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**Income Packaging in Historical Perspective:
Public and Private Support for the Elderly in Germany,
1890s - 1950s***

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Abstract

This paper analyzes the changing contribution of public and private income sources to the economic survival of the elderly poor in Germany from the late nineteenth century to the 1950s. It also discusses the meaning of the categories "public" and "private" in the everyday behavior of pensioners and welfare beneficiaries. Three different debates are addressed. First, the paper criticizes a popular model of welfare state development, i.e., the linear shift of responsibility from private to public, which is an underlying theme of much recent debate about privatization and welfare retrenchment. Second, a close look at the recipient's side of income provisions for old age relativizes the importance of social insurance as opposed to means-tested assistance and income from wages in the emergence of the German welfare state. Third, the paper adds a historical dimension to the sociological debate about income packaging. The evidence from around 1900, the 1920s, and 1950s points out that mixing public and private income sources in pensioners' budgets is a continuous feature of modern welfare states. What changes over time and varies along age, gender, and socioeconomic lines, however, is the incidence and relative value of the various resources in elderly households.

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Changes since the nineteenth century in how transfer income is provided for the elderly seem to represent a classic example of the growth of the state. In the late twentieth century, social security systems have supplanted former ways of supporting old age -- employment, property, family support, and charity. Tax-financed or social-insurance pensions now constitute the biggest single item among all public transfers in Britain, Germany, and the United States.

Many textbooks describe this transformation in terms of modernization theory: depicting the transition from traditional to modern in this domain in terms of the shift from charity to inalienable right, from dependence to citizenship, from self-help to welfare state, from family to collectivity. This model, which one could call the linear shift of responsibility from private to public, lends itself to a particular political reasoning that has found ever greater resonance since the 1980s. Following this view one is led to believe that if the major financial tasks of today's welfare state are a result of this shift of responsibility, and if these tasks threaten to overwhelm the state's available resources because of demographic aging, then why not shift these burdens back to where they came from? Privatization as a political project is the mirror image of a linear history of nationalization.

My contribution intends to complicate matters by suggesting a different view--a model of continual interaction among individuals, families, and collectivities. This paper gives an overview of the three most important aspects in the development of the relationship between private and public provisions for old age: first, the legal regulation of the family obligation to care for older parents; second, the growth of social insurance systems and their relationship to tax funded assistance as well as to employment and market income for the elderly; and third, the "income packaging" of pensioners in the interwar years as a strategy for combining pensions, assistance or welfare, and self-help.

In our examination of these three aspects, we must first explore the meaning of "private" and "public" (first and second part). Then, in the third and fourth part, the paper examines a shift in quantitative priorities and a remix of resources for income maintenance. I would like to argue that even if the state emerges as the dominant provider of old age income in the long run, the welfare state client's *own* resources contribute decisively to the outcome of social policies. At the same time, increased redistribution through the nascent welfare state has changed the conditions under which individuals and families make decisions about employment and living arrangements in old age. The emerging pension systems and social insurance programs did not simply shift an old burden onto new shoulders, but actually created something entirely new: retirement as a work-free stage of life, financed by transfer incomes.

My argument rests on an examination of institutional developments, expert discourse, and statistical data on the income sources of the elderly in Germany during select periods, in about

1900, in the 1920s, and the 1950s. The paper emphasizes income maintenance -- to the exclusion of informal or formal care, health services, and residential institutions.¹ Since individuals and households are the points of reference for the following investigation, however, the wider context of provisions for old age should not be forgotten. Accordingly, my study also focuses on aging workers and the poor in big cities, in particular Berlin (with 1,900,000 inhabitants in 1900) and Cologne (with 373,000). Given the considerable differences in traditional institutions, political interest in social reform, and generosity of benefits to be found in German cities particularly before 1914, these examples cannot be considered representative in a statistical sense.

Definitions

The relationships between "public" and "private" domains are at least as important as the definition of their mutual boundaries.² Examining the interdependencies and paradoxical connections of these two spheres in the day-to-day exercise of social policies reveals how embedded the public sector is in the private milieu. By not concentrating on one domain to the exclusion of the other, we may combine a history of institutional structures, the prevailing discourses, and quantitative developments with a history of human agency in the emerging welfare state. Not only the "uses of charity"³ but the systematic necessity of mixing public and private come into focus.

But what is "private" and what is "public" from this perspective? Most analysts of social policy begin with the view from above. For the central or the local government and for the poor relief administrator, "private" always means the others: that is churches, charities, associations, firms, and so forth. The boundaries may be fluid,⁴ but from the point of view of legislation, policy making, and policy analysis this perspective makes sense.

From the standpoint of the individual, the potential beneficiary, however, the meaning of "public" versus "private" would appear quite different. For example, there are basically three

1. One could pursue the same kind of argument for health services and longterm care although the resulting public/private "service" or "care packages" seem much harder to measure than income packages; cf. in general Adalbert Evers and Helmut Wintersberger, eds., *Shifts in the Welfare Mix: Their Impact on Work, Social Services, and Welfare Policies* (Frankfurt a. M., Boulder, CO, 1990).

2. Charles S. Maier, ed., *Changing Boundaries of the Political: Essays on the Evolving Balance between the State and Society, Public and Private in Europe* (Cambridge: Cambridge Univ. Press, 1987); Sheila B. Kamerman and Alfred J. Kahn, eds., *Privatization and the Welfare State* (Princeton: Princeton Univ. Press, 1989); Martin Loney et al., eds., *The State or the Market. Politics and Welfare in Contemporary Britain* (2nd edition, London: Sage, 1991).

3. Peter Mandler, ed., *The Uses of Charity: The Poor on Relief in the Nineteenth-Century Metropolis* (Philadelphia: Univ. of Pennsylvania Press, 1990).

4. Cf. Martin Rein, "The Social Structure of Institutions: Neither Public nor Private," in Kamerman and Kahn, *Privatization*, 49-71.

sources from which an older widow or older worker can expect a living or, at least, support: the family (with its wider networks), the market, and the collectivity. In a rigorous sense, the individual labels only the family and household as private. This is the individual's decisive level of "welfare production," where all the contributions from inside and outside have to be combined and consumed.⁵ From the individual's perspective, certain income sources such as income from savings and rents or earnings from "odd jobs," can also be included in the private realm.

When, however, in a presentation of this paper at a conference,⁶ I included participation in the labor market and regular employment as belonging to the public realm from the point of view of the family economy, I met with strong criticism from my colleagues, who felt that the market -- the essence of private freedom in liberal thought -- should not be equated simply with what contemporaries might label public. But our hypothetical view of the world from the perspective of a poor elderly individual readjusts the standard dichotomies. To regard income from employment as coming from the public domain is to emphasize, first and foremost, that it originates from *outside* the household, and, second, that the availability of this resource does not obey the rules of love, obligation, reciprocity or interest that govern relations among kith and kin. True, relatives or friends can help one find a job. And retaining an older worker may be a decision based on unwritten rules of reciprocity. But in these cases, the specific mechanisms of the market that make it so private in liberal eyes, are weakened if not blocked. Third, the income from work could stem directly from a public employer. An older male employee or his son might work for the city administration or the railways. In that case, while he was at work his salary would be called a private resource, but upon retirement his pension from the same organism would be put in the box of public income sources.

By contrast, the great dividing lines between different collective income or service providers, such as poor law, insurance, or charities, cannot prevent the individual from regarding them all as public entities as soon as they involve more than just the occasional donation between individuals. For example, in a predominantly Catholic city like Cologne, the church -- with its parishes, priests, schools, hospitals, and convents -- obviously appears to the individual to be a public, collective institution. Naturally, your typical pauper cares little for the distinction between public and private -- his criteria run along lines of efficacy: where it is easier to get

5. Richard Rose, "Welfare: The Public/Private Mix," in Kamerman and Kahn, *Privatization*, 73-95; Wolfgang Zapf, "Wohlfahrtsstaat und Wohlfahrtsproduktion," in Lothar Albertin and Werner Link, eds., *Politische Parteien auf dem Weg zur parlamentarischen Demokratie* (Düsseldorf: Droste, 1981): 379-400.

6. Conference on "Social Policy and the Public Sphere: Public/Private Relations in the Shaping of Social Welfare in Germany, England, and the United States" (Werner Reimers Foundation, Bad Homburg, 12-14 March 1992), organized by Christoph Sachße and Michael Katz.

some money, where the soup tastes better or which hospital has a more decent reputation. Nevertheless, I presume that the average citizen, if asked, would be able to draw a generally clear distinction between private resources and public support. Clearly, the individual's perception of these divisions differs from their official legal and administrative definition. Indeed, the varying definitions and boundaries are latently conflictual. For example, when poor law authorities overstepped or blurred the boundary with the private realm by forcing children to support elderly parents, these contrasting notions of public and private were brought into sharp relief.

To switch to other pairs of concepts like family and state instead of private and public does not lead very far. One can only use the former pair as shorthand terms while being aware of their relational, contextual, and normative character. As "the state" has to be broken down into different levels of government -- tax-funded or insurance-based institutions, legal or administrative uses of power -- so also has "the family" to be viewed as an ideological category for a wide variety of social forms. In each variant, the possibility of competing interests among family members must be weighed against the appearance of familial unity and common strategy. Under all the great headings - private and public, family and state - the assumption of heterogeneity helps to nuance legal, discursive, or statistical sources which present otherwise preconstructed images of the private sphere.

Law and Family

Traditional relief institutions and the insurance systems implemented during the second half of the nineteenth century took entirely different approaches to the role of the family. Municipal poor relief both considered the family's needs when support was lacking and stressed the family's obligation to provide support. While the developing insurance systems were designed to grant individual rights to the full time worker, the welfare service functioned as a subsidiary system that operated only when no one else was obliged or able to relieve the indigence. Equally essential to public relief was the goal of guaranteeing a subsistence income, howsoever that might be defined. The question of how high the support should be calculated, how many and which financial and material benefits should be provided, thus depended on the size of the household and above all on the number of children. In practical terms this meant that the carriers of poor relief, and later welfare, were continually trying to gather information on a client's family situation. Potential beneficiaries can hardly be said to have viewed as a blessing the welfare system's emphasis on need -- as opposed to insurance agencies' emphasis on rights and duties --, since it resulted in rigorous investigation of private living and financial conditions. Moreover, the welfare administrations went beyond mere registration of the poor and actively

tried to impose what they saw as normal mutual support within the family. This state imposition of filial duty - whether as a threat or as an actual measure - was without doubt one of the more immediate points of friction between social policy and small networks, between state and family, between the public and private spheres.

The support obligations between generations and family members were codified into civil law as early as 1791-94 in the Prussian General State Law (*Allgemeines Preussisches Landrecht, ALR*). The Civil Code of 1896-1900 (*Bürgerliches Gesetzbuch, BGB*) promulgated essentially similar regulations. How widely-drawn was the normative circle of the primary support-obliged group? According to the *ALR*, not only marriage partners, children, and parents, but also siblings were required to provide "reciprocal support" for one another. The *Code Napoléon*, which continued to apply in the Rhineland up until the founding of the German Empire in 1871, also contained comparable regulations; it emphasized the support "obligations" created by marriage and descent and, under certain circumstances, viewed sons- and daughters-in-law as liable. The *BGB* assumed the support obligation for "relatives in direct descent" as well as for spouses, but not for siblings. In contrast to other areas of family law, especially marriage law, the three law codes were in general agreement on these points.⁷

Common to all three legal structures was the link between family rights and duties: "For the obligation of the relatives to provide for helpless family members is dictated by the rules of legal inheritance."⁸ Yet by the end of the nineteenth century -- in contrast to the end of the eighteenth century --, the lawmakers' conception of the family was focused primarily on the closest kinship relationships, which were vertically-oriented along lines of direct descent. Children and grandchildren, parents and grandparents, were the main actors; siblings, held accountable by the *ALR*, had fallen by the wayside. Filial duty was stressed even more strongly by the *BGB*: "The descendants are obliged to provide support before the relatives of the ascending line."⁹ The sole -- if central -- horizontal extension was marriage. In all three legal

7. *Allgemeines Landrecht für die preussischen Staaten von 1794* (Frankfurt am Main, 1970): title II 2, Arts. 251-54, II 3, Arts. 9-10, 14-30; *Code Napoleon. Napoleons Gesetzbuch* (Strasbourg, 1808): Arts. 203-11; "Bürgerliches Gesetzbuch. Vom 18. August 1896," *Reichsgesetzblatt* (1896): 195 sq., Arts. 1601-11. Cf. Heinrich Dörner, *Industrialisierung und Familienrecht* (Berlin: Duncker & Humblot, 1974) who compares the marriage law and the concept of family in the three legal codes; on the *BGB* in general see Michael John, *Politics and Law in Late Nineteenth-Century Germany: The Origins of the Civil Code* (New York: Oxford Univ. Press, 1989).

8. *ALR*, title II 3, Art. 17; also *BGB*, Art. 1606.

9. *BGB*, Art. 1606; "Spouses are obliged before relatives," *ibid.*, Art. 1608; only the Third Law to Amend the Federal Welfare Law of 1974 (Art. 91, paragraph 1) refrained from making demands upon relatives at the second or higher levels. Concerning the patriarchal tendencies of the *BGB* and its concentration on the middle class nuclear family, see Christoph Sachße and Florian Tennstedt, "Familienpolitik durch Gesetzgebung. Die juristische Regulierung der Familie," in Franz-Xaver Kaufmann, ed., *Staatliche Sozialpolitik und Familie* (Munich: Oldenbourg, 1982): 87-130, here p. 93; and Ann Taylor Allen, *Feminism and Motherhood in*

structures the most immediate obligation was to support the partner and the children. The question of whether one needed help, or whether one was in a position to actually provide help, was settled through consideration of one's "means" or the "maintenance suitable to one's station."

It was on this basis that welfare legislation and municipal welfare regulations determined who was liable for support before the municipality took over. For the implementation of these private-law arrangements, I have done a case-study of Cologne. Its guidelines of 1818 for urban poor relief only mentioned "relatives" in general terms. The relief regulations of 1847, however, explicitly addressed the "persons legally obliged to provide support (Law of 31 December 1842)." This legal text decreed that support obligations of the municipality roughly go into effect when "no one else (relative, employer, benefactor, etc.) is duty-bound and able." The Prussian poor law statutes (*Unterstützungswohnsitzgesetz*) of March 1871 described in detail the persons who could be compelled to provide support after formal proceedings: "The husband, the wife, the married parents, and the unmarried mother, as well as children through marriage and illegitimate children in relation to the mother."¹⁰

The operational directives for the Cologne welfare officers of November 1896, which the *BGB* had already in effect preempted, went even further in exhausting the legal framework. Henceforth, all relatives in a direct line were henceforth expressly included: "spouses toward one another, parents, grandparents, and great-grandparents toward their children, grandchildren, and great-grandchildren; children, grandchildren, etc. toward their parents and grandparents; then also, under certain legal conditions, parents-in-law and sons- and daughters-in-law toward one another." The welfare officers were also reminded that "retrograde claims" against earlier benefits were also to be subsumed under this category: "It is in this way, more than any other, that the consciousness of duty toward impoverished relatives should constantly be kept alive among the lower classes."¹¹

If one tracks these regulations over the course of a century, one can discern not only an insistence on the sheer subsidiarity of municipal welfare, but also an expansion of the list of

Germany, 1800-1914 (New Brunswick: Rutgers Univ. Press, 1991): chapter 7.

10. I have used the welfare regulations for the city of Cologne between 1818 and 1915 as primary sources. For detailed references see Christoph Conrad, *Vom Greis zum Rentner. Der Strukturwandel des Alters in Deutschland zwischen 1830 und 1930* (Göttingen: Vandenhoeck & Ruprecht, 1994); "Gesetz über die Verpflichtung zur Armenpflege vom 31. Dezember 1842," *Gesetz-Sammlung für die Königlichen Preussischen Staaten (GS)* 1843, 8, Art. 1; "Gesetz über den Unterstützungswohnsitz vom 6. Juni 1870," *Bundesgesetzblatt* 1870, 360, Art. 61; "Gesetz, betreffend die Ausführung des Bundesgesetzes über den Unterstützungswohnsitz vom 8. März 1871," *GS* 1871, 130, Art. 65.

11. "Geschäfts-Anweisung für die Armenbezirks-Vorsteher und Armenpfleger der Stadt Köln, vom 5. November 1896," in N. Pauly, ed., *Kölner Bürgerbuch. Sammlung von Ortsstatuten, Verordnungen und Regulativen für die Stadt Köln* (2nd edition, Cologne, 1902): 450, Art. 8, 458, Art. 20.

relatives to whom the poor could have recourse. Emergency situations that levied especially heavy public burdens led to a new emphasis on the "moral support liability" that existed parallel to the legal regulations. After the experience of the Great Depression and under the restrictive conditions of a National Socialist welfare policy, the Cologne welfare office in 1935 added to the category of "morally" obliged -- alongside siblings, close relatives, stepchildren, and foster children -- especially those "persons who are joined together through a practical community of life (cohabitation)."¹² A later amendment demonstrates a dilemma which had surfaced repeatedly since the time of the Empire clear into the Weimar Republic, namely that of an all too strict "familiarization" of destitution: "Persons liable for support, who, through malicious abandonment of the household community create a heavy claim or reliance on welfare, are to be compelled with special severity to provide support."¹³

To what extent did these norms determine the practice of welfare? Studies of the situation in England, a land with comparable legal principles in this area, warn us against confusing the reality with the norm.¹⁴ For Germany there are no similarly detailed studies on the recipient level. To date, there is only scattered evidence that German municipalities were as involved in paying old age "pensions" as were apparently the English villages. The difference between the reactions to the mass poverty in Germany until about the middle of the century, and the restrictive welfare policy following thereafter, seem to consist instead in a scaling back of the occasional subsidy of wage labor households and other low wage earners chiefly through resort to payments in kind and short-term financial support.

Although German scholarship has yet to discover any prominent trends toward the summoning of children to the support of the elderly, it has identified distinct local variations as well as the principal focal points of the expert discussions at the end of the nineteenth century. Heinz Reif, with his dense case studies from Oberhausen in the last decades of the nineteenth century, has shown how intensively the welfare administrations regulated their way into the lives of workers' families. In a region and social stratum characterized by pronounced family solidarity, the welfare records document singularly unpleasant crises in the relations between the

12. On this concept of "moral obligation," which could be expanded as the need arose, and for examples from the 1920s and 1930s, see David F. Crew, "Wohlfahrtsbrot ist bitteres Brot: The Elderly, the Disabled and the Local Welfare Authorities in the Weimar Republic, 1924-1933," *Archiv für Sozialgeschichte*, 30 (1990): 217-45, here p. 222.

13. *Handbuch des Wohlfahrtsamtes der Stadt Köln* (Cologne, 1935, with later additions): 210, Sections 4-6 and 7 (added later).

14. David Thomson, "I am not my father's keeper": Families and the Elderly in Nineteenth Century England," *Law and History Review*, 2 (1984): 265-86; Michael Anderson, "Impact on the Family Relationships of the Elderly of Changes Since Victorian Times in Governmental Income-Maintenance Provision," in E. Shanas and M.B. Sussman, eds., *Family, Bureaucracy, and the Elderly* (Durham, N.C.: Duke Univ. Press, 1977): 36-59; cf. Janet Finch, *Family Obligations and Social Change* (Cambridge: Polity Press, 1989): chapter 2.

generations. When parents became needy because the children were preoccupied with starting their own families, the intervention of the authorities -- often against the will of the persons affected -- forced the conflict of interests between the generations out wide into the open. In those cases where parents solicited the help of the welfare authorities in forcing their sons, who had already moved out of the household, to contribute more to their budget, or if the welfare commission ordered the elderly to move in with their children, the results were tension and even open ill will. "Furthermore, the mechanisms and the decision-making process of the welfare commissions actually gave rise to calculating behavior among family members."¹⁵

However, this image cannot be readily generalized. It appears questionable whether in large cities like Cologne and Berlin, or even in the welfare discussion itself, the obligation of children to support their parents was as central as Reif's case studies suggest. Apart from all the conceivable local permutations, three arguments speak against this image. First: the selection criteria for recipients of the out-door and in-door types of relief in Cologne. Unmarried and childless persons were the principal if not the sole candidates for continual support and for slots in welfare institutions. This suggests that both clients and welfare officers tended to pre-select promising applications, so that few cases where a sufficient family presence existed in the town ever came up for formal review. That would mean that the family obligation was present as a real normative factor and only needed to be enforced in exceptional cases.

Second, the Cologne records, which are unfortunately highly selective, show that in any given year only a very few enforcement proceedings and so-called "resolutions for the enforcement of demands on relatives" took place. For example, between March 1876 and December 1877 there were sixty-one cases; in 1879/80, fifty-five; and in 1885/86, fifty-one.¹⁶ Given the dimensions of big city welfare and the fact that most of the disputed cases never emanated in a formal lawsuit, these numbers were negligible. The most important evidence that parents' demands for support were not as significant as Reif alleges is a list prepared in June 1894 by a welfare commission trying to hunt down those who had moved away to avoid support obligations. Among the fifty-seven persons in question, twenty-three were being sought for child support, eighteen for family support (spouses and children), ten for support of their wives, and five (under ten percent) for the support of their parents, including one mother-in-law.¹⁷

Third, this list's order of preference also reflects the priorities of the experts in the

15. Heinz Reif, "Soziale Lage und Erfahrungen des alternden Fabrikarbeiters in der Schwerindustrie des westlichen Ruhrgebiets während der Hochindustrialisierung," *Archiv für Sozialgeschichte*, 22 (1982): 1-94, here pp. 73 sq.; quotation, p. 92.

16. Historisches Archiv der Stadt Köln (*HASiK*) A.V., Caps. 91, Nr. 50 (several binders);

17. And one person for other reasons, *HASiK* Best. 620, Nr. 6, p. 161-162 (along with further directories of this kind, p. 163 seq.).

Deutsche Verein (German Association for Poor Relief and Charity). These administrators from city councils and charities followed very closely the drafting of the *BGB*, and they lauded the inclusion of siblings in the category of persons liable for support -- a feature, albeit, later absent from the completed measure.¹⁸ Municipal welfare officials, too, repeatedly spoke of how laborious and difficult it could be to reclaim welfare money from obligated parties, whether insurance companies or family members.¹⁹

But the main interest of the *Deutsche Verein* clearly lay in the neglect of support obligations by husbands and fathers, not by wage-earning children. To counteract all cases that appeared to the specialists to exemplify a particularly crass "social evil which threatens the foundations of societal order and morality," as well as threatening to place an utterly unnecessary burden on the welfare budget,²⁰ they pleaded for less restricted qualifications for assignment to a workhouse, the meting out of stronger penalties, and the adoption of police functions by the welfare authorities.

Unlike traditional relief institutions, the insurance systems implemented during the second half of the nineteenth century in Germany placed greater emphasis on the rights and duties of the individual insuree than on the subsistence needs of the family members. The worker's pension insurance of 1889 implemented this principle more radically than did the public servant's pensions or various company plans. The employees - whether male or female - were objects of policies and administration as individuals; the family situation was not taken into account in determining either payments or benefits. Widows and orphans, for example, were excluded from the worker's pension law of 1889 during its first two decades of operation. The personal data that the state insurance and similar agencies collected on their clients were (and still are) organized accordingly: no inquiry was made into the family living conditions of the clients. In this respect, the disability and old age insurance enacted in 1889 contrasts with the poor relief of the time. The male worker's wife and children were also covered by the accident insurance law of 1884, and of all the existing systems this afforded them the best material protection. The health insurance law of 1883 at least permitted the co-insuring of family members, and this option was increasingly offered by the different local, cooperative, and factory insurance plans.

18. *Der Entwurf eines bürgerlichen Gesetzbuches in Bezug auf Armenpflege und Wohltätigkeit* (Leipzig, 1889): 1-84 (six expert opinions), esp. pp. 45, 77.

19. See the comments of the Cologne deputy J. Zimmermann, "Über die Geltendmachung der Ersatzansprüche der Armenverbände," in *Stenographischer Bericht über die Verhandlungen der 10. Jahresversammlung* (Leipzig, 1890): 146-52.

20. E. Münsterberg, "Schlussbericht," in *Zwangsmassregeln gegen nährpflichtige Angehörige* (Leipzig, 1898): 85; cf. the results of E. Hirschberg's statistical study, 1-46. Among the men who had abandoned their wives and children, only a tiny portion was over sixty years of age; in the Rhineland it was 53 out of 892 cases, in all the towns under study it was 421 out of 6,632 cases (i.e., approximately 6 percent each), *ibid.*, p. 39.

Sick pay, however, was still based on the local standard daily wage or on previously earned wages, not on the number of mouths to be fed.²¹

When legislation insuring workers against disability was debated, the facts of one's particular family situation began to play an increasingly marginal role. Household and kinship relations of recipients were a priori regarded as significant support systems but no data were collected on them. Low pension payments were justified with the assumption that solidarity did function between generations. Bismarck's oft-cited statement was wishful thinking, even if the equation "security for money" was not unrealistic: "We have seen in the case of war invalids that even if only five or six Taler are paid out monthly, that is still real cash money for a poor household in the countryside, where the calculating woman will think twice before she vexes any boarder who brings in such hard currency, for she might thereby lose him."²² This quotation was to later crop up in myriad versions as an ostensible description of reality.²³ At present there are no hard data for this smooth cooperation between the family economy and social insurance. Instead, another aspect needs to be emphasized. The effects of public old age pensions on the family was a long discussed ideological problem. Reformers had to defend themselves against the charge that they would destroy "natural" solidarity. In response to this accusation the argument was developed that, on the contrary, the financial payments actually had rather salubrious repercussions. Through its pensions the "Central Association for the Well-Being of the Working Classes" sought to save the elderly from institutions and keep them in the family, since they were needed there as teachers.²⁴ The moral program of a small North German insurance fund sounds like a direct precursor of Bismarck's own thinking: "From the pensions presented here, an old worker, depending on the local conditions, can everywhere take up residence with his children or with his own kind, indeed - and this is the moral gain - the children will accept him even more gladly than his peers, rather than, as hitherto, him having to suffer the humiliation of being tossed back and forth by his own offspring. The old age pension arouses human kindness and preserves love within the family between parents and children."²⁵

Only the *Reichsversicherungsordnung* and the employee insurance law of 1911 gave

21. Cf. in general Sachße and Tennstedt, "Familienpolitik", esp. 109 sq.

22. Bismarck in a Reichstag speech in 1881, quoted in Gerhard A. Ritter, *Sozialversicherung in Deutschland und England* (Munich: Beck, 1983): 35-36.

23. "The elderly and the infirm, who...often constituted an undesirable burden, gained enormous respect and love when they paid a not inconsiderable cash sum into the household till every month." H. Althoff, "Erinnerungen aus den Anfängen der Invalidenversicherung," *Zentralblatt für Reichsversicherung und Reichsversorgung* (1940): 181-84, 214-18, here p. 181.

24. "Motive zu dem Entwurf der Statuten und des Gesetzes über die Begründung einer allgemeinen preussischen Alter-Versorgungs-Anstalt," *Mitteilungen des Centralvereins für das Wohl der arbeitenden Klassen* (6. Lieferung, 14.1.1850): vol. 2, 693.

25. C. Riepen, *Eine Altersversorgungs-Kasse für Jedermann* (Kiel, 1858): 16.

greater consideration to a "lifestyle suitable to one's station"; they in effect raised pensions by providing children's allowances (for offspring under fifteen years or for offspring in vocational training up to twenty-one years), along with widow's and orphan's pensions. It is significant that these regulations simultaneously forced the executive agency to record the family situation of prospective insurees and to consider them when calculating future expenditures.²⁶

Assistance and insurance

The grab-bag of income sources for old age was dramatically resorted between the 1880s and the 1950s in Germany. This section now considers the institutional elements in the welfare mix before turning to income packaging at the individual and household levels. The main thesis is that the introduction of Bismarckian social insurance did *not* effectively alter a social situation in which labor force participation, the family economy, and urban poor law institutions (whether supplying outdoor or indoor relief) had successfully provided for most workers' later years. There seems to have been no replacement of one system of income provision by another but, instead, a continuous coexistence, even a kind of division of labor. The family with its household economy remained the decisive private background bereft of which most public transfer incomes made no sense. Poor relief continued as an important resource for old, mostly widowed women, particularly for those over age seventy. Thus, the innovation represented by social insurance in the public sphere primarily affected male workers.

The Bismarckian disability and old age insurance bill passed through the Reichstag in 1889 and went into law in 1891. Whatever its primary motives might have been, like the other provisions of this legislation (for sickness, 1883; and for accidents, 1884) it established an innovative and -- in the long run -- rather efficient structure. It acknowledged risks of individual reproduction as issues of national policy and created a surprisingly long-lived institutional framework. One should not, however, overestimate the actual impact of these benefits on the well-being of the elderly. The original lawmakers were explicit that the economic role of the pensions was to *supplement* the small wage still earned by the older worker and to *contribute* to the family income of the disabled. Thus, the benefits of a male worker alone were not intended to completely support an old couple's household. Moreover, until 1911 there were no survivor's benefits. Old age pensions (beginning at age seventy) were the exception; the vast majority of beneficiaries received disability pensions. In 1898 -- seven years after the law had taken effect -- approximately 11 percent of the population over sixty-five collected benefits; this proportion

26. "Reichsversicherungsordnung vom 19. Juli 1911," *Reichsgesetzblatt* (1911): 509 sq., Art. 1291, in later versions Art. 1271; *Die Alters-, Gehalts- und Familienverhältnisse der bei der Reichsversicherungsanstalt für Angestellte Versicherten (Die Angestelltenversicherung, supplement 1)* (Berlin, 1914).

rose to 42 percent in 1930 (including then the white collar employee's pension insurance).

When compared with the British old age pension law of 1908, the relative value of German benefits seems meager, particularly since couples over age seventy in Britain collected a double share. As a percentage of the average annual wage earnings, the level of average pensions in Germany and of standard rates in Great Britain developed as schematized in table 1. Unlike the British data, the German series gives a rather bleak impression since it incorporates many very low disability benefits for young people with short insurance records and -- often because of tuberculosis -- even shorter life expectancies. Moreover, German pensions frequently commenced between age sixty and sixty-five, which was on average much earlier than in Britain (age seventy, until 1925). Still, the most important difference seems to lie in Britain's independent treatment of husband and wife.

A set of over 126,000 old age pensions granted at the start of the German program in 1891 to workers over age seventy who had not paid contributions but who had fulfilled certain requirements provides some detailed data.²⁷ The most striking earmarks of this national sample are as follows: (1) Over 50 percent of the total subjects worked in agriculture before receiving their benefits, with an even higher percentage in the older age groups. Accordingly, 85 percent lived in the countryside or in small towns of under ten thousand inhabitants. (2) The wages that the older male workers (71.6 percent of the total) earned in the last years before the first payment of a pension showed a characteristic age-earnings profile, with a decrease in the older ages (from seventy to over eighty-five years!). Old women (28.4 percent of the total) achieved a lower but surprisingly still stable income. (3) Compared to the average wage of workers of all ages, these elderly earned around two-thirds of the overall average; the benefits, then, replaced about 29 percent of the last-received income, with low-wage earners naturally getting higher proportions. There was no retirement test; one could continue to work if they liked. Indeed, the pensions did not even offer a subsistence income to the person living alone.

Traditional outdoor poor relief continued to act as an important transfer program for the elderly. It was neither replaced nor fundamentally altered by the introduction of workers' pension. This can be explained by the particular *system-client* relationship of these two public institutions. Insurance was primarily aimed at the core of the dependent labor force -- wage earners and lower-level white-collar employees in industry, services, and agriculture. In contrast, municipal poor relief was the traditional resort of old women. Because of this earlier differentiation, the number, age, and sex distribution of permanent recipients of poor law benefits remained much the same. The specialization of the two quasi-parallel systems thus

27. "Statistik der Altersrentenempfänger des Jahres 1891," *Amtliche Nachrichten des Reichs-Versicherungsamts*, 3 (1893): 26-45.

contradicted certain contemporary expectations that a major portion of the poor relief burden would be shifted from the local to the central government. Social insurance pensions rather stabilized the "two-track" social policies for men and women already prepared by workers' mutual funds or occupational systems.

The official statistics of the Berlin poor law administration show the extent of continuity from the late 1860s to 1914. Three significant indicators for the social makeup of the recipients of permanent benefits, which were checked only once a year, reveal no change following the introduction of insurance. (1) The proportion of those over age sixty in the population of permanent poor-relief recipients hovered around 70 percent, slightly increasing over time. It started in the 1860s with 68 percent (a single early statistic had 68.5 percent over age sixty in 1832) and ended in 1910 with 73 percent.²⁸ (2) Women, mostly widows, traditionally had the unhappy honor of dominating poor relief statistics. Among Berlin's elderly, women accounted for more than 77 percent of the beneficiaries over age sixty in 1885. This proportion was not altered by the introduction of workers' pensions: in 1905 and 1910, the figure stood at 78 percent. (3) The third indicator is the relation of relief recipients to the population at large. Although the percentage of the assisted in the different age groups was likelier to fluctuate over time, a general continuity prevailed. In the decade before insurance pensions were introduced, the proportion of assisted among the elderly (sixty-plus years) was about 16 percent in 1880, 18 percent in 1885, and 17 percent in 1890. The proportion even increased to 19.5 percent in 1895 and 1900, falling somewhat in the first decade of the twentieth century to 19 percent in 1905, and 18 percent in 1910. Within this overall stability, there was a trend toward a lower recipient rate in the age group sixty to seventy (from 15 percent in 1895 down to 12 percent in 1910) and a higher rate in the seventy-plus age group (from 28 percent in 1895 to 31 percent in 1905 and over 30 percent in 1910). This last age group was the very one with the highest concentration of insurance pensioners, yet there was no sign that the rate of poor relief recipients in it was dropping. While the high percentages of assisted older people were due to the exceptional situation in Berlin, nevertheless similar patterns prevailed elsewhere.

The distribution of cash benefits between men and women, widowed and married persons, young and old reflected the contemporary family model and explains why insurance and assistance did not significantly overlap before the First World War.²⁹ Since family members and

28. Gerd Göckenjan, "Alter und Armut. Armenpflege für alte Leute im 19. Jahrhundert," in Göckenjan, ed., *Recht auf ein gesichertes Alter?* (Augsburg: Maro, 1990): 105-41, here p. 110; Stefan Steinbacher, *Zahl und persönliche Verhältnisse der öffentlich Unterstützten in deutschen Großstädten* (Borna-Leipzig: R. Noske, 1919): 124-27.

29. Around 1910, the percentage of pensioners receiving supplementary assistance under the poor law was not very high: about 8 to 12 percent in various German states, with Berlin reaching a maximum of 16 percent among

widows were not included in health, disability, or old age insurance, poor relief played an important compensatory role simply by continuing to serve its traditional clientele.

In many German cities, both legally and from the administrator's perspective, poor relief before the First World War did not lie exclusively in the public domain. Particularly in the old urban centers, the tradition of charities, parish funds, and pious foundations was such that not only many hospitals and residential homes but also a large share of cash assistance programs resided in private hands. Due to the ready availability of its statistical data, I shall focus on municipal poor relief. However, some rare figures will suffice in revealing the importance the private or intermediary sector in this period. In 1896/97, for six medium-sized cities, data exist concerning the volume of public (i.e., legally required, municipal) and private (provided by charities and associations) outdoor relief. The private share of the total spent for outdoor relief varied from 8 percent in Krefeld to 84 percent in Lübeck. The medium range was represented by Kassel at 46 percent, Frankfurt am Oder at 29 percent, and Freiburg im Breisgau at 38.5 percent. Moreover, there was a third type of resource, called "municipal charitable funds," which the cities could use to support private welfare activities (e.g., associations and hospitals) and distribute in the form of extra benefits. The outlay of these latter funds could surpass (Frankfurt am Oder) or nearly equal (Lübeck) the combined public and private expenditures for outdoor relief.³⁰ In addition to its poor law administration, the Berlin city government also had a charities deputation (*Stiftungsdeputation*) whose budget was strictly separate from municipal finances. The capital and interest of those hundreds of foundations largely benefited hospitals and institutions. Moreover, the charities deputation handed out cash aid. In 1912, for example, besides the nearly 36,000 recipients of permanent municipal poor relief, 2,431 individuals or families received regular assistance from the charities fund. Most of the latter group received between 180 and 300 marks per year, but about 20 percent received between 300 and 600 marks, considerably more than the benefits paid under the poor law.³¹

The relations between the two great public systems of income support -- assistance and insurance -- were the subject of lengthy discussions by the experts. But there is no information

men and 20 percent among women (Friedrich Zahn, "Arbeitsversicherung und Armenwesen in Deutschland," *Archiv für Sozialwissenschaft und Sozialpolitik*, 35 (1912): 418-86, here pp. 450-55). In 1929, however, the number of people depending upon both types of transfer systems had increased strongly: to 21.8 percent in rural and 30.0 percent in urban districts. Again, Berlin played an exceptional role with 41.5 percent assisted social insurance pensioners (W. Niemeyer, "Die wirtschaftliche Lage der Sozialrentner in 92 deutschen Städten und 105 deutschen Landkreisen," in *Sozialversicherung und öffentliche Fürsorge* (Karlsruhe: G. Braun, 1930): 35-186, here pp. 61, 64).

30. Chr. J. Klumker, ed., *Armenstatistik einiger deutscher Städte für das Jahr 1896/97* (Jena, 1902): appendix 9.

31. Karl Richter, "Berlins Stiftungen und Altersversorgungsanstalten," in Erwin Stein, ed., *Monographien deutscher Städte, Band VII: Berlin* (Oldenburg, 1914): 270-88.

on private aid. For the social insurances, and in most social policy debates about income maintenance, the actual support networks of the beneficiaries played only an abbreviated role. The family was the great unknown of these reforms, or more precisely, it acted as an invisible energy source that was generally taken for granted.

Probably the most discussed issue of social reform in Imperial Germany was the "poor law roots" of welfare state formation, which today's historians are making efforts to rediscover. Certainly, many contemporaries conceptualized the relation as one of contrast and distinction. At a conference of the famous *Verein für Socialpolitik* in 1882, Gustav Schmoller, one of the most influential economists and social theorists of the time, stated that "social insurance is a higher form of income support and will gradually replace poor relief" in order to achieve a "higher degree of humanitarianism."³² Less ambitious, but more persistent, were debates questioning whether the new branches of social insurance alleviated the relief burden of local governments.

In 1894, only a few years after the introduction of social insurance legislation, the German government and the Reichstag decided to investigate the effects of these programs before undertaking changes in the poor laws. Both the German state governments and the semi-public *Deutscher Verein* (which had begun its own inquiry in 1891), were commissioned to collect data on expenditures for poor relief and to survey the experiences of urban administrations in this area. The inquiry revealed a paradox. The money spent on indoor and outdoor relief increased, as did frequently the number of beneficiaries. Yet most city officials were convinced that the introduction of social insurance had effectively eased this burden.³³ A double argument was needed to explain this paradox. Municipal specialists maintained that the increases would have been even greater had social insurance not entered the picture. Moreover, they expected greater effects in the future when the disability and old age insurance would pay higher benefits.³⁴ The other side of the argument had already been anticipated by the central government when formulating the questionnaire: Had the cities already used their greater freedom with respect to the poor relief budget to improve these programs, "both intensively -- by providing better care --, and extensively -- by granting assistance to claimants who would have been rejected earlier on?"³⁵ One feels that some unknown analyst of "unintended consequences" of social policy was

32. "Versicherungszwang und Armenverbände," in *Schriften des Vereins für Socialpolitik*, 21 (Leipzig: Duncker & Humblot, 1882): 170.

33. "Die Einwirkung der Versicherungs-Gesetzgebung auf die Armenpflege," *Vierteljahreshfte zur Statistik des Deutschen Reiches* (1897, Heft 2): 1-54.

34. Brinkmann, *Die Armenpflege in ihren Beziehungen zu den Leistungen der Socialgesetzgebung* (Leipzig: Duncker & Humblot, 1897); Richard Freund, *Armenpflege und Arbeiterversicherung* (Leipzig: Duncker & Humblot, 1895).

35. "Einwirkung der Versicherungs-Gesetzgebung," 1.

sitting in a Berlin ministry in the 1890s. More generally, the partial competition between the two public programs for transfer payments resulted in a broader dynamic that involved the standards and benefit levels of assistance and relief policies in general. Social insurance (health insurance and pensions in particular) became a driving force in the broad social reform movement of the two decades prior to the First World War.³⁶ From the beginning, this dynamic involved a third element: the expectations and claims of the clients. This force was as real as it was observed suspiciously by officials and experts.³⁷

The worsening situation of pensioners under the inflation of the early 1920s fueled expert debates on the relations between insurance and assistance. During these years, the entitlement of a social insurance pensioner basically was reduced to the right to claim supplementary benefits paid from general revenue by the central state and the local government. Some considered this erosion of the insurance principle enough reason for a radical reform of both pensions and assistance. These reformers sought a kind of "citizen's wage," in which the various public transfers would be combined and thus more efficiently and justly targeted. In contrast, the social assistance lobby -- the representatives of local government, welfare associations, and academic policy research organized in the *Deutscher Verein* (now called the German Association for Public and Private Assistance) -- argued against a combination of social insurance and assistance. They feared that the regular granting of supplementary benefits to pensioners through the welfare offices was already undermining the principles of differentiation and individualization in social assistance. Beginning in the early 1920s, social insurance pensioners were entitled to a "higher" form of poor relief that was indeed higher in money value and somewhat less rigid in requirements.³⁸ However, the pensioner's lobby attacked this means-tested form of minimum income provision as degrading and insulting.³⁹ They demanded higher pensions and a particular form of supplements not administered by the poor law offices. The *Deutscher Verein*, for its part, felt this regular and widespread supplementing of insurance benefits to signify a serious breach of the assistance principles. They lobbied for improving social insurance, but against splitting up social assistance.

36. Christoph Sachße and Florian Tennstedt, *Geschichte der Armenfürsorge in Deutschland, 2: Fürsorge und Wohlfahrtspflege 1871-1929* (Stuttgart: Kohlhammer, 1988).

37. "Armenpflege und Arbeiterversicherung," in *Stenographischer Bericht über die Verhandlungen der fünfzehnten Jahresversammlung des Deutschen Vereins für Armenpflege und Wohltätigkeit* (Leipzig: Duncker & Humblot, 1895).

38. Crew, "Wohlfahrtsbrot ist bitteres Brot"; Karl Christian Führer, "Für das Wirtschaftsleben 'mehr oder weniger wertlose Personen': Zur Lage von Invaliden- und Kleinrentnern in den Inflationsjahren 1918-1924," *Archiv für Sozialgeschichte*, 30 (1990): 145-80.

39. Cf. Greg A. Eghigian, "The Politics of Victimization: Social Pensioners and the German Social State in the Inflation of 1914-1924," *Central European History*, 26 (1993): 375-403.

As a spillover from these political debates, a number of surveys were undertaken to assist in policy evaluation. They are remarkable in the close attention they pay to the private basis of public welfare, and provide insight into individual income packages shortly before the Great Depression.

Income Packaging

The essential coping strategy for poor people of all ages involved mixing the various income sources. Today, welfare analysts have dubbed this coping strategy "income packaging."⁴⁰ This useful analytical concept emphasizes how difficult combining income sources can be. Further, it sheds light on a rich variety of social relations: between family members, between household inmates, between household inmates and outsiders, between the family and the labor market, between individuals and public institutions. Finally, the concept suggests that social policy does not mean only to provide income, but also to enable people to accumulate and keep their resources. Problems with this concept arise with regard to in-kind benefits, services, and material support inside or between households. It is possible that focusing on income may restrict the analysis. Historically, however, we are lucky when we have any indicators at all for the incidence of such resources, let alone their monetary value.

The incomes of the elderly in the formative years of the German welfare state provide us with particularly telling examples of "income packaging." Highlighted, too, is the "public-private mix" in their everyday survival strategies. My guesstimate concerning the overall ranking of income sources for the great majority of people over age sixty prior to 1914 puts labor force participation and personal earnings first for men, support through marriage and family first for women. The household economy -- such sources as children's earnings, income from boarders, income in kind from gardens -- seems to continue to work for a considerable proportion of the younger old (between fifty-five and sixty-five); it may rank second for older men. Poor relief, both outdoor and indoor, was more important for women, the new social insurance more important for men. Before the First World War, however, public support ranked last for the elderly, except for the most vulnerable group over age seventy or seventy-five.

Table 2 shows the proportion of men and women who received income from various sources. Berlin, it must be said, was exceptional both in the breadth of its poor-law benefits and in the early diffusion of insurance pensions. Thus table 2 illustrates the most advanced welfare mix reached in Imperial Germany before the First World War. "Welfare mix" refers here to the amount of market and state-provided income sources available to the total population.

40. Lee Rainwater, Martin Rein, and Joseph Schwartz, *Income Packaging in the Welfare State: A Comparative Study of Family Income* (Oxford: Oxford Univ. Press, 1986).

However, these data cannot demonstrate the full extent of income combinations achieved on the household level.

During the Weimar Republic, the relationships between urban poor law and social insurance changed drastically, with the central government taking over many more fiscal and legal responsibilities. But the other elements of the family income package changed too. Although we do not have much empirical evidence, it is safe to say that *all* prewar sources of support for the elderly -- family, savings, employment, and private charity -- were shaken to their foundations by both the inflation and the subsequent economic instability of the 1920s and 1930s.

An equally tentative ranking of income sources tapped successfully by the elderly in the late 1920s, before the Great Depression, reflects the slow growth of state provisions for retirement income. Nevertheless, for men aged sixty to sixty-nine, employment was still the most important source of income. This is even more striking when considering the labor market of a big city like Cologne or Berlin, where agricultural employment did not play a role. Rates of labor force participation dropped substantially only during the Depression of the 1930s. But an increasingly important source of income -- perhaps the most important source -- for men over age seventy, was social insurance benefits, combined with occupational pensions from the public and private sector and with new forms of poor relief or direct government benefits. Like social insurance pensions, social welfare benefits covered more people in the late 1920s than at the turn of the century. Resources from family and children would then rank last. In comparison, although women gained their chief support again through marriage and family, pensions and relief probably formed the bulk of individual income for unmarried, widowed or divorced women. Labor force participation for women age sixty to sixty-nine was even less crucial in 1925 than before the First World War. However, such women contributed considerable cash income through the taking in of boarders.⁴¹ The role of children or other household members in the late 1920s is hard to determine since no research has been done for Germany. What support did come from the family most probably took the form not of cash, but of co-residence. Living in a household with younger earners also meant benefiting from the group's higher total income. The benefits were mutual; a functioning household of older parents could provide shelter for the unemployed son or the daughter's illegitimate child.⁴²

Thanks to a unique set of studies, we can examine the "income packaging" of older

41. General data from Conrad, *Vom Greis zum Rentner*; for women's income sources see Karen Hagemann, "'...wir werden alt vom Arbeiten': Die soziale Situation alternder Arbeiterfrauen in der Weimarer Republik am Beispiel Hamburgs," *Archiv für Sozialgeschichte*, 30 (1990): 247-95.

42. H. Wohlfarth, "Fortsetzung der Ergebnisse der Wohnungszählung 1934," *Mitteilungen zur Statistik der Stadt Mülheim a.d. Ruhr* (Nr. 4, 1938).

pensioners in the precarious social environment of the pre-Depression late 1920s. We will focus here on the degree of substitution between public and private. In March 1929, a large survey of social insurance pensioners (excepting beneficiaries of accident insurance) was undertaken by the *Deutscher Verein*.⁴³ The survey covered 55,000 persons, about 43.5 percent of them women, in 92 cities and 105 rural districts. The sample was divided equally between pensioners who received other social assistance in addition to the insurance benefits and pensioners who did not. The author of the survey calculated that in the urban districts as a whole, about 30 percent of all social insurance pensioners were receiving other forms of public assistance at the same time.⁴⁴ This was a very high proportion indeed when compared with a prewar level of about 8 to 12 percent in both urban and rural areas, or 16 to 20 percent in Berlin in 1910.⁴⁵ Unfortunately, the age composition of the 1929 sample is quite mixed: only about 75 percent were over sixty years old, another 15 percent were between fifty and sixty years old.⁴⁶ The following tables and figures therefore represent the legally defined group of "social insurance pensioners" (*Sozialrentner*), not the total population over age sixty or sixty-five.

As do other studies of family history conducted with German or international material, table 3 shows that the elderly maintained a high degree of independence.⁴⁷ More than 75 percent of the pensioners were either heads of households, or else their husbands were. The other features of the co-residence patterns of this sample are also typical. Men more frequently lived in their own household, whereas women were more likely to live with children or other relatives. Pensioners with supplementary assistance were even more often on their own. They had higher headship rates and less co-residence with children, but were also more likely to live with strangers.

However, one critical piece of information is lacking. The survey provides no information on adult children living with the elderly and probably contributing income to their budget. Relying on evidence produced mainly by Anglo-American studies, we can assume that until about the turn of the century approximately 60 percent (sometimes more, sometimes only about 50 percent) of people over sixty or sixty-five lived with both married and unmarried offspring,

43. W. Niemeyer, "Vorläufige Ergebnisse der Sozialrentnerstatistik," *Nachrichten-Dienst des Deutschen Vereins*, 10 (1929): 468-72; Niemeyer, "Die wirtschaftliche Lage," 61.

44. Niemeyer, "Die wirtschaftliche Lage," 61.

45. Zahn, "Arbeiterversicherung."

46. Niemeyer, "Vorläufige Ergebnisse," 470.

47. Elles Bulder, *The Social Economics of Old Age: Strategies to Maintain Income in Later Life in the Netherlands, 1880-1940* (Amsterdam: Theses Publishers, 1993); Josef Ehmer, *Sozialgeschichte des Alters* (Frankfurt am Main: Suhrkamp, 1990); Richard Wall, "Inter-Generational Relations in the European Past," Paper for the British Sociological Association Annual Conference, Guilford, April 1990 (published in French in *Annales de Démographie Historique* (1991): 133-54).

either in their own or in the younger generation's household.⁴⁸ As always in these matters, considerable regional and social differences have to be taken into account. But in our context it seems more important to stress the contrast between the prewar period and the interwar years. The little data available point to a far lower degree of co-residence of two adult generations in the 1920s and 1930s. In urban and small town populations, proportions of about 32 to 42 percent, and even as high as 52 percent, more closely resemble data from the 1950s than from before the First World War.⁴⁹ True, children were frequently living in the neighborhood and at short distance, but it is not clear if an increase in these residence patterns compensated for the decrease in living under the same roof. Could it be that the expanding welfare states had taken some of the more immediate pressure off the families? Or, on the contrary, did the economic crises during the interwar years in fact weaken the younger families, inhibiting their support for relatives? German practitioners of social assistance, especially around 1930, emphasized the second hypothesis when trying to explain the growing demand for residential care or additional aid. In general, however, the possibility that the growing availability of public programs directly influenced the willingness of private networks to provide support is certainly one of the most debated and ideologically burdened issues in the context of this book's theme.

Let us consider now the various income sources tapped by this group of social security pensioners. The data only allow for a broad assessment of the relative role of various incomes for the whole of the sample population (or single subgroups). Unfortunately, there are no data available on the income mix at the individual or household level. Figures 1-3 compare pensioners with supplementary transfer income from assistance ("assisted") with those without ("non-assisted"). Only the urban sub-sample has been selected for this purpose. My main conclusion from these distributions is that the income from assistance compensates for relatively less income from employment, from family members inside the same household, and from "other" sources. The latter category is a potpourri of mostly rent (especially from lodging and boarding and the rent value of owner-occupied housing) and other public transfers (e.g., war widows' pensions) or occupational benefits.

48 See Ehmer, *Sozialgeschichte des Alters*, 177-179; Daniel S. Smith, "Historical Change in the Household Structure of the Elderly," in Peter N. Stearns, ed., *Old Age in Preindustrial Society* (New York: Holmes & Meier, 1982): 248-273.

49. E.A.M. Bulder, *Household Structures of Elderly in the Past: A Case Study of Two Dutch Communities in the Period 1920-1940* (The Hague: NiDi Report, 1990); Chris Gordon, "The Myth of Family Care? The Elderly in the Early 1930s," *Ageing and Society*, 8 (1988): 287-320; Angelique Janssens, "Industrialization without Family Change? The Extended Family and the Life Cycle in a Dutch Industrial Town, 1880-1920," *Journal of Family History*, 11 (1986): 25-42; Wall, "Inter-Generational Relations"; N. Sue Weiler, "Family Security or Social Security? The Family and the Elderly in New York State During the 1920s," *Journal of Family History*, 11 (1986): 77-95.

Figure 1 shows the presence in the pensioner population (not the relative value) of income from other than social security and assistance. Clearly, those who receive supplementary state assistance in addition to their pension do so because they are disadvantaged with respect to each of the private resources. True, some of the assisted may have failed to mention a few reichsmarks occasionally earned or dispensed because they feared losing part of their means-tested income supplement. Nevertheless, the differences are big enough to be able to conclude that public assistance and private support form a clear inverse relationship within the "income package" of these pensioners. Not only do more members of the nonassisted group receive income from employment and other sources, but the amounts received are also higher. Figure 2 shows the distribution of the relative share of those sources in the total individual income. For obvious reasons, support from family members could not be quantified.⁵⁰ Finally, figure 3 presents a more differentiated picture for the two main groups in the sample: married men and widowed women. Husbands made up 50 percent of the nonassisted and 33 percent of the assisted while widows comprised 29 percent of the nonassisted and 37 percent of the assisted.⁵¹

The total cash income of these two groups varied considerably. Nonassisted married men had 134 reichsmarks (*RM*) per month as against 86 *RM* for the assisted (supplementary income included); widows had to get by with 66 *RM* per month when nonassisted, and with 57 *RM* when assisted. Widowed women constituted the only group in the sample (besides unmarried women in the countryside) for whom assistance made little difference in total income. Yet the "income packaging" of assisted pensioners of both groups (figure 3) was very similar: their budget was provided predominantly by public authorities, with private resources only adding about 8 to 9 percent. Cash income can be misleading, though. Contemporary family budget studies themselves were quick to point out that important contributions from women and children to the household economy were normally not monetarized and therefore hidden.⁵² It might have been that older women could draw more widely on such resources than men.

50. At least for the income from relatives who did not live in the same household, but were legally required to provide support (cf. Crew, "Wohlfahrtsbrot ist bitteres Brot," 222-26), some data were presented. Only 2 to 3 percent of all urban pensioners answered this question in detail which reflects a considerable underrecording. In this small group, support was mostly provided in cash, less often in kind. The monthly value of both types of contributions to the household budget of the pensioners was estimated at under twenty reichsmarks (*RM*) in 68 percent of the assisted cases, but only in 28 percent of the nonassisted. 29 percent of the assisted and 47 percent of the nonassisted cases received between 20 and 60 *RM* from this source (Niemeyer, "Die wirtschaftliche Lage," 121).

51. All three figures are based on my own calculation from the aggregate data provided in Niemeyer, "Die wirtschaftliche Lage."

52. Agnes Martens-Edelmann, *Die Zusammensetzung des Familieneinkommens* (Eberswalde bei Berlin: Müller, 1931).

The particular German situation after the First World War and the inflation and again during the Great Depression, was responsible for the decisive role of tax-funded assistance for the income maintenance of insurance pensioners. Moreover, the central state had to rescue the so called "*Kleinrentner*," the formerly middle-class victims of the inflation. Apart from these historical particularities, widespread reliance on income packaging seems to be a general feature of immature welfare states.

Two observations from the decade after 1950 illustrate this general pattern. A 1955 official survey of social insurance pensioners in the Federal Republic of Germany highlights an income mix that strongly resembles that of the 1920s. Men's pensions in the worker's insurance accounted for 47 percent (age sixty to sixty-five) to 61.5 percent (age seventy-plus) of the pensioners' total income, earnings composed 19 to 17 percent, and income from other sources 22 to 34 percent. Women received from 64 percent (age sixty to sixty-five) to 59.5 percent (age seventy-plus) from pensions, only 6 to 3 percent from earnings, and 30 to 37 percent from other sources.⁵³ Again, "other" sources are ill-defined. But one can assume that the traditional array of savings, rents, family support, and assistance was lumped together under this heading. It was only with the pension insurance reform of 1957 and its innovation of automatic indexing, that the historically unique growth of pension payments (lasting into the mid-1970s) could be inaugurated.

The historically younger pension insurance of the United States evolved along similar lines. Surveys of income sources of persons (not only pensioners as in the German case!) aged sixty-five and over in 1950 and 1960 still showed the dominant, though declining role of employment (from 50 to 33 percent) and the rapidly growing share of old age, survivors, and disability insurance pensions (from 3 to 26 percent) and other public and private pensions (from 7 to 11 percent).⁵⁴ When this process ended in both countries, in a kind of saturation at the end of the 1970s, public transfer incomes had become the single largest income source of the elderly. In spite of this impressive growth of the government's role in providing retirement income, other income sources like private pensions or income from assets have also gained in weight. Taken together, income packaging remains a characteristic even of mature welfare states -- with considerable variation among older households and between nations.⁵⁵

53. Karl-Wilhelm Kindel and Eckhart Schakow, *Die Bedeutung der Altersgrenze in den Systemen der sozialen Sicherung* (Berlin: Duncker & Humblot, 1957): 62.

54. Lloyd Saville, "Flexible Retirement, A: Some Economic Consequences," in Juanita Kreps, ed., *Employment, Income, and Retirement Problems of the Aged* (Durham, N.C.: Duke Univ. Press, 1963): 140-62, here p. 148.

55. For the U.S. 1968-1984, see James H. Schulz, *The Economics of Aging. Fourth Edition* (Dover, MA: Auburn House, 1988), p. 24; international comparisons for 1980 in Gosta Esping-Andersen, *The Three Worlds of Welfare Capitalism* (Princeton, NJ: Princeton University Press, 1990), p. 86; data from the Luxemburg Income Study for 1991 are analyzed by Martin and Heinz Stapf, "Income Packaging and Economic Well-Being at the

Conclusion

Reframing the relationship between "family" and "state," "individual" and "collectivity" in terms of a public-private interplay helps to transcend the common ideological opposition between the two spheres. Moreover, it has important analytical advantages. First, applying the concept of "mix" or "packaging" means taking the coping strategies of individuals and their relations seriously. These are private activities, but they are vital to making the welfare state function on its most basic level.⁵⁶ Second, the focus on the public-private mix can also help to correct the perception of welfare state clients, and the elderly in particular, as merely dependent. The private efforts on the household level show the "recipients" as active participants in a complicated web of negotiation, claims making, resource management, and relationship building. Third: Although politically defined, these relations are open to change from the private side, too: there is a "demand side" and a "supply side" in the working of social policies. The changing capacities for assistance within working-class families during the Depression, general changes in fertility behavior around 1900 and since the 1960s, and evolving expectations and employment patterns of women in relation to home care for the elderly are examples of such fundamental but hidden shifts in the *private* basis of public programs as well as in the *public* framework of private practice.

The analysis of welfare mix and income packaging has underlined a number of structural patterns that can be observed not only in Germany, but also in other emerging welfare states. The most important patterns are the division of clientele between assistance and insurance, and along lines of gender, family status, and employment; the role of other income sources as supplements to public transfer incomes; and the continued importance of paid work and children's income in the household economy of the elderly. One can make an argument along these same general lines -- as illustrated by the situations in about 1900, in 1929, and in 1955 -- for other welfare states.

Rather than a linear shift from private to public support, we observe a complex, historically specific interplay of family, corporatist, market, and state forces.⁵⁷ From the end of the nineteenth century, there has certainly been a redistribution of weight in favor of the central state. But for the great majority of elderly in the period from the 1880s to the 1950s, dependence upon one income source alone -- be it the individual earning power, the family or the

Last State of the Working Career" (Mimeo, 1995)

56. David Vincent, *Poor Citizens. The State and the Poor in Twentieth-Century Britain* (London, Longman, 1991) bases a remarkable account of British welfare state development on this interaction.

57. Cf. Martin Rein and Lee Rainwater, eds., *Public/Private Interplay in Social Protection: A Comparative Study* (Armonk, N.Y.: Sharpe, 1986); Esping-Andersen, *Three Worlds*.

public transfer systems -- translated into misery.

When we draw the lines from our historical examples to the sophisticated data on household incomes that are available for the 1980s and 1990s, we can make a more general claim. Income packaging and the correspondent public/private mix on the institutional level is a continuous feature of modern welfare states. What changes over time, varies between nations, and differs along lines of gender, age, family situation, and socio-economic status, however, is the incidence and relative value of the various resources in elderly households.

Table 1:				
Average or standard pension as percentage of average annual wages, Germany and Great Britain, 1891-1935*				
Year	Germany		Great Britain	
	Blue Collar	White Collar	Single	Couple
1891	18.7	-	-	-
1900	17.8	-	-	-
1905	18.3	-	-	-
1909	18.0	-	22.3	44.6
1913	17.6	-	21.0	42.1
1920	-	-	15.4	30.8
1925	-	-	21.6	43.3
1926	18.9	36.8	-	-
1930	22.5	37.6	22.1	44.2
1935	24.0	33.2	22.6	45.1

* Adapted from Christoph Conrad, "The Emergence of Modern Retirement: Germany in an International Comparison, 1850-1960," *Population. English Selection*, 3 (1991): 171-200, table 3; newly calculated using another series of white collar employees's salaries.

Table 2:

**Proportion of older people receiving income from different sources
(Berlin 1907 or 1910)****

(1) Gender	(2) Age	(3) In labor force	(4) Insurance pensioners	(5) Poor relief recipients	(6) Total 4+5 (corrected)
Men	50-59	93.0	4.2	2.0	5.6
	60-69	68.2	14.4	6.8	19.0
	70-79	} 31.6	37.6	19.0	47.7
	80+		29.7	27.2	48.5
Women	50-59	31.6	2.8	3.9	6.2
	60-69	22.8	8.2	15.8	22.2
	70-79	} 8.0	12.0	33.8	42.2
	80+		7.3	40.7	44.1

** The percentages in column 6 are corrected for those who combine poor relief and insurance benefits. Christoph Conrad, "Erfolgreiches Überleben um 1900. Die Bedeutung öffentlicher Transferleistungen für ältere Männer und Frauen," *Zeitschrift für Gerontopsychologie und -psychiatrie*, 2 (1989): 87-93, p. 91.

Table 3:
Household headship and co-residence of social insurance pensioners,
German cities 1929 (in percent)***

Type	Nonassisted		Assisted	
	Men	Women	Men	Women
In their own household	80.5	72.2	83.5	76.8
In children's household	7.0	17.1	4.6	10.8
In relatives' household	1.5	3.8	2.9	5.2
With strangers (including boarding)	3.9	5.9	8.5	7.3
Other and unknown	7.1	1.0	0.5	-
TOTAL	100.0	100.0	100.0	100.1

*** Niemeyer, "Vorläufige Ergebnisse," 470.

FIGURE 1:
Proportion of social insurance pensioners receiving income from 'private' sources
(March 1929, urban sample)

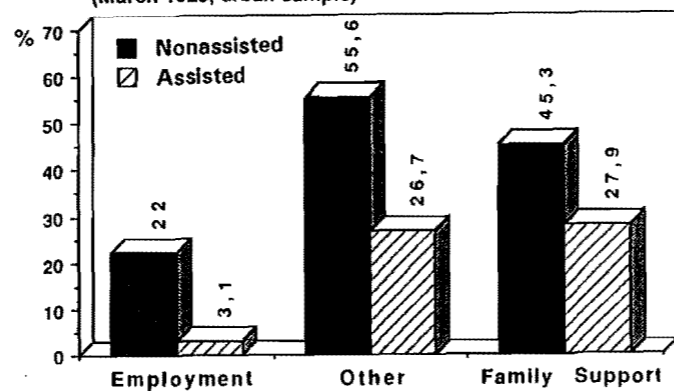


FIGURE 2:
Income sources of social insurance pensioners as proportion of their total cash income (March 1929, men and women)

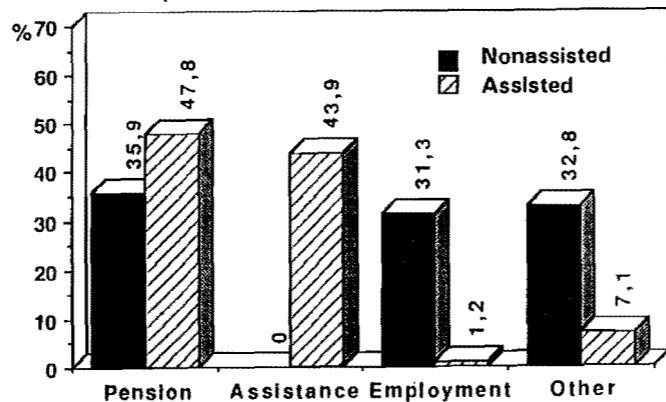
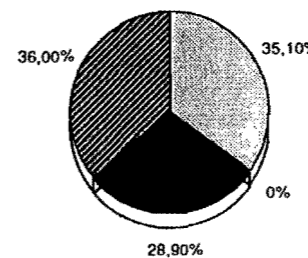
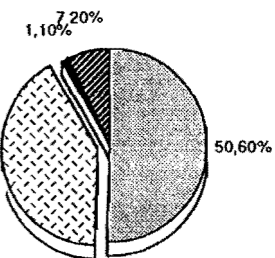


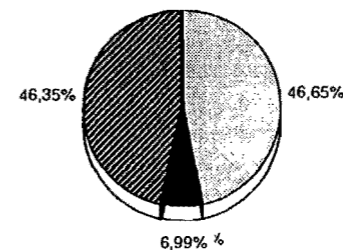
FIGURE 3:
Nonassisted married men



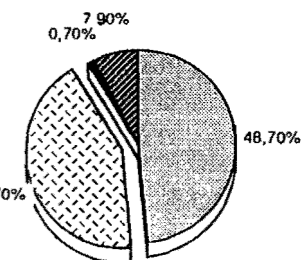
Assisted married men



Nonassisted widows



Assisted widows



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