and thus the arguments behind this standpoint, it goes on to argue for the introduction of loans as an alternative to grants in some cases.⁷⁴

72.1953 Proposal p 24

73.Ibid

74.Ot.prp 56 p 24

Mutual Responsibility of Maintenance between Family Members:

As we pointed out in the account of the 1953 Proposal, the Committee wanted to curtail this responsibility by transferring it to warrants in separate legislation. The Department claims to support the view of the Committee on this point. But it also supports the view expressed by "Norges Sosialforbund"⁷⁵.

"Even though the clauses on maintaining mutual responsibility to maintain have been abolished, one expects that the Social Assistance Board should consider the family situation when the question of aid arises. Such an approach becomes very important when assessing claims from old people living with well-paid, younger family members."⁷⁶

Thus, the Department's endorsement of the Committee's proposal becomes to seem somewhat shallow.

Geographical Disparities:

A fourth area which has bearings on the question of rights is that of geographical disparities in the awarding and measurement of benefits. Because social assistance in Norway is a municipal scheme, national legislation has proved to be insufficient to level out these dissimilarities.⁷⁷ While no attention was given to this problem in 1963, the 1953 Proposal touches upon it. Acknowledging that municipal self-determination might bring about social assistance "of varying size and nature", the Committee believes that this is "to a great extent a natural consequence of the fact that natural, social and living conditions are very different in the various parts of the country".⁷⁸ The fact that municipal self-determination here and in many other places in the report is referred to in highly positive terms makes us feel that maintaining this is given priority over developing a uniform system. The somewhat naive statement above supports this conclusion. It is therefore not just through the wisdom of hindsight that we consider the problem of geographical disparity to be deliberately played down.

75. A sub-group concerned with social matters under the national confederation of local authorities

76. Ot.prp. 56 p 28

77. Terum (1986) has carried out a survey showing strong disparities between municipalities.

78. 1953 Proposal p 20

Ten years later the Department abstained from considering the problem. This is in itself a statement of priority.

2.4 Money and Social Work: A changing Relationship

When we analysed the changing perception of the clientele, we saw a move towards focusing on those seen to be in need of more than income maintenance only. As we saw above, this change was reflected in a corresponding move away from rights towards greater stress on discretionary decisions. In this section we will look at the way in which this changing policy was put into practice. Both proposals considered the role of the Social Assistance Board in providing an advice and counselling service in combination with allocating cash and kind services. The suggestions as to how the advice and counselling service should be implemented and what role it should play in relation to the other set of services, differed, however, very strongly in the two proposals. It is in this area, we feel, that the differences between the sociopolitical approaches of the two proposals becomes most evident.

Assistance vs Advice/Counselling:

In 1953 one of the reasons given for the change of name was the role given to advice and counselling.

Clause 2 in the Committee's proposal warrants this function of the law: "The Social Assistance Board gives advice and counselling or provides other assistance to those who ask for it in order to obtain means for their maintenance"⁷⁹.

Compared with the existing law this clause represents an extension. To stress this difference, the Committee points out that "the Board is supposed to give advice in all matters of a social nature".⁸⁰

When compared with the departmental proposal, however, what becomes important is the limitation expressed in the wording "in order to obtain means for their maintenance". We see this specification in the Committee plan as yet another attempt to target the legislation towards income maintenance exclusively. The Department felt, however, that clause 2 of the Committee proposal limited the scope of advice, not only to economic questions, but further to economic questions regarding social assistance only. While the first

⁷⁹.Ibid p 52

⁸⁰.Ibid p 16

follows from the Committee's proposal, what the Department saw as limitations to assistance only, cannot be traced in the document. The main point is, however, that the Department wished to extend advice to "anybody who is in a position where he is in need of such assistance"⁸¹

This service should therefore also be made available to those who have problems "of a more personal nature".⁸² A further sign of this changing priority of services is that while the 1953 proposal warranted material aid in the first clause, and advice/counselling in the second, the order was the opposite in the Department's proposal. In the change towards focusing on advice and counselling, the allocation of material aid was also given a new function.

"Social assistance will first and foremost be awarded as a means to self help, while assistance [as it was at the time] has been given as a means to maintenance".⁸³ Behind this change of phrasing lies a stress on the virtues of paid work not only as a source of maintenance, but also as a sign of self reliance "The purpose of the various forms of assistance should not only be the more negative aspect of avoiding material need, but first and foremost the more positive end of enabling the individual to maintain himself and his family by his own means. Only when when this has been attempted should more permanent assistance be considered".⁸⁴

In justifying the greater resources needed for this approach, the Department argues that, in the long run, making clients self-reliant will be cost effective.⁸⁵ We shall return to the optimism over rehabilitation underlying this line of argument.

Social Work and Money:

Naturally, the new focus on advice and counselling put different and increased demands on the workers who were to implement the scheme. As it was, social workers were singled out as the profession to fill the posts of officers in the social services. Thus, in the years that followed the enactment of the law, we saw a dramatic growth in the number of social workers employed by local authorities.⁸⁶ Thus, social workers were increasingly engaged in the combined

81.Ot.prp 56 p 20

82.Ibid

83.Ibid p55

84.Ibid p6

85.Ibid p 55

86.Terum 1982 p 34

role of allocating money to social assistance clients and at the same time carrying out the advice/counselling functions which came to be known as "social treatment".

Hence, "Norsk Sosialforbund" expresses in a statement to the Committee the need for "increased demands on the worker's education and experience"⁸⁷. This is in line with the Department's recommendation when it for the first time introduces the notion of "social treatment" into social assistance. In the first instance the client should be helped with advice and counselling. When this proves insufficient the workers should employ "social treatment with the aim of reaching solutions which can give the individual client the ability to conduct life harmoniously and achieve a good relationship to family and society at large"⁸⁸. This reduces economic aid to a last resort "only to be used after the present possibilities of making the client self-sufficient have been investigated and considered, and possibly in combination with social treatment".⁸⁹

In the proposal the term "social treatment" is not further elucidated. In a statement from the Norwegian Social Work Association, printed in the proposal, that body gives its opinion of what "social treatment" should consist of. It starts from the assumption that "just about every social assistance client" will be in a situation where the feeling of shortcomings and failure dominates their perception of themselves. In their opinion only trained persons can avoid the danger of meeting such clients with "moralistic attitudes and pressure." Such attitudes would in their opinion "further increase negativity and defensive behaviour". By contrast "the aim of social treatment is to enhance the client's self-esteem so that some of the defences can be abandoned for the benefit of a more constructive use of energy".⁹⁰

The Administration of the Scheme:

The administration of social assistance consists of two bodies. While the politically elected Social Assistance Board has the overall responsibility for the services, the daily running of the scheme is carried out by social service offices. In 1960, however, only 29% of Norwegian municipalities had established such offices.⁹¹ In the countryside this percentage was even lower. In the 1953

87..Ot.prp. 56 p 21

88.Ibid p 5

89.Ibid p 19

90.Ibid p 21

91.Terum 1982 p 33

Proposal no attention was given to the need for the establishment of staffed administrations throughout the country. While there was a big dispute about the role of the board, the need for an expansion in the number of offices was generally agreed upon in the responses to the departmental proposal. It was understood that the implementation of the scheme depended upon the existence of social service offices for clients to approach in order to make use of the proposed services. Hence, the Department proposes that all municipalities with more than 3000 inhabitants should have established offices after a transitional period. Also, the state would allocate money to cover part of the cost of employing a professional head of each office.⁹² It was felt that the leader of each office should hold a qualification as a professional social worker.

2.5 The 1964 Social Care Act

According to the act each municipality is obliged to elect a Social Board. This board "coordinates the administration of the social services, carries out social planning and provides general social services and help to individuals".⁹³ To carry out the daily running of the services, each municipality is obliged to provide a Social Service Department, and the head of the office should preferably hold a professional social work qualification. The social services offer two main forms of aid. According to Clause no 2:

"The Social Board gives...information, advice and guidance to those who need such help either to become self-supporting or to overcome or adapt to a difficult condition of life".⁹⁴

When the above course has been tried, Clause 3 of the Act gives the Board powers to supply the individual with material assistance:

"For those who are unable to secure their own income or who are unable to care for themselves, social aid may be provided in the following forms:

a. Loan, guarantee for loans or contributions towards professional/vocational training, to start a business or towards different forms of assistance aimed at making the individual self-supporting.

92.Ot.prp 56 pp 50,51

93.Kluge 1973 p 80.

94.Lov om sosial omsorg (Social Care Act) 1964.

b. Paid work in a workhouse or in a sheltered workshop, where the client may or may not be residing.

c. Stay in an old age home, nursing home or other appropriate institution.

d. Private catering (care in the family).

e. Contributions or, in exceptional circumstances, loans towards maintenance.

f. Loans or contributions towards other ends than those listed under letters a-e, to the extent that this is considered necessary"

3 THE POLITICS OF SOCIAL POLICY:

So far in this analysis we have not strayed far from the immediate proximity of the actual service in our attempts to understand its development. Only in the case of the changing clientele have we touched upon factors outside of the issues raised by the two proposals. Social policies are, however, the outcome of the interplay of many factors. Some of these do, at first sight, seem irrelevant to the development in question. An analysis restricted to a strict "service orientation" can, however, easily overlook outside factors which contribute to or perhaps even determine the direction of a particular policy. In this section the focus will be upon factors of this kind.

By extending the scope in this way, we hope to cast light on two questions, both of which are crucial to the understanding of the policy development outlined in this chapter. The first concerns the fate of the 1953 proposal. In normal procedure the Committee proposal would have been followed by a departmental response within a year. As a result of political responses to the Committee proposal a departmental plan would diverge on some points from that of its Committee.⁹⁵ In this particular case the Committee plan was shelved for seven years. When the departmental response finally emerged it proposed a scheme sharing only a few similarities with that of the preceeding Committee. The inactivity, in 1953 and in the following seven years, probably had a decisive

⁹⁵ Usually the divergence between the two proposals is on minor points only. This is due to the Norwegian tradition of composing the committee in a way which ensures the representation of the party-political spectre as well as the interest groups affected by the legislation. Arntzen and Bredrup Knudsen 1980 p 63.

impact on the development of social assistance in Norway. We must therefore attempt to understand the causes for this delay. The second question concerns the nature of the departmental proposal and, subsequently, the scheme enacted in 1964. The change away from "insurance thinking" and towards social care and social treatment needs further elucidation. As we have seen above, a changing clientele is only a contributory and not a sufficient explanation of this change.

To cast light on these questions, I was fortunate enough to meet three of the most central policy makers in the respective periods. When we center the analysis in this section around these interviews, we are expressing the importance of individual social reformers in the shaping of policies.

The Fate of the 1953 Plan:

In 1953 Rakel Seweriin began her term as the Norwegian Minister of Social Affairs, holding this position for nearly two years.⁹⁶ The timing is important. She took office in the third year of what later appears to have been an interlude in the postwar reign of Einar Gerhardsen.⁹⁷ She served the last half year of her term after he returned to office in January 1955. In February she received the Proposal from the Committee. When asked why she had failed to embark upon preparing the departmental response, she stressed that she had feared resistance from the temperance movement.⁹⁸ In the first year of her term she had tried to enact a new intoxicant law, but felt forced to withdraw the proposal because of pressure from the temperance movement. There is no apparent evidence to explain why this movement should object to the proposal. (The resistance might, though, become clearer when we later look at the movement's reactions to the proposal presented in 1960. What does become clear then is that there were no objections to the major points differentiating the two proposals.) One possible explanation would be a divided Committee, unable to reach a consensus on the recommendations to be made. This was, however, not the case. Except for a sustained disagreement on all the points that involved a liberalisation of the scheme compared with the poor law from one member of the Committee, it appeared to be in full agreement about the central

96. I met Mrs Seweriin in her home on Aug. 14. 1987. (Seweriin 1987)

97. The recently deceased Einar Gerhardsen was Prime Minister in Norway in the periods 1945-51, 1955-63 and 1963-65.

98. At the time one third of the members of the Storting were organised in this movement. The support did not follow party political divisions. It was therefore both a strong and an unpredictable political force.

proposals.⁹⁹ We therefore turn to the role of the Minister herself in our search for possible explanations for the delay.

Mrs. Seweriin herself described the difficult relationship she had with Mr. Gerhardsen: "I had a feeling that I would have to leave my post when Einar Gerhardsen returned to office".¹⁰⁰ Soon after his return he offered her a position as a Consultative Minister with responsibility for "family and consumer matters" in exchange for her ministerial post. Naturally, she considered this a demotion and never took on the job. When she finally left the Department in the summer of 1955, she was "relieved to be freed from the whole thing."¹⁰¹ With some bitterness she recalled that her suspicions of lacking support and trust from the PM were confirmed a few years later: "In a radio interview I later heard Gudmund Harlem¹⁰² say that he and Gerhardsen planned the future social policy in Gerhardsen's cottage in 1953"¹⁰³. This was at a time when Gerhardsen was not the PM, and she was the Minister of Social Affairs. We are therefore left with the impression that a combination of perceived lack of political support from the Prime Minister, together with the expected resistance from the sobriety movement, largely explains Mrs. Seweriin's inability to act. As this interpretation depends on the recollections of a politician, then under great strain, trying to explain her inaction thirty years later, we should not, however, exclude an aberration of memory. (The strong reaction of the Sobriety Movement came with the plan to abolish the Sobriety Board in the 1960 proposal, which was not mentioned in the 1953 document.) The fact remains, though, that Mrs. Seweriin's inability to carry the law through to enactment was the cause of the first postponement in this legislative process.

This does not, however, explain why the same proposal was shelved for seven years. To cast light on the later fate of the 1953 plan we turn to the role of the Minister who succeeded Mrs. Seweriin in 1955.

99. Mrs. Esther Samuelson joined the Committee following the death of one of its appointed members.

100. Seweriin 1987.

101. Ibid.

102. Gudmund Harlem replaced her as Minister in July 1955.

103. Seweriin 1987.

1955-1964, The Changing Role and Nature of Social Assistance:

The first post in Gudmund Harlem's long career as a Cabinet member was that of Minister for Social Affairs in the years 1955 to 1961. Hence, he was the person responsible for both the continued delay in submitting a departmental response, and for the form this response took in 1960.¹⁰⁴ Harlem's previous career is also important to this analysis. A trained physician, he spent a year in the UK in 1946 studying the ongoing rehabilitation of war victims. Later he became the first director of the newly established State Rehabilitation Institute in 1953.¹⁰⁵ Through his experience in Britain and his pioneering work for the Institute, he became the standard-bearer for the campaign for rehabilitation in Norwegian medicine, and, subsequently, the campaign for income maintenance. Underlying his faith in rehabilitation was a strong belief in the virtues of the work ethic. "A person must be in paid employment if we expect him or her to function in society - this was such a strong conviction for me".¹⁰⁶

When he stresses paid work, he limits the significance of this to our cultural group: "I was therefore very puzzled by the British upper class. They seemed to function well in their lifestyle of idleness. I can only understand this to be a function of their great stress on hobbies - a good example is Charles Darwin."¹⁰⁷

The man who took over the Department of Social Affairs was thus a person who stressed the virtues of work, and who also felt he had the means to enable many of those excluded from the workforce to enter or re-enter it. From the outset his rehabilitation plans were targetted at the physically sick or disabled. It was therefore the introduction of a long awaited Disability Act which became his first priority. A central element in this scheme was a Rehabilitation Allowance which provided people with secure income maintenance while undergoing medical rehabilitation or professional (re-)training. Only after one of the two had been attempted would a disability pension be considered.¹⁰⁸

Only in relation to the above scheme did social assistance become interesting to Mr Harlem. Thus he explains the 1953-1960 delay in the following way:

104. I met Gudmund Harlem in his office, where he was still working as a physician, in August 1987. He died later that year.

105. Statens Attføringsinstitutt.

106. Harlem 1987

107. Ibid

108. Innst.O VIII.(1959-60) p2

"I knew that Rakel (Seweriin) was aware of the potential resistance from the temperance movement. Personally, though, I wasn't very interested in doing anything with the Social Assistance Act before the Disability Act was ready to be submitted."¹⁰⁹ The 1955-1960 delay was therefore a result of priority not being given to the scheme. When the first Departmental Proposal was submitted in 1960, the timing as well as the nature of the assistance scheme reflected the development of services for the disabled. In the green paper for the latter scheme, which was presented to the Storting in 1960, the interconnection between the two schemes becomes apparent. In defining the kind of disabilities which will be covered by the scheme, the Department states that:

"The definition covers all permanent or serious medical disabilities, organic as well as mental disease. (Occupational) disability caused by alcoholism, psychopathic constitution and similar problems fall, on the other hand, outside the scope of the scheme. Persons with problems of this kind will be helped by particular measures in a separate act on social assistance".¹¹⁰

This illustrates the fact that only when it was needed as a functional appendage to the implementation of a social insurance scheme did assistance become interesting to the Minister. This raises interesting questions about the Department's, and in particular Mr. Harlem's perception of and attitude towards the assistance clientele. We know that the social assistance scheme, as proposed by his Department, was very much geared towards "treatment". It is therefore valid to ask why the disability definition was not extended to include problems of a psychosomatic and social nature also. While a rights-based and secure income maintenance service for those undergoing rehabilitation was seen to be essential in the case of the medically disabled, Mr. Harlem felt that the problems of the social assistance clientele called for a different approach:

"To give, for example, an alcoholic automatic income maintenance would be to further disable him, actually worsening his problem by giving him money to drink"¹¹¹.

As we have seen, the Departement proposed a scheme very much targetted at dealing with the type of problems described above. We therefore see three possible interpretations of the Department's perception of the clientele. One possibility is that they saw the clientele as consisting of a variety of problem

109. Harlem 1987

110. Innst. O VIII p 3.

111. Harlem 1987

categories, some requiring advice and counselling and others needing only income maintenance. If this was the perception, the stress on counselling and advice in the proposal can be seen as a deliberate prioritising of that part of the service, perhaps because this posed the social services with the greatest managerial challenges. The other interpretation is that the Department considered social assistance clients as being in need of advice and counselling because they were social assistance clients. If that was the case, a focus on counselling and advice would be a functional response to the problems the service was expected to deal with.

A third interpretation is that the Department felt that they had the technology (social work) to carry out social treatment. If this is true, it can be argued that the focus on social maladjustment resulted from a situation in which "a solution seeks a problem".

Inasmuch as Mr. Harlem's views can be seen as representative of those of the Department at the time, his response to this line of reasoning should provide some insight into the prevailing perception of the clientele.

In the interview I asked him if he at the time considered all social assistance clients as being in need of more help than income maintenance alone. "Sure, that's how I saw them" was his reply. He goes on to substantiate this position by referring to a research project that he carried out in Oslo in 1945. By looking at assistance clients he had come to understand that it was not the inability to maintain themselves that was the real problem: "This was only the expression of a deficiency. By giving money to the client this deficiency is maintained rather than dealt with - as long as you have the deficiency you also receive money."¹¹²

With Mr. Harlem's emphasis on social work in mind, we can not, however, exclude the possibility that his interpretation was influenced by the aforementioned "solution seeking a problem" syndrome.

This evidence supports the impression we got from reading the Departmental plan. The policy makers focused primarily on those clients for whom financial dependence was not believed to be the underlying problem, but merely a symptom of other deficiencies.

¹¹².Ibid.

The interview furthermore cast light on the way in which this perception manifested itself in the recommendations for the scheme. When we discussed the element of control in the scheme, Mr. Harlem again referred to experiences at the Rehabilitation Institute:

"We sometimes had the consent of the social security office to enable us to hold back money in case the clients didn't want to work. After a lot of hostility while the treatment lasted, we would afterwards receive letters expressing gratitude - "You were real devils, but God am I thankful now!" We had literally forced these people back onto their own feet."¹¹³

This prompted me to ask whether he saw the local social services as ideally some kind of "social rehabilitation institute". His reply: "Yes, that's true. I also wondered what difference it made that we (i.e. the Rehabilitation Institute) were able to keep the clients in the house, and create a milieu, employing milieu-therapeutic methods."¹¹⁴ When applied to social assistance clientele in this way we feel justified in saying that behind the comparison lurks the workhouse.

Mr Harlem further expanded on the relationship between social assistance and disability benefits. In his view "social assistance was a much better service than a disability pension which offered only income maintenance." In his view this should also have had repercussions for the way complaints were to be dealt with: "We dreamt about creating a true social rehabilitation system. Hence, there would be no need for an extensive appeal system; closeness to the problem was the key thing".¹¹⁵ Although he considers assistance to be a better service, social insurance was clearly given greater priority in the ongoing planning: "We first needed to find a solution to the problem of a new disability scheme, only then could we turn our attention to social assistance." In fact, we planned the entire assistance scheme on a one day study trip to Sweden. By the end of that day we had decided the main features of the scheme - this must have been a record in speedy policy planning."¹¹⁶

In 1960, then, two proposals were submitted, one for a Social Care Act and one for a Disability and Rehabilitation Act. Mr. Harlem was forced to withdraw the

¹¹³.Ibid.

¹¹⁴.Ibid

¹¹⁵.Ibid

¹¹⁶.Harlem, Kringlebotten and Lund spent one day in Sweden to study the new assistance scheme being introduced there along the same line as the subsequent Norwegian equivalent. This fits into a long tradition whereby Norway copy schemes already enacted in Sweden.

assistance scheme because of opposition from the temperance movement. As a consequence of the need for coordination a new assistance board would take over many of the functions of the existing Sobriety Board, and in effect make the latter subordinate to the main board. This caused a delay of two years in which a new committee was working to find a compromise on the question of administration. This was a blow for Harlem because without the assistance element he could not implement a comprehensive rehabilitation system. Again, therefore, assistance was seen mainly as a functional addition to insurance, designed to cover the need cases which were deemed either difficult to incorporate into - or deliberately to be kept out of - insurance.

It is significant that Harlem's "rehabilitation optimism" extended beyond the need categories which he wanted to cover by social insurance. The key difference is that in the case of assistance money should not be allocated other than as a component in the treatment of the client. The above quotes regarding his evaluation of his findings in Oslo in 1945 illustrate that if only the "deficiency" were eliminated, the client could become independent from public support. By contrast, in the case of, for example, medical rehabilitation, income maintenance and treatment were seen as two separate functions.

The Role of Social Casework:

In our review of the 1963 proposal we saw that social casework was given a prominent role in the scheme. This emphasis can be seen to have had one of two functions. We argued above that the new development in social casework provided new methods through which people suffering from social problems could be helped. If this was the starting point, the 1963 scheme can be seen as a legislative response to new technology. We feel that such an inference is underlying Terum's statement about the 1964 act, when he (after referring to the influence of North American casework) calls the scheme "a typical child of its time".¹¹⁷

Alternatively, social casework can be viewed as a functional means towards an end stretching beyond the limits of social assistance. After studying the birth of the 1960-63 proposals in the light of social insurance plans and development, we feel that the latter interpretation is the more convincing of the two. (That is not to say, however, that the two are mutually exclusive). Following this line of reasoning, social casework was the means by which Harlem could extend rehabilitation to embrace assistance clientele.

117. Terum 1987 p 14.

Responses to the 1960 Departmental Proposal:

Given the divergence between the Committee and the Departmental Proposal, it would be fair to expect that the latter proposal would be subject to some political debate. We will therefore look briefly at the reception it received.

Bernt H Lund pointed out a political manoeuvre that gives a clear indication of, first, the Department's awareness of the magnitude of the changes, and, second, the political controversy this might cause: "To present a departmental proposal to a public "hearing" is a breach of departmental custom"¹¹⁸

Usually the appointed committee would be in charge of obtaining statements from involved parties. When the Department chose to take "a second round" (by arranging a "hearing" on the departmental proposal) in this case, Lund sees this as a way of avoiding the delay involved in appointing a new committee. The drastic changes in the departmental proposal compared to that of the Committee, and not the seven year delay in itself, forced the Department to carry out this unusual manoeuvre.

The "hearing" resulted in fierce opposition and the proposal had to be withdrawn. It was the temperance movement objecting to the declining powers of the Sobriety Board which caused another four year delay in the legislative process. Kluge argues that the coordination of the various boards into one Joint Board for social issues marks the major point of divergence between the Committee's and the Department's proposals.¹¹⁹ Although this feature involved a major restructuring of the administration of the scheme, we disagree with Kluge's assessment on two counts. First, the "Social Board" as proposed in 1953 was seen even then as a first step towards a coordination of the social services similar to what was taking place in Denmark at the time.¹²⁰ Second, we will argue that the changes we have analysed along the continuum "income maintenance vs social care" signify a greater departure than those in the

118. Lund 1987. (See next chapter for interview with Lund) "Hearings" imply submitting drafts and proposals to those whose interests will be touched, asking for their opinion before final decisions have been made. Arntzen and Bredrup Knudsen 1980 p 64.

119. Kluge 1973 p 77.

120. 1953 Proposal p 59. In Denmark the new "social Board" was given the responsibility of administering the entire municipal social services, thereby going even further than what was proposed in Norway in 1960.

administration of the scheme.¹²¹ When this issue came to dominate the debate we feel that it was more an expression of the political power of the temperance movement and its stubborn opposition based on highly moralistic ideas of what people need, than of the significance of the particular question raised. By arousing a heated debate, the movement managed, we feel, to dominate the political agenda. It is of course speculative to claim that without the opposition of the temperance movement, other, more substantive issues, could have entered the debate. As it was, however, the discussion in the Storting in May 1964 over the second departmental proposal was entirely lacking in any voices stressing the major changes outlined above.¹²²

Except for some last attempts by the temperance movement to stall the enactment, the parliamentary debate was highly consensual. The representatives from the various parties vied against each other in their praise of the scheme: the chairman of the act summed it up as a "program for human well-being". By employing social treatment the law goes further than to ensure income maintenance: "This treatment is needed to give the individual client a harmonious pattern of life and a good relationship with family and society at large."¹²³ The chairman of the Social Committee of the Storting felt that "'social care" is a beautiful phrase. It is genuinely different being subject to care and being left to others' assistance."¹²⁴ Referring to the difference between insurance and assistance as regards the client's rights, the then Minister of Social Affairs, Olav Gjaerevoll, summed up the debate by stating that: "It is the spirit of the act which is important and not the letter."¹²⁵

CONCLUSION

Norwegian social assistance underwent great changes during the first two decades of the post war period.

121. This is not to say that we ignore the significance of the administrative changes to the then ongoing struggle concerning the distribution of powers between laymen (elected boards) and professionals as represented by the staff of the social services. (Terum 1982 pp 35-38)

122. When the 1964 Act has been described as "an act of compromise" (Kluge 1973 p 78)) this is because of the amendments instigated by the temperance movement. In the final version the Sobriety Board was retained together with the Child Care Board.

123. Forhandler i Odelstinget nr. 63 1964 pp 501-502.

124. Forhandler i Odelstinget nr. 64 1964 p 508

125. Ibid p 519.

Due to increased prosperity, and, more importantly, extensions and improvements of the social insurance system, a declining proportion of the population remained dependent on social assistance. In this process the composition of the clientele changed from being dominated by the elderly and the disabled to increasingly consist of "remaining categories", i.e. people suffering from problems not covered by social insurance.

However significant, the above changes did not in themselves justify the difference between the original proposal and the scheme ultimately implemented.

The first plan for a replacement of the existing Poor Law was heavily influenced by "insurance thinking" and gave the clients extensive rights to a service exclusively aimed at ensuring their income maintenance.

By contrast, the scheme which was finally enacted in 1964, was heavily influenced by social case work ideology. From a comparative perspective the weaving together of this kind of social work social work and the allocation of money for the client's income maintenance represents the most significant trait of the new scheme.

We conclude that there were three factors contributing to the stress on treatment in the scheme. Firstly, the period was characterized by strong optimism regarding the possibilities of rehabilitating into the workforce people suffering from various problems preventing them from maintaining themselves back into the workforce. Secondly, the development of social case work made it possible to rehabilitate people suffering from social problems. Finally, the proposed rehabilitation measures were supported by what we believe to be the mistaken belief that all clients were in need of social treatment. From this perspective, therefore, income maintenance alone was not only inadequate, but was also seen to have a cementing effect on the client's problems.

Of the above factors we consider the "perception of the clientele" to be the most important. This prompts us to draw an analogy with the perception underlying the proposal for a new Poor Law in the UK in 1834. As the Webbs have pointed out, "the architects of the 1834 act had never intended to subject the non-able-bodied to the full rigours of less eligibility; their mistake had been to assume that most paupers were able-bodied when in fact the majority of workhouse inmates were children or sick, disabled or elderly people"¹²⁶ It was in full accordance with prevailing liberal ideology to label as many paupers as possible as able-bodied. We do not find it surprising that this way of thinking should colour the policy makers' perception of the clientele. Juxtaposing this to

¹²⁶R. Pinker "For the Good of Others" TLS 1987 p 1185

Norway one hundred and thirty years on, one similarity and one difference emerge. In both cases the perception of the clientele coincided not only with what the reformers wanted to see, but also with what was best suited to the available remedies. The difference is equally striking. While the poor relief clientele in 1834 was uniformly seen to be able-bodied, the opposite was the case in Norway in 1960. In both cases, however, we feel that objectives other than catering for the needs of the clients determined the service they were offered.

Chapter 6

Social Work in a Changing Social Service Context.

In the chapter above we analysed the legislative process leading up to the enactment of the Norwegian 1964 Social Care Act. We will now turn to a study of some aspects of the institution which in Norway was given the sole responsibility for implementing this scheme. While in the UK the income maintenance component is separated from the personal social services, in Norway the latter covers both functions. Hence, social assistance becomes synonymous with personal social services in Norway.

The chapter falls into three main sections. First we will look at how the local authority social services developed during this period. The focus will be upon the process leading up to the administrative changes introduced with the 1964 legislation. Here we will attempt to analyse how and why social workers were given such an instrumental role in the implementation of the new scheme. In the second section the focus will be upon the role of social workers in the personal social services after 1964. Third, because professional social work in Norway is so closely tied up with the development of social assistance, we shall give particular attention to changes in the education of social workers in this period.

1 Social Assistance: From Poor Relief to Social Care

1.1 Poor Law Services:

As we have pointed out above, the Norwegian Poor Law remained largely unchanged until its abolition in 1964. The main features of the services which administered the scheme can be summed up in four points:

1. Based locally.

Both the funding and the administration of the scheme were the responsibility of the local authority.

2. Dominated by laymen.

Throughout the period only a small minority of local authorities provided staffed social services ¹. Both the assessment of need and the administrative decision-making were therefore in most cases the sole responsibility of the politically elected Poor Board ². The 1900 Poor Law gave instructions regarding the composition of the Board. It should consist of a vicar and as many members as the local Council found appropriate ³. It was the responsibility of each local authority to draft a plan for the Poor Law services. Some communities adopted the Elberfeldt system whereby each member of the Poor Board was allocated a number of paupers for whom they were made responsible. In such cases the plan often contained instructions urging the commissioner to be firm and exhort the pauper to provide for his own income maintenance ⁴.

3. Fragmented Administration:

With no staffed administration there was little coherence in the local authority social services. Both sobriety work and child care were administered by separate boards ⁵.

4. Emphasis on income maintenance:

Although some local boards took on the task of attempting to "reform" the poor by means of force or by setting a good example, the main function of the scheme was to offer a last resort cash-or-kind benefit system.

1.2 Professionally staffed SSD's: Departmental policy in its own right or (unintended) bi-product of a political compromise?

In this section we shall contrast two interpretations of how and why social workers (in SSD's) were given a prominent role as implementors of the 1964 Social Care Act. Terum sees this to be the policy of the Department. This conclusion follows naturally from a comparison of the 1963 Department Proposal to the policies of the early 1950's, as expressed by the 1953 Committee Proposal. Drawing on Terum's analysis, we will expand its focus by introducing an additional factor.

As we saw in the chapter above, the Department presented two proposals, one in 1960 and one in 1963. While the 1960 proposal introduced the notion of "social

1. Seip 1987 shows that in the 1930's the larger cities had already started to employ paid staff in the administration of poor relief.

2. Norwegian: Fattigstyre. (The name was changed to Forsorgsstyre in 1948)

3. Kluge 1973 p 56.

4. Ibid p 57

5. Prior to the enactment of the 1953 Child Care Act the fragmentation was even greater as child care was split between three boards. Ibid p 76.

treatment", it did not expand on who should implement it. Only in the 1963 Proposal were professionally staffed SSD's brought to the forefront. We shall therefore begin the analysis by outlining the political/legislative development of the period between the presentation of these two proposals.

The Significance of the 1962 Report on the Reorganisation of Municipal Social Administration ⁶:

As we saw in the chapter above, the 1960 departmental proposal had to be withdrawn due to strong resistance from the sobriety movement. The movement objected to the proposed abolition of the Sobriety Board. The Department realised that the sobriety movement was able to stop the act in its then form from being enacted by the Storting ⁷. In order to find an acceptable compromise the Department then established a commission to "discuss the matter and present recommendations" ⁸. In its terms of reference the Commission was asked to "find a solution which considered the municipality's need for the most efficient administration possible, the demands for further development of the quality and efficiency of social work, as well as the needs for quality and efficiency in the information service and casework aimed at the prevention and treatment of problems caused by alcohol" ⁹.

Because the need for staffed administration and the professional qualifications of the workers in it was not discussed in the 1960 Proposal, "administration" in effect referred only to the work carried out by the members of the elected boards. The only reference made to such services is found in a clause stating that "The local council may decide that the activities of the Social Assistance Board are to be administered by a social service department headed by a civil servant..." ¹⁰. As there was no exposition supporting this clause in the proposal, this statement is more likely to be a reflection of the fact that some municipalities had established such departments, and not a programme for a desired area of growth.

The Committee decided first to carry out a survey of the activities of the various Welfare Boards of the municipalities. A questionnaire was therefore sent to all

6.Norwegian: Innstilling om omorganisering av kommunenes sosiale administrasjon. The committee was established in 1960 and presented its findings and recommendations Jan 23 1962. (We will refer to it as the 1962 Committee)

7.Gudmund Harlem in interview August 1987.

8.1962 Committee p 5.

9.Ibid.

10."Preliminary proposal to Social Care Act" (Norwegian;Foreloepig utkast til Ot.prp. om lov om sosial omsorg. Feb. 1960) p 122, our underlining.

Norwegian local authorities. Although the focus of the survey was on the Boards, questions regarding the existence of Social Service Departments and their staffing, were included. Looking at the weight given to the two sets of questions, one is left with a feeling that those concerning SSD's were treated as being of lesser interest. Of particular interest to the Committee was the role of the Sobriety Boards. The "social work role" of these boards was mainly centered around measures to combat alcohol problems of individuals who had been reported to the board.

The main finding of the survey was the inactivity of the Sobriety Boards in most municipalities. This led the Committee to support the Department in its desire to give more powers to the (proposed) Social Welfare Board. Still, the Committee was forced to find a compromise acceptable to advocates of the prolonged existence of the Sobriety Board. Although the Committee recognised the "experience and insight" accumulated by the Sobriety Board and the Child Care Board, it felt that the lack of cases and subsequent inactivity on the part of the boards was a hindrance to the development of these services ¹¹. The solution, therefore, was to allow municipalities to keep the boards, but at the same time to shift the balance of power and activity to the Social Care Boards. This shift was ensured by a clause which stated that all clients with a combination of problems should be dealt with by the Welfare Board. If at least one person in the Sobriety Board or the Child Care Board considered a case to be of a combined nature it would be transferred to the Welfare Board. The Committee furthermore established close ties between the individual boards by proposing that one member at least of both the Sobriety Board and the Child Care Board should also be members of the Social Welfare Board ¹².

The way in which the Committee constructed and argued a compromise in this delicate matter suddenly put both social service departments and professional social workers to the forefront of attention and importance. The starting point was the expressed desire to move away from a situation where "problems all concerning one family are being dealt with by different boards" ¹³. Thus the Committee supported the "principle of family treatment" which underlay the Department's wish to amalgamate the boards ¹⁴. It became important for the Committee, therefore, to argue the need for this approach to social work.

The Committee felt that the existence of social service departments would further "family treatment". "Even if we count on a considerable contribution from the laymen on the boards, one must expect the development of social treatment to be stalled unless more qualified professionals are employed in the social work of the

11.1962 Committee op cit p 15.

12.Ibid p 18.

13.Ibid p 64.

14.Ibid p 16.

local councils" ¹⁵. Furthermore, by covering the whole field of social work social service departments will promote the intentions of the new act by being able to cater for problems of a variety of natures and thereby counteracting the then problem of people falling between two stools (i.e. boards) and consequently receiving no help ¹⁶.

Having recognised the need for staffed SSD's, the Committee goes on to argue that the current fragmentation also acts as a hindrance to the creation of such departments. "The work-tasks within each board are too few to require paid help. It is only when the social work is seen as a whole that this need becomes apparent" ¹⁷. Social planning is also considered to be suffering from the lack of social service departments: "Where there is no office, it is the economic administration in the council which single-handedly prioritises and considers which of the many social tasks will be attended to". The opposite situation is not perceived to be more favourable. Without the strength of a united Social Care Board, the municipalities with SSD's would in practice have to leave too much of the policy-making to the director of the office ¹⁸. It follows, therefore, that the desired situation is one with a strong lay influence on the policy-making side, combined with strengthened SSD's employing qualified social workers to implement the scheme in a professional way. A strengthening of the lay influence through the creation of a united Board is therefore seen to be complementary to the objectives of the establishment of SSD's.

The survey found that while 56% of municipalities with more than 3000 inhabitants had established SSD's, the figure was only 10% in the smaller municipalities ¹⁹. Because Norwegian municipalities on average are very small, this means that only 29% of the total had established such offices in 1961 ²⁰. This finding, coupled with the new emphasis on the need for such services, stimulated the Committee to look for ways to promote their establishment. The role model in this case was Denmark, where a recently enacted Social Care Act contained a clause whereby local authorities with a specified minimum of inhabitants were requested to establish staffed administrations. On this basis the Committee proposed the inclusion of a clause whereby all municipalities with more than 3000 inhabitants were obliged to establish SSD's ²¹. In order to achieve the combined effect of more social service departments and the employment of social workers, the Committee proposed a state grant to the municipalities towards covering a proportion of the wages of the head

15.Ibid p 19

16.Ibid p 17

17.Ibid

18.Ibid

19.Ibid p 9

20.Terum 1982 p 33

21.1962 Committee p 20

of the department ²². In this connection the Committee points to the lack of qualified social workers in the country. "We are, however, aware of the fact that the Church and Education Department is working on plans to considerably increase capacity in the schools educating social workers, and that it will therefore be possible to fill a considerably greater number of positions in local authority social work than is possible with the number of social workers available today" ²³.

These recommendations were all adopted by the Department and included in the proposal which formed the basis for the 1964 Social Care Act. On one point, however, the Department went further than the Committee and made it a condition for paying 40% of the wages for the head of the social service department that the candidate was a qualified social worker or that he or she, if already employed, agreed to undergo training in social work and administration ²⁴. In this way the Department created a very strong incentive towards the employment of professional social workers in the local SSD's.

This process of constructing an acceptable compromise features a number of actors and conflicting interests. As we feel that the key document in reaching a solution is that produced by the 1962 Committee, we will interpret the outcome on the basis of its line of reasoning and its conclusions ²⁵.

The Committee was faced with two kinds of consideration to accomodate, the need for efficiency on the one hand, and the interests of the lay factor in the Sobriety Boards on the other. The latter represented the *raison d'être* for the Committee, and behind it was a strong and politically unpredictable political force ²⁶. As it was, the Committee found that employing qualified social workers would enhance the efficiency of the service. The main advocate of the professional approach was the organisation for social workers themselves. In their response to the 1960 Proposal they argued that, with the particular categories of clients approaching the social assistance, "an uneducated person will easily fall prey to the temptation to use exhortation and pressure faced with an "unwilling" client. Experience shows that in very many cases this leads to resistance and negativity, rather than offering any

22.Ibid

23.Ibid

24.This was not made a specific condition in the final proposal, but Kluge (1973 p 82) maintains that in reality it was made a condition for receiving the state grant.

25.When we focus on the role of the 1962 Committee, also in our search for factors explaining the emergence of the stress on the need for SSD's and social workers, we do so because we feel that the main difference in this question is to be found between the two Departemental proposals, and not between the 1953 Proposal and the two departemental responses. The latter interpretation underlies the conclusions of Ervik (1973), Terum (1982) and Kluge (1973).

26.The unpredictability follows from the fact that the sobriety movement recruited members from across the political borders.

help to the client". Hence, employing social workers was a necessary prerequisite to attaining the objectives of the proposed scheme ²⁷.

This organisation was in its infancy at the time and had only 150 members. Hence its potential for exerting political pressure was not comparable to that of the Sobriety Movement. But meeting their demands turned out to be valuable in the pursuit of wider objectives; i.e. producing arguments against the prolonged existence of the current administrative structure ²⁸.

The SSD's and professional social work were brought to the forefront, therefore, because this area contained an important piece in the puzzle policy-makers needed to piece together. Three factors were of importance in achieving this compromise ²⁹. The existence of SSD's and social workers was seen to be conducive to the implementation of both the general principle of "social treatment", and also of the more specific principle of "family treatment". Secondly, the fragmentation of the administration into three different boards was seen to be holding up the establishment of SSD's. Thirdly, it was argued that the establishment of SSD's would promote, and not curtail, the influence of elected laymen upon policy-making in the social services.

In order to solve the problem of administration, the Department argues, therefore, that "professional" and "lay" interests are not in conflict. The stress on compatibility is moreover stressed by emphasising how the creation of SSD's would further the advancement of lay influence upon policy-making in the local social services .

An Alternative Interpretation:

This theme has previously been enquired into by Terum ³⁰. His starting point is that the 1964 Act represents a compromise between on the one hand "lay ideology" and, on the other, "treatment ideology". The form that the compromise took, according to Terum, was a result of the outcome of the struggle over the roles to be given to politically elected boards and staffed SSD's respectively. He assumes that while the "lay ideology" favoured strong boards, the advocates of "treatment ideology" would rather see an expansion of professionally staffed services. This

27.Ot prp 56 p 21.

28.The Norwegian Association of Social Workers was established in 1959.While at first the only condition for membership was that the candidate should be working full time in social work, this was changed in 1965 when the completion of a 2 1/2 year social work course became a requirement for membership. (Tutvedt 1968)

29.The documentation of the lack of SSD's and social workers established by the Committee's survey, must be kept in mind.

30.Terum 1982.

inference is based on the understanding that "lay ideology also had strong elements of populism, i.e. lacking support for the belief that professional education would establish particular knowledge in this field" ³¹. He furthermore considered the Department to be a chief advocate of the "treatment/SSD/professional" approach, while the strongest champions of the competing approach were to be found in the local authorities.

While the connection between local authorities and "lay-ideology" is well documented, Terum does not give evidence for the emphasis on "treatment-ideology" in the Department. His inference, however, follows naturally from his exclusive focus on the final departmental proposal. In this document the Department advocates the desirability of more professionally staffed SSD's as a means of implementing "social treatment". This document does not, however, provide any answer as to how and why the Department reached this position. Reading Terum, we get the impression that "social treatment" and professionally staffed SSD's were presented as interwoven means and ends in the policy of the Department.

Our analysis above proves this interpretation to give an insufficient picture of the events leading up to the 1964 Social Care Act as a program for SSD's and, in effect, for the expansion of professional social work in Norway. First, by including the 1960 departmental proposal in the analysis, we found that "social treatment" was first introduced without discussing the need for professionals to implement it through staffed administrations. Second, by studying the work of the 1962 Committee, we found the major reason for the stress on SSD's and social workers as expressed in the final proposal ³². When the Department endorsed the recommendations of the Committee in full, it introduced social workers and SSD's as a piece in the puzzle, and not as a departmental policy per se.

Terum assumes that the introduction of SSD's and social workers resulted in a weakening of the role of the elected boards. This is based on an understanding of social workers as "professionals" rather than "administrators" ³³.

31. Ibid p 41.

32. The other reason was the reaction by social workers to the 1960 proposal.

33. If, by contrast, social workers were perceived by the lay advocates as being "responsible" administrators of public funds (i.e. identifying with the ideals of the administration rather than with those of the profession) it would be possible that they could have welcomed the influx. (Terum 1982 p 41). Furthermore, the "vague" clauses in the Act are seen to be tailored to a professional, more than a purely administrative, approach (ibid).

If we take the development after 1964, whereby social workers and SSD's took over many of the tasks and responsibilities of the boards, into account, Terum's point becomes valid: this process did reduce the influence of the boards. Paradoxically, therefore, a reform that turned out to be a milestone in the shift of power from lay to professionals was introduced as part of a package aimed at satisfying the lay advocates of the sobriety movement.

That the "treatment ideology" did not dominate the lay elements more than it did is understood to be a function of the struggle by lay advocates, who managed to reach a compromise whereby the boards were given the final say in policy as well as in individual client cases. Similarly, a concession was (possibly) made to the lay people by using the less "treatment-oriented" term "advice and counselling" instead of "social treatment" in the Act itself³⁴.

Like Terum, we also find "social treatment" and "lay ideology" to be an important dimension in this process of policy making. We disagree, however, with the weight he gives to "social treatment" in the introduction of SSD's staffed by professional social workers.

Although similar in many respects, the difference between our conclusion and that of Terum is important because of the strong influence the Social Care Act came to have on the later development of Norwegian social work, both in terms of numbers employed, and in terms of the nature of the work.

2. The 1964 Social Care Act: A Fillip to and Coursesetter for Norwegian Social Work.

In the years that followed, the new act strongly influenced the development of professional social work. By becoming the major employer of social workers, the institution of social assistance was both influenced by the profession and at the same time formed much of the framework in which the new profession developed.

34. Terum sees another possible explanation of this terminology. Instead of being a further expression of the compromise, it could be that the lawyers of the Department were reluctant to stress treatment too much and therefore used the term "advice and counselling". We find support for this latter interpretation in Ervik's article (Ervik 1973 p 3). He argues that while social workers later interpreted "advice and counselling" to involve social treatment "the Department stressed the client's need for information and advice concerning their rights in social insurance and other legal aspects". If Ervik's interpretation is correct it follows that the social workers were more in line with the view expressed by the Department in their proposal than was the Department (or parts of the Department) itself.

2.1 Creating work for social workers:

As we have pointed out, the survey carried out by the 1960 Committee showed that less than a third of Norwegian local authorities had established SSD's by that time. On this point the 1963 Departmental Proposal went further than the recommendation of the Committee, stating that all municipalities were to set up SSD's ³⁵. In a later circular to the act this was, however, somewhat modified, and a transitionary build-up period was accepted ³⁶. Furthermore, a clause was included to make the state support towards the salary of the leader of the office conditional on the education of this person ³⁷. Although the clause does not specify that this should be a social work qualification, Kluge maintains that this was the intention ³⁸. As a result, the number of social worker positions in the local authorities was almost doubled in the period 1960-1970. The proportion of qualified social workers in these positions also showed a marked increase, from 5% in 1960 to 40% in 1970 ³⁹. In this period SSD's thus became by far the largest employer of qualified social workers. While only 9% of the candidates from the largest school of social work went on to work in local authority SSD's in 1960 ⁴⁰, this proportion has increased strongly since the 1964 enactment ⁴¹.

A question to be raised in this context is: why were social workers chosen to staff the SSD's? This question has been thoroughly researched by Terum. We support his main conclusion where he argues that the choice of social workers over other professions was accidental and that the main reason was that "there were few alternative professions present at that point of time" ⁴². He then returns to his previous argument by suggesting that "the state's protection of the social workers was part of the fight against lay ideology, and that the social workers represented first and foremost a symbol of the strengthening of the social administration" ⁴³.

While we can support the second part of this argument, the "fight against the lay tradition" can, as we have pointed out above, neither explain why staffed

35.The Social Care Act 1964 Clause 10 (Lov om sosial omsorg)

36.Oeyen 1974 p 20.

37.Social Care Act Clause 11.

38.Kluge 1973 p 81.

39.Terum 1982 p 34.

40.Kluge 1960 p 31.

41.We have no numbers from the late 1960's, but Terum (1982 p 70) shows that in 1979 the proportion was 40%.

42.Ibid p 67.

43.Ibid.

administrations were favoured nor the nature of the particular profession chosen to staff it.

Yet when the employment of professionals was found to be conducive to the development of the social services, Terum's main argument holds true: social workers were already on hand and ready to fill the positions.

2.2 Cash and Care in the SSD's:

In the chapter above we saw how the combination of income maintenance and advice/counselling became an intended feature of the new personal social services in Norway. We will now turn to outline how these two functions were expressed and ordered in the Social Care Act itself. This will be followed by a discussion of how the particular arrangements came to influence the practice of professional social work.

The various consultations leading up to the Act elaborated on the relationship between the two kinds of services. While these documents repeatedly referred to "social treatment", this term was not used in the Act itself. We find it expressed, however in Clause 2 of the Act which covers advice and counselling:

"The Social Welfare Board gives information, advice and guidance to those who need it in order to become self-reliant or in order to overcome or adjust to a difficult circumstance of life".

The warrant for the benefit side of the scheme is found in the next clause ⁴⁴. Of the different forms of help available the most important and most frequent is "e: grants, or in exceptional circumstances loans for subsistence" ⁴⁵.

"Cash" (or income maintenance) becomes interesting, in this context, only inasmuch as the allocation of it has an impact on the practice of social work. Because "care" is more universally associated with social work, this part of the service is the dependant variable, upon which the allocation of cash will be seen to have a decisive influence. This influence takes effect in a framework where the legal system itself, the characteristics of the target group, and the administrative setting all converge to create the particular practice of social work.

44. See above chapter 5 for an outline of the major clauses of the Act.

45. 1964 Social Care Act.

The first of these aspects is the legal component as outlined above. As we pointed out in the previous chapter, material assistance was, according to the departmental proposals, only to be used after advice and counselling had been attempted. Financial assistance was furthermore only to be used in conjunction with advice and counselling. Neither of these objectives are spelled out in the act. Still, we consider the ordering of the paragraphs to be a first indication of their underlying priorities. First comes advice, and then the cash follows. In a circular to the act, it is furthermore stated that "social assistance must not be seen in isolation, but as one of the means of help that the SSD can employ in its work with clients" ⁴⁶.

Because social workers are given an instrumental role in establishing the entitlement to assistance, the process leading to the allocation of aid will be seen to impinge on the nature of social work in the SSD. This influence is determined by the particular way by which entitlement is established. By definition, social assistance is a means-tested income maintenance system ⁴⁷. There are, however, different methods by which both need and means are assessed. The Norwegian scheme has strong elements of discretion in establishing not only who is entitled to help, but also what kind of help and how much help should be awarded. This particular arrangement has led scholars to enquire into the extent to which social assistance as practiced in Norway can be considered a right. In a legal evaluation of the act, Bull argues that "nowhere in the act are expressions used to give a person in one of the need situations mentioned in the act a *right* to receive help or to indicate that the Welfare Board has a *duty* to give such help" ⁴⁸. Yet he argues that because the Welfare Board in many cases has a duty to pay benefits, it follows that the client has a corresponding right to benefits. In real life, however, both the complicated and time-consuming appeal system and the use of vague and elastic terminology in the text add to the feeling that social assistance is "no proper right" ⁴⁹. Similarly, Kluge points out that "the right is only subsidiary. The applicant must first have sought other solutions, e.g. maintaining himself by working, applying for social security etc." ⁵⁰. Finally, when the entitlement to cash benefits has been established, there is no national scale rate that can inform clients and SSD's alike as to how much should be awarded. The vague notion of "subsistence" ⁵¹ has the result that different municipalities have developed their own definitions "ranging from those including money for food only, to those covering all kinds of expenses" ⁵².

46. Rundskriv nr. 3 1980 p 19.

47. ILO 1984 p 5.

48. Bull 1981 p 49

49. Ibid.

50. Kluge 1973 p 86.

51. Social Care Act op cit clause 3 letter e.

52. Terum 1985 p 4.

Second, the nature of the target group has bearings on the work in the personal social services. As we saw in the chapter above, it was the policy-makers' expressed intention

to move away from a situation where social assistance was a last resort cash-relief system for the poor, and towards a situation where any member of the community experiencing the kind of problems for which the new service was designed would approach the SSD for help. The extent to which this objective was achieved becomes a crucial measurement of the success of the whole scheme. A study of this falls, however, outside the scope of this thesis, and we shall restrict our evaluation to quoting one of the civil servants assigned to implement the scheme. Writing in 1973, Kluge argues that in many municipalities "the SSD never became the social service institution it was intended to be. Even today, many people who would readily visit the local insurance office find it difficult to approach the social service department of the town" ⁵³.

That the scheme never lived up to expectations, must be understood in the light of the development preceding the new act. As we saw in the last chapter, the two decades leading up to the enactment had witnessed a narrowing down of the assistance clientele. In particular the expansion of social insurance changed the nature of the clientele by incorporating large groups, leaving a small, heterogeneous, poor and stigmatised group behind. The very existence of this group as the main users of assistance in 1964 probably prevented more "respectable" persons from using it, and thereby from making it into the service institution it was intended to be. For social workers this implied that they were given the very poorest members of the population to apply their social treatment methods to. In the words of Pinker, "social services are used to impose sanctions as well as to confer benefits upon their clientele" ⁵⁴. The legal powers described above were well suited to fulfilling both these functions. The composition and nature of the clientele makes it a vulnerable target if the system is used to confer sanctions.

The particular administrative set-up added to this general impression. As we have seen, the Social Welfare Board was given the final say in individual client cases. This power was, at least during the first decade of the existence of the new scheme, widely used. Social workers were expected to present applications for assistance to the Social Welfare Board for decision. Even though professional social work ideology stressed the client's right to self determination, there was no guarantee that this approach was shared by the successor to the Poor Board. The separating out of income maintenance services for those depending on social assistance from other

53.Kluge 1973 p 91.

54.Pinker 1971 p 144.

persons relying on public support added to the feeling of exclusion. The general public perception of the scheme indicates that this might be an exclusion into stigma.

Conclusion:

With the 1964 Social Care Act, social workers were given the combined role of offering social treatment and of assessing the client's entitlement to material assistance. The particular way in which this latter function was set out in the law, gave social workers wide powers over their clients. The attendant assessment process and control functions would have an impact on the relationship between clients and social workers. In sum, this created a particular setting which was bound to impinge on the practice of professional social work, on the nature and composition of the clientele using the scheme, and thereby on the SSD's as a social service.

3 Social Work Education

In this section we will study the emergence of and changes in the Norwegian education of social workers. The changes, and the ideological divisions that went with them, will be analysed with particular reference to the development of social assistance.

With the exception of a one year non-professional course, there was no formal education for social workers in Norway before 1950⁵⁵. The process which culminated with the establishment of the Norwegian School of Local Authority Administration and Social Work (NKSS) that year can be traced back to 1937. At that date a committee had proposed the establishment of a school of social education. Nothing came out of the proposal, but four years later an important initiative was taken. The Norwegian Society for Social Work proposed the establishment of a College of Local Authority Administration⁵⁶. The intention was to educate officers for both the social and municipal administrations of the local authorities. Two aspects of this proposal were significant. First, that the first initiative came from the local authorities, and, second, that the education of social workers was from the outset tied to local authority administration. Later, in 1947,

55. The National Council for Women (Norske Kvinneres Nasjonalrad) started its courses in social work in 1920. As the main objective was personal rather than professional development, only a small minority of its students ended up practicing social work. (Lund 1963 pp 20,21)

56. Ibid p 21. The use of the term "social work" in the name of the organisation can be somewhat misleading. This was a joint council for Norwegian local authorities.

the Department of Social Affairs appointed a committee with a mandate to consider the establishment of social work training for the local authorities and private organisations. After pressure from the Ministry of Justice, which at the time was responsible for local authority matters, the mandate was, however, expanded to cover the need for all categories of local authority officers. It was not the desire of the Department of Justice to combine the two kinds of education. Rather the forthcoming proposal offered an opportunity for this Department to achieve its objective of establishing a school for civil servants and local authority workers. Hence, the Committee in 1948 proposed a combined education comprising one course in social work and one in administration. The Committee was divided. While the majority in their report proposed a "social and municipal" education, this was worded the other way round in the minority report ⁵⁷. In the Storting, however, the emphasis was on the administrative aspect of the school. Lund finds it symptomatic that the proposal was dealt with by the Local Authority Committee ⁵⁸. The debate also focussed entirely on this area of work ⁵⁹. The Storting supported the Minority Proposal and criticised the Department (as advocates of the majority view) for not giving enough emphasis to the need for local authority administrators. The proposal was criticised for being too ambitious, and the need for a "practical and relatively brief" education without (the prerequisite of) a long all-round education as a condition of entrance, was stressed. Terum finds this interesting "because internationally we were already late in establishing a school of social work, and because the education in many other countries took place at university level" ⁶⁰.

When the first school was established in Oslo in 1950, therefore, it was the particular needs of its principal advocates, the local authorities, which were realised. The combination of administrative and social studies was later to have an impact on the course of the debate over social work education thirteen years later.

The 1950's:

Throughout its first decade the School placed little emphasis on social work as we know it today ⁶¹. Only 10% of teaching time was devoted to this discipline ⁶². This part of the coursework, called "curator work", was dominated by practical examples

57. Terum 1982 p 45

58. Lund 1963 p 21.

59. Debate in Storting March 7. 1949 referred in Lund (ibid.)

60. Terum 1983 p 46.

61. "The School" as used here means the social work course.

62. Oeyvind Tutvedt 1986 p 2.

from social work and put little emphasis on theory⁶³. Social casework was not yet introduced, but as early as this time "voluntary (and almost secret) seminars were organised in the home of one of the teachers"⁶⁴. Towards the end of the decade the emphasis changed somewhat. Through the Social Division of the United Nations, staff were given scholarships to study social work in The Netherlands, The USA, and in The United Kingdom. The funds were also used to employ more experienced teachers from Finland and Sweden to give lectures, and to help with the structuring of teaching and the use of placement in the training of social workers⁶⁵.

That it took so long to put the emphasis on professional social work in Norway Kluge believes to be a reflection of the areas of work for which the candidates were being educated. Labour exchanges and social security offices were given equal weight to the personal social services. The majority of job openings were, however, to be found in medical institutions in this period. According to Kluge "it is self evident that it was impossible to plan a syllabus which would meet the requirements of such a variety of institutions"⁶⁶.

In the chapter above we outlined the prevailing attitude towards social assistance in the early and mid 1950's as expressed by the Committee Proposal for a new Social Assistance Act. We see a strong correlation between these views and those embodied in the social work education of the time. The emphasis was upon good administration and a practical approach to social problems. The kind of social workers produced were best equipped to implement a rights-based social assistance scheme, without resorting to psychological treatment of those claiming benefits.

The Lund Plan:

Bernt H Lund was a lecturer at NKSS when in 1957 the then Minister of Social Affairs, Gudmund Harlem, arranged for him to go to the United States and Canada on a UN scholarship "in order to gather knowledge and inspiration from the way social work education was organised there"⁶⁷. In 1961 he was given a one year

63.Ibid p 3. The term "curator" needs explaining. For some reason Norwegian social workers are often referred to as "kurator". As the word means "care-taker" this is perhaps a further sign of the paternalistic nature of (Norwegian) social work.

64.Ibid.

65.Kluge 1960 p15.

66.Ibid p 14.

67.I met Bernt H Lund in August 1987.

leave from the school to "carry out an investigation into the content of social work education, its future organisation and the question of a postgraduate education" ⁶⁸.

In the opening pages of the report we find the first definition of social work in the Norwegian literature.

"Social work consists of adapting the relationship between individuals and their social environment in order to facilitate good social functioning by people and ensure that that their relationship to their environment becomes as secure and harmonious as possible" ⁶⁹.

In this statement we recognise the ideals expressed in the departmental proposals for the new Social Care Act ⁷⁰. We furthermore recognise the methods by which these shared aims were supposed to be realised. While the Departmental Proposals advocated "social treatment", this has found more specific expression in the notion of "social casework" (or individual social work). "Social group work" and "social administration and planning" are the two other kinds of social work outlined in the Plan. The relationship between money and social work is also discussed here:

"The help must be given in a way that motivates the client. It is now recognised, for example, in our welfare legislation, that granting a client material aid, perhaps awarding a pension, may turn out to be an adequate means towards solving a problem, but this is not necessarily always so, even though a lack of income is one of the symptoms of the client's social problem" ⁷¹. This corresponds to the Department's understanding of the role of material assistance ⁷².

A further link with the forthcoming Social Care Act is made explicit in the introduction to the Plan, where the client groups and problems, as envisaged by the Department in their 1960 Proposal, are seen as posing particular challenges to social workers ⁷³. Again, it is the clients with psycho-social problems who are seen to constitute the most important target group.

The question of specialisation is discussed at some length in the report. Lund points out that there is no form of specialisation in the Norwegian schools: "all students must attend all classes" ⁷⁴. At this point the Norwegian experience is seen to diverge from that of the leading nations in the development of professional social work. He finds support for his position, however, by referring to the fact that

68.Lund 1963 p 5.

69.Ibid p 9.

70.See above (chapter 5).

71.Lund 1963 p 10.

72.Ot prp 56 p 19

73.Lund 1963 p 8.

74.Ibid p 24.

"there is a clear tendency to move away from specialisation, and this is true also in the countries where social work is more specialised than is the case in Scandinavia"⁷⁵. He explains this trend as a means towards the aim of achieving "a holistic picture of the individual"⁷⁶. Again referring to social assistance, he argues that the situation in Norway calls for generalists rather than specialists: "often there will be only one social work position at the workplace. Hence, the social worker must be able to practice all three methods of social work"⁷⁷. Lund's denial of the need for specialisation is, however, limited to the basic education. To meet the need for social work, teachers and specialised staff in larger institutions, Lund proposes the establishment of a separate graduate school for social workers with at least two or three years work experience since obtaining their professional qualification⁷⁸. Terum sees the resistance to specialisation in the basic course as an expression also of the "identity-constituting" aspect of the proposed education⁷⁹. This is a valid interpretation, as the report is interspersed with references to the role of the training in creating a professional identity. In relation to the non-professional subjects, this is expressed as a desire to let the social workers on the staff play a decisive role in the choice of syllabus in courses such as psychology, sociology, social anthropology, etc. In this way Lund hoped to achieve an integration, whereby the individual subjects were tailored to the needs of social workers⁸⁰. Later he goes further and argues that:

"The core of the staff should be the teachers of social work. It is they who teach the main subject of the school, and they should therefore be given the greatest say in the planning of the teaching, also regarding the choice of syllabus for the non-professional subjects"⁸¹.

Furthermore, he argues that "the teachers of social work must be qualified social workers. If social work is to be made a profession, the teaching must be the responsibility of the profession's own representatives. Then the students will have in front of them the role-models so important to education in, and identification with, a profession"⁸².

Similar views were also expressed in relation to the role of placements. Lund wanted to abolish the then compulsory one year pre-training placement. He wished

75.Ibid p 20.

76.Ibid.

77.Ibid p 29.

78.Ibid p 30.

79.Terum 1982 p 54.

80.Lund 1963 p 42

81.Ibid p 62.

82.Ibid.

instead to extend the placement component of the course itself. Because Lund made it a requirement that the placement advisor must hold a social work qualification, practical experience could in this way be combined with "the development of attitudes and the creation of identification with the profession and the placement, and contribute to an integration of the student's knowledge and feelings" ⁸³.

Not surprisingly, Lund voiced criticism of the existing school in the report. Most of his proposals for the new school point to shortcomings in the education of the time. He felt that the combination of educating social workers and local authority administrators in the same school was unnatural, arguing that "social work education is so special that it should not be combined with any other training" ⁸⁴. On this basis he proposed the separation of the two units into separate schools. (Unlike other parts of the Plan, in this section there is no discussion of the North American and British experiences of educating social workers within the university system). Rather than discussing why the school chose a particular model, he terms what he sees to be wrong as symptoms of "infant ailments" arising as a result of the fact that the school "started from nothing, without traditions and experience" ⁸⁵.

In the Plan numerous references are made to the report drafted by Eillen Younghusband for the United Nations. It becomes apparent that her work is Lund's major intellectual support and stimulus in drafting his own plan. Of particular interest are the references made to a non-specialised education and to the role given to social workers in the training ⁸⁶. "Casework" was part of a wider trend in social work at the time, and Lund's experiences in the United States and in Canada proved instrumental in shaping his ideas.

The Plan, as we see it, clearly mirrors the change of attitude as expressed in the Departmental proposals for a new social care act. While an emphasis on social administration corresponds to the rights-oriented approach of the 1953 proposal, Lund's stress on social case work is the professional expression of the Department's emphasis on "social treatment". The new approach of the Department is furthermore mirrored in Lund's desire to separate the training of social workers from that of local authority administrators.

83.Ibid p 52

84.Ibid p 56

85.Ibid p 27.

86.Lund was a student at the LSE in 1962-63. Here he met Eillen Younghusband and became a great admirer of hers.

Reactions to the Plan:

In March 1963 a meeting was arranged to discuss the proposal. Of particular interest are the contributions by the Rectors of the NKSS and the newly established school in Trondheim. Lillian Bye of the Trondheim school was strongly in favour of the Plan. She pointed to the convergence between nations created by the new "industrial society". For social work this has the result that it "creates a new world-culture throughout which the social problems are the same" ⁸⁷. On this basis she goes on to speak mainly about the situation in the United States, where she had obtained her education and most of her practical experience. In line with the proposed Social Care Act she pointed out that "spiritual rather than material want" becomes the problem in this culture" ⁸⁸. She strongly supported the development of social work whereby Freudianism has been replaced with a "psycho-sociological holistic perspective" ⁸⁹.

In an article describing the establishment of a new school in Trondheim, she expands on these views: "we need a new kind of social worker [in the new industrial society] who is different from the "counter clerk" who was sufficient for the social services of the agricultural society" ⁹⁰. Like Lund she also advocated the separation of social work training from administrative courses.

Liv Kluge, who had been Rektor at NKSS since 1954, expressed very different views. Referring (implicitly) to Younghusband, she argued that "the plan we have been presented with is to a large extent based upon the work of a British expert" ⁹¹. She supported much of what the report says, but argued that "when it comes to particular Norwegian conditions we cannot expect to get sufficient help from this British expert" ⁹². She was sceptical about the "swings of the pendulum" which she had experienced in social work over the last decade. Referring to casework, she argued that while everybody agreed that the emphasis should be put on the practical subjects, some caution was also necessary: "To me it seems that the weakness with some American social workers is precisely that they concentrate too much on the methods, so that they become unable to see the shortcomings in their own society" ⁹³.

Mrs Kluge supported the model on which the existing school was based. She disagreed with the proposed separation of social work from the education of

87.Lillian Bye 1963 I p 6.

88.Ibid p7

89.Ibid.

90.Bye 1963 II p 134.

91.Kluge 1963 p 3.

92.Ibid.

93.Ibid p 4.

administrators. It was, in her mind, not a coincidence that the two courses were combined in one institution.

She was furthermore sceptical concerning the division into a basic education and a graduate school. "What I fear is that the main course will be reduced to an elementary school" ⁹⁴. She also disagreed with the structure of the proposed graduate school. Rather than creating a higher education designed for social workers, she believed that "those who want to be teachers [of social work] or research workers would be better equipped with a proper university degree" ⁹⁵. Hence she disagreed with Lund both on the content of the basic course and over his emphasis on social workers as both teachers and research workers. (Incidentally, according to Lund, Mrs Kluge only hesitantly accepted the employment of a social worker on the staff when she was rektor ⁹⁶.)

With these statements Kluge established herself as a strong advocate of the approach to social work education upon which the first school was founded in 1950. Not surprisingly, therefore, her attitudes towards the new emphasis on social casework were an expression of the views laid down in the 1953 Committee which first inquired into and proposed a new social assistance scheme.

I had the chance to discuss these events with Mrs. Kluge herself. In the interview she expands on the views expressed in the article. "It is not that I was hostile to a change in social work. A move away from the repressive treatment of the existing Poor Law towards a greater focus on advice and counselling would have been most welcome." ⁹⁷ This, to her, would involve greater self-determination for the clients as well as greater empathy and understanding from the social workers. She was, however, critical of the interpretation of the advice/counselling function whereby it was made synonymous with social casework. First, she did not believe that the individual SSD's throughout the country would be able to offer such a service. It would take many years before professional social workers could dominate the work at that time carried out by laymen. Second, even when social workers were employed, she was sceptical as to what the new form of social casework could actually offer. "Most of all I was irritated with those who returned from the US as "born-again social workers". One of them had even expressed, in earnest, that "casework will eventually eliminate the need, not only for social assistance, but also

94.Ibid p 3.

95.Ibid p 5.

96.Lund in interview (1987). There had been pressure from social workers to make the school take one onto the staff.

97.Interview January 1988.

for social insurance". Although I wanted to offer the clients more in the form of a social service, I had no desire to expose them to "amateur psychologists" ⁹⁸. With a move towards younger students in the late 1950's, they became, in her view, more gullible, and accepted the theories of the "born-again social workers". It did not surprise her therefore that "when I met with social work students in the days of the student revolt ten years on, I could get along with them very easily. By that time students had turned away from stressing psychological factors and advocated a more rights- oriented social work practice" ⁹⁹.

It was the above considerations she had in mind, when, in 1963, she advocated a greater emphasis on particular Norwegian conditions. The social reformers of the period had not appreciated this. Harlem, she felt, was out of touch with the reality of the Norwegian countryside. Lund, who was closely tied to Harlem, was a "born again" and therefore unable and unwilling to take the particular Norwegian conditions into account.

The two positions outlined above found further expression in two contemporaneous articles. Bjoern Skau was the secretary of the 1962 Committee, who later became Parliamentary Secretary in the Department of Social Affairs. In the latter role he presented the Department's view of the new act at a meeting in 1963. He argued that the then existing law, although it had many good features, "is useless today.. because it is based on material assistance" ¹⁰⁰.

The then president of the "Norwegian Society for Social Work", Hans Cappelen, advocated the opposite view in an article in which he expanded on statements made at the 1963 meeting at NKSS. While supporting the need for more social workers, he was sceptical as to the kind of social workers coming out of the new school. "The education of social workers must aim to train personnel qualified to plan, build up and administer the new social administration of the local authorities" ¹⁰¹.

While Skau, the Department's man, fell in line with Harlem Lund and Bye, Cappelen - like Kluge - supported the same line his organisation had so successfully carried through in the different climate around 1950. (Incidentally, both Kluge and Cappelen were lawyers by profession.) The debate over social work, therefore, is a clear mirror of the simultaneous discussions concerning social assistance. In the previous chapter we argued that, rather than being the driving force, "social casework" was the instrument by which Harlem could apply his social treatment approach to the client groups he wished to exclude from social insurance.

98.Ibid.

99.Ibid.

100.Skau 1963.

101.Cappelen 1963

In social work, by contrast, we feel that this approach would have been introduced as part of an international trend even in the absence of the work carried out by Harlem. The nature of the debate must, however, be understood in the light of the particular development of Norwegian social assistance. In the comparative section that follows we shall return to a discussion of how and why this debate took different forms in Norway and the UK.

Conclusion:

While the Poor Law was dominated by lay persons, and only the larger cities featured staffed offices, the development after 1960 was dominated by the establishment of local SSD's, even in the smaller municipalities. We found that this change could only be partly explained by the new focus on "social treatment". More important in creating the impetus for professional social work was the solution that this approach provided for the Department, in its struggle to find a compromise in the question of administration that would be acceptable to the Sobriety Movement. Once it was established as the main employer of social workers, the SSD's, and thereby the Social Care Act, proved, however, to have a marked impact on the nature of professional social work in Norway. In particular the cash/care multifunctional nature of this service is seen to create a particular social work setting in which social control is emphasised. The nature of the Norwegian assistance/social care clientele, dominated by the poorest and probably most stigmatised sections of the community, is seen to further accentuate the unequal power relationship between the social workers and the people they are employed to help.

Lastly, the development of Norwegian social work training clearly mirrors the simultaneous changes in social assistance. The Lund Plan translates the views of the Department into the setting of social work training. The reactions to this plan were divided between, on the one hand, those who favoured a rights and income-maintenance oriented social assistance on the line of the 1953 proposal, and the exponents of the new social treatment approach on the other. Like Lund, the latter group identified closely with the international, and in particular North American, development in professional social work.

Comparative Evidence: A Norwegian Perspective on British Residual Services.

Chapter 7

British Social Assistance 1948-1966

Introduction

In this chapter we will follow the development of British social assistance from the introduction of National Assistance in 1948 to its replacement by Supplementary Benefits in 1966. Again, we will focus on particular aspects of the British experience rather than attempt to give as broad a coverage of the events as in the equivalent chapter on Norway. The themes of analysis arise from two sources. First, our coverage of British social insurance in chapter 4 established the development of NI to be the single most important factor in determining the scope (size) of assistance as well as the composition of the assistance clientele. In this chapter that influence will be analysed further when we turn to focus on the changing nature of British assistance in the period. The second set of questions are designed to cast further light on the reform of Norwegian assistance as outlined in the chapter above. By juxtaposing key variables in the Norwegian case with equivalent areas in the UK, the aim is to get a better understanding of the development of assistance in two expanding welfare states.

The major difference between the assistance services in the two countries is that while Norway continued the tradition of a localised service combining cash and care functions, Britain departed from this path by abolishing the Poor Law and replacing it with a strictly income maintenance oriented national scheme in 1948. After briefly surveying the new service we will therefore give particular attention to the background to this decisive event. In the second part of the chapter the events leading up to the replacement of National Assistance by Supplementary Benefits is explored.

1.The 1948 National Assistance Act.

Like most of the postwar welfare legislation in Britain, the new assistance scheme was very dependent on the recommendations of the Beveridge Report. As the report discussed assistance as an integral part of public income maintenance, we shall first present the scheme as Beveridge outlined it.

The cornerstone of Beveridge's income maintenance program, was,as we have seen, contributory social insurance. Universality in the sector of income maintenance as a whole was, however, dependent upon the creation of an integrated assistance scheme "available to meet all needs not covered by social insurance" ¹. While Beveridge stressed the importance of assistance as a "part of social security" ² by proposing a joint department to administer the two schemes, he also built in incentives for the growth of insurance into the assistance scheme; "It must be felt to be something less desirable than insurance benefits; otherwise the insured persons get nothing for their contributions. Assistance will therefore always be given subject to proof of needs and examinations of means" ³.

Although Beveridge recognised a permanent need for assistance, it was only during the period of build-up towards subsistence level insurance benefits that he envisaged assistance to be needed in "a considerable number of cases" ⁴. After this, assistance would take on a limited role, "much less than that of public assistance and of the Assistance Board at present" ⁵. The groups for which this service would still be needed were then listed in the form of four separate "classes":

- a. Persons failing to fulfil [insurance] contributions.
- b. Persons failing to fulfil conditions for [insurance] benefits.
- c. Persons with abnormal needs in respect of diet, care and other matters.
- d. Persons in need through causes not suitable for insurance,e.g. some form of desertion or separation. ⁶

Benefits for these groups would be made available subject to a "uniform means test" ⁷.

1.Cmd 6404 para 369.

2.Ibid

3.Ibid

4.Ibid para 370

5.Ibid para 371

6.Ibid

7.Ibid para 19

The scheme enacted in 1948 followed Beveridge's proposals except for one major point. While he proposed the setting up of a joint department of government to administer both assistance and insurance, assistance continued in fact to be administered by a separate Board in keeping with the tradition of the Unemployment Assistance Board. Only with the 1966 enactment of Supplementary Benefit was a merged administration achieved.

1.1 Britain and Norway 1948: similar Ends but Different Means:

A comparison shows that the 1948 NA scheme diverges from the simultaneously enacted "Forsorg" scheme in three important ways. First, while the Norwegian scheme involved only a reform of the existing Poor Law, the British equivalent was abolished and replaced with a new system. Second, this change involved the setting up of a national scheme in Britain. In Norway, by contrast, the reformed Poor Law continued to be financed, as well as administered, by the local authorities. Finally, the enactment of NA resulted in a separation of income maintenance services from those of other social services in Britain. The latter continued to be the responsibility of the municipalities. In Norway, the social service and last resort income maintenance continued to be combined in the tradition shared by both countries in their respective poor laws.

The three points of divergence become important, not only because they represent the most significant differences between the two countries, but also because they represent the three most important variables along which social assistance/social services differ between welfare states in general. In the words of Catherine Jones: "remembering that all assistance systems are descended from nineteenth century poor relief arrangements, the obvious distinction to draw here is between those systems which have remained localized (and cash/care multifunctional) and those (i.e. the British) which have been centralized and divorced from anything other than a cash relief function" ⁸.

In spite of the differences, the two assistance systems also feature similarities strong enough to warrant a comparison. As we saw in the introduction to this section, they both descend from a Poor Law which grew out of the same administrative and ideological roots. Furthermore, they were both given a mainly transitory role in the immediate post war planning. Eventually, they were both expected to be diminished in scope by expanding national insurance schemes.

8.C Jones 1985 p 113

While the latter of the three themes outlined above deserves particular attention in a separate chapter, in which the practice of social work in the personal social services will be juxtaposed, we will start this chapter by outlining the background to the other two points of divergence.

1.2 Towards a National Assistance Scheme.

A transfer of the responsibility for finance as well as for administration from local to central government necessarily implies changes in other aspects of a welfare scheme. In fact this was probably the single most important departure introduced by the 1948 legislation. With this change Britain departs not only from Norway, but also from the path taken by all other Western welfare states.

In the section on social insurance we saw that the 1946 National Insurance Act was a unification of existing schemes and a continuation of a long-established policy inheritance more than a radical departure. As we shall see, this was also largely the case with the move toward a national social assistance scheme in Britain. The 1948 Act was the end result of a process which started two decades earlier.

The centralisation of assistance is closely tied to the development of the contributory unemployment scheme first enacted in 1911. The popularity of contributory insurance as a method of avoiding means-testing was outlined in chapter three. It is no surprise then that, in the years that followed, "the Edwardian obsession with the undeserving and the deserving poor"⁹ led a growing number of workers to subscribe in order to avoid the stigma associated with the means test. With the 1911 legislation sickness benefits and retirement pensions also went over to the contributory system. By 1930, therefore, the great majority of workers drew contributory benefits in times of sickness, unemployment and retirement¹⁰.

The onset of mass unemployment in the early 1920's put the insurance fund under great strain. The first attempt to curtail spending came in 1921 with the "genuinely seeking work test"¹¹. This resulted in great numbers being forced over to reliance on benefits from the Poor Law. The growth in poor relief for the unemployed that followed was further encouraged by increasing acceptance of the scheme as a result of more generous treatment of the applicants, in particular by left wing local authorities¹². In spite of the 1921 tightening up of entitlement, continued high

9. Deacon and Bradshaw 1983 p 6

10. Ibid p 7

11. Ibid p 8

12. Ibid

unemployment increased the pressure on the insurance fund throughout the decade. The response of the Government was to extend Exchequer contributions to the scheme. While such transfers in 1921 accounted for 3-4% of Government spending, this figure rose to nearly one quarter in 1931.

In the years between 1929 and 1935 this situation was to bring about major changes, not only in the relationship between assistance and insurance, but also in that between central and local government. A first step was taken with the 1929 Local Government Act. The main feature of this act was the removal of health care from the aegis of the Poor Law. For the able-bodied still dependent on the Poor Law the act involved centralising measures in two ways. First, the responsibility for poor relief was transferred from parish to county level. Second, the scheme was from this date financed dually, by local rates and the Exchequer. Thane considers the latter a measure to achieve the combined aims of equalisation of entitlement and benefits on the one hand, and to increase Treasury control (over too generous local authorities) on the other ¹³.

With the 1929 Act poor relief changed name to public assistance, and each county was directed to set up Public Assistance Committees. In 1931 these were given wider responsibilities with the introduction of Transitional Payment for the long term unemployed. This scheme was financed from general taxation (over the Exchequer), but the PAC's assessed claims for benefits. For central government this reform was a further attempt to reduce spending on unemployment benefits after a period in which the long term unemployed had been allowed to claim contributory insurance after their formal entitlements had been exhausted. For the claimants the change symbolised a return to reliance on poor relief ¹⁴.

Because Transitional Payments were financed from a separate source from that of public assistance, the 1931 enactment involved a partial splitting up of the assistance clientele. While all assistance claimants approached the same office, the unemployed could claim a state benefit rather than local public assistance. In the section on Norway (chapters one and two) we saw that a transferral of groups from local to central financial and administrative responsibility brought about, without exception, an enhancement of welfare for the groups involved. This was not the case with the changes that followed the 1929 Act in Britain. In the words of Briggs and Deacon: "To the unemployed the new PAC's were simply the old guardians writ large, and shortly to be armed with even greater inquisitorial powers" ¹⁵. What lay in store for

13. Thane 1982 p 188.

14. Briggs and Deacon 1973 p 43

15. Fraser 1984 p 188.

them was the household means test. Under this, the resources of each member of the household were regarded as being available to to meet the needs of the claimant, whether or not they were related" ¹⁶. This development was anticipated by the Labour movement when "for the first time in history, the Poor Law received its strongest defence from the left" ¹⁷.

The next step in this process occurred when the Unemployment Assistance Board (UAB) was introduced in 1934. For central government the transfer of responsibility to the PAC turned out to be an inadequate device to curtail spending. During the three years Transitional Payments were in operation, Whitehall became increasingly worried that the local councillors were being "over generous with the Treasury's money" ¹⁸. The UAB became the instrument by which greater control of spending was achieved ¹⁹. Originally the Board was meant to take responsibility for the 800 000 maintained on Transitional Payments as well as the 200 000 unemployed then in receipt of public assistance. The latter group was, however, not incorporated until 1937. As it turned out, UAB rates were initially set lower than the benefits paid by most local authorities, and it was therefore impossible to transfer the 200 000 entitled to public assistance before this anomaly had been rectified.²⁰ The household means test also made a transfer from public assistance to the UAB far from attractive for the individual claimant.

For the remaining Poor law services this was another step in the long process of breaking down "from without". With the 1934 and the 1937 changes the Poor Law "lost almost all its able-bodied males and became a generalised relief agency meeting a variety of residual conditions" ²¹. For our analysis it is significant that this "breakdown" lead to the creation of new schemes which represent a continuation of the principles of the Poor Law. By comparison, the establishment of pension schemes involved the creation of a real alternative to these principles.

16. Deacon and Bradshaw 1983 p16

17. Thane 1982 p 188

18. Briggs and Deacon 1973 p 43

19. In the literature there appears to be varying interpretations regarding the motivation behind the setting up of the Board. George (1968 p 73) describes it as a measure whereby the state relieved the local authorities from a burden which, with mass unemployment, had become too great for them. Briggs and Deacon start out by referring to Millet (The Unemployment Assistance Board) where he sees the change as "essentially a Treasury measure, designed to halt the rise in in the cost of unemployment relief by creating a buffer between the Government and the pressures for more generous benefits (the term "buffer" refers to the independent status of the Board). In their conclusion they argue that "the Board was a centralising measure above all else" (p 61). These interpretations are, of course, not mutually exclusive. The point on which they converge; greater central control and responsibilities, becomes most important for our analysis.

20. Fraser 1984 p 196

21. Ibid p 197

Towards the late 1930's unemployment dropped drastically, and by 1940 the "universalist demands of a total people's war" further contributed to a change in the role of the UAB ²². As a result it dropped its association with unemployment and became the Assistance Board (AB). This change preceded and facilitated two important departures in the following year. First, the process of residualising the Poor Law was further advanced by the 1940 Old Age and Widow's Pension Act. With this piece of legislation responsibility for the supplementation of pensions for these groups was taken away from the Poor Law and placed with the AB. This decision symbolises a dramatic change of attitude towards the central relief agency from that which prevailed in 1935, when local authority poor relief was favoured by many to benefits from the UAB. Now the argument was suddenly that "supplementation required by pensioners should be provided not by the Public Assistance Committees of the local authorities but by a national agency untainted by poor relief" ²³.

The second change came with the Determination of Needs Act in 1941. This enactment abolished the much hated household means test and replaced it with a personal test. Immediately the number of people receiving benefits from the AB increased by a quarter of a million ²⁴. The literature gives no conclusive answer as to why this happened in 1941. Fraser stresses the fact that it was the end of a process whereby the household means test had been less and less stringently implemented towards the end of the 30's ²⁵. It could also be interpreted as a further step in what Titmuss described as the "wartime trend towards universalising public provision for certain basic needs" ²⁶. In addition to these factors, the change in the composition of the AB clientele must have played an important role. With "ten pensioners to every one man unemployed" ²⁷, policy decisions would no longer be determined to the same extent by the fear of "scrounging" ²⁸.

Now the major assistance scheme, the AB continued to improve during the war. In addition to the elderly and widows, other people in wartime poverty, such as "victims of the blitz, those in need of hardship allowances, evacuees, dependents of internees, foreign refugees" and others, were increasingly dealt with by the AB and

22.Ibid p 212

23.Ibid

24.Ibid p 213

25.Ibid

26.Titmuss "War and Social Policy" (1955). In Titmuss 1987 p 109

27.Fraser 1984 p 213

28.Traditionally, measures to avoid "scrounging" has been targeted towards the able bodied. The changes around 1940 changed the AB to be primarily concerned with non ablebodied claimants.

not by the PAC ²⁹. The popularity of the AB was further enhanced in 1944 when the scale rates were improved ³⁰.

This process of centralisation constituted a weighty policy inheritance which was bound to have an impact on the policy decisions made after the war. In the words of Olive Stevenson: "When the National Assistance Bill came before Parliament, central government machinery for the relief of need was already established" ³¹. The need for a large scale "machinery" to administer assistance is further emphasised by the technical arrangement of insurance: a contributory scheme of insurance requires a substantial safety net to underpin it.

This could of course equally well be argued the other way round: with a "large assistance machinery" set up, a contributory insurance scheme became more feasible and acceptable. Like his proposals for social insurance, Beveridge's proposals for a national assistance scheme were therefore a continuation of a trend more than a break with the past. However for the residual groups still relying on local authority public assistance, the 1948 enactment was a clear enhancement of welfare. They benefitted from their incorporation into a centralised scheme which gave them clearer entitlements to better services. The limited number of the residual group, combined with the prolonged need for a large scale assistance scheme, made this incorporation a natural one.

The development towards a national assistance scheme in Britain in the years between 1929 and 1948 represents, therefore, an interesting example along the variables of central versus local welfare delivery on one axis, and residual versus institutional welfare on the other. The first moves towards centralisation in 1929 and in 1931/34 represent a change in the direction of a harsher, more residual welfare delivery. Later, the subsequent alterations to this scheme resulting from changes in the composition of its clientele caused by the war economy and war mentality, turned this strong, centralised machinery into a vehicle on the road to what perhaps constituted the most generally accessible assistance scheme in Europe.

29.Fraser 1984 p 212

30.Ibid p 213

31.Stevenson 1973 p 13

1.3 Reform versus Abolition of the Poor Law

We have seen that Britain and Norway took different courses of action vis a vis the remaining Poor Law at the start of the postwar welfare state expansion. With the 1948 enactment Norway reformed the Poor Law and changed its name in order to make it appear more humane and, thereby, more accessible. The emphasis, though, was upon an expanded social insurance which was designed to render the Poor Law "superfluous" in the future. The reformed Poor Law continued to be "localized and cash/care multifunctional". Abolition of the Norwegian Poor Law appears not to have been seriously considered in the first postwar years. Only with the 1964 Social Care Act was the Poor Law officially buried.

In order to evaluate the extent to which the British 1948 legislation actually involved a break with the past, it is necessary to distinguish between two major groups covered by the National Assistance Act. The first consist of those covered by the Assistance Board. As we have seen, the coverage of this scheme was greatly expanded during the war. In 1948 these groups accounted for approximately two thirds of the clientele of the newly established assistance scheme. For these groups - the elderly, widows, long term unemployed and victims of war injuries - the 1948 reform involved little change. Through the Assistance Board, nationally financed and scaled benefits had been offered for almost a decade. Furthermore, these benefits were provided subject to a uniform test of means, without recourse to further investigation into the personal life of the claimant. It was also along the lines of the administrative structure of the AB that the new scheme was constructed. Glennerster puts this in the wider picture of British incremental reform when he argues that: "With a typical British passion for using any existing machinery that happened to be lying around, the drafters of the National Assistance Act absorbed the essentials of the old Public Assistance Board into their new structure" ³². He goes on to argue that this was equally true on the policy making level: "the six members of the Public Assistance Board were transferred on July 3rd, 1948, to the National Assistance Board" ³³. Also the day-to-day running of the new scheme was carried out by much the same staff: "1500 Relieving Officers of local authorities joined the new N.A.B., and the employees of the old Public Assistance Board simply moved into the new administration" ³⁴.

32.H Glennerster 1962 p 4

33.Ibid p 6

34.Ibid p 4

The remaining one third of the clientele experienced, however, much greater changes in 1948. During the debate on the National Assistance Bill, Aneurian Bevan, then Minister of Health, referred to the recent breakdown of the Poor Law and concluded: "However, there will still remain, after all these things have been done, 400 000 persons on outdoor relief and 50 000 in institutions. There thus remain, after we have bitten into the main body of the Poor Law, these residual groups which have to be provided for" ³⁵. The "residual groups" referred to were those still serviced by the remaining Poor Law, financed and administered by the local authorities. While the non able-bodied continued to be the responsibility of the municipalities after 1948, the remaining 400 000 were swept up by the new national scheme. As this was largely a continuation of the AB, the change in effect implied an incorporation of the local authority poor relief clientele into a scheme originally designed to free large groups of "deserving" clients, such as the elderly and widows, from the stigma of the Poor Law.

One question remains, though; why were these "residual" groups incorporated, and not, as in Norway, left to diminish? Again, the most probable answer is to be found in the momentum created by the need to establish a new assistance scheme. Unlike Norway, Britain found itself forced to make a permanent, national assistance scheme as a necessary adjunct to a contributory social insurance program. While the Norwegian assistance scheme was allowed to continue in relative obscurity, these events forced the British policy planners to seriously evaluate the whole question of assistance. The fact that assistance was not divided into two tiers must furthermore be understood in light of the shared experience of poverty and Poor Law dependency of large segments of the population in the 1920's and 30's, together with the solidarity brought about by the wartime experience and the consequent stress on universality. But as we shall see later, the stress on equal treatment of the entire assistance clientele was short-lived. In the late 1950's, it was the British party which introduced it that first switched to advocating a new division at the bottom of the welfare hierarchy.

The "break up" of the Poor Law followed different patterns in the two countries. In both the main factor was the growth of various social insurance programs. In England these were supplemented by alternative national assistance schemes for groups which represented typical "insurance cases" (elderly, widows) and which insurance did not cover, or did not cover sufficiently. In Norway the pioneering schemes for equivalent groups were established in the municipalities. Although these schemes (see chapter 1) featured "assistance characteristics" such as tax-financing and means-testing, two aspects combine to make them direct precursors of later

35.A Bevan. Hansard 24.4 1947 p 1603

national insurance schemes. First, they were named, and considered to be, municipal insurance schemes. Second, they were established in expectation of, and as a means of exerting pressure towards, eventual state take-over. Third, because the state schemes were financed over general taxation rather than individual contributions, the extent of "take-over" became a political rather than, as in England, a technical question. The significance of this comparison is that while the British schemes outlined above preceded and pointed towards an alternative assistance scheme, in Norway they laid the foundation for the expansion of social insurance coverage and, subsequently, further "breakdown" of assistance from without.

Thane argues that "unemployment dominated the history of the Poor Law [in the interwar years] as it dominated everything else; it led at last to its abolition" ³⁶. Our evidence suggests that this argument needs further qualification. While it is true that unemployment paved the way for a national assistance in 1948, there is reason to believe that the nature of this scheme would have been different had it been the unemployed that made up the majority of its clientele in the period of reform during and following the Second World War. Even at this stage, it was concern for the elderly together with other "deserving" groups that dominated the public debate on assistance in Britain. In the following two decades the growing dependency on NA among the elderly led to its abolition. That is the theme of the next section.

2. From National Assistance to Supplementary Benefits.

In the chapter on social insurance in Britain we saw that the NI scheme failed to reduce the scope of assistance for two main reasons. First, the continuing sub-subsistence level benefits were inadequate to "float" NI recipients off dependency on assistance for supplementation. Second, the implementation of the contributory principle excluded individuals or groups for whom it was difficult to establish a sufficient record of contribution. In combination, these factors brought about a very different composition of the assistance clientele from that of the equivalent scheme in Norway. The very groups that in Norway contributed most to the reduction of assistance in the 1950's accounted for most of the dramatic growth in assistance in the UK in the same period. Beveridge stated that insurance should not leave out any risk "so general or so uniform that social insurance can be justified" ³⁷. But this vision was not translated into reality. Between 1948 and 1962 the number of

36.Thane 1982 p 185

37.Cmd. 6404 para 308

claimants increased from one and a half to two and a half million ³⁸. This compares to a reduction from roughly 44 000 to 31 000 heads of families receiving assistance in Norway during the same period ³⁹.

As we saw in chapter 5, there are no statistics available to provide conclusive evidence of the changes in the composition of the Norwegian assistance clientele before 1966. That year approximately one half of the claimants also received social insurance benefits. These were, however, spread over a wide variety of insurance schemes of which "other schemes", including a variety of occupational pensions, constituted the largest group. If we turn to our major group of interest, we find that recipients of old age pensions represented 14.4% of the total number of people receiving assistance. The evidence presented in chapter 5 furthermore suggested that this percentage had decreased in the 1948-1966 period ⁴⁰. The far better statistics available for the British equivalent are probably indicative of the differences between a unified, national scheme and one which continued to be run entirely by the local authorities.

In chapter 4 we saw that over three quarters of the weekly NA allowances were paid to persons over pension age in 1965. This percentage had moreover increased in the 1949 to 1965 period ⁴¹. While recipients of old age pensions from National Insurance constituted 48.2% of the clientele in 1949, this percentage had increased to 59.9 in 1965. We can therefore conclude that the main function of NA was to provide supplementary benefits in order to give NI-pensioners enough money to subsist. We therefore see an increasingly diverging composition of the assistance clientele in our two countries.

In the chapter on Norwegian assistance (chapter 5) we found that the changing size and composition of the clientele had a marked impact on the development of the service. Turning now to analyse the equivalent service/clientele relationship in the UK, our hypothesis is that the differences outlined above largely explain the continued divergence between the assistance schemes of the two countries. In addition to the growth in size, particular attention will be given to reactions to the increasing dominance of "insurance cases" during the period. Given that a service better than that of the NA of the time was desired for these groups, policy makers were in principle left with the choice between two alternative options for action. The first involved a singling out of groups for which an improved income maintenance service would be provided; in other words a continued breakdown of

38. Glennerster 1962 p 2

39. See above ch 5, Table 5.1

40. See above ch 5

41. See chapter 4 table 4.4.

assistance "from without". Alternatively, a less targeted approach would involve the improvement of the entire assistance scheme. When we study the inter- as well as intra-governmental changes of policy along these lines, the emphasis will be upon the different consequences for the residual "non-insurance type" clientele, i.e. the section of NA recipients most similar to the dominant clientele in the Norwegian scheme.

2.1 Conservative Policy

In the period 1951 to 1964 Britain was ruled by Conservative Governments. In chapter 4 we outlined the recommendations of the Phillips Committee presented in 1954. The findings of this "carefully chosen" ⁴² group provided the Eden/Macmillan Governments "with a relatively inexpensive way to raise [pensioners'] standard of living" ⁴³. By elevating NA benefits instead of improving the level of national insurance, the Conservatives followed the second of the two options outlined above. While this approach had continuing detrimental effects for insurance ⁴⁴, it is also the main reason for the gradual enhancement of NA as an income maintenance scheme. In particular the major increases introduced in 1959 can be ascribed to this policy ⁴⁵.

When the Conservatives adopted the selective route (i.e. assistance rather than insurance) to solve poverty in old age, they claimed to do so for reasons other than economy. In the White Paper that preceded the 1959 improvements, they proclaimed a new standard for assistance: "The time has come when it is right to move to a higher standard, so giving them a share in increasing national prosperity" ⁴⁶. In his influential 1962 study, Tony Lynes analyses the extent to which this expressed aim was translated into practical politics. He concludes that the 1959 changes, in spite of the substantial increases, were "less than half of what was needed to give those on assistance the same share of national income as they received in 1948" ⁴⁷.

42. Glennerster 1962 p 2

43. Webb 1975 p 428

44. See above ch. 4

45. Deacon and Bradshaw op cit p 102

46. Cmd. 782, 1959 referred in Lynes 1962 p 16 (our underlining)

47. Lynes (ibid) p 46. Lynes uses national average earning as a measure for "national prosperity".

2.2 Labour

During the 1950's, the Labour Party changed its policy with regard to assistance. In 1951 their election manifesto maintained that NA had become a "humane" scheme. Four years later, now in opposition, they argued for the improvement of NI in order to "remove the last taint of "public assistance" ⁴⁸. Webb considers this change of attitude to be partly a result of the Party's role changing "from that of outgoing government defending its record (in 1951) to that of critical opposition", but also considers the changing size and composition of assistance to have had a decisive impact on the policy. Towards the end of the 1950's, the Party's hostility towards NA grew proportionately with the number of old age pensioners relying on it. In 1959 this resulted in a position where the NAB was criticised not only for providing the elderly with inadequate income maintenance, but also for deterring large numbers from applying: "The living standards of more than half of our old age pensioners are a national disgrace. About a million are driven by poverty to seek National Assistance and another 500 000 would be entitled to receive it" ⁴⁹. The latter part of this statement refers to the growing evidence of the problem of take-up, in particular among the elderly. When this line of reasoning led the Labour Party to direct its attention towards NI, this must, according to Webb, be understood as a rejection of means-tested benefits as a solution to poverty in old age ⁵⁰. Faced with a growing "float-over" from insurance to assistance, the Labour Party therefore adopted a policy along the lines of the first option outlined above: Strengthening NI's ability to contain the elderly. When we turn to look at the program this resulted in, our emphasis will again be upon the groups for whom assistance would still be the major source of relief.

The Income Guarantee:

While Labour's long-term solution of the problem of poverty in old age was to abandon the flat rate principle and introduce earnings related pensions ⁵¹, a complementary scheme was proposed for the already old. The program was first proposed at the 1957 Labour Conference as "some kind of national minimum income during the transitional period -in other words to revise the present conditions and standards of the National Assistance Scheme" ⁵². Soon after this a study group was established to inquire into the whole area of "Security in Old Age". The group was chaired by Richard Crossman and included a group of academics.

48.Referred in Webb pp 411,412

49.Ibid p 412

50.Ibid

51.See above ch. 4

52.Referred in Webb 1975 p 415

These were Richard Titmuss, Peter Townsend, Brian Abel-Smith and, later, Tony Lynes ⁵³. The work of the group finally resulted in the policy pamphlet "New Frontiers for Social Security", released in 1963. While the emphasis was on the new system of superannuation, the Income Guarantee was also for the first time given a more detailed presentation. The scheme represented what turned out to be a compromise between our two options for solving the current crisis in the assistance/insurance relationship. In the words of the pamphlet: "It has always been assumed that there are only two alternative ways of dealing with the problem (of existing pensioners). Either there must be an all-round flat rate increase in the retirement pension to take all pensioners off National Assistance (option one), or alternatively we should increase the rates and coverage of National Assistance (option two). Both alternatives are unacceptable" ⁵⁴. The solution was found in selecting the group for which assistance dependency was unacceptable and targetting it with a scheme that was neither assistance nor insurance. In the words of Webb; "To provide selective benefits without recourse to a detailed and stigmatising means test" ⁵⁵. A further reduction of stigma was envisaged by paying the benefits through the post office rather than through the NAB ⁵⁶.

The "Residuum" under the Income Guarantee:

While the proposed scheme offered an escape from NA for the groups targetted, the elderly and widows, our interest is mainly with those remaining in assistance after the proposed reform. Not surprisingly, given the overall focus on the elderly at the time, "New Frontiers" failed to explore this issue fully. The only mention given is short enough to be quoted:

"As a result of our proposals, the National Assistance Board will gradually cease to supplement inadequate National Insurance benefits, and so revert to its original purpose of providing a "safety net" for those who do not qualify for National Insurance. This will mean for those still on National Assistance more generous treatment and greater care and attention from the staff" ⁵⁷.

The emphasis is added to highlight the resemblance to the ideas expressed by the proposal for the 1964 Norwegian Social Care Act ⁵⁸. As in Norway, the British reformers were faced with the problem of how to deal with the few that remained

53.Ibid

54.Labour Party (New Frontiers) 1963 p17

55.Webb 1975 p 422

56.Ibid p 425

57."New Frontiers" 1963 p19.Our underlining

58.See above ch. 5

after alternative schemes had, or were thought to have, freed assistance from the majority of "insurance types". For reasons of comparison, we shall therefore explore what kind of a service the above statement suggested.

As it happened, a pamphlet evaluating and making recommendations for changes in the NA scheme was published a year prior to "New Frontiers". In order to establish the relevance of Howard Glennerster's "National Assistance, Service or Charity", we must turn our attention to individuals involved in the process of policy making. We have already mentioned the presence of four academics in the study group. In his diary, Richard Crossman makes it clear that these individuals had a decisive impact on the nature of the proposed reforms. He refers to a conversation he had with one of the other members of the study group, Harold Wilson. After discussing how to present the proposals, as a working party report or as an executive policy statement, Wilson proposes to "have the first three chapters as a Party statement, with an appendix signed by Titmuss, Abel-Smith and Townsend. We shall get all the kudos for their research and they will be responsible for all the detailed figures" ⁵⁹.

Knowing that Howard Glennerster later worked closely with the "Titmuss group" I arranged an interview to establish his links with the working party at the time of the publication of his pamphlet. The relationship was closer than expected; at the time of writing he was research assistant to the group, working particularly closely with Titmuss and the other academic members. He confirms that he consulted with Titmuss while writing the pamphlet. Furthermore he agrees with the suggestion that his proposal for change of assistance can be seen to represent the ideas underlying the terms "greater care and attention" in "New Frontiers".

In his pamphlet Glennerster advocates a change towards more active "advertising" of the services of the NAB, thereby mitigating the problems of "take-up". His main concern, though, is with the attitudes and training of the personnel manning the local NAB offices. Prejudices, and a division of clients into the "deserving" and "non deserving" are seen to be inherent features of a system where "discretion plays such an important part" and "officers are haphazardly recruited and poorly trained" ⁶⁰. On the assumption that clients tend to get better treatment from the NAB if they have the backing of a social worker, he somewhat naively arrives at the conclusion that training NAB officers in social work techniques will greatly alter their perception of and attitudes towards the client; "He should therefore be acting in very much the same way as the Younghusband second grade social worker". The reason why this is naive is that it appears to ignore the difference between the roles

59. Richard Crossman 1981 p 581

60. Glennerster 1962 p 16

of a social worker who is free to act as an advocate for the client and on the other hand that of the NA officer who, with or without social work training, is first and foremost accountable to the NAB and whose role is therefore bound to include strong elements of control vis a vis the client/claimant.

In the chapter on the Norwegian assistance scheme, we argued that the introduction of "treatment" ("care and attention") could be seen from one perspective as an extension of the paternalism of the Poor Law. This rests on the assumption that the scheme was targetted at the "residuum": i.e groups in need of more than "money alone". Glennerster confirms in the interview that this is a fair description of the group for which his proposals were targetted. "At the time we saw the assistance clientele to consist of two groups. On the one hand there was the unproblematic pensioner who collected his weekly allowances. On the other hand there was the "problem family" who failed to feed their children "beyond Wednesday" and who, in spite of rent allowances, managed to work up rent arrears." ⁶¹ It is this group Glennerster, and thereby the study group, had in mind when they proposed a new "caring" NA. As we saw, this is also the prevailing perception of the clientele among the architects of the simultaneous reforms of assistance in Norway. Glennerster was also directly influenced by social caseworkers in his work with the pamphlet: "It was a result of cooperation with caseworkers in the voluntary sector who shared the experience of not getting understanding for their ideas among the NAB officers" ⁶².

If our inference is correct, the "young Fabian" Glennerster ⁶³ falls into a tradition very similar to that in Norway. In the Fabian movement also the attitude towards the "residuum" had changed, but continued to include a strong desire for paternalistic control. In the Minority Report to the 1909 Poor Law Commission the Webbs proposed the set up of "punitive labour colonies or similar institutions" for the "heterogenous residuum" ⁶⁴. In the early 1950's Brian Abel Smith expressed similar, although less draconian, views: "The social casualties and the old must have financial help with no slur attached, but we should not hesitate to use strong curative measures against any shirkers and slackers in the community" ⁶⁵.

In both countries paternalistic attitudes took a much more humane form in the early 1960's. What both groups appear to ignore, though, is the truth in Titmuss's

61.Howard Glennerster in interview July 6. 1988

62.Ibid

63.Glennerster's article was published in the series "Young Fabian Pamphlets.

64.Referred in Thane 1982 p 90

65.Abel-Smith 1953 p 15

statement "poor people's services will always be poor services" ⁶⁶. From targetting the reformed assistance scheme at the "residuum" continued stigma was a more likely outcome than "more generous treatment". While in Norway this largely became reality, the British process took a decisive turn when the Income Guarantee failed to become realized. This development has been thoroughly documented by Webb, and since we are mainly concerned with the outcome of the failure we shall only give a brief overview of these events ⁶⁷.

The Abandonment of the Income Guarantee:

When the Wilson Government took office in 1964 the Income Guarantee was high on the agenda of proposed welfare reforms. The interaction of several factors led, however, to its initial postponement and eventual abandonment.

In the early 1960's NA fell into growing disrepute. The findings of Cole and Utting released in 1962 highlighted the problem of non-take-up of assistance among the elderly ⁶⁸. In a wider perspective, Webb argues that "Perhaps the most important thing revealed by these findings and their discussion in Parliament, was the degree of ignorance about the effectiveness or the defects of the National Assistance system and the way in which potential clients perceived such a service" ⁶⁹. Criticism of assistance took on a new dimension with the discovery of widespread family poverty ⁷⁰. Now, therefore, the problem could no longer be solved by ensuring the departure of pensioners from NA.

The problems of implementation were accentuated by coinciding political, administrative and economic factors. Politically, the Wilson Government was under great pressure to enact the new income maintenance schemes soon after taking office in 1964. This must be understood in light of the stress put on the scheme as a popular reform. As early as 1957 Crossman notes in his diary; "Everyone knows I am cooking this wonderful vote-winner". In a premonition he added; "I hope to God it is" ⁷¹. Administratively, the scheme, which was popular in opposition, "could also embroil a future Minister in delay, considerable expenditure of staff and financial resources as well as the expenditure of influence in winning co-operation between different government departments" ⁷².

66.Titmuss 1968 p 143

67.Webb 1975

68.Cole and Utting 1962

69.Webb 1975 p 429

70.The most important study here is that of Abel-Smith and Townsend "The Poor and the Poorest" published in 1965

71.Crossman 1981 p 581

72.Webb 1975 p 430

Due to extravagant promises in opposition, the Government was "on trial" in its attempts to get the economy right ⁷³. Not surprisingly, therefore, the scheme was postponed in 1965 ⁷⁴. Once delayed, "other commitments were entered into; consequently, if the administrative issues were to be resolved and the money earmarked, the scheme would have to be delayed for several years" ⁷⁵.

At this point, the above factors combined to force the Government to make immediate changes in assistance: reforms had been promised, new evidence made reform even more pressing, and the opposition was ready to remind the Government of its earlier promises. But the new evidence about poverty in general and NA in particular rendered the creation of an alternative scheme for the elderly an insufficient reform. The pressure on the Government to act fast contributed to a move away from a selective, targetted approach to one which dealt with NA as a whole.

Referring back to our "options for reform", Labour went through a transitory period between 1957 and 1965 in which they advocated the breakdown of assistance "from without" only to return to reform "from within" in 1966. The two approaches had different outcomes for assistance as a whole, but we are primarily interested in the different consequences for the non-elderly section of the clientele. We speculated above about the outcome of the proposed Income Guarantee for the "residuum". We now turn to give a short overview of the service into which they were swept on the wave of reform in 1966 ⁷⁶.

3. The 1966 Social Security Act

Perhaps the greatest reform introduced with this act was the consolidation of social security as it was first recommended by Beveridge in his Report. This took two forms. On the national level all public income maintenance was administered by one unified Ministry of Social Security. For the individual claimant the change meant that there were no longer separate offices for social insurance and assistance. For the assistance clientele as a whole this implied an enhancement of welfare because they were no longer forced to approach a separate office in order to claim their

73.Ibid p 434

74.Ibid p 440

75.Ibid p 449

76. The existence of the new powers under Section 1 of the 1963 CYP might have contributed towards the Government's willingness to include also "the problem families": By this time a residual alternative for groups such as these had been established. See next chapter.

meanstested benefit. In the terminology of Jones, this reform therefore brought about a reduction in the "stigma by association" attached to the administrative unit through which a stigmatised service had been administered ⁷⁷.

Although the distinction between pensioners and other claimants, as proposed in the Income Guarantee, was introduced in the form of Supplementary Pension and Supplementary Allowance, the scheme was generally referred to by the generic term Supplementary Benefit.

Compared to what would have resulted from the combination of the Income Guarantee and a reformed NA (as outlined by Glennerster), Supplementary Benefit involved a double enhancement for the "residuum"; In addition to being "kept together" with the more "deserving" groups in assistance, they furthermore benefitted from the reduction in stigma brought about by the administrative merger of assistance and insurance. Furthermore, while assistance in Glennerster's proposal would involve a merger of income maintenance and other welfare (social work) functions, the separation between cash allocation and social work, as introduced in 1948, was maintained in the 1966 scheme.

Like in 1948, the "residuum" benefitted from a reform not primarily targetted at them. At that time they had been swept along on the post war euphoria and optimism about their forthcoming disappearance. The attempts to improve the image of the service in 1966 through the change in name, greater emphasis on rights at the expense of discretion and wider publication of the services available was mainly an outcome of the focus on NA caused by the revelation of, first, old age poverty and, later, poverty among families.

When Webb argues that Supplementary Benefit failed to reduce stigma, he makes a serious omission in not comparing it to the likely outcome of the alternative plans for the Income Guarantee, and not distinguishing between sections of the clientele in the way that they would have been segregated in these plans ⁷⁸. While it can be argued that the "higher status group of pensioners" ⁷⁹ suffered from their continued lumping together with the "problem family" and other "undesirable" groups, these clients profitted from a higher level of welfare than that intended for them by the Crossman group.

77.C Jones 1985 p 109

78.Webb 1975 p 465

79.Ibid p 462

Summary

The findings in this chapter can be summed up in three points. First, we found that the 1948 nationalisation of assistance represented the culmination of a process rather than a radical break with the past. Second, the description of the 1948 National Assistance Act as a fundamental change of policy needs further qualification. For 2/3 of the clientele (mainly the elderly and the disabled) previously the responsibility of the Assistance Board the change could not be described as dramatic. This was due to the enhancement of this scheme in the 1940-48 period. For the residual 1/3 still covered by the local Public Assistance Committees, the reform involved, however, a major enhancement of welfare.

Third, during the 1950's it was realised that both the size and composition of NA was unacceptable. Faced with the problem of reforming the scheme, the policymakers were left with the choice between two alternative strategies. Either they could enhance the scheme for all NA recipients, or they could single out the groups for which a better service was desired and create a two tier assistance. While the Tories in the 1950's followed the selective course of attempting to enhance the status of NA by giving its recipients "a share in national prosperity", the Labour Party changed its policy several times. After the abandonment of a solution whereby a two tier system was proposed, the Party was rushed into creating a scheme which did not differentiate to the same extent between the various need categories covered. In this process the "residuum" was "swept along" and profitted from administrative grouping together with large, deserving groups in the Supplementary Benefit scheme. For the "residuum", therefore, the 1966 reform involved an enhancement of welfare by political default.

Chapter 8

British Personal Social Services; From Specialisation to Unification.

Joan Cooper gives her study of the process leading up to the 1974 reorganisation of local authorities the title "The Creation of British Social services 1962-1974"¹. To a Norwegian observer the title appears to be somewhat misleading. By comparison to the Norwegian development outlined in chapter 6, the British case features a wide array of personal social services prior to this period. As we will see, the difference between a process of creation of new services, as in Norway, and one of unification of existing services, as in Britain, becomes an important factor when comparing developments in the two countries.

In this chapter the first section outlines the early development of local authority personal social services following the 1948 National Assistance Act. In the second section the emphasis will be upon the process of coordination of services in the 1950's. This leads naturally to an analysis of the relationship between money and social work in the run up to the 1963 Young Persons and Children Act. The fourth section follows the change from coordination to unification as outlined by the influential Seebohm Committee. The fifth section analyses the change of emphasis in social work training and practice in relation to the above developments in the personal social services. Finally, the reforms will be juxtaposed to their Norwegian counterparts as outlined in chapters 5 and 6.

1 The Creation of Specialised Services to Replace the Welfare Element of the Poor Law

In chapter 6 we saw that the Norwegian personal social services were largely dominated by lay people in the pre- 1964 period; by that year only one third of the local authorities had established staffed welfare departments. Furthermore, the service continued to be multifunctional in offering a combination of cash and care. The service moreover covered a wide variety of groups and problems, with material want as the main common denominator. Following the post-war legislation Britain

¹.Cooper 1983.

took a different route from Norway both with regards to the function of local authority services and to their staffing and administrative structure.

The most decisive piece of legislation in creating this divergence was the 1948 National Assistance Act. By transferring the responsibility for all financial assistance from the local authority to the state, the Act not only broke with a tradition dating back to the Poor Law of 1388 ², but also established British social assistance as a unique case in European welfare development.

Having transformed the nature of residual relief, the Act went on to outline the future role of the local authorities as deliverers of welfare services. In section 3 of the Act the main responsibility is seen to be the provision of residential care for the aged infirm and other groups in need of such care. The welfare services laid down in the National Assistance Act were organised in Welfare Departments. Jordan and Marshall consider this service to represent the continuation of the Poor Law tradition in local welfare ³. Parker points to the continuation of giving priority to "indoor" over "outdoor" relief: "Local authorities had a duty to provide residential accomodation while merely having the power to give grants to voluntary organisations providing domiciliary meals and recreational activities" ⁴. In addition to residential services the Act also outlined the responsibilities of local authorities towards the handicapped. Although the local authorities had some duties in this area also prior to 1948, these were greatly expanded by the Act. In contrast to the services targeted at the elderly, this area of social work saw an increasing emphasis on the client's independence through work-training and measures to counteract isolation ⁵. Finally, the Act bestowed on the counties a duty to rehouse the homeless and provide shelter for vagrants ⁶.

A second set of services to be provided by the local authorities was set out in the 1946 National Health Service Act. Local Health Departments were set up to provide health visitors, domestic workers, and home nurses, as well as domiciliary services for the mentally ill ⁷.

The third set of services was provided by Children Departments as set out in the 1948 Children Act. The work of the new department was divided between ensuring that children "who have not the benefit of a normal home" were taken into care of

2.Fraser 1984 p 31

3.Jordan 1974 p 81 and Marshall 1981 p 144

4.Julia Parker 1965 p 109

5.Ibid pp 135,136

6.Ibid p 140

7.Ibid p 68

the local authority and, second, building homes and, preferably, arranging foster families for these children ⁸.

Thus, out of the Poor Law there grew a range of services, divided according to the groups targeted. Furthermore, specialised and distinct professional groups developed within each of these departments. Prior to 1948 the provision of health care, education, shelter and financial aid all rested, not just with one authority, the Public Assistance Committee, but also with one category of worker, the Relieving Officer ⁹. Following the legislation of that year these officials were offered the choice between working for the National Assistance Board, i.e. continuing their function of meeting financial distress, or joining the Health Department to work with the mentally ill ¹⁰. Although the professionalisation of British personal social services had started much earlier ¹¹, this process was greatly accelerated by the post war legislation. But one problem shared by all the departments in the years that followed was the shortage of trained workers. Another shared challenge was to prove decisive to the development of services leading up their unification in 1970: with separate departments divided according to groups and not needs, coordination became crucial to meet the needs of the clients.

The 1948 Division of Cash and Care: an Expression of a Principle?

In the British literature we find several references to the principle of a division between cash and care functions as established by the 1948 National Assistance Act ¹². These texts share an emphasis on the experience of means-testing in general and the household means test of the 1930's in particular, as a major catalyst of the Labour Party's desire to separate welfare from income maintenance. Stevenson refers to "the hatred - a word not too strong - of the governing party for the old Poor Law" ¹³. Pinker argues that "more than any other consideration, it was the memory of the hated Poor Law means test which impelled the legislators of the National Assistance Act in 1948 to separate social work from discretionary means-testing and make the central government responsible for financial support" ¹⁴. There is, however, evidence to suggest that these interpretations need further qualification.

8.National Health Service Act 1946

9.Mays, Forder and Keidan (Penelope Hall) p 223

10.Ibid p 257

11.In the first half of this century Housing remained the only service that was not professionally staffed.Cooper 1983 p 15.

12.Hill and Laing 1979, C Jones 1985,Vic George 1968, Pinker 1989.

13.Stevenson 1973 p 13

14.Pinker 1989 p 6

To test this hypothesis it is necessary to distinguish between two aspects of the "principle". The first concerns the motivation behind the establishment of the separation of functions. The direct cause of the division was the creation of a national assistance scheme. As we saw in the chapter above the setting up of a national scheme proved to be the culmination of a process starting in the late 1920's, rather than a radical departure from established policies ¹⁵. Once a national assistance was established it would have required the setting up of a corresponding national personal social service to maintain the pre-1948 cash/care multifunctional nature of assistance. There is no evidence to suggest that this was discussed in the political process leading up to the enactments of that year. This suggests that the separation of functions could have been a natural bi-product of the creation of a national assistance scheme more than an intentional decision in its own right. The lack of attention given to welfare services compared to income maintenance in this period lends weight to this interpretation. Moreover, local authorities were given wide powers to exercise means- testing in assessing claimants for means-tested benefits in kind: "In assessing the ability of residents to contribute towards their own maintenance, local authorities were to use the same means test that was applied by the National Assistance Board" ¹⁶. This appears to contradict the interpretations that give the departure from means-testing prominence in explaining the motivation behind the separation of functions.

This is not to argue, however, that the final step towards a national assistance was not facilitated by Labour's attitude to the existing Poor Law. Furthermore, the evidence presented above does not exclude the possibility of a deliberate separation on principle. If this was the case, this should be evident in the debates preceding the enactment.

Presenting the National Assistance Bill at its second reading, Aneurian Bevan, the Minister of Health, made the distinction between two ways of dealing "with the whole residual problem" ¹⁷. While the Government wished to make assistance national, it argued that welfare should be a local responsibility. "Where the individual is concerned, where warmth and humanity of administration is the primary consideration, then the authority which is responsible should be as near to the recipient as possible" ¹⁸. As was pointed out in the debate that followed, Bevan clearly contradicted a statement he had made when the 1940 Old Age and Widows

¹⁵ Still, in a historical perspective the transfer can be viewed as a break with the past.

¹⁶ Parker 1965 p 107.

¹⁷ Hansard November 24. 1947 p 1603 (vol 444)

¹⁸ Ibid

Bill was discussed in Parliament. At that time he had strongly opposed the transfer of responsibility to assess entitlement for old age and widow's pensions from the local authority to the state. He had argued then that the

"personal relationship which necessarily must exist between those who are giving assistance to the old people and the old people themselves is so essential a part of the effective and humane administration of assistance that people are frightened that this is to be revolutionised and that old people are now to be passed under the control of officials over whose conduct there is no effective local check" ¹⁹.

In the debate that followed the second reading of the NA Bill, Bevan, unconvincingly, did not acknowledge the contradiction. The point is not to nail a politician for having changed his mind, but rather to ask the interesting question of why he should have argued so differently on the two occasions (while not changing his attitude on the question of assistance).

As the debate provides no answer as to why Bevan, and the Labour Party changed their position, we have to speculate. One possible interpretation is that the Labour Party saw in the new National Assistance scheme the prospect for the more "humane and effective administration" that they considered to be absent in the Unemployment Assistance Board in 1940. As we saw in the last chapter, the UAB and later the Assistance Board gained in popularity and accessibility following the inclusion of the elderly and widows in 1940. In view of this it appears likely that Labour's attitude changed, first with the legislation they opposed in 1940, and later by the fact that that the scheme debated in 1947 was the Party's own proposal for a scheme to abolish and depart from the Poor Law.

For our analysis it is, however, most important that the debate was more about assistance than about social services, and it was the transfer of assistance that Labour argued for. As we have argued above, it would take a transfer of assistance from local to central government to retain the combined cash/care agency of the Poor Law. This was never debated in Parliament.

On the basis of the evidence presented we are left with the impression that the separation of money from social work was less of an issue of principle in 1948 than it has later been interpreted (or taken for granted) to have been. Still, it cannot be denied out that it later gained the position of a principle among all or some of the groups involved in the shaping and delivery of welfare. The extent to which this was the case will be addressed when we turn now to look at the process eventually

¹⁹.Hansard February 29 1940

leading to the first departure from the "principle" fifteen years after its establishment.

2 The 1950's: Emphasis on the Need for Coordination

In the chapter on the Norwegian personal social services we saw how the changing perception of the nature and needs of the assistance clientele influenced the services targeted at them. With perceptions changing rapidly according to the notions of the day, we furthermore found that timing of new legislation became a crucial factor. Thus, for example, if the Norwegian assistance scheme had been reformed according to the proposals of the early 1950's, it would have assumed a very different nature to that of the scheme finally enacted in 1964.

It is from this same perspective that we turn now to analyse the changes in the relationship between money and social work in Britain. Our hypothesis is that changing perceptions of the clientele were equally important in the British development. Also, similar perceptions appear to prevail in the same time periods. Timing of legislation therefore becomes an important factor in explaining the different paths taken by the two countries in this area.

Handler's distinction between a pathology theory of poverty on the one hand and a structural theory as its counterpart, is helpful in describing the changes in perception of the assistance clientele in Britain during the 1950's.

The structural theory takes as its starting point that poverty originates in the conditions under which people live: poor housing, education, lack of adequate jobs and income, bad health - these all become central factors not only in explaining poverty but also as areas in which poverty can be alleviated. By contrast, the pathology theory explains poverty in terms of individual character defects or family pathology ²⁰.

In the immediate postwar period the structural theory dominated. In income maintenance this found its expression in a "crude universalism". Contemporaries found it difficult to reconcile the idea of these broad assistance services with anything but standard benefits for all persons eligible by a common test of need" ²¹. This philosophy was complemented in the personal social services: "It was not considered that a general class of persons might exist who might have a need for general social work and there was little appreciation that the needs of potential

20.J Handler 1973 p 5

21.Jackson and Valencia 1979 p 5

clients might not fit easily into a number of separate categories defined in a limited number of statutes" ²². Our analysis of the change towards the return of the pathology theory takes as its point of departure the "discovery" of the "problem family".

The Problem Family:

This concept originated in the work carried out by the Pacifist Service Unit during the Second World War. In their attempts to help families with rehousing they found that the problems of many families had little to do with wartime conditions. These problems were only an additional stress for families already overwhelmed by financial, housing and emotional problems ²³. In his analysis based on work in the Pacifist Service Unit, Stephens makes the distinction between the "problem families" and the rest of the "submerged tenth" [of the population]. While the majority of the poor are seen to be able to gain from improved education, social security, housing and health services, "the problem families do not respond automatically to improved social conditions; their peculiar characteristic is the inability to make the best of their circumstances and to profit by the facilities and services which are available to them" ²⁴.

The work of the PSU continued after the war under the aegis of the Family Service Unit. This organisation became instrumental, not only in helping these families, but also in influencing the course of the debate in the statutory social services. In their work with the "problem family", the FSU furthermore introduced the notion of prevention into social work. It should be noted that none of the immediate post-war legislation paid attention to preventive work. This emphasis was gradually adopted by the statutory services, and by the mid 1950's most children's departments had embarked on preventive work ²⁵.

In 1951 Dr. Bowlby published his book "Maternal Care and Mental Health" ²⁶. In this study he stresses the importance of the first two years of life to a person's mental health in later years. In this early period, he argued, even the least functioning family was to be preferred to an institution. This study contributed to an emerging emphasis on the family in general, and on preventive work with the "problem family" in particular.

22.Ibid p 6

23. M Brown 1983 p168

24.Stephens 1943 p 2

25.Jackson and Valencia 1979 p 11

26.Dr Bowlby 1951

As we have seen above, the social services were divided according to needs, and highly specialised at this time. With a change of emphasis away from the individual and towards the family in the social services, this naturally led to a call for coordination between the services to meet the needs of the family. As early as 1950 the Home Office issued a circular requesting local authorities to appoint Coordination Officers. The work proved difficult, however, as the experience of specialisation, together with growing professional awareness in the individual departments, brought about administrative as well as professional in-fighting. The children departments were in the forefront both in focussing on the family and in giving emphasis to preventive work. Incidentally, these were also the departments with the greatest proportion of trained social workers. This imbalance added to the problems of establishing closer cooperation between the different local authority personal social service departments.

In order to prevent families from breaking up, children's departments realised the need to help with material resources. A kettle could help when the gas was shut off, a loan or grant could prevent eviction in cases of rent arrears. Consequently, the departments spent more and more time trying to obtain these resources from voluntary organisations as well as from the National Assistance Board. The latter proved to be bureaucratic and slow in meeting urgent needs.

Eventually the emphasis on prevention, together with the realisation of the importance of ready material resources in successfully carrying out preventive work, brought about demands from social workers to be given the power to allocate financial assistance.

3 Money and Social Work.

The development outlined above points towards a reconsideration of the divorce of money from statutory social services as enacted in 1948. The first decisive move in this direction resulted from the work of the Committee on Children and Young Persons (1960) under the chairmanship of Lord Ingleby.

The Ingleby Committee:

The main objective of the Committee was to inquire into the operation of the juvenile courts and the custodial institutions for children. A second term of reference was added as an afterthought ²⁷. This asked the group to inquire into whether local authorities should "be given new powers and duties to prevent or forestall the suffering of children through neglect in their own homes" ²⁸. In its consideration of this question the Report discusses the work already carried out by statutory and voluntary services in the field. Referring to the FSU the Committee praises the preventive work with problem families carried out by the Units ²⁹. While pointing out that local authorities under the 1948 Children Act had no powers to give material help in cash or kind, the Committee refers to the changes in the work of the departments after that date:

"Nevertheless, an increasing part of the work of local authorities' children's departments now consists both in helping to rehabilitate the homes of children in care so that the family can be reunited, and in forestalling the need for children to come into care by taking measures, in co-operation with the other community services, to keep the family in being wherever this is in the best interest of the children" ³⁰.

The Committee furthermore encourages the attempts to create greater coordination between the different social services. (A special reference is made here to the work of the 1959 Younghusband Report which reviewed the problem of coordination in social work ³¹). From this overview the Report goes on to endorse the power to allocate assistance as a measure to further and facilitate the work already carried out. The scheme proposed to prevent "suffering of children through neglect" should provide for:

- a. the detection of families where help is needed;
- b. the co-ordination of information (investigation) and diagnosis of the problem;
- c. the provision of appropriate assistance; and
- d. arrangements for making the services known to the public and for advice as to where individuals can apply for help ³².

27.Jackson Valencia 1979 p12 and Handler 1973 p 58

28.Report of the Committee on Children and Young Persons (Ingleby) p10

29.Ibid p 14

30.Ibid p 11

31.Ibid p15

32.Ibid p 20

The 1963 Young Persons and Children Act:

Section 1 of this act stated:

"It shall be the duty of every local authority to make available such advice, guidance and assistance as may promote the welfare of children by diminishing the need to receive children into or keep them in care under the Children Act 1948, the Principal Act or the Principal Scottish Act, or to bring children before a juvenile court; and any provisions made by a local authority under this subsection may, if the local authority think fit, include provision for giving assistance in kind or, in exceptional circumstances cash" ³³.

With this enactment the power to give money was reintroduced into British statutory social work. In an article in *Child Care Quarterly* Ms. N Taylor sums up the development from a social work perspective; "So we have moved full circle in a fairly short time. Social work grew out of meeting material needs [...] recently we have moved away from this concept". During those early years money "was considered to endanger the case-work relationship" while "now we are faced with a new situation, the power to give money" ³⁴.

It should be noted here that the act was far from re-establishing the relationship between money and social work as it had existed prior to 1948. The number of cases in which the power could be exercised was, as we have seen, very limited. The significance of the enactment lies in the break with an established practice. As such, the process leading up to the enactment provides an opportunity to discuss whether the separation of the two functions had developed into a principle. Although we argued that it did not originate as a decision on principle, this did not prevent it from gaining such a status later. Ms Taylor's statement about "endangering the case-work" relationship can be seen as an indication that it had done so by the time she was writing. In pursuing this question, we will examine, in addition to the social workers, the responses to the proposal of the Labour Party, which had been responsible for the 1948 separation.

If this was seen as an issue of principle in the Party, then either opposition to the proposal, or arguments justifying the departure from the principle, could be expected to issue from the Labour benches. When the Bill was debated in the

³³.Children and Young Persons Act, Section 1

³⁴.Child Care October 1962.

Commons on February 27 1963 there were no critical comments along these lines from the Labour benches. On the contrary, the strongest advocates for the new powers were to be found among the Labour representatives. Mr MacColl wanted to go even further:

"I do not like the limitations of the cash grants. It is necessary to have power to give them, and I do not see why it should be regarded as exceptional to give them. In many cases it is necessary to spend money quite liberally in rehabilitating families. If we lack the money we cannot begin to carry out constructive social work which is done by bodies such as the Family Service Units" ³⁵.

This is the voice of a Party in opposition calling for more spending on welfare and not one defending, or even considering, a principle. In the standing committee Ms Bacon raised further criticism of the Bill. She wanted all the "mays" to be made into "shalls" in order to make it a duty for local authorities to give assistance ³⁶. The impression that the debate was more about public spending than about principles of social policy is strengthened by the Conservative Mr Brooke's reply to Mr MacColl. He argued that the words "exceptional" and "may" were there to avoid putting upon local authorities a duty to provide cash at the expense of the taxpayer, money which should be provided by the National Assistance Board ³⁷.

Although much of the demand for powers to give assistance came from social workers, the unconditional and strong support from social work circles is still surprising. A study of the three most important social work journals in the ten years between 1954 and 1964 reveals no article not in favour of the reintroduction of money into social work ³⁸. The articles in favour are, however, numerous. In 1963 the president of the Association of Children Officers, Miss Brook Willes writes:

"This will give statutory authority to the work which has been carried out over the past years by officers of children Committees whose every endeavour has been to prevent the break up of families. Clause 1 of the Bill will find its place in the social history of our country." ³⁹

Some wanted to go even further than the proposals of the Bill in establishing close ties between social work and income maintenance. Ms Sommerville Hastings

35.Hansard February 27 1963

36.Standing Committee, Official Report 1962-63

37.Ibid

38.The journals are:"Child Care","Social Service Quarterly" and "Social Work".

39.Child Care April 1963

advocated the setting up of family care departments in every local authority and goes on to argue that "at the birth of a child the family care department should be notified and a social worker should visit the household. It might be desirable to make the payment of family allowances dependent on the willingness of the mother to accept visits from the family care worker when required" ⁴⁰. The main significance of this article lies in the fact that triggered no response.

On the basis of the evidence presented above, we can conclude that the separation of money and social work was neither established along the lines of a principle, nor did it gain this position (among those traditionally seen to be most in favour of the split) in the years to follow.

4 Towards a Unified Personal Social Service

In the outline of the developments that led to the 1963 CYP we saw a move away from specialisation towards co-ordination of services. We now turn to follow the continuation of this process after co-ordination was found to be an insufficient solution to the problems facing the social services.

The Seebohm Report:

In 1965 a committee under the chairmanship of Frederick Seebohm was appointed to:

"review the organisation and responsibilities of the local authority personal social services in England and Wales, and to consider what changes are desirable to secure an effective family service" ⁴¹.

The recommendations of the Committee were largely implemented in the 1970 Local Authority Social Services Act. The greatest significance of the Report is in its plan for a unified department to bring together the different local social services that had developed independently after the war. As we have seen, the specialisation of these departments brought about demands for greater coordination. By the time

⁴⁰.Child Care October 1960

⁴¹.Report of the Committee on Local Authority and Allied Personal Social Services (Seebohm). Para 1

the Committee reported in 1968 the separateness of the local department had been allowed to develop to a point where coordination was no longer a sufficient means of achieving a needs- rather than group-oriented service ⁴².

Again the family was the unit around which the service was to be developed. The terms of reference equate a personal social service to a "family service". This is a continuation of the policy that had developed since the early 1950's. The focus on the family started out as a more extensive approach compared to the individualistic approach of the existing services. When the term "family " became a controversial issue in the days of the Seebohm group, it was, however, the limitations of the approach that gave rise to debate.

The exponents of a family service, to be constructed largely "as an extension of children's departments", found their strongest advocates in the Labour Party sub-group known as the Longford group ⁴³. The main critique of this position came from an "ad-hoc" group consisting of people from social administration and social work backgrounds. This group found the Longford proposals for a family service to be too narrow. By focusing on the family it was seen to exclude large numbers of people, in particular elderly and handicapped persons whose needs were currently met by the local health departments. With this in mind Richard Titmuss who was the dominant figure in the ad-hoc group, proposed a service "created and organised around the services to be provided rather than around categories of clients or particular fragments of need." ⁴⁴

It was for the Seebohm Committee to find a meeting point between these two positions. The compromise reached hinged largely on rhetoric. The Committee retained the term "family", while stretching its definition to include virtually everybody ⁴⁵.

The policy of one large department with a universal coverage was also seen to facilitate a desired escape from the historic associations with poverty. In doing so, it was hoped, the overriding objective of increased accessibility could be achieved. The Social Service Departments, as implemented after 1970, thus embraced all statutory social services including personal health but excluding medical and nursing services which were assigned to the national health Service. (Probation was also kept out and maintained its traditional autonomy) Each SSD was to be organised as an area office serving population groups of between 50 000 and 100 000 people,

42.J Cooper 1983 p 84 and Seebohm Report para 79

43.Cooper(Ibid) pp 58.59

44.Ibid p 63

45.Seebohm Report para 32

employing 10 to 12 social workers. Yet social workers made up only one in ten of the workers in the new service. The other groups were "non-professional social care staff, for example personnel employed in domiciliary, day care and residential services, day service officers who work with the mentally handicapped, and home helps and so on" ⁴⁶. The new PSS thus became much more than a "social work department". Their responsibilities included "the physically handicapped, the mentally handicapped, the mentally ill, and the frail elderly" ⁴⁷. Services included "community care, day care, and residential care" ⁴⁸. The large size was strongly advocated by Titmuss as a measure to create career opportunities for social workers, to give the departments political weight and to reduce problems of confidentiality ⁴⁹.

The Report also discussed the relationship between money and social work. The question raised was whether to extend the powers currently restricted to Children's Department work under Section 1 of the 1963 CYP. The Committee argued the case for "an additional power enabling social service departments to give financial help in families where only adults are concerned" ⁵⁰. When this recommendation failed to be implemented in 1970, Pinker argues that this must be understood in the light of the Treasury's hostility towards giving social workers the power to allocate money ⁵¹.

The Scottish Example:

The personal social services in Scotland developed along different lines from those of England and Wales. As we have chosen to follow the English example in this analysis, we will only touch upon this difference inasmuch as the Scottish development can be seen to have influenced the path chosen in England. With the 1968 Social Work (Scotland) Act, the power of the local authorities to give material assistance was expanded compared to the 1963 CYP. While the latter act limited the granting of material assistance to families with children, Section 12 of the Scottish Act had no such limitations. In a similar way to that of the Ingleby Committee, the Kilbrandon report, published in 1964, advocated the co-ordination of services for children in difficulties. As in England, this approach was later expanded to include a wider definition of families, as well as replacing co-ordination with unification.

46. Pinker 1988 p 1

47. Ibid

48. Ibid

49. Handler 1973 p 105

50. Seebohm Report para 604

51. Pinker 1989 p 7

Richard Titmuss was once more instrumental in the shaping of policies. Judith Hart, who had been one of his students at the LSE, became the Parliamentary Under Secretary of State for Scotland in 1964. She included Titmuss in an advisory group the brief of which was to further develop the policies outlined in the Kilbrandon Report ⁵². Titmuss's advocacy of a unified and comprehensive service received greater support and enjoyed a speedier enactment process in Scotland than in England and Wales. Cooper argues that this difference can be explained largely by the fact that in Scotland one Minister was in charge of all the areas affected by the proposed legislation ⁵³. When the power to allocate money was extended in Scotland, she furthermore attributes that to the difference geographical difference from England:

"Individuals living in remote or isolated circumstances might, it was argued, more effectively and easily be helped in kind or, in an emergency, in cash, and be helped less expensively through the pump-priming of local community initiatives than through the highly organised services more commonly available in densely populated urban areas" ⁵⁴.

Because of its open-ended nature Section 12 proved to be difficult to negotiate with the Treasury. This perception of its being open to excessive use by social workers was strengthened in its two years of operation before the English and Welsh legislation was ready for enactment. By then, Cooper argues, there was widespread criticism of "giving a cheque book to social workers"⁵⁵. This last point raises an interesting comparative observation. In Norway where social workers have continually exercised the power to allocate relatively ungenerous assistance benefits to their clients, it has been said, albeit jokingly, that a safe way to save money on a benefit budget is to employ social workers to allocate it. By contrast, British social workers spent two decades advocating mainly on behalf of their clients for more benefits from statutory and voluntary bodies. Although the Treasury's fear is likely to have been exaggerated, the particular British experience could, at least in the short run, have led to very generous allocations by the social workers.

Treasury hostility is also the most likely explanation to the rejection of extended powers to allocate money in the 1968 Health Services and Public Health Act; "No

52.Cooper 1983 p 39

53.Ibid

54.Ibid p 50. This, incidentally, could equally well be a description of the average Norwegian municipality. This was never used as an argument in the Norwegian debate though.

55.Ibid

arrangements under this section shall provide for the payment of money to old people." ⁵⁶

5 Social Work Training: From Specialism to Genericism

As we saw in chapter 6, the Norwegian experience featured a strong interaction between, on the one hand the development of social work training and the personal social services on the other. Turning now to look at the relationship between the personal social services and British social work education, our hypothesis is that the links will be as strong as those found in the Norwegian equivalent ⁵⁷. Hence, the divergences that emerge will be seen to result from, first, the different "policy inheritance" in social work education and, second, the dissimilar development of the personal social services in the two countries.

When the postwar expansion of the social services got under way in Norway, only one rudimentary social work course was in existence. Hence the planners were able to start from scratch and tailor the education to the needs as they were seen at the time. In England this was very different. The origins of modern social work practice and teaching can be traced to the work carried out by the Charity Organisation Society. At the turn of the century its salaried and voluntary workers carried out casework in order to reform deserving paupers into "citizens" ⁵⁸. In 1912 the training organised by the Society merged with the London School of Economics to become the first Department of Social Science and Administration ⁵⁹. Later the LSE formed the model for several other departments in British universities. These courses offered no practical training, the first professional social work course being established for Mental Health Workers at the LSE in 1929 ⁶⁰.

After the Second World War a variety of professional courses were established within and outside the universities. These were all highly specialised, and the specialisations followed largely those of the social services as outlined above. Thus, by 1960 courses were available for, among others, child care officers, psychiatric social workers, and hospital almoners.

As was the case for the personal social services, the first two postwar decades saw a move towards more unified social work training. The first step in this direction

⁵⁶.1968 Health Services and Public Health Act para 43.4

⁵⁷.See above ch. 6

⁵⁸.The term was used by its secretary for 38 years, C.S. Loch. Marshall 1979 157

⁵⁹.Madeline Roof 1972 p 239

⁶⁰.Ibid p 240

came in 1947 when Eileen Younghusband published the "Report on the Employment and Training of Social Workers" ⁶¹. Here she proposes the setting up of a separate School of Social Work. In her outline of the plans for this school she introduces, from the same American sources as those tapped by Norwegian social work starting a decade later, many of the terms which were later to be imported into European social work ⁶². The new approach of the plan lies in its emphasis on the need for a core of basic and professional subjects to be taken by all students. By including "accepted social science subjects, principles of social case work and group work" among these, the plan precedes its Norwegian equivalents by more than a decade ⁶³.

Aside from the core subjects the emphasis was, however, still on specialised courses arranged along the lines of the existing professions. The second Younghusband Report, published in 1951, took a new turn and introduced what has proved to be the central theme of social work education until the present day. Without actually using the term "genericism" the following quote leaves no doubt about where the 1951 Report was pointing: "...and when the study of society and of dynamic psychology has developed further it will become apparent that there is a unified body of knowledge and practice to be mastered in all these different forms of therapy and guidance" ⁶⁴. Several years later Younghusband herself referred to the 1951 plan as a "generic course" ⁶⁵.

In the years that followed, Eileen Younghusband played a key role in introducing the generic approach in European social work. The controversy surrounding this change of emphasis can best be examined through the internal struggle of the Social Science and Administration Department of the LSE.

The "LSE Affair":

With funding from the Carnegie Trust, a first attempt was made to establish a school of social work in 1954. Eileen Younghusband was funded for three years to set up the school at the LSE. At the time the Department, under the convenorship of Richard Titmuss, covered in addition to social administration two professional social work courses. Kay McDougall headed the Mental Health Course, while Clare Britton ran a Child Care Course ⁶⁶. From the first year of the new Younghusband

61. Younghusband 1947

62. See above ch. 6

63. Younghusband 1947 p65

64. Younghusband 1951 (Ref Jones 1984 p 54)

65. Younghusband 1976 p 20

66. Jones 1984 p 60. This account is entirely based on Jones' biography of E Younghusband.

course it became apparent that there was a lot of resistance from staff in the two original social work courses to the generic approach of her program.

Kay McDougall shared the widespread frustration with the problems arising from too much specialisation in the social services. However, while Younghusband saw the solution in terms of unification of services and a generic approach to education, Kay McDougall was an exponent of co-ordination through case-conferences (she was also the editor of the journal "Case Conference"). The differences resulted in non-attendance of members of the specialist courses at the lectures given by Younghusband and her American case work teacher.

The problem came to a head when, after the three year trial period was over, the Younghusband course and the two specialist courses were to be merged into one course under one director. Richard Titmuss was given the difficult task of choosing between Younghusband and McDougall for the post. The conflict that resulted almost tore the department in half ⁶⁷. Titmuss's solution was an uneasy compromise: while the merged course was to have a predominantly generic approach, McDougall was given the directorship. This led Younghusband to resign from the LSE.

The 1959 Younghusband Report:

The break with the LSE was, however, not the end of Younghusband's influential role in social work. Throughout the period she continued to be highly involved in international developments, in particular through the United Nations. When the British Ministry of Health established the Working Party on Social Workers In the Local Authority Health and Welfare Services, she was a natural choice as chair.

In a style recalling that of Beveridge, Younghusband came to dominate the drawing up of the Report. Like Beveridge she only met with the working party for short briefings ⁶⁸. Moreover, although in a much more limited field than that of the Beveridge Report, Younghusband's contribution turned out to be decisive to the development of social work in general and social work education in particular in the following decade: the recommendations of the report "were to become a blueprint for the development in the next ten years" ⁶⁹. With the foundations laid by this report, this decade was furthermore the most decisive in shaping present social work training and practice.

67. Information provided by Professor Pinker.

68. Jones 1984 p 73

69. Ibid p 74

In order to meet the great demand for professional social workers it was decided that the bulk of the expansion in courses was to take place outside of the universities. For the same reason, priority was given to an intermediate level of theoretical skills, while practical experience through placements was emphasised. Alongside the new courses the existing university programs continued to exist. They did, however, all merge to satisfy a national standard for the professional qualification in social work.

While in 1960 professional training was available for only certain kinds of social caseworkers, ten years later the total output from all training went up by 450% ⁷⁰. This increase was largely due to the new two year courses modelled on the 1959 Report.

A further step in the development of social work came with the recommendations of the Seebohm Committee in 1968. We have already outlined the change of emphasis away from individual casework towards group and, in particular, community work in that report. "The concentration on casework [...] was markedly absent from the report and it is arguable that the one-to-one relationship was not seen as the most appropriate method for a community response" ⁷¹. While training was outside the formal remit of the Committee, it was no doubt of importance to its strategy ⁷². On the basis of these considerations the Committee endorsed the concept of generic training while bringing it a step further forward from Younghusband's outline a decade earlier:

"We consider that there is room for experiment with a wider concept of generic training which aims to equip students to work as appropriate with individuals, groups, and communities. The justification of this approach is the belief that the divisions between different methods of social work are as artificial as the difference between various forms of casework and that in his daily work the social worker needs all these methods to enable him to respond appropriately to social problems which involve individual, family, group, and community aspects. This newer concept of generic training has obvious attractions as a preparation for work in the social service departments." ⁷³

In order to further strengthen the ties between training and the personal social services, the Committee proposed the setting up of one "central body to promote the training of all categories of staff needed for the new departments, and that this

70.Rodgers and Stevenson 1973 p 14

71.Jones 1984 p 124

72.Ibid 125

73.Seebohm Report para 558

body should be the standing committee of a new central advisory council on the personal social services to ensure close links between training and policy." ⁷⁴

In conclusion then: although it was not until the implementation of the Seebohm recommendations that the links between service and training were formalised, our overview of the development has shown that these were strong throughout the period of analysis. In the early period the specialised training programs continued to grow in order to provide, among other statutory and voluntary services, the specialised local authority departments with professional staff. In the 1950's the change towards co-ordination in the social services found its counterpart in the emphasis on case-conferences in some of the specialised courses. Finally, when co-ordination was found to be an insufficient measure and unification of services became the goal, this approach found its practitioners in the generic social workers.

Joan Cooper makes an interesting point about timing in relation to the development of the personal social services. She argues that the Seebohm Committee was sitting "ten years too late". If the services had been reorganised following the Ingleby Report, "smaller local government units could have produced more personal and less bureaucratic delivery systems that might have been well established by the time that the new and larger local government authorities were created in 1974" ⁷⁵. A similar point with regard to timing can be made about the development of social work education. If services had been unified ten years earlier this could have largely solved the problem of co-ordination. Instead of trying to achieve the alchemic task of creating the generic social worker, a much more realistic aim of developing a generic team consisting of different specialists could have been pursued.

Summary

Three main themes have been analysed in this chapter. First, after the abolition of the all-purpose Poor law in 1948, the British personal social services developed from a high degree of specialisation in the early stages towards a unified social service in the late 1960's. In the 1950's the fragmentation of services led to calls for greater coordination between the different departments. This process was closely linked to an increasing interest in the family, both as a source of social problems and, consequently, as the group to be targeted for their solution. The fragmentation had, however, gone too far for cooperation to be a feasible solution. In 1968,

⁷⁴.Jones 1984 p 127

⁷⁵.Ibid p 71

therefore, the Seebohm Committee proposed the setting up of a unified and comprehensive family service.

Second, running alongside this development was the issue of the relationship between the social services and income maintenance, or money and social work as we have put it. Here we first questioned the understanding of the 1948 division of money and social work as a decision on principle. We found that rather than being a reaction to the hated means test of the Poor Law, the separation was first and foremost a natural bi-product of the setting up of a national social assistance scheme. The emphasis on families and prevention in the 1950's brought about a renewed debate about the desirability to give local authority social workers the power to allocate money to clients in particular circumstances, for example when the break-up of a family was threatening. The Ingleby Committee recommended that such powers should be given. In the run up to the 1963 Children and Young Persons Act we found no fundamental questioning of the re-introduction of money into social work. On the contrary, the Labour Party (as the Party responsible for the 1948 split) and the social work organisations (as supposed upholders of the principle) proved to be the most outspoken advocates of the new powers being given.

Third, the development of social work training reflected the changes in the personal social services: starting from a range of highly specialised and separate courses, the process towards the unification of social work training was engineered by Eileen Younghusband, and found its final form in the generic social work of the late 1960's.

6. Comparative Conclusion: The Contrasting Developments of

British and Norwegian Residual Services

For the purpose of analysis we will distinguish between social assistance on the one hand and personal social services on the other. While assistance covers the successors of the income maintenance component of the poor laws, personal social services are defined as the modern day version of similar services offered as an adjunct to the allocation of poor relief. The third part considers the development of social work training.

When we discuss these services in relation to the residual- institutional dichotomy, our main objective is to assess the extent to which approaching these services alters the status of the individual client. The status of the client is, furthermore, itself an independent variable: low status clients will be seen to reflect low status on the services exclusively used by them. In the words of Titmuss: "Separate state systems for the poor, operating in the context of a powerful private welfare market, tend to be poor standard systems" ⁷⁶. Our material allows us only to speculate about the clientele's experience of approaching services. A more conclusive assessment would depend on empirical interview evidence. For our period of analysis, no such material exists for either country. We are therefore forced to start with the other side of the equation, the status potential of services, and infer from this. Pinker argues that "social services are used to impose sanctions as well as to confer benefits upon their clientele" ⁷⁷. In the Poor law the relationship between the two functions was clearly complementary: through imposed negative sanctions in the form of lost citizenship rights and resulting stigma, the expenditure on benefits was curtailed. In the postwar successors to these services both countries have explicitly set out to eradicate the deliberate imposition of stigma; indeed a main objective has been to avoid association with this part of the heritage. Still, the memory of the Poor Law is long-lived, and in both countries it has proved difficult to escape the "stigma by association" directed at services that are seen by the general public as its descendants. Commenting on the British post-war experience Spicker concludes that: "The stigma of pauperism, which had seemed to be the result of a conscious policy, has proved greatly resistant to abolition" ⁷⁸.

Selective social services are by their very nature less accessible than universal services. While from one perspective it is an administrative means of targeting the services to those whose needs are greatest, selectivity, through the imposition of a means-test for example, adds to the individual client's potential resistance towards approaching that service. This is, of course, only true of welfare schemes traditionally associated with stigma. A service that enhances the recipients status, such as a competitive scholarship, is enhanced by its selective nature. We also need to specify which client categories we are concerned with when we assess a service according to its stigma potential and resulting level of accessibility ⁷⁹. If a service is exclusively targetted at the poorest and most stigmatised sections of the

76.Titmuss 1979 (1968) p 143

77.Pinker 1971 p 144

78.Spicker 1983 p 27.

79.While Titmuss and Jones (1985) refer to the "acceptability" of a service, we choose to use the term "accessibility" because this highlights the obstacles which its potential clients need to surpass in order to seek assistance.

population, this does not necessarily mean that the service is less accessible to these groups than would be the case with a less selective service. We believe that the experience of stigma and the effect it has on a person's action involves thresholds and watersheds. The first visit is likely to be the most difficult. If, therefore, an individual or a family has a history of assistance and social work dependency stretching perhaps over several generations, the resistance towards seeking benefits and exposing oneself to the sanctions will probably decrease. This argument does not lend support to theories of "cultures of poverty", it is just a statement concerning human adaptability. The test of accessibility is therefore the extent to which the general public feels able to approach any of these services in situations of need.

Social Assistance:

In the first two post-war decades Norway continued its approach of breaking down the Poor Law from without through the successful extension of social insurance. When the time finally came to reform assistance in the mid 1960's, the size and the composition of the clientele was seen to favour a continued cash/care multifunctional localised service. The composition of the clientele (or rather, the perception of this) favoured a continued emphasis on care, now in the guise of "social treatment". In their assessment of entitlement to assistance social workers were given wide discretionary powers. With only vague rules for entitlement, this opened the possibility of taking means into consideration in addition to the need of the client when the extent of help was decided. From the client's point of view, assistance could not be claimed, and it is therefore difficult to describe assistance as a right. The service was furthermore highly selective in that it was in effect targeted at the poorest segment of the population. With reference to the index of residuality set out in the introduction to this thesis, we can therefore conclude that the Norwegian assistance scheme continued to feature strong similarities to the Poor Law, and can therefore be described as a service that embodies strong residual traits.

Britain, by contrast, started out by changing the nature of assistance as early as 1948. Furthermore, in the years that followed, the failure of insurance to incorporate and contain the groups for which it was designed brought about continued reform of the assistance scheme.

These reforms were, however, not targeted at the clientele for which assistance was originally intended. Around 1960, therefore, attempts were made, to create a two-

tier assistance, one level for the latter group and a better service for the "deserving" claimants, in particular the elderly and the disabled. These attempts failed, however, and the result was an enhanced service for the entire assistance clientele, introduced in 1966. Except for the changes in 1948, where there appears to have been a deliberate aim to enhance welfare for all, the ensuing elevation of assistance can therefore, from the perspective of the residuum, be described as "institutionalisation by default". After a short post-war period in which the structural theory of poverty dominated the British scene, the 1950's saw a return to a more pathological approach to the problems of the poorest segments of the population. This resulted in a renewed desire to recreate a "fourth division of welfare" for the residuum. Thus the important 1966 reforms in particular could have turned out very differently had the Labour Party been successful in enacting the Income Guarantee. The residual scheme proposed as an adjunct to the IG would most likely have shared many characteristics with the Norwegian scheme of the same period. This would have involved greater discretion and other forms of social control of its clientele. As we will see below, the recreation of "the fourth division" was instead introduced in the personal social services with the 1963 Young Persons and Children Act. From 1966 onwards the administration of assistance was furthermore merged with that of social insurance. While assistance in itself had been largely freed from exclusive association with the poor, this merger further diminished such association.

Throughout our period of analysis assistance was increasingly allocated according to nationally established rules that give claimants access to non-discretionary benefits awarded after a test of need. Although we are aware of the problem of "administrative discretion" in a highly complicated, if rule-guided scheme, we will argue that by comparison to its Norwegian counterpart British assistance developed into a income maintenance for which people could make claims when they found themselves in any one of its defined need situations. If we accept that this scheme also featured elements of discretion, we still find it very important that this was not carried out by social workers with additional powers to provide services for, and impose sanctions on the clients.

We can therefore conclude that the British assistance scheme proved more successful in escaping the residual model out of which it, like its Norwegian counterpart, originally grew. While the British welfare state ended up with a large welfare residuum served by a not so residual service, Norway continued to offer a highly residual service to a small minority of those relying on public income maintenance.

Pinker argues that: "if we are genuinely concerned to reduce the incidence of stigma in social welfare, we ought to give much more serious consideration to the proposition that the most anonymous forms of social provision tend to be the least stigmatising, and the most personal forms of social service are likely to be the most humiliating for the beneficiary" ⁸⁰. The continued "personal" nature of assistance in Norway is the single factor that contributes most to its lack of accessibility compared to its British counterpart. One final point can be made from the Norwegian evidence. The departure of the "deserving" clients (elderly and disabled in particular) through their incorporation into social insurance, is, seen in isolation, likely to have increased the stigma of assistance even compared to the poor law. Although the nature of the service is less stigma-imposing, the composition of the clientele outweighs this improvement ⁸¹. This suggests that the single most important factor in determining the extent of stigma in a service is the nature of its clientele. This conclusion corresponds to that made by Spicker in his study of stigma in the social services ⁸².

Personal Social Services:

In both nations the personal social services encompass a wide array of activities. In order to compare like to like in this "ill-charted territory" ⁸³, we need to impose an operational definition. Ours has been determined by the questions we set out to answer. Hence the PSS is made synonymous with the local authority social service departments (SSD's) and we have further limited the analysis to the services provided by professional social workers. The obvious difference between the Norwegian scheme and its British counterpart is that the former retained the allocation of assistance as a main function around which the service was constructed. When we compare this to the British service, particular emphasis will therefore be given to the reintroduction of cash payment in 1963.

Money and Social Work in the PSS:

As we have seen above, the reintroduction of cash in the English personal social services was the end of a process that started with the "discovery" of the "problem

80.Pinker 1971 p 151.

81.Here it should be noted that the more "humane" social treatment, from the clients point of view, can be seen to impose stigma of a nature similar to the explicit impingement of freedom and status in the personal contact between helper and client in the Poor Law.

82.Spicker 1983 p 124.

83.Jones (1985 pp 172,173) claims that the PSS "happens to be one of the least researched and least documented areas for comparative study".

family" in the late 1940's. The subsequent focus on the family in general, and preventive work targeted at the family in particular, resulted in demands for social workers to be given powers to allocate cash as a preventive measure.

In Norway similar developments can be traced. Although there was no reference made to "problem families" as such, the perception underlying this term was very much shared by the policymakers behind the 1964 scheme. Here the clients were mainly seen to be suffering from "social disabilities". In rehabilitating them money was seen to be insufficient in itself. On the contrary, the Minister of Social Affairs considered the allocation of cash without accompanying case- work and control to be directly harmful to the client. Rather than being the cause of the problem of people approaching the social services, money was seen to be merely the "presented problem".

The Norwegian plans in the early 1960's went further than the Ingleby proposals by referring to money as a "therapeutic means". Still, a critical assessment of the application of the powers given to British social workers in 1963 suggests that in practice the 1963 scheme shared important similarities with the Norwegian counterpart. In his analysis of the implementation of Section 1 of the 1963 CYP, Jordan describes how a new category of income maintenance clients is created by the Supplementary Benefit Commission and other agencies that make referrals to the personal social services:

"Social workers' willingness to do preventive work, their anxiety to take earlier referrals of client's problems, to forestall by intervention rather than to wait for disaster, has encouraged other agencies to identify large numbers of "welfare cases", and to send them to social service departments for all their needs. They see "welfare cases" as specially needy people who cannot make proper use of ordinary provision."

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According to Jordan, it was the new power under Section 1 that enabled social service departments to meet needs that would otherwise be met through SB, usually in the form of discretionary Extra Needs Payments. After a period of nearly two decades in which Britain had achieved a system where most claimants in need of assistance had received comparatively equal treatment (and this at a relatively high level due to all the "deserving" claimants), it appears that the 1963 legislation contributed to a recreation of the English "Fourth Division of Welfare"⁸⁵. While this development involved (and indeed resulted from) a return to "pathology theory"

84.Jordan 1976 p 161

85.Pinker 1974.

in Britain, this theory was never seriously challenged in a Norway where, the poorest continued to be kept in a separate world of combined cash and care/control.

The move towards a unified social service also finds its counterpart in Norway. In Britain this entailed a unification of different professionally staffed departments. As we have seen only a minority of Norwegian local authorities had established social service departments in 1964, and only in the largest cities was there any form of specialised department. However, the Norwegian lay committees were highly specialised and they put up great resistance towards what they considered a threat to their role and function.

From the outset after the war the British personal social services covered much wider need categories than its Norwegian counterpart. The different departments, which were eventually unified into one SSD, comprise services for the elderly, the disabled, and children, as well as more traditional Poor Law clientele amongst whom material want plays a central role. In Norway, by contrast, the continued cash/care multifunctional nature of the service ensured that the clientele was defined by, and in effect limited to, those seeking help for reasons of material need. Jones describes the PSS as the "first aid service" of the welfare state ⁸⁶. As regards income maintenance the Norwegian scheme can better be described as a "last resort" service, only to be approached in the absence of any other solution to the problem.

This brought about a very different degree of accessibility in the PSS of the two nations. While both countries strove to create a family service open for all and freed from association with the Poor Law, our evidence suggests that in this area too Britain was more successful than Norway. There are two reasons for this. First, the British PSS were larger both in need categories and in size of population covered. While the individual SSD's of the late 1960's served an average of 50 000 people, the Norwegian figure was more in the region of 3-10 000. In the case of an inherently stigmatised service we maintain that a larger, less localised service provides greater scope for anonymity, and thus enhances the accessibility of the service. The existence of non-assistance clientele approaching the British service for meals-on-wheels, home helps, day care facilities and other "acceptable" problems adds to its accessibility by making easier the "point of entry" to the SSD. (Here it can be argued that these functions may have been made less accessible in Britain than in Norway where they were separated from the SSD's.)

⁸⁶. Jones 1985 p 172.

Second, while professional social workers constitute only one in ten employed in the British PSS, the Norwegian offices are, the administrative workers apart, almost exclusively staffed by social workers. In both countries social work is traditionally associated with the poor⁸⁷. The greater presence of social workers would therefore in itself make the Norwegian service the less accessible. This difference is, however, intensified by the particular nature of the Norwegian PSS outlined above. The allocation of cash to the poorest and least "deserving" need categories further decreases the accessibility of the social work service. Even the hypothetical situation of a levelling out of the social worker presence in the two countries would, therefore, still leave the Norwegian service less accessible than its British counterpart.

Social Work Training:

The development of social work education features greater similarities between our two countries than is the case for the personal social services. While the development of services was much more influenced by existing administrative arrangements, the professional side of the equation was more exposed to international influences. The same professional ideals can be found in the plans for social work training around 1960. In fact, the architect of the Norwegian plan was a great admirer of Eileen Younghusband, and his plan owes a great deal to the one drafted by Younghusband in 1959. For both, the guiding influence came from the US.

Younghusband and her Norwegian counterparts also had a shared perception of the clientele. We remember how Lillian Bye stressed the change in needs resulting from improved material standards. In 1964 Younghusband writes: "the seas of poverty have been swept back and the basic material needs of life met at a minimum standard from the cradle to the grave". In this situation she calls for a return to the positive emphasis of the social work pioneers in the Charity Organisation Society, "their emphasis on what they called friendship, getting to know "the poor" individually and influencing them through strengthening their will and demanding morally responsible action from them". Recognising the changes since those days, she still adheres to the principles: "We should give very different names to these same things nowadays, while "the poor" have become all those who need help with problems of social functioning"⁸⁸.

⁸⁷.See Jones (ibid) for the British evidence.

⁸⁸.E Younghusband 1964 pp 37,38

The different patterns of academic and professional conflict stimulated by very similar new thinking can largely be explained by the pre-existing differences in training and practice. While in Norway the conflict was between casework on the one hand and a more legal administrative tradition on the other, the British division was between the advocates of a specialist approach on the one hand and the genericists on the other. In both cases it was existing approaches that struggled against the introduction of new ideas (and jobs/dominance).

In Norway the first professional training in social work was established in 1950. Unlike Britain all the Norwegian schools of social work were established (and largely remain) independent institutions outside of the universities. The emphasis was administrative and there was no room for specialisation. When first case work and later the more specific generic approach was introduced, the distinction between the two was not very relevant to the tradition dominating the (small) scene at the time. When there was resistance to starting classes in casework and to employing social workers as teachers, the finer distinctions within the casework approach were hardly relevant. Thus, the fact that genericism was embraced in the Lund report must be understood as an expression of what was the prevailing approach in international social work of the day. Moreover it should be noted that while specialism represented an alternative in the large British social service departments, a specialist approach was less suitable for the Norwegian counterpart. With departments covering a catchment area of only a few thousand people, the norm at first was to employ one or a few social workers in each department. In this situation a generic social worker could probably do a better all-round job than a social worker who had specialised in one area of work.

The obvious lack of sophistication in the Norwegian debate compared to the British does not fully explain why the British conflict centered on the finer details of the casework approach. Another factor might be that postwar Britain had no strong administrative tradition in the personal social services. The Relieving Officer of the British Poor Law is most closely comparable to the officers educated at the first Norwegian school of social work. There was, however, a wide range of specialist courses in existence when Younghusband arrived on the policy-making scene. As most of these practiced casework in one form or another, this aspect of the Younghusband approach posed no threat to the existence of the training programs. It was the more specific generic approach that could eradicate both their reserved jobs and state support for their training programs. Of course, it also posed a threat to ideals which they adhered to.

In Norway, Liv Kluge was the strongest critic of the case- work approach. Although she was outside the main lines of conflict, there was a close counterpart to Kluge on the British scene. Also a from a legal background ⁸⁹, Barbara Wooton employed many of the same arguments in her criticisms of British social work. In her 1959 book "Social Science and Social Pathology" she launches a scathing attack on the present trends in social work. She advocates a return to the attitudes prevailing in the NAB at the time. Here, poor people were seen to differ from other people mainly in terms of income ⁹⁰. Recognising that some of the clients of the personal social services need special attention, she goes on to argue that "people who do not need such attention should not have it forced upon them" ⁹¹. This contrasts with the present preoccupation with the distinction between "presented problems" and "something deeper that is supposed to lie underneath" ⁹². Instead of training in skills similar to those of a psychologist, social workers should, according to her, acquire "a helpful disposition, common sense, a comprehensive knowledge of the different agencies, official and voluntary, which can be brought to bear on a case, and good relations with their local representatives" ⁹³. Although she goes further in her criticism of social workers, there is a clear parallel to Kluge's emphasis on a practical and administrative approach as outlined in the previous chapter.

89. She served as a magistrate for several years.

90. B Wooton 1959 p 294

91. Ibid p 295

92. Ibid p 277

93. Ibid p 295

EPILOGUE

We can now sum up the main findings of this study. Our focus has been on the residual groups for whom both nations reserved a separate form of income maintenance even after social insurance had, fulfilling the visions of the 1940's, successfully expanded to cover all the needs for which it was intended. In defining these groups, both countries emphasised their need for more than just cash. The consequent stress on social control and guidance bore a strong similarity to the notions of the "undeserving poor" prevailing in the era of the poor laws. The extent to which these attitudes found their expression in practical policies, however, differed greatly between the two nations. Here we found the seemingly contradictory situation in which Norway, which in overall terms was more successful in escaping the legacy of the poor law through the creation of a close to universal social insurance on a high level of service delivery, was in fact the country that maintained residual services most in line with the administrative and ideological tenets of the poor law. We described this observation initially as a welfare paradox. Expressed in terms of the models set out in the introduction: Norway features a greater success in achieving institutional welfare while maintaining a small assistance and personal social services more in line with the doctrines of the residual model than does equivalent services in the UK. It is now time to further qualify the notion of this paradox. In order to do so, let us return briefly to the models.

In his analysis of Norwegian post-war welfare development, Tvede concludes that "Norwegian social policy has today few or no similarities to the residual model"¹. In this perspective the remaining assistance scheme is seen as a system designed to be "flexible and able to meet acute problems arising from non-standardised need situations"². The evidence of our investigation into the prolonged existence of Norwegian assistance in its particular form suggests that in addition to the role mentioned by Tvede it plays an instrumental role in the expansion of institutional welfare through pensions. When Gudmund Harlem in the early 1960's argued for the establishment of a separate treatment and income maintenance system for the socially disabled this was both a reflection of his ideas of what could serve these people best, and also a means of excluding them from the insurance-based disability scheme, thereby allowing this scheme to offer income maintenance in accordance

1.Tvede 1983 p 95.

2.Ibid p 104.

with the doctrines of the institutional model. The maintenance of a residual system in Norway therefore appears to be both a functional as well as a political means in the development of institutional welfare. Political because it would have been more difficult to find acceptance for a high-level disability scheme if this had given access to need categories who perceived by the general public as being less deserving, and for whom entitlements to benefits would involve easier access to money to be "wasted on alcohol and bad management". The fact that the system is "small in coverage and administers only limited resources" ³, does not therefore mean that that Norway has escaped the residual model. The idea of a Norwegian "welfare paradox" is, therefore, only valid if we accept that the development of institutional welfare involves the eradication of services of a residual nature. Our evidence suggests that the two systems not only can co-exist, but also that the development of institutional welfare may necessitate the maintenance of residual services for those not found "worthy" of incorporation into the institutional welfare schemes.

The notion of a one-dimensional relationship between residual and institutional welfare, on which the understanding of a Norwegian paradox hinges, is, we believe, an inherent feature of the models as they were employed by Titmuss. This must be understood in the light of Titmuss's sharp distinction between the economic and the social markets. For Titmuss the developed welfare state, and thereby institutional welfare, necessitated a rejection of the values of the economic market ⁴. In this rejection he ignored not only the voluntary sector, but also the means by which the incorporation of economic values into social policy could enhance rather than undermine the welfare state. In Norway we saw how the increasing emphasis on market values through the growth of earnings-related pensions secured the continued enhancement of this scheme, as a real alternative to the welfare offered through the private and occupational insurance market. While Titmuss appears to view the "hand-maiden model" as little more than a more developed form of residual welfare, our evidence suggests that the strength of the Norwegian institutional model is its incorporation of elements of "hand-maiden welfare" ⁵.

3.Ibid.

4.It is tempting to view this rejection in the light of Titmuss's transformation from an insurance man to a scholar and advocate of social welfare. Indeed his normative basis played an instrumental role in his assessment of social policy. While this transfer to normative science was a healthy reaction to the ideas of dead ideologies prevailing in the social sciences of the 1950's, Titmuss's "commitment to welfare" opened up new scientific pitfalls.

5. This corresponds to Tvede (Ibid p 97) who describes the Norwegian model as "institutional-handmaiden".

Titmuss's writing must furthermore be understood in light of the particular British experience about which he wrote. Even before the war Britain had a much stronger tradition of private and occupational income maintenance programs. While Beveridge appears to have maintained the role of market values in social welfare through continued reliance on the insurance principle, his intention in doing so was to limit the scope of public insurance, and in this way ensure room for the continued growth of the private insurance sector. In effect, therefore, the particular arrangement of British contributory pensions decreased rather than increased the emphasis on market values within public welfare.

Furthermore, this rested on a British tradition of separating economic policy from social policy. The labour movement contributed to this, not only by securing its vested interests in the occupational welfare sector but also through a more direct hostility towards public welfare measures. The best example of the latter is the opposition to family allowances in the 1940's. Hilary Land argues that "sections of the Labour movement opposed family allowances on the grounds that they would restrict trade union freedom in wage bargaining"⁶. In Norway the Labour movement took a much greater interest, and through corporate channels played a much greater role, in the development of public welfare. While this has contributed to the strength of the Norwegian institutional model, the British experience resulted in a gradual residualisation of social insurance through low coverage and insufficient benefits. The other side of this coin was, as we have seen, a greater emphasis on the services aimed at alleviating poverty. The improvements in assistance in the 1950's and 60's were therefore both a result of the failure of insurance, and also a continuation of the preoccupation with the poor in the Webb tradition of the Fabian intellectuals who filled the vacuum left by an inactive union movement in the shaping of Labour's social policy. We can therefore conclude that Britain in our period of analysis moved in the direction of a residualised institutional model for social insurance and an institutionalised residual model for social assistance.

While we find the Titmuss models helpful in describing the differences in the social assistance and personal social services in the two countries, they are less helpful in highlighting the different development of social insurance. On this side of the equation, Mishra's distinction between the "differentiated" welfare state on the one hand and the "integrated" welfare state on the other provides a more helpful framework. In accordance with the first of these models, the British approach has been limited to "correcting the tendencies of a market economy". The Norwegian example, by contrast, follows the integrated, or corporatist, model which

6. Hilary Land in Hall, Land, Parker and Webb 1978 p 228.

"recognises the need to harmonise the economic and the social within society as a whole" ⁷.

The distinction between selective and universal services has furthermore played very different roles in the welfare state building of the two countries. In Britain universality was seen as an end in itself. One way of understanding this is through the symbolic power of the means test, in particular the household means test of the 1930's, as an embodiment of the repressive "welfare" that the post-war welfare expansion was aimed at eradicating. As we have seen, the universality of the 1940's was, however, built on shaky foundations, and fostered more selectivity in the long run. In Norway the more pragmatic approach allowed a continued element of means- testing as a factor in achieving greater redistribution through welfare: i.e. a greater integration of economic and social policy. When we assess the role of universality and selectivity in relation to institutional and residual welfare we must therefore consider the particular arrangement by which both were implemented. In Norway the means test was maintained to exclude the top earners, as a means of elevating the level of the pension before the ultimate aim of universality was achieved. Selectivity therefore became an instrument in the achievement of institutional welfare in the long run. Conversely, the premature British universality fostered selectivity and a gradual residualisation of welfare.

In his seminal article "The Social Division of Welfare" Titmuss highlights the division between social welfare on the one hand and fiscal and occupational welfare on the other ⁸. This highly politically motivated article is an attack on those who argued that the provision of welfare benefitted the poor only and impoverished the middle classes. By defining social services by their aim rather than by the administrative and institutional devices employed to achieve them, he shows that more services are offered through the two latter channels of welfare. Moreover, they are redistributive in favour of the better- off. Two aspects of this article are of interest to our analysis. First, Titmuss raises, but chooses not to answer, the most important question in relation to the public services. Having recognised that fiscal and occupational welfare is allocated according to merit he asks "whether and to what extent social service dependency benefits should be related to occupational and income achievement" ⁹. Judging from his rejection of market values in public

7. Mishra 1984 p 106. He also describes the differentiated model as the "Keynes-Beveridge" approach. As we have seen, British social policy diverged little from the principles laid down by Beveridge and condoned by the Labour movement.

8. Abel-Smith and Kay Titmuss Editors 1987. We will in the following use the term "public" instead of "social" because we, like Sinfield (1978 p 130) feel that "social" does not denote public provision sufficiently clearly.

9. Ibid p 52

welfare, our guess is that his answer would have been that such criteria should not be employed in the allocation of benefits.

Our evidence concerning pensions suggests, as we have argued, that the inclusion of such considerations has contributed to the growth of and political support for public welfare in Norway ¹⁰. Social policy in a capitalist society can do little more than modify the existing inequalities. The role of social policy is determined by whether policy makers accept this fact and allow policy to reflect these inequalities, thereby playing an active role in modifying them. This is the Norwegian approach.

Alternatively, they can chose to keep to the straight and narrow path by not allowing pure welfare to be tainted by the inclusion of market values. If this is the solution adopted, social policy can become little more than an adjunct to society, and while "pure" it allows market forces to reign elsewhere, outside the societal control to which social policy could otherwise contribute. The purity of British social insurance has therefore contributed to its residualisation.

While the Norwegian corporate influence has enabled an integrated welfare, this has also drawn attention away from the residual world of social assistance. Conversely, the inactivity of the British corporate sector has allowed a preoccupation with the alleviation of poverty to continue as a main social policy objective. This leads us to the second aspect of the social division of welfare. While it was important in the 1950's to highlight the divisions between public and non-public welfare, the development since calls for analysis of the social divisions within public welfare also ¹¹. The other side of the corporate coin in Norway is a much stronger division along these lines. Attention was drawn towards the expansion of social insurance, while assistance was left to obscurity, and expected to vanish in the process. The success of insurance in incorporating the majority of the assistance clientele strengthened this tendency and left the field open to professionals and civil servants who "re-created" the poor law under the more humane disguise of "social treatment" in 1964. Resulting from this is a strong social division between assistance and insurance ¹². But divisions have also been encouraged within insurance by the inclusion of a strong-earnings related element. In this picture fiscal and

10. We should note here that also Britain introduced earnings related pensions, but that the scope of these was curtailed by the "contracting out" arrangements. See ch 4.

11. Titmuss's article set the agenda for British studies into social divisions of welfare for the years to follow. Reisman (1977 p xi) argues that "the model was used thereafter to justify a moral indictment of the fiscal and occupational systems of welfare: a seal was set upon the the division between the ethics of work and the ethics of welfare which was to last for another twenty years".

12. Leibfried and Tennstedt (1985) have arrived at a similar conclusion in their study of the "spaltung" of the German welfare state. Here, a much larger assistance scheme (Sozialhilfe) has made the cleavages clearer.

occupational channels continued to play a relatively marginal role in Norway. What this arena could otherwise have contributed was largely incorporated into public welfare.

In Britain, by contrast, the main division was increasingly, as Titmuss pointed out, between the public on the one hand and fiscal and occupational channels on the other. This was both a product of, and further facilitated by, the residualisation of public welfare: following Beveridge, public welfare was restricted to acting as a safety-net above which fiscal and occupational channels offered "standard security". Once this relationship had been established, it facilitated the growth of private pensions, and thereby tapped from the public sector economic and political resources, first through the need for private schemes to supplement the inadequate benefits of the 1940's and 50's and, later, through the system of "contracting out" from the state earning related programs. The other side of the coin is, however, a much less socially divided public income maintenance in Britain. While this has been detrimental to, for example, pensioners without the recourse to private and occupational arrangements, the British "residuum" has, by comparison to its Norwegian counterparts, profitted from the development. This has, however, involved maintaining a much larger welfare "residuum" in Britain.

Sinfield argues that studies into the social division of welfare, if carried out cross-nationally between basically capitalist societies, "will advance the understanding of not only the welfare systems but also the class structure of these societies" ¹³. While we feel that our analysis has cast light on the former, we shall be more cautious in drawing conclusions about the overall class structure from our evidence. We feel, however, that the unequal development becomes more intelligible if seen in relation to the internal divisions within the working classes in the two countries. The early experience with self-help schemes through friendly societies reflected and strengthened the divisions between the skilled, well-organised and "respectable" sections on the one hand and the casual, unorganised and "rough" sections of the British working class on the other. This largely explains both the unions' support for the contributory principle from 1911 onwards, and the fear of "scroungers" on the part of organised labour.

In Norway, the much later industrialisation ensured that self help schemes did not have the time to develop before public welfare was put on the political agenda simultaneously with Britain towards the end of the 19th century. This facilitated a more united working class drive for welfare, which in turn prevented existing divisions within the working classes from developing to a degree comparable to that

13. Sinfield 1978 p 132.

of Britain. The inclusion of a strong earnings-related element, together with the relative absence of private and occupational schemes, has furthermore enabled a greater incorporation of the middle classes into public welfare in Norway. Lastly, the other side of the corporate relationship is also very different in the two countries. In Norway, the major influence has been a relatively cooperative industrial capital. Corporate management has furthermore been facilitated by a strong national employers organisation which created channels for corporate bargaining. In Britain, by contrast, the city has dominated a relatively weak and less organised industrial capital in policy making ¹⁴. In addition to providing fewer corporate channels, the city has strong vested interests in non-public welfare through its involvement in the private insurance industry.

Any assessment of the relative success of the policies of our two countries depends on which services are in focus. From the perspective of the majority of old age pensioners and disabled people, including those with no work record, the Norwegian development features greater enhancement of welfare than its British counterpart. If we look at the assistance side the configuration is the opposite. The British welfare residuum profit from services featuring less residual traits compared to those offered to equivalent groups in Norway. If we put the comparison to the utilitarian test and look for "the greatest happiness for the greatest number" the conclusion is two-fold. In the area of assistance the more residual welfare in Norway does "less harm", as it covers only a small minority of the population. In public income maintenance as a whole the Norwegian experience has also proved more successful in providing welfare on a high level to the vast majority of those depending on the state for their maintenance. It should be made clear, though, that this is an assessment of the nature and quality of income maintenance and personal social services only. We have not studied the total welfare of the recipients of either of the three forms of welfare under scrutiny. It is possible, for example, that at the top end, fiscal and occupational welfare provide, together with public provision, a total welfare in Britain which adds another perspective to the picture that we have drawn by focussing on the public arena alone. At the bottom end it is, similarly, possible that housing, education, and other services reverse the configuration and that the total welfare of the Norwegian "residuum" might prove better than that of its British equivalent. Hopefully, though, our study provides some guidelines and inspiration for future comparisons along these and other lines.

14. See for example G Ingham 1984.

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