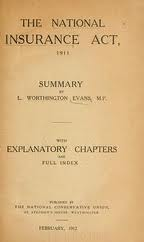
The Sick

In their search for solutions for social problems, some Liberals were prepared to see how other countries tackled similar difficulties. In Germany, they found policies worth considering. Like Britain, Germany had many towns and cities housing industrial workers. Lloyd George went there in 1908 to see how Germany had developed provisions for the poor which were much better than those in Britain. Lloyd George wanted to help more people than just children and the elderly. He also wanted to help those who became poor through ill health and unemployment.



Lloyd George’s reputation as a social reformer rests chiefly on his National Insurance Act of 1911. The aim of the Act was to end the twin threats of sickness and unemployment which ruined the lives of thousands of working men and women. This Act was a great move forward in making Britain a more just and kindly place to live. “*The National Insurance Act of 1911 was his greatest peacetime achievement. It laid down the origins of the modern welfare state.”*

Kenneth O. Morgan has stated that *“Lloyd George established the principle that benefits should be paid as of right to all contributors. All social reformers since 1911 have stood on Lloyd George’s shoulders.”*

The National Insurance Act of 1911 was in two distinct parts. Part I dealt with Health Insurance and was the responsibility of the Treasury. Part II dealt with Unemployment Insurance and was the responsibility of the Board of Trade.

**The National Insurance Act, 1911. (Part 1) Health Insurance**

Lloyd George was especially interested in those affected by ill health. Ill health cost many workers their jobs, and eventually their lives. His own father had been a victim of tuberculosis which claimed 75,000 lives a year at this time. Benefits for those who were sick were provided for in Part 1 of the National Insurance Act of 1911.

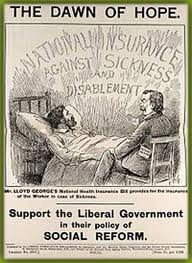
Before 1911 there were insurance companies that provided a means for workers to save privately and about 6 million people took advantage of them. But they were not always well run organisations that working men could trust. Moreover, as Lloyd George argued in 1909 ‘*There is a margin of people who cannot be persuaded or cannot afford systematic contributions. No plan can hope to be really comprehensive which does not include an element of compulsion’.* The organisations that already ran private schemes fiercely opposed the Chancellor’s plans. Lloyd George complained that *’the bitter hostility of powerful organisations like the Prudential, the Pearl, and similar institutions with an army numbering scores if not hundreds of thousands of agents and collectors who make a living out of collecting a few pence a week out of millions of households; a government which attempted to take over their work without first of all securing the co-operation of the other parties, would inevitably fail.’*

These organisations were won round only when Lloyd George agreed to use them within the State scheme and to drop parts of his plan so that not too much of the business of private companies was menaced. The pensions that were to be paid to widows and orphans were dropped. This concession the Chancellor found especially difficult to make.

The scheme was administered by the big private companies who had been battling with Lloyd George, but was supervised by the state. The scheme did not provide hospital care, nor did it do anything for the insured workers families.

Part 1 was modelled on a scheme already in operation in Germany. It was compulsory for all earning under £160p.a. The key figures for the 1911 Insurance Act, Sickness benefit were payments of 4d a week from all workers earning under £160 a year, 3d a week from employers and 2d a week from the state. With this **“nine pence for four pence”** insurance premium, a worker having to stay off work because of illness would receive 10 shillings per week when ill for 26 weeks and free medical treatment from a doctor chosen by a local Insurance Commission and paid for a fee according to the number of free (panel) patients he had. The Act also included a maternity payment of 30 shillings for the birth of each child.

The bill did not pass through parliament easily. Kier Hardie, the Labour leader, told South Wales miners that the government was saying *’We will not uproot the cause of poverty, but will give you a porous plaster to cover the disease that poverty causes.’* The Conservative party, angry at the recent reduction in power of the House of Lords, delayed it as far as they could. There were attacks on it in the press and at public meetings where well-to-do ladies complained of having to lick stamps to stick on their servants insurance cards.

The Act was successful in many ways. The Health insurance scheme meant that fewer people would need to seek the help of the old Poor Law; the ill health of the wage earner that reduced families to poverty could be survived, if it did not last too long, without going to the workhouse. Illness was a major cause of poverty and any money coming in as “sick pay insurance benefit” would therefore help a family during hard times.

Though this measure had its limitations, when added to all the other things the Liberals had done it made Archbishop Lang decide in 1911 *‘The 19th century was concerned with the creation of wealth, the 20th century will be concerned with its distribution.’*

The state had extended its role to help the poor in society.

This Act was arguably the most important of all the Liberal government’s welfare reforms. By 1913, 13 million workers were insured in the scheme and a very important safety net had been established. The Liberals had not only extended state aid to the needy, they had provided it in ways that people found far more acceptable than offered by the Poor Law in 1834.

Part 1 of the Act was not immediately popular. Although the Act was successful in many ways it did leave some problems unaddressed. After using up their 26 week entitlement, ill workers had to rely on the Poor Law medical facilities. Only the insured worker received free medical treatment from a doctor. Other family members did not benefit from the scheme, no matter how sick they were. The Act was not always appreciated by those it was intended to help. Many workers were angry at being forced to contribute their compulsory four pence from their wages to this fund. It reduced the size of their wage packet. If they were close to the poverty line this extra outlay could push them below it. Equally, employers were seldom happy about their forced contribution. However, eventually it came to be accepted by the three major parties and by the population as a whole.