



THE LIBERAL PARTY AND FAMILY WELFARE, 1906-1922

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Between 1906 and 1914 the Liberal governments laid the foundations of the welfare state that developed in Britain through the rest of the twentieth century, to the present. What did the Liberals do after 1906 and why?

There had been growing demand in Britain since at least the eighteenth century for new kinds of provision by the state for people in need. This was partly due to increasing understanding of the causes of poverty and the diversity of those causes. In Particular there was growing understanding of how the economy worked and greater realisation that if people were unemployed it was not necessarily because they were lazy, which had been the underlying premise of the existing public welfare system, the ancient Poor Law, but that at certain times the economy did not provide enough jobs for everyone [HARRIS 1972]. There was also increasing awareness that a fit, active, educated population was good for economic growth, at a time when the British economy was facing increasing competition from expanding economies overseas. And that mass poverty, of the kind that was revealed in highly urbanised Britain at the end of the nineteenth century dragged the economy down, for example, Charles Booth's finding from his massive survey in the eighteen nineties that 30 per cent of the population of London lived in severe poverty [BOOTH 1902].

In the later nineteenth century there were growing numbers of pressure groups campaigning on issues like cruelty to children [BEHLMER 1982], or the poverty of old people who had worked all their lives [THANE 2000 : chap. 10]. The only public provision for people in need was the Poor Law, established in 1601, which generally operated on the punitive principle that provision should be as minimal as possible in order to encourage people to be self-helping, either by work or by saving, ideally both [CROWTHER 1981]. It was also argued that if people could not help themselves, their families should support them. Any destitute person suspected of not trying hard enough to help themselves was either denied help or given support only in a prison-like institution, the workhouse. But it was increasingly clear by the late nineteenth century that the causes of poverty were not so simple and that a uniform system for all kinds of need, such as the Poor Law, was not suited to remedying the complex causes of poverty. Also that the family could not always help those in need because the families of very poor people were often very poor themselves, with no surplus to share with relatives; also some destitute people had no surviving relatives in a time of high death

rates. The children of aged paupers, for example, were all too often dead before the parents reached old age [THANE 2000 : chap. 15].

Voluntary organisations developed during the nineteenth century to try to provide services which the State did not, outside the punitive workhouse. Schools and hospitals were provided and institutions for orphaned children, old and disabled people and much more. But their organisers became increasingly aware that voluntary action alone could not solve all social problems. The problems were too great and were national in scale; voluntary action was unavoidably limited. So voluntary organisations such as the National Society for the Prevention of Cruelty to Children (NSPCC, founded 1884) [BEHLMER 1982] were among those campaigning for the State to take over responsibility for social problems they identified and for which they proposed solutions.

Two things made action more urgent for the Liberals at the beginning of the twentieth century. First, the emergence from 1900 of the Labour Party, which threatened to take away the working class support on whose votes the Liberals depended in many parts of the country [TANNER *et al.* 2000]. Demonstrating to working people that the Liberal Party could act in their interests became important to many Liberals and, of course, the Liberals and Labour made a secret pact before the 1906 election not to oppose one another at the election. Many of the poorest people did not yet have the vote—no women could vote before 1918 and only 60 per cent of men. But it was likely that voting rights would have to be extended before too long, and many existing voters had much to gain from improved welfare provision and were demanding it.¹

The second big issue at the beginning of the twentieth century was growing public concern about the size and physical fitness of the population, and that the falling birth rate, high infant death rate and high rates of sickness and disability among the population as a whole were holding Britain back economically, militarily and politically in an increasingly competitive world. The birth rate was declining from the 1870s. This was seen as a sign of 'physical deterioration', the belief that increasingly urbanised Britain was becoming physically weaker and less virile generation by generation and this would disadvantage Britain against other, fitter, growing nations such as Germany. Then came the South African war, 1899-1902, and a crisis when it was revealed that many volunteers for the army were physically unfit to fight. This was taken as a further sign of the weakness of the population as a whole. This became particularly alarming when the great British Army struggled to defeat the untrained South African farmers who opposed them. It was all the more alarming because the South Africans were fighting to break away from the British Empire. It was one of the first great anti-colonial struggles and stoked British fears of loss of Empire and the international prestige that came with it [SEARLE 1971].

Also significant at this time was an increasingly active women's movement. Women did not have the national vote, and the Liberal leaders

¹ Pat Thane. 'Labour and Welfare', Chap. 3 in TANNER *et al.* 2000.

did their best to stop them getting it before World War One, but they were seen as influential on male voters and within the Liberal Party, where they played an important role in election organisation even before they had the vote [WALKER 1987]. And, from 1869, some women could vote and be elected to office in local government where much social policy was enacted, and many were. They served as Poor Law Guardians and members of local Boards of Education [HOLLIS 1987]. Women were also active members of pressure groups of all kinds. They campaigned particularly actively in the early twentieth century for improvements in child and maternal welfare, to reduce the very high child death rates and deaths of women in childbirth, setting up voluntary maternal and child welfare clinics as an example to government of the measures it should take [DWORK 1987]. The poverty surveys of Booth and later, in 1901, Seebohm Rowntree, who made similar discoveries of high levels of poverty in a fairly average provincial town, York [ROWNTREE 1901], also put pressure on the Liberals to improve social conditions.

The Liberals made very few social policy promises in the election campaign which led to their victory in 1906 [RUSSELL 1973]. But, after the election, two of their first actions were designed to improve the health of schoolchildren, to create a new generation of physically fit people. First, the Education (Provision of Meals) Act, 1906, in fact initiated by a Labour MP, allowed, but did not require, local authorities to provide meals for school children, free of charge for the neediest. It was to be funded by voluntary contributions from generous donors, by charges on parents who could afford it and from public funds only as a last resort if there were no other funds. It was a limited scheme but it was significant as the first publicly funded provision for health or welfare outside the Poor Law. It became compulsory for all state schools in 1914. A government subsidy was then provided. Also, meals could then be provided during school holidays, and a child's need for free food was to be determined by the local medical officer on health grounds rather than on the basis of parental income. The 1906 scheme had been an experiment. It had worked, appeared to improve the health of school children and so was extended [HARRIS 1995]. Another Education Act in 1907 made regular medical examination of children in state schools compulsory. Until 1912 it did not provide treatment when ill-health was diagnosed, but did encourage local authority public health departments (which were well developed) to give treatment, e.g. by establishing school clinics, as many local authorities did [HARRIS 1995].

Both of these measures were criticised by Liberals and others who argued that the State was taking away the responsibilities of parents. But increasingly they were drowned out by evidence that many parents could not afford to feed their families, even if they were in work, however devoted they were to their children. Both Booth and Rowntree had demonstrated that a major cause of poverty was low pay while in employment. Nor could they afford to take their children to a doctor. The Poor Law provided medical care, of a very basic kind, for anyone in need, but using the Poor Law was seen by most working people as shameful and they avoided it when possible. An important feature of all the Liberal legislation was that it established health and welfare provision separate from the discredited Poor Law.

Also in 1907, a Notification of Births Act tightened up the process of registering births to enable the authorities to keep track of infant mortality as a step to trying to reduce it [DWORK 1987]. In 1908, the Children Act responded to concern about neglect and abuse of children. It provided for separate law courts and remand homes for young people believed to be involved in crime, so that they could be supported and rehabilitated and kept from contact with adult criminals. It aimed to reinforce parental responsibility for a child's offence by requiring parents to attend the court hearing and to pay any fines on the child's behalf. Local authorities were given the duty of visiting and supervising children who had suffered proven cruelty by an adult and children in foster-care. It was an important extension of the State's responsibility for the care and protection of children. The work of supervision was often delegated to voluntary organisations who worked closely with local authorities.

The Liberal government frequently delegated the administration of the new services to local authorities or voluntary organisations. This was partly in order to reduce the costs to central government. An important reason for this was that it was difficult for the government to raise more revenue to pay for the new welfare measures. The main potential means to do this was by raising taxes. One possible route was taxation of imports, but this was impossible for a government strongly committed to free trade, as the Liberals were—it had been a major election issue in 1906. The alternative was raising the income tax. At this time all taxpayers paid the same amount of tax: one shilling in each pound. The government decided to move towards a progressive income tax, taxing people with higher incomes at higher levels. They had to do this cautiously because it would obviously be unpopular with richer voters whom they did not wish to alienate. In 1907, Asquith, as Chancellor of the Exchequer, moved in this direction by introducing a lower rate of tax on earned income (salaries) than on unearned income from investments and savings [DAUNTON 2001: 360-374]. This established the principle of differentiated rates of tax on which Asquith's successor as Chancellor, Lloyd George, could later build. But, for the present, it did not raise more revenue. Consequently the earliest Liberal welfare measures were low-cost.

An important example was old age pensions. These were introduced in 1908. They had been the subject of active campaigns by the Labour movement, by Charles Booth and many others since the eighteen seventies. Surveys showed the extent of poverty among older people, often not helped by the Poor Law, because older people avoided its stigma, or it gave them too little. Families often could not afford to help aged relatives and many old people had no surviving families. The majority of impoverished older people were women, widows or unmarried, who tended to be poorer in old age than men since they had had fewer opportunities to work when they were younger, because of family responsibilities; if they did work they earned less and could save less. Women also tended to outlive men so had to survive through a longer period of old age. Three-quarters of the first State old age pensioners in Britain were women. From the eighteen seventies, old age poverty was investigated by a succession of government committees, which revealed the details of the problem and examined proposals for pensions. Germany had provided a stimulus in 1889 by introducing the first

State pensions in the world. The pensions introduced by the Liberals in 1908 were not payable until the age of 70. Most supporters of pensions had recommended 60 or 65, as the ages at which most older people in fact became unable to work. The age of 70 was chosen under pressure from the Treasury to cut costs: by age 70 many people had died and no longer required pensions. Unlike the German scheme, which introduced the national insurance principle and was funded partly by contributions from workers and employers, the British scheme was funded wholly from taxation and required no contributions, but was stringently means-tested. The maximum five shilling per week pension was paid only to the very poorest. Five shillings was deliberately set below the level of subsistence, as an incentive for people to supplement their pensions by saving or with family support. Also, claimants could be excluded if they had records of crime or drunkenness. It was a pension for very old, very poor and very respectable people. It was a very limited scheme but it was much better than the Poor Law and was generally popular [THANE 2000].

Pensions were administered mainly by volunteers who were appointed to local committees whose job was to assess claims. They were often leaders of Friendly Societies (working class mutual aid societies), or trade unions or were clergymen. The Liberals worked closely with voluntary organisations in the administration of most of their welfare innovations. This was partly designed to cut costs to the Exchequer and partly because the Liberals believed in collaboration between voluntary action and the State: that the State should not be the sole provider of welfare, rather, in a good society, individuals should help one another as much as possible.

In the Budget of 1909, Lloyd George—now Chancellor of the Exchequer—raised the basic rate of tax on earned income, introduced a new higher tax on incomes over £5000, increased death duties and introduced a new tax on sales of land. This was highly controversial, especially the land tax and especially among the landowners and higher-rate taxpayers in the House of Lords. It was not passed by Parliament until 1911, after it had led to two elections in 1910 and following a threat by the Liberals to create enough new Liberal peers to ensure that they had a majority in the upper house. The power of the Lords to veto financial legislation was permanently curbed thereafter. Once the Budget was at last passed the government could expect more revenue and had more freedom of action in devising new welfare legislation.

Another tax innovation in the 1909 budget was the reduction of taxes for parents of children: for each child under age 16, parents earning £500 pa or less paid £10 less tax. This may have been intended as an incentive to middle class people (who mainly benefited) to have more children because of concern about the falling birth rate, but more probably it was intended to ensure that less well-off middle class people paid less tax as the tax system became more differentiated between higher and lower earners [DAUNTON 2001 : 368-370]. It continued until the nineteen seventies.

Meanwhile, Liberal policy innovations continued. The Trade Boards Act, 1909, established a system for fixing a minimum wage for women in four particularly low paid occupations, in which women had no trade union to represent them. It followed campaigns led by women in the Fabian

Society and was, perhaps, a response by the government to the growing suffrage militancy of the time. It cost the government nothing. It established that boards representing employers and workers should be set up to negotiate pay in these trades. It was not closely regulated and not very effective, but it established a new kind of negotiating machinery, which was developed further during World War One and after for regulating and negotiating pay especially in the non-unionised public sector [BLACKBURN 1991].

This was just one of a number of measures introduced to regulate the labour market after this became the responsibility of Winston Churchill as President of the Board of Trade from 1908. Also in 1909, Labour Exchanges were established in order to minimise unemployment (which was a cause of considerable labour agitation at this time) by providing information about job vacancies, on a model already established by some local authorities. This was a brainchild of William Beveridge, an expert analyst of unemployment who was later to have a strong influence on the development of the Welfare State after World War Two. Churchill appointed him as an advisor on unemployment in the Board of Trade. The Treasury financed the new Exchanges [HARRIS 1997 : Chap. 7-8].

There were no major changes in welfare legislation between 1909 and 1911 due to the crisis over the Budget. Once the Budget was safely through, in 1911, there were important developments. The National Insurance Act introduced both National Health (NHI) and Unemployment Insurance (UI). NHI owed much to the inspiration of Germany, which had been the first country in the world to introduce national health insurance in 1884 [HENNOCK 1987]. Britain was the first country to introduce national UI. Like the Liberals' other new welfare schemes this was introduced cautiously. It was applied to just five trades in which there were not exceptionally high rates of unemployment, which would have been very costly [HARRIS 1972 : Chap. V-VIII]. Under both NHI and UI schemes, workers, employers and the State each contributed to a fund which provided weekly payments when a worker was sick or unemployed. It also provided free access to a doctor, a General Practitioner (GP), but not hospital care except in cases of tuberculosis, which was a serious scourge at this time. This medical care was available to the insured worker but not for his or, more rarely, her family. An exception was maternity benefit, a lump sum paid on the birth of a child of an insured worker. This was intended to encourage more and safer births, by enabling parents to pay for medical care and so reducing the infant mortality rate. It was originally intended to pay this benefit to the insured person, even when this was a man, but, following a campaign by women, it was paid directly to the mother, to ensure that it was indeed spent on care in childbirth.

Again, the national insurance schemes were administered by the voluntary sector: by Friendly Societies and Trade Unions who were registered as 'Approved Societies' under the 1911 Act and gained the responsibility for assessing claimants, paying benefits and making contracts with GPs. Both had a long experience of administering their own voluntary contributory schemes. The two schemes were effectively restricted to better paid, skilled workers (mostly men) and excluded the poor and most women.

This was because only the better paid and regularly employed workers could afford the weekly contributions on which the system depended. NHI and UI differed in their objectives and their structure from old age pensions. The latter were specifically designed to help the poorest and so were non-contributory and means-tested, unlike the insurance based German pensions scheme (introduced 1889), which excluded the poorest people. British national insurance schemes were intended both to win the support of unionised workers, who were mostly voters and were becoming increasingly militant, and to support economic growth by enabling workers to remain as fit as possible and ready for work. There had been similar motives for the introduction of insurance in Germany [HENNOCK 2007 : Chap. 10].

World War I

These were the main welfare changes before World War One. During the war there were a number of important innovations. For the first time the State provided allowances for the families of servicemen, including parents, where they were dependent upon a son's earnings, and even 'unmarried wives', cohabiting partners, where there were children and the partnership was stable and established for some time.² Pensions and other benefits were increased due to rising prices. In 1915, for the first time, the government introduced controls on rents and mortgage repayments following a rent strike led by women in Glasgow, where rents had rocketed due to increased demand for accommodation from workers flocking to the city for war-related work. There were similar rent rises and demonstrations in other British cities. The controls remained in place until the nineteen eighties.

After the war, the Liberal led, mainly Conservative, coalition government, with Lloyd George as Prime Minister, introduced a number of further welfare reforms, partly as rewards to the population after the hardships of war, also to stimulate economic growth and to try to keep the loyalty of voters after the extension of voting rights in 1918. At last the vote was gained by all men at age 21, or younger if they had fought in the war, and women at age 30. The Labour Party had become much stronger during the war, partly due to its participation in the wartime coalition, so was a greater threat to the established political parties, who saw welfare reforms as a way to reassure and keep the allegiance especially of working class and female voters. Also, government revenue increased during the war since, amid the dangers of war, there was less resistance to tax increases, which continued after war. Taxation became more redistributive, taking more from the rich than from lower earners. Of course the war itself left the government with major costs, but a surplus remained for social expenditure.

Most of the post-war reforms were planned during the war, especially after Lloyd George took over as Prime Minister in 1916. Where possible, the government continued to integrate the voluntary sector into the new developments, but local and central government played larger roles

² PEDERSEN 1993 : Ch. 2; THANE 2000 : 302-303; THANE 2011 : 14.

then before the war. The Maternity and Child Welfare Act, 1918, followed women's campaigns throughout the war, like those of the pre-war period demanding State measures to reduce the death rates and improve the health of infants and mothers. The government was particularly receptive due to its own concerns about the future size and fitness of the workforce and about Britain's military strength following the 'lost generation' of men killed in the war, the poor physical condition of many men conscripted into the armed services during the war, and the still declining birth rate and high infant mortality rate. The 1918 Act provided government subsidies for local authority and voluntary health and welfare services for mothers and children. Thereafter, the infant mortality rate, already declining during the war, continued to fall [WINTER 1983 : 141].

Also in 1918, a Ministry of Health was established. It took over administration of the Poor Law and of general health and housing policies in a co-ordinated strategy to improve access to and quality of health care for the mass of the population, free from the stigma of the Poor Law. The Poor Law provided hospital and other services but many people refused to use them because of the stigma [GILBERT 1966].

The Education Act, 1918, raised the compulsory school leaving age to 14, and provided compulsory part-time education for young people aged 14-18 who were in employment. Teachers' pay was substantially increased in order to improve the quality of teaching and a small number of university scholarships were introduced for people who could not afford to attend university. It was a serious attempt to widen educational opportunity and improve the educational level of the population both to assist the economy—to improve skill levels—and to increase social opportunities.

In 1919 the government for the first time provided substantial subsidies for house-building, both to local authorities and private builders, to build low-cost housing for working people. Substandard, overcrowded housing was a major social problem which had hardly been dealt with before the war, not least because it was perhaps the most expensive social problem to remedy. Subsidies were required because those who occupied the worst housing were unable to afford better without help. The situation was made worse by the suspension of building during the war. It was an urgent issue for the government for reasons of morale, to maintain and gain the support of voters and in order to improve the national health. Overcrowding and poor living conditions caused and spread disease. There followed a major expansion of house-building for working people between the wars, despite sporadic cuts in government spending in times of particular economic crisis [DAUNTON 1987; SWENARTON 1981].

After the war, old age pensions were increased to something approaching a subsistence level, though they remained minimal. In 1918 unemployment benefits were extended to all ex-servicemen temporarily, regardless of insurance status. The tentative 1911 UI was scheme was expanded permanently in 1920, to include all manual workers and non-manual workers earning £250 pa or less, excluding agricultural workers and domestic servants. For the first time, benefits were also paid for the 'dependents', family members, mainly spouses but also unmarried partners where there were children and a stable relationship. Such arrangements

recognised the numbers of unmarried cohabiting couples at this time, arising from the extreme cost and difficulty of obtaining a divorce following the break-up of a marriage [PROBERT 2004; THANE 2010 : 25-37].

Conclusion

The periods of Liberal and coalition government before, during and after World War One, brought major and long-lasting innovations to the British system of social welfare. Some of the post-war gains were lost in the cuts to government expenditure that followed the onset of economic depression at the end of 1920 and when the Conservatives returned to government in 1922, but most were sustained and provided the underpinning for the expansion of the Welfare State by the Labour government after 1945.³

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³ For an overview of the themes of this article see THANE 1996.

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