

## BOOK REVIEWS

E. P. HENNOCK, *British Social Reform and German Precedents. The Case of Social Insurance 1880-1914* (Oxford: Clarendon Press, 1987), 243 pp.

This book is the result of many years of research on the history of British social policy. The author, from the University of Liverpool, draws a differentiated picture of the conditions under which British social legislation was passed, and in particular, the processes by which objectives were developed and decisions made. Throughout, the detailed historical account hangs upon a globally conceived framework which asks what role was played by the German model of *compulsory* workers' insurance.

The German model, however, is not closely described. Rather, it is reduced to a few sequences concerning establishment and functions in principle, and the main emphasis is on its compulsory character. In presenting the 'German precedents', the author does not describe the highly contradictory processes by which they were constituted and the conflicting social policy intentions behind them; nor does he examine their effects and the corrective measures that were taken up to 1911. Granted, this is not a history of the German welfare state. But given the author's interest in the German precedent, taking this positivistic view of the 'German model' means forgoing several dimensions of the subject. If the aim is to arrive at precise judgements about the specific nature of the perception, processing, adoption, and transformation of the 'German example' by British experts and politicians, and to assess where selective perception, deliberate or not, turned into idealization or negative misrepresentation – then the 'German precedents' have to be examined in their own right.

On the other hand, however, Hennock's omissions in this respect can be justified, for they do not affect the basis of his argument. As his account shows convincingly, the German experience in this field had little positive, constructive influence on the decisions of British social policy makers (for example, in the sense of an experiment from whose results something can be learned). In essence, the 'German precedents' merely provided a programme to contrast with one for their own, specific purposes, and this limited interest of British social policy makers justifies the limited research of historians of social policy. This is the case, anyway, until elements triggering off action are discovered in the subject matter itself, that is, in actual progressive social policy. In other words, this is true until social policy becomes the aim, not the means, of politics.

Nor, unfortunately, is Lloyd George's 'sense of rivalry' examined more closely – where did it come from at that particular point in time? Here, perhaps, it is necessary to analyse in greater detail the impact of the German model on workers and the labour movement. (Its effects, visible by then, were publicized

in England by William H. Dawson and inquired after by Lloyd George in Germany.) Among other things, the extent to which the compulsory system was accepted, and the integrative effects which the institutions aimed to achieve need to be examined. And it is surely necessary to go beyond specific historical sources and provide, as background, a social historical comparison of how the position of poor workers in the two countries developed. This would provide a basis for assessing more precisely the 'realism' of the demands made by the British labour movement, demands which Lloyd George, and following him, Hennock, considered to be extremely important.

Hennock's account begins by establishing that the attitude of British social reformers towards the German social insurance model underwent a remarkable change in the years before the First World War. Until well into the 1890s it had been totally rejected outside an exclusive circle of experts, while after the turn of the century it found increasing favour among wider circles interested in social policy. By 1907 it had so many supporters that the government itself felt motivated to adopt the principles of its construction as the basis of creative policy. The National Insurance Act of 1911 signalled that British social policy had taken a new course. At the same time, it marked an abrupt change of direction away from the traditional patterns of dealing with social policy problems. Hennock's main concern is to explain why 'a particular institutional device with a German precedent was superimposed on a long-standing development along native lines' (p. 27), and what actual use the German example was put to. In very general terms he suggests that the government's project of a social insurance system based on the paying of contributions was an answer to the organized labour movement's demands which, because they had gained considerable support among MPs, could neither be ignored, nor implemented without great damage to the country's finances. The government felt that it was in a political deadlock which, it believed, it could break only by some unconventional solution in the area of social policy. Foreign models, especially those that were commonly regarded as successful, of course looked more attractive to a government seeking such a solution. Thus it was no coincidence that British social reformers and politicians regarded the German social insurance system as a subject for examination and study, and tried to adopt what seemed useful for their own needs.

Although Hennock does not make this an explicit theme, his argument again refers to 'German precedents'. After all, had not Bismarck's policy of workers' insurance already been an unconventional response to the pressure created by demands for a reform of liability legislation and an expansion of labour protection, demands which he had to acknowledge somehow? The Chancellor had the advantage of being able to draw his solution from domestic inspirations, but his concept of compulsory workers' insurance represented a

break with tradition and with the options suggested by almost all social reformers in the Kaiserreich. The solution found by the British in 1910 was neither, from an international point of view, an innovation in social policy nor, in terms of political science, especially unusual. Rather, it was one means of political control and organization among others. None the less, the 'deadlock' approach as a structuring element in Hennock's argument has more than a merely heuristic function: it allows the two thematically and objectively independent parts of the investigation to be subsumed under one over-arching principle, permitting generalizing conclusions to be drawn.

The first part of Hennock's investigation, headed 'The Partial Rejection of the German Precedent', analyses the problem of workmen's compensation. The second part looks at old age pensions, and unemployment, sickness and disability insurance, and is headed 'From Total Rejection to Acceptance of the German Precedent'. First, however, Hennock shows that the British had already taken an intensive interest in German developments in other areas, for example, in technical training and town planning. Envy of a rival was probably the main impetus behind the drive to import or imitate one or the other aspect. Social policy, then, was by no means the first area which stimulated British competition to send fact-finding missions to the Continent.

As far as compensation for industrial accidents is concerned, Britain followed a path that can be described as an alternative to the German model of compulsory workers' insurance on a co-operative basis. While Bismarck was mainly concerned to free individual industrialists from legal liability, something which they saw as ruining them, and to *spread* the cost of the consequences of accidents, the *principle* of liability was not questioned in British social policy. Entrepreneurs were no longer to be allowed to shirk their legal responsibilities for the health and lives of the workers, or to deny liability. The law of 1837, and even that of 1880, had still offered ample opportunity for this sort of practice, so that the trade unions called for an effective reform of liability laws in the workers' interests, making it one of their central demands. From the 1890s on they had the support of the Liberal Party, which had allied itself with the unions on this issue. In dealing with this pressure for political reform, the government never considered the possibility of an *insurance-type* solution based on public law, although the compulsory model of German accident insurance certainly featured in the discourse on social policy. Rather, the Workmen's Compensation Act of 1897, and its 1906 amendment, were firmly based on the traditional principle that individual entrepreneurs should not be released from their liability for industrial accidents and health risks. In fact, the tiresome question of responsibility was abolished and the upper limit of compensation payments laid down by law – as, in the event, it was in Germany – but neither compulsory insurance nor new procedures to regulate the

adjustment of claims were introduced. If employers did not want to carry the risk alone, they could combine in co-operatives, take out commercial insurance policies, or sign individual contracts with the workers. The risk was not inconsiderable, for the law 'was to apply to injury from industrial diseases as well as accidents. Moreover, it was to apply to all injuries lasting more than a week' (p. 85). It can hardly be called coincidental that this regulatory mechanism not only established itself but remained more or less undisputed for four decades or more, all the more so as it did not seem to have harmed Britain's reputation as one of the world's leading industrial nations. Combined with effective protective labour legislation, liability in fact seems to offer the most sensible framework within which to protect the health of workers.

Hennock's discussion includes the alternatives raised in Germany around 1800 as well as developments in other European countries. This makes it clear from the start that there is good reason to regard German accident insurance à la Bismarck as a *Sonderweg* in social policy rather than as a model. In the Kaiserreich it could perhaps be used to compensate for gaps in modernization – but for a government which regarded social policy as more than a substitute for action and which took seriously such of the labour movement's demands that were compatible with the system, Bismarck's model of state socialism had little to recommend it on the question of compensation and safety codes. Historians dispute whether the improvement of safety standards in industry was the main motive behind the Workmen's Compensation Acts of 1897 and 1906; however, government and parliament agreed on one point, namely 'that it was out of the question in Britain to do what had been done in Germany' (p. 74), either legally or administratively.

As far as the other branches of social insurance are concerned, in Britain policies to combat poverty were at the forefront of interest from the beginning: social reformers wanted to protect the socially weak from indigence and give them the right to an income even in times of need. The main target group, unlike in Germany, was that of the really poor workers, not the skilled industrial workers employed by large concerns, who in Germany supported the (socialist) labour movement. As early as the 1890s a social movement formed in Britain calling for the provision of an old age pension to be paid from general taxation. This movement wanted to remove the workers' fear of sinking into poverty in old age, and was able to put great pressure on the government. The Old Age Pensions Bill presented by the government in 1908 gave into this pressure in that it committed itself to a basic state insurance for over-seventy-year-olds, while it rejected compulsory insurance on the German model. However, it made the provision of an old age pension dependent on a means test as well as a certificate of good conduct, revealing again its indebtedness to Poor Law thinking. Although there were enthusiastic supporters of old age pensions

insurance on the German pattern both inside and outside parliament, their interventions, however spectacular in individual cases, had no political consequences. The majority did not allow their judgements (or prejudices) about the bureaucratic and over-organized character of the Prussian system of compulsory insurance – judgements that were in general marred by a lack of concrete information – to be weakened. Thus the government bill was passed very quickly, without a great deal of debate. Of course, many reformers regarded the government's initiative merely as a sort of down payment on a new, more comprehensive, system of state provision.

Hennock describes actual developments in this field as the 'transition from tax-provided old age pensions to insurance-based infirmity and sickness benefits'. In the area of unemployment, there was a parallel transition 'from policies of public relief works to unemployment insurance' (p. 166). This completely new direction in social policy – 'a startling new departure' (p. 168) – first appeared in April 1909. Two years later, with the National Insurance Act, it was already law, providing comprehensive insurance against unemployment, sickness and infirmity. This triumph of the idea of insurance, however, did not mean that the German models in this field had been copied. (In respect of unemployment insurance, indeed, they did not yet exist.)

The architects of the National Insurance Act, Braithwaite, Bradbury, and Lloyd George, took a greater interest in the German welfare system than any British politicians in power before them, even travelling to Germany to study the system's peculiarities on the spot. But their horizons were clearly limited by their diagnosis of their own country's needs, and their perceptions were correspondingly selective. In essence, it was 'three attitudes which together made up the stance of British policy-makers towards what they found in Germany: revulsion, imitation and rivalry' (p. 176). It is not surprising that under these conditions, a learning process *sine ira et studio* could hardly take place. German experiences proved to be of limited use for the specific aims and requirements of British social reformers.

The most important of these aims was 'to supersede the Poor Law as the protection against want caused by those factors over which the individual had no personal control' (p. 185). This differed considerably from the intentions of German social policy legislators, who had tried to adapt insurance to the needs of insurable skilled industrial workers, and to make it especially attractive to them by introducing a sliding scale of contributions and benefits based on income. The new British system, therefore, while providing higher and better benefits, prescribed a fixed scale of contributions and benefits which were not in any way related to previous income. Compared with the central idea of a basic insurance, any considerations relating to 'equivalence theory' remained rather secondary.

Secondly, the British concept was based on a determination to grant existing voluntary associations a certain role in the institutionalization of the planned system and not to create new, independent administrative structures. The idea was to organize the new arrangements from the start so that they could function with a minimum of contact between the compulsorily insured and the state: it was to be an economical, self-governing, uncomplicated and unbureaucratic system. This, however, largely remained wishful thinking, for during the legislative process the government proved to be neither able nor willing to realize its intentions as far as self-government and autonomy were concerned. Rather, the success with which commercial insurance interests were able to flex their economic muscle in the political sphere led to 'the whittling away of the element of self-government. It had made the government vulnerable to pressure from those bodies capable of organizing what the government was unwilling to organize directly through its own bureaucratic structures' (p. 194). There was, therefore, a price to be paid for the maintenance of traditional organizational structures in the system of state support, and in the long run, this necessarily had the effect of decreasing the value of the newly created system.

Thus the only thing that remained common to the British system and its German precursor was the principle of compulsory insurance. This was, however, a fiscal necessity of the time, as any development of the welfare system financed exclusively from taxation would have placed a considerable strain on the national budget, or considerably increased the burden of taxation. The only possible way out of this dilemma at that time was an insurance-based solution. In this situation, the existence of a model that had long been in use, like the German one, provided a welcome starting-point, offering a rich source of solutions possibly worth emulating. To this extent, looking towards the Continent had its attractions for a pragmatist such as Lloyd George. But the British Prime Minister was ambitious as well, and too good a patriot simply to imitate the unloved German Reich in the area of social insurance. His declared aim was to outdo the German system, and give his country a solution that was 'cheaper and better'. This sense of rivalry is Hennock's explanation for the pomp and circumstance with which the National Insurance Act was installed in 1911. The need to delimit the British system ideologically from the rival model it had partly adapted was apparently so great that the government put out no fewer than two officious memoranda intended to demonstrate the advantages and superiority of the British system over the German one. Such comparisons, of course, could not contain an objective analysis of the two insurance systems; the arguments were, as Hennock puts it, 'both evasive and misleading. Their value lies rather in what they tell us about the way in which political perception had been transformed... On the one hand they indicate that the sense of rivalry could make acceptable what might have been expected to be a political liability.

On the other hand they suggest the degree to which the territory that lay ahead was still uncharted' (p. 196).

This conclusion is certainly appropriate, even if it is not fully satisfying as an analytical summation. One would have liked to know more about exactly how the two memoranda came to be written, about the official instructions given to their authors, and about the information on social policy that was available to them. And further: what aspects of the British criticism levelled at the German insurance system was actually *appropriate*? Was there not perhaps a basic stratum of 'correct' assessments, despite tendentious slants and selective perceptions? What relationship existed between British criticism and what, for example, contemporary German critics (Ignaz Zadek) had to say about their welfare state? Conversely, was the relatively thorough assessment of British social policy actually undertaken by the German ministerial bureaucracy distinguished by a greater degree of objectivity and veracity than the work of their British counterparts? And what about Schmoller's opinion that England's social legislation after the turn of the century took the lead in progressive social insurance, leaving Germany behind? These are questions to which Hennock's book does not provide clear answers.

None the less, Hennock's study has cast light on several decisive points in the history of social policy. If we look at its genesis and the principles of its construction, the British welfare state that emerged in the two decades before the First World War appears to belong to a totally *autonomous* type. Thus despite the fact that it appeared after Bismarck's creation, it represents a true innovation. In any case, there were more differences than similarities between the British model and its German precursor. At least in the area of compensation for accidents and probably also in the provision it made for old age and invalidity, where it clearly tried to achieve some sort of social balance in favour of the poor workers, the British model seems to have addressed the problem more adequately than the German one, quite apart from the fact that it was never seen as a state-promoted alternative to the labour movement's emancipatory aspirations and support institutions. Surely, given that social policy was always used as a means to achieve superordinate political goals – something for which Hennock's study provides more evidence – it is not surprising that pioneering social policy could only to a limited extent provide a model. Germany's welfare state was constrained by the nature of its political system; similarly, it did not occur to the British to erect their welfare state on foundations other than those on which its political culture traditionally rested.

LOTHAR MACHTAN  
FLORIAN TENNSTEDT  
KASSEL

LOTHAR MACHTAN is a Lecturer in History at the University of Kassel. He has published widely on social history and is currently working on an edition of the correspondence of Theodor Lohmann.

FLORIAN TENNSTEDT is a Professor at the University of Kassel and the author of several books on social policy. He is at present editing the correspondence of Theodor Lohmann and, with Christoph Sachße, working on a history of the welfare state in Germany 1930-1945.