

of old-age pensions. 57. From what has been said above, it follows that any pension scheme coming within the terms of our reference would be limited to a comparatively small section of the community, and we are thus face to face with a very serious difficulty. We can hardly, for the benefit of so limited a section of the community, recommend the Government to establish a pension system which must be extremely difficult and costly to administer, which excludes the really destitute, and those who, owing to broken health and misfortune, or want of employment, or a lower rate of wage-earning, can make no contribution, and which would be open to innumerable fraudulent claims difficult, often impossible, to detect. 58. In estimating the cost of any system regard must be had not only to the immediate demands on the public funds, but also its inevitable future development. Throughout our inquiries we have assumed three important limitations on the cost of the system, namely: 1. That the pensions should not commence before the age of sixty-five. 2. That the pension should not exceed 6s. a week, including the contribution of the pensioner. 3. That the pensioner should provide at least half the pension. These limitations cannot be expected long to survive, seeing that the principle on which they rest is not one generally accepted, or indeed capable of exact definition. The limit of age and pensioner's contribution will probably be forced down, and the rate of pension forced up, till the cost approaches that of Mr. Charles Booth's proposals for universal pensions without the advantages which are claimed for that scheme. 59. Of the questions raised by the proposal to establish a State-aided pension system, that of its cost and administration is not the most serious. We do not question that the State could bear the necessary additional burden if the welfare of the community really demanded it. But would such a pension system encourage thrift in the working-classes? Would it not affect the question of wages, and hand over to the employer rather than to the employed the benefit of the State contribution? Would the receipt of State aid be free from that taint of pauperism which makes poor-law relief bitter to the self-respect and independence of the best of the working-classes? 60. These questions are extremely complex, but each of them suggests certain considerations which we must not pass unnoticed. 61. Take the question of thrift. No evidence given before the Royal Commission on the Aged Poor was more conclusive than that which related to the enormous and rapidly increasing amount of the accumulated savings of the working-classes. It showed that to industry, intelligence, and self-denial the way to an independent position lies open, and that a constantly increasing number of individuals among the working-classes are finding it. Yet to each of these the advocates of State aid must say, "If you relax the exercise of the qualities which lead you to success; if you limit the provision for your old age to what will give you an allowance of (say) 2s. 6d. a week, the State will come to your assistance with an equal amount; but if you succeed in making yourself really independent in your old age, you will receive nothing from the State, while you will still have to contribute through taxation towards the provision of pensions for those who have not cared to make sacrifices as great as your own." The considerations thus suggested will, at best, encourage the exercise of thrift only to a limited degree. 62. Will a State-aided pension system affect the wage-rate? It must not be forgotten that the earnings of the workman dependent on wages have to provide for his support not only during the period of his actual employment, but also for his age when he is past work, and that this consideration affects the rate of his wages. But if the whole, or a part, of the cost of supporting him when past work is undertaken by the State, the portion of the wage applicable to this service ceases to be an essential, and, whenever the competition for employment is keen, the wage-payment will tend to fall by a percentage approximating to that contributed by the State to the pension fund. 63. The difficulty re-appears in a different form when the power of the aged to contribute to their means of support by light labour is considered. A man or woman subsidised by the grant of a State pension is in a position to underbid a competitor who has no resource but his or her actual earnings, or the rates. The difficulty is of very wide application, and cannot be disregarded in considering the effects of a State-aided pension system on the welfare of the industrial classes. To obviate the difficulty an attempt might probably be made to prohibit all recipients of State-aided pensions from engaging in remunerative work of any kind. Such an attempt must assuredly fail, but even if it could succeed it would have the effect of creating a compulsorily unoccupied class, with doubtful advantage to themselves or the community. 64. Before quitting this portion of the subject, we desire to notice the plea constantly urged by advocates of State-aided pensions—namely, that the receipt of money in this form from the taxes or the rates is free from the taint which attaches to allowances made under the poor-law. This might be true of a system, such as that advocated by Mr. Charles Booth, under which a uniform pension became the right of every individual at a certain age, irrespective of his antecedents, his character, or his private means, but all such schemes are practically excluded by their enormous cost. 65. Under any system, however, which does not involve a universal and identical pension, the plea which we are considering appears to us to be misleading. Any discredit must depend, not on the form in which the relief is received, but on the causes which have led to it. We believe that this truth is largely recognised by the working-classes. 66. Any criticism on the existing administration of the Poor Law is beyond our province, but we desire to suggest that possibly something more may yet be done by alterations in the regulations of workhouses to conduce to the comfort of aged inmates. The evidence before the Royal Commission showed that the workhouse authorities generally were very anxious to do whatever is possible in this direction. 67. We have now described the course which our inquiry has followed, the substance of the evidence which we have had before us—including that taken by the Royal Commission on the aged poor—and the effect which a close examination of that evidence has had upon our minds. 68. We approached our task with a deep sense of the importance of the question into which we were charged to inquire, and of the benefit which would be conferred upon the community if a scheme could be elaborated giving encouragement to the industrial classes by the exercise of thrift and self-denial to make provision for old age, while it fulfilled the several conditions prescribed by the terms of our reference. 69. It is