British Proposals for the Future of Social Insurance and Services

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Sir William Beveridge's report on British social insurance and allied services was presented to Parliament on December 1. The following article discusses the provisions of some of the recommendations made by governmental and nongovernmental organizations to the Interdepartmental Committee on Social Insurance and Allied Services, of which Sir William is Chairman. As the Bulletin goes to press, only a brief summary of the recommendations of the Beveridge report is available in the United States.

BY THE BEGINNING of the twentieth century, British public opinion was coming to realize that pauperism was the symptom of a social disease which should be prevented by social action. This century saw the break-up of the Poor Law with the turning over of special sectors of distress to ad hoc bodies (administering categorical aid), and the growth of national compulsory insurance to provide income when the breadwinner's normal earnings failed through his inability to find work, through sickness or old age. When mass unemployment continued over a long period, it became apparent that the insurance method was insufficient to relieve prolonged distress and that recourse to State funds in the form of outdoor relief or assistance was necessary. After various experiments of paying relief from general taxation to unemployed persons no longer eligible for unemployment insurance benefits, insurance was finally restricted (1934) to short-term unemployment, and the Unemployment Assistance Board was established to administer all State outdoor relief for unemployed workers covered by the contributory pensions acts, as well as the able-bodied unemployed who were not covered.

Throughout the century, with the development of these two techniques for meeting social needs—contributory insurance for certain risks and public assistance through general taxation for others not readily measurable—the tendency to place major insecurity burdens on the Central Government has increased. Today the terms have changed; "pauperism" has been supplanted by "social insecurity," and a consciousness is developing that new methods must be used to deal with social disease. Curative measures for the victims of social distress are not sufficient; as far as possible, through forethought or planning, social distress must be prevented. Prevention applied to the risk of sickness means measures to promote health, preventive medicine, adequate purchasing power for proper food, clothing, and housing, rest and recreation, and knowledge how best to use the means at one's disposal to achieve health. For the risk of unemployment the antidote is maintenance of employment. The achievement of social security involves more and more the functioning of the national economy.

In the evolution of social insurance, increasing emphasis has been laid on service benefits in contrast to cash payments. The trend in workmen's compensation is toward greater use of medical benefits, first to restore to health and then, under medical supervision, to train the injured workman so that he can reenter the labor market and become self-sustaining. In prolonged cyclical unemployment, cash benefits have not proved the remedy. Special services have been resorted to for the unemployed: for the skilled, government training centers in various trades; for the unskilled, instructional centers to restore and maintain employability; and in the case of older persons, victims of prolonged unemployment and unlikely to reenter their old employment, land settlement and group holdings.

Great Britain, in the midst of war, appointed an Interdepartmental Committee on Social Insurance and Allied Services, with Sir William Beveridge as Chairman, "to undertake with special reference to the interrelation of the

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schemes, a survey of the existing national schemes of social insurance and allied services, including workmen's compensation and to make recommendations." Various organizations administering the national insurance systems and services and other nongovernment bodies submitted proposals to the Committee; these organizations include the approved societies, insurance committees, local committees of the national Assistance Board (formerly the Unemployment Assistance Board), the medical profession, industry, the Fabian Society, and Political and Economic Planning (PEP). Thought-provocative on the basic principle and functions of social services, these recommendations provide seasoned answers to many questions which arise in the social security program of any country seeking to satisfy unmet needs, to plug gaps in its services, and to unify them.

The work of the Committee was facilitated by the numerous reports of Royal Commissions and Interdepartmental Committees (*1*) [1] and the spade work of nongovernment organizations. In the health field, a general medical service for the Nation had been proposed by the British Medical Association in 1930 and revised in 1938 (*2*). The constructively critical reports on contemporary social and health services by Political and Economic Planning, an independent nonparty group of industrialists, distributors, officers of central and local government, university teachers, and the like, have focused emphasis on viewing the services as a whole and examining them in relation to each other and to the needs they were designed to satisfy (*3:* p. 9; *13:* p. 2). Action to unify the scope of the programs started in 1941 with legislation to apply the same income limit of £420 for all compulsory insurances and workmen's compensation. However, with no thought of minimizing the great undertaking of the Committee, Parliament's task of conciliating conflicting interests, compromising without capitulation, and achieving a unified system still seems difficult. In Germany, social insurances were reconstructed and coordinated under a dictator. Thirty years ago the Sozialpolitiker Posadowsky prophesied that such a task required "almost the omnipotence and strength of a dictator" (*4:* p. 1).

The most comprehensive proposals submitted to the Committee were *Planning*, by PEP (*5*), and the *Draft Interim Report* of the British Medical Planning Commission (*6:* pp. 743–754). The former outlines a provisional plan for a process of reconstruction which might extend over 30 years. The latter deals with the problems of planning the medical services for the Nation and coordinating them with the environmental and personal public health services. Thirty years of providing medical services for the insured population of Great Britain has given the profession an awareness of medical problems and a realization of the profession's obligation to lead the way in planning for the Nation's health.

The memoranda and proposals do not lend themselves easily to summarizing. Colored by the social outlook or interests of the organization represented, they range from a slightly modified status quo to robust planning. It is significant that all the statements except those which defend the approved society and insurance committee system recommend that cash benefits and medical services be separated financially and administratively. If this were done, cash or income benefits for all the various risks could be standardized and their administration unified. The various medical services provided by the State, medical treatment of the insured and the destitute, the public health services—environmental and personal—and industrial health services would be similarly unified. It is believed that greater coordination between income-maintenance services and medical services could be brought about if they were separately organized. PEP uses the phrase income-maintenance to denote those services which provide the breadwinner and/or his dependents with an income when the normal earnings have failed, and which are payable as a right, without investigation of means or need.

Foundation of Reconstruction

Only one memorandum (PEP) predicates its recommendations for reconstructed services on the maintenance of employment. The relief of insecurity involves a twofold attack on social distress to prevent the occurrence of avoidable large-scale distress and to develop services for its rapid cure. The large volume of insecurity for which mass unemployment is responsible can be prevented by planning. The State must actively plan in peace as in war "the use of our economic

[1] Italic figures in parentheses refer to source material, listed at end of article under Literature Cited.

resources and manpower for 'full employment' and maximum welfare" (*5:* p. 9). In this way, PEP believes, unemployment can be reduced to a minimum, its duration limited to 6 months in about 90 percent of the cases, and its incidence restricted to 5 percent. Without some such assumption, many of PEP's proposals have no point. In a democracy, State planning means that the public freely accepts stronger obligations and compulsions. Employees will have to conform to changes in the structure and control of industry, and citizens must feel obliged "to accept expert advice and skilled services . . . to keep fit or to be speedily restored to health and independence" (*5:* p. 10). "Private control of the means of production," said Sir William Beveridge in an address to engineers, "whatever may be said for it on other grounds, cannot be described as an essential liberty of the British people. Not more than a tiny fraction of them ever enjoyed that right" (*7*).

Scope

The memoranda generally recommend that the scope of social insurance and services be widened to include more of the population of similar economic status and that medical benefits of the health insurance system be granted to dependents. "Employment under a contract" is considered a narrow conception by the conservative National Conference of Friendly Societies and should be changed to the "gainfully occupied" (*8:* p. 117). The Trades Union Congress would include "all gainfully occupied persons irrespective of income as defined in the Personal Injuries (Civilians) Scheme" and persons who though temporarily unemployed are normally engaged and substantially dependent on their earnings (*9:* p. 183). PEP includes every citizen, however small his income, who makes a definite tax contribution according to his means to the social services provided for his benefit, if he satisfies simple statutory qualifying conditions.

Qualifying Conditions

Most of the memoranda agree that the qualifying conditions for cash benefits should be simplified. The liberal view of basing eligibility on status rather than contribution record (except for old-age pensions) is variously expressed: "The basic test for the payment of all allowances (other than in old age) should be that the applicant has not, without just cause, failed to continue or to take up work for which he is medically suitable" (*10:* p. 537); or "every adult wage earner within the scheme . . . who is unable to work for whatever reason" (*11:* p. 476). According to PEP, the fact of payment of the social security tax, not the amount, should determine eligibility; a minimum record of social security tax payments would be required for routine old-age pensions.

Cash Benefits

The consensus is that cash benefits should provide an adequate level of subsistence and should be more nearly equalized for the various risks which cause temporary or permanent loss of earned income. The Trades Union Congress favors a flat rate of £2 a week for the insured person, whatever the cause of inability to work, plus dependents' allowances (*9:* p. 183). According to PEP, the income allowances provided by the social services should meet the basic human requirements of their recipients and provide a decent minimum standard of living, "a financial Plimsoll line" below which no family should be permitted to sink. Gone is any implication that cash benefits are not intended to meet the need. The minimum services provided by the State establish a floor to all incomes under the PEP recommendation, but they are not meant to reduce everybody to a uniform level or to preclude private pension plans, incapacity pensions, or dismissal gratuities—the last two possibly at the employer's expense; occupational superannuation plans in conformity with the Ministry's standards are recommended. There seems to be general agreement among the proposals that if cash benefits were fixed at the subsistence level there would still be ample room for encouragement of personal initiative (*10:* p. 536).

The standardization of sickness cash benefits at the same level as statutory benefits in the other State insurance systems is opposed by the National Conference of Friendly Societies on the ground that sickness benefit includes medical care; "health insurance was never intended to provide complete cover for insured persons" (*12:* p. 137). However, the Conference favors the abolition of additional cash benefits derived from the surplus of the approved societies. These additional benefits upset the relationship between sickness

benefits and the benefits of other risks. Their elimination would also take away the criticism that the amount of cash benefit received depends on membership in an approved society with a surplus and would check the tendency to over-insurance, "a very real danger in the sphere of health insurance" (*12:* p. 136).

PEP outlines the steps necessary to obtain an adequate national subsistence minimum. The financial Plimsoll line must apply alike to normal income and social service income, and consummation requires minimum-wage legislation. To set up an adequate national minimum, a standard of decent minimum human needs must first be obtained. PEP proposes to arrive at this standard through a human-needs budget which will be based on an analysis of the actual spending habits of working families. With suitable economies and changes, such a budget would constitute the basis of a cost-of-living index. The payment of family endowments to cover all dependent children is as essential as minimum-wage legislation in assuring an adequate normal income. Payments or free goods and services would continue regardless of whether the breadwinner's normal earnings failed. The minimum wage would be determined on the basis of the needs of two adults. If minimum-wage legislation based on a human-needs budget and family endowments were in operation, income-maintenance allowances would only have to be provided for the employed person and his dependents other than children, and these allowances could be made more nearly adequate. The rate of routine income-maintenance benefits could be derived from the human-needs standard by deducting from it the items of expenditure unsuitable to the type of case under consideration. The rate for old-age pensions, for example, might exclude carfare and contributions to social security; that for short-term unemployment and incapacity (sickness) might make further reductions for replacements which could be temporarily postponed.

Medical Services

Medical services on a more comprehensive scale than hitherto and available to larger numbers of the population are proposed. In addition to the general-practitioner service for insured persons, provision should be made for consultant and specialist services, nursing, massage, dental and ophthalmic treatment and—recommended in many of the memoranda—hospitalization. PEP advocates that the whole population be entitled to free medical services paid from general taxation; other memoranda recommend that these services apply only to those included in the insurance system and their dependents. The development of the comprehensive service is expected to be gradual.

The three lines of development of medical services outlined in the *Interim Report* of the British Medical Planning Commission sum up the various proposals of the medical profession and laymen. The first—that adopted by the medical profession in *A General Medical Service for the Nation* (1938) and, modified by the proposal of group practice from health centers, still the majority view of the profession—would provide the service of a general practitioner or family doctor of his own choice for every individual and, through the family doctor, the services of consultants and specialists, and of laboratory and other necessary auxiliary services. The medical benefits of health insurance would be extended to include, in one medical service, dependents of the insured, other groups of economic status similar to the insured who are now excluded from compulsory National Health Insurance and their dependents, and the poorest section of the population who are dependent on medical services provided by public assistance.

A national maternity service and hospitalization were not included by the medical profession in insurance benefits; the former should be universally available to all women, and the latter could not be included for practical reasons. In 1938, hospital accommodations were considered inadequate for a guaranteed service, and the two types of hospitals—voluntary and public—were not yet fully correlated. Moreover, voluntary provision for hospitalization was already widely distributed; as many as 10 million persons were enrolled in the British Hospitals Contributory Schemes Association (*13:* pp. 234–235). The Emergency Hospital Organisation (*14*), established by the Government in 1938 to prepare for the war emergency, has coordinated the hospitals, and further measures to integrate voluntary and public hospitals have been promised. It is, however, the declared policy of the Government that patients are to make a reasonable payment toward the cost of hospital benefit (*15:* column 1117).

The second proposal in the Interim Report

envisages a complete preventive and curative medical service, nationally planned and controlled. Physicians would be whole-time salaried officers. Followers of this solution hold that the provision of medical service is a State function like education and that inability to pay should not deprive people of the services. Whether the plan be financed by contributions or State funds, the patient should not be charged directly for the service. The opponents of a State service consider Government control of so personal a service as medicine undesirable. In such a system, they maintain, the intrusion of politics, "the cold hand of bureaucratic control," and the physician's loss of personal responsibility for his patient once he becomes a civil servant would be injurious to the country's health. They also fear that the best-rewarded positions would be administrative and not clinical and that the medical profession would no longer attract first-class men as formerly.

The third or intermediate proposal favors a part-time salaried medical service administered by the Government. Domiciliary medical services would be free for individuals with incomes below a certain level and their dependents, with the cost of the services a direct charge on the Government. Persons with incomes above the specified low level but below a standard figure would have the choice of contracting for the services by paying contributions.

New Benefits Proposed

Family allowances or children's benefits, to be paid by the Exchequer, are recommended in practically all the memoranda, not only to ensure benefits adequate for varying family responsibilities but to combat a decline in population and the sharp incidence of poverty in families with young children. PEP proposes to pay benefits in respect of all children, regardless of the size of the family, in good times and bad.

After nearly a quarter-century of effort (*16:* p. 68) some measure seems likely to pass. Trade-union opposition, on the ground that the payment of allowances would hinder wage negotiation, has succumbed with the endorsement of the principle of noncontributory family allowances at the recent Trades Union Congress. A White Paper on the financial implications of the proposals for a non-contributory or contributory scheme of family allowances at 5 shillings a week for each child has been issued by the Chancellor of the Exchequer (*17*), representing, according to a member of Parliament, "the semi-final state of this discussion, in which the Government, having held an inquiry, now rely on Parliament and public to reveal to them what their convictions really are" (*18:* column 1893). The recent resolution passed by the House of Commons "having regard to the supreme importance of further safeguarding the health and well-being of the rising generation, commends for the immediate consideration of the Government the institution of a national scheme of allowances for dependent children as an important contribution to this vital object" (*18:* column 1946). The inclusion of every child implies that the allowances are to be paid by the State, since the contributory method is administratively cumbersome for a universal benefit for all children.

The introduction of death benefits into the comprehensive compulsory social insurance plan is proposed. The Trades Union Congress would make the benefit £20. PEP calls for the provision of funerals as a measure of economy but more particularly to end "the exploitation, dishonesty and other evil features inseparable from private competitive industrial assurance" (*5:* p. 26). Industrial insurance collects about £65 million a year, distributes "about £33½ million in benefits—at a management cost of £22 million, plus a 'shareholders' surplus' of nearly £2 million a year for the companies" (*5:* p. 6). The conclusion of Wilson and Levy that "the present system cannot be mended, but should be ended" (*5:* p. 26) through nationalization, PEP considers inescapable.

Representatives of industrial life assurance interests, in reply to questions from the Beveridge Committee on the effect of the proposal on their work, stated that it would be detrimental, there was no demand for the benefit, and the public was already covered (*19:* p. 520). Approved societies in industrial insurance companies are carriers for 10 million persons insured under National Health Insurance.

Workmen's Compensation

That industry should take care of its casualties is universally agreed. The memoranda generally recommend a workmen's compensation fund created by compulsory contributions of employers

according to a merit-rating system based on the volume of injuries and diseases attributable to working conditions in various industries. One report recommends the incorporation of workmen's compensation into health insurance but stipulates that, when damages are recoverable at common law, cash payments would not be payable from the social security fund. In case of injury by negligence other than the worker's, the fund would bring suit on behalf of the worker.

Among other proposals are the abolition of lump-sum settlements in the event of death and the substitution of pensions subject to restrictions, and the creation of a compensation board to adjudicate claims and be responsible for referring incapacitated persons to local medical health officers for treatment and rehabilitation.

Workmen's compensation would have no place in PEP's plan of social reconstruction. It is believed to represent an antiquated philosophy of compromise between social ideals of adequate maintenance during insecurity plus services for rehabilitation and the common-law idea of rating in terms of money the damage caused by any kind of loss—from a limb to a breach of promise. Its different functions—income-maintenance, preventive and restorative treatment, discovery of facts and causes, and judicial decisions of responsibility—should be separated. Income would be paid through the Social Security Office, and if a prima facie case exists the Minister of Social Security would institute proceedings for damages at common law against persons responsible for accidents through negligence. Any sums awarded would go, after deduction of costs and social security benefits, to the injured workmen. Medical services outside the factory, for diagnosis, treatment, rehabilitation, and research, and the payment of necessary transportation costs come under the Nation's general medical services; factory protection—first aid, safety, and inspection—and vocational training and social rehabilitation would come under a proposed joint Industrial Health and Rehabilitation Board of the three Ministries of Health, Labour, and Social Security. A special service for placing disabled employees would be part of the Board's work.

Services for the Unemployed

Under PEP's assumption of State planning for full employment, the long-time unemployed are seen as problem individuals and not workers in problem industries. Measures proposed for promoting greater security of employment include a statutory requirement of 2 weeks' notice of dismissal; modernization of placing services to make it compulsory for employers to notify the employment office of all vacancies and for all workers who change jobs to register their availability for work; and use of the transfer, training, and reconditioning services as channels of reemployment. The State's promotion of geographic transfer of labor, i. e., labor mobility, would be bound up with the planning of industrial location and would aim at permanent results.[3] With such measures in operation, unemployment benefit would be routine, with no extension of benefit for workers with good employment records.

On exhausting the routine 26 weeks' benefit the worker would be offered three choices: transfer to work elsewhere; training for a new occupation with payment of a proper trainee's wage, followed, if necessary, by transfer elsewhere; or employment on a State reserve work project of nonurgent but useful public work. The State reserve work could be used for persons unsuited for transfer or vocational training. Independent workers not under a contract of employment would be brought into the program. By these means, persons unfit for employment would be sifted out and passed on to the case-work department for individual treatment. Obviously, for those whose fitness is dubious on medical grounds, free medical services and the equalization of routine cash benefits for unemployment and incapacity are essential to facilitate proper placement. When medical treatment is needed, there would no longer be any inducement either to remain on higher unemployment benefit or to transfer from incapacity to unemployment benefit.

Financing

Most proposals adhere to the traditional method of financing through flat-rate contributions from wage earners and employers and a State subvention; one contribution would cover all services. The trade-unions advocate that the State pay half. The Association of Approved Societies, which would administer cash benefits for in-

[3] The success of Government training centers in the past is considered due to their insignificant dimensions. They were adapted to the estimated capacity of private industry rather than to active planning for reemployment

dustrial injury along with health insurance, proposes that, since workmen's compensation is discontinued, employers contribute according to their capacity to pay and that employees pay a percentage of earned income, not a flat rate (*10:* p. 536). The contributory method supplemented by general taxation is rejected by PEP in favor of universal direct taxation. It is foreseen that the change-over to universal direct taxation may involve a lengthy transitional period.

PEP's argument is that a crisis in the contributory insurance method is likely to arise if the demands to include dependents, increase cash benefits, and provide specialist medical services are met. Large contributions would be required, and more than in the past they would partake of an employment tax imposed on employers and a poll tax on workers, without regard to the latter's earnings or dependents. If contributions were "zoned" according to earnings, "whether or not it would be expedient or justifiable for the employers' and the State's contribution also to be zoned" (*5:* p. 28), the workers' zoned contributions would probably result in a demand for zoned benefits. A higher contribution rate would have to be met by a higher benefit rate.

The principle accepted in unemployment insurance that, when insurance benefits cease, general tax funds carry long-term risks might be extended to other long-term pension risks. In this connection, employee societies (the National Federation of Employees' Approved Societies), whose funds presumably feel the extra drain of disablement benefits, propose that the Central Government supplement or be responsible for long-term disablement benefits (*20:* pp. 392–393). According to PEP, the State now pays a large share of pensions, more than 66 percent, from general taxation and by 1965 the State's total share might reach 75 percent. It is certain that, for long after 1965, contributions will continue secondary to taxation in financing pensions. Before the contributory pension system matures, the State's share of payments will be high because of temporary pension charges, and after its maturity the State's share will continue substantial because of outlays for pensions at age 70 to persons subject to the means test, Assistance Board supplementary pensions, and sums to cover any deficiencies due to deviations from the record of the "ideal" pension contributor. Actually, each year's contributions are treated as current funds available for meeting current pensions, and the deficit is covered from taxation. "The contributory pensions scheme—involving extremely intricate and uncertain long-term actuarial forecasting—is an unnecessary system of make-believe. The pensions system as a whole is made to appear as if it is ultimately going somehow to become 'self-supporting'—an event which may only come to pass in the middle of the twenty-first century. The misleading fiction might with advantage be dropped" (*5:* p. 30).

An objection to the use of contributions for short-term risks and taxation on the present or traditional basis for long-term risks is that a wider range of long-term services would appear to be provided for workers without their having "paid in" anything or having had any personal responsibility, thus fostering the "Santa Claus State"—something for nothing. Direct universal taxation would make each person feel he paid and would strengthen his responsibility.

"Stripped of its financial mysticism, contributory insurance" functions as "an indirect method of setting aside an aggregate share of each year's national income to be distributed each year" among persons deprived of their normal incomes and as a "mechanism for splitting up the aggregate share of the national income reserved for the incomeless into individual shares. It builds up millions of individual accounts of present and future claims to specified shares of the national income, and provides a series of semi-automatic routine tests by which an individual's claim to draw on his income-maintenance account can be admitted or rejected" (*5:* pp. 30–31). Both of these functions could be financed more simply by a direct tax on every citizen—in the former case, by earmarking each year the aggregate share of the national income necessary for income maintenance, and, in the latter, by attaching appropriate qualifying conditions to the receipt of social security benefits.

"Social insurance has a mental climate, but no real unifying philosophy. It is neither genuinely 'social' nor genuinely 'insurance' but an empirically evolved compromise—crystallising a set of social and economic relations which are becoming outmoded—between the philosophy of genuine social pooling of all major insecurity burdens and the philosophy of genuine commercial insurance of

all insurable risks" (*5:* p. 31). In social insurance, which is and had to be compulsory to provide for persons most in need—in general the commercially uninsurable risks—the individual has only such rights as the Government sees fit to grant. There is no contractual basis as in commercial insurance. The commercial insurance concept of the contractual right to equivalence of premiums and benefits is manifest in health insurance in the freedom of approved societies to reject poor risks, and, in unemployment insurance, in the provision that a good employment record, i. e., more contributions, entitles to benefits for a longer time. The ends sought in public services are fundamentally different from those of commercial insurance. "A reconstructed income-maintenance system should abandon all traces of commercial insurance and create a financial and administrative structure which can be used to foster a new outlook of responsible citizenship among its beneficiaries. It should be based fully on the idea of national pooling of insecurity burdens, financed by individual taxation of each citizen according to his means" (*5:* p. 32).

Social security tax.—The general lines of reform indicated by PEP as necessary to effect universal direct taxation call for (1) one method of direct income taxation as far as possible, (2) abolition of the tax rebate for children covered by family endowment and for the first adult dependent, and (3) tax assessment on current income with deduction from current earnings. Regardless of whether all direct taxation is made universal, the social security fund should be levied in this way. If income tax for other purposes were levied only on citizens above a certain income level, a specific social security tax could still be levied. The stability of the social security fund should be safeguarded and a separate social security budget estimated and presented for adoption at 5-year intervals.

The social security tax machinery might consist of a registration fee and a social security contribution. The registration fee would be a low minimum tax, payable quarterly by everybody, possibly 12s. for men and 6s. for women and young people. The social security contribution would be a specified percentage of current income—e. g., one-tenth, or 6d. per 5s., with allowance for the registration fee—deductible whenever possible from current earnings and in other cases (independent workers, for example) collected by the Inland Revenue Department.

A social security tax book, given the taxpayer in return for payment of the first registration fee, would supplant contributory insurance cards. A weekly stamp affixed to the tax book would show the fact of payment but not the amount paid. Different colored stamps might be used to indicate release from contributing during unemployment or incapacity. The employer would deduct from earnings and stamp the tax books. Monthly or quarterly, he would send the Inland Revenue Department a check with the report of his total pay roll for the period. Other persons and borderline cases would be handled directly by the Inland Revenue Department. Once a year, when exchanging his tax book for a new one, each social security taxpayer would re-register.

Social Security Administration

Under PEP's recommended divorce of administration of cash benefits and health services, the proposed Social Security Ministry would administer all incapacity cash benefits. It would take over the income benefits of workmen's compensation and, jointly with the Ministries of Labour and of Health, would administer or supervise services for industrial health and safety and for rehabilitation and retraining of injured workers and the State funeral benefit. Approved societies would cease to administer incapacity cash benefits. "The only Approved Society which is needed is the Nation itself. Public administration of all incapacity benefits could eliminate the waste, overlapping, and fantastically complicated machinery for quinquennial valuations, reserve values, transfer values, contingencies funds, partial pooling of surpluses, deposit contributors' funds, etc., which are bound up with the Approved Society system. A much simpler and more intelligible type of administration of cash incapacity benefits, either through local health centres (if established) or through the local offices of the Ministry of Social Security, is all that is needed" (*5:* p. 19).

Central administration.—PEP's plan calls for coordination of the Social Security Ministry's work at all levels of administration with that of the Ministries of Labour and of Health, local health authorities, and perhaps local education authorities. At the top, a Ministerial Executive

is recommended, composed of the three Ministers, and possibly the Minister of Education, with a permanent secretariat.

In general, the proposals recommend the popular device of a Social Security Statutory Commission to maintain stability and continuity in administration and to view the operation of the plan objectively. Modeled after the Unemployment Insurance Statutory Committee, the Commission, according to PEP, would have no administrative responsibility, but "more than advisory functions" (*5:* pp. 13–14). Suggested functions are: a constant review of the financial condition of the fund with an annual report to the Minister; advice on all matters referred to it by the Minister; report to the Minister or Parliament on such proposals for new legislation or administrative regulations as the Minister might be required by statute to submit to the Commission before parliamentary consideration; the right to conduct at its own discretion special investigations, make recommendations to the Minister, and consider representations on matters of policy from interested persons; responsibility for appointing an inspectorate "to check the efficiency and humanity of the Ministry's administration" and for appointing local and national appeals tribunals to settle disputes between the Ministry and its clients.

Local administration.—The Trade Union Approved Societies, an organization of approved societies which favors the abolition of the society system, recommend a coordination of social services which would embody the best features of approved-society administration. "The aim should be to preserve as much as possible the friendly non-bureaucratic character of the present Approved Society system. . . . Attached to every district office there should be a local committee representing the insured persons in the district. These committees should have the oversight of the district offices, and should have power to vary the benefit-paying arrangements to suit local conditions" (*11:* p. 477). According to another group, the Association of Approved Societies, "The first fundamental point is to recognise the administrative unit as the small local group (possibly called 'The ——— Welfare Society') and not as the national aggregation" (*10:* p. 537). They propose regional organization under a regional commissioner assisted by a regional advisory council. Emphasis on personal welfare calls for general direction by a commissioner "over a field no larger than a region," where the commissioner should be free to "develop his own way of handling particular problems." For managing services which by agreement require national treatment, the commissioners would sit as a body.

Under PEP's plan, the Social Security Office would be the local unit of administration but would delegate certain of its functions to the employment exchange and the health center. Within the Social Security Office there would be routine departments for children's benefits, pensions, and funeral benefits. The social welfare department would handle all nonroutine cases requiring investigation of individual needs and circumstances, decision as to the necessary treatment, and payment of cash benefit. This department would be the single omnibus case-working agency for all the income services, taking over residual cases and problem individuals and fusing the present Assistance Board and public assistance services. The local employment exchange would register and place workers, ascertain an individual's right to employment, and pay the benefit. In the local health center a special incapacity benefit office would pay incapacity benefits, thus coordinating medical welfare and income-maintenance functions. Regional administration of certain special institutions and regional supervision of the administration are advocated.

Aware also of the need of local flexibility in administering the local office of a national agency, PEP proposes a system of administrative tribunals and advisory committees to be composed of public-spirited local citizens. The tribunals would settle disputes between the Ministry's officers and applicants, and advisory committees would assist the Minister on matters involving the use of discretionary powers and keep his office informed about local opinion and conditions. Members would be chosen from individuals in the locality who are experienced in social problems and services, and work of value should be assigned them. If their functions are unimportant, the committees become lifeless. The difficulty of obtaining suitable persons for local committees might be met by a statutory right to take necessary time off from work without loss of pay. The advisory committees should initiate discussion,

tender advice on matters of principles, and challenge decisions taken against their advice by appeals to the Regional Advisory Committee and the Social Security Commission itself. The final decision would rest with the Minister.

Administration of Medical Services

Whatever their opinions as to the extent of State control in medical services, the medical profession agrees that the services should be based on the principles of the family doctor as the normal medical attendant; group practice by general practitioners at health centers; free choice of physician or patient; and a unified hospital system, organized on a regional basis and coordinating voluntary and council (public) hospitals, both centrally and locally (*6:* p. 745). Certain radical changes in administrative machinery to be effected through legislation are considered fundamental to the proposed reform. The Interim Report first states what should be done and then suggests temporary measures by which immediate progress can be made.

To do away with the present haphazard distribution of administrative functions among various statutory bodies, central and local, their lack of cooperation with each other and with voluntary bodies, and their insufficient consultation with the medical profession on important aspects of health administration about which the profession is qualified to advise, the Medical Planning Commission proposes a central health authority with a medical practitioner as chief. The central authority would be concerned with all the civilian medical and ancillary services—general practitioner, hospital, and public health services, industrial health services, and the medical treatment of pensioners—and would be responsible for formulating and administering the national health policy. Local administration would be within the framework of national policy.

The central authority could be either a Government department or a corporate body formed by the Government and responsible through a Minister to Parliament. If a department is established, a statutory Central Medical Advisory Committee or a Central Medical Services Board, composed chiefly of physicians, should advise the Minister on medical matters. The Central Medical Services Board would have, in addition, executive functions with respect to the entry of the profession into public medical services, disciplinary machinery, pension arrangement, and postgraduate and refresher courses. In the event that a corporate body is favored, it should be executive in character, medical in composition, and responsible to the Minister only on matters of policy. (At the annual representative meeting the medical profession preferred a corporate body (*21:* p. 44).)

The administration of broad national policy by local authorities is held to be ingrained in British custom, but, to coordinate medical services, larger units of local administration than the existing ones are necessary. The larger units, called regional authorities, would comprise a population of not less than 500,000. The regional authority would be required by law to delegate authority for the administration of hospital, medical, and all other health services to a committee or committees containing nonelected members with knowledge and experience, which would include the medical profession. An alternative to changing existing areas of local government, which has been proposed for the past 20 years,[3] is the establishment by law of regional councils which would be responsible for the local administration of health services. On them would sit representatives of the local authority or authorities in the region, nominees of the central authority, representatives of voluntary hospitals, and physicians. The regional council would have direct access to the central authority. It is proposed that an advisory medical committee, meeting regularly to advise on all medical matters, should be attached to regional authorities or councils, whichever are chosen.

Group Medicine and Health Centers

According to the Interim Report, "Greater efficiency and economy would be secured and less expense incurred if groups of practitioners would cooperate to conduct a single centre at which all of them would see their own patients and share equipment and the services of secretarial, domestic, and dispensing staff. The value of the practitioner to his patients would gain immeasurably from his close and constant contact with his colleagues" (*6:* p. 748). A health center provided by the Government is preferred to a voluntary cooperative enterprise organized privately by

[3] Regionalism was adumbrated in the Report of the Consultative Council on Medical and Allied Services, Viscount Dawson of Penn., Chairman, 1920 (*22:* p. 573), and proposed in the Report of the Voluntary Hospitals Committee, Lord Cave, Chairman, 1921 (*23:* p. 41).

practitioners, but its introduction is expected to be gradual. A model health center would "preserve the professional independence of the cooperating general practitioners . . . be capable of becoming an organized unit in an integrated medical service" (*6:* p. 749).

About 10 or 12 practitioners—principals and assistants—would constitute the staff of an urban center. The National Health Insurance clientele and dependents would select their health center and choose their general practitioner. The work of the center would be preventive and educational as well as curative and would comprise ante-natal, natal, and post-natal work, infant and child welfare, and the school medical service. Consultations with specialists would be arranged, some of whom might be in attendance at the center. Midwifery, nursing and auxiliary services, and X-ray and pathological departments would be available through the center. Work in specialized branches such as tuberculosis, venereal diseases, mental deficiency, orthopedics, and child guidance would be undertaken at special clinics with specialist staffs.

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