

operation of the friendly societies, provided that any person after depositing £1.10s. if male, and £1 5s. if female, in the Post Office, and insuring in any society for an annuity of £6 10s. or £3 18s. respectively, should have the pension doubled by the State at the age of sixty-five. The objections raised to this scheme in the report presented by the majority of the Aged Poor Commission may be summed up as follows: 1. Those who could avail themselves of the scheme are mainly confined to the higher strata of the working-classes, and little benefit would accrue to the class in which a destitute old age is most common. 2. The scheme, save as modified by the temporary provisions, would have no direct effect until forty years from its introduction, when the pensions would begin to be payable. 3. The cost to the State, if the scheme were at all successful, would be much higher than the £2,000,000 a year estimated by its authors. 4. It is undesirable that the State should become the holder of further great accumulations of money, regard being had to the difficulty already found in investing the money held by the Post Office. 5. The actuarial calculations upon which the scheme is based are liable to be gravely affected by any decline in the rate of interest. 6. (a.) The State could not safely guarantee the solvency of friendly societies, and even if it were not legally liable in the case of the failure of a society, the insurers would "practically view the State as the predominant partner in the insurance, and look to the State for its complete fulfilment." (b.) If such a scheme were adopted, increased State control of the affairs of the societies would be necessary, and this would be strongly opposed by them. The Committee say, "We have been particularly impressed with the gravity of the objections numbered 2, 4, 5, and 6. It seems to us to be improbable that public opinion would accept a scheme which confers no benefit on the present generation, and only comes into effective operation at a date so distant as to make it impossible to forecast the condition or needs of the classes who would then be affected by it. It would, moreover, in our opinion, be difficult to overestimate the objections to the creation and direct control by the State of so enormous a fund as would be required to meet the future liabilities of such a pension scheme, and to the establishment of relations between the State and the societies, increasing the labour and responsibility of the one, and fatal to the independence of the other." The schemes submitted by Mr. James Rankin, M.P., Sir Henry Burdett, and the Rev. J. Frome Wilkinson are analysed and subjected to destructive criticism. Coming to schemes for the preferential treatment of friendly societies (which, though outside the scope of the reference, it was thought worth while to examine), the Committee dealt with the scheme submitted by Mr. Lionel Holland, M.P. The essence of this scheme was that every person who, on attaining the age of sixty or sixty-five—(a) had belonged continuously since the age of twenty-five to a benefit society; (b) had never received poor-law relief; (c) had an income below income-tax level—*i.e.*, £160 a year; should receive a benefit of 5s. a week, to be provided either out of Imperial taxation or half out of Imperial taxation and half from local rates. Certain benefits of survivorship would appertain to the widows of pensioners. Mr. Holland proposed a special register of societies which had sufficient standing to qualify under the Pensions Act, such societies to be in a fair condition of solvency." The Committee point out that the general body of trade-unions, and a large number of registered friendly societies, would be excluded by the condition refusing admission to the register of societies which exist by levies or divide their funds annually (unless they have a separate sickness fund); and they say that if the expression "fair degree of solvency" is to mean anything less than 20s. in the pound the certificate would be misleading, and that in any case admission of a society on the register would imply a contract with every member at the age of twenty-five, that if he continued in the society for forty years, the State would grant him a pension at sixty-five, even though the society lost its "fair solvency." The Committee felt that they were not at liberty to accept proposals involving not only preferential treatment, "but also absence of any direct contribution from the pensioner himself." The Bristol scheme proposed that every member of a registered friendly society should be paid by the State a pension of £6 10s. yearly, subject to the conditions—(1) That the member is sixty-five; (2) has been twenty-five years a member of the society; (3) the liabilities of the society must not exceed its assets by 10 per cent.; (4) that the member is entitled from the society to at least £6 10s. per annum; (5) must be under no liability for any contributions after sixty-five; and (6) must not be in receipt of poor-law relief. *The Chester Scheme.*—This proposed that old-age pension funds should be established in connection with such branches of friendly societies as, in the opinion of the Government officials, are in a financial position to be intrusted with the administration of such a fund. Members of twenty years' standing should, on incapacitation for self-support at sixty, be paid 5s. a week out of the sick fund, half the amount to be repaid by the State, the remaining half from the sick fund of the branch, which shall be relieved of the payment of sick pay to pensioned members. The objections to the Bristol and Chester schemes are thus stated: (1.) They imply or require that the societies should receive a State certificate of solvency, or approximate solvency, and the danger of this has already been pointed out in our observations on Mr. Lionel Holland's scheme. Such a certificate would operate to the advantage of the wealthier, to the disadvantage or ruin of the poorer societies or branches. The State could hardly accept as sufficient, without investigation, a valuation submitted by a society itself as evidence of adequate resources. There would have to be at the outset an official valuation, including examination of investments, which would have to be repeated from time to time. The circumstances of friendly societies vary so greatly that no universal standard of solvency can be fixed, and any official valuation would involve an amount of Government interference which the friendly societies would resent. (2.) They contemplate a system of commutation of sick-pay into an annuity as a qualification for a pension. The circumstances of friendly societies will not admit of many of their members availing themselves of this proposal. Where the members are, under the present rules, entitled to sick-pay for the whole of life, the commuted equivalent annuity could seldom exceed 1s. per week, instead of the 2s. 6d. per week contemplated by the schemes. The societies could not afford to give their members the right to commute, even on these terms, unless the commutation were made compulsory; for the