23
Old People

This chapter aims to elaborate and in part explain our finding that a relatively high proportion of the population in the oldest age groups are living in poverty. The finding is important, because the proportion of people in these age groups is large and has been growing steadily throughout this century. In 1911, there were fewer than 3 million people of pensionable age in the United Kingdom, in 1951 fewer than 7 million, and in 1975, 9½ million; and although this last total is expected to be about the same at the end of the century, there are expected to be more persons aged 75 and over among them.[1] The finding is disturbing because the problem of poverty among the elderly has been recognized socially for at least 100 years,[2] has been emphasized in a succession of local and national studies carried out by government bodies as well as by independent research workers since the war,[3] and yet has resisted the attempts of successive governments to alleviate substantially still less eliminate it. Moreover, the problem is by no means peculiar to Britain and seems to be characteristic of market economies and state socialist societies alike.[4]

[1] *Social Trends,* No. 7, HMSO, London, 1976, p. 62.

[2] Charles Booth dated the early agitation for old-age pensions from the late 1870s, with the publication of a pamphlet by Hookham, entitled 'The Outline of a Scheme for dealing with Pauperism: The Question of the Day', and his own work contributed to the concern expressed about the large minority of old people who were paupers. See Booth, C., *Pauperism: A Picture; and the Endowment of Old Age: An Argument,* Macmillan, London, 1892; *The Aged Poor: Condition,* Macmillan, London, 1894; and *Old Age Pensions and the Aged Poor,* Macmillan, London, 1899. See also Collins, D., 'The Introduction of Old Age Pensions in Great Britain', *Historical Journal,* VIII, 2, 1965.

[3] Townsend, P., *The Family Life of Old People,* Routledge & Kegan Paul, London, 1957, esp. Chapter 12; Cole Wedderburn, D., with Utting, J., *The Economic Circumstances of Old People,* Codicote Press, Welwyn, 1962; Townsend, P., and Wedderburn, D., *The Aged in the Welfare State,* Bell, London, 1965 (see the list of studies in Appendix 1); Ministry of Pensions and National Insurance, *Financial and Other Circumstances of Retirement Pensioners,* HMSO, London, 1966.

[4] See, for example, Epstein, L. A., 'Income of the Aged in 1962: First Findings of the 1963 Survey of the Aged', *Social Security Bulletin,* XXVII, March 1964; Orshansky, M., 'Counting the Poor: Another Look at the Poverty Profile', *Social Security Bulletin,* XXVIII, January 1965;

Paradoxically, although public opinion often seems to favour substantial government intervention to guarantee more support for the elderly, the measures that are enacted are often delayed and do not match in generosity that opinion. The problem persists, and can even be shown in some societies to have grown. The failure may not just be a failure of governments to commit the necessary resources to alleviating or meeting the problem, but *explaining* why they have not done so or are not prepared to do so. In other words, the underlying failure may be one of analysing, explaining and therefore understanding the persistence of the problem in the first place.

This provides the theme of this chapter and conditions its organization and structure. The general hypothesis of the chapter is that the propensity to poverty in old age is a function of low levels of resources, and restricted access to resources, relative to younger people. Restriction and inadequacy of resources is determined by different causal factors. State pensions and other cash benefits comprise the most important source of income for the elderly, and the initial rate of state pensions, and the amounts of substitute or supplementary benefits which are paid, after the pensionable age or upon retirement, are low relative to the earnings of younger adults. State help is conditional upon retirement from paid employment, and this status is imposed upon elderly people at a fixed chronological age, or they are persuaded to accept it as a social norm. The choice of continuing in paid employment rather than retiring and drawing a pension is also restricted by the tendency for earnings to fall in late middle age and to be very low for people over the pensionable ages, as well as by high rates of redundancy and unemployment late in life. The initial rates of occupational and private pensions are, with some exceptions, also low relative to the earnings of young adults; some, but not all, of these pensions are conditional upon retirement; certain forms of state aid are reduced to take such income into account; and the numbers of elderly, and particularly of widows, who are entitled to these pensions, or have had opportunities to contribute to any scheme, is greatly restricted. The resources held by most of the elderly fail to keep pace in value with the resources of other groups in society: either certain forms of asset held, such as household goods and equipment and certain types of incomes from savings, and occupational pensions, depreciate in value absolutely or relatively to the rise in real living standards, with increasing length of retirement, or many do not have, and have not in the past had, an opportunity of obtaining, types of resource which are newly becoming available to younger people. Greater exposure to certain forms of social desolation and isolation, brought about by the death of a spouse, the loss of close relatives or friends, and the decay of industries or city centres, as well as by retirement, tends to deprive the elderly of access to alternative or subsidiary

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Shanas, E., *et al., Old People in Three Industrial Societies,* Routledge & Kegan Paul, London, 1968; Csenh-Szombathy, L., and Andorka, R., *Situation and Problems of the Pensioners of Budapest,* Central Statistical Office, Research Group for Population Studies, 1965-6.

resources and sometimes leads to additional costs. Liability to disablement also restricts access to resources and, in the absence of compensating cash benefits and services, leads to additional costs for many which outweigh the savings consequent upon retirement.

Such are the major factors, although there are others, which must feature in our analysis. They will be discussed below in relation both to inequalities between the elderly and the non-elderly and inequalities among the elderly. Historically, the emergence of certain types of resource for the elderly, the definition of categories eligible to receive them and the amounts that are available, represent the outcome of the continuing struggle to preserve or enhance class interests, directly or as a by-product, through the social policies of the state and of other institutions. The historical evolution of this complex can only be touched on below.

Inequality between Elderly and Young

One tendency of research in recent years has been to limit explanation by studying the elderly as if they were independent of the economy and the polity and even of the general structure and value system of society. As a consequence, the principal causes of their problems have been attributed to individual and limited associational factors: to the special problems of individual adjustment to ageing, individual adjustment to physical decresence, and individual adjustment to retirement. The only significant exception to the indifference in explanation shown towards the wider institutions of society is the blame that has been attributed to the family, an alleged weakening of family ties or decline in the importance of the extended family brought about by the functional necessity to industrial society of the 'structurally isolated conjugal family'.[1] This approach has stressed adjustment to, and detachment from, social roles during the later stages of life, with the basis of society, or its economic and social institutions, as largely given.[2] It does not question that basis or ask whether the fundamental problems of ageing are attributable to the unequal and barbarous effects of the operation, including the neglect, of economic and social institutions at a particular stage of the evolution of industrial societies. With some noteworthy exceptions,[3] too little attention has been given both to

[1] This concept was developed in particular by Talcott Parsons. Functional theories of family change and of changes in the situation of the elderly exerted a widespread influence. The concept has been subjected to considerable criticism, however, in recent years. See Parsons, T., *Essays in Sociological Theory,* Free Press of Glencoe, New York, revised paperback edition, 1964, esp. his essay on 'Age and Sex in the Social Structure of the United States'. For criticisms see, for example, Shanas *et al., Old People in Three Industrial Societies,* Chapters 1 and 6.

[2] An influential example of this approach is Cumming, E., and Henry, W. E., *Growing Old,* Basic Books, New York, 1961.

[3] For example, Wedderburn, D., 'The Financial Resources of Older People', in Shanas *et al., Old People in Three Industrial Societies,* p. 367.

comparisons between the elderly and the rest of the population and to the internal analysis of structural differences among the elderly.

How might we proceed in comparing the standards of living of the elderly with the non-elderly in society? Many more adults under than over the pensionable ages have children and other dependants whom they support on their incomes. Many more of them incur the additional expenses of going to work, including clothing or equipment as well as costs of travel. More, too, have high accommodation costs, because they are still paying for mortgages, or because they do not live in rent-controlled tenancies or in accommodation paid for by others. On the other hand, the elderly have the benefit of higher personal tax allowances and are more likely to benefit from the exclusion from tax of certain types of income from savings, and from the disregard of certain types of income, capital and capital gains, in receiving social security payments. For such reasons, comparisons of absolute gross or net incomes are not particularly appropriate. The comparison set out in Table 23.1 takes each of the points so far mentioned into account and expresses net incomes on a comparable basis. The income of the income unit, defined as any person or married

Table 23.1. *Percentages and numbers of elderly*[a] *and non-elderly persons in income units with incomes above and below the state's standard of poverty.*

Net disposable income of income unit last year as of supplementary benefit standard plus housing cost			*Estimated number in population (millions)*[b]	
	Elderly	*Non-elderly*	*Elderly*	*Non-elderly*
Under 100	20	7	1.7	3.2
100-39	44	19	3.7	8.8
140-99	17	31	1.4	14.3
200+	19	43	1.6	19.9
Total	100	100	8 2	46.2
Number	861	4,494	-	-

NOTES: [a]Women 60 and over and men 65 and over, in one-person and two-person income units, thus excluding the small number of elderly people with dependent children under 15.
[b]Excluding the non-institutionalized population (i.e. in hospital and residential homes).

couple, with or without children under 15, is expressed as a percentage of the basic supplementary benefit rates prevailing at the time plus current housing cost. These rates reflect what incomes for different sizes and types of income unit are treated by society as equivalent for the purposes of securing subsistence. Work expenses and the costs of travel to work are subtracted from gross disposable income (i.e. gross income less direct taxes and national insurance contributions). It can be seen that there was a striking difference in the distribution of the elderly and the non-elderly around the state's standard of poverty. Twenty per cent, compared with 7 per cent, were living in poverty; another 44 per cent, compared with 19 per cent, were living on the margins of poverty.[1] At the other end of the income scale, more than twice as many of the non-elderly than of the elderly were living comfortably above the standard. The median income of the non-elderly was nearly twice that of the elderly. Although the elderly comprised only one sixth of the total population, they comprised one third of those in poverty, and nearly one third on the margins of poverty, by the state's standards. As the table shows, nearly 6 million of them were in this vulnerable financial situation.

The difference between elderly and non-elderly is also sharp if incomes are related to the alternative deprivation standard. As many as 54 per cent had incomes below this, compared with 21 per cent of the non-elderly, and only 9 per cent had incomes of more than 200 per cent of the standard, compared with 24 per cent (see Table A.90, Appendix Eight, page 1061).

The principal reason for the difference rests in the separation of the vast majority of the elderly from access to the rates of income obtainable in paid employment and their heavy dependence on the low rates of income obtainable through the state's social-security system. A 'pension' has come to mean an income smaller, and usually very much smaller, than a 'wage' or 'salary'. Eighty per cent of those of pensionable age were neither employed nor had been employed during the preceding year. Eleven per cent of these depended for their incomes exclusively upon state retirement pensions, and another 16 per cent exclusively upon state retirement pensions and supplementary benefits or other benefits. Many others had only small amounts of income from any other source. Altogether, over two thirds depended for more than half their incomes on state retirement pensions and supplementary benefits (Table A.91, Appendix Eight, page 1061). Even among the remaining people of pensionable age who had gained some income from employment in the preceding year, there was substantial dependence on retirement pensions, 42 per cent having more than half their income from this source.

That the rates of retirement pensions and of supplementary benefits are low, relative to earnings, and have remained low since the war, is demonstrated by Table 23.2. For the twenty-seven years between 1948 and 1975, the single person's rate of retirement pension, for example, ebbed and flowed between 18 and 21 per cent of

[1] It should be noted that when the supplementary benefit standard is applied to the income of income units, more people are found below the standard than when it is applied to income of *households*, as in Chapter 7. Whether the income of the whole household reflects better than the income of different units which comprise it the consumption standards of individual members is a controversial question.

***Table 23.2**. Rates of benefit as a percentage of average gross industrial earnings (males).*

Year (October)	*Retirement pensions*		*Supplementary benefits*	
	Single	*Married couple*	*Single householder*	*Married couple*
1948	18.8	30.4	17.4	29.0
1958	19.5	31.2	17.5	29.6
1963	20.2	32.5	19.0	31.2
1965	20.4	33.2	19.4	32.0
1967	21.1	34.2	20.1	33.0
1968	19.6	31.7	19.8	32.4
1969	18.1	29.4	18.3	30.0
1970	17.8	28.9	17.1	28.0
1971	19.4	31.4	18.8	30.6
1972	18.8	30.4	18.3	29.7
1973	18.9	30.5	19.9	31.4
1974	20.6	32.9	21.4	33.6
1975	19.5	31.7	20.5	32.2
1976	19.9	31.7	20.5	32.2

SOURCE: *Hansard,* 23 January 1973, and *Social Security Statistics, 1976,* HMSO, London, 1978, p. 216. Note that from 1973 long-term rate of supplementary benefit is taken.

average gross industrial earnings, and the rate of supplementary benefit between 17 and 21 per cent. In 1974 and 1975, despite substantial money increases in benefit rates, their relationship to gross earnings did not, because of inflation, improve. Evidence of the relatively low level of some other sources of income received by the elderly is given later. Some state pensioners obtain increments by deferring retirement, and are entitled to graduated pensions, introduced in 1961. But the amounts of the latter are very small, and their value has been eroded steadily by inflation. Even when pension increments and graduated pensions are added, few pensioners obtain much above the basic rate of pension. Thus a government survey found in 1965 that only 21 per cent of married couples and only 1 per cent of single pensioners had more than £1 above the basic rates.[1] In 1975, the basic rate of pension for the single pensioner amounted, for the year as a whole, to just under £600. According to the Family Expenditure Survey, the mean amount paid in that year to single pensioner households was only £604, to which other cash benefits, principally supplementary benefits, added £191 and earnings £52, making a total of £847.[2]

[1] Ministry of Pensions and National Insurance, *Financial and Other Circumstances of Retirement Pensioners,* HMSO, London, 1966, Table III, 15.

[2] Harris, R., 'A Review of the Effects of Taxes and Benefits on Household Incomes, 1961-

Although pensions have not increased more than fitfully in relation to gross earnings, they increased slightly during the 1960s and early 1970s, particularly in 1974-5, in relation to net earnings.[1] The failure on the part of the government to raise tax thresholds fully in relation to inflation has resulted in a higher proportion of earnings being taken in tax. It is for this reason that pensioners have experienced some improvement in their net disposable incomes relative to people of non-pensionable age. Thus, the single pensioner's disposable income, as a percentage of that of the adult non-pensioner living alone, was 43 in 1961, 46 in 1967, 46 in 1970, 45 in 1973, and 50 in 1975. For married pensioners, the corresponding percentages (that is, in relation to households with two non-pensioner adults without any dependants) were 37, 42, 41, 39 and 42.[2]

The low rate of pension is significant, not only because of the lack among many of the elderly of other substantial sources of income, due especially to their retirement from work, but because the rate has been lower, throughout the years since the war, than society's definition of a poverty standard, and lower, too, than the rates recommended as a goal in the Beveridge Report of 1942. As the figures in Table 23.2 testify, the basic rates of supplementary benefit have been nearly as high in most years as the rates of pension, and for a brief period in the late 1960s were actually higher than the rates of pension, without adding on the actual amounts paid for rent and other housing costs. Whether many people attain the social standard of a minimum income therefore depends crucially upon whether or not they apply for, and receive, appropriate supplementation of their pensions from the Supplementary Benefits Commission. More than a quarter of retirement pensioners do, in fact, receive supplementation, though whether large numbers of them could be paid more than they are, according to existing administrative rules and procedures, has become a matter of some controversy.

Other groups than the elderly depend on the supplementary benefits scheme. That scheme is also part of a more general system of means-tested, or conditional, welfare. For these reasons, the scheme and other means-tested benefits are discussed more fully in Chapters 24 and 25. Chapter 24 shows, however, that more than two thirds as many old people again as are receiving supplementary benefits are eligible to do so. Only a little over half of those eligible to receive supplementary benefits were actually receiving such benefits. The rest were spread among all age groups over the pensionable ages, and represented 1,500,000 in the total population of the United Kingdom. The chapter also finds that the reasons for low uptake rest less in the ignorance of old people of their rights and their reluctance to exercise them as in administrative difficulties of access and the conflicting functions of the system. On

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1975', *Economic Trends*, January 1977, p. 107.

[1] *Social Trends*, No. 7, HMSO, London, 1976, p. 107.

[2] Derived from Harris, 'A Review of the Effects of Taxes and Benefits on Household Incomes', pp. 107-9.

the one hand, the Supplementary Benefits Commission has a legal duty to meet need; on the other, they have the less clearly formulated responsibility of protecting and enforcing social values and saving the unnecessary expenditure of public monies. This seriously handicaps their discretion to add materially to the basic rates prescribed, as in reality they are, by Parliament.

The inequality in incomes between elderly and young is in some respects widened, and in others reduced, when their other resources are examined. The most important of these are assets. Asset-holdings augment living standards in various ways. Outright ownership of a home can represent the equivalent of what others have to pay in rent from their incomes. Savings can be withdrawn or valuable possessions sold to meet current living costs. Property can provide security in order to obtain loans more easily. The ownership of a car can in certain circumstances reduce travel costs or increase or maintain range and quality of activities. Our definition of assets (explained in Chapter 5, and in detail in Appendix Five) was wide and included the value of owner-occupied houses as well as cars and personal possessions like pictures and jewellery. None the less, a quarter of the elderly had no assets at all or assets of less than £25 value, and altogether more than two fifths of them less than £200. It can be seen, however, in Table 23.3

Table 23.3. *Percentages of elderly and non-elderly comprising income units, according to total net assets and readily realizable assets.'*

Value of assets (£)	*Elderly*		*Non-elderly*	
	Total net assets	*Readily realizable assets only*	*Total net assets*	*Readily realizable assets only*
Under 25	25	33	22	44
25-99	9	10	9	16
100-99	7	9	6	9
200-499	7	15	11	15
500-999	7	12	8	7
1,000-4,999	27	14	27	7
5,000-9,999	12	4	11	1
10,000+	6	3	6	1
Total	100	100	100	100
Number	750	835	3,861	4,440

NOTE: 'For definition, see Appendix Five, page 981.

that the distribution by value was not very different among the elderly from that among the non-elderly. Assets include values, like savings, which are readily realizable, as well as values, like owner-occupied homes, which are not readily realizable. If attention is confined to the former, it can also be seen that fewer of the elderly than of the non-elderly had low values, and more of them had high values. This means that, despite relatively low net disposable incomes, more of them had assets which could be used to raise living standards. In practice, it seems that only a minority do so to any considerable extent. Thus, when we asked for information on dissaving, we found that only 13 per cent of the elderly who lived alone and 17 per cent of elderly married couples had drawn £25 or more from savings in the previous year. About 4 per cent and 8 per cent had drawn £100 or more, some of them more than £200. Altogether, only 12 per cent of the elderly had drawn savings during the year.

By contradistinction, more of the elderly than of the non-elderly (47 per cent compared with 31 per cent) possessed no assets, or virtually no assets, which could be readily realized. Relatively fewer of them had assets worth £5,000 or more. Fewer of the elderly, for example, possessed cars and other saleable assets worth over £25, and fewer lived in owner-occupied houses of relatively high value (after subtracting capital still to be repaid for mortgaged property).

As explained in Chapter 5 (pages 212-15), we attempted to find the approximate effect of assets in raising living standards by expressing them as an annuity value and adding this value to disposable incomes. The hazards involved in this enterprise have been emphasized. Because investment in owned homes cannot be liquidated to supplement income as readily as savings and investment assets, and because the imputed annual addition to income is necessarily larger for people with a relatively short expectation of life, the procedure is less satisfactory for the elderly than for the non-elderly. None the less, assets are a substantial contributory factor in the determination of real or at least potential living standards for some old people. For this reason, some crude estimate of the imputed addition to income is better than no estimate at all. Two conclusions emerge. Even when 'potential' income from assets is added, a substantial proportion of the elderly remain in poverty or on the margins of poverty; thus, when 'potential' incomes are added to net disposable incomes, the number below the state poverty standard falls from 20 to 12 per cent and the number on the margins of that standard from 44 to 26 per cent. Secondly, the situation of some elderly people is transformed from that of having low or modest incomes to that of being relatively rich; thus, when ' potential ' incomes are added to disposable incomes, the number with three or more times the state poverty standard rises from 5 to 26 per cent.

If the value of employer welfare benefits in kind is brought into the picture, the inequality in living standards between elderly and non-elderly widens. One method of demonstrating this is illustrated in Table 23.4. The non-asset income of income units has been expressed as a percentage of the supplementary benefit scale rates (plus housing costs). The mean for selected age groups has then been compared, and the corresponding values for different additional types of resources have been given cumulatively.

***Table** 23.4. Mean resources of income unit, for people of selected ages, as percentages of supplementary benefit scale rates plus housing costs.*

Age group	*Non-asset income*	*plus value employer welfare benefits in kind*	*plus annuity value of assets*	*plus value of social and personal services and goods in kind*
40-49	246	258	313	376
65-9	145	146	239	272
70-79	123	123	213	244
80+	104	104	156	180

Relative to income, the elderly gain more than the non-elderly in value of social services in kind. However, it is difficult to treat these resources unequivocally as an imputed addition to income. In large measure, they reflect additional need. More of the elderly than of the non-elderly are sick and disabled, and the fact that they tend to gain more in value from free health services does not mean that they are enabled to enjoy a higher standard of living - only that they are freed from certain additional costs and anxieties that would be incurred if such services had to be paid for. But there are some services, such as subsidized meal services, which represent a subvention towards income.

The relative lack of total resources on the part of the elderly was reflected in our measures of deprivation. Significantly more of them than of the non-elderly lacked television sets, refrigerators and other household durables; had not eaten fresh meat most days of the week; had not had a summer holiday away from home in the last twelve months; had not had an afternoon or evening out in the last fortnight; and had not been out to relatives or friends in the last four weeks for a meal or a snack, and had gone for at least one day without a cooked meal in the previous fortnight (see Table 11.1, page 414). More of the elderly than of the non-elderly were also conscious of being worse off than others (Table 11.3, page 420).

We noted above that fewer of the elderly than of the non-elderly possessed substantial amounts of assets, the value of which could be readily realized. Paradoxically, many more of the elderly than of the non-elderly were in income units owning their homes outright, as Table 23.5 shows. This is certainly the most important qualification that needs to be made to the figures so far presented of inequality of living standards between elderly and non-elderly. The differences in distribution by tenure, as laid out in Table 23.5, are striking. As would be expected, more of the elderly than of the non-elderly income units had paid off mortgages, but

Table 23.5. *Percentages of elderly and non-elderly according to housing tenure.*

Tenure		*Elderly*[a]	*Non-elderly*
Owner-occupier:	fully owned	44.9	15.4
	paying mortgage	5.4	32.4
Rented:	local authority	24.6	31.5
	privately furnished	1.8	4.8
	privately unfurnished	20.8	11.8
	privately with farm/business	0.6	0.6
Rent free (mostly employer owned)		1.8	3.5
Total		100	100
Number		924	5,155

NOTE: [a]Women 60 and over, men 65 and over.

the proportion occupying homes owned by the household (just over 50 per cent) was none the less slightly higher than the corresponding proportion of the non-elderly.

This requires comment. In view of the rapid increase since the war in the extent of owner-occupation, one might expect the ratio between elderly and non-elderly to be reversed. Thus, in England and Wales, the number of dwellings which were owner-occupied in 1947 was only 27 per cent, in 1961, 42 per cent, in 1966, 47 per cent, and in 1971, 52 per cent.[1] Other things being equal, one would expect a higher proportion of each age cohort than of its immediate predecessor to be owner-occupiers, with the elderly tending to reflect, at any one date, the national proportion found at a date between ten and twenty years previously. That so many were outright owner-occupiers must in some part be attributable to the it purchase of properties, usually of low value, like bungalows, from savings in late middle age or upon retirement, by people who had formerly lived in rented accommodation; though in some cases moves may have been prompted by inheritance. But the phenomenon must also be attributable to much higher mortality at the older ages of working-class people, particularly of semi-skilled and unskilled manual workers.

Whatever the full explanation, more of the elderly than of the non-elderly were found in fact to own their own homes. But although fewer rented council accommodation, more rented privately unfurnished accommodation. The proportion was nearly double that of the non-elderly. In Chapter 13 (pages 490-98) we showed that this sector had the worst record for housing facilities of any type of tenure. The table therefore also suggests a polarization of experience among the elderly, relative to the non-elderly, which can be demonstrated again and again in describing and analysing

[1] OPCS, Social Survey Division, *The General Household Survey*, HMSO, London, 1973, pp. 91-2.

their economic and social situation. This introduces a second main theme of this chapter.

Inequality among the Elderly: Single and Married

One method of pursuing, and explaining, the inequality in incomes between elderly and non-elderly is to examine and compare different sub-groups among them. There are striking differences between the component sub-groups of the elderly. The great majority of the elderly are not in paid employment. Three quarters of these, compared with only a third of the elderly who were employed currently or for at least a period during the preceding twelve months, were found to be in, or on the margins of, poverty, according to the state's standard. Among the retired, a further difference was found between the single and the married. More than four fifths of the unmarried, widowed, and married but separated elderly were in poverty, or on the margins of poverty, compared with three fifths of the married. At the other end

Table 23.6. *Percentages of elderly and non-elderly in different types of income unit that have incomes above or below the state's standard of poverty.*

Net disposable income of income unit last year as % of supple-mentary benefit standard plus housing cost	*Elderly*[a]				*Non-elderly*	
	Not employed		*Employed*[b]			
	Single[c]	*Married*	*Single*[c]	*Married*	*Single*	*Married* (*with and without children*)
Under 100	26	19	14	7	14	4
100-39	56	42	30	22	10	21
140-99	11	17	32	28	21	34
200+	7	21	23	43	55	42
Total	100	100	100	100	100	100
Number	329	360	56	116	789	3,466

NOTES: [a]Women 60 and over, men 65 and over.
[b]In paid employment, even for a few hours a week, during the previous twelve months.
[c]Including unmarried, widowed, divorced and married but separated.

of the income scale, there were three times as many married as single persons with incomes of double or more than double the state's standard (Table 23.6).

The inequalities between single and married become wider when the value of assets is taken into account. Forty-four per cent of single men and 45 per cent of single women, compared with 24 per cent of married persons, had net assets of less than £100 in value (most of them having no assets at all). At the other extreme, 13 per cent and 12 per cent respectively of single men and women, compared with 23 per cent of the married, had £5,000 or more.

Among the single, there are further differences between, on the one hand, men and women, and between the unmarried and the widowed, separated or divorced, on the other. More of the men than of the women were found to have relatively high incomes, and fewer relatively low incomes (Table A.92, Appendix Eight, page 1062). Among women, widows were the most disadvantaged. Not only were more of them than of other groups living in poverty or on the margins of poverty; more had no assets or virtually no assets, and fewer possessed substantial amounts of assets (Table A.93, Appendix Eight, page 1062). According to a variety of indicators

Table 23.7. *Percentages of elderly of different sex and marital status, according to selected characteristics of their economic situation.*

Characteristic	*Single men*	*Single women*		*Married men and women*
		Unmarried	*Widowed, separated or divorced*	
1. Income below or on margins of social standard of poverty	65	69	77	53
2. Fewer than £100 assets	44	26	49	24
3. Living in house owned outright	35	51	32	53
4. Living in unfurnished rented accommodation	18	24	27	17
5. Fewer than 6 durables in list of 10 in home	49	46	50	35
	Numbers on which percentages based			
1.	59	68	266	437
2.	52	57	236	388
3.	71	79	286	499
4.	71	79	286	499
5.	71	79	286	499

of economic situation, widowed women were least advantaged, as Table 23.7 shows.

Society makes scant provision for women of pensionable age who are widowed. It also makes scant provision for people of advanced age. Among all men and women of pensionable age in the national sample who were found in units with incomes below or on the margins of the social standard of poverty, nearly half were widows. Of elderly women in this vulnerable financial situation, 78 per cent were widows.

Inequality among the Elderly: the Concept of the Fourth Generation

The disadvantage of elderly women as compared with elderly men, and of the single compared with the married, is partly a function of age, and more directly of the relative lack of resources and of access to resources on the part of the elderly of advanced age. A substantial proportion of the elderly are now aged 75 and over. Among the population of men aged 65 and over, and women aged 60 and over, those aged 75 and over comprised 19 per cent in 1931, 26 per cent in 1951, 29 per cent in 1971 and is expected to be 38 per cent in 2001.[1]

Most of the increase is due to a rise in the numbers of women, rather than of men, aged 75 and over. Indeed, between 1950 and 1970 the average expectation of life of men aged 65 deteriorated marginally from 12.2 years to 11.9 years, while that of women increased from 14.6 years to 15.8 years.[2] There are now 1¼ million widows aged 75 and over (and a further 1½ million aged 65-74). Altogether there are more than twice as many women as men of 75 years of age and over. The growth in proportion of elderly widows among the elderly suggests how important it is to understand their relatively precarious economic situation, and the present methods and amounts of resources allocated.

The growing number of people of advanced age, which includes a disproportionate number of women, also coincides with the emergence in industrial society of a fourth generation on any scale. A cross-national study of the populations aged 65 and over in Britain, Denmark and the United States found that of those with children 23 per cent in both Britain and Denmark, and 40 per cent in the United States, had great-grandchildren, much larger proportions than can have been possible even twenty-five years previously.[3] This rapid increase in the 'fourth generation' can be attributed not only to greater longevity but also to earlier marriage and earlier childbearing, which reduces the average span in years between the generations.'[4] For reasons of changing stratification by age, changing family structure, and

[1] *Social Trends,* No. 7, p. 62.

[2] DHSS, *Health and Personal Social Service Statistics for England and Wales* (with summary tables for Great Britain), 1972, HMSO, London, 1973, Table 1.6.

[3] Shanas *et al., Old People in Three Industrial Societies,* p. 141.

[4] Townsend, P., 'The Four Generation Family', in *The Social Minority,* Allen Lane, London, 1973.

changing systems of resource distribution in societies experiencing economic growth and inflation, a distinction between a third and a fourth generation over the pensionable ages has to be made.

The present inequality in incomes and other resources between elderly men and elderly women is traceable to these demographic, social and economic factors associated with the development in the social structure on a substantial scale of a fourth generation. Men tend to have higher incomes and more of other types of resource than women. But, in the national survey, 76 per cent of them, compared with only 43 per cent of women, were married and, as we have seen, the married had more resources of different kinds than the single. More, too, of single women than of single men were of advanced age: thus, 62 per cent of women aged 60 and over were aged 70 and over, compared with only 45 per cent of men. These two structural factors underlie any of the comparisons which might be drawn between elderly men and elderly women. When an attempt is made to hold them constant, as in Table 23.8, it is still possible to show the relationship between diminishing resources

Table 23.8. *Percentage of single and married people of different age in income units with incomes below or on margins of the state's standard of poverty.*[a]

	Men			*Women*		
Age	*Single*	*Married*	*All*	*Single*	*Married*	*All*
20-39	9	24	19	29	26	26
40-49	(19)	17	17	26	13	15
50-59	(15)	15	15	41	19	24
60-64	-	19	20	66	31	46
65-69	-	48	48	76	53	63
70-79	-	67	68	74	71	73
80+	-	-	(85)	89	-	86
	Numbers on which percentages based					
20-39	211	481	692	159	544	703
40-49	42	272	314	57	285	342
50-59	34	261	295	80	241	321
60-64	23	95	118	65	90	155
65-69	22	101	123	63	83	146
70-79	24	84	108	140	59	199
80+	13	14	27	66	6	72

NOTE: [a]Net disposable income of income unit below 140 per cent of supplementary benefit standard plus housing cost.

and advancing age.[1] This phenomenon is found in other countries.[2] The table shows that, after fluctuating around a fifth or a quarter for most of adult life, the proportion of people in poverty or on the margins of poverty rises sharply after the pensionable ages. The table also shows that the over eighties are the poorest group of all. In fact among the over eighties as many as 53 per cent were either receiving supplementary benefits or were eligible to receive them, compared with 45-46 per cent of those in their late sixties (Table A.94, Appendix Eight, page 1063).

In judging the significance of these findings about age, two questions have to be posed. We have been considering the incomes of income units, not of households, and 31 per cent of the elderly in the sample were neither living alone nor in married pairs, but were living with others - for example, elderly siblings, other adults, and married children and grandchildren. Assuming household incomes were pooled, might the living standards of the elderly be less unequally distributed with

Table 23.9. *Percentages of elderly people of different age living below or on the margins of the state's standard of poverty, according to three measures: unit income; household income; and net income worth.*

	As % of supplementary benefit standard plus housing cost						
Age	*Net disposable income last year of income unit*			*Net disposable income last year of household*	*Net income worth of household last year*		
	Men	*Women*	*Men and women*	*Men and women*	*Men*	*Women*	*Men and women*
60-64	-	46	-	30	-	21	-
65-69	48	63	56	49	22	28	25
70-79	68	73	71	60	26	37	33
80+	(85)	86	86	64	-	46	39
All of pensionable age	60	65	63	53	23	31	29

[1] See also Ministry of Pensions and National Insurance, *Financial and Other Circumstances of Retirement Pensioners*, HMSO, London, 1966, Chapter 2.

[2] For an excellent overall analysis, see Morgan, J. N., 'The Retirement Process in the United States', Working Paper from OEO Study of Family Income Dynamics, Survey Research Center, University of Michigan, 1972; Morgan, J. N., and David, M., 'The Aged: Their Ability to Meet Medical Expenses', *Financing Health Care for the Aged*, Part I, Blue Cross Association, American Hospital Association, Chicago, Ill., 1962.

advancing age? The answer is that although the incomes of other people, when pooled with those of the elderly in cases where they live in the same household, reduce the numbers living in poverty or on the margins of poverty, the benefit is spread more or less evenly among the age groups, and a marked inequality according to age remains.

Secondly, savings and other assets have not so far been taken into account, which, in theory at least, might enable those of advanced age to raise standards of consumption to levels closer to those of people of less advanced age. Assuming that the value of assets can be combined with incomes, is the effect to reduce inequality with advancing age? Again, although 'potential' incomes, when added to net disposable incomes, reduce the numbers living below or on the margins of poverty standards, the benefit is spread more or less evenly among the different age groups, and a marked inequality, according to age, remains. The effects of adopting different measures are illustrated in Table 23.9.

Social Class and Access to Resources

Inequalities between the aged in their command of resources is also a function of class position. Depending on previous occupation, some of the elderly had received much higher salaries or wages than others during active working life and had therefore enjoyed more opportunities to save, and acquire property and other possessions. Those of high occupational status had also had more access to membership of occupational pension schemes. For such reasons, as well as greater opportunity to inherit wealth, and failure on the part of the state's social policies to redress such inequalities subsequent to retirement, class position correlates with poverty.

The elderly in the sample were divided into three groups according to present or last occupation: non-manual, skilled manual and partly skilled or unskilled manual. A markedly larger proportion of manual than non-manual groups lived in households with incomes below or on the margins of the social standard of poverty. Higher proportions also lacked assets worth £200 or more, had fewer than six among a list of ten common durables in the home, and were not living in homes owned outright. When the 'potential' income of assets was added to disposable income, the proportion of non-manual groups living at poverty standards was reduced much more than the corresponding proportion of manual groups. The ownership of assets substantially widens class inequality of incomes in old age (Table 23.10).

The groups compared in Table 23.10 include elderly people living with others, as well as people living alone and in married pairs. When each of these three groups were considered separately, significantly more elderly people living alone than others were found to have resources below or on the margins of poverty,

Table 23.10. *Percentages of elderly of different social class living in households and income units with resources below selected standards.*

				Numbers on which % based		
Standard	*Non-manual*	*Skilled manual*	*Partly skilled and unskilled manual*	*Non-manual*	*Skilled manual*	*Partly skilled and unskilled manual*
Net disposable household income below or on margins of poverty standard	41.7	60.6	61.6	187	203	242
Net disposable income unit income *ditto*	47.7	73.0	71.6	243	255	271
Income net worth of household below or on margins of poverty standard	9.9	36.2	42.1	172	185	214
Income net worth of income unit *ditto*	18.1	47.1	50.6	215	227	241
Unit assets of less than £200	15.4	42.2	53.0	201	199	232
Fewer than 6 durables in home in list of 10	28.3	47.3	49.6	226	207	236
Accommodation not owner-occupied	31.4	59.6	71.2	242	225	267

and significantly more elderly people living in married pairs than people sharing households with others. But in each of the three household groups the class gradient remains marked (see Table A.95, Appendix Eight, page 1063).

Low Lifelong Social Status and Poverty

Living standards in old age are not only a function of class position as signified by present occupation, last occupation prior to retirement or husband's occupation prior to widowhood. They appear also to be a function of lifelong class position. We had asked all individuals in the sample for information about the main occupation followed by their fathers. Ideally, we would have wished to analyse the relationship between own and father's (and spouse's) occupational status for each of the eight ranks discussed elsewhere in this book, but numbers in some ranks were much too small. However, there were minimally adequate numbers for the seven combinations set out in Table 24.11. When different measures of resources were applied, a difference *within* certain classes, according to father's social class, could be demonstrated. The table shows that non-manual elderly whose fathers had also had non-manual occupations tended to have more resources than those whose fathers had been in manual occupations. The reverse also applied. Again, bearing in mind the small numbers on which some of the percentages are based, there is a tendency among manual groups for resources to be higher for those whose fathers had been in skilled occupations, and to be lower for those whose fathers had been in partly skilled or unskilled occupations. Those of unskilled or partly skilled occupational status whose fathers had held comparable status were the poorest of all.

The data in the table demonstrate the sharp inequalities in wealth between elderly of different class, which have the effect of widening inequalities found between incomes. As many as a quarter of elderly people from non-manual occupations, whose fathers had also held non-manual occupations, had net assets of £10,000 or more, and a half £5,000 or more, compared with 0 per cent and 2 per cent of those at the other end of the occupational status scale. If 'potential' income, represented by the annuity value of assets, is added to net disposable incomes, then 66 per cent, compared with 6 per cent, were found to have resources of three or more times the social poverty standard.

Although the incidence of poverty is highly correlated with class position, that is not the only explanation for the existence of poverty on a disproportionate scale among the elderly. The various measures to assess living standards which we have used show that, even when class is held constant, more of the old than of the young are in poverty or on its margins. The protective mechanisms and resources of those in non-manual and in skilled manual occupations, as well as in partly skilled and unskilled occupations, are diminished in old age by the different processes of exclusion from employment, falling value of certain resources, particularly occupational pensions, in relation both to rising real incomes of the community at large and inflation, and lack of protection for women who become widowed and men and women who become disabled from the preservation of living standards relative to those of adults below pensionable age.

Withdrawal or diminution of some of the economic resources associated with class position in old age has the effect of superimposing upon the disadvantages of class the disadvantages of depressed retirement status. In an important sense, the elderly poor are an 'under-class' as well as being predominantly persons who would be deprived, whatever their age, by virtue of their class position. They share in common

Table 23.11. *Percentages of elderly of different lifelong status who have less than, or more than, certain levels of resources.*

Own class in relation to father's class	*Net disposable household income last year below or on margins of poverty standard*	*Net income worth of household last year below or on margins of poverty standard*	*Living in home not owner-occupied (outright)*	*Fewer than 8 of 10 selected durables in home*	*Net income worth of household last year three or more times poverty standard*	*Net unit assets of £5,000 or more*	*Number on which percentages are based*
1. Non-manual, father likewise	41	7	26	58	66	50	96-140[a]
2. Non-manual, father manual	42	13	36	71	37	26	76-97
3. Manual, father non-manual	59	27	48	79	26	18	70-91
4. Skilled manual, father likewise	61	38	62	86	13	8	89-103
5. Skilled manual, father partly skilled or unskilled manual	62	(40)	71	81	(17)	8	48-56
6. Partly skilled or unskilled manual, father skilled	59	(34)	60	88	15	6	47-53
7. Partly skilled or unskilled manual, father likewise	63	48	75	93	6	2	145-76

NOTE: [a]The smallest number refers to column 2. Other columns approximate to the highest number.

a particular social status - whatever their class origins. Two of the important steps in this process are retirement and inadequate access to occupational pensions or to the maintenance in value of such pensions, which will now be discussed.

Retirement and the Diminished Social Status of the Employed

Retirement is frequently attributed to individual characteristics, such as ill-health or infirmity and personal preference,[1] but it is more than unlikely that such factors can account for the rapid fall in proportion of men of 65 and over not in paid employment in the course of the present century. As we considered in some detail in Chapter 19 (pages 654-6), retirement has become much more common in this century. For example, while four fifths of men aged 65-9 were employed in 1921, the fraction fell to less than a fifth by 1971. The Government Actuary estimates that the number will continue to decline to about 7 per cent in the early 1980s.[2] The decline is common to industrial societies. The explanation is to be found, as we have seen, in the accommodation of social values and social policies to the changing values and organizational practices of industry. Perhaps the most fundamental generator of the decline has been society's insistence on maintaining and even increasing the relatively high rates of remuneration and other privileges of professional, managerial and other white-collar groups, during a period when it has also sought to recruit relatively greater numbers through higher education to those groups. In the context of existing social and economic institutions, particularly as they affect the national structure of incomes, these two goals are contradictory and are difficult to reconcile. That they have been reconciled is due substantially to the adoption of a policy of gradually excluding the majority of men over 65 from employment into less highly rewarded retirement, a policy which now appears to be being extended to men in the late fifties and early sixties.[3]

That retirement brings relatively lower income has been demonstrated, in relation both to adults under the pensionable ages and the small numbers of adults over the pensionable ages who continue in paid employment. That retirement brings relatively lower social status might be demonstrated at some length, with examples of the social labelling of 'pensioners' through customs like cheap afternoon tickets for the cinema, cheap travel in off-peak hours on local bus routes, cheap seaside holidays in May or October, condescending gifts of gold watches after forty or fifty

[1] Ministry of Pensions and National Insurance, *Reasons Given for Retiring or Continuing at Work,* HMSO, London, 1954.

[2] Report by the Government Actuary on the Financial Provisions of the National Superannuation and Social Insurance Bill, 1969, Cmnd 4223, HMSO, London, 1969, p.21; Report by the Government Actuary on the Financial Provisions of the Social Security Bill 1972, Cmnd 5143, HMSO, London, 1972, p. 17.

[3] See Chapter 19, pages 674-5.

years' employed service, cheap butter and government doles (in the early 1970s) of £10 at Christmas. That the retired recognize their depressed status might be demonstrated from evidence adduced earlier of the numbers feeling worse off than their families, neighbours and the population at large, and, in particular, worse off than at previous stages in their lives (Table 11.3, page 420).

The low status of people of pensionable age also rubs off on those who retain, or who are able to find alternative, employment. In the sample were 17 per cent of men and 12 per cent of women of pensionable age in employment. Around three fifths of both sexes worked for fewer than thirty hours a week. Many of these supplemented their pensions through paid employment. Before the war, the state financed old-age pensions and not 'retirement' pensions. The fact that since the war the state has operated a retirement rule as a condition for receipt of pension, and an earnings rule for those receiving pensions, has had the effect of reducing employment among the elderly. Persons reaching pensionable age have been faced with a choice of retiring on a pension or continuing in work without pension. Those with low earnings are not given much incentive to continue working, despite the higher rates of pension that can be earned (for men up to 70, and for women up to 65) by postponing retirement.[1] The difficulties experienced before 65 of redundancy, unemployment and work of lower status and with lower earnings also help to condition the choice made by many upon attaining the pensionable ages. After retirement, the earnings rule limits the desire to take part-time work[2] and encourages some employers to offer low wage rates.

Relatively few of the elderly in the sample remained in full-time employment. Despite working as many hours as those in middle age, their earnings were much smaller. The gross earnings of a third of these fully employed elderly, compared with only 6 per cent of men and 22 per cent of women in their forties and fifties, were below half the mean for their sex. Only a fifth, compared with two fifths of employed men and women in their forties and fifties, had gross earnings above the mean. Over three quarters of men had take-home pay of under £15 per week, while nearly three quarters of men in their thirties, forties and fifties had take-home pay of *more* than this sum. These figures show the sharp erosion of earning power among people of pensionable age, an erosion which begins in the mid and late fifties. As at younger ages, the earning power of women of pensionable age is proportionately less than that of men of these ages.

When we considered the conditions under which men and women of pensionable

[1] In 1968-9, a single person could earn an addition to pension of 1s. (or 5p) for every nine weeks worked beyond pensionable age. After one year, the addition would amount to just over 5s. (or 25p) - representing an addition to the single pension (£4.50) of 5½ per cent.

[2] In 1968-9, the retirement pension was reduced if earnings exceeded £6.50. The earnings rule was subsequently relaxed - even allowing for inflation. In 1977 the pension was not affected until earnings exceeded £35 a week.

age worked, we found that relatively more of them than of younger workers experienced very poor conditions, and fewer experienced good conditions.[1] Many worked outside. Relatively more were subject to very short notice. Two thirds of men aged 60-64 and three quarters aged 65 and over, compared with only a half of men aged 40-59, spent *all* their working time standing or walking about. Again, these are indicators of depressed status in the labour market, but because the number of pensionable age in the sample who were still employed was small, these are matters which would justify further investigation.

Three elements in the depression of older people's occupational and social status therefore have to be identified. Before reaching pensionable age, some men and women are made redundant and move to jobs of lower occupational status and earnings. After reaching pensionable age, the few who continue in full-time employment tend to be in jobs of low status and earnings. And those who supplement pensions with earnings from (usually part-time) employment, do so in partly skilled or unskilled roles with low status and earnings.

These three elements are, of course, conditioned by society's conception of 'retirement', including the ages at which retirement is applied. The development of the concept of retirement has been associated with campaigns on behalf of the rights of workers when management considers they have reached the point of no longer being worth their wage, and on behalf of the rights of old people to better standards of life. But it has also been associated with pressure to exclude certain groups of workers from the bargaining process, social perceptions of failing health and physical capacity, and social interpretations of the value to the economy of workers past certain ages. Changing technology and the successive introduction of new forms of training and educational qualifications have encouraged high evaluations of the productive capacity of younger workers and low evaluation of the productive capacity of older workers. The combined effects of industrial, economic and educational reorganization seem to have led to a more rigid stratification of the population by age.[2]

Despite voluminous evidence as well as biographical anecdote of the immense variety among individuals of any given age of health, physical and mental agility, motivation, creativity and occupational performance, most societies have applied concepts of retirement to particular chronological ages. Individuals are obliged to conform or adapt to the crude rules of employment sectors and government. The chronological ages have varied historically in most societies and continue to vary across societies. In Britain in 1908, non-contributory pensions on test of means were introduced, with certain exceptions, for persons aged 70 and over. In 1925, a contributory scheme was introduced and the qualifying age reduced to 65 for both

[1] According to answers to the sequence of questions discussed on pages 437-43.

[2] See, for example, the wide range of material on age stratification in Riley, M. W., Johnson, M., and Foner, A. (eds.), *Ageing and Society,* vol. 3: *A Sociology of Age Stratification,* Russell Sage Foundation, New York, 1972.

sexes. In 1940, women became entitled to pensions at 60, mainly on grounds that wives are usually younger than their husbands.[1] In 1957, at a time of concern about the economic 'burden' of a growing number of pensioners, the Phillips Committee recommended the raising of the minimum age for pension by three years for both sexes, but this was not, in the event, accepted by the government.[2] In recent years, pressures have been exerted to reduce the pensionable age to 60, or even 55, for both sexes.[3] There are variations between societies in pensionable ages. In the early 1970s, the age was 70 in Ireland and 67 in Sweden for both sexes; and 60 for men and 55 for women in Italy, Hungary, Japan and the USSR. These variations are as difficult as the ages chosen at different dates in Britain to explain in terms of the onset of ill-health or incapacity among the majority of individuals.

There is no evidence that *more* people past a certain age, of, say, 65, are infirm than there were in 1920 or 1880. Indeed, the advances in many countries in the expectation of life of people at 60, as well as a large volume of indirect evidence, might be cited to suggest that more people in their sixties than in previous historical periods remain physically active, and therefore potentially productive in at least a number of respects. So the introduction of the concept of retirement and its association with particular ages in the twentieth century has to be explained more by social and economic considerations. These conspired, as I have argued, to create an underclass of pensioners.

Occupational Pensions and the Middle Class

Occupational pensions owe their development in this century largely to pressures on the part of upper and middle occupational groups to ensure that the lowered incomes and inability to get alternative employment which were imposed on, and in large measure accepted by, the working classes who reached pensionable age would not apply to them. Previously, some of the principles of the schemes had been pioneered in the public superannuation scheme for the Civil Service. This dates from an Act of 1810,[4] to provide compensation at the end of working life as well as security during

[1] For a historical outline of state pensions, see George, V., *Social Security: Beveridge and After*, Routledge & Kegan Paul, London, 1968, Chapter 8.

[2] Like the Royal Commission on Population, the committee found that available medical and other evidence, combined with the fact that substantial numbers of people continue to work beyond the pensionable ages, 'indicate that over a wide field these do not by any means represent the limit of the working life'. See Report of the Committee on the Economic and Financial Problems of the Provision for Old Age, Cmd 9333, HMSO, London, 1954, p. 49. Other influential bodies also argued against the inflexibility of fixed pensionable or retirement ages. See, for example, the first and second Reports of the National Advisory Committee on the Employment of Older Men and Women, Cmds 8963 and 9626, HMSO, London, October 1953 and December 1955.

[3] See, for example, *Sex Equality and the Pension Age*, Equal Opportunities Commission, London, 1977.

[4] Raphael, M., *Pensions and Public Servants: A Study of the Origins of the British System,*

working life for employees who were not expected, or allowed, to enjoy the rates of remuneration obtaining in the private sector. This policy helped to diminish corruption among civil servants and to create the ideology associated with public service in Britain. During the latter part of the nineteenth and the early part of the twentieth century, pension schemes were adopted in other public services. The police had to wait until 1890, teachers until 1898 and local government officers until 1922, or in some cases until 1937. Although manual employees sometimes had to wait, they were often brought into the public pension schemes on similar terms to non-manual staff. When the public sector grew in the middle of the twentieth century, a two-tier system began to be established. Partly because former private schemes were continued, the schemes for groups of manual workers in the new nationalized industries, including mineworkers and railwaymen, were based on separate principles from those on which the schemes for non-manual staff were based. The pensions for which they became eligible were very small.[1]

Private-sector pensions have to be distinguished from public-sector pensions. Occupational pension schemes have been poorer in coverage; the benefits have been maintained worse in periods of inflation; the schemes have been more diverse, and separate schemes for non-manual and manual staff have been common. While some features were borrowed from the public sector, others were introduced in conformity with the interests of industry. Pensions were introduced to encourage loyalty to the firm and prevent the loss to competitors of skilled workers - especially during ‘full’ employment after the war. Rules were introduced so that employees who left their employment had no right to transferability of pension rights, to the contributions paid by the employer and even any interest on the contributions which they had paid themselves. Rules were also introduced to lower the benefits paid from the funds after employees reached pension age. Thus, widows were rarely entitled to any part of a pension formerly paid to the husband, and pensions in payment were not increased until recently if the cost of living or average salaries and wages increased. But, to reconcile demands of long-service employees with pressures for promotion from younger employees as well as demands for institutional and technological change, inducements to retire early were introduced for highly paid employees. Lump sums of considerable amount were paid, say at 60, to managers, along with pensions close to the levels of final salary. The ‘golden handshake’ took the form of lump sums of £5,000, and sometimes much more for the highly paid, and a gold watch for skilled manual employees with long service.

One further major element in the story since the war has been the manipulation of pension schemes to avoid or offset high rates of taxation for some of the highest paid. By accepting lower salaries in their forties and fifties in exchange for high lump sums, and high pensions once they reached the age of 55 or 60, some man-

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Mouton & Co., Paris, 1964.

[1] A good source of information on the history of private as well as public occupational schemes, which has been neglected in the literature, is Rhodes, G., *Public Sector Pensions,* Allen & Unwin, London, 1965.

agers and other highly paid employees could substantially reduce the taxes they would pay over a span of ten or fifteen years without any difference in cost to the employer.[1] Very considerable amounts in lump sums and pensions can sometimes be paid, in what have come to be called 'top hat' schemes. As long ago as 1954 there were cases in which the tax-free lump sum might be as much as £40,000.[2]

These features of occupational pension schemes were first revealed in stark form in Britain by the Millard Tucker Committee in 1954.[3] The committee were strangely oblivious of the remarkable differences which existed in principle between private and state schemes. The 'needs' of the elderly were perceived in relation to 'final earnings' and not 'subsistence'. The appropriate pensionable age for men was believed to be 60, or even younger, and not 65, as in the state scheme. The pension would be payable irrespective of any subsequent earnings in alternative employment, contrary to the rule in the state scheme, and so was an 'occupational' and not a 'retirement' pension. Lump sums would normally be paid once the pensionable age was reached, but no such entitlement existed in the state scheme. The Millard Tucker and Phillips Committees made no effort to reconcile the principles of the two types of scheme. Hence the charge that 'two nations' in old age were being consolidated was wholly justified.[4]

After growing rapidly after the war, occupational pension schemes have lately shown no signs of being extended to the whole employed population, and they are very unequally distributed, not only between non-manual and manual workers, but between new and long-standing pensioners. In 1936, 1.6 million employees outside the public services, or approximately 10 per cent, were covered by occupational pension schemes. If members of public-service schemes are added (including the armed services), the total was probably about 2½ million.[5]

In 1967 the Government Actuary estimated that there were 8.3 million employees in private-sector schemes, or less than half, and 3.9 million in public-sector schemes, or more than two thirds.[6] But, by 1971, the number of employees in private-sector

[1] For an important historical review of ways in which pension schemes have been used to avoid tax, see Lynes, T., 'The Use of Life Assurance, Pension Schemes and Trusts for Tax Avoidance', in Titmuss, R. M., *Income Distribution and Social Change,* Allen & Unwin, London, 1962, pp. 217-29.

[2] Rhodes, *Public Sector Pensions,* p. 309.

[3] Report of the Committee on the Taxation Treatment of Provisions for Retirement, Cmd 9063, HMSO, London, 1954.

[4] There may be developing 'the problem of two nations in old age; of greater inequalities in living standards after work than in work' - Titmuss, R. M., 'The Age of Pensions', *The Times,* 29 and 30 December 1953 ; see also Abel-Smith, B., and Townsend, P., *New Pensions for the Old,* Fabian Research Series No. 171, Fabian Society, London, March 1955.

[5] *Ministry of Labour Gazette,* May 1938.

[6] *Occupational Pension Schemes, 1971, Fourth Survey by the Government Actuary,* HMSO, London, 1972, p. 5.

schemes had fallen back to 7 million, while those in public-sector schemes rose slightly to 41 million. The Government Actuary went on to show that this contraction applied to manual and not non-manual workers. The number of male manual workers in schemes had contracted from 64 to 56 per cent, but had *increased* among male non-manual workers from 85 to 87 per cent. The number of female manual workers in schemes had contracted from 21 to 18 per cent, but *increased* among female non-manual workers from 53 to 56 per cent.[1] At the end of 1971, there were 2.45 million former employees and 0.5 million widows and other dependants drawing pensions from occupational schemes - over half of them in the public sector. The total of 2.95 million, representing about 32 per cent of the population of pensionable age, had grown from 1.80 million in 1963, representing 22 per cent. Forty per cent of the pensions in payment were under £3 per week, and only 18 per cent more than £10 per week. Analysis of pensions in payment showed for the private sector that an average increase of 2.5 per cent per annum had been paid over a period of ten years, compared with an average increase in retail prices of about 4.5 per cent per annum.[2]

In the survey, only 16 per cent of persons of pensionable age were receiving an occupational pension - a third of them from the government or armed services. When allowance is made for a spouse in some income units, then 26 per cent were in units receiving such a pension (38 per cent of men and 20 per cent of women).

***Table 23.12**. Percentages of elderly people of manual and non-manual occupational status receiving occupational pensions of different amount.*

Amount of pension last year (£)	*Non-manual*			*Manual*		
	Single men	*Single women*	*Married*	*Single men*	*Single women*	*Married*
Nil	(60)	84	55	71	96	70
Under 50	(0)	0	3	8	1	6
50-99	(0)	2	3	8	1	9
100-99	(7)	6	5	8	1	7
200-99	(13)	3	5	6	0	4
300+	(20)	5	29	0	1	4
Total	100	100	100	100	100	100
Number	15	129	155	52	195	319

[1] *Occupational Pension Schemes, 1971,* p. 7. Part of the contraction was attributed to a ‘possible overstatement’ of the 1967 totals, ‘but the bulk of the fall appears to be a genuine development’.

[2] ibid., pp. 13,14 and 38.

(See also Table A.96, Appendix Eight, page 1064).[1] We also found a substantial number of people below the state's pensionable age, representing about 700,000 drawing an occupational pension from a former employer. Table 23.12 confirms that fewer elderly people of manual than of non-manual status receive pensions, and more of them receive small amounts. The relative advantage of married people as compared with single women, predominantly widows, can also be seen. This is both an effect of their younger age, and the tendency for widows to be ineligible for pensions. There was little or no evidence from the survey of a dramatic improvement taking place in either the numbers or amounts of pension received by former employees. Thus, the percentage of men aged 65-9 drawing an employer's pension was no larger than of men aged 70-79 and 80 and over (Table A.96, Appendix Eight, page 1064). And nearly a third of them continued to draw pensions of under £100 a year (Table A.97, Appendix Eight, page 1064).

Social Isolation and Access to Family Resources

We have shown that, relative to the married, the elderly who are unmarried, widowed, divorced and separated have low resources. We have also shown that, relative to the younger elderly, the elderly of advanced age have low resources. These results are largely attributable, as we have seen, to socially institutionalized rules which determine, during the course of the life-cycle, differential access to earnings from employment, differential opportunities of inheriting and accumulating assets, scope of membership of state and occupational pension schemes and changes in the value of pensions in payment. These rules are governed by class position and sex, but also by family status. Indeed, their effect is also modified in some important respects by family status and situation.

Through the institution of marriage, women are both deprived of male privileges to certain individual rights to income, and entitled to a share of the financial prerogatives of men. After reaching the pensionable age, some married women are cushioned from falling into poverty. Those whose husbands have already died or become separated from them, or whose husbands subsequently do so, are exposed to greater risks of both social isolation and financial loss. The fact that women are living increasingly longer than men at the older ages is exposing them to these risks at an advanced age. Many continue to live alone, but many find it possible to offer accommodation to a relative or are able (and encouraged) to join members of their families. After the death of the husband, there seems to be a tendency for women who are still physically active, usually in the sixties or early seventies, to go on living alone, and for the frail and usually older elderly to move into the households

[1] In comparing these data with those from other sources (e.g. the government's *Financial and Other Circumstances of Retirement Pensioners*), it should be noted that they refer to all people of pensionable age and not just retirement pensioners.

of others. So the phenomenon of social isolation in old age depends, first, on how prevalent in the population are unbroken marriages, but secondly, on the structure, situation and values of the family.

In reviewing the contribution of the family to the standards of living of the elderly, the membership by single people of households of two or more people is the first question of importance. It is true that some individuals who are in multi-person households live in relatively self-contained income units. But, by definition, they live under the same roof, share the same amenities and share a common housekeeping. Many of the elderly with low incomes enjoy indirect subsidies from other household members with higher incomes. Table 23.13 shows that, when

Table 23.13. *Percentages of elderly in different types of household who had resources below or on the margins of the state's standard of poverty.*

	Type of household		
Net disposable household income last year as % of supplementary benefit rates plus housing cost	*Living alone*	*Living in married pairs only*	*Living with others*
Under 100	19	15	8
100-39	58	36	23
140+	24	49	69
Total	100	100	100
Number	219	350	130
Net income worth last year of household as % of supplementary benefit rates plus housing cost			
Under 100	10	7	1
100-39	43	16	12
140-99	12	21	31
200-99	15	25	28
300+	21	31	27
	100	100	100
	197	317	176

household incomes and assets are aggregated, the elderly who live with others are less likely to be living in poverty or on the margins of poverty than married couples, and even less likely than the elderly living alone. The phenomenon is found in each of the major social classes (Table A.95, Appendix Eight, page 1063). The most prosperous groups were the single elderly who lived with adult children or adult children and grandchildren. This pattern of inequality according to living arrangements also applied when the range of consumer durables and values of household assets were considered separately.

Among those living alone, more women than men had low resources, even excluding the employed, but more men than women lived in homes with few consumer durables. The numbers of men in the sample who were living alone were too few to justify any differentiation by age, but, among women, more of those in their eighties than of those in their seventies, and more of the latter than of those in their sixties, had relatively low incomes and assets.

A special feature of the survey was its demonstration of the value of family contacts. We asked everyone in the sample whether they had seen any relative (not living in the same house) most or all days of the week, at least once a week, or not at all. Unfortunately, because we did not want to protract interviews which were already lengthy, we had to ask the question not for each relative but for relatives in general. As a consequence, we believe the number in the sample seeing at least one

Table 23.14. *Percentages of elderly people living alone or in married pairs and seeing relatives with varying frequency who were deprived in different respects.*

Contact with relatives outside household						
Measure of deprivation	*Living alone*			*Living in married pairs*		
	None seen weekly	*At least weekly*	*Most or all days of week*	*None seen weekly*	*At least weekly*	*Most or all days of week*
Net disposable income last year below state poverty standard	30	15	12	18	16	12
Net income worth last year below state poverty standard	18	*5*	7	9	5	7
Fewer than 4 of list of 10 consumer durables in home	18	9	8	1	2	4
Number on which percentages based	66	82	68	134	134	77

of their relatives frequently is underestimated. However, frequency of stated contact with relatives was correlated with level of income.

Among the elderly living alone, fewer seeing relatives most or all days than not at all in the week had net disposable incomes below the state's poverty standard (Table 23.14). The difference could not be attributed to the spread of assets owned among the two groups, because the respective proportions owning small amounts of assets or none were in fact broadly similar. More of those having close contacts with relatives than not having such contacts proved to be receiving supplementary benefits and other means-tested benefits, and more received small cash incomes or gifts or income or gifts in kind. They also tended to have more consumer durables in the home. Integration with family therefore enables the elderly to gain access to discretionary social security, and in other ways to attain slightly higher standards of living. The aid takes many indirect forms rather than weekly cash payments. The elderly stay with relatives for periods of the year, visit relatives for meals, receive

Table 23.15. *Percentages of elderly living alone, in married pairs and with others who had various types of relationship with relatives and friends.*

Type of relationship with relatives or friends outside household	*Living alone*	*Living in married pairs*	*Living with others*
Seeing relative outside household most or all days of week	31	24	21
Seeing relative outside household at least weekly	38	38	36
Relative outside household - none seen weekly	31	38	43
Receives help from relative	34	13	8
Receives help from neighbour or friend	23	4	3
Receives help from relative, neighbour or friend	52	16	11
Helped in illness or emergency in last 12 months	43	25	21
Stayed at least 1 night in last 12 months with relatives	41	31	21
Stayed at least 1 night in last 12 months with friends	11	5	6
Had relative to stay at least 1 night in last 12 months	23	38	31
Had friend to stay at least 1 night in last 12 months	8	7	9
Total number on which percentages based	223	401	266

gifts of food, clothes and household goods, and benefit from a variety of free domestic and nursing services.

Among the elderly living alone, nearly a third had close contacts with relatives and more than another third saw a relative at least weekly. More of them than of the elderly living with a spouse or with others had regular help from a neighbour or friend, and more, too, had received help in illness or in an emergency, as after an accident in the home, during the previous twelve months. More, again, had stayed elsewhere with relatives or friends during the year, sometimes for lengthy periods. Fewer had had a relative or friend to stay in their own homes, but nearly a third of them had nevertheless been able to make such an arrangement in the year.

Among those living alone, more of the poor and marginally poor received help from both relatives and friends than did those with incomes substantially in excess of the poverty standard. There were no significant differences between the poor and the non-poor in the proportions staying for periods away from home and having guests to stay. The various indices suggest that between a third and a half of the elderly living alone have very close contacts with others outside the home, particularly with relatives, and can depend on them for support regularly and in emergencies. Others are in weekly contact, but perhaps a third altogether are relatively isolated and vulnerable in illness or other emergencies. Elderly married couples depend less on outside relationships, but substantial proportions get help in illness and also stay with relatives or friends. Nearly half of them have relatives or friends to stay at least occasionally during the year.

Increasing Disability and Access to Resources

We have traced the greater liability to disablement and incapacity of people of advancing age (Chapter 20). The rates for both men and women rise markedly in the fifties and tend to be higher at each successive age after 60. For men in the age groups 60-64, 65-9, 70-74, 75-9 and 80 and over, the percentages in the sample with appreciable or severe incapacity were, respectively, 10, 7, 21, 31 and 56; for women they were 18, 20, 28, 42 and 58. Among all men 60 and over the percentage was 17, and among women 31. Table 23.16 shows that those with greater degrees of incapacity tended to have smaller incomes, fewer assets and consumer durables, and were more susceptible to forms of objective deprivation.

The association between disability and deprivation among the elderly arises, of course, partly because there are at the older ages proportionately more women, and more widowed people, as well as more disabled. But disablement has a number of consequences for living standards. In the fifties and early sixties, people are compelled to withdraw from the labour market; find difficulty in securing employment; are obliged to take jobs with low earnings; begin to draw on savings; are less likely to obtain full rights to occupational pensions; withdraw from owner-

***Table 23.16**. Percentages of non-incapacitated and incapacitated people of 60 and over according to selected indices of resources and deprivation.*

		Degree of incapacity[a]			
Selected standard of resources/deprivation		*None (0)*	*Minor (1-2)*	*Some (3-6)*	*Appreciable or severe (7+)*
Income net worth of household below or on margins of poverty standard[b]	%	22	35	34	49
	base number	190	196	207	205
Fewer than 5 durables in home in list of 10[c]	%	14	19	28	39
	base number	279	265	267	265
With scores of 6 or more on deprivation index[d]	%	21	32	33	43
	base number	128	123	212	179

NOTES: [a]Defined as described in Chapter 21, pages 692 and 697.
[b]Net disposable income of household in previous year plus annuity value of assets below 100 per cent or below 140 per cent of supplementary benefit rates plus housing costs.
[c]See page 714.
[d]See page 250. Persons aged 65 and over only.

occupied homes or are less likely to become owner-occupiers; and, because they spend more time at home, make heavier use of the resources of the home, foreshortening the expected life of some consumer durables. Because the sub-sample of elderly in the survey was too small to allow all the social and resources variables to be held constant, Table 23.17 gives no more than a suggestion of the outcomes. The table suggests that more older than younger people are in poverty or on the margins of poverty, *even when* disablement *and* household composition are held constant. It suggests, secondly, that more disabled than non-disabled elderly people are in poverty or on the margins of poverty, even when age *and* household composition are held constant. These two trends have important implications for policy.

This line of analysis naturally leads to the question of the *additional* resources which the disabled elderly need if they are to maintain living standards comparable with the non-disabled. Only preliminary attempts have so far been made to identify these.[1] There are direct costs of the conditions and states of disablement: drugs,

[1] Harris, A., *et al., Income and Entitlement to Supplementary Benefit of Impaired People in Great Britain* (Part III of *Handicapped and Impaired in Great Britain*), HMSO, London, 1972, p. 8.

emollients, hearing aids, spectacles, sticks, calipers, surgical belts, wheelchairs, hoists, special diets, forms of transport, slip-on clothing, incontinence pads, specially designed implements for eating, purpose-built shoes or boots, books and newspapers in braille or with large print, breathing apparatus, nonslip mats, ramps, handrails and so on. Some of these items are required once and for all or occasionally, and others at regular intervals. It would be wrong to assume that all of

***Table 23.17**. Percentages of non-incapacitated and incapacitated elderly under 75 and over 75, living alone, in married pairs and with others who have relatively low resources.*

Living arrangements, age, and degree of incapacity	*Net disposable income last year below or on margins of poverty standard*		*Income net worth last year below or on margins of poverty standard*	
	%	*Base number*	*%*	*Base number*
1. *Living alone under* 75 with no or slight incapacity (0-2)	63	59	43	56
2. with some, appreciable or severe incapacity (3+)	76	68	53	57
3. *Living alone, 75 and over,* with no or slight incapacity (0-2)	-	16	-	14
4. with some, appreciable or severe incapacity (3+)	87	77	64	70
5. *Living in married pairs under 75,* with no or slight incapacity (0-2)	49	212	22	188
6. with some, appreciable or severe incapacity (31-)	53	156	25	139
7. *Living in married pairs 75 and over* with no or slight incapacity (0-2)	-	13	-	12
8. with some, appreciable or severe incapacity (3+)	72	50	36	47
9. *Living with others under* 75, with no or slight incapacity (0-2)	68	57	51	47
10. with some, appreciable or severe incapacity (3+)	64	44	41	39
11. *Living with others 75 and over,* with no or slight incapacity (0-2)	-	8	-	7
12. with some, appreciable or severe incapacity (3+)	82	62	58	48

them can be or are paid for or made available without personal charge under existing health and welfare legislation. National Health Service prescriptions for the elderly are free, but some goods required or felt to be required are purchased from chemists and other sources, and in obtaining free prescriptions and free goods it is sometimes necessary to incur costs of travel or payments to others.

There are many indirect costs of disablement. Even when someone does not suffer from a condition such as diabetes or heart disease for which a particular diet is prescribed by a doctor, he may be restricted in practice to a range of foods which are difficult or costly to obtain. Someone with limited mobility may have to depend for his shopping on near-by corner shops rather than on cut-price stores and supermarkets. To maintain circulation, extra heating, or to offset pain or discomfort, cushions, hot-water bottles and electric blankets, may be required. Those who are unable to drive or to use public transport may have to depend on paying privately to get about, or at least feel obliged to offer a gift in exchange for unpaid services. Much the same applies to activities like cleaning, cooking, housekeeping, going on holiday or going to a cinema or football match. Sometimes it is argued that the extra costs of disability in old age are balanced in part by necessary restrictions in range of social activities and hence savings in various costs, including diet. This argument is difficult to sustain, however, because its assumptions are based on social observation of the disabled elderly, many of whom are obliged to restrict their activities for want of the resources to command the goods and services to compensate for or counterbalance their disabilities. The key question here is how the disabled elderly with relatively high incomes behave. They form a small proportion of the elderly population at the present time, and there were not many in our sample. For example, there were 198 people of pensionable age with appreciable or severe incapacity, and from whom we had obtained full information on income and assets. Among them were forty-two who had income net worth of more than three times the supplementary benefit standard. The activities of this small number were restricted by the inadequacy generally of services and amenities in society for the disabled. None the less, most undertook activities enjoyed by younger non-disabled people, such as going on summer holidays, staying with relatives and friends, having friends and relatives to stay, having an evening out and so on. The majority of this small group had low scores on our deprivation index.

The implications of this analysis of disability among the elderly for policy are two-fold. First, methods need to be developed of providing substitute incomes and some types of asset for those whose sources of income and means of restoring or accumulating assets have been reduced as a direct consequence of their disability. Secondly, methods need to be developed of providing levels of income and perhaps also types of assets which are *additional* to those which society has approved or can be persuaded to approve in certain circumstances for the non-disabled. The former set of proposals would make good the inequality in resources between the disabled and non-disabled. The latter set would acknowledge their additional need for resources to ensure opportunities to follow equivalent styles of living. Some concrete proposals along these lines have been set out by the Disability Alliance.[1]

Conclusion

During the twentieth century, the number of men aged 65 and over and of women aged 60 and over in the United Kingdom has increased from fewer than 3 million to over 9 million, representing 16 per cent of the population. If the income unit is taken as the unit of measurement, nearly 20 per cent in our survey, representing 1.7 million, were found to be in poverty, and 44 per cent, representing 3.7 million, on the margins of poverty, according to the state's definition. The elderly poor comprised 36 per cent of the poor.

Why are a disproportionate number of the elderly poor? The chapter's argument is that poverty in old age is a function of low levels of resources, and restricted access to resources, relative to younger people. More of the elderly than of the young or middle aged are poor because they have been excluded from employment, and therefore from the rates of income associated with employment, without adequate substitution through the state's social security system and other sources of income in old age, especially private occupational pensions. There is a dual process of deprivation, stemming fundamentally from class position, but also from changing class structure. Some old people are poor by virtue of their low life-long class position. Others are poor by virtue of society's imposition upon the elderly of 'underclass' status.

Some of our most interesting evidence concerns the economic consequences of low life-long occupational status. Those who had held jobs of low occupational status, and whose fathers' status was correspondingly low, were more likely than others to be poor in old age. Conversely, those of high status whose fathers' status was also high were least likely to be poor in old age. This double criterion of status divides the elderly into a succession of distinguishable ranks, ranging from the possession of high to the possession of low income and other resources. We traced some of the major determinants of this structure of inequality. People of high status were more likely to have benefited from high earnings; to have accumulated savings and other assets, and in particular to have become outright owner-occupiers of their homes; inherited wealth; enjoyed employer welfare benefits in kind during working life; and gained rights to occupational pensions. On the other hand, people of low status were more likely to have had low earnings; experienced long spells of unemployment and more spells of illness off work; experienced insecurity of employment with no rights to occupational pensions, paid holidays and wages

[1] See, in particular, *Poverty and Disability: The Case for a Comprehensive Income Scheme for Disabled People*, Disability Alliance, London, 1975.

during sickness; had more dependants to support during working life; and lived in rented dwellings with little opportunity to enter the owner-occupied sector of housing. As a consequence, upon reaching the threshold of old age, the *private* sources of income and wealth upon which they could draw were non-existent or minimal.

Even before old age, living standards tend to become more unequal. Those of high status tend to benefit from seniority rights in their occupations, continue to receive increments of salary, complete mortgage payments on their homes, and no longer have dependants in the home. Those of low status tend to lose chances of making up basic wages with overtime earnings, or because of age or incapacity are no longer able to work long hours, and run greater risks of redundancy, unemployment and chronic sickness or disability.

In moving into old age, this process continues. People tend to separate into two groups, one anticipating a comfortable and even early retirement, the other dreading the prospect and depending almost entirely for their livelihood on the resources made available by the state through its social security system.

At this point we have to recognize two general sets of factors which affect the numbers who are distributed above and below the poverty line. First are structural factors. Irrespective of economic and social changes. fewer people continue to command, as the years go by, all the resources held immediately after retirement. Bereavement and ageing, and latterly high rates of inflation, affect living standards in particular. The incomes of the elderly relative to the young tend to diminish. Many widows are not entitled to a share of the occupational pensions received when husbands were alive; more people incur additional costs because of disabilities associated with advancing age; household goods depreciate in value; and some costs, such as the costs of accommodation, which could be provided for from joint incomes, prove to be inelastic when people are reduced to a single income.

The other set of factors derive from economic and social change. The most important changes which influence the income position of people of advancing age are changes in retirement practices, changes in provisions for incomes which are alternative to employment incomes, and changes in real incomes because of inflation and economic growth. As we have seen, ‘retirement’ has rapidly become associated in this century with fixed pension ages, irrespective of individual variations in health and capacity. As late as 1921, 80 per cent of men in their late sixties were in paid employment, but by 1971 the figure had declined to 16 per cent, and is expected by the Government Actuary to decline to about 7 per cent by the early 1980s. This has meant that each successive cohort reaching pensionable age has been able to depend less on employment income than its predecessor, and much has therefore hinged on alternative pensions and other resources of the state and private sector. We have argued that indirectly the low incomes associated with retirement (traced, for example, in the rates of pension summarized for the last thirty years in Table 24.3, page 789) have been a consequence of the simultaneous recruitment of more younger adults to non-manual occupations and maintenance or enhancement of the levels of remuneration received by these non-manual groups. An ‘underclass’ has been created in retirement.

To some extent, the spread of occupational pensions has protected some people, particularly non-manual workers, from experiencing the sharp fall in living standards which they would otherwise have experienced from their withdrawal from the labour market. For some among them, however, such a fall has been only temporary, because women who are widowed are no longer covered and because pensions in payment have not been maintained relative to increases in earnings or even prices. Some non-manual groups therefore lose their relatively advantageous position on the income scale and descend into poverty, perhaps for the first time.

Among people of manual status, protection from poverty has not been guaranteed by the levels of state retirement pensions and has depended on supplementary forms of assistance through means-tested benefits. While many obtain supplementary benefits, official and independent evidence, further confirmed by this national survey, has shown that this supplementary system of conditional welfare has not operated efficiently, and a substantial minority, at present over million, do not obtain the supplementary aid for which they are eligible. Moreover, the additional financial costs of disability have as yet been only fitfully recognized (through such devices as the attendance allowance, the supplement for pensioners over 80, and the exceptional circumstances additions of the Supplementary Benefits Commission).

Other factors, of course, would properly play a part in any general analysis. These include the tax treatment of lump sums received upon retirement and taxation of investment and other income, changes in the values of assets which are held, and the pooling of incomes, and costs, and the provision of services within the household, family and community.

The Social Security Pensions Act 1975, which began to operate from April 1978, will not have a swift or sufficient impact on the problem. After political uncertainty and conflict throughout the 1960s and early 1970s, the Conservative party felt able to offer broad support for the measure introduced and passed by the Labour government in 1975. This provides massive subsidies for occupational pensions and reduces the contributions paid for the flat-rate scheme by those contracted out of the state earnings-related scheme. The potentialities of redistribution and a significantly higher flat-rate pension for the mass of the elderly are accordingly restricted. The additional earnings-related state pensions will grow year by year for each new cohort of pensioners reaching pensionable age, and will, after twenty years, add up to 25 per cent of revalued earnings between a minimum and a maximum. The numbers needing to obtain supplementary benefits will be reduced but not eliminated. Inequalities among old people will persist, and for many years to come the older elderly will have even lower average incomes, compared with the younger elderly, than they do at present.

That the problem of poverty in old age is massive and is continuing cannot be doubted. The policy solutions implied by our analysis clearly centre on the problem of raising the level of state retirement pensions, relative to earnings, introducing supplementary rights to income by virtue of disability and exercising more effective control and distribution of the resources hitherto so arbitrarily and unequally mobilized under the development of occupational pension schemes. Bearing in mind present and likely future pressures to lower fixed retirement ages, the problem underlying all three is that of reorganizing access to remunerated and meaningful occupation so that the elderly and disabled are less likely to be accorded unproductive and derogatory status.