



HISTORY & POLICY

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Historians warn Government against more fudged pensions ‘reforms’

Twentieth Century Governments missed opportunities to achieve lasting pensions reform about once every decade, according to two leading historians who have warned the Government against repeating the mistakes of the past, as the Pensions Commission prepares to publish its final report.

Two new papers published today on the *History and Policy* website shed light on the historical failure of successive Governments to create a pensions system that is sustainable in the long term. They also demonstrate that, far from being the product of recent social change, the problems of providing for an ageing population and ensuring a better deal for women have been inherent in our state pensions system since its formation in 1908.

In *Politics and pensions in post-war Britain*, Dr Hugh Pemberton of the University of Bristol, argues that history does not augur well for the Pensions Commission’s recommendations, as Governments have consistently prioritised political expediency over long-term social needs. He draws parallels between the Commission’s proposed National Pensions Savings Scheme and Labour’s ill-fated 1957 proposal for a system of ‘National Superannuation’ with funds invested in the stock market – then as now a major threat to the pensions industry, and vigorously resisted by it. And he warns that ‘reform’ of pensions, as with all attempts since 1908, will almost certainly make the system more, not less complex, because it will be too expensive to make the changes retrospective.

In *The ‘scandal’ of women’s pensions in Britain: how did it come about?* Professor Pat Thane, of the Centre for Contemporary British History in London, dismisses the claim that gender inequalities are a recent phenomenon caused by rising divorce rates. She argues that the obstacles to women building an adequate pension are the same today as they were 100 years ago – women have lower lifetime earnings and lesser savings opportunities than men and they live longer. These problems have always been recognised by policymakers,

including William Beveridge in the 1940s, but they have never been tackled as seriously by policymakers as the pension needs of men. Professor Thane also argues that providing a decent pension for men *and* women in future is affordable, with savings made from raising women's retirement age and National Insurance surpluses.

Dr Pemberton said:

“When Labour came to power in 1997, they acknowledged the cumulative failure of British pensions, the mounting complexity and decreasing efficiency of the system, the tendency for ‘reform’ every ten years or so, and for such reform to be dominated by short-term political horizons rather than long-term needs. The implication was that Labour would do things differently. So far it has failed to live up to this promise.

“The decision to set up the Pensions Commission and spark a national debate about how to address the pensions crisis is encouraging. Despite the whispering campaign mounted against the Commission's proposals for reform, there is still an opportunity to achieve a lasting solution. But the lesson of history is that this will not be easy, and it will likely make the system even more complex.”

Professor Thane said:

“The current problems of poverty among older women are not new; they have been known for over a century, have changed little and have never gone away. But they have been evaded by successive governments, not least because they are hard to solve without a lot of public expense.

“Our pension system has been characterised by a state pension too low to live on and dependence on occupational and private pensions, which cannot provide a comfortable old age for the low-paid and irregularly employed, most of whom are women. It is hard to believe that this miserable situation would have lasted for so long if the victims had been men.”

Notes to editors

1. Both papers are available on the History and Policy website. *Politics and pensions in post-war Britain* is at: <http://www.historyandpolicy.org/archive/policy-paper-41.html> and *The 'scandal' of women's pensions in Britain: how did it come about?* is at: <http://www.historyandpolicy.org/archive/policy-paper-42.html>. Please ring Mel Porter on the number below if you would like word files sent by email.
2. Professor Pat Thane is the Leverhulme Professor of Contemporary British History at the Institute of Historical Research in London. She is a co-founder of the History and Policy Initiative and the author of many books and articles on welfare, the family, gender and ageing in modern British history.
3. Dr Hugh Pemberton is Lecturer in Modern British History at the University of Bristol and author of a number of works on post-war British economic policy.
4. Professor Thane and Dr Pemberton are currently co-editing *Britain's pensions crisis: history and policy* to be published later this year.
5. History and Policy is a new initiative that aims to provide an independent, historical context for today's policy debates, connecting historians, policymakers and the media. See <http://www.historyandpolicy.org/> for more details.
6. It is based in the Centre for Contemporary British History, which promotes the study of the recent past, including events and issues within living memory, and sits within the Institute of Historical Research at the University of London.
7. History and Policy provides civil servants, politicians, think-tanks and journalists with independent, professionally researched papers relevant to today's policy issues, as well as access to professional historians.
8. The Institute of Historical Research (IHR) is part of the School of Advanced Study in the University of London. The IHR, under its Director Professor David Bates, offers a wide range of services to historians from the UK and around the world, promoting excellence in scholarship and teaching through its library, seminars, conferences, fellowships, training, and publications, and the work of its three research centres. See the IHR website: <http://www.history.ac.uk/>, for full details of its activities.

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