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INCOME MAINTENANCE AND HEALTH CARE PROVISIONS FOR THE AGED: A COMPARATIVE STUDY OF TWO SOCIETIES: THE UNITED STATES AND NEW ZEALAND

The Ohio State University

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INCOME MAINTENANCE AND HEALTH CARE PROVISIONS FOR THE AGED

A COMPARATIVE STUDY OF TWO SOCIETIES:

THE UNITED STATES AND NEW ZEALAND

DISSertation

Presented in Partial Fulfillment of the Requirements for the
Degree Doctor of Philosophy in the Graduate School
of The Ohio State University

by

Berenice Eveline King, B.A., M.A.

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CHAPTER I

THE RESEARCH PROBLEM

The Origin of the Study

This, an exploratory study, has been motivated by curiosity. It stems from a gradual awareness that despite some obvious similarities, the United States and New Zealand have developed quite different ways of coping with similar needs of societal members. The difference in life style and expectations between these two countries was anticipated for, in terms of size, economic base, and natural resources, they are not comparable. On the other hand, some major social legislation, namely the Social Security Acts, were introduced at approximately the same time, in the mid-1930s.

Initially it was assumed that the provisions of these Acts would be similar in principle, nature, and intent though probably different in methods of funding and administration because the structure and functions of government were quite dissimilar. A closer acquaintance with and examination of the American system led to a complete revision of the original assumption about the common features between the two Acts. Clearly there were significant differences in both the provisions of the Acts and the categories of persons the legislation was designed to assist.
As a result of the preliminary exploration of the situation, the general question posed was "Why do societies which are similar in a number of important respects, differ so markedly in their attitudes toward and the subsequent provisions made for societal members who, for whatever reason, are partly or wholly dependent upon others for some of their basic needs?"

It was quickly apparent that to try and account for the differences between these two societies would be a task of some magnitude, even with attention confined to the one major piece of social policy legislation common to both. Accordingly, a third restriction was imposed: just one particular group or category of persons would be considered, the aged.

The Evolution of the Study

The specification of the societies, the social policy, and the population of interest focused the elements of the study field. But societies and legislation have an origin and a history—neither emerge from a vacuum. An exploration of the literature dealing with the background of the Acts as well as to other legislative measures of direct relevance to the aged persons in the respective societies brought to the fore the significance of the historical antecedents of both societies.

The initial common denominator or basic similarity was the origin of the founders of the English colonies in the New World and, nearly two hundred years later, New Zealand. The colonists emigrated from Great Britain. Subsequently, both historical time and
circumstance were to affect the basic institutions which evolved in the respective societies, particularly the socio-economic and political systems. These systems are the tangible evidence of the way in which successive generations organized their societies; more difficult to discern are the belief and value systems which determined the way in which societal members would organize their affairs. The initial question was still the source of the primary objective of this study, but it had become many-sided.

**The Objective**

The basic objective is to endeavor to identify the major forces which have affected conceptions of and attitudes toward societal members in the United States and New Zealand who, by virtue of their age, are potentially or actually dependent upon others for some basic needs.

**The Basic Thesis**

This study is based on the proposition that a key factor affecting both the nature and the extent of provisions made for the aged in the two societies is the priority accorded to the two basic values inherent in all democratic societies, liberty and equality. It is contended that different social policies and provisions can be attributed to the fact that in the United States the emphasis is upon liberty with some effect on equality; conversely, in New Zealand, priority is accorded to equality at the cost of liberty.
General Background

The Aged

The aged have been specified as the group of interest for three good reasons. In the first place, the aging process is inevitable. It is a universal phenomenon which cannot be attributed to a character defect or personal inadequacy, traits which tend to be assigned to individuals who are not wholly self-supporting. Secondly, it is possible to identify aged persons by virtue of their years and without recourse to other qualifying factors. Finally, there has been belated recognition of the difficulties likely to be faced by older persons in post-industrial societies.

It is only in recent decades that changes in the age structure of populations of the western nations have resulted in an increase in both the absolute and relative number of older persons. This change has been described as "...one of the most dramatic and influential developments of the twentieth century. Never before in history have there been so many old people numerically and proportionally, nor have they been so old" (Brody, 1971: 51).

The importance of these age shifts in the demographic structure of populations is recognized internationally and reflected in the recommendation made by the World Health Organization that, for purposes of comparability, a single standard of demographic aging should be adopted. The standard advocated is the number of persons aged 65 or more in relation to the total population (WHO, 1959). Similarly, the United Nations arbitrarily defined populations as being young, mature, or aged, depending on the proportion of persons in the 65 years and
over age category. A young population has fewer than four percent in
the older age range; a mature population between four and seven percent
while an aged population exists when more than seven percent of the
population are at least 65 years old (United Nations, 1956).

In 1972 both the United States and New Zealand met the
criterion for an aged population with 9.9 percent and 8.6 percent
respectively in the upper age range. This phenomenon of an aged
population is of fairly recent origin. For example, at the beginning
of the twentieth century the United States, with 4.1 percent of older
persons, had a mature population but New Zealand, with only 2.5 per­
cent, would have been classified as being young.

A parallel development which has been slow to be recognized
is the extension of the age range within the "aged" category. For
example, it was observed that in the United States that

...while the median age range of the elderly
was 73, about 30 percent were between 75 and
85 years, and 6 percent were over 85. Thus
the elderly represented three generational
strata: the "young" old, the middle group
and the very old. (Brody, 1971: 51)

The year on which these calculations were based was not recorded but
reference to the 1970 U.S. Census reveals that the proportions cited
by Brody have increased further and the proportion of the aged in the
85 years and over age category was then 7.5 percent.

A similar trend is discernible in the New Zealand population.
In 1960 approximately 32 percent of the aged were between 75 and 85
years old and 5.8 percent even older. Ten years later, in 1971,
the proportion in the older age group had increased to 7.1 percent. These facts are sufficient to make the "aged" a socially important and significant group, as well as a political force. When these figures are considered in conjunction with other changes in the population, for example, zero population growth, they assume even greater importance. In New Zealand, the problem of a marked increase in the proportion of older persons and a period of zero population growth has been further complicated by a massive outward migration of New Zealand residents, particularly young adults. This trend, which reached a peak in the mid and late 1970s, is only now beginning to reverse. With a population of barely three million persons, New Zealand is particularly vulnerable to any change in patterns of migration.

This increase in the proportion of the population who are aged and the gradual increase in the proportion of older persons living well beyond the biblical span of three score years and ten have a number of implications for both the individual and the society in which he lives. Not the least of these is a state of partial or complete dependency.

Dependency

A dependent person is one who relies upon another for support. The state of being dependent may be condoned or even imposed, tolerated or utterly condemned, depending on the circumstances and the society concerned. At one extreme, there is the expectation that infants and young children will be totally
dependent upon others for their sustenance, support, and protection; at the other, dependency stemming from unemployment tends to be viewed unfavorably by society-at-large unless there are extenuating circumstances. Between these two extremes, the increasing dependency which is likely to accompany the aging process is generally accepted as inevitable.

**Basic Needs**

The third component of this study is "basic needs." In contemporary society two of the more tangible problems most likely to be associated with advancing years are an inadequate income and a decline in capacity to function independently.

**Income adequacy:** Withdrawal from the work force is usually, but not invariably, accompanied by a change in both the source and the amount of income available for the purchase of goods and services. The need for some specific income maintenance provision for those who, because of age, could no longer work has been conceded more readily and with less acrimony than the potential needs of persons whose dependency stems from some other cause.

**Functional capacity:** The ability to maintain the activities of daily living is of prime importance to older persons. To some extent this will be affected by the past and present availability of and access to appropriate health care and supporting services.

These two potential problem areas are interrelated but, because of the variations in the way in which the two societies of interest deal with them, they will be considered separately.
A major constraint imposed by limiting attention to the older age group is that important precursors to the situation are bypassed. For example, the individual born and reared in a society where full employment has been an established political principle for many years has a much better prospect of anticipating a secure old age than the person who, through no fault of his own, has had to cope with intermittent or prolonged periods of unemployment during the course of his working years.

Similarly, where extensive health care services are readily available at minimal or no cost for those who elect to use them, the likelihood of attaining old age in an optimum condition is enhanced. In this respect the populations of the two societies do differ.
CHAPTER II
CONCEPTUAL FRAMEWORK

Introduction

A variety of terms, interrelated concepts and theoretical issues permeate this study. At one end of the semantic spectrum is the term "the aged" which can be defined quite readily: at the other is the notion of democracy which has many connotations. It is a term which has come to denote both a political system and a set of ideals, it has "...never become identified with a specific doctrinal source--it is rather a byproduct of western civilization" (Sartori, 1968: 112); it is the set of ideals implicit in the notion of democracy which constitutes the core of this study.

Ideals, beliefs, and values can only be discerned through their vehicles of expression. In this instance the most pertinent is considered to be the economic systems in the societies of concern and their underlying philosophies.

It is considered appropriate to deal first with those terms which can be clarified most readily and then to consider the concept of democracy concluding with a more specific presentation of the nature and implications of the similarities and differences in the economic systems of the United States and New Zealand.
Explication of Terms

The Aged

Just one criterion is used to differentiate between the aged and the non-aged, the chronological age of 65 years or more. It is acknowledged that in some circumstances such a simplistic approach would be quite inappropriate for, as one writer stressed, the various social and economic statuses assigned to members of a society at each of a series of chronological ages are culturally specified and not based on physiological characteristics alone (Bogue, 1952: 51). Another differentiates between primary, secondary, psychological, and social aging (Kruger-Smith, 1973).

A distinct advantage in the use of chronological age is that it is an objective and unambiguous measure which is particularly useful when two or more nations are being compared, provided the nations involved are comparable in development and the life expectancy of the populations concerned are similar. Both those conditions operate in this case.

The decision to use the one criterion for identifying the aged is in accord with the recommendations made by the World Health Organization and the attitude evinced by the United Nations, alluded to earlier.

There is also a sound pragmatic reason for adopting this tactic. In both the United States and New Zealand, 65 years has been set as the acceptable age at which a man could be eligible for benefits and/or pensions linked with retirement from the work force.
Provisions for women have been more variable, typically at a lower age level than that established for men, despite the established fact that women have a longer life expectancy than men.

**Social Security**

The Seventh Report of the triennial publication of the International Labor Office (ILO) provides a list of criteria which have to be met before a scheme or a service can be considered to be part of a national security program. First, the objectives of the system must be to grant curative or preventive medical care, or to maintain income in the case of involuntary loss of earnings, or of any important part of earnings, or to grant supplementary incomes to persons having family responsibilities. Secondly, the system must have been set up by the legislation which attributes specified individual rights to, or imposes specified obligations on, a public, semi-public, or autonomous body. Thirdly, the system should be administered by a public, semi-public, or autonomous body.

However, any scheme of employment-injury compensation should be included, even if it does not meet the third criterion noted above, because the compensation of employment injuries is imposed directly on the employer (Kaim-Caudle, 1973: 949). The criteria proposed by the ILO are broad and appropriate for purposes of international comparison but, in fact, the meaning attached to the concept of social security not only varies between but within countries or nations.
In the United States the term was first employed with the Social Security Act, 1935, but has come to refer to Old Age, Survivors Disability and Insurance Program (OASDI) of the Federal Government. In the official publication of the U.S. Department of Health, Education and Welfare, "Social Security Programs in the United States," a much wider meaning is assigned to social security. For example, all public programs providing protection against loss of income, retirement provisions for government employees, veterans pensions and compensation, as well as privately organized pensions and other employee benefits, are included. In official statistics the term "social welfare expenditure" is used to cover social insurance, veterans programs, education, and other social welfare.

The use of the term in New Zealand is, in a sense, more restricted. The Social Security Act, 1938, set up a comprehensive system of cash benefits and a universal health service. The term, "social security," is used to refer to all the functions carried out by the Social Welfare Department, including responsibility for social work and welfare services as well as the administration of income maintenance programs, other than workmen's compensation.

The philosophy underlying the New Zealand system is implicit in a definition of the term provided by one New Zealand writer, viz. "a comprehensive method of protection against risks which families can no longer meet on their own. It should guarantee a minimum standard of health and decency by a redistribution of income according to the prescribed circumstances" (Oram, 1969: 56).
Oram's view is not necessarily shared by other writers in the field, many of whom use the term to embrace both social assistance and social insurance (Mendelsohn, 1954: 1).

**Social Policy**

Social policy can be expressed in many forms of social action. It can also be viewed as having three objectives in relation to human need: first, to prevent or reduce suffering, premature death, or social ill, when and where this is possible; secondly, to protect the weak or vulnerable from pressures or dangers which they cannot withstand alone; and, finally, to promote in a positive way the good of each and of society as a whole (Slack, 1966: 93).

But, in any society at any particular period, there are four main groups of factors which influence social action:

- The beliefs currently held about the nature of man. These will inevitably affect the ultimate goals of action or values which in turn will affect priorities.
- The beliefs currently held about society and the role of government within it.
- The current state of scientific, medical and social technology has relevance for the situation, and
- The social and economic development of the society concerned will affect the prevailing standards of living as well as the expectations of the population at large (Eyden, 1969: 3).
Whether implicit or explicit, value judgments are an integral part of policy formulation and implementation. Objectives have to be formulated and, ideally, only those considered worthy of achievement are selected. In reality, political considerations may well be an important factor in assessing the "worth" of a particular program or proposal. The continuing effort to reconcile the conflicting aims and goals of individuals in an ever-changing, socio-economic environment is the main business of politics. Many of the goals of social policy are concerned with the achievement of conditions through which the citizens can attain the good life. Such policies cannot guarantee greater happiness or well-being; they do have the potential to provide the conditions which are conducive to the attainment of those ends.

**Social Welfare**

This term can be used in a positive sense to denote a collective responsibility to meet the universal needs of a population or in a negative and much more restricted sense to refer to financial assistance and other services to the disadvantaged.

From a sociological point of view, social welfare functions to maintain the social system and to adapt it to a changing social reality. From an ideological point of view, it is society's answer to that ancient and ever-recurring question "Am I my brother's keeper?" (Romanyshyn, 1971: 3)

Two antithetical concepts of community responsibility, the residual and the developmental, are historically embodied in the response to this question.
The fleet holds that social welfare activities should come into play only when the normal structures of society break down. This places social welfare activities in a residual role, ameliorating the breakdown and filling the gaps. The second, and far more promising view of social welfare, defines welfare activities as a front line function of modern industrial society, in a positive, collaborative role with other major social institutions working toward a better society. (U.S. Department of Health, Education and Welfare, 1966)

A similar perspective is adopted by Wilensky and Lebaux who use the terms "residual" and "institutional," suggesting that the former holds that social welfare institutions should come into play only when the normal structures of supply, the family, and the market break down. The second, in contrast, sees the welfare services as normal, "first-line" functions of modern industrial society (Wilensky and Lebaux, 1965: 138).

Social welfare in the United States and New Zealand reflects both the residual and the developmental (or institutional) concepts but the evidence suggests that New Zealand has moved appreciably further from the residual notion of social welfare.

**Social Welfare and Political Economy**

Five requisites are associated with an industrial society—a wage economy with its attendant risks of income insecurity; a mobile labor force, which may create problems in adaptation to new environments; nuclear families and the likelihood of social isolation in times of stress; an achievement orientation, allowing success for some but failure for others; and instrumental relationships and
large scale organization that increases the likelihood of depersonalization.

The promotion of individual freedom in industrial societies creates new forms of dependencies and a variety of social provisions that fulfill functions previously performed by the family and patterns of mutual aid in agricultural economies (Romanyshyn, 1971: 155). Romanyshyn continues his line of reasoning to suggest that the problems have been created by industrialization within a market economy and that there has been a consistent movement from a laissez-faire toward a politically managed market economy, a form of welfare capitalism.

The Welfare State

The welfare state can be viewed, in a positive sense, to be a symbol of the role the state should play in modern society. With this perspective, participation in the social services is considered to be one of the rights and duties of citizenship; the services provided by the government to promote the common welfare of all citizens should be constantly improved in accord with the changes in the socio-economic system.

To the opponents of the welfare state, it is seen to be a symbol of featherbedding, of a propensity to give help to people irrespective of their needs. Such action can only lead to the sapping of self-reliance and the loss of initiative.

Whichever perspective is supported, there is a central core of agreement "...that the term implies a state commitment of some
degree which modifies the play of market forces in order to ensure a minimum income for all" (Wickenden, 1972: 191). In most western countries, there is a two-tier system or method of ensuring a minimum income. The use of the market principle of contributions to guarantee benefits, the system of social insurance where "need" is recognized, but only if the necessary price, in the form of contributions, has been paid. The second tier of the system is in some form of public assistance.

Theoretical Issues

The Social Security Acts of 1935 (United States) and 1938 (New Zealand) represented the culmination of intermittent efforts to improve the general well-being of societal members, notably the aged. As noted elsewhere, while the legislation was introduced in both countries at approximately the same time, the environment into which they were introduced and the provisions made were quite dissimilar. One of the key differences was the way in which the state was viewed and the extent to which it could intervene in the provision of assistance for specified categories of persons.

To Americans, federal intervention in the affairs of the individual ran counter to the long-cherished and clearly articulated emphasis on liberty. The situation in New Zealand was quite the reverse; a combination of circumstances encouraged, indeed compelled, the central government to accept and assume responsibility for ensuring that the colony could survive, much less prosper. The
unwritten credo in early New Zealand was equality for all, a
principle that could only be realized if control, notably of the
economy, was vested in the state. Notwithstanding these differences
in attitudes toward the role of the state, both societies have a
democratic form of government and adhere to democratic ideals.

The Notion of Democracy

The term "democracy" is difficult to define satisfactorily,
in part because of the diverse ways in which it is used. One way to
resolve this problem is to avoid the use of the term; another is to
dissect it as analytically as possible (Sartori, 1968: 112). He
explored the idea of democratic legitimacy; differentiated between
the normative, descriptive, and typological perspectives; and
concluded with an exposition on democracy as a form of government,
the aspect of particular relevance to this study.

Democracy as a Form of Government

Greek democracy, as practiced in Athens during the fourth
century B.C., provided the closest approximation to the literal
meaning of the term—democracy based on participation. Modern
democracy is quite different; participation is through representation
and consequently through delegation and not the direct exercise of
power. Thus, instead of being a system of self-government, it is a
system of control and limitation of government.

Although a polity can qualify as a democracy because of its
machinery rather than achievements, a presupposition associated with
developed and successful democracies is that the term denotes a way of living, a "social democracy," where considerable progress has been made toward the maximization of equality, that is, equality of status and of opportunity.

Conversely, Sartori suggests, in those areas in which democracy has never been stable or effective, the standard is lower. "This more limited political character is revealed by the fact that emphasis is laid less on equality and more on liberty—as is only natural, for liberty has procedural priority over equality" (Sartori, 1968: 177). Sartori's exposition on the notion of democracy is helpful in understanding the ramifications of the concept and useful in introducing the twin values inherent in democracy as a set of ideals—liberty and equality. The United States and New Zealand have democratic forms of government despite differences in structure, method of functioning, and the role assigned to the central authority or state.

Democratic Ideals

Ideals are abstract qualities which are ultimately shaped by the environments in which they find expression. The dual values of equality and liberty would seem to be antithetical in that one could only be pursued at a cost or diminution of the other and an acceptable balance between the two would be difficult to attain. It can be argued equally well that it is not an emphasis on equality per se which will impose any constraint on the exercise of liberty, but rather the way in which the idea of equality is perceived.
Equality: Subtle but significant differences in the conception of equality exist. This is well illustrated by the interpretation credited to Jefferson and Jackson respectively. The Jeffersonian ideal is predicated upon an equality of opportunity with education seen as the sifting mechanism which limits the best opportunities to those individuals who have the ability to use them.

Conversely, the Jacksonian ideal places the emphasis on raising the level of the average person, with regard to both opportunity and performance (Wilson and Kolb, 1969: 623). The implications of these conceptions of equality are not the same. Thus it is possible for two societies to assign a high priority to equality but provide for its expression in quite different ways.

Equality of opportunity is compatible with the exercise of liberty as reflected in the United States where the prevailing belief supports the Jeffersonian ideal. The situation in New Zealand differs in that the emphasis is upon equalizing all—the Jacksonian perspective. This can only be accomplished by the imposition of controls through the political system. The greater the controls, the less able are individuals to exercise liberty.

Thus equality can be broadly classified into two different types based on the interpretation of the concept. The ideal of liberty is less amenable to dissection involving, as it does, a more broad conceptual framework.

Liberty: Liberty is akin to, but not necessarily synonymous with, freedom though both are implicit in the notion of democracy as a set of ideals. The concept of freedom was constantly to the fore
when the Founding Fathers gathered together to formulate the Constitution. It is used by philosophers in discussion on free will and by statesmen when considering freedom of action within society— but, like democracy, it is a term frequently used but not necessarily well specified.

An exception to this general rule is the exposition by Gerard DeGré. In his view, "...freedom is determined by the degree to which persons can plan a course of action without arbitrary and unpredictable interference," that is, "freedom flourishes when the relationships of groups are in a relative equilibrium determined by a reciprocity and accommodation necessitated by each group having to take into account in its action, the interests, values and powers of other groups" (1946: 529-36).

In his quest for an appropriate classificatory system with a broad social base for an analysis of social freedom, DeGré concluded that Emile Durkeim's division of societies based on mechanical and organic solidarity (Durkheim, 1933) would provide the most appropriate base from which to develop the analysis. In brief, according to Durkheim's system, the evolution from primitive amorphous societies is closely correlated with the division of labor and an increasing specialization of function which, in turn, leads to a multiplication of societal groups as well as an increasing individualism of the members of these groups. This theory of group differentiation as a general historical process provided DeGré with a preliminary orientation for constructing a typology of social structures.
The multiplication of groups which accompanies the division of labor in an organic society creates an increasing need for accommodation between these divergent groups. The respective groups can protect the interest of their members, provided no one group obtains a monopoly of power for, once this occurs, the effect is felt by the others and their freedom begins to decline proportionately. Throughout history, political power has been linked with economic control of certain groups, but this is by no means inevitable. Variations occur because the amount of power any group can acquire is restricted by the social pressure able to be exerted by other groups.

DeGré's Typology

DeGré illustrates the variations which occur between power acquired and the exertion of social pressure by the use of a statistical analogy, a bell-shaped curve. The horizontal ordinate is used to depict varying degrees of freedom; the vertical ordinate depicts varying degrees of probability that free institutions will be present in relationship to the underlying social intergroup structures. The high medial portion of the curve represents the optimum condition for the development and maintenance of freedom. It is the pluralistic society characterized by the presence of large, well-integrated groups representing significant divisions of interests and values. In this area the power of the state is limited by the power of organized public opinion, of large special interest groups, and so forth.

The curve is hypothetical and, as DeGré emphasizes, it does not represent an experimentally derived frequency distribution, but
is best considered as an "ideal-typical" curve.

Both the United States and New Zealand can be classified as pluralistic but this does not necessarily imply that the members of the respective societies are equally free. This re-affirms Sartori's conception of democracy as being multifaceted.

This typology is most useful for the analysis of the relationship between social freedom and power of various societies but is not appropriate for use at the next stage of inquiry, namely, to establish the sociological conditions necessary for a working democracy, for example, the United States and New Zealand. This requires a closer examination of the value patterns of a democracy.

The Value Patterns of Democracy

To Seymour Lipset, one systematic approach to the classification of national values as a precursor to a comparative analysis is to use the tool provided by Talcott Parsons, his pattern variables. These pattern variables are dichotomous categories of orientation characteristic of interaction in different social structures (Lipset, 1963: 253). Lipset elects to employ just three of the dichotomous categories in his analysis of four English-speaking democracies (the United States, England, Canada, and Australia)—the pattern variables of achievement-ascription, universalism-particularism, and specificity and diffuseners. Because he focuses on institutions linked to the polity, Lipset adds an equalitarian-elitist distinction to the value polarities.
From the analysis it is concluded that the United States emphasizes achievement, equalitarianism, universalism, and specificity—a combination of variables which is functional for a stable democracy. But even slight variations in value patterns may account for important differences in stable democracies (Lipset, 1963: 257). New Zealand was not one of the countries included in the analysis, but the impression is that New Zealand is more equalitarian than the United States or Australia and places less emphasis on achievement and more on particularism, as reflected by the emphasis on "mate-ship." It is suggested that the combination of equalitarian and particularistic value patterns makes for successful and early lower-class economic and political organization. Further, the lower-wage differential in the New Zealand (and Australia) is linked with the emphasis upon equalitarianism, an emphasis on equal status rather than equal opportunity or the Jacksonian versus the Jeffersonian conception of the ideal of equality. The implications of this differing emphasis on "equality" are many; of relevance in the context of this study is the interrelationship between the philosophy underpinning the economic system and the values held in the two societies.

The Economic Philosophies

There is a close relationship between the economic order of a society and its population. This same reciprocal relation holds between population and all areas of social life, that is, changes in the population conditions and the social structure influence population trends.
Both the United States and New Zealand are considered to be affluent societies but the former has a population in excess of 200 million, the latter barely three million. In the United States the economic system can be considered apart from the political one; in New Zealand it is difficult to separate the two, primarily because of the responsibilities assumed by the State. This in itself is sufficient to indicate that the philosophical framework for the economic systems must be inherently different.

The United States

Between the end of the seventeenth and early nineteenth centuries, laissez-faire succeeded mercantilism as the dominant ideology in England, a period which coincided with the British colonization of the New World. The New England colonies were strongly identified with the economic and religious doctrines of the Puritan party in England. The emigrants in America were even more theoretically inclined than their counterparts at home.

The initial settlements in both America and New Zealand were geographically isolated and well dispersed. The American colonists had also to cope with a rigorous physical environment as well as hostile Indians and foreigners. A code of local self-sufficiency and protection was essential for survival; the sense of isolation and localism had an effect on colonial assistance policy which reflected a combination of parochial thinking and the view of productivity, labor, and profit prevalent in England at the end of the seventeenth century.
At first, attempts were made to copy England's mercantilist controls on working conditions and wages but a shortage of labor prevented any strict adherence to a labor code. Vagrancy was punished by forced employment or committal to a workhouse. Industriousness and individual enterprise were stressed and valued with the Puritan ideology exerting considerable influence. Poverty, like wealth, revealed God's hand; riches were proof of goodness and selection and insufficiency evidence of evil and rejection (Mencher, 1967: 133).

By 1770, when New Zealand was still unknown to Europeans, there were already over two million settlers in America; only a small number were dependent on wages from employment. The lower classes were primarily artisans or small landowners—but already circumstances were changing. There was an increasing gap between the wealthy and the lower middle class; between manufacturing and agricultural interests; between those with and those without prosperity; between rich and poor. Employers became labor contractors and increased profit depended upon minimizing costs.

British society recognized the unequal position of the lower orders in the social and economic system. American society has no rationale to justify class distinctions; indeed, one of the pervasive ideologies in the new colony was the equality of man; the reality did not conform to the ideal.

Apart from the problems of individual adjustment in a new land, eighteenth and nineteenth century America was not spared the common crises arising from epidemics, war, and the uncertainties of foreign
While under British rule, America's economy was affected by England's wars and the varying nature of colonial policy. For example, after the French wars of 1763, the more restrictive mercantilist policies resulted in economic depression and stimulated lower class opposition to British rule.

American Social and Economic Thought

While reflecting familiarity with contemporary English and continental trends, American socio-economic thought tended to be impatient with the theoretical refinements of the European political economists. To some extent differences between European and American views could be attributed to the poor diffusion of ideas. Many of the leading intellectual and political figures in American society at the time of the Revolution were still under the influence of seventeenth and early eighteenth century writers such as Hobbes, Locke, and Hume.

Compared with England, the industrialization of America started and was completed later; it was primarily a phenomenon of the last three-quarters of the nineteenth century (Mencher, 1967: 234). But the industrial revolution had both negative and positive features in England, and later America. "As early as 1776 Adam Smith, while he praised the marvelous economies resulting from increased specialization, had seen this feature of economic development as a producer of idiots" (Wilensky and Lebaux, 1965: 28). Some of the more general consequences of industrialization were the split of society into economic classes, exploitation (reflecting the loss of a sense of obligation among the rich, and of contentment among the poor), the
loss of pride in work, and the piling up of huge fortunes. The proponents of industrial development stressed the reduction in price for thousands of articles to such an extent that the luxuries of one generation became the necessities of the next.

The emergent and strongly held belief at this time was that men, in pursuing their self-interest, would contribute to the general good. Thus, two broad ideological themes recur—the industrial revolution as a blessing or as a catastrophe.

Shortly it will be shown that the key features of the New Zealand economy are land and pastoral products. In the United States, at the risk of oversimplifying the situation, one is dealing with a culture of capitalism which centers around the two interrelated concepts of individualism and the free market.

**Individualism:** An emphasis on the national, acquisitive, self-interested individual is of basic importance to American capitalism. Individualism is both a theory of human behavior and a doctrine of justification of laissez-faire. As theory it tries to explain man's conduct in terms of a pleasure-pain calculus. It is assumed that man pursues his self-interest because of an acquisitive instinct.

As a doctrine, individualism states that the good of all will best be served if each individual pursues his self-interest with minimal interference. The doctrine of American individualism consists of two sets of beliefs—one about what should be and another about what is. In America, economic individualism is reinforced by the more general democratic values, particularly the doctrine of
inalienable rights, so the emphasis is on the self-reliant individual and free enterprise.

The Free Market: This implies not only minimum government regulation but also presupposed competition and freedom of contract. The competition is needed so that the individual's efficiency can be weighted impersonally within the economic order and freedom of contract so that the individual can sell his goods or services to anyone he chooses. Given the stress on individualism and self-interest, on laissez-faire ideology and the minimum intervention of government, reticence in the introduction of economic security programs is understandable.

New Zealand

When the colonists left Britain, the prevalent economic theory was laissez-faire, a term originally used by the physiocrats. They condemned any interference with industry by government agencies as being inappropriate and harmful, except insofar as it was necessary to break up private monopoly. In their view only agriculture produced a surplus. The principle of non-intervention in economic affairs was fully supported by the classical economists who took up the theme from Adam Smith.

The early New Zealanders were adherents to the Manchester School, an epithet applied in Germany to those who subscribed to the political-economic philosophy of laissez-faire. It was applied, in particular, to the movement in England from 1820 to 1850 which was
in turn inspired by the propaganda of the Anti-Corn League headed by Bright and Cobden and supported by the economics of David Ricardo. The essence of this school of thought was belief in free trade, political and economic freedom, and absolute minimal government restraint.

The concepts central to a laissez-faire industrial economy were, first, the acceptance of the inevitability of poverty—a view realistic enough under the prevailing conditions; secondly, a belief that only through work could one aspire to improve one's level of living; third, insistence on moral responsibility for destitution; and, finally, insistence on charity, especially its voluntary expression as the right and proper way to ameliorate the conditions of the poor. The final point provided for discretion in the use of scarce resources to favor the "worthy poor," those in need through no fault of their own.

In both nineteenth century Britain and in its newest colony, welfare, as charity, was fused with economic individualism and the gospel of wealth. It was a curious mixture of benevolence and a defense of class inequality.

Notwithstanding the influence of the Manchester School, Sutch suggests that New Zealanders, by refusing to accept the social logic of these theories, finally managed to do more in providing social and employment security than any other Western parliamentary democracy (Sutch, 1966: XII), an aspect which will be considered later in relation to the evolution of social security.
One unique feature of the developing economic system in New Zealand was that though politically self-governing from 1852, it long remained an economic colony. Many of the decisions about economic development were made abroad.

The Origin of the Egalitarian Mood

Economic factors contributed appreciably to the gradual but perceptible push toward equality and security in an essentially capitalistic system. The movement toward equality had two phases, the protective labor legislation of the 1890s and the social security developments of the 1930s.

The self-governing, democratic nature of the colonial government was also a significant factor; another was the stream of adventurous, freedom-loving men drawn to the country by the gold rushes of the 1860s. Once the gold boom petered out, these men turned to the land and demanded reforms in the system of land tenure. This was eventually accomplished; big estates were broken up and purchase by "little men" facilitated.

A feeling for equality soon dominated the New Zealand scene. Although urban workers quickly outnumbered farmers, the total population remained small and the country did not become primarily a metropolitan civilization until recent years. Special problems associated with large urban aggregations simply did not arise until well into this century.

Policy and circumstances combined to ensure a remarkably even division of the national income and the working man came to enjoy a
living standard approaching, if not surpassing, middle class standards elsewhere. Yet even in New Zealand poverty has not been absent and energetic measures have been needed to combat it (Mendelsohn, 1954: 16).

Around the turn of the century, William Pember Reeves, first Member of Labor and the theorist behind many of the liberal reforms, had to concede that "Though dire poverty in New Zealand is almost confined to the aged, to the disabled workers, to deserted wives and children, and to a few loafers, drunkards and weaklings, even the Fortunate Isles have not escaped the curse of pauperism (Reeves, 1902: 243).

The physical environment in which the New Zealanders found themselves was not conducive to the emergence of a creed of individualism and self-interest; there were not the resources available to make any such desire possible. Rather, in those early years it was a matter of uniting to survive.

A proper analysis of the value system in contemporary New Zealand would, it is believed, reveal some evidence of a shift in values. Individualism, self-interest and voluntarism and, conjointly, some antagonism toward the controls imposed by the government would be reflected in these values.
CHAPTER III

METHODOLOGICAL APPROACHES

Introduction

Though initiated by a simple observation, it was recognized from the outset that to pursue the question raised would be a major task and one which could well have no satisfactory conclusion. The initial step was to specify the basic objective and identify the three key components, namely, the aged, the Social Security Acts, and the values discernible in the two societies.

The intent to focus upon the nature and provisions of the Acts and to examine their implications for older persons in the forty years since the legislation was passed was quickly modified. It was apparent that by limiting the time frame to four decades after the event, it would be possible to describe the different provisions for the aged and perhaps to explain the implications for older persons in the two countries. But that time frame would be too restrictive for seeking the reasons to why such differences existed.

From an examination of the precursors to the respective Acts, as well as the debate that surrounded the proposed legislation, it was concluded that it would be desirable, indeed essential, to revert in time to the seventeenth century and to take into account the socio-economic conditions prevailing in England at that time.
This was the period in which the English colonization of the New World began in earnest. It would be in the evolution of these two colonies that any explanation of differences would reside. The historical dimension became the fourth component.

For the basic proposition underlying this study to be thoroughly explored, a variety of methodological approaches would need to be used, each appropriate to the particular facet of the general question posed. While circumstances dictated the decision, there would be distinct advantages in using a variety of methodologies, for each strategy held its own strengths and limitations. The combination of a collection of methods could help overcome some of the flaws inherent in specific approaches. The strategies employed range from the use of objective data generated from contemporary surveys on the aged to the use of historical texts; from recourse to official documents and reports for information on the legislation; to the writings of historians, political scientists and lay observers who, for various reasons, commented on the more intangible features of the two societies, notably the value systems.

In addition to the relative merits and weaknesses of the various methods used to explore the various dimensions of the research question are the difficulties inherent in undertaking a comparative study, particularly when the units of interest are two nations. The methodologies employed merit separate consideration.
The Methodologies

The Comparative Approach

A number of writers have attempted to construct universal categories for comparative purposes. One of the earliest efforts, Wissler's "universal pattern," was a rather crude empirical catalogue of cultural traits which supposedly occurred in all social orders (Wissler, 1923). Following in a similar tradition, but starting from different assumptions, Murdock sought to isolate common denominators of culture which could serve as guides to research as well as to cross-cultural comparisons (Murdock, 1949).

To counter the disadvantages of using empirical concepts, which tend to be culture bound and inappropriate for cross-cultural comparisons, Parsons and others developed the pattern variable system, which constituted the core of a very complex theory (Parsons, 1953). Another writer of an earlier era advocated the approach most suited to the needs of this study. Quite simply, Weber considers that national systems can be explained by specifying key historical events because, in his view, events structure institutional arrangements (values) and predispositions, and these, in turn, determine later events. These values become significant determinants of the direction change in a society may take (Weber, 1949: 182-5).

Contemporary social scientists are equally concerned with facets of the comparative method. Three problems or questions considered central are: first, what is going to be compared, and from this follow the problems associated with sampling and the
standardization of observations when researchers in different social settings are involved (Sjoberg, 1970: 25-38). The points were well made but of peripheral concern in relation to this particular project.

Accepting that an historical perspective was appropriate, indeed essential, certain conditions have to be met—on the one hand, a certain analogy or similarity between observed phenomena; on the other, a certain dissimilarity between the environments in which they occur (Block, 1970: 39-41). These two criteria are met.

**Similarities**: The most fundamental similarity is that the colonists shared a common origin, Great Britain. In the course of time, both societies became industrialized with relatively high standards of living. Each is governed by a democratic system although the political institutions are structured differently. Both are English-speaking nations and independent politically.

**Dissimilarities**: Although many of the colonists emanated from the same source, the respective emigrations occurred at significantly different time periods. The United States gained independence through revolution, New Zealand by peaceful means.

Initially, the beliefs about the way in which economic development should occur were similar but the environment and circumstances were instrumental in creating markedly divergent beliefs emerging with the passage of time. Ultimately, the essential difference clearly separating the two societies was the role to be played by central government or the State. These were the readily
identifiable differences and similarities which were apparent at the early stages of the study; others emerged as a result of the work undertaken.

The comparison involved not only the historical dimension, but an examination of social policy in general and social security legislation in particular. In this regard it has been emphasized that, while the development of social policies in different countries embody notions of social and moral progress, it is important to differentiate between those modes of inquiry which seek to distinguish the criteria by which one system of welfare can be judged to be morally superior to the other, and those which seek to explain why there are similarities and differences between the welfare systems of different countries (Pinker, 1973: 2). The interest here is clear and unequivocal. The emphasis is upon the reasons underlying the observable similarities and differences in the welfare systems of the United States and New Zealand. An element of judgment does occur in that one concern is with the impact of the differences upon the aged in the societies of concern, but the judgment relates to the practical outcome, not moral worth.

While general support for adopting the proposed strategy was provided by the cited authors, some misgivings still remained, primarily because of the tentative nature of the topic. Reassurance was obtained from an opinion expressed by Rappaport who suggested that one way to test comparability was to go ahead and try it (Rappaport, 1955: 122). Further support was provided by Nowak
who, in a discussion on nation-oriented studies, commented upon one particular type of formulation, that for which a simple need to compare seems to be the basic motive underlying a piece of research. In his view curiosity is a legitimate source of a research problem. "Before one starts a study which will be more 'variable-oriented' in type or character, this type of comparison seems to be a necessary, exploratory step" (Nowak, 1977: 9). The primary stimulus to this study is curiosity—a need to know.

Assured that the suggested criteria had been met and the approach considered was a tenable one for the comparative aspect, attention could be directed to the specific components of the topic. Three different methodological approaches have been identified as appropriate: the use of written sources, for both the historical dimension and for eliciting evidence of the belief and value systems extant in the two societies; secondly, official documents which, while a written source of material, differ in that they are formal records of events; and, finally, the selective use of the results from three surveys of the aged undertaken during the early 1970s, one in the United States and two in New Zealand. While circumstances dictated the approaches adopted, the shortcomings of each are appreciated and merit comment.

The Use of Written Sources

A heavy reliance has been placed upon the interpretation and recording of events by others. Such records of the past,
appropriately used, are a useful source of material for making
generalizations or to provide background material for an intelligent
understanding of the present. While both are relevant here, the
emphasis was on understanding.

It was recognized that, under most circumstances, it is
desirable, if not imperative, to revert to primary or original
sources. This was possible to a limited extent but, in the main,
secondary sources have been used. This was necessitated by the
need to incorporate a large segment of history for two different
societies as well as pursuing some of the ramifications of the
historical events.

Furfey suggests that if a written source is to be used
critically, its authenticity, integrity, and credibility should
be examined (Furfey, 1953: 474). A source is authentic if its
reputed origin is its real origin; integrity concerns the history
of a source material from the time it left the author's hands until
published and a source is credible if its author was both able and
willing to tell the truth so that what he has to say can be
accepted at face value.

Credibility was of prime concern here with less difficulty
being experienced with the New Zealand material, primarily because
of first-hand knowledge of the authors' reputations and standing.
But the same policy was adopted, insofar as possible, for all
written material used. That is, miscellaneous sources were used
to ensure that the interpretation of events were supported by more
than one person.

**Bias:** There were two readily identifiable sources of bias recognized from the beginning, both emanating from the researcher. The first was long-established preconceptions about the society with which most familiar and the values articulated. The second possible source of bias stems from the need to be selective about the material to be incorporated in the study, particularly in the discussion on discernible values. Ultimately, the range of material covered far exceeded what had been planned initially for reasons outlined in the following sections.

**The Historical Dimension:** Geographical facts and historical events, evolving political and economic philosophies, and the manner in which they found expression have directly or indirectly affected the way in which the two societies have provided for members with specific needs. The interrelationship between the historical, politico-legal, and socio-economic facets are exceedingly complex with each impinging upon the others.

The decision to revert in time to the beginning of the seventeenth century was based on a number of considerations. First, the English colonists headed for the New World in the early 1600s, over two hundred years before the first English settlers left for New Zealand. In both cases, the emigrants may have left material possessions behind but ingrained attitudes, beliefs, and values are not so readily shed. It could be safely assumed that the conditions prevailing in Britain at the time when the two colonies were first
established would have a longstanding effect on subsequent developments in the new territories. Also worthy of examination would be the reasons underlying the willingness to leave the known for the unknown, and the type of persons most affected.

This aspect of the study required a large investment in time for, while there was no paucity of material to be perused, much of the writing located dealt primarily with providing a descriptive overview of historical events with little reference to the factors giving rise to the changes which were occurring, particularly insofar as American history is concerned. The New Zealand history is much shorter, less complicated, and more familiar, so it presented fewer problems.

**Discernible Values:** An assumption underlying this study was that the two societies cherished the dual values inherent in all democratic societies, liberty and equality, but accorded a different priority to them. It is in this segment that the likelihood of bias intruding was greatest. In order to minimize the risk a deliberate effort has been made to incorporate the comments of writers who emphasized the negative features of the value systems, particularly those attributed to New Zealand. However, observers provide one perspective with regard to the value systems; another is reflected in the social institutions extant in the societies of interest, notably the economic and politico-legal systems, and the way in which they have evolved.
Official Records and Documents

The perusal of these is necessary to establish the nature and extent of the provisions of the original Social Security Acts of the United States (1935) and New Zealand (1938). To understand how these Acts assumed the form in which they were enacted, it is necessary to consider, albeit briefly, the precursors to these Acts, particularly the specific provisions made for older persons in the two countries.

Legislation is part of the official record and theoretically cannot be misconstrued, but the proponents and opponents of social security legislation do represent divergent views and differing philosophies which are more difficult to explicate. However, these Acts are considered to be the pivot on which all other aspects of this study hinge, for it was the different provisions, sources of funding, methods of administration, as well as the criteria employed to assess eligibility for services and/or benefits that attracted interest in the first place.

The Surveys

When this study was first mooted it was known that data on the economic and health status of adult Americans, including the aged, would be available for use. It was assumed that comparable information on the aged in New Zealand would not be available from survey results but could be gleaned from a variety of regularly published official documents known to exist. Fortuitously it was
found that in fact no fewer than three government departments, Health, Social Welfare, and Statistics, had been involved with national surveys on the aged during the early 1970s. Differing in conception, objectives, and approach from the American study, in combination the New Zealand studies did provide some contemporary data on the economic and health status of aged persons in New Zealand.

Recourse is made to the results of these three surveys: first, to demonstrate the extent to which the aged in the two settings are similar and in what respects they differ demographically, and, in later sections, to assess, insofar as possible, the similarities and differences in terms of income security and health status of older Americans and New Zealanders. A summary of the essential features of the four surveys is provided to emphasize the fact that the results used in this and subsequent sections are based on surveys undertaken in different places, for different reasons employing dissimilar strategies.

The American Study

This study, "Aging and the Organization of Services," resulted from a survey undertaken in 1972 (Nagi, 1976). The objectives were:

1. To identify related factors and to assess the prevalence rates of problems concerning health, disability, income adequacy, work, and social isolation.
2. To identify factors influencing and to describe patterns of need, demand, and utilization of services and benefits.

3. To identify related factors and to describe the experiences of applicants and clients with service bureaucracies.

4. To identify policy and program implications and to assess the conceptual significance of approaching "the aged" from the perspective of "social problems."

5. To present these findings within a comparative framework across various age categories of the adult population.

The respondents:

The survey embraced 8,090 households constituting a probability sample of the non-institutionalized aged in the continental United States, excluding Alaska. One person (18 and over) in each household was selected at random for personal interview. The survey yielded 6,493 completed interviews; 92 percent of the respondents were either household heads or their spouses; and, of the 6,493 respondents, 1,161 (17.9 percent) were aged 65 years or over. The sample corresponds closely with the population-at-large in the United States, as Table 1 shows.

The New Zealand Surveys

The first, "Accommodation and Service Needs of the Elderly," was undertaken in 1973 (Salmond, 1976).

The objectives:

The major objective was to identify the needs of mentally disordered old people; a subsidiary aim was to update an accommodation
TABLE 1

COMPARISON OF THE STUDY SAMPLE AND THE 
UNITED STATES POPULATION OF PERSONS 
AGED 65 AND OVER*

<table>
<thead>
<tr>
<th>Age</th>
<th>Study Sample</th>
<th>Population at Large*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N</td>
<td>%</td>
</tr>
<tr>
<td>65-74</td>
<td>731</td>
<td>63.0</td>
</tr>
<tr>
<td>75-84</td>
<td>369</td>
<td>31.8</td>
</tr>
<tr>
<td>85 &amp; over</td>
<td>61</td>
<td>5.2</td>
</tr>
</tbody>
</table>


survey carried out in 1962.

The respondents:

An age-stratified sampling method was used to provide a sample which over represented the older age group. The sample was randomly selected from the Department of Social Welfare lists of universal superannuitants, age beneficiaries, and the holders of war veteran allowances. When the sample was drawn, it was estimated that over 97 percent of the population aged 65 and over were represented. Elderly patients in psychiatric hospitals, long-term prisoners, and a number not eligible for universal superannuation comprised the other 3 percent.

To increase the reliability of the sample and to obtain information about the institutionalized elderly with mental disorders, a second sample was drawn from the 1971 psychiatric hospital census. These 47 patients represented another 1 percent
of the survey population.

The collection of data was undertaken in three stages. The first was a screening interview designed to identify the disabled elderly in the community and those in institutional care (residential homes and hospitals). Basic demographic information as well as general information about housing and health were sought in this interview. A second stage questionnaire was also given to a "control group" which comprised one-in-five of those screened out in stage one as being neither disabled nor in institutional care. This second stage interview sought information about daily living activities and the use of services. The third stage, which involved all those in institutional care and those who were disabled, consisted of a medical examination and an interview.

A total of 4,715 subjects were involved in the survey. The numbers involved in each of the three stages are shown in Table 2. The institutionalized subjects have been excluded from the analysis of results which are used in this study.

The other two New Zealand surveys represented a collaborative effort between the Departments of Social Welfare and Statistics, "Survey of Persons Aged 65 Years and Over." These surveys stemmed from a promise contained in the Labor Party's 1972 Election Manifesto, to undertake a nationwide survey of the financial and material circumstances of the population of persons aged 65 and over. The Department of Statistics collected and coded the information which was then supplied to the Department of Social Welfare in a form
<table>
<thead>
<tr>
<th>Age</th>
<th>Stage 1 Screening</th>
<th>Stages 1 &amp; 2 Control</th>
<th>Stages 1,2,63 Medical</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N</td>
<td>%</td>
<td>N</td>
<td>%</td>
</tr>
<tr>
<td>65-69</td>
<td>1049</td>
<td>32.0</td>
<td>209</td>
<td>28.0</td>
</tr>
<tr>
<td>70-74</td>
<td>754</td>
<td>23.0</td>
<td>180</td>
<td>24.0</td>
</tr>
<tr>
<td>75-79</td>
<td>623</td>
<td>19.0</td>
<td>157</td>
<td>21.0</td>
</tr>
<tr>
<td>80 % over</td>
<td>853</td>
<td>26.0</td>
<td>202</td>
<td>27.0</td>
</tr>
<tr>
<td>Total</td>
<td>3279</td>
<td>100.0</td>
<td>748</td>
<td>100.0</td>
</tr>
</tbody>
</table>

TABLE 2

TYPES OF INTERVIEW BY AGE
which precluded any possibility of individual respondents being identified.

The objective:

The primary purpose of this survey was to determine the extent to which the rates of social security benefits for the aged were consistent with the goal of enabling beneficiaries to live in dignity and comfort.

The respondents:

It was considered important to have a sample representing the whole population within the specified age group rather than focusing attention on those with lower incomes so that the full range of economic circumstances could be examined. The sample was drawn from the Department of Social Welfare's records of age and superannuation beneficiaries and those in receipt of a war veteran's allowance. Together, these groups represented approximately 98 percent of all people aged 65 and over. A random sample drawn from these records provided the best available approximation to a national random sample of persons in this age group.

A total of 3,395 names were selected for the sample. Those living in institutions were excluded on the grounds that they are special cases; those who had died were also eliminated, leaving 3,120 valid cases. Of these 2,303 (74 percent) agreed to take part in the survey; 410 (13 percent) declined interview and 223 (7 percent) were deemed unsuitable for inclusion on the grounds of health,
senility, or deafness. The sample finally used corresponds fairly closely with the population-at-large in New Zealand, as reference to Table 3 shows.

TABLE 3

COMPARISON OF THE STUDY SAMPLE AND THE NEW ZEALAND POPULATION OF PERSONS AGED 65 AND OVER*

<table>
<thead>
<tr>
<th>Age</th>
<th>Study Sample</th>
<th>Population at Large*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N</td>
<td>%</td>
</tr>
<tr>
<td>65-74</td>
<td>1566</td>
<td>68.0</td>
</tr>
<tr>
<td>75-84</td>
<td>622</td>
<td>27.0</td>
</tr>
<tr>
<td>85 &amp; over</td>
<td>115</td>
<td>5.0</td>
</tr>
<tr>
<td>Total</td>
<td>2303</td>
<td>100.0</td>
</tr>
</tbody>
</table>

*From the New Zealand Official Year Book: 1979 Census.

Limitations of the Survey Data

The three studies have different objectives, employed different sampling methods, and were undertaken in quite different environments. Further, although similar variables were used, the categories within the variables differed, so it could reasonably be argued that the data are not comparable; this is conceded. The decision to use the results of these studies for illustrative purposes, despite their differences, was based on the fact that comparable data could not be obtained from other sources, for example, official records.
CHAPTER IV
THE RESEARCH SETTINGS: THE TWO SOCIETIES

Similarities in Background

Origin

A basic similarity shared by the early colonists was their point of origin, Great Britain.

Democratic Government

The United States and New Zealand have important constitutional characteristics in common. Both are democracies in which survival of the government depends upon gaining the support of a relative majority of the population at elections, which are held at regular intervals. Governments are changed as a result of these elections at which adult suffrage, secret ballots, freedom of the press, and the right of the opposition to criticize the government are part of the accepted way of life (Kaim-Caudle, 1973: 14).

In both countries the governments are relatively stable. In the twenty-five years ending in 1972, the United States had had five heads of state, New Zealand four.

Initially, Great Britain had political jurisdiction over both countries. The United States achieved political independence in the eighteenth century through revolution; New Zealand's independence
came gradually by evolution with self-government being proclaimed, under the New Zealand Constitution Act of 1852, just twelve years after the first settlers arrived in Wellington.

**Differences in Background**

**Colonization**

The United States: It was James I who provided an essential prerequisite for colonial expansion by the English. He made peace in the first year of his reign and in 1606 granted charters to the London and Plymouth Companies to colonize specified territories and to trade with them for profit; one year later the first English settlement was established at Jamestown (Escher, 1956: 7).

Thus Government maintained the conditions under which colonization was possible, peace and formal charters; private enterprise provided the initiative, the men and the money for emigration. The objective of the noblemen, gentry and merchants who provided the financial backing for the London Companies was to earn a good percentage return on their investment, but the long-term aim was to create a permanent market for English goods beyond the Atlantic in exchange for products of the New World.

The colonists came from the middle and lower orders; their motives were partly self-regarding, partly ideal and religious. The religious motive was important to some, notably the leaders in New England, the Pilgrim Fathers. Under James and Charles only one religion was tolerated in England, and it was not that of the Puritans.
The majority of emigrants had more pragmatic reasons for leaving; a desire to improve their lot. Free land rather than free religion was the inducement to emigrate. All these emigrants went freely, at the instigation of private enterprise but not all the new arrivals were in the New World of their own volition. The English government dispatched convicts, and in later years, prisoners of the Civil Wars. Within a decade of settlement (1619) an urgent need for manpower, particularly laborers, led to the decision to bring in a cargo of Negro slaves, the beginning of an institution destined to divide America in civil war centuries later.

Geographical isolation and the very different conditions encountered by the pioneers predisposed to, but were not sufficient to account for, the early manifestation of independence.

The instinct to exclude the authority from the homeland, whether exercised by the King or by the Company, was present from the earliest settlements but only assumed continental proportions under George Washington. This self-dependent attitude of the English settlement was partly due to the circumstances of its origin. Private initiative and not an Act of State had founded these settlements, and many of the colonists had emigrated to escape the ecclesiastical government of England. Less overt but nonetheless influential were the habits of self-government in the old English government that were readily transplanted overseas.

The Massachusetts Puritans had removed themselves from England so they could worship God in their own way. But far from believing
in freedom of religion, the leaders insisted in a strict adherence to Puritan doctrines to such an extent that in 1631 the General Court ruled that only Church members in good standing could have a vote in the government. Not all the colonists supported theocracy. Roger Williams, a clergyman and Cambridge graduate, advocated religious tolerance and a clear separation between the Church and State. He also contended that the Indians should be better treated, for the soil of America belonged to them and not to the King of England.

Throughout the seventeenth century a succession of English rulers presided over the expanding colonies. After the first Stuart Kings, James I and Charles I, there was a short period of republican rule when Cromwell acquired Jamaica in the West Indies. Although the monarchy was restored to Charles I in 1688 his brother, James II, gave way to William of Orange under whom government became subject to parliamentary control (Escher, 1956: 15).

The early colonists carried with them both the jury system and the English common law—a law of liberty; also the right of Parliament, as representing the people, to vote or refuse taxes which was a doctrine widely diffused in England of James I and Charles I.

In essence, the key elements in the foundation of the English-speaking American colonists were private enterprise oriented toward financial and commercial gain with socio-cultural and politico-religious reasons providing strong incentives to emigration.

New Zealand: When the first English emigrants were settling the New World, New Zealand was still awaiting discovery by Europeans.
It was only in 1641 that Tasman, a sea captain in the service of the Dutch East India Company, sighted the Southern Alps. Hostile natives thwarted his attempts to land so he sailed on. The secretive commercial policy of the Dutch authorities prevented Tasman's discovery from becoming known.

More than a hundred years later (1769) Captain Cook did land and found a native population estimated to be about 100,000 strong. These Maoris were found to be a cultured people, independent in spirit, skilled in warfare, and long in possession of the land. They constituted a formidable obstacle to any prospect of European colonization. Meanwhile in England, the Industrial Revolution, aided by a philanthropic but misguided interpretation of the Poor Law and an alarming increase in the population of England and Wales, was raising renewed interest in various schemes of emigration and colonization (Marais, 1968). Employment was precarious; the Corn Laws were keeping the price of bread high and wages were low. The misery of the poor was accentuated when outdoor relief was abolished and strict criteria for admission to the workhouse were imposed following the revision of the Poor Law in 1834.

The poor and lower classes were not the only ones affected by the socio-economic conditions. Speakers and writers were voicing concern about the overcrowding in the higher professions and the heads of old, well-established families were worrying about what to do with their younger sons. While Malthus argued that moral constraint was the only real preventive to social distress, the politicians
sorely needed more immediate solutions and directed their attention to emigration.

In the two generations following Cook's discovery the English government chose to ignore New Zealand. What with fighting the French and losing America, the government had more important priorities. Further, the colonization of Australia with convicts had proved both a costly and a questionable venture, so the English government's attitude to new colonies was apathetic. A number of influential people had different ideas; William Pember Reeves wrote:

Though one of the parts of the earth best suited to men, New Zealand was probably the last of such lands occupied by the human race. The first European to find it was a Dutch sea captain who was looking for something else.... Taken possession of by an English navigator, whose action at first adopted, was afterwards reversed by his country's rulers, it was only annexed eventually by the English Government, which did not want it, to keep it from the French, who did. (Reeves, 1902: 25).

An ardent advocate for the colonization of New Zealand was Edward Gibbon Wakefield. Giving evidence before the House of Commons Select Committee on the disposal of colonial lands in 1836, Wakefield drew attention to the country—"Very near Australia there is a country which all testimony concurs in describing as the fittest country in the world for colonization; as the most beautiful country; with the finest climate and the most productive soil; I mean New Zealand" (Condliffe, 1959a: 19).

Wakefield had a particular interest in the colonization of New Zealand; it was an opportunity to test his principles of "systematic
colonization." His aim was to reproduce the British system of landed proprietors by the device of charging a "sufficient price" for land. Wakefield and his band of Reformers formulated their ideas under three broad headings—social, economic and political.

Social: While upholding the efficacy of emigration as a means of relieving congestion and distress at "home," the reformers of 1830 were strongly opposed to the "shovelling out of paupers...to where they might die without shocking their betters with the sight or sound of their last agony" (from "Speech of Charles Butler, M.P., in the House of Commons, 6 April 1843. Appendix No. 1 of E. G. Wakefield's Art of Colonization, Lond. 1849: 492).

The emphasis was on the careful selection of emigrants; the lowest class of the population would be excluded since their energy had been sapped and their self-reliance destroyed by the hardship of their life. Age was another important consideration with preference given to young married couples both for their "intrinsic excellence" as colonists, being ambitious and adaptable, and because their emigration would create a great gap at "home" and a great increase in the colony.

In his "Art of Colonization" in which he embodies his theories in their maturist form, Wakefield comments severely on the manner and morals of colonial society, ascribing colonial vulgarity and "smartness" partly to a haphazard mode of colonization (Ibid., Letter XXII). To avoid this problem he would have men and women of the gentle birth and upbringing emigrate to his colonial utopia since they were sure to draw in their train both Labor and capital (Marais, 1968: 4).
Economic: The foundation of Wakefield's theory rested on a secure supply of useful land. He believed that in Canada and Australia so much land had been either given away or sold cheaply, everyone could become his own landlord. The population tended to scatter and so labor was scarce. There was little to attract the gentleman capitalist who was naturally averse to becoming his own laborer. If a "sufficient price" were placed on all colonial lands, laborers would be forced to concentrate in the vicinity of employment and could not become landowners very readily. The sale of land would provide revenue for the government and a fund to finance a further supply of immigrants. There would be a self-regulating relationship between land sales and emigration (Sinclair, 1959: 57).

The sufficient price concept was impractical but the valuable part of Wakefield's theory was that the land should be sold and the proceeds used for more immigrants and public works in the new colony. A second important feature was the stress placed on the selection of immigrants.

Political: Given the emphasis on the selection procedure, it was assumed that the colonists would be as civilized as their relatives in Great Britain and would be equally entitled to frame their own laws.

The first group of settlers sponsored by Wakefield's New Zealand Company arrived in Wellington in January, 1840, but not with the blessing of the British Government which had arranged for Captain Hobson, with his little entourage of civil servants, to transfer from
New South Wales in Australia, to the Bay of Islands in New Zealand. Wakefield and Hobson represented two opposing views. Wakefield’s systematic colonization was founded on the acquisition and sale of land; New Zealand was to be a white man’s country. Hobson’s dispatch to the new country was a political ploy; he was instructed to treat with the Maoris for the recognition of British sovereignty which was done through the Treaty of Waitangi. By the Treaty Maoris ceded to Britain all the rights and powers of sovereignty in return for confirmation in the full and exclusive possession of their lands and estates. Then and only then was the New Zealand Company officially recognized. Thus two powers in the small colony were recognized, Hobson in Auckland, Wakefield’s Company 500 miles south in Wellington. They championed different interests and opposing policies; the Colonial Office and the Treaty of Waitangi recognized the Maoris as the rightful landowners, the Company’s desire was to acquire as much land as possible.

The eventual outcome were the Maori wars, intermittent local conflicts in the North Island which spanned some thirty years after the arrival of the colonists. The interests and wishes of the Maoris were gradually submerged and after the wars the settlers became dominant, the Maoris an oppressed race, but never slaves.

Today New Zealand is one nation with two peoples. Both are island peoples but neither are indigenous.
Attainment of Independence

The transition from colony status to self-government took nearly a hundred years in the United States; little more than a decade in New Zealand. More important, in many respects, was the manner in which political independence was attained, revolution versus evolution. The New Zealand experience may well have been different had the lesson of America not been relatively fresh in the minds of the British.

Less obvious perhaps was the relative value of the two colonies. The New World was valued for its sheer resources both actual and potential whereas New Zealand was an island territory, three times the distance from Britain, and with little to recommend it. Indeed, as noted earlier, British activity was stimulated only when it became evident that the French showed no reticence in claiming the country. Another factor was the relative lack of alternatives at a time when it became desirable to syphon off some of the surplus population.

Form of Government

In both societies there are three arms or components of government: the executive, the administrative and judicial, but the functions, responsibilities and powers of each differ in the respective nations. In the United States, the basis of government is clearly enunciated in the Constitution and Bill of Rights; it can be likened to an intricate machine, designed to ensure a balanced political structure with built-in checks and balances.
In distinct contrast to the United States is the simplified form of parliamentary government which eventually emerged in New Zealand. There is no written constitution and for nearly thirty years there has been only one House.

The key difference in the two systems is the power held by the head of state in the respective societies. The power inherent in the President's position is great, but subject to considerable restraint, particularly when the system makes it possible for the President to represent one party, while the majority of the members in the Senate and/or the House may well represent another party. In New Zealand the majority party provides both the Prime Minister and the members of the Cabinet, and that is where the political power resides. Parliament is supreme, and unlike the American who has recourse to the Supreme Court, the New Zealander has a much more difficult task challenging the law. But New Zealanders do have some advantages not able to be experienced so readily by Americans.

The Economic Systems

It was noted earlier that, initially, the philosophical underpinnings of the economic systems in both societies were similar but whereas the United States has continued to support the doctrine of laissez-faire and resisted, insofar as possible, the intrusion of the state or federal government in economic affairs, quite the reverse occurred in New Zealand, where the key features of the economy were, and continue to be, land and pastoral products. The intrusion of the state in the affairs of men started early, and, with successive
recessions, became more pervasive. Given New Zealand's geographical isolation and distance from export markets coupled with the circumscribed economic base, state support became almost inevitable.

The politico-legal systems which evolved in the United States and New Zealand were similar in their concern with democratic rule, quite different in the way in which they were structured and, accordingly, functioned. In neither society can the politico-legal and economic systems be kept entirely separate, for interdependence between them is inevitable in post-industrial societies, but the extent to which one impinges upon the other has been controlled and restrained in the United States, encouraged in New Zealand initially, and now accepted.

Part of this difference can be attributed to the differences in the physical environments and the actual and potential resources in the two societies; part to the way in which those with the initial power to establish responsible government perceived how this could, and should be, accomplished.

In many respects it could be argued that although circumstances in the respective societies determined what was possible in terms of an economic system, the politico-legal systems which came into being reflected the ideas and intent of the early colonists. Since there are significant differences in the two political systems, the source of these differences must be rooted in the nature of the early colonists and the environment from which they came.
The Contemporary Situation

The emphasis to date has been upon the historical antecedents and the evolution of the politico-legal and economic systems in the two societies. In subsequent sections attention is confined to those aged 65 years and over, the aged.

In the study of "The Aged and the Organization of Services," undertaken in the United States, the probability sample incorporated all non-institutionalized adults so comparisons were able to be made between persons aged eighteen years and over. The New Zealand surveys were age circumscribed, that is, excluded all the non-aged.

Although it is not possible to compare the aged and non-aged on the income adequacy and health status variables used in the surveys, the overall situation can be put in perspective by the use of census information to illustrate the extent to which the total populations in the two societies resemble each other, and in what respects they differ.

Basic Characteristics of the Populations

Age and Sex: The gradual but discernible increase in the relative and absolute number of older persons in the United States and New Zealand has been commented upon earlier. Clearly, any increase in the proportion of one age group must be reflected in the diminution of another. One way of estimating the relevance of this type of shift in the age structure of a population is to calculate the "dependency ratio," that is, the proportion of persons in the pre-working years plus those aged 65 years or more, in relation to the "adult population."
Although there would be no difficulty in identifying dependency associated with the "aged" in the two societies, less clear is the situation with the "young" dependents. The education systems in the two countries are structured quite differently. In the United States, graduation from high school requires four years; in New Zealand, there are a number of possible exit points from secondary education, with 15 years the minimum legal age for school leavers. The impression is that, in general, young people in the United States are dependent for a longer period than their New Zealand counterparts.

The information provided in Table 4 indicates a higher proportion of younger people in New Zealand, but when allowance is made for the difference in classification of the youngest age category used, the disparity is small. The slight shift in the relative proportions of males to females discernible in the older age groups can be attributed to the longer life expectancy of females.

Population size: The difference in the actual size of the two populations merits comment; the population of New Zealand is approximately one-seventieth of that in the United States.

Ethnic composition: The United States is generally described as having a heterogeneous population; New Zealand a homogeneous one. Recourse to the Department of Commerce publication on the characteristics of the population confirms the diverse range of origins of persons in that country; by comparison in New Zealand 89.5 percent are classified as European, 7.9 percent Maori, 1.6 percent from other
### Table 4

THE AGE AND SEX COMPOSITION OF THE POPULATIONS

(a) The United States (1970)*

<table>
<thead>
<tr>
<th>Age</th>
<th>Male % (N=98,912,192)</th>
<th>Female % (N=104,299,734)</th>
<th>Total % (N=203,211,926)</th>
</tr>
</thead>
<tbody>
<tr>
<td>under 18</td>
<td>35.9</td>
<td>32.8</td>
<td>34.3</td>
</tr>
<tr>
<td>18 - 44</td>
<td>25.4</td>
<td>35.1</td>
<td>35.2</td>
</tr>
<tr>
<td>45 - 54</td>
<td>11.3</td>
<td>11.5</td>
<td>11.4</td>
</tr>
<tr>
<td>55 - 64</td>
<td>8.9</td>
<td>9.4</td>
<td>9.2</td>
</tr>
<tr>
<td>65 - 74</td>
<td>5.5</td>
<td>6.7</td>
<td>6.1</td>
</tr>
<tr>
<td>75 and over</td>
<td>3.0</td>
<td>4.5</td>
<td>3.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.0</strong></td>
<td><strong>100.0</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>


(b) New Zealand (1971)*

<table>
<thead>
<tr>
<th>Age</th>
<th>Male % (N=1,430,856)</th>
<th>Female % (N=1,431,775)</th>
<th>Total % (N=2,862,631)</th>
</tr>
</thead>
<tbody>
<tr>
<td>under 19</td>
<td>41.8</td>
<td>40.0</td>
<td>40.9</td>
</tr>
<tr>
<td>19 - 44</td>
<td>32.0</td>
<td>30.9</td>
<td>31.4</td>
</tr>
<tr>
<td>45 - 54</td>
<td>10.5</td>
<td>10.5</td>
<td>10.5</td>
</tr>
<tr>
<td>55 - 64</td>
<td>8.4</td>
<td>8.7</td>
<td>8.6</td>
</tr>
<tr>
<td>65 - 74</td>
<td>5.0</td>
<td>6.0</td>
<td>5.5</td>
</tr>
<tr>
<td>75 and over</td>
<td>2.3</td>
<td>3.9</td>
<td>3.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.0</strong></td>
<td><strong>100.0</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Pacific Islands, with "others" accounting for the final 1.0 percent.

Neither race nor ethnic background was taken into account in the New Zealand surveys, so this variable does not feature in subsequent tables.

Income

In later sections of this report some of the tables will show the level of income for the aged in the two countries. This is done for illustration only, and any comparisons made have to be viewed with caution. To begin with, the value of the New Zealand dollar fluctuates and is rarely, if ever, on a par with the American dollar. Secondly, the salary and wage structure in New Zealand is much more circumscribed and controlled than that of the United States. For example, the salary and wage differentials between broad categories of employed persons is not very great, as reference to Table 5 readily indicates.

Some indication of the difference in earnings of male and female adults in non-agricultural sectors is provided in the New Zealand Official Year Book (1974) which reports the average hourly rate in the United States was U.S. $3.65; in New Zealand, NZ $1.72.

These differences are reinforced by the information provided in Table 6, where the proportion of persons in each income category are shown.
# TABLE 5

CLASS OF SALARY AND WAGE EARNERS IN NEW ZEALAND BY AVERAGE AND MEDIAN INCOME FOR THE 1970-71 INCOME YEAR

<table>
<thead>
<tr>
<th>Class of Salary and Wage Earner</th>
<th>1970-71 Income Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Arithmetic Average</td>
</tr>
<tr>
<td></td>
<td>$</td>
</tr>
<tr>
<td></td>
<td>Median $</td>
</tr>
<tr>
<td>Professional, technical and related workers</td>
<td>3250</td>
</tr>
<tr>
<td>Company directors and managers (excluding farming companies)</td>
<td>6200</td>
</tr>
<tr>
<td>Clerical and related workers</td>
<td>2350</td>
</tr>
<tr>
<td>Sales workers of all types</td>
<td>2200</td>
</tr>
<tr>
<td>Workers in transport and communications occupations</td>
<td>3400</td>
</tr>
<tr>
<td>Craftsmen, production process workers and laborers</td>
<td>3000</td>
</tr>
</tbody>
</table>


NOTE: All persons have been included, that is, junior and part-time workers as well as full-time workers. These averages have been depressed by the inclusion of the junior and part-timers.
### TABLE 6

<table>
<thead>
<tr>
<th>Income from Salary and Wages</th>
<th>The United States (1970) (N = 114,105,611)</th>
<th>New Zealand (1969-70) (N = 1,414,350)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 0 - 999</td>
<td>17.6</td>
<td>25.3</td>
</tr>
<tr>
<td>$ 1,000 - 1,999</td>
<td>13.7</td>
<td>23.0</td>
</tr>
<tr>
<td>$ 2,000 - 3,999</td>
<td>17.9</td>
<td>40.3</td>
</tr>
<tr>
<td>$ 4,000 - 5,999</td>
<td>14.4</td>
<td>8.2</td>
</tr>
<tr>
<td>$ 6,000 - 7,999</td>
<td>12.2</td>
<td>1.9</td>
</tr>
<tr>
<td>$ 8,000 - 9,999</td>
<td>8.9</td>
<td>0.6</td>
</tr>
<tr>
<td>$10,000 or more</td>
<td>15.3</td>
<td>0.7</td>
</tr>
</tbody>
</table>


Income which is exempt from taxation is not included.
Basic Characteristics of the Aged

Location: This refers to the nature of the community in which the aged are most likely to be found. The comparison is drawn with caution for population size and physical space in the two settings are not comparable. A more fundamental problem is one of definition, the categories used in the two tables differ as reference to Table 7 reveals.

The majority of elderly Americans are to be found in cities of 10,000 or more, with rural areas accounting for over one quarter. Their New Zealand counterparts tend to settle in the suburbs. Not too much can be made of these differences for even rural areas in New Zealand are generally readily accessible, and the public transport system is highly developed and well used. Further, large apartment complexes and concentrated housing units are virtually unknown in that country where a high priority has been accorded to the ownership of a home in a quarter acre section. In addition, both the state and local authorities have well-established policies for the provision of houses and flats for the aged and others on modest incomes.

Consideration was given to the type of dwellings in which the aged lived, but the categories employed to specify the type of dwelling were not comparable, so have not been included.

It is not known what proportion of older Americans own their own homes but one of the New Zealand studies did establish the fact that three-quarters of the elderly actually owned, or were in the process of buying their own home, and another 9 percent were living
TABLE 7
LOCATION OF THE AGED

(a) The United States*

<table>
<thead>
<tr>
<th>Size of Community of Residence</th>
<th>65-74 (N = 731) %</th>
<th>75 &amp; over (N = 430) %</th>
<th>Total (N = 1,161) %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural</td>
<td>25.9</td>
<td>27.0</td>
<td>26.3</td>
</tr>
<tr>
<td>Under 2,500</td>
<td>3.3</td>
<td>5.3</td>
<td>4.0</td>
</tr>
<tr>
<td>Town - 2,500-under 10,000</td>
<td>13.0</td>
<td>15.6</td>
<td>14.0</td>
</tr>
<tr>
<td>City - 10,000 and over</td>
<td>52.1</td>
<td>47.4</td>
<td>50.4</td>
</tr>
<tr>
<td>Suburban</td>
<td>5.7</td>
<td>4.7</td>
<td>5.3</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

*Source: Derived from Table 2, Aging and the Organization of Services

(b) New Zealand*

<table>
<thead>
<tr>
<th>Geographical Location</th>
<th>65-74 (N=152,458) %</th>
<th>75 &amp; over (N=72,990) %</th>
<th>Total (N=225,448) %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural areas</td>
<td>14.3</td>
<td>12.4</td>
<td>13.7</td>
</tr>
<tr>
<td>Towns</td>
<td>19.5</td>
<td>20.2</td>
<td>19.8</td>
</tr>
<tr>
<td>Center city</td>
<td>7.9</td>
<td>6.6</td>
<td>7.5</td>
</tr>
<tr>
<td>Suburbs</td>
<td>58.2</td>
<td>60.8</td>
<td>59.0</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

*Source: Adapted from Table 22, p. 31. Accommodation and Service Needs of the Elderly
in accommodations provided by the state or local authority.

Where people live will affect their access to services, and the nature of their accommodations will have implications for their quality of life; but with whom they live, or more specifically, their marital status, may well affect their degree of economic security.

**Marital status:** Since men tend to marry women younger than themselves, and women have a longer life expectancy, the expectation is that the widowed will feature more prominently among the females. This proved to be the case as reference to Table 8 shows. In both countries the proportion of women who were widowed was appreciably higher than for the men. But while the proportion of widowers was approximately the same in both societies, American women were more likely to be widowed than their New Zealand counterparts. A higher proportion of New Zealanders were married, and unmarried, but fewer were divorced or separated. Thus while there are some variations between the aged in the two societies, with regard to marital status, approximately half of the elderly in both societies have a spouse living.

The relevance of marital status is variable. It can affect the level of benefit entitlement where rates are based on marital status. The economic aspects are but one dimension, the presence or absence of a spouse is relevant when functional capacity is considered.

**Living arrangements:** Although approximately half of the aged in each country were not married, they do not necessarily live alone.
TABLE 8
MARITAL STATUS BY AGE AND SEX

(a) The United States*

<table>
<thead>
<tr>
<th>Age and Sex</th>
<th>65-74 years</th>
<th>75 years &amp; over</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male (N=282)</td>
<td>Female (N=448)</td>
</tr>
<tr>
<td>Marital Status</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>Married</td>
<td>77.3</td>
<td>35.3</td>
</tr>
<tr>
<td>Separated/divorced</td>
<td>5.3</td>
<td>6.5</td>
</tr>
<tr>
<td>Widowed</td>
<td>12.8</td>
<td>54.2</td>
</tr>
<tr>
<td>Never married</td>
<td>4.6</td>
<td>4.0</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

♦Source: Derived from Table 3, Aging and the Organization of Services

(b) New Zealand*

<table>
<thead>
<tr>
<th>Age and Sex</th>
<th>65-74 years</th>
<th>75 years &amp; over</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male (N=70,787)</td>
<td>Female (N=84,897)</td>
</tr>
<tr>
<td>Marital Status</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>Married</td>
<td>78.1</td>
<td>48.4</td>
</tr>
<tr>
<td>Separated/divorced</td>
<td>3.3</td>
<td>3.0</td>
</tr>
<tr>
<td>Widowed</td>
<td>11.1</td>
<td>38.4</td>
</tr>
<tr>
<td>Never married</td>
<td>7.5</td>
<td>10.2</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

♦Source: N.Z. Official Year Book, 1977
The categories employed in Table 9 to elicit the living arrangements of the respondents differ slightly but in both cases specific provision is made for those who live alone and the group which differs most: 43.4 percent in the United States and 26.3 percent in New Zealand.

The greatest difference occurs among those who live with non-relatives (1.4 percent) versus those who live with adults (22.8 percent). This marked discrepancy may reflect, in part, the provision of "homes" for the aged in New Zealand. Whether or not this is so, there is no doubt that New Zealanders are much more likely to have others around them as they grow old.

Despite the defects arising from basing comparisons on data collected in different ways, and for different purposes, the examination of selected features of the two populations, and of the "aged" has served to indicate that they do differ in a number of ways.
TABLE 9
LIVING ARRANGEMENTS BY AGE AND SEX

(a) The United States*

<table>
<thead>
<tr>
<th>Age and Sex</th>
<th>65-74 years</th>
<th>75 years &amp; over</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male (N=282)</td>
<td>Female (N=448)</td>
<td>Male (N=163)</td>
</tr>
<tr>
<td>Living arrangements</td>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>Lives with relatives</td>
<td>80.5</td>
<td>47.3</td>
<td>66.3</td>
</tr>
<tr>
<td>Lives with non-relatives</td>
<td>1.4</td>
<td>1.6</td>
<td>0.6</td>
</tr>
<tr>
<td>Lives alone</td>
<td>18.1</td>
<td>51.1</td>
<td>33.1</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

*Source: Derived from Table 2, Aging and the Organization of Services

(b) New Zealand*

<table>
<thead>
<tr>
<th>Age and Sex</th>
<th>65-74 years</th>
<th>75 years &amp; over</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male (N=72,620)</td>
<td>Female (N=72,838)</td>
<td>Male (N=26,792)</td>
</tr>
<tr>
<td>Living arrangements</td>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>Lives with spouse</td>
<td>62.3</td>
<td>43.4</td>
<td>55.0</td>
</tr>
<tr>
<td>Lives with family</td>
<td>5.5</td>
<td>4.3</td>
<td>5.4</td>
</tr>
<tr>
<td>Lives with adults</td>
<td>20.0</td>
<td>20.0</td>
<td>20.2</td>
</tr>
<tr>
<td>Lives alone</td>
<td>12.2</td>
<td>32.3</td>
<td>19.4</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

*Source: Adapted from Table 18, p. 28, Accommodation and Service Needs of the Elderly
CHAPTER V
PROBLEMS OF INCOME SECURITY AMONG THE AGED

Introduction

Complete self-sufficiency is no longer a tenable aim in modern industrial societies. Some system for providing a substitute income, when earnings are interrupted or cease altogether, has become essential. The concern with economic security has been accentuated in this century but is by no means unique to it.

It is interesting to note how the economic dependency of old age has been the first stage of dependency legitimately requiring government provision. Pension legislation of some description was usually the first to find its way onto the statute books, for example, although the United States has lagged far behind Western Europe and New Zealand in other fields of public social security and welfare provisions such as sickness, unemployment and so forth, even the United States has a federally operated scheme of old age pensions (Wedderburn, 1968: 348).

Since the predominant concern is why the two societies differ in the provisions made for aged people, and the implications of these differences for the target group, it is appropriate to outline the historical development of pensions for the aged in the United States and New Zealand.
Once the background has been established, the situation of older persons in present day society can be explored before assessing whether assumed differences in the provisions made for their economic security do in fact exist.

While a description of the coverage, eligibility and method of calculating benefits has some relevance here, that aspect is better discussed in relation to the social and economic statutes and programs which are detailed later.

**Brief Historical Background**

**General**

From earliest times man has been concerned with his economic security. The huge granary reserves built by Joseph in Egypt, for the storage of food during years of plenty and distribution in years of scarcity, was an attempt to make life more secure (Schotland, 1970: 7). In time, the state was formed and man began his political life so that security could be achieved for the group. For some ten centuries a close connection has existed between group welfare and the state. The widening of the territorial basis for political activity, and the sharpening of class distinctions which accompanied change in the economic base of industrializing societies, led to the castigation of the destitute in the group (Hogan and Ianni, 1956: 488).
The Role of the Church

The state is one institution which has gradually assumed increasing responsibility for providing assistance to specific groups. Another important institution, particularly in the medieval period, has been the Church. The writings of the canonists, especially in the realm of political thought and economic theory, reveal a whole system of jurisprudence which dealt in detail with such topics as the legal status of the poor, the nature of their claims on individuals and on society, as well as the administration of the institutions through which relief was distributed (Tierney, 1951: 1).

Church Law is important for understanding medieval attitudes to social questions because the Church itself was an integral part of medieval social life. In general, modern man considers the church as a voluntary institution within the State. On the other hand, the state is the public authority which acts on the behalf of all, and to which we owe some allegiance. Laws emanate from the State, and all are bound by its legislation. It levies taxes, which all have to pay, and it has the powers to enforce its commands. On the other hand, churches are voluntary societies.

Medieval man had a different conception of the situation. He took for granted that, since man had a two-fold destiny, a life of the body and a life of the spirit; a life to live on earth and an eternal life in the hereafter, two public authorities were needed to promote the welfare of human society. The unusual feature of the
medieval polity was the allegiance of virtually the whole population of Western Europe to one church, and stemming from that and other historical factors, the quite extraordinary prestige of ecclesiastical institutions. For example, the Church made laws and all were forced to obey; it levied taxes which all were obliged to pay. The Church rulers were not officers of a private society within the state, but wielded a public jurisdiction over many spheres of social life which nowadays would be regarded as the proper concern of the secular power—the State. The relief of the poor was a precept of Christian charity, so the Church could, and did, claim that the care and the protection of the poor was a matter for ecclesiastical government.

The Role of the State

The roots of modern security policies date back to the time of Elizabeth, a period which coincided with the establishment of the first English colonies in the New World. It was during this era that questions regarding the role of the state in the economy; the relationship of special legislation for the poor versus general measures concerned with the social and economic implications of the use of the community's wealth for the individual and family security; and the effect of security programs on the economic, social and political structure of the nation, were raised (Mencher, 1967: 50).

Mencher delineated three important principles. The first was that economic security involved more than the provision of assistance to those who, for whatever reason, had insufficient
means for their own subsistence. The focus of economic security became the relationship between social provision and employment. The linkage between security and employment was clearly related to the second principle; that the stability of society required direct and active intervention in overcoming the threat of poverty. The customary, informal methods of assistance had acted as a stabilizing force before the sixteenth century when society consisted of small and established units; then stability could be achieved on a relatively intimate level. The increasingly complex world of the mercantile period required socialized institutions to provide for economic security which could no longer be met as a casual by-product of other relations. The third principle grew out of the first two, the principle of public responsibility, or a need for the state to play a major role in welfare planning. However, unlike the later laissez-faire society, the state did not accept the premise that the free play of individual interests would enhance the welfare of all; it acted on the assumption that the welfare of the state and of society could only be achieved through the active, paternalistic guidance of the state. Further, in contrast to later socialist doctrines, state control was exercised to either encourage or restrict the activities of its members, not to directly manage the productive institutions of society.

Despite the recognition that a stable economy was essential in the national interest, the administration of welfare programs was left to the local authority. These authorities often followed a
paradoxical policy of restricting the mobility of surplus labor and concurrently limiting their responsibility for the poor.

The issue of local responsibility continued to be an obstacle to rational welfare planning. It later became linked to economic liberation in the struggle against any expansion of public provisions. The feudal notion of local responsibility became embedded in the ideologies of the emergent commercial and industrial classes.

While the roots of modern economic security policy precede the Elizabethan period, the most direct antecedents of modern policy reflect the accommodation of these early programs to the new social and economic demands of the eighteenth and nineteenth centuries. A recurring problem through the years was the inability of the local authorities to provide for the poor; they lacked any adequate central administrative structure with the capacity to enforce standards (Sleeman, 1973: 9). These problems were made worse by the prevailing belief: poverty was a consequence of improvidence, vice and laziness. This belief was so pervasive, it effectively prevented any attempt to deal realistically and effectively with the problem of economic security (Schotland, 1970: 8).

Attempts by the state to regulate the economy in the early nineteenth century were not well received. A concurrent development was the growing belief in the virtues of free enterprise under the stimulus of the profit motive, regulated by the invisible hand of competition. These ideas received their clearest formulation in Adam Smith's *Wealth of Nations* (1776).
The emphasis on individualism and achievement, characteristic of both the mercantile and laissez-faire eras, was gradually modified as both philosophers and political economists evinced concern about the existence of social goals, a change in perspective which was accompanied by a resurgence in humanism. A concurrent development was the development of a practical problem; the appalling living conditions in the burgeoning towns were endangering the public health. It was becoming obvious that the market was inadequate and inappropriate to provide for urgent social needs when poverty was widespread despite generally rising prosperity (Sleeman, 1973: 13).

The major question to be resolved by the advocates for the new liberalism was the kind of society that could be built on the exclusive contribution of individual interest and action. At this stage the United States was well established and politically independent of England; New Zealand was just being colonized and still firmly tied, politically and economically, to England.

Provisions for the Aged

As early as 1673 a pension and retirement fund was established for French seamen. Following the French Revolution and during the Napoleonic regime, pensions for civil servants and the miners of Liége were introduced. Even the Czarist government of Russia granted pensions to state mine employees in 1797 and
extended the provisions to workers in government factories in 1804 (Epstein, 1968: 55).

These measures did not alleviate the plight of those already aged, nor those who were unemployed. To some extent these persons were taken into consideration by the Poor Law of 1834, which accepted responsibility for their maintenance. But to ensure that the cost to the community was not too great, conditions in the new workhouses were spartan and irksome. The doctrine of deterrence still prevailed but could not succeed because the socio-economic conditions of the period produced absolute poverty: those in dire need preferred the workhouse to starvation. The interpretation of pauperism as the consequence of an unwillingness to work and stand on one's own feet was based on an incorrect analysis of the causes of poverty (Mendelsohn, 1954: 9).

The deterrent effect of the Poor Law was gradually weakened during the 1880's through the combination of better understanding and humanitarianism. The shift in perspective led to gradual but important changes. For example, schools were established for children in the workhouses; better treatment of the sick poor gradually developed into a system of hospitals for paupers, a precursor to public hospitals from which the stigma of pauperism was removed.

Non-contributory old age pensions represented the next significant advance. The first was introduced in Denmark (1891), followed by New Zealand (1898) and Great Britain (1908). These
pension schemes were restricted to those of a minimum specified age who were in need.

Both the contributory and the non-contributory schemes departed from earlier charitable measures in two important respects. First, the certainty of administration and secondly, an attempt to provide benefits as of right, a recognition that a community has an obligation to its members. A significant difference of some of the non-contributory schemes was the exclusion of specific categories of persons, notably those who could not meet the stipulated residential requirements, and in some countries, including New Zealand, some racial groups were ineligible.

Specific provisions for the aged in the United States did not receive serious consideration prior to World War I. Special groups, such as soldiers, firemen, nurses, and civil servants had made some progress toward security upon retirement but in general, efforts to establish economic security provisions for aged Americans were spasmodic and ineffective.

The American Perspective

The dominance of England in the American Atlantic seaboard colonies in the seventeenth century, and its gain of westward territory by victory over France in the eighteenth, resulted in a general extension of English laws from the Old World to the New. The means adopted for the care of the indigent were no exception, the English poor law was copied; from colonial times until early
twentieth century, the United States freely borrowed both attitudes toward the impoverished and methods for their care from England. While the American colonies took over the English concept of the right to relief, they never found pauperism on a scale comparable to that of the Mother Country. Except for the absence of the Malthusian emphasis, the Liberal condemnation of relief was the same as in England (Devine, 1914: 291).

The first American economist of note, Henry C. Carey, was a leading adversary of Malthus and a confirmed opponent of the poor laws. The paupers were often recent immigrants, sometimes straight from the poorhouses of Britain, so there was a tendency for Americans to view pauperism as an alien, imported disease and to associate it with a failure to adapt to the new country and take advantage of the boundless opportunities available to them.

In the early 1800's the present geographical boundaries of the continental United States were fixed by treaty, purchase and conquest. The population growth was marked, some 3.9 million at the first census, 31.5 million by 1860. Although still predominantly rural, the period was notable for a marked increase in the number and size of the cities, a reflection of rapid immigration and changes in the economic base in the decades following the Civil War. These marked changes created social problems of a different type and it was in this period also that the American attitude against poor relief was firmly established. During the period of rapid industrialization in America, social Darwinism, a doctrine that
condemned the poor just as effectively as Malthus had earlier condemned them during the industrialization in England. In both instances it was argued, theoretically, that attempts to alleviate the lot of the poor could only lead to greater distress in the long term (Rimlinger, 1966: 4).

Less than a decade after the Civil War Darwin's theories of evolution and selection had gained a solid hold on American scientists. The application of Darwin's theories to social life and their use as a defense of the ruthless laissez-faire ideology owes much to the Englishman Herbert Spencer, and his American follower Graham Sumner. Spencer considered progress to be a constant state by which organisms "purify" themselves; the weak, the sick and the malformed are weeded out and kept from reproducing their own kind. The discipline that natural selection imposes bears a marked similarity to the discipline Malthus saw in the effects of the principle of population. In both cases human weakness is attributed to natural, biological forces which cannot be altered by any legislation. Spencer and Malthus did differ in that whereas Spencer associated human suffering with social progress, Malthus regarded it as evidence of insufficient progress. From this perspective, defenders of the poor laws were seen as misguided sentimentalists who would impose far greater hardship on society in the end, than that which they sought to relieve.

Spencer had quite an impact on intellectual life in America but a poor following in his own country, England. His ideas were particularly attractive in the decades after the Civil War for
they offered a scientific rationale for policies already in force, but in general his ideas have not stood the test of time (Rimlinger, 1966: 47).

The economists of the period, though not sharing the social Darwinism of Spencer and Sumner, were opposed to poor laws. The dominance of laissez-faire and an aversion to state intervention precluded the acceptance of anything but the most minimal protective role of the state. It was considered axiomatic that the poor laws were harmful unless they were of the most rigorous kind.

The vogue of Spencer and Sumner was a real obstacle to an intellectual shift in favor of the poor man; the commitment to individualism, to individual achievement and self-help were much stronger than in England. Even at the end of the nineteenth century, social-workers supported the attitude that the able-bodied pauper should be offered relief only "under strict rules inside an institution," and as far as public policy was concerned, the almshouse was still the "fundamental institution in American poor relief" (Rimlinger, 1966: 63). There was neither a strong socialist influence nor a tradition of Tory democracy to give credence to the notion that the poor man had a claim to a share in the national income other than the value of his labor. Clearly, if the American citizen was to gain the social rights already being granted in Europe, some means had to be found to legitimize these rights within the context of an individualistic society.
The shift toward social protection became manifest in the political campaign of 1912. By this time the ideology of laissez-faire had lessened its hold and some aspects of the welfare state were accepted by all political parties although the acceptable level of protection was still far from a guarantee of a basic minimum for existence, or even a systematic alleviation of economic hardship.

The principle aim was the restoration and maintenance of conditions compatible with individual self-help. The social insurance movement could not progress with an intellectualization of the means and ends; it was necessary to formulate an ideology congruent with American conditions and beliefs. Professor Henry Seager of Columbia University was an early contributor; he tried to show that the need for social insurance is inherent in industrial society, regardless of a country's political organization. Seager noted the empirical facts about the workers' need for protection and developed sound arguments to show that the need was a consequence of industrialization; reliance on self-help was not a realistic solution. His conclusion was inescapable; the spirit of individual self-help was appropriate for an agrarian society but an industrial society needed cooperative action, "impelled when necessary by the compulsory authority of the state" (Seager, 1910).

The Old Age Pension Movement in America

One of the earliest efforts to make specific provision for the aged occurred in California in the 1880s. Grants were provided
for public and private agencies caring for persons of 60 years and
over. The expense and inefficiency of administration led to the repeal
of this support (Mencher, 1967: 305).

The next positive move occurred in 1907, at state and federal
levels simultaneously. The Massachusetts Commission was created to
consider the question of old age pensions and insurance, but no action
was taken. The first federal bill was introduced in this period.
The sponsor, fearing it would be unconstitutional to grant pensions
to other than military personnel, provided for the creation of the
Old Home Guard. All old people who were to be pensioned could be
enlisted as members of the military establishment. This bill died
in committee (Mencher, 1967: 305). Subsequently, a number of bills
were sponsored but none survived the committee stages (Hogan and
Ianni, 1956: 491-4).

More success was achieved at state level. The first state
law was passed in Arizona in 1915, but was declared unconstitutional.
By 1929 ten states and Alaska had some provision for the aged on the
statute book. Dissimilar in many respects, these laws were uniform
in that all were non-contributory and called for monthly payments to
be made to the indigent aged who met the specified age and residential
requirements.

An interesting feature of this developmental period in state
pension plans was another facet of poor relief philosophy which
became evident, namely, most of the laws were in the form of enabling
legislation which meant that counties within the state could
participate in the program if they wished but there was no obligation to do so (Drake, 1958: 167).

By the end of 1934 some twenty states either had no law relating to the provision of pensions for the aged or had laws which were largely inoperative. Those states that were trying to provide for the indigent aged were finding it increasingly difficult to pay adequate pensions to those in need. Pressure began to be exerted on Congress to provide grants to states to carry out these programs.

The movement for social insurance receive support and momentum in June, 1934, when an historical message was sent to Congress by President Roosevelt. The President said:

Our task of reconstruction does not require the creation of new and strange values. It is rather the finding of the way once more to known, but to some degree forgotten, ideals and values. If the means and details are in some instances new, the objectives are as permanent as human nature....

If as our Constitution tells us, Federal Government was established among other things "to promote the general welfare," it is our plain duty to provide for that security upon which welfare depends.

Next winter we may undertake the great task of furthering the security of the citizen and his family through social insurance. (Epstein, 1968: 670)

In January, 1935, the President's Committee on Economic Security presented its plan to Congress. The Bill finally came to the floor for vote and was approved in August, 1935. The policy
of each for himself had at last been replaced by the conception of social security for all.

The New Zealand Perspective

Social provision for the poor was on the whole haphazard in the British Dominions during the nineteenth century. This could be attributed to two factors: the need was less than in Britain, and the sense of obligation which softened the harshness of English life was felt less keenly. No dominion had a full-scale poor law but in New Zealand the duty of caring for the poor was assigned to the local authorities (Laski, 1948: 151).

For many years after New Zealand was founded, English traditions were carried out but modified to suit the circumstances. For example, the first colonists provided for the needs of the sick and indigent by appeals to private charity and by making demands of the New Zealand Company and the provincial authorities for both hospitals and charitable funds. The obvious relationship between poverty and sickness resulted in poor relief being dispensed by hospitals.

In England the infirmaries were attached to the poor-houses providing outdoor relief. In New Zealand the poor-house giving outdoor relief was attached to the infirmary.

In 1866 the Auckland Committee on Pauperism was established, necessary because little revenue had been derived from the sale of land, and the Maori Wars in the Waikato had contributed to general misery and destitution. At this stage there was little if any
evidence of a sense of responsibility about providing for those for whom the economic system could find no secure or permanent place.

The New Zealand Vagrancy Act of 1866 expressed the attitude of mind prevalent, the belief that a lack of a job reflects a personal fault. This Act provided for an individual to be deemed idle and disorderly and liable for punishment if he had no visible means of support. The absence of a workhouse left a serious gap, and there was simply no official provision for unemployment, although an ordinance in 1846 provided for the safe custody of the insane, in jails, and another ordinance made relatives responsible for the care of the destitute.

Coincident with a renewed economic depression in 1877, a further Destitute Persons Act was passed, not to place the burden of such persons on society but to avoid it. This Act extended the definition of "near-relative" to stepparents and also stated that if destitute persons were maintained by the government or local body, this constituted a debt recoverable in court and bearing interest at 8 percent (Sutch, 1966: 82). While the attitude to the destitute adopted by the early New Zealanders was shared by contemporaries in the Western World, nowhere in the literature is reference made to any other society which had charged interest on any debt incurred through support while destitute.

The attitude of judging the poor by different criteria from those used for the rest of the community has strong roots in Western
Europe where poverty was considered to be the result of an unwillingness to work and to save, a situation under control of the individual. In earlier times this philosophy incorporated religious beliefs and asserted that people in need or suffering as a result of disease, disability or the death of the family breadwinner were paying for their sins. The old English poor laws respected this philosophy and provided for the most severe treatment of the poor. This attitude was transferred to New Zealand, at least initially (Sutch, 1971: 33).

The Old Age Pension Movement in New Zealand

The beginning of a new era was inaugurated in 1882 when the Hon. Major Atkinson gave notice of the following motion, to be introduced into the New Zealand Parliament:

That in the opinion of this House, provision should be made against sickness and pauperism, by compulsory national insurance, to secure the following benefits:

1. Sick pay for every single person, male or female between the age of sixteen and sixty-five years, of not less than 15s per week during sickness.

2. A sick pay for every married man of not less than 22s6d, and for every married woman 7s6d during sickness.

3. A superannuation allowance of 10s for every person, male or female, from sixty-five years of age to death.

4. An allowance of 15s per week for every widow with one child, increasing according to scale with size of family to 30s per week until the children are fifteen years of age.
Atkinson's ideas stemmed, not from Bismarck, but Canon Blackley who, in an article entitled "National Insurance, a Cheap, Practical and Popular Means of Abolishing Poor Rates" published in 1878, proposed a scheme for a compulsory friendly society. Blackley's plan included a means test but Atkinson's, based on an actuarial basis, provided for universal payments for the hazards insured against. The scheme was roundly criticized by the liberal opposition who claimed the scheme would sap the self-reliance of the people, would break up the family, was a blow to Christianity, and, in fact, was communism. Meanwhile, the hospitals had, from necessity, become the responsibility of the provincial government, a burden which was passed to the state in 1876, when the provinces were abolished.

The Hospitals and Charitable Institutions Act of 1885 was part of the reorganization of local government following the shift from provincial government. Mainly the work of Sir Robert Stout, it attempted to consolidate a great deal of voluntary charitable effort under a single, popularly elected board in each district. It compromised between the principles of local and central finance and between public service and commercial enterprise. The boards had the power to levy local rates but received a subsidy from government. At this time the 1885 Act, which came in the middle of a long depression, was a major step toward the public provision of both hospital service and poor relief as a right of citizenship. The system of Hospital Boards created in 1885 endured with little change of principle until the passing of the Social Security Act,
In 1894 a parliamentary committee, established to study the question of making provision for old age, recommended that an old age pension of 8s a week should be provided if the financing could be arranged. No means test was advocated but residence in the colony for twenty years was. Despite repeated efforts to implement the recommendation, the Old Age Pensions Act was not passed until 1898; primarily because of the desire to make it universal and the intent that funding should come from the contributions of the workers (Sutch, 1971: 37).

The criteria for receipt of the old age pension were stringent. The recipient had to be 65 years of age; to have lived in New Zealand for 25 years; to have a good moral character; to have led a sober and reputable life for the preceding five years; not to have deserted his/her spouse or child at any time, nor in the preceding 25 years to have been in jail for four months or on four occasions for an offense "dishonouring in the public estimate," to have had a yearly income of less than 35 pounds in which free board and lodging was to be valued at 26 pounds, and to possess furniture, house, and property worth less than 271 pounds.

The narrowness and illiberality of the majority of the legislators can be further judged by the fact that no Asiatic, naturalized or not, nor alien, could receive the pension. Further, the Old Age Pension Claim Register was open for inspection and pension claims had to be investigated in open court before a
magistrate (Sutch, 1966: 92). As Sutch observed, the Old Age Pensions Act of 1898 was not one in which present-day New Zealanders can take much pride, but it was important as a beginning of a non-contributory system.

The Pension Act and its administration was weighted heavily against the Maoris. To begin with they had great difficulty in proving age, and then most of them had numerous shares in ancestral land and were deemed to get income from it, even though it yielded no income nor could the owner sell his share.

Despite the limitations of the Act, old age pensions were an established fact at the turn of the present century. That and other significant labor, public health and educational acts of the period prompted Sinclair to note that "New Zealand Liberals were amongst the first to step on the political road along which millions have walked since toward the welfare state" (Sinclair, 1959: 70).

The social welfare achievements of the 1890's were the result of a practical, humanitarian attempt to deal with the economic and social realities of the period. With the enactment of the pensions legislation and despite the provisions for a means test, respectable morality, stigma and xenophobia, there was a strong pervasive movement in favor of the dignity of man and the absolution of any differentiation between persons, as well as a gentle but persistent thrust toward health services being made, like education, free for all.
The 1914 program of the Social Democratic Party (the forerunner of the present Labour Party), included free hospital treatment, health insurance, pensions for orphans, the blind and the permanently disabled. By 1919 these ideas had been generalized into universal pensions with no means test, as a right of citizenship and guaranteeing the "prevailing standard of living." All medical services were to be free, including hospital care. These ideas were not new when the Labour Party introduced them in the 1935 Election Manifesto, but to be quite sure that the public supported these ideas, the Labour Party did not implement their health policy until after the 1938 election, when they were returned to Parliament with a heavy majority of seats.

The Contemporary Situation of the Aged

A variety of factors have combined to bring to the fore the potential and actual economic problems confronting older persons. It has long since been recognized that the aged are a "special case" with regard to special provisions for economic support, but the reasons why this should be needed, are only beginning to be comprehended.

The changing age composition of the populations in Western countries has served to make the aged more visible; it has also generated problems which are not peculiar to older people but affect the whole economy. Nonetheless, the first and foremost problem with regard to the aged is withdrawal from the work force and the change
in the source and amount of income which normally accompanies retirement.

The implications this has for the individual and his family will depend to some extent on the opportunities available during the course of his working life, which in turn may reflect the operation of political and/or economic policy; and the provisions made at national level for the support of older persons.

With regard to the first, New Zealand has had a deliberate political policy to ensure full employment for some four decades, thus virtually anybody willing, able and eligible to work could do so. Modest financial support is provided for those who, because of disability or sickness, are temporarily or permanently unemployable. In addition, low interest housing loans; child allowances for all families irrespective of other financial resources and supplementary benefits for those with special needs ensures that no New Zealander should be completely destitute at any time. All this is possible because of a high degree of intervention on the part of central government, which also exerts considerable control on the economy, whichever party is in power.

The situation in the United States is appreciably different. There are fluctuations in the demand for and supply of labor; retirement policies vary in response to changes in the labor market and in times of recession, the prospect of unemployment is increased.

For those of working age, there is always the hope of being re-employed and possibly improving one's prospects. For the
retired person, they are affected by the economic changes, but in the main, can do little to counter them, notably, the recent developments in both societies of rapidly escalating inflation rates.

The question of income maintenance and income distribution is an exceedingly complex one which affects all segments of society, for the transfer of income to families or individuals beyond the system of payment for work is beset with problems. These are not merely economic, fiscal or administrative, but institutional. People's attitudes toward themselves and toward others are involved (Merrian, 1969: 55).

One of the fundamental problems associated with the study of income distribution is difficulty in defining the term, "income." It may be used to refer to individuals or households, to all age groups or just to adults. Further, income can take many forms and differences between money-incomes and incomes-in-kind may well be significant (Kaim-Caudle, 1973: 31).

Yet another difficulty is to determine what constitutes income adequacy for patterns of consumption and expectations follow no uniform pattern; and what are luxuries to one generation may well be viewed as essentials to the next.

**Assessing Income Adequacy**

Given the difficulties in defining the term "income," it could be anticipated that efforts to develop objective indicators to assess income adequacy will have been fraught with problems. The simple fact is that a sum of money which would be ample for
some is totally inadequate for others seemingly in a similar situation; the difference stemming from the mediating factors. These factors include such things as other sources of income; assets; needs which have to be provided for from income; financial commitments to be serviced by income, and personal preferences (Department of Social Welfare, 1975: 6). Given these mediating factors, it is appropriate to consider income adequacy objectively and subjectively. An objective assessment requires clearly defined criteria, such as X number of dollars required, given the composition and age of a household. The subjective assessment is the individual's perception of how well he is managing.

An objective measure has long since been established for use in the United States; in New Zealand efforts are only now being made to develop an objective method of assessing income inadequacy or hardship.

The United States

Objective Assessment: The standard most frequently used is one developed in its present form by Molly Orshansky of the Social Security Administration (Orshansky, 1965: 325). Details of the Index are provided in Appendix 1 but briefly, it provides a benchmark or poverty measure, incomes below the specified level indicate poverty. A clearly formulated poverty index has the merit of being a measure directly linked to income and takes into account both the size and age composition of the household. A major defect is its inherent assumptions, for example, that a specified number of dollars have
the same purchasing power in all parts of the country, or that all persons have similar skills in buying and the management of the household, and so forth.

**Subjective Assessment:** Respondents in the American survey were asked if they had "any difficulties meeting the basic necessities of life" during the preceding twelve months. Thus three indicators of economic conditions were incorporated in this survey: income, position on the poverty index, and the respondent's own perception.

**New Zealand**

**Background:** Until the 1970s, New Zealanders have paid little attention to the problems of poverty, the word had not been part of the lexicon. This lack of interest can be attributed to the fact that:

New Zealanders in England or America are amazed at the wealth and appalled at the poverty. They themselves know neither rich nor poor as they are found in most countries. There never have been more than a handful of rich people, as riches are measured elsewhere. Destitution, like illiteracy, are statistically negligible. (Sinclair, 1959: 276)

This situation no longer pertains, particularly for persons in receipt of benefits. Several studies were initiated in the early 1970s to establish whether or not benefits were adequate, but the most formal and far-reaching investigation was undertaken by the Royal Commission of Inquiry into Social Security in New Zealand. The Commission was established by Warrant in 1969 and presented their Report in March, 1972. Among other things, it was required to:
...examine the principles on which the total social security system is based, the structure, coverage, and administration of monetary benefits and supplementary assistance, and the criteria and qualifications for determining their amounts and eligibility for them. (Royal Commission, 1972: 2)

The Report included an extensive discussion on the nature of poverty and concluded that a distinction should be made between primary and secondary poverty. Primary poverty exists when the person or family does not have sufficient income to pay for the goods and services regarded by the community as essential to "a reasonable standard of living." Secondary poverty arises from the misuse or inefficient use of income. The general conclusion reached was that the most relevant and useful conception of poverty for the New Zealand setting was that advanced by the Economic Council of Canada:

To feel poverty is, amongst other things, to feel oneself an unwilling outsider—a virtual non-participant in the society in which one lives. The problem of poverty in developed industrial societies is increasingly viewed not as sheer lack of essentials to sustain life, but as an insufficient access to certain goods, services and conditions of life which are available to everyone else and have come to be accepted as basic to a minimum standard of living. (Royal Commission, 1972: 113).

It was also noted that when the appropriate statistical data were available, the Orshansky technique and market basket approach could be usefully adopted in New Zealand.

In order to determine the extent to which the rates of social security benefits received by the aged were consistent with the goal
of enabling beneficiaries to live in dignity and comfort, researchers in the Department of Social Welfare had, of necessity, to formulate appropriate measures. They had no precedents to follow in the New Zealand setting and wisely elected to employ three separate measures of hardship: a hardship scale linked to income, an interviewer's assessment, and a respondent's rating. (Details of these three hardship measures are provided in Appendix 2.)

Income Adequacy and the Aged

What follows can best be described as a very gross comparison of the adequacy of income for the aged in the United States and New Zealand. In the first place, the measures employed are different in their conception and measurement. The Poverty Index is a well-established measurement tool; the measures developed by the Social Welfare Department have not been used previously. Secondly, it has already been clearly established that both income levels and income distribution between the two populations are not comparable, a fact which needs to be borne in mind when considering the data exhibited in the following tables.

In the United States poverty is defined on the basis of income in relation to whether living alone or with others; the age of the household head, total family income and the number of people residing in the household unit who are related to the respondent.

The New Zealand Hardship Scale incorporated thirty-five items (though eight were designated as key indicators of Hardship—see Appendix 3) which focused more on the respondent's behavior in
given situations. The results provided in Table 10 would seem to reflect two things. First, approximately one-fifth (21.5%) of the aged in the United States have an income of under $2000 per annum; over two-thirds of the New Zealanders (68.6%) are in this income range. This fact has no great relevance to the situation, given the marked differences in general income levels already commented upon. Secondly, the relationship between income and poverty is clearly demonstrated, an expected outcome since income is an integral factor in the Poverty Index. The relationship between income level and hardship with the New Zealanders is by no means clear. The proportion of the aged suffering hardship diminishes with an increase in income, but given the nature of the items incorporated in the hardship scale, the results could be anticipated.

Median Income: The median income for the aged in the United States was U.S. $3612; for those in poverty U.S. $1501, above poverty U.S. $4741. The median income for the aged in New Zealand was estimated to be N.Z. $1509.

The Objective Versus Subjective Assessment

A different perspective of the situation is obtained when the respondent is asked to provide an assessment of his own situation.

United States: The difference between the objective and subjective aspects are clearly illustrated in Table 11. Only a small proportion of households above the poverty line experienced difficulty in meeting the costs of basic necessities; of more interest is that only 1.5 percent of the aged were below the poverty line and
**TABLE 10**

INCOME LEVEL BY POVERTY (UNITED STATES) AND HARDSHIP (NEW ZEALAND)

<table>
<thead>
<tr>
<th>Income Level</th>
<th>United States</th>
<th></th>
<th>New Zealand</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total in Category</td>
<td>N</td>
<td>%</td>
<td>Total in Category</td>
</tr>
<tr>
<td>$0 - 1,199</td>
<td>53</td>
<td>4.9</td>
<td>100.0</td>
<td>252</td>
</tr>
<tr>
<td>$1,200 - 1,399</td>
<td>35</td>
<td>3.2</td>
<td>100.0</td>
<td>662</td>
</tr>
<tr>
<td>$1,400 - 1,599</td>
<td>71</td>
<td>6.6</td>
<td>100.0</td>
<td>231</td>
</tr>
<tr>
<td>$1,600 - 1,799</td>
<td>47</td>
<td>4.4</td>
<td>100.0</td>
<td>168</td>
</tr>
<tr>
<td>$1,800 - 1,999</td>
<td>26</td>
<td>2.4</td>
<td>80.8</td>
<td>115</td>
</tr>
<tr>
<td>$2,000 - 2,499</td>
<td>95</td>
<td>8.8</td>
<td>27.4</td>
<td>210</td>
</tr>
<tr>
<td>$2,500 - 2,999</td>
<td>77</td>
<td>7.1</td>
<td>7.8</td>
<td>121</td>
</tr>
<tr>
<td>$3,000 - 3,499</td>
<td>68</td>
<td>6.3</td>
<td>1.5</td>
<td>100</td>
</tr>
<tr>
<td>$3,500 and over</td>
<td>605</td>
<td>56.3</td>
<td>0.5</td>
<td>223</td>
</tr>
<tr>
<td>Total</td>
<td>1077</td>
<td>100.0</td>
<td>24.4</td>
<td>2082</td>
</tr>
</tbody>
</table>

**Sources:**

United States - derived from Table 19, Aging and the Organization of Services. Income = total family income.

New Zealand - derived from Table 7.2, Survey of Persons Aged 65 Years and Over (Social Welfare). Income = national gross annual per capita income.
TABLE 11

POVERTY LEVELS AND DIFFICULTIES IN MEETING BASIC NECESSITIES: THE UNITED STATES

<table>
<thead>
<tr>
<th></th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Above poverty, no difficulty meeting basic necessities</td>
<td>72.7</td>
</tr>
<tr>
<td>Above poverty, having difficulty meeting basic necessities</td>
<td>2.9</td>
</tr>
<tr>
<td>In poverty, no difficulty meeting basic necessities</td>
<td>22.9</td>
</tr>
<tr>
<td>In poverty, having difficulty meeting basic necessities</td>
<td>1.5</td>
</tr>
</tbody>
</table>

Source: Derived from Table 18, Aging and the Organization of Services.

experiencing difficulty. In other words, 262 of the aged in the United States survey were classified as being in poverty; of these 16 (6.1%) were also experiencing difficulty in coping with the basic necessities.

New Zealand: Three separate measurements were employed in the Survey of Persons Aged 65 Years and Over. The data in Table 12 represents the relationship between two subjective measurements, an interview's rating and the respondent's.

The Statistics Department condensed the categories so that differences in the direction of the ratings could be more readily seen and noted that only twenty respondents (1.0% of the total sample) are grouped in the corners of discrepancy between the ratings.
TABLE 12
COMPARISON OF INTERVIEWER AND RESPONDENT RATINGS OF
FINANCIAL CIRCUMSTANCES: NEW ZEALAND

<table>
<thead>
<tr>
<th>Interviewer Assessment of Respondent's Financial Circumstances</th>
<th>Degree</th>
<th>Income</th>
<th>Satisfied</th>
<th>Needs</th>
</tr>
</thead>
<tbody>
<tr>
<td>&quot;Very Well&quot; or &quot;Well&quot; (N = 608)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&quot;Satisfactorily&quot; or &quot;Badly&quot; (N = 1278)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&quot;Not Very Well&quot; or &quot;Badly&quot; (N = 413)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total (N = 2299)*</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Obviously well off and affluent                               | 29     | 7      | 1         | 11    |
| No known or noticeable difficulty                             | 69     | 74     | 29        | 64    |
| Some or considerable difficulties                             | 2      | 19     | 70        | 24    |

*Interviewer assessment not stated by 4.

Source: Survey of Persons Aged 65 and Over (Department of Statistics), p. 43.
Since the Social Welfare Department undertook the survey in order to assess the adequacy of benefit levels, the relationship between the proportion of respondents in hardship, as measured by the three scales employed, and the type of benefit the respondent receives, is relevant. The outcome of this analysis is provided in Table 13.

**The Age Benefit:** "Every person who has attained the age of 60 years is entitled to receive an age benefit, subject to residential qualifications and an income test. This benefit is payable, in the discretion of the Social Security Commission, to unmarried women between 55 and 60 years of age who are unable to engage in regular employment."

**Universal Superannuation:** Introduced as No. 7 of the 1938 Act. "Every person over the age of 65 years who satisfied the prescribed residential qualification (20 years) is entitled to a superannuation benefit without regard to financial circumstances." It is taxed. Since 1960 the amount of this benefit has been equal to the age benefit.

**War Pensions:** The war pensions legislation is designed to provide (a) basic pensions to compensate for disablement or death... (b) supplementary pensions, to meet the loss of income. (New Zealand Official Year Book, 1974: 181).

Persons receiving a superannuation benefit are in a much better financial state than those on age benefits or war pensions. Since superannuation is universal and not means tested, this
### TABLE 13

THE PROPORTION OF RESPONDENTS IN HARDSHIP BY BENEFIT TYPE: NEW ZEALAND

<table>
<thead>
<tr>
<th>Benefit Type</th>
<th>Proportion in hardship as measured by:</th>
<th>Age Benefit (N=1151)</th>
<th>War Pensions (N=128)</th>
<th>Superannuation (N=1024)</th>
<th>Total (N=2303)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hardship Scale</td>
<td>29.9</td>
<td>21.9</td>
<td>8.7</td>
<td>20.0</td>
<td></td>
</tr>
<tr>
<td>Interviewer Rating</td>
<td>36.0</td>
<td>38.3</td>
<td>8.9</td>
<td>24.1</td>
<td></td>
</tr>
<tr>
<td>Respondent Rating</td>
<td>24.1</td>
<td>25.0</td>
<td>10.2</td>
<td>17.9</td>
<td></td>
</tr>
</tbody>
</table>

**Source:** Adapted from Table 7.1, Survey of Aged Persons Aged 65 Years and Over (Social Welfare).

Occasioned no surprise. Not revealed by the data presented is the fact that "a substantial proportion of those receiving a superannuation benefit reported such low levels of income that they would be financially better off on an age benefit. If these beneficiaries were to transfer to an age benefit, the incidence of hardship for those remaining on the superannuation benefit would be very low indeed" (Social Welfare Department, 1975: 20).

Several reasons could be advanced to account for elderly persons receiving an inappropriate benefit; one possibility is ignorance, another is pride. The only prerequisites for superannuation are proof of age and residence.

The introduction of National Superannuation in 1976, payable to all New Zealand residents at 60 years of age, irrespective of other income and assets, would have overcome this problem.
All the respondents in the Social Welfare Department's study were receiving one of the three benefits or pensions available to elderly persons in New Zealand. Approximately 44 percent of those surveyed were on superannuation and an appreciable number in this group would have additional income from work-related superannuation or pension schemes, investments and other sources. This aspect was not studied.

**Essential Differences**

In both societies a dual system of welfare exists, a means tested benefit for those with minimal or no other financial resources, public assistance in America, the aged benefit in New Zealand, similar in intent, different in terminology. The alternatives, Social Security and Universal Superannuation, differ in several important respects. Income from Social Security in the United States is governed by occupation as well as the duration and amount of contributions to the fund, thus it is contributory and not universal. Funding for Universal Superannuation comes from the general revenue and all New Zealanders aged 65 and over, provided they meet residential requirements, are eligible to receive payments. It is taxable but the amount of tax involved would be affected by the amount and source of other income and assets. Payment is at the flat rate, married couples receiving proportionately more than single persons.

Superficially, the same proportion of the aged would seem to be inadequately supported by the available income maintenance programs, one-fifth, but the measures employed to assess financial
status are not comparable. Even if they were, there are not gradations to indicate the severity of poverty or hardship, nor, using the hardship measures, whether the origin of the problem is an inadequate income (primary poverty), or mismanagement of available resources (secondary poverty).

The aged in the two countries do differ in one important respect, involvement in available programs. In the United States, 10.2 percent of the respondents aged 65 and over had sought no services or benefits in the year preceding interview. A distinct contrast to this was the Department of Social Welfare's estimate that some 98 percent of all people in the aged category were captured in the system, even allowing for the exclusion of war pensioners.

Despite the reservations about making comparisons between the situation of the aged in two very different settings, it would seem that the New Zealanders do have several advantages over their American counterparts. First, entry to the system is easy, indeed all but inevitable, irrespective of previous work history, if any. Secondly, there is an element of choice, provided one is prepared to wait until 65 years and superannuation.

These basic considerations apart, the Social Security program in New Zealand has an important component not present in the American legislation— the financing of health care services.
Primary or biological aging is inevitable but it does not occur at the same rate, nor in the same way, in all individuals, nonetheless a diminution in the capacity to function independently is almost inevitable, eventually. This state will be hastened when associated with impairments arising from trauma or disease. The severity and duration of a health problem will have some effect on the individual’s resilience but both personal attributes and the character of the aged person’s immediate social environment will, to some extent, determine how well the effects of the impairment are coped with. That is, "...a decreased activity, parallel to the chronic disease, can arise from a source other than impairment. This second source is the psychosocial influence which reduces or aggravates the degree of incapacity" (Busse, 1966: 233). Ewald Busse also noted the difficulty implicit in providing an appropriate definition of health applicable to all age groups, commenting that "...a state of perfect or complete health does not exist in any individual, or if it does, it is too transient to be studied or measured. It is much easier to recognize departures from health, such as disease, disability and impairments, for they have
persistent and identifiable characteristics," and that "health is a relative state and different parameters are appropriate at different stages of the life cycle." Accordingly, in a consideration of the problems of health and disability among the aged, the emphasis will be upon their ability to function independently, rather than on the nature of the condition. This is a superficial approach, for by confining attention to functional capacity, other aspects of health care are ignored. Because the health care services available in the two societies differ in a number of important respects, it is necessary to outline the respective services before focusing on the aged in the two populations.

The Health Care Services

There is no country with sufficient resources to support a comprehensive health care service for the entire population. Priorities have to be established and the services kept within the constraints imposed by the economic system. The priorities are determined in part by historical antecedents, in part by socio-economic and political pressures.

The basic components of the health care services in Western societies are similar; the essential differences arise from the way in which the services are organized and administered, and particularly, in the method of funding. More subtle in its effect is the value placed upon health care. The assumption that if health care was "good," more health care must be better, is only now being critically
questioned. In one historian's view, "For most of history medical care has been irrelevant in the determination of aggregate social indices, whatever comfort it may have brought to particular individuals" (Hartwell, 1974: 3). This opinion could well find support in those countries where serious efforts are being made to evaluate the efficacy of the established health care services. The rapidly escalating costs of health service provision, and the need to make decisions about the relative merits of the limited choices available to health planners, have prompted a reconsideration of past practices, as well as a confrontation with some important ethical issues.

The relative merits of different emphases as well as the alternative methods of organizing and delivering health care services are difficult to assess, primarily because of the "...ill-defined, ill-structured, value laden nature of health care problems," and the difficulties to be found in "clarifying objectives, much less defining them" (Salmond, 1974: 60). In many respects health care, more than any other sub-system of society, has been entrapped by its past.

**General Background**

All past societies have had theories of disease and forms of medical care. The anthropologists have shown that "In all human groups, no matter how small or technologically primitive, there exists a body of belief about the nature of disease, its causation and cure, and its relation to other aspects of life" (Hughes, 1968: 88).
The first great advances in medicine and medical care were made in antiquity, in Greece and Rome. The Greek contribution was to free medicine from magic and make it scientific, to give the doctor something like his modern professional status, and to define an ethic for the relationship between doctor and patient (Entralago, 1967: 15). The Greeks made medicine secular and rational; they also enunciated the principle of providing free medical care to the sick poor, a principle of social action which survived many radical changes in European civilization through the twentieth century.

Rome added the principle of an institution, the hospital. This was a by-product of a massive empire and a very efficient military system. The hospitals provided care for both soldiers and the sick poor, and were a direct forerunner of the modern hospital (Perlman, 1974: 5). Greece and Rome were advanced societies, socially stratified and with a wealthy class prepared to pay for their own medical services as well as possessing a sense of social obligation toward the sick poor.

One of the central choices of our time is finding the proper balance between individual or personal responsibility and collective or social responsibility. Fuchs uses a jungle versus zoo analogy to illustrate the costs of these two extreme choices. When too much weight is given to personal responsibility, freedom is assured but it will be accompanied by insecurity. Alternatively an undue emphasis on social responsibility will ensure security but at the cost of freedom (Fuchs, 1974: 18). To some extent the jungle-zoo analogy
typifies the health care systems extant in the United States and New Zealand respectively, a situation stemming from historical antecedents in conjunction with political and economic forces.

The present system of health services started to emerge during the late nineteenth and early twentieth century, at a time when Western Europe and North America were establishing a framework of laissez-faire economics, and the Europeans were also instituting parliamentary democracy (Anderson, 1972: 24). The emphasis on individualism and personal responsibility has characterized Americans since the inception of their Republic; it was also typical of the British in the nineteenth century. Both societies were influenced by the writings of Locke, Smith, and other advocates of personal freedom; ideas superimposed on a religious foundation which extolled the merits of hard work and thrift. In this environment each man's energies were expended on enhancing his own welfare, secure in the knowledge that he and his family would benefit from his efforts and in the conviction that he was obeying God's will.

An important precursor to the development and extension of health and other social services was the emergence of a middle class and their role in the economic development accompanied by an increasing involvement in the political process. It was only at this juncture that a social surplus started to be created, that is "the surplus necessary for an economy to expand for capital investment over and above the previous level of economic growth and for health and welfare
services" (Anderson, 1972: 25). In his comparative study of three health care systems, Anderson utilizes the construct developed by de Gré to examine the relationship between social structure and freedom, and develop a model which presents the liberal-democratic political and economic system as a continuum with three components: the role of government in the private sector which is seen to vary from market-minimized to market-maximized, depending on the role it plays in production, distribution, and health, education and welfare services; the basic political values which are considered to remain relatively constant over time; and, the electorate. The electorate, the mid-point of the continuum, is described by Anderson as "the vital center of consensus among the electorate as to the private and public mix" (Anderson, 1972: 27).

In the early stages of the evolution of the liberal-democratic capitalistic states, the public sector was restricted to a number of core functions, including the provision of a certain minimum subsistence for those in need. The difference between the two extremes of the continuum rests with the pace and method of change.

It was noted earlier that although both the United States and New Zealand were located within the medial segment of the curve which represented pluralist societies, they occupied different locations within the segment. Similarly in the continuum proposed by Anderson; while both societies have an admixture of private enterprise and government intervention, they differ in the degree to which weight is given to each. New Zealand is closer to the market minimized, the United States to the market maximized extremes.
The situation is by no means static; rather, the two societies would seem to be moving away from the outer edges toward the middle; in the United States with the advent of Medicare and Medicaid; in New Zealand, with a recent phenomenon, the rapid growth of private insurance schemes. In their own way each of these changes is quite remarkable, given the clearly established beliefs and practices existing in the two societies.

The Health Care Systems

The United States

National government involvement with the provision of medical care tends to be equated with the Medicare and Medicaid programs of the 1960s; but the first intervention occurred much earlier, with the Marine Hospital Service Act of 1798, which provided for the temporary relief and maintenance of sick or disabled seamen. The scheme was financed by charging all seamen 20 cents per month, and was managed by the Treasury Department. In effect this was a compulsory, contributory national health insurance program for a specified category of employed persons. This particular program was modified over the intervening years until by 1902 the Marine Hospital Service was extended to the Public Health and Marine Hospital Service. The first federal appropriations were made in 1905; in 1912 the designation was changed to Public Health Service and the functions broadened to incorporate responsibility for both interstate and international quarantine. Jurisdiction was retained by the Treasury Department
until 1939 when it was transferred to the newly created Federal Security Agency. With the establishment of the Department of Health, Education and Welfare in 1953, the Public Health Service was brought within its framework (Falk, 1977: 163).

The role of the Public Health Service was very circumscribed. Medical services evolved and developed according to local abilities and desires to meet local needs; consequently, there is no single system or pattern of care in the United States; rather there is a plurality of systems. Widespread involvement of government at federal level in the provision of medical care and services is as recent as 1966, with the enactment of the Medicare and Medicaid legislation.

The planning of health services has been a compromise between laissez-faire policies and national planning to ensure optimal utilization, with some assistance from central funds to meet the rising costs of medical care. The payment for services received has been on a fee-for-service basis, unless the individual is poor or classified as a "medical indigent." The Medicare and Medicaid programs are designed specifically for the elderly and the poor respectively.

To a large extent the fragmentation of medical care services can be attributed to the lack of a comprehensive health care system which in turn reflects American antipathy to state intervention and control and the concurrent emphasis upon individual responsibility and freedom. It is suggested that a secondary contributing factor
may well be the way in which medical practitioners were trained for their calling. As Falk explains it, the scientific revolution of the decades 1870 to 1900 had laid newer foundations for medicine and medical care, changes which had little impact on medical education and training in the United States because, "Most of our medical schools were commercialized institutions, supported by tuition from inadequately educated students, taught by local preceptorial practitioners.... Many of our medical schools were merely diploma mills" (Falk, 1977: 164). Following the publication of the Flexner Report by the Carnegie Foundation for the Advancement of Teaching in 1910, radical reforms were instituted. Reorganization was based on the newer developments in science, the teaching hospital, the laboratory and basic and clinical research. Inevitably, specialization in education, training and practice occurred; this led in turn to an increasing complexity in personal health services, rising costs and the virtual demise of the general practitioner or family doctor.

For those seeking health care one problem would be to identify an appropriate point of contact; another, how to pay for it. The New Zealand health care services developed in quite a different manner.

New Zealand

When New Zealand was founded, hospitals in England were either voluntary general hospitals governed by private incorporated bodies, maintained by private subscription and catering to a
selected group of the poor or, they were Poor Law infirmaries
maintained by local rates and serving those of the poor suffering
from chronic illness or a medical condition which did not require
more specialized treatment. Both the destitute and the sick were
the responsibility of one authority, the Poor Law Guardians.

For a number of reasons this system was not transferred to
New Zealand. First, there was a lack of developed land or other
wealth to tax; secondly, there was no local government machinery to
administer such a system, and thirdly, it had simply not occurred to
the authorities that such a need might exist in a new colony. The
need was quickly recognized and public meetings urged the establish­
ment of hospitals as early as 1840, primarily to cater to the
Maoris who were already being affected by European diseases. The
first makeshift hospital was established in Auckland the following
year, but the services were to be restricted to visiting seamen
suffering from delirium tremens and Europeans who could afford to
pay the daily fee of 1s6d, provided their admission was approved by
the Colonial Secretary. No restrictions were placed on the care of
the Maoris who were treated free. These first hospitals were founded,
and funded, by the state.

In the Report of the Committee on Colonial Hospitals (1855)
surprise and puzzlement was expressed at the finding that "Public
Hospitals in this country are purely government establishments
supported entirely by public money, and subject to the control and
supervision of the Executive Government alone. "Further, no reason
has been adduced to the Committee why the Government of New Zealand should, in establishing hospitals, have departed from the English example.... This erroneous thing, this state hospital, this peculiar principle had to go" (Sutch, 1966: 47-48).

During the nineteenth century the administration of public health was either non-existent or practiced in an inept manner by the local authorities constituted as Boards of Health, with little if any guidance from any central authority. The fear of the plague in 1900 resulted in the appointment of a Sanitary Commission and led to the Public Health Act, as well as the establishment of a central public health administration under a Minister of Government. The autonomy of local authorities in public health matters was curtailed and salaried government medical officers were appointed and given extensive powers to exercise a measure of coercion on local authorities.

With the establishment of a basic administrative structure, there was a steady extension of public health services, with legislation dealing with the sale of food and drugs; the registration of professional groups and the control of quackery and venereal disease. A school medical service was introduced and problems of maternal and child health were attacked. Circumstances dictated the intervention of the State in health care matters from the time of colonization, a circumstance not rejected by the struggling New Zealanders.
The next major step was the election of a Labor Government in 1935 and the move toward a comprehensive health care system for all New Zealanders. The electorate emphatically endorsed Labor Party policy; they were re-elected for a further three-year term in 1937. The emergent differences in the beliefs underlying the evolving economic systems were also being reflected in the way in which health care services were gradually developing in the two societies.

The Contemporary Health Situation of the Aged

Assessment of Health Status

One appropriate way to evaluate health care is to measure the end results on the functional capacity of individuals. At a personal level the end result evaluation can be summarized as the five D's: death, disease, disability, discomfort, and discontent (Salmond, 1974: 61).

To assess whether or not the aged in the United States and New Zealand do differ to any appreciable extent in their general health status, attention is focused on three general measures: the respondents' own perceptions of their health status, limitations in physical performance and limitations in independent living or mobility.
Respondents' Perception of Health Status

The subjective feelings of an individual are often a better indicator of functional capacity than the results of a physician's examination. Many people who are clinically sick continue to act as if they are quite well; conversely, there are those who classify themselves as disabled and yet report no limitations in performing everyday tasks (Shanus, 1968: 50).

The categories used to elicit the respondents' estimate of their health were similar in terminology but it is not known whether similar words were interpreted in the same way by Americans and New Zealanders, that is, semantic differences could have some impact on the results provided in Table 14, where New Zealanders were more

<table>
<thead>
<tr>
<th>Health Status</th>
<th>United States</th>
<th>New Zealand</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N</td>
<td>%</td>
</tr>
<tr>
<td>Excellent or good</td>
<td>566</td>
<td>48.8</td>
</tr>
<tr>
<td>Fair</td>
<td>395</td>
<td>34.0</td>
</tr>
<tr>
<td>Poor or very poor</td>
<td>200</td>
<td>17.2</td>
</tr>
<tr>
<td>Total</td>
<td>1,161</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: United States - Derived from Table 15, Aging and the Organization of Services.

New Zealand - Derived from Table 10.1, p. 31, Survey of Persons Aged 65 and Over (Statistics Department)
likely to assess their health as being good to excellent than their American counterparts. Conversely, twice the proportion of Americans (17.2 percent) considered themselves to be in poor or very poor health, compared with the 8.1 percent of New Zealanders in this category.

**Limitations in Physical Performance/Functional Capacity**

Since New Zealanders were more likely to classify themselves as being in good to excellent health, it could be expected that a smaller proportion would demonstrate limitations in physical performance/functional capacity. (Details on the way in which these variables were defined and measured are provided in Appendix 4.) This proved to be the case, as reference to Table 15 shows. Not anticipated, nor readily accepted, was the extent of the differences between the aged in the two countries.

**Accounting for the Discrepancy**

Some of the difference can be attributed to the fact that while the likelihood of physical impairment increases with advancing years, irrespective of the country in which living, the prospect should be reduced where access to health care services is relatively easy and not too costly. One of the more significant features likely to account for the differences in results is the way in which the respective variables, physical performance and functional capacity, were conceptualized and subsequently measured.
TABLE 15
LIMITATIONS IN PHYSICAL PERFORMANCE/FUNCTIONAL CAPACITY

(a) United States*

<table>
<thead>
<tr>
<th>Limitations in Physical Performance</th>
<th>65-74 (N=731)</th>
<th>75 &amp; over (N=430)</th>
<th>Total (N=1,161)</th>
</tr>
</thead>
<tbody>
<tr>
<td>None or minimal</td>
<td>56.4%</td>
<td>29.7%</td>
<td>46.5%</td>
</tr>
<tr>
<td>Partially limited</td>
<td>33.4%</td>
<td>50.4%</td>
<td>39.7%</td>
</tr>
<tr>
<td>Severe limitations</td>
<td>10.1%</td>
<td>19.9%</td>
<td>13.8%</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

*Source: Derived from Table 15, Aging and the Organization of Services.

(b) New Zealand*

<table>
<thead>
<tr>
<th>Functional Capacity</th>
<th>Ordinary Residence (N=225,448)</th>
<th>Pensioners Flats (N=6,275)</th>
<th>Total (N=231,723)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not limited</td>
<td>87.0%</td>
<td>66.5%</td>
<td>86.4%</td>
</tr>
<tr>
<td>Partially limited**</td>
<td>11.9%</td>
<td>31.1%</td>
<td>12.4%</td>
</tr>
<tr>
<td>Severe limitations</td>
<td>1.1%</td>
<td>2.4%</td>
<td>1.2%</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

*Source: Derived from Tables 20 and 42, Accommodation and Service Needs of the Elderly.

**Partially limited incorporated three categories: slightly, sensorily and mentally disabled.
Another factor could well be the differences in the accommodations available for the aged in the two societies. The survey of the Accommodation and Service Needs of the Elderly focused on this aspect. Some 2.5 percent of the aged in New Zealand live in pensioner flats, which have been built specifically for the aged by the local authorities, with government providing both subsidies and long-term low interest loans to facilitate the program. In Table 15, the New Zealanders have been differentiated on the basis of accommodation (non-institutionalized). Those in pensioner flats are more likely to be physically impaired than those in ordinary residences. Thus, the nature of accommodation available to the aged, particularly those in poorer financial circumstances, could well be a factor in enabling older New Zealanders to remain non-institutionalized.

Finally, the proportion of aged persons in institutions in the two societies could affect the proportion of impaired persons remaining in the community. Information in this area proved quite difficult to obtain, particularly for the United States. Recourse to tables from the Bureau of the Census, that is, persons in group quarters in the United States, provided a gross estimate of the proportion of older people in institutions; more specific information was available for New Zealanders. The results from these two sources are provided in Table 16.

In New Zealand residential homes, mental and general hospitals account for 6.2 percent of aged persons; if those living in pensioner flats (which are not institutions) were included, the
### TABLE 16
AN INDICATION OF THE "INSTITUTIONALIZED" AGED IN THE UNITED STATES AND NEW ZEALAND

<table>
<thead>
<tr>
<th>UNITED STATES</th>
<th>NEW ZEALAND</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>%</strong></td>
<td><strong>%</strong></td>
</tr>
<tr>
<td>Homes for the aged</td>
<td>4.0</td>
</tr>
<tr>
<td>Mental hospitals</td>
<td>0.6</td>
</tr>
<tr>
<td>Other inmate</td>
<td>0.3</td>
</tr>
<tr>
<td>Other</td>
<td>0.5</td>
</tr>
<tr>
<td>Total</td>
<td>5.4</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
</tr>
</tbody>
</table>

**Source:**
- United States - Derived from Bureau of the Census, Characteristics of the Population, Table 189, p. 597.
- New Zealand - Accommodation and Service Needs of the Elderly, Table 8, p. 21.

Proportion would increase to 8.7 percent. The situation of the aged in institutions in the United States is less clear, but with homes for the aged and mental hospitals accounting for 4.6 percent, it would seem that "institutionalization" facilities is a factor contributing to the marked differences revealed by the data in Table 15.

When the results in Tables 14 and 15 are compared, it suggests that Shanus' comment on a discrepancy occurring between one's own perception of health status and the physical evidence of impairment or disability is further supported. Less than half the New Zealanders considered their health to be good or excellent, despite the fact that
some 85.0 percent were not limited. In stark contrast, approximately 60.0 percent of the Americans perceived their health to be good or excellent, some 14.0 percent more than the proportion with none or minimal limitations in physical performance. Before trying to account for these differences, the third indicator of health status needs to be considered, to assess whether limitations in physical performance are equally construed as imposing limitations in independent living.

**Limitations in Independent Living or Mobility**

The extent to which impaired persons are able to function independently will be determined in part by the nature and severity of the impairment, in part by the social environment. The results provided in Table 17 represent the outcome of two quite different approaches to the assessment of independence in living. Details of the way in which the situations were defined are provided in Appendix 5.

Since more Americans were shown to have some limitations in physical performance, it could be anticipated that a higher proportion would also be dependent to some degree, than their New Zealand counterparts; an expectation which is supported by the results. Unfortunately, the data on mobility were not provided for the aged in "normal residence" in New Zealand, hence the use of the table covering the aged population as a whole.

Undoubtedly, the person who is chair or bedfast will need some assistance with personal care. The same assumption cannot be
TABLE 17
LIMITATIONS IN MOBILITY OF THE AGED

(a) United States*

<table>
<thead>
<tr>
<th>Limitations in Independent Living</th>
<th>65–74 (N = 731)</th>
<th>75 &amp; over (N = 430)</th>
<th>Total (N = 1,161)</th>
</tr>
</thead>
<tbody>
<tr>
<td>No limitations</td>
<td>77.4</td>
<td>59.5</td>
<td>70.9</td>
</tr>
<tr>
<td>Limited but independent</td>
<td>11.1</td>
<td>14.7</td>
<td>12.4</td>
</tr>
<tr>
<td>Needs mobility assistance</td>
<td>8.5</td>
<td>16.7</td>
<td>11.5</td>
</tr>
<tr>
<td>Needs personal care</td>
<td>3.0</td>
<td>9.1</td>
<td>5.2</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>100.0</strong></td>
<td><strong>100.0</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

*Source: Derived from Table 15, Aging and the Organization of Services

(b) New Zealand*

<table>
<thead>
<tr>
<th>Mobility</th>
<th>65–74 (N = 158,939)</th>
<th>75 &amp; over (N = 87,910)</th>
<th>Total (N = 246,849)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Walks unaided</td>
<td>93.2</td>
<td>73.2</td>
<td>86.1</td>
</tr>
<tr>
<td>Walks with aid</td>
<td>5.6</td>
<td>21.2</td>
<td>11.2</td>
</tr>
<tr>
<td>Walks with assistance</td>
<td>0.4</td>
<td>2.7</td>
<td>1.2</td>
</tr>
<tr>
<td>Chair or bedfast</td>
<td>0.8</td>
<td>2.8</td>
<td>1.5</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>100.0</strong></td>
<td><strong>100.0</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

*Source: Adapted from Table 11, p. 23, Accommodation and Service Needs of the Elderly

NOTE: The results provided here reflect the characteristics of the aged population in New Zealand, and not confined to the non-institutionalized.
made with regard to those who can only walk with assistance, some will, some may not. But if these two categories are combined because by definition, some assistance is required, the differences between the two groups of older people continue to be sustained. Nearly 17.0 percent of those in the United States, compared to just 2.7 percent of the New Zealanders, are dependent upon others for at least help with being mobile, if not more extensive care.

Given the results presented in Tables 16 and 17, it would seem that the majority of elderly persons in New Zealand enjoy a higher level of health, insofar as health status is equated to freedom from disabling conditions and the ability to retain independence. But the self-assessment of health status suggests a different situation.

Only 60 percent of the New Zealanders assessed their health to be good or excellent, yet 86.4 percent had no limitations, and 86 percent no mobility problems. On the other hand, the proportion of Americans who assessed their health to be good or excellent (49 percent) was similar to those who evidenced minimal or no limitations in physical performance (47 percent).

Accounting for the Differences

Definitions and Categories

The use of results from data collected in different societies, under different conditions for diverse objectives is a questionable procedure, and would not be resorted to normally; for exploratory purposes, and in absence of any viable alternative, it was considered justified.
Part of the demonstrable difference in the general health status of the aged in the two societies can be attributed to the definitions formulated and the categories employed to address the health related issues considered in this section. But even allowing for this, and the inherent problem of semantic differences, the differences demonstrated between the two groups of aged persons are too marked to be considered a reflection of differences in definition and meaning.

Another factor which may well have influenced the situation is the relative ease with which the aged in New Zealand can be institutionalized, to some extent, in general hospitals but more likely in various institutions where the care provided ranges from supervisory only to full nursing care. This aspect has been commented upon earlier.

Perception of Health Status

The discrepancy between self-perception and health-status cannot be accounted for on the basis of the information available. Not all physical conditions impair functional capacity, nor do all persons within, much less between, the two societies, have the same conception of health; nonetheless, the results did occasion some surprise. It was assumed that since New Zealanders are predominantly British in origin and orientation, they would reflect national characteristics attributed to the British. In a study undertaken by Shanus et al., it was shown that despite many similarities between subjects in the three countries of interest (Britain, Denmark and
the United States), differences in national style were revealed. The British people were generally more optimistic about their health status than old people in Denmark and the United States, yet the highest scores on the Index of Incapacity were reported from Britain, the lowest from the United States. Shanus attributed the tendency to assess health status more highly than the indices would suggest to a British national characteristic of "making do" and "keeping a stiff upper lip" (Shanus, 1968: 53). There is no evidence to suggest that New Zealanders share this attribute with the British.

Although the advent of Medicare and Medicaid in the mid-1960s will have had some effect on the availability of health related care for the aged and medically "indigent" after that time, any measurable benefits would scarcely be felt by the majority of older persons in America. The New Zealanders, on the other hand, have had ready access to medical and other care for some thirty years, as well as ready access to supportive services.

Not all hospitals in New Zealand are in the public sector. Some 17.0 percent of available hospital beds are privately owned and managed, but private hospitals receive a government subsidy for each occupied bed which effectively decreases the amount payable by those who elect to enter a private hospital.

Standards in the public hospital system are uniformly high and closely controlled; no stigma is attached to being treated in them. Apart from the relative ease and minimal cost of obtaining medical care, and the no-direct charge for hospital care, which is
paid for from taxes, the variety of services available differ, more specifically, community nursing services and support systems provided by Hospital Boards.

Physical Limitations and Performance

One of the most striking features of the results presented is the relatively high proportion of older persons who were not impaired or disabled and who were well able to function independently, even among those aged 75 years and over. Irrespective of the differences, if any, in the likelihood of being institutionalized, it is clear that New Zealanders are less likely to be physically impaired or disabled and thus more likely to be able to maintain a high degree of independence.

An important factor which will have an impact on the health status of a population is the nature and extent of the health services available. Equally important, the extent to which such services are available and accessible to all who need them, however "needs" is defined.

The Health Care Services

The broad similarities and differences in the relevant health care systems were established earlier, with one of the key differences between the two societies residing in the fact that the Social Security Act in New Zealand incorporated the financing of health care in its provisions, including what can best be described as a subsidy on the payment for medical services provided outside hospitals, and no direct charges for any period of hospitalization. Although a visit to the doctor will result in some charge, inability to pay would not debar
the individual from receiving care. In this regard, access to
health care is infinitely easier for New Zealanders than Americans.

Nursing Services: The majority of qualified nurses in New
Zealand are employed in hospitals and institutions but some 14 per­
cent are employed in one of five community oriented nursing services.
Most pertinent in terms of nursing care for the aged is the district
nursing service which is an integral part of all but one of the
Hospital Boards in New Zealand. This service was initiated in 1862,
and stemmed from a demonstrable need to provide care to the sick and
poor in their homes.

Some indication of the extensiveness of this service is
provided by the responses to a question employed in the survey
undertaken by the Department of Statistics. The question was
addressed specifically to those respondents who had spent at least
a week in bed during the previous twelve months because of sickness
or injury. Wanted known was the source of assistance, if any, given
for nursing care and household tasks. The contribution from nurses
is clearly reflected in Table 18.

Nursing care was provided for 37 percent of those who had
been confined to bed for a week or more in their own homes. Although
some 13 percent had none of this type of assistance, the majority
received care, if not from nurses, from others in the household.
It was earlier established that the proportion of elderly persons
in New Zealand who lived alone was much smaller than that in the
United States.
TABLE 18
SOURCE AND TYPE OF CARE FOR RESPONDENTS WHEN ILL
(NEW ZEALAND)

<table>
<thead>
<tr>
<th>Source of Assistance</th>
<th>Type of Assistance</th>
<th>Nursing Care %</th>
<th>Household Tasks %</th>
</tr>
</thead>
<tbody>
<tr>
<td>No help received</td>
<td>12.9</td>
<td>38.3</td>
<td></td>
</tr>
<tr>
<td>Other relatives</td>
<td>10.1</td>
<td>15.8</td>
<td></td>
</tr>
<tr>
<td>Other persons in household</td>
<td>36.4</td>
<td>36.4</td>
<td></td>
</tr>
<tr>
<td>Friends and neighbors</td>
<td>3.1</td>
<td>4.8</td>
<td></td>
</tr>
<tr>
<td>Hospital staff</td>
<td>37.2</td>
<td>---</td>
<td></td>
</tr>
<tr>
<td>Others - including welfare agencies</td>
<td>0.3</td>
<td>4.6</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>100.0</strong></td>
<td><strong>100.0</strong></td>
<td></td>
</tr>
</tbody>
</table>

*Source: Survey of Persons Aged 65 Years and Over (Statistics Department), p. 31.*

In addition to providing wide-ranging nursing care to those who are sick, the district nurses are able to arrange for the elderly to receive "meals-on-wheels" at regular intervals. A small charge is made to defray the cost of these meals, which are delivered by volunteer drivers, but as with all other health related services, an inability to pay would not preclude the delivery of meals to those who would benefit.

Similarly, quite a lot of assistance was given with household tasks. The 4.6 percent attributed to "other - including welfare agencies" reflects a home-aid service provided in cases of demonstrable need, by the Department of Social Welfare.
A second service available to all persons caring for others in their own homes is a laundry service, which involves the provision of linen and its laundering as well as a collection and delivery service. This service does reduce the burden of caring for relatives and friends in their own homes, particularly when the person being cared for is incontinent. Some indication of the extent to which these services are utilized, by persons with varying degrees of function incapacity, is provided in Appendix 6.

No doubt similar services exist in the United States, but New Zealanders have three distinct advantages; first, the health services available are readily accessible with minimal constraints imposed on access to them. Secondly, by international standards, New Zealand has an over supply of doctors, nurses and other health care workers, all of whom are paid directly or indirectly by central government. There must be few if any New Zealanders who are not acquainted with somebody involved in the health services, and from whom they could seek advice or information. Thirdly, and closely related to the above, is the smallness of New Zealand, and the high priority accorded to health resources.

The emphasis on health care provisions for those who are now aged does nothing to explain or account for the apparent difference in the health status of the aged in the two societies. Most obvious is the relative ease in obtaining health services, irrespective of age or economic status. This would facilitate the seeking of early care with, in respect to some conditions at least, the possibility
of either cure, or for conditions for which no cure presently exists, a minimizing of the long-term consequences of the condition.

The ideal is to prevent the onset of avoidable illnesses, to this end the public health service is oriented. Many of the programs of immunization/vaccination are nationwide and provided free of charge; failure to be involved reflects a lack of concern or ignorance on the part of the potential recipient or his parents, or, less frequently, religious beliefs which run counter to the proposed program.

Undoubtedly, availability of and access to health related services will have some effect on the health status of a population, but the nature of the environment and way of life may well play a more significant role in well-being than is generally conceded. Compared with other nations of the Western World, New Zealand is sparsely populated, and physical space is not a problem. Further, the climate, so conducive to the extensive development of the pastoral industry, is equally compatible to the human inhabitants. Problems associated with air pollution do exist but not to an uncontrollable degree.

To the majority of New Zealanders, home ownership is an actual or potential reality, not a dream, and with the home comes a degree of security and well-being, or privacy and independence not available to the same extent to those living in apartment complexes and housing developments created specifically for those who lack the means to invest in their own accommodation.
The role that anxiety and stress plays in the onset of illness and chronic disorders is only now being explored and recognized, the relationship between economic status and poor health has long since been well documented. The essential difference between Americans and New Zealanders may well be that whereas the former have the opportunity to attain high levels of income, and enjoy a high standard of living, there are many at the other end of the scale who cannot compete in the system, and for whom the system provides little succour.

Contemporary New Zealanders are having to come to grips with the fact that some persons in their society are suffering financial hardship but so recent is this phenomenon that methods of measuring it are only now being tentatively formulated.
CHAPTER VII
DIFFERENCES IN STATUTORY PROVISIONS

Three quite different approaches can be used to provide for the social and economic security of a population as a whole or of specified target groups within a society. These are social insurance, social assistance, or universal pensions. These provisions can be supplemented in a variety of ways, for example, by the use of food stamps as in the United States or rebates on telephone rentals, a strategy used in New Zealand. It is not an either/or situation for two or more approaches can be used simultaneously, but the respective approaches differ in their basic principles and consequently affect the potential and actual beneficiaries of the respective schemes.

Social Insurance (Earned Right)

This is the approach most frequently used for income maintenance purposes. Based on the same general principles as other forms of insurance it involves a pooling of resources and the leveling of risks among a large number of persons over an extended period of time.

Some of the other features shared with the general field of insurance are long-range financial planning, an emphasis on
contributory financing, and the existence of clearly specified conditions with regard to the receipt of benefits as a matter of earned right. With the insurance approach, general needs take precedence over considerations of individual equity, where these may be in conflict.

**Constraints:** A basic defect associated with the principle of social insurance is that coverage cannot be universal. This is inevitable since an individual has to earn the right to benefits through a substantial and extended period in the work force. A second problem, though not unique to insurance-type schemes, is the adequacy of any benefits eventually received by the contributor. Inadequacy can stem from two different sources. On the one hand, periods of unemployment or illness can reduce the amount of earnings available to be credited for benefit purposes; on the other, a more intractable problem is the situation of those who have been employed continuously but whose earnings, and consequently their contributions, have been consistently low. Substitute income provided by social insurance is designed to meet only a proportion of normal earnings so is bound to be inadequate.

A third difficulty associated with the social insurance oriented programs, particularly those financed solely from employer-employee contributions with no government subsidy, is that of backsliding. This is a very real loss in the value of benefits received as a result of changes in the cost of living, inflation and a general decline in the socio-economic situation of the retired person and
other social insurance beneficiaries.

**Social Assistance**

In this situation the claimant's "right" to a benefit is conditional on proof of need. The basic aim is to provide benefits broadly comparable to those furnished by social insurance programs to any and all residents for whom the contingency of old age, invalidity, and so on, has arisen, and whose income or resources are less than a stipulated amount.

While social insurance and social assistance are similar in that both are designed to give rise to legal entitlement, the latter is not related to specific taxes or contributions paid by, or on behalf of, the claimant in the past. Proof of need has to be established for receipt of assistance benefits but the taint of charity associated with earlier programs is minimized by the use of objective and uniform criteria to assess eligibility.

**Universal Pensions**

These provide an unconditional minimum income guarantee upon attainment of a specified age. The essential aim in this approach is to free the right to benefit from any and all qualifying conditions other than proof of age and verification that the claimant has fulfilled any established residential requirements. Gainful employment, receipt of other income, or possession of other assets do not affect an individual's eligibility to receive a universal type pension.
In the United States social insurance and social assistance programs operate to provide a degree of income maintenance for older persons. Until 1976, older New Zealanders had a choice between receiving an old age pension at 60 years or waiting until 65 years for universal superannuation. The pension was a flat rate benefit, means tested but tax exempt. Superannuation was paid, irrespective of other income and assets, but was taxed. Old age pensioners could elect to transfer to the superannuation scheme at age 65 if they so wished.

This dual system of income maintenance provisions was replaced in 1976 by the National Superannuation Scheme which provides flat rate benefits for all New Zealand residents from their 60th birthday, irrespective of income, assets or employment status; it is taxed. In essence, what has occurred in both societies is a shift from wholly social assistance to categorical groups to alternative methods. This reflects a gradual but perceptible shift from the poor law ideology to the emergence of the concept of rights. It came to be recognized that beneficiaries of both assistance and insurance programs had a need for other than income maintenance provisions. By the same token, there were some who were neither receiving nor needing monetary benefits but really needed help in securing other resources, for example, health care.

Although the Great Depression of the 1930s served as a catalyst in both societies for the introduction of social security legislation, the conditions in New Zealand were much more conducive
to the introduction of such programs which required considerable involvement by central government to administer and fund. The political and economic systems in that country had long since become interdependent. In stark contrast to the New Zealand situation, in the United States there was a long and clearly established tradition of non-political intervention in economic affairs as well as the strongly held belief about personal or individual responsibility.

A crucial difference between the two societies of interest is the nature of the political systems. In the United States there is a clear separation between the executive, the legislature, and the judiciary; in New Zealand, Parliament reigns supreme. In the United States there is a written Constitution and the Bill of Rights; no comparable document is extant in New Zealand. Thus, when a Committee on Economic Security was established by Executive Order in June, 1935, to consider health, unemployment, and the aged, one of their underlying concerns was whether the Federal Government had the constitutional authority to impose any system proposed on the citizens of the United States (Brown, 1972: 10).

The Social Security Acts

The United States (Economic Security Act)

The Act was an omnibus measure containing the framework for cash payment programs, both insurance and assistance, as well as providing federal grants-in-aid to support a variety of health and
welfare, public health, vocational rehabilitation, and related services (Epstein, 1968: 669). In essence, it comprised a complex set of governmental and private arrangements against which Franklin Roosevelt referred to as "the misfortunes which cannot be wholly eliminated in this man-made world of ours" (Booth, 1973: xvii).

By its enactment the ideal of social insurance assumed an important place in American political, economic, and social life. The Act not only established Federal responsibility for social welfare but also gave public recognition to the merits of social insurance (Epstein, 1968: 669).

The founders were primarily concerned with two major problems: old age dependency and widespread unemployment. Old age is a universal risk; unemployment strikes unevenly. To cope with these hazards governmental income security measures in the United States have taken two principal forms: first, social insurance protection of wage earners and their families against the loss of income due to the contingencies of old age, survivorship, work injury, unemployment or disability and against the cost of health services; secondly, public assistance designed to provide a minimum level of subsistence to those with insufficient or no social insurance protection--the needy aged, families without a wage earner or those whose breadwinner, handicapped by illness or other disadvantage, cannot provide even a subsistence level of living for his family (Booth, 1973: 3).

Because some years would elapse before pensions would be payable through the social security scheme and not all industries
were covered, provision had to be made for those already aged 65 or more who were out of the work force and in no position to establish any rights to benefits.

Three basic principles underlay the Old Age Benefit portion of the scheme. First, it was a national and not a state-by-state scheme; secondly, it was compulsory for those in covered employment with benefits to be provided as of right. Finally, it was age related; the monthly benefit received would be determined by the individual's contributions.

An array of private schemes supplement the publicly provided income maintenance provisions. Some thirty years would elapse before health care provisions would be incorporated into the social security legislation.

New Zealand

Beginning in 1898, non-contributory pensions, with the costs borne by the consolidated fund, had become a feature of New Zealand's social legislation. The aged were the first to benefit (1898), followed by work injury (1908), widows (1911), blind (1924), family allowance (1926), unemployment (1930), and invalidity (1936).

New Zealanders had come to accept, indeed expect, the state to assume the responsibility for providing some services but it was World War I and its ramifications which prompted the government to extend control over various fields. The population had barely reached its first million but 17,000 men who served overseas died, that is one in sixty-five of the population; total casualties
represented one in seventeen of all New Zealanders. This decimation of the population was further aggravated by the post-war influenza epidemic which accounted for a further 5,000-6,000 lives (Sinclair, 1959: 227).

Competitive marketing was effectively eliminated when the British government, under a "war commandeer," purchased all the country's chief exports. In 1915 a Board of Trade with a power to control prices and prevent profiteering was established. State intervention to regulate the internal economy had become an established fact.

In the first national election in the post-war period the Labor Party produced a political manifesto for a socialist society. The proposals included a forty-hour working week; a free centralized medical service; and state control of shipping and banks. Although not elected to power, Labor took one-quarter of all votes cast.

A rapid fall in overseas prices for primary produce, New Zealand's major export, occurred in 1921 and created a serious financial situation made infinitely worse by the Government's policy of settling ex-servicemen on farms. In the triennial election of 1925, the Labor Party increased its support and obtained sufficient seats to become the official Parliamentary Opposition, though not yet the Government, which was still in the hands of the Reform Party, a party supported by the farming community and obliged to safeguard their interests. To this end the Reform Ministry further extended state activity in economic matters through the introduction of
subsidies and controls; there was, however, no legislation to deal with the massive unemployment until 1930, when the principle of "no pay without work" was introduced and strictly enforced (Sinclair, 1959: 250).

The Reform Party did provide one palliative measure; in 1926 family allowances were introduced but restricted in application. Children of unmarried mothers or women of bad character, of aliens, of Asians whether naturalized or not, were all excluded.

It was during this period that consideration had been given to a compulsory national insurance system, on a contributory basis, for sickness, invalidity, old age and widows, modelled on the British Legislation of 1911. This idea was dropped primarily because it was believed that those most in need of such benefits would not be able to maintain the necessary contributions (Royal Commission, 1972: 46).

The Coalition Government considered a similar scheme in early 1935 but it was not pursued because, it was argued, adequate benefits could only be provided if employer-employee contributions were backed by state subsidies. In November, 1935, the first Labor Government was elected to power.

Thus, although it was the Labor Party who raised the issue of income and health provisions for all, the type of social legislation introduced during the preceding years was a precursor and a conditioner to the social security legislation. In fact, the Act of 1938 provided for a small but theoretically significant super-annuation benefit; a sickness benefit for temporary incapacity to work; an unemployment benefit for those willing and able to work
but for whom no suitable work could be found; and, an emergency
benefit for those suffering hardship because they could not support
themselves and who could not qualify for any other benefit.

But it was in the field of health that the Act adopted what
was for New Zealand a revolutionary concept, namely, that the State
should provide hospital and certain other medical services on a
universal basis, as it provides other essential services such as
justice and education.

The broad intention of the Act is set out in the Preamble:

An Act to provide for the payment of super-
annuation benefits designed to safeguard the people
of New Zealand from disabilities arising from age,
sickness, widowhood, orphanhood, unemployment, or
other exceptional conditions; to provide a system
whereby medical and hospital treatment will be made
available to persons requiring such treatment; and,
further, to provide such other benefits as may be
necessary to maintain and promote the health and
general welfare of the community.

The act did not identify or define any clear set of
theoretical principles. The system of monetary benefits was as
much a practical and emotional response to urgent needs as it was
an expression of the Government's social philosophy (Royal Commission,
1972: 46).

Social and Economic Statutes and Programs

The social security systems in both societies have been
refined and expanded in the forty years since the legislation was
enacted, though the general principles underlying the respective
Acts have remained essentially unchanged. A major change in the
United States was the introduction of some health care coverage in the system, namely, the Medicare and Medicaid programs. For New Zealand, the most significant alteration has been the abolition of the dual system of assistance and superannuation for the aged, and their replacement by the National Superannuation program which provides universal coverage for all New Zealand residents from age 60.

Although the Social Security Acts refer to specific pieces of legislation, the concept of social security frequently incorporates all governmental programs aimed at achieving the maintenance of income. From the outset in New Zealand and more recently in the United States, a variety of health and welfare services have been included in the specific term. In both societies some provisions were made for specified categories of persons before the 1930s, measures which were designed to provide for social security, although that specific term had not yet come into use.

The preparation of a summary of the essential features of the social and economic security statutes and programs in the two societies posed a number of problems. In the first place, there is an admixture of Federal and Federal-State programs in the United States whereas in New Zealand all are administered and funded through central Government. Secondly, in the time which has elapsed since the inception of the various pieces of legislation there have been a variable number of amendments which have extended the range of benefits or services available and/or expanded the category of persons eligible to
participate in the respective programs. Thirdly, although the Social Security Acts were introduced at approximately the same time, a number of economic security provisions had already been implemented, particularly in New Zealand.

To simplify a complex situation a summary of the types of programs available and the year of their introduction is provided in Table 19. The intent had been to confine attention to those programs administered and financed at Federal level in the United

**TABLE 19**

SOCIAL AND ECONOMIC SECURITY PROGRAMS

<table>
<thead>
<tr>
<th>Type of Program</th>
<th>United States</th>
<th>New Zealand</th>
</tr>
</thead>
<tbody>
<tr>
<td>Old Age, Invalidity and Death</td>
<td>1935</td>
<td>1898</td>
</tr>
<tr>
<td>Work Injury(1)</td>
<td>1908(2)</td>
<td>1908</td>
</tr>
<tr>
<td>Widows (N.Z.); Survivors (U.S.A.)</td>
<td>1939</td>
<td>1911</td>
</tr>
<tr>
<td>Family Allowance</td>
<td>N/A</td>
<td>1926</td>
</tr>
<tr>
<td>Unemployment(3)</td>
<td>1935</td>
<td>1930</td>
</tr>
<tr>
<td>Invalidity (N.Z.); Disability(4)(U.S.A.)</td>
<td>1957</td>
<td>1936</td>
</tr>
<tr>
<td>Sickness</td>
<td>--</td>
<td>1938</td>
</tr>
<tr>
<td>Medical Benefits(4) (Universal - N.Z.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aged (U.S.A.)</td>
<td>1965</td>
<td>1938</td>
</tr>
<tr>
<td>Disabled (U.S.A.)</td>
<td>1972</td>
<td></td>
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</tbody>
</table>

(1) Replaced by Accident Compensation Bill, 1972

(2) Applicable to Federal employees only

(3) and (4) Federal-State programs, i.e. administered by the States but underpinning and minimum requirements established at Federal level
States, but, by so doing, significant programs which have Federal underpinning but administered by the states would have been neglected; these are now included.

Prior to the introduction of social security, work injury provisions for federal employees was the only piece of legislation enacted in the United States; a number of contingencies had been covered by the New Zealand legislation by the mid-1930s.

Not indicated by the single line reference is the significance of medical benefits being incorporated in the provisions of the initial Act in New Zealand. In essence, no charges are made for any periods of hospitalization in the public sector, nor for any of the services provided while in hospital. All visits to general or specialist medical practitioners incur a charge, part of which is paid by the State. A policy adopted by many doctors whose clients are in a poor financial state is to accept the government subsidy as full payment for services, or to charge a nominal fee.

Except for a limited number of specified drugs, pharmaceuticals prescribed by a doctor have been issued free of charge in the past. Supportive services within the health care system, most of which are administered by Hospital Boards throughout the country, are also funded from the Health budget.

The type of contingencies covered differ. There are also clear differences in the way in which economic security provisions are made for older persons. The basic differences are outlined in Table 20.
### TABLE 20
### ECONOMIC SECURITY PROVISIONS FOR THE AGED

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<thead>
<tr>
<th></th>
<th>United States</th>
<th>New Zealand</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Basic Principles</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Benefits are work related, without a means test, contributory, reinforcing the concept of an earned right, compulsory, and individual rights are clearly specified by law therefore administrative discretion is limited. The claimant has the right of appeal to the court if he disagrees with the decision in his case.</td>
<td>Benefits not work related; eligibility based on age and residence. Contributions through taxation are compulsory and the right to &quot;contract out&quot; is denied in the community interest. Social Security Commission has wide discretionary power to grant, withhold, or reduce benefits. Since there is no statutory right of appeal, such decisions are within the review process of the Ombudsman. However, he has no powers to set aside any decision made by the Social Security Commission.</td>
<td></td>
</tr>
<tr>
<td><strong>Coverage</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Initially limited, now almost universal. Exceptions: (1) those covered under Federal civilian staff retirement systems; (2) household and farm workers who do not earn enough or work long enough to meet minimum requirements for coverage; and (3) persons with very low net incomes from self-employment.</td>
<td>All residents (superannuation) or residents of limited income (old age pensions)—until 1976. Now, all residents at age 60, irrespective of work history or current employment.</td>
<td></td>
</tr>
<tr>
<td><strong>Source of Funds</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions of employer-employee go into federally administered trust funds from which cash benefits are paid. Contributions are a statutory</td>
<td>Initially a special tax involved but since 1969, the social security tax has been absorbed into the composite progressive income tax for individuals and companies.</td>
<td></td>
</tr>
</tbody>
</table>
TABLE 20—CONTINUED

<table>
<thead>
<tr>
<th>United States</th>
<th>New Zealand</th>
</tr>
</thead>
<tbody>
<tr>
<td>percent of earnings up to a specified maximum level.</td>
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</table>

**Eligibility for Cash Benefits**

The worker must have demonstrated his attachment to the work force by a specified amount of work in covered or self-employment. (In general, a minimum of 10 years is required for entitlement to benefits.)

**Proof of age and residence.**

**Sources:**


New Zealand - Derived from the Royal Commission of Inquiry Report.

**Adjuncts to Social Security**

For a fully comprehensive view of the modern state's activity in income support, the overt income maintenance programs have to be seen in conjunction with less obvious strategies employed to redistribute income. First, there are the complicated modern tax systems which differentiate among citizens by increasing the disposable income of some, and diminishing that of others. Secondly, public employment and publicly subsidized private employment quite often contain a heavy element of income subsidy for social or political purposes. Thirdly, indirect income support which arises through government intervention in the labor market affects basic earning
levels (Heidenheimer, 1975: 187). Successive governments in New Zealand have deliberately manipulated these three forms of intervention to sustain "equality" as well as providing other support systems to various segments of society.

**Private Pension Schemes**

Even in New Zealand the provision of wide-ranging social security benefits have not precluded many New Zealanders from making provision for retirement through occupational superannuation schemes, private insurance plans and so forth, to provide additional income upon retirement. This is not surprising since all benefits, including national superannuation, are based on a flat rate and take no account of prior earnings.

A phenomenon of recent years is the rapid growth in the proportion of New Zealanders who invest in health insurance. This provides payment for private practitioners' fees, but more importantly, provides coverage for those who elect to seek care in a private hospital.

One of the disadvantages of a national health service is the pressure placed on established beds in the public sector. Persons who are acutely ill will never be refused admission to a public hospital but those awaiting surgery for conditions which are not life threatening may well have to wait months, possibly a year or more, for admission.
The major differences between the two systems now is the emphasis in the United States on earned rights, with "assistance programs" for those outside the mainstream. In New Zealand the right to support is assigned by virtue of citizenship so that irrespective of past history, once aged, a degree of income security is assured.
CHAPTER VIII
EXPLANATIONS FOR DIFFERENCES IN PROVISIONS

Emphasis in the preceding chapters has been upon the demonstrable differences in the income and health status of the aged in the two societies as well as the different approaches adopted in the respective social security systems. The basic contention underlying this study is that the differences originate from differing emphases upon the twin values inherent in democratic societies, liberty and equality. To pursue this hypothesis we will first examine differences in the dominant value systems in the United States and New Zealand.

Identifiable Values in the Two Societies

A common bond shared by the United States and New Zealand is the origin of the early settlers and the establishment and perpetuation of a democratic form of government. They differ in the period in which colonization occurred; in the size and composition of the population as well as in the way in which the economic and political systems have evolved.

A prime concern was to find written evidence which would support, or refute, the assumptions made regarding the liberty versus equality emphasis in the respective value systems, which proved to
be more difficult than anticipated; particularly with respect to New Zealand. Recourse to the writings on the ideological origins of the American Revolution and the debates and discussions which preceded the writing of the Constitution and Bill of Rights provided a clear picture of the beliefs of the Founding Fathers.

Nothing comparable was found in the historical writings for New Zealand; much of the material available focused on the descriptive, with scant attention given to the underlying reasons or why it should be so. Nonetheless, some important differences in the belief systems extant in the two societies can be identified.

The United States

The Articles of Confederation provided for as much of a central government as that which existed in Switzerland, where the most extensive development of a democracy had occurred prior to the eighteenth century. But the Founding Fathers had both the desire and intent to establish a republic, the first since Rome (Dahl, 1967: 3). They had already experimented with the confederation for some six years, with neither president or national leader as part of this system. Their experiences at the hands of George III were well remembered and it was feared that strong leaders or executives were potential monarchs or tyrants.

The solution to the dilemma is reflected in the Constitution which provides for a powerful, elected executive called the President. In him is vested an executive power, but a power which is balanced and checked by legislative and judicial powers. Individual liberties
were safeguarded from executive power by adding ten amendments to the original Constitution, the Bill of Rights. Thus, from the outset the importance of democracy, authority and liberty and power and freedom were clearly articulated; all are provided for in the Constitution of the United States which can be seen as both a system of power and a system of liberty.

**Liberty:** The term "constitution" implies limited government, and has both cultural and economic connotations; for example, it is applicable to the freedom of religious worship and to the rights of property. In the economic realm, constitutional liberty, by definition, is interpreted to mean economic laissez-faire but any powers granted by the Constitution and expressed in law depend upon administration for enforcement.

The early writers advocated political rather than social or economic reforms as a means of preventing unnecessary intrusion from government. Two examples of the changes sought to conserve individual freedom were alterations in the definition of seditious libel so as to permit the full freedom of the press to criticize government; and the total withdrawal of government control over religion (Bailyn, 1967: 488). These ideas were based on an extreme solicitude for the individual and on equal hostility to government.

**Individualism and Self-interest:** The concern for the individual and his personal liberties was not a characteristic unique to American thought. However, the methods of sustaining individual freedoms were a departure from the established system
in England.

The transition from the notion of social obligation to a crude form of individualism was evident during the mercantile period in England; concern with more than the individual was considered unnatural for each was his own master and responsible for his own well-being. By the eighteenth century, philosophers and political economists were evincing more concern about social goals, which was accompanied by a resurgence of humanism. Such changes in the conception of the nature of man and his society are slow to be diffused under optimum conditions. American leaders had other preoccupations in the last quarter of the eighteenth century. Clearly individualism and self-interest are incompatible with state intervention; the role of the state has to be limited.

Economists of the time supported individualism and self-interest. Adam Smith considered self-interest, as the basis of society, as a reflection of the success of a commercial society. Both Malthus and Ricardo justified the perpetuation of laissez-faire in terms of practical considerations believing that the interests of society could only be attained through unfettered self-interest; direct concern for the welfare of others was self-defeating and could only end in frustration and failure.

While the concept of natural law was the dominant philosophy of the eighteenth century, it was during this period that the democratic or equalitarian concept, originating in earlier movements such as the Levellers of the Puritan era, and virtually dormant in
during this period, began to emerge early in the nineteenth century (Mencher, 1967: 73).

The emphasis on individualism has been perhaps modified in the two hundred years since independence, but it is still well-entrenched and accounts, in part, for the reluctance of "Americans" to accept social reforms. Any social action tends to be seen as a threat to personal liberty. Voluntary effort was and is more appropriate and more in accord with the national character (Lubove, 1968: 3).

Voluntarism: Voluntary associations provided a useful function in a mass society where there was no well-defined class and institutional structure. As early as the 1830s Alexis de Tocqueville was impressed by the number of "intellectual and moral associations" which flourished in America. He saw a close connection between the principle of equality and the proclivity for voluntary association. By comparison with aristocratic societies, citizens of a democracy were independent, but unless they combined to achieve desired ends, they were virtually powerless.

While Americans tend to emphasize individualism as a basic characteristic of their society, de Tocqueville recognized that the real key to social organization and action was voluntary association (Lubove, 1968: 2). But voluntarism does impose constraints, for while it can and often does provide an alternative to politics and governmental action, it can lead to private groups assuming responsibilities for collective action which, in other societies,
is delegated to elite groups or government.

**Equality:** The adherence to the Jeffersonian interpretation of equality is compatible with the other values cherished by Americans, liberty, self-interest, individualism and voluntarism. A striking feature of the values considered here is their continuity over time.

The basic intent clearly enunciated by the Founding Fathers has been sustained despite some two hundred years of rapid socio-economic change. Ladd suggests that the ability of the United States to avoid any significant change in its individualistic capitalism can be attributed to the rapid growth of economic resources. These resources were shared sufficiently among the lower socio-economic groups to assure them that the existing economic arrangements were desirable.

"Born liberal the United States buttressed liberalism with success, and maintained broad agreement on the principal institutions and process of the polity. Derivatives of classical liberalism have retained a greater force and submitted to less drastic revisions in the United States than in any other nation" (Ladd, 1969: 21).

**New Zealand**

Unlike the United States, New Zealand has maintained both historical and sentimental links with Britain. But the two basic values most frequently commented upon, egalitarianism and pragmatism, are not wholly a reflection of the British tradition.
Egalitarianism: Observers of the New Zealand social systems have generally concluded that the most dominant cultural value is egalitarianism, the belief that one man is as good as any other regardless of his position or status in the community. The overall situation is well depicted by an American writer who lived and taught in New Zealand for some years. In his view "...it is an ingrained egalitarian temper which dominates and regulates everything that happens in the community. Its all-prevailing influence is both negative and positive, compelling certain lines of actions, forbidding others (Lipson, 1948: 488). This view was supported by another outside observer who stated that, compared with England, the United States and even Australia, New Zealand has most actively and consistently emphasized egalitarianism, then justifies his opinion as follows:

The special flavour of New Zealand egalitarianism and liberty is also indicated in the tendency of individuals to relate to their fellow-men in ways somewhat different from those individuals in other countries. Even compared to Britain and the United States, New Zealand individuals tend to evaluate each other as "whole" persons rather than as players of specialised roles, and tend to emphasize an individual's personal qualities rather than the reflected glory of money or power he possesses. ... Within the context of such relations egalitarianism is broadened from an ideal of equal opportunity to an ideal of equality in all aspects of life. (Hanson, 1968: 58)

A more blunt assessment is provided by two contemporary New Zealanders who suggested that "Equality is not only the cardinal principle in New Zealand life but as a principle it amounts to a national fetish, often operating in a completely indiscriminate
way depriving the nation as a whole of advancement for fear that some sections may profit disproportionately to others (Jackson and Harre, 1969: 115).

The existence, indeed the prevalence, of the egalitarian ethos is commented upon by writers other than those cited but reasons for the strong emphasis on this particular value are more difficult to find. Robert Chapman noted that a unique feature of New Zealand life consists of the fact that this fragment of European civilization has not developed European-like classes but possesses instead a loosely graded society (1962: 266). This view is supported by David Ausubel who considered social classes in this country were still relatively blurred and indistinct (1960: 33).

Both Chapman and Ausubel believed that the relative equality which exists in New Zealand is not only, perhaps not even primarily, the result of egalitarian ideals but is brought about by the lack of large urban centers, the late development of secondary industry and the short time that has elapsed since the beginning of European settlement.

Sinclair, a noted New Zealand historian, raises another important dimension, the omnipresent influence of the State,

...its ubiquity has been a product alike of the demand for an equal chance for all, of the application of humanitarian idealism to white men as well as brown, and the shortage of capital for major development. (Sinclair, 1959: 275)
Pragmatism: The second prominent characteristic attributed to New Zealanders is pragmatism, described by Siegfried as a "lack of principles, convictions and reasoned beliefs" (1914: 62). Milne suggests that New Zealanders are doubly pragmatic, that is on the European continent the British have acquired a reputation for being pragmatic, a trait which has been intensified among the largely British New Zealanders. The pragmatic emphasis is seen to stem from a number of unrelated sources; the need to develop the land leaving little time for intellectual pursuits; by the smallness of the country; and the prejudices against theorizing associated with the insistence on equality (Milne, 1966: 8).

The emphasis on pragmatism may well account for what, viewed from another angle, would seem to be opposing tendencies—on the one hand, New Zealand's invocation of the State to conduct experiments as if the country were a social laboratory and, on the other hand, the social conservatism of New Zealanders. The "social laboratory" designation is only apt for limited periods of time in the country's relatively short history. The first lasted for some sixteen years, beginning in 1890 with the election of the Liberal government headed by Ballance. The legislation introduced during this period was novel by international standards, for example, compulsory arbitration (1894), the vote for women (1893), and non-contributory pensions for the aged (1898). The second significant period occurred from 1935 to 1939 when the first Labor Government was in power and introduced the legislation which created the equivalent of a welfare state in New Zealand. The
conservatism alluded to above may well arise from a desire to conserve the reforms initiated by the State.

**Implications of the Dominant Values**

From the discussion on the dominant socio-cultural values which characterize the two societies, two significant points emerge. First, that despite certain basic similarities at the time of founding, the emergent belief systems reflect quite different conceptions of the nature of man and the society in which he lives. The second point, which is a logical extension of the first, is the close relationship between the dominant values and the economic systems which evolved in the United States and New Zealand, notably, the economic philosophies which governed the way in which the respective economies would be structured and so function. This, in turn, affected the role able to be assumed by the state or central government.

Anderson's model, based on DeGré's construct, assumed a constancy in the basic political values of a given society. Thus it is the political ideology in the two societies which is also relevant to the underlying question.

**Political Ideologies**

**The United States**

I**deological Issues:** A significant feature of the emergence of a political-legal system for the United States was the resolution of a number of ideological issues which confronted the Founding
Fathers. Dahl delineates four general areas of concern: whether the new republic was to be essentially democratic or aristocratic; whether it was to have a strong national government or confederation; what should be the relative power of the small and large states in the new republic; and, how far should one go in compromising his views on these questions in order to arrive at an agreement? (Dahl, 1967: 33). It would not be enough to construct a national government with definite but limited authority, the means of checking the political abuse of power had also to be devised. The Convention provided three principles to this end: the principle of legal authority, the principle of balanced authority, and the principle of political pluralism. Subsequently, the Bill of Rights (1791) amplified the first two principles by imposing further constraints on Congress by guaranteeing a number of individual rights and by re-emphasizing, in the Tenth Amendment, the limited and federal character of the political system.

New Zealand

New Zealand is a unitary state, a fully self-governing member of the British Commonwealth. It has a parliamentary system with only one House; the Upper House was abolished in 1952. Unlike most other countries with just one House of Representatives, New Zealand has no written constitution, but there are several documents which serve a similar purpose. Political independence was achieved relatively quickly and by peaceful means with representative government introduced from the outset, although it took several different forms
during the first forty years.

The ideological issues enmeshed in the New Zealand political systems are much more difficult to discuss than those in the United States. Indeed, a number of writers have described the New Zealand political system as pragmatic in the sense that many of the measures taken, particularly in the realm of social welfare, have been practical solutions to immediate problems rather than the implementation of policy based on a particular theoretical perspective.

Political Ideology: In general, political programs in New Zealand have not reflected doggedly held principles or ideals. Rather they have been practical measures formulated to meet practical problems based on little more than common sense. Andre Siegfried noted that:

The English, and a fortiori New Zealanders, have nothing of the theorising of the French or the dreaminess of the German. They reek little of general ideas and great principles. It is true that occasionally when talking for effect they will invoke pompous formulae but without attaching much importance to them.... More than anyone, they have the art of taking questions successively, and they are only interested in solving them as they arise. (Siegfried, 1914: 90-1)

Contemporary observers of the New Zealand political scene generally conclude that New Zealand can best be described as a pragmatic society, lacking an ongoing theoretical base in the political realm. Appearances are deceptive for there are periods when political theories have affected thinking.

In the early period the value of ownership of land was a major cause of dissent and debate. The ideas of Henry George, the American founder of the Single Tax Movement, and those of John
Stuart Mill influenced the general shape of legislation enacted in the latter part of the eighteenth century.

There were two underlying themes in the work of Henry George. One was the analysis of land monopoly and its effect upon social and economic life. The second followed from the first and concerned George's solution to the land problem, the Single Tax.

In essence this was a tax on land intended to recover for the State the unearned increment accruing to landowners when the value of their land increased—not because of any investment or activity on their part but rather owing to both the presence and activity of the surrounding community. In George's view, his reform would reduce economic problems, such as unemployment, and make all other forms of taxation unnecessary which in turn would enable a perfect system of free trade to be achieved. Production would increase and benefit all. This land reform was a prerequisite to social justice (Rogers, 1963: 54).

Perhaps European observers, such as Siegfried, expected too much of New Zealand in the way of political theories and were unjust in assuming that because her statesmen produced little in the way of political or social writing that could be classed as significant in terms of European socialism, that it was a country without doctrine. Writing on state socialism Condliffe minimizes the importance of political ideas suggesting that while the ideas may have come from theorists in other lands, the opportunism that accepted them was typical of New Zealanders (Condliffe, 1959a: 42). This view is
soundly disputed by Rogers who points out that not only were some of
the "New Zealand opportunists" very familiar with overseas theories,
they were not New Zealanders by birth. It is, therefore, inappropriate
to talk about a typical New Zealand outlook emerging in the nineteenth
century. The vote for women, universal education, the forty-hour
working week, triennial parliaments and parliamentary government
itself were all products of immigrant minds.

Reinforcing Factors

The discernible values inherent in the two societies, in
conjunction with the respective political ideologies, would seem
to account for some of the differences in the provisions made for the
aged. But the physical environments and the circumstances in which
the early colonists found themselves served to reinforce the ideals
and aspirations of the founders of the United States and New
Zealand.
CHAPTER IX

SUMMARY AND CONCLUSIONS

The basic premise underlying this study is that the income maintenance and health care provisions for the aged in the United States and New Zealand reflect the relative priority accorded the dual values of liberty and equality. The predominant concern has been to try to indicate the context and identify the forces which have had an effect on the manner in which provision has been made for older persons in these two societies, not to suggest nor imply that one society is better than another. Nor has any attempt been made to depict the full flow of history; rather a judgment was made about the most relevant features to be considered.

The Contemporary Situation of the Aged

The study was based on the assumption that differences existed in the provisions made in the respective social security systems for aged persons and that these differences would be evident in the problems of economic security and health and disability status of this group. The limited comparisons made were done with reticence for the results of the various surveys were used in a way not intended by those who undertook the original research. Notwithstanding the constraints imposed, some interesting
similarities and differences did emerge.

**Economic Status:** The proportion of older people who were financially disadvantaged was much the same, one-fifth of aged persons. The measures employed were different in conception and method, but each appropriate to the context in which employed, for, despite some similarities, the American and New Zealand ways of life differ; so too do the expectations of the people in the respective societies.

It is noteworthy that for the New Zealand studies it was safely assumed that a representative sample of aged persons would be obtained through the use of the official records of the Social Welfare Department. This is a clear indication of the extent to which the system embraces older people. In the American study approximately one-tenth of older persons had had no contact with the various agencies in the twelve-month period prior to interview.

**Health Status:** While the outcomes of the income maintenance programs are viewed with caution, the same is not applicable to health status. There is a clear indication that the aged in New Zealand not only perceive themselves to be in relatively good health but are indeed much less likely than their American counterparts to be limited in their capacity to maintain independence in activities of daily living.

Part of the difference can be attributed to the fact that the decision to seek health care does not have to be at the cost of other goods and services; the role of supportive services in New Zealand cannot be underestimated. Access to health care and supportive
services are tangible factors amenable to measurement. Not able to be assessed is the effect of anxiety about being able to afford health care services should they be needed, upon the well-being of any individual but particularly older persons. Some New Zealanders may defer doctor contact because of the nominal costs involved but this is simply not comparable to the situation confronting Americans, particularly when hospitalization is involved.


Economic: The differences in the economic provisions are inevitable given the general principles which underlay the respective programs. For the American worker and his family, security grows out of his own work. His entitlement to benefits is based on past employment; the amount received in benefits is related to past earnings in covered work.

This is in direct contrast to the New Zealander. Since the 1898 Old Age Pension Act, the principle established was that it was the community's responsibility to provide financial support for those not able to provide for themselves. The precise method of funding has altered over the years but revenue from taxes is the source of money for benefits and services.

Benefits paid to Americans have been earned. The concept of earned right is reinforced by the fact that the workers make contributions which help finance current benefits. The benefits paid to New Zealanders are a flat rate and means tested, since contributions
are through taxation and not to a particular fund for the purpose. Since 1976, these benefits have become universal and the means test no longer applies.

Compulsion applies in both situations but in different ways. With few exceptions, coverage is compulsory in the United States, provided the contributor is active in the work force; in New Zealand every taxpayer contributes to the consolidated fund and so to the financial resources used to pay benefits. However, those persons whose income is insufficient to command taxes are not excluded from receiving benefits.

The Social Security Acts

In both societies, the enactment of Social Security legislation was facilitated by the exceptional circumstances of the period, the consequences of the Great Depression. Given the clearly enunciated values inherent in the American social system, the passage of the Social Security Act of 1935 was a remarkable feat made more palatable perhaps by the fact that it was based on the principles of insurance.

There was an element of inevitability in the New Zealand setting where specific provision had long since been made for certain categories of persons with special needs, notably the aged. Apart from the pre-conditioning through earlier legislation, the Labor Party had tested the feelings of the electorate by stating in unequivocal terms what it proposed, if elected to power. The New Zealand
scheme differed from that of the United States in its universality with entitlement to benefits being based on age and residence, irrespective of amount and duration of contributions, if any. A second significant difference between the two schemes was the incorporation of health services in the New Zealand Act.

The Politico-Legal Systems

The first discernible and significant difference between the two societies was in the nature and caliber of the founding colonists. The essential differences in the politico-legal systems stem from the same source. For want of a better way of describing it, succeeding generations of Americans have held true to the basic beliefs and ideology espoused by the Founding Fathers and incorporated for all time in the Constitution and the Bill of Rights. Individualism, free enterprise, self-interest, and minimal intervention from the State are all clearly articulated values which may vary in their emphasis but undoubtedly still prevail.

Not so in New Zealand where a careful reading of the available literature forces one to conclude that there has been little continuity in belief or practice and that the social policy innovations for which New Zealand was once renowned were fortuitous. Because of the political system in that country, major changes can be implemented rapidly and without questioning whether or not it is constitutional. The executive branch of Government has an awesome power, a power which cannot be limited by the legal system, but only through the ballot box at
triennial elections.

At first acquaintance the American social policies seem to be hard and discriminatory, but the pattern is overt and consistent and congruent with the Jeffersonian concept of equality, an equality of opportunity which is reflected in all facets of the American way of life. The findings confirmed the beliefs held about the general nature of that society.

Contrary to expectations, one is forced to conclude that the humanitarianism and equalitarianism which has supposedly characterized New Zealand since its formal founding is a belief with little factual support historically. On the one hand there was the consistent discrimination against Asians when all other races and ethnic groups were accorded the rights of citizenship. Equally incredible was the ordinance of the latter part of the nineteenth century which deemed monetary assistance given to the destitute to be a debt recoverable by the court and at an exorbitant rate of interest, 8 percent. These unfortunate events need be kept in perspective; they do suggest that there have been periods when New Zealand society could be described as punitive, but these situations were not long sustained and it can be justifiably argued that subsequent developments compensated for these early, isolated aberrations.

A major difference between the politico-legal systems extant in the two societies is the role of the state or central government. In New Zealand it is ubiquitous; in the United States control is
by the built in checks and balances of the political system which
reflects a political ideology formulated over two hundred years ago
in the Constitution and reinforced and specified in the Bill of
Rights.

The Physical Environments and Economies

In size and physical resources the United States is an
immense country with an heterogeneous population and a great variety
of social institutions, customs and practices, a fundamental reality
of size and pluralism which must be borne in mind in any attempt to
generalize and draw comparisons with a country of the size, the age,
and homogeneity of New Zealand.

Unlike the United States, New Zealand's economy is dictated
by two natural resources, an equable climate and an abundant supply
of good land conducive to the development and maintenance of primary
industries. In and of itself, smallness is not necessarily a dis­
advantage but limited goods to trade and geographical isolation from
world markets predispose to a precarious economy. An added burden
has been the propensity to borrow money from overseas, initiated
over one hundred years ago and grown progressively worse since.
Given the conditions of the physical environment and the fact that
a sea passage between New Zealand and England involved some four
months, there is a certain inevitability about the role played by
the State in New Zealand affairs.
Colonization and Settlement

The need to find a common historical denominator entailed reverting to seventeenth century England where the culmination of a variety of forces made it expedient for some Englishmen, and desirable for others, to emigrate to the New World. An entirely different set of circumstances were operating when, a century and a half later, the first English colonists left for New Zealand. Both the reasons for leaving and the type of emigrant differed from those who had colonized the New World. Although circumstances prevented Wakefield's theory of colonization, based on the control and sale of land, from being fully tested, it was another factor destined to have an effect in some parts of the small colony of New Zealand.

The difference between intent and outcome was aptly described by Merton when, in a different context and nearly a century later, he noted that social changes often come about as a result of a combination of circumstances intended by nobody and anticipated by few if any individuals or groups (Merton, 1936: 894-904).

It would be pretentious to suggest that the assumptions underlying this exploratory study have been proven; that was not the intent. But the material assembled does tend to support the belief that the emphasis given to the dual values of liberty and equality have affected the way in which income maintenance and health care provisions have been made for the aged, and others, in the two societies.
Not anticipated at the outset was the significance of the different conceptions of equality which ultimately proved to be the crucial point. The Jeffersonian interpretation of equality as equal opportunity presupposes the existence of individual freedom to proceed according to ability; conversely, the Jacksonian emphasis on egalitarianism or the equality of all men implies the restriction of some freedoms in order to achieve that end.

One of the quite remarkable features of the American system has been the continuity and consistency in adhering to those values emanating from the stress placed on liberty and freedom by the Founding Fathers some two hundred years ago. The less articulate, pragmatic New Zealanders have revealed their underlying beliefs through the way in which they have responded to circumstances and moved progressively toward a more egalitarian society.

The overall situation is put into proper perspective by the following observation:

Just as the social security systems of other countries were the results of each country's unique historical development, the American social security system was influenced by factors indigenous to the United States. The Western frontier, the emphasis on self-help and voluntary programs, local self-government, states' rights -- these and many other factors -- political, economic, demographic, social and philosophical, have influenced its development (Schotland, 1970: 4).

Suggestions for Further Research

One of the joys of undertaking this exploratory study has been the need and opportunity to pursue a wide array of ideas of
relevance to the basic question which initiated this work. The multi-dimensional nature of the question posed only gradually emerged as the research proceeded.

In retrospect one of the major difficulties stemmed from the lack of a clear conceptual framework. While a number of theoretical issues were identified and commented upon, they did not constitute an integrated, theoretical base from which to work. For future research on this topic the models developed by DeGré and Anderson, which are based on highly idealized constructs suggested by the ideal-type methodology of Max Weber, would provide a sound basis from which to work.

Circumstances dictated the decision to focus on just two societies, the United States and New Zealand. The differences between these two nations proved to be significant in number and nature. If attention is to be confined to two nations, there would be merit in selecting two with a similar political system, for example, New Zealand and Great Britain with a parliamentary system, or Australia and the United States, with a federation of states. The more fruitful approach would be to incorporate the four nations; a common denominator is the origin of the colonists who settled the United States, Australia and New Zealand.

Circumstances also governed the decision to use the results of surveys of the aged already undertaken in the two societies. This would be quite inappropriate in other than an exploratory situation.
Notwithstanding the difficulties encountered, any research related to the health and income status of the elderly should not be age-circumscribed. Many of the misconceptions about aged people are reinforced when researchers isolate and treat the "aged" as a separate entity. Undoubtedly, many old people may find themselves in financial difficulty, but so do the unemployed or sick in other age categories. It is a matter of keeping the situation in perspective.

By focusing on the income maintenance and health care provisions for the aged, the implications of other social policies were excluded from consideration. A well rounded and comprehensive study would take these into account also. Brief mention was made of the emphasis on the accommodation provisions for the elderly in New Zealand, a facet which could have an important effect on their well-being. Special housing provisions are not confined to the aged in that country, but the ramifications of this could not be explored. Finally, the multi-dimensional nature of the topic requires a multi-disciplinary approach.
APPENDIX A

The Poverty Index (United States)
THE POVERTY INDEX (UNITED STATES)

The poverty index is an indicator of the family income with regard to the age of the household head and the number of people residing in the housing unit who are related to the respondent.

Poverty criteria are based on those used by the United States Bureau of Census in Report No. 86, "Characteristics of the Low-Income Population," 1971. Utilizing the figures provided by the census (1971), the poverty index was built on the basis of four variables.

1. The respondent lives alone (or with non-relatives) or with relatives
2. Age of household head
3. Total family income
4. The number of people residing in the household unit who are related to the respondent. A housing unit is said to be in poverty if the total family income is less than or equal to the poverty income for the respective categories.

Poverty Levels for 1971 Based on Four Variables Above

<table>
<thead>
<tr>
<th>Family Type</th>
<th>Poverty Income</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A. Respondent lives alone or with non-relatives</strong></td>
<td></td>
</tr>
<tr>
<td>1. Under 65 years</td>
<td>$2,093</td>
</tr>
<tr>
<td>2. 65 years and over</td>
<td>1,931</td>
</tr>
<tr>
<td><strong>B. Respondent lives with relatives</strong></td>
<td></td>
</tr>
<tr>
<td>1. Head over 65 — 2 persons</td>
<td>2,424</td>
</tr>
<tr>
<td>2. Head under 65 — 2 persons</td>
<td>2,699</td>
</tr>
<tr>
<td>3. 3 persons</td>
<td>3,207</td>
</tr>
<tr>
<td>4. 4 persons</td>
<td>4,113</td>
</tr>
<tr>
<td>5. 5 persons</td>
<td>4,845</td>
</tr>
<tr>
<td>6. 6 persons</td>
<td>5,441</td>
</tr>
<tr>
<td>7. 7 persons or more</td>
<td>6,678</td>
</tr>
</tbody>
</table>

Source: Aging and the Organization of Services, pp. 54-55.
APPENDIX B

The Hardship Measures
Selection of Items and Scaling Procedures Used
(New Zealand)
THE HARDSHIP MEASURES
SELECTION OF ITEMS AND SCALING PROCEDURES USED
(NEW ZEALAND)

Item Selection

Items were initially selected on the a priori grounds that they had some degree of face validity and/or had been used traditionally as indicators of economic well-being. In this way, 138 items were obtained.

It was necessary to reduce this item pool to a size that could both be conceptually handled more easily and could be processed by means of the available computer facilities. The procedure adopted was to correlate all the items with four "criterion" variables. These were variables which were obviously very closely related to standard of living, and with which an item, therefore, should have some degree of statistical association if it were itself to be of any use as an indicator of standard of living. The criterion variables chosen for this purpose were:

1. The interviewers' ratings of the respondents' level of living
2. The interviewers' ratings of the extent to which the respondents were facing financial difficulties
3. The respondents' ratings of how well their present incomes satisfied their everyday needs
4. The respondents' gross annual incomes.

The ratings and the 138 items were scored in such a way that a higher score indicated a higher standard of living.

Product-moment correlations were computed between the 138 items and the four criterion variables. Two rules for the selection of items were then applied:

1. The correlation had to be in the expected direction for all the criterion variables: that is, a high score on an item (indicating a high standard of living) had to be related to a high score on the criterion variable. (A striking and pleasing feature of the exercise was that, of the 552 correlations so computed, not one showed a deviation from the expected sign. This indicates, if nothing else, that all variables were tapping, to a greater or lesser extent, some underlying dimension or set of dimensions related to the concept of standard of living.)
2. Each item had to have a correlation of at least 0.20 with any one of the criterion variables. This corresponds to accounting for at least four percent of the total variation of the criterion variable.

After this selection had been carried out, it was found that there was a slight preponderance of housing items, due largely to the fact that the questionnaire coverage of housing was more extensive than for some other areas and also to the fact that some of the 138 items were virtually tautologous. After detailed examination of the housing items, nine were dropped, reducing the balance of housing items to a more appropriate level.

The total number of items selected by the above procedure was 74. Since the computer limitation on the number of variables that could be handled in the analyses envisaged was 80, a further six variables were selected from the remaining candidates.

Correlation Matrix and Clustering

The 80 items selected were correlated with each other, using the Pearson product-moment formula. The first clustering technique used was a somewhat heuristic one where the matrix was searched by eye for groups of items that correlated highly with each other. As is usual with this technique, the matrix was rearranged so that the items fell into clusters of closely related (and therefore highly correlated) items. The predominant cluster to emerge consisted of items that, by and large, related to deprivation and to restriction of expenditure on relatively essential goods and services; briefly, it could be described as a hardship cluster. Further clusters which emerged were related to housing and to use or possession of consumer durables. These subsequent clusters were found to overlap considerably more with one another than with the first hardship cluster. It appeared that the matrix could best be grouped into two or perhaps three clusters.

The second clustering technique used was a more sophisticated one which involved the computation of a distance measure between all pairs of items. This measure was then searched for the least distance. The two closest items formed the first cluster. The first cluster was then treated as a single item, and the distances between all items again searched for the smallest. This process was iterated until the whole 80 items had been assigned to some cluster or other. The results obtained by this method were virtually identical with those obtained by the first clustering technique involving the search for best association by eye. (The second clustering was performed by Dr. John Darwin of the Applied Mathematics Division of the Department of Scientific and Industrial Research. The Department is extremely
grateful to him and to Mr. Gary Dickinson of the Department of Scientific and Industrial Research for the assistance they provided.)

Factor Analyses
The 80 variable correlation matrix was submitted to factor analytic procedures, specifically principal components analysis followed by orthogonal rotation to simple structure (Varimax method) and also oblique rotation (Oblimin, with delta = 0).

The orthogonal and oblique rotations produced virtually identical results. Of the various factor solutions examined, the most satisfactory appeared to be either a two factor or a three factor solution. In each case, the factor accounting for the largest portion of the variance produced large loadings with respect to the financial restriction variables which had emerged as a cluster in the two cluster analyses. (The other factor produced by the two factor solution related both to housing items and consumer durables items; in the three factor solution a separate housing factor and a durables factor emerged.)

Determining Scale Scores for the Hardship Scale
From the results of the cluster analyses and the factor analysis a set of 35 items was selected as the basis for a scale measure of hardship. This set comprised the common core of items which had emerged together in all of the analyses. The items were all dichotomous and for the purpose of computing correlations had been assigned the numerical values of 0 or 1, with 0 indicating the less satisfactory state of affairs. The variable values were then transformed to "normal form" (calculated as variable value minus mean for the variable, with the difference divided by the standard deviation for the variable). The scale score was defined as the sum of normalized variable values for the 35 items, which are listed in Appendix 3. The reliability for the scale, as indicated by the Kuder-Richardson KR21 formula, was 0.92.

Source: Survey of Persons Aged 65 Years and Over (Social Welfare Department), Appendix II, p. 51.
APPENDIX C

The 35 Items of the Hardship Scale
<table>
<thead>
<tr>
<th>Variable number*</th>
<th>Variable description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Whether the respondent considered total cost of present accommodation was causing him financial difficulties.</td>
</tr>
<tr>
<td>*2</td>
<td>Whether the respondent felt that, over the previous 12 months, the standard of his accommodation had run down because he could not afford the upkeep.</td>
</tr>
<tr>
<td>3</td>
<td>Whether during the previous winter the respondent had stayed in bed longer or had gone to bed early to reduce heating costs.</td>
</tr>
<tr>
<td>*4</td>
<td>Whether during the previous winter the respondent had often or sometimes had to put up with feeling cold because of trying to keep the heating bill down.</td>
</tr>
<tr>
<td>5</td>
<td>Whether during the previous 12 months the respondent had had to buy the cheaper grades of meat, in order to make ends meet, three or more times a week.</td>
</tr>
<tr>
<td>*6</td>
<td>Whether during the previous 12 months the respondent had had to do without meat entirely, in order to make ends meet, on three or more days a week.</td>
</tr>
<tr>
<td>7</td>
<td>Whether during the previous 12 months the respondent had had to buy the cheaper kinds of fruit and vegetables, in order to make ends meet, three or more times a week.</td>
</tr>
<tr>
<td>8</td>
<td>Whether during the previous 12 months the respondent had failed to buy items of clothing when he needed them, because of lack of money.</td>
</tr>
<tr>
<td>9</td>
<td>Whether during the previous 12 months the respondent had bought cheaper quality clothing because he could not afford better.</td>
</tr>
<tr>
<td>10</td>
<td>Whether during the previous 12 months the respondent had put off buying small items of clothing for as long as possible because of lack of money.</td>
</tr>
<tr>
<td>11</td>
<td>Whether during the previous 12 months the respondent had failed to buy a pair of shoes when needed because of lack of money.</td>
</tr>
<tr>
<td>Variable number*</td>
<td>Variable description</td>
</tr>
<tr>
<td>------------------</td>
<td>----------------------</td>
</tr>
<tr>
<td>*12</td>
<td>Whether during the previous 12 months the respondent had repaired worn-out clothing because he could not afford its replacement cost.</td>
</tr>
<tr>
<td>*13</td>
<td>Whether during the previous 12 months, because of lack of money, the respondent had had to wear old or worn-out clothing when going out or visiting.</td>
</tr>
<tr>
<td>14</td>
<td>Whether during the previous 12 months, because of lack of money, the respondent had relied on gifts from relatives or others for replacement clothing.</td>
</tr>
<tr>
<td>15</td>
<td>Whether during the previous 12 months the respondent had bought second-hand clothing because of lack of money.</td>
</tr>
<tr>
<td>16</td>
<td>Whether during the previous 12 months the respondent had bought second-hand shoes because of lack of money.</td>
</tr>
<tr>
<td>17</td>
<td>Whether the respondent had a pair of good water-tight shoes suitable for winter.</td>
</tr>
<tr>
<td>18</td>
<td>Whether, because of the costs involved, the respondent had to do without or economize on hobby, knitting or sewing materials.</td>
</tr>
<tr>
<td>19</td>
<td>Whether, because of the costs involved, the respondent had to do without or economize on tobacco or cigarettes.</td>
</tr>
<tr>
<td>20</td>
<td>Whether, because of the costs involved, the respondent had to do without or economize on going to the hairdresser/barber.</td>
</tr>
<tr>
<td>*21</td>
<td>Whether, because of the costs involved, the respondent had to do without or economize on visits to friends or relatives.</td>
</tr>
<tr>
<td>22</td>
<td>Whether, because of the costs involved, the respondent had to do without or economize on entertaining friends or relatives.</td>
</tr>
<tr>
<td>23</td>
<td>Whether, because of the costs involved, the respondent had to do without or economize on books and magazines.</td>
</tr>
<tr>
<td>24</td>
<td>Whether, because of the costs involved, the respondent had to do without or economize on holidays away from home.</td>
</tr>
<tr>
<td>Variable number*</td>
<td>Variable description</td>
</tr>
<tr>
<td>------------------</td>
<td>----------------------</td>
</tr>
<tr>
<td>25</td>
<td>Whether, because of the costs involved, the respondent had to do without or economize on running or owning a car.</td>
</tr>
<tr>
<td>26</td>
<td>Whether, because of the costs involved, the respondent had to do without or economize on the use of taxis.</td>
</tr>
<tr>
<td>27</td>
<td>Whether, because of the costs involved, the respondent had to do without or economize on paid help in the garden.</td>
</tr>
<tr>
<td>28</td>
<td>Whether the respondent had to budget very carefully to make ends meet.</td>
</tr>
<tr>
<td>29</td>
<td>Whether, because of the expense, the respondent had to cut down on luxuries he used to enjoy and would still like to have.</td>
</tr>
<tr>
<td>30</td>
<td>Whether, if the respondent required a minor operation including a week of hospital treatment, he could afford to go to a private hospital. (It would have cost about $250.00.)</td>
</tr>
<tr>
<td>31</td>
<td>Whether during the previous 12 months the respondent had postponed visits to a specialist because of lack of money.</td>
</tr>
<tr>
<td>32</td>
<td>Whether during the previous 12 months the respondent had worn unsuitable glasses or no glasses because he could not afford replacements.</td>
</tr>
<tr>
<td>33</td>
<td>Whether during the previous 12 months the respondent had worn ill-fitting or no dentures because he could not afford replacements.</td>
</tr>
<tr>
<td>34</td>
<td>Whether during the previous 12 months the respondent had postponed visits to the dentist because of lack of money.</td>
</tr>
<tr>
<td>35</td>
<td>Whether during the previous 12 months the respondent (or spouse) had often had to draw on savings to meet weekly living expenses such as food, clothing, and other everyday expenses.</td>
</tr>
</tbody>
</table>

*The eight items designated as the key indicators of hardship.

Source: Survey of Persons Aged 65 Years and Over (Social Welfare Department), Appendix III, pp. 55-57.
APPENDIX D

Physical Performance and Functional Capacity
PHYSICAL PERFORMANCE(1) (UNITED STATES)

The survey used fifteen questions to measure physical and emotional performance; their answers constituted a four-point scale. The first seven items addressed physical performance; the following three, psycho-physiological reactions as indicators of emotional performance; and the last four, generalized symptoms which were believed to be manifestations of either/or both physical and emotional limitations.

Histograms representing the distributions of sample scores were examined in order to identify forms of clustering and, therefore, the natural points of differentiation among categories. The objective was to arrive at more conceptually meaningful classifications by "carving at the joints," to use Kaplan's (1964:50) metaphor. Because of the association between the two scales (r = .60), points of differentiation on them were similar. Minor adjustments were made by bringing these points to scores representing the closest round figures. Four categories resulted from this approach to classification; they were labeled and defined as follows:

None or Minimal Limitations....Scores 0 to 1.99
Some Limitations...............Scores 2 to 2.99
Substantial Limitations........Scores 3 to 3.99
Severe Limitations.............Scores 4 to 7.49

(1) This is an extract. For a full discussion see Aging and the Organization of Services, pp. 14-16.

(2) These items were adopted from earlier studies reported in S. Z. Nagi (1969). They were also used in the Social Security Survey of the Disabled, Haber (1967).

(3) These items were used in "Studies of Mental Health" reported in Srole, Langner, Michael, Oplei, and Rennie (1962); and Gurin, Veroff, and Feld (1960).

(4) These items were used in the Social Security Survey of the Disabled reported in Haber (1967).
FUNCTIONAL CAPACITY (NEW ZEALAND)

From the individual disability data, a five-point general disability scale was constructed:

Class I - not disabled: the fit elderly.

Class II - slightly disabled: persons disabled to some degree by any one or a combination of factors such as limited mobility, impaired vision or hearing, unreliable bladder or bowel control, episodic mental confusion or general fraility.

Class III - sensorily disabled: persons for whom the main disabling factor was advanced blindness, advanced deafness, or both.

Class IV - mentally disabled: persons for whom mental incapacity was the prime cause of significant disability.

Class V - severely disabled: persons either unable to walk without help, or incontinent of urine or feces, or both. Most of the elderly in this category had multiple disabilities and required continuing nursing care.

The assessment of mental capacity was particularly difficult and, in retrospect, it was realized that more precise and controlled methods of assessment should have been used. On the whole our assessors tended to err on the conservative side when assessing mental capacity and rarely recorded impairment unless there was definite evidence of disturbed behavior.

Strictly speaking this is not an ordinal scale but becomes one when Classes III and IV are combined. Admittedly the classification is crude but, for the practical purpose of assessing needs and recommending accommodation and services, it has proved to be a useful measure of overall functional capacity.

Source: Accommodation and Service Needs of the Elderly, pp. 16-17.
APPENDIX E

Limitations in Independent Living/Mobility
LIMITATIONS IN INDEPENDENT LIVING (UNITED STATES)

The Independent Living Index (ILI) was constructed for all persons in the sample (18 years of age and over) who were grouped in four categories:

No Limitations: persons who reported no significant difficulty in walking, going up or down stairs, stooping, bending or kneeling, handling and fingering, reaching, and who were neither blind nor deaf.

Limited but Independent: Persons who reported significant difficulty in walking, using stairs, stooping, bending or kneeling, handling or fingering, reaching, or who were blind or deaf, but who require no assistance in community living.

Needing Assistance in Mobility: Persons requiring assistance in mobility outside the home or residence; they were also persons who needed assistance in housekeeping, work and shopping.

Needing Assistance in Personal Care: Persons requiring assistance in activities of daily living such as clothing, feeding, and personal hygiene.

Source: Aging and the Organization of Services, p. 17.

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MOBILITY (NEW ZEALAND)

Mobility was one of five categories included in the term "Functional Capacity."

The assessment categories were: walks unaided; uses a walking aid; walks with help from an assistance; and is either chairfast or bedfast.

Source: Accommodation and Service Needs of the Elderly, p. 23.
APPENDIX P

Services for the Aged in New Zealand
## Services for the Aged in New Zealand

### Domiciliary Nursing Care

<table>
<thead>
<tr>
<th>Functional Capacity</th>
<th>Not disabled</th>
<th>Slightly disabled</th>
<th>Sensorily disabled</th>
<th>Mentally disabled</th>
<th>Severely disabled</th>
</tr>
</thead>
<tbody>
<tr>
<td>N =</td>
<td>192,258</td>
<td>22,870</td>
<td>3,730</td>
<td>1,511</td>
<td>2,597</td>
</tr>
<tr>
<td>Daily</td>
<td>0.3%</td>
<td>1.2%</td>
<td>3.1%</td>
<td>1.9%</td>
<td>11.0%</td>
</tr>
<tr>
<td>Weekly</td>
<td>0.4%</td>
<td>9.2%</td>
<td>10.4%</td>
<td>6.7%</td>
<td>46.2%</td>
</tr>
<tr>
<td>Occasionally</td>
<td>0.8%</td>
<td>3.8%</td>
<td>0.8%</td>
<td>1.9%</td>
<td>2.8%</td>
</tr>
<tr>
<td>Not provided</td>
<td>98.5%</td>
<td>85.8%</td>
<td>85.6%</td>
<td>89.5%</td>
<td>40.0%</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

### Meals-on-Wheels

<table>
<thead>
<tr>
<th>Functional Capacity</th>
<th>Not disabled</th>
<th>Slightly disabled</th>
<th>Sensorily disabled</th>
<th>Mentally disabled</th>
<th>Severely disabled</th>
</tr>
</thead>
<tbody>
<tr>
<td>N =</td>
<td>192,258</td>
<td>22,870</td>
<td>3,730</td>
<td>1,511</td>
<td>2,597</td>
</tr>
<tr>
<td>Daily</td>
<td>0.6%</td>
<td>2.0%</td>
<td>7.3%</td>
<td>4.1%</td>
<td>5.3%</td>
</tr>
<tr>
<td>Weekly</td>
<td>0.0%</td>
<td>1.5%</td>
<td>2.8%</td>
<td>0.0%</td>
<td>2.2%</td>
</tr>
<tr>
<td>Not provided</td>
<td>99.4%</td>
<td>96.5%</td>
<td>89.9%</td>
<td>95.9%</td>
<td>92.5%</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
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### Functional Capacity

<table>
<thead>
<tr>
<th>Laundry service</th>
<th>Not disabled</th>
<th>Slightly disabled</th>
<th>Sensorily disabled</th>
<th>Mentally disabled</th>
<th>Severely disabled</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daily</td>
<td>0.0</td>
<td>0.0</td>
<td>0.8</td>
<td>0.0</td>
<td>2.4</td>
</tr>
<tr>
<td>Weekly</td>
<td>0.2</td>
<td>0.1</td>
<td>2.3</td>
<td>1.9</td>
<td>8.6</td>
</tr>
<tr>
<td>Occasionally</td>
<td>0.3</td>
<td>0.1</td>
<td>0.0</td>
<td>0.0</td>
<td>3.8</td>
</tr>
<tr>
<td>Total</td>
<td>0.5</td>
<td>0.2</td>
<td>3.1</td>
<td>1.9</td>
<td>14.8</td>
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**Source:** Derived from Tables 30, 32 and 34, pp. 36-37, Accommodation and Service Needs of the Elderly.
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