

Social Welfare in Britain 1885-1985

Rex Pope, Alan Prat, Hoyle, Bemard



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**Edited by
REX POPE, ALAN PRATT AND BERNARD HOYLE**



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PREFACE

The increased use of primary source materials is a marked characteristic of recent trends in the study of subjects such as History, Politics or Social Policy and Administration. This book is intended to add significantly to the stock of readily-available material of this type. It is unique in its timespan, not only covering the conventional era of developments in welfare thinking and provision from the late-nineteenth to the mid-twentieth century, but also including the recent past with its quest for redefinitions or a new approach.

The primary sources have been presented in two sections, covering the periods 1885–c.1940 and c.1940 to 1985. During the former, ideas on, and the scope of, welfare provision broadened greatly. There was a sense of progress. Developments, though, were piecemeal; there was no concept of a ‘Welfare State’. The second period begins with the changes of the 1940s and the widespread assumption that Britain was establishing a ‘Welfare State’. Subsequently, however, there has been mounting speculation as to whether such organisation of society is necessary or desirable and it has been apparent that the hopes of the 1940s have not been fulfilled.

In both these sections, extracts have been grouped under headings. This grouping seemed preferable to a simple chronological organisation. The emphasis throughout is on issues, influences and ideas. This is presented as an alternative or complement to the service-orientated approach of some other documentary collections. Section C aims at providing useful background information in graph or chart form.

The target group for the volume is primarily students on A-level, first degree and professional training courses. This consideration has influenced the price and hence the size of the book. This, in turn, has meant the omission of much that is both interesting and important. What is *most* interesting and *most* important does, we hope, remain.

Rex Pope
Alan Pratt
Bernard Hoyle

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SOCIAL WELFARE IN BRITAIN 1885–1985

SECTION A: 1885–1940

Introduction

In the 1880s, social policy was still largely restricted to the deterrent Poor Law. The twin ideologies of self-help and *laissez-faire* dominated welfare thinking. Outside the Poor Law, only in relation to schools and factories had there been effective legislation. Even in these areas, coverage was restricted: to women and children in the factories and to elementary education for the working classes in the case of schooling. At the other extreme was housing where the ideology of the market economy, coupled with belief in the rights of property holders, was to delay any real advance until after the First World War.

Nevertheless, the pressures for action were mounting. Moral and physical degeneracy were seen as linked consequences of the deprivation of the urban poor. Statistical evidence of poverty and analyses of its causes indicated that the ‘personal failing’ explanation of poverty was insufficient, as was charity as a remedy. Increasing longevity threatened to destroy the financial stability of the friendly societies and to overwhelm the Boards of Guardians. Unemployment and under-employment were found to be problems as much of the labour market as of individuals. Concern for public order motivated the state’s early initiatives towards alleviating the conditions of the unemployed. A quest for economic efficiency motivated those who sought to attack the problem at its root—to prevent unemployment.

The administrative and military needs of empire combined with a growing awareness of economic competition as further stimulants to action. So, too, did the example set by Germany, ostensibly Britain’s major rival. The need to combat the appeal of labourism or socialism (and, in the case of the Liberals, to fight tariff reform) were further influences.

As a result, the early twentieth century saw increased state intervention in social welfare. Local authorities were permitted to use the rates to support secondary education (1902), to adopt measures such as labour exchanges, farm colonies or emigration to relieve unemployment (1905) and to provide free or subsidised

school meals (1906). Compulsion was used with regard to the establishment of Distress Committees (1905), the introduction of school medical inspection (1907) and membership of the Health and Unemployment Insurance schemes (1911). The commitment to income maintenance outside the Poor Law, represented in the 1911 Acts, could also be seen in the provision of Old Age Pensions (1908). The quest for labour market efficiency was a factor in the unemployment insurance section of the 1911 scheme and in the establishment, from 1910, of a national system of labour exchanges. Additional measures, catering for particular groups, included the greater provision of free places in secondary education (1907), together with the protection of children (1908) and of the low paid (1909).

It would be wrong, however, to suggest any radical change either in the scope of provision or in the principles and attitudes governing action. The use of rate income was strictly limited and, in the cases of secondary education, the 1905 unemployment relief measures and the provision of free school meals, local authority action was designed simply to supplement that of voluntary bodies. Nor, in 1905, were rate monies to be used to provide work. The gap-filling nature of state action was seen, too, in the means-testing of applicants for old age pensions. The pensions scheme also included attempts to distinguish the deserving from the undeserving as, in spite of Churchill's opposition, did that for unemployment insurance. The belief that individuals should provide for themselves and their dependants pervaded not only the debates on pensions but also those on school meals.

Large areas of welfare and sections of the population were neglected. School medical *treatment* was not introduced until 1912. Hospital and specialist care was not part of the statutory provision under the 1911 Health Insurance scheme. Housing legislation remained ineffective. Most adult men were still untouched by protective legislation. Only seven trades were included in the original Unemployment Insurance scheme (1911) and, before 1914, only a handful of trades gained protection under the Trade Boards Act. Dependants were excluded from health insurance. Benefits were universally low, a supplement to savings rather than a means of subsistence. Provision, where it existed, was class-based, giving a minimum to the needy. Support for the Poor Law and for the principles of 1834 lived on.

War, during the twentieth century, has served to promote social welfare. The needs of the state have focused attention on the size, physical well-being and mental capabilities of the population. The destruction or disruption of facilities and services has meant a post-war commitment to remedying deficiencies. Deaths and maiming have forced extensions in pension arrangements. A need to maintain morale, coupled with a usually temporary emotional commitment to reducing social divisions and 'improving' society, has brought promises of a better future. War, too, has created an environment where economic issues no longer have priority. Radical reform has become a possibility—what the country needs rather than what it can afford.

The years 1918–19 brought an intention to extend educational facilities, in particular for adolescents through continuation schools. They saw, too, the provision of a relatively generous 'donation' to keep servicemen and redundant civilian war workers from the Poor Law. They saw the raising of pensions to counter inflation, the creation of a Ministry of Health and the establishment of the important principle of state-subsidised, working-class housing to deal with a shortage greatly exacerbated by the virtual cessation of house-building that war had brought about.

From 1920, however, economic difficulties and unemployment dominated social policy. Economies not only thwarted attempts to raise the school leaving age or to establish 'secondary education for all' but also destroyed the continuation schools and, in 1931, forced changes in the free place arrangements for secondary education. An anti-waste campaign saw the abandonment of Addison's 1919 housing scheme, while the political strength of the Approved Societies frustrated attempts to extend and reform provision for health insurance. Against this, the principle of subsidised housing was adopted in subsequent attempts to boost the overall housing stock (1923, 1924) and, in the 1930s, to curb slums and overcrowding.

There were substantial extensions to schemes of benefit and allowances for the unemployed. The concessions of 1918, once given, proved difficult to withdraw. Thus unemployment insurance, as it evolved in the 1920s, incorporated the bulk of the manual working class, and the characteristics of the 1918 donation—relatively generous levels of benefit, dependants' allowances and benefit without contribution—were built into the scheme. In spite of the introduction of the household means test (1931) and the

unintentional cuts associated with the introduction of unemployment assistance (1935), the inter-war years saw the unemployed treated separately from, and better than, other groups of the needy.

Between 1918 and 1940, then, there had been an expansion of social welfare provision but it had been ill-co-ordinated and many of the earlier deficiencies remained. Attempts to relieve the unemployed were not matched by any real effort to prevent unemployment. There were major gaps (e.g. in health care for non-earners, in hospital care, in family allowances) and inadequacies (e.g. in the level of pensions, the extent of slum clearance). Old values were still in evidence, including the assumption that people had to be persuaded to take work rather than maintenance. The administration of welfare was divided between a number of bodies (Approved Societies, Public Assistance Committees, Employment Exchanges, Unemployment Assistance Offices) and the Poor Law still survived, albeit broken up to a substantial extent by the Local Government Act of 1929.

Extracts in Section A are grouped under six headings. The first of these, 'Political Economy and Social Policy', might, of course, have subsumed virtually all the passages in the section. Instead, just three are included where the emphasis is clearly on general principles rather than particular aspects of policy. A1 (*The Radical Programme*, 1885) suggests that political expediency demands an extension of state welfare. A2 (Chiozza Money, 1912) welcomes compulsion in insurance as a rejection of *laissez-faire*. In A3 (*The Middle Way*, 1939), Macmillan calls for a new approach to social reform; one based on economic reconstruction.

'Public Economy and Social Welfare' incorporates examples of welfare being subordinated to economic policy and of the responses to this. A4 ('The Geddes "Axe"', 1921) comprises a savage assault on the education service. A5 (*Social Service Review*, 1922) accepts the cuts but warns against false economies while urging that individuals have a role to play in the 'crisis'. A6 (The May Committee Report, 1931) also incorporates an attack on social services, concentrating in this extract on ways to cut the cost of unemployment benefit. A7 (Sir Ben Turner, 1931) opposes the cuts and the manner of their implementation.

'The Administration of Welfare' gave rise to a number of important issues. A8 (Old Age Pensions, 1908) deals with the question of contributory or non-contributory benefits. A9 (Minority

Report on the Poor Law, 1909) and A10 (Majority Report) are for and against the break-up of the Poor Law. A11 (Majority Report) makes recommendations on the giving of out-relief and on the relationship between the Poor Law and the voluntary agencies, whilst A12 (Sidney Buxton, 1911) states the case for a compulsory scheme of unemployment insurance. A13 (Eleanor Rathbone, 1924) outlines the pros and cons of the 'pool' and 'state' systems of providing family allowances. A14 (*Majority Report on Health Insurance*, 1926) and A15 (Minority Report) state the case for and against Approved Societies, while both A16 (*Annual Report of the UAB*, 1935) and A17 (Ronald Davison, 1935) deal with problems relating to the administration of transitional payments and unemployment assistance.

'Tests of Need or Desert' include the issue of selectivity or universality in welfare services. A18 (*Report of the Commission on the Aged Poor*, 1895) argues for selectivity and for tests of industry or independence in the granting of old age pensions whereas A19 (Charles Booth, 1895) supports universal provision. A20 (Old Age Pensions, 1908) explains the exclusions from the original pensions scheme. A21 (Keir Hardie, Lloyd George and Austen Chamberlain, 1911) deals with the exclusion of wives of the employed from National Health Insurance. A22 (Morris Report, 1929) condemns the operation of the 'Genuinely Seeking Work' clause in unemployment insurance.

'The Role of Charity and Voluntary Effort' was considerable throughout this period. A23 (Octavia Hill, 1888) indicates possible ill-effects of charity, while A24 (Mrs Townsend, 1911) condemns the principles and policies of the Charity Organisation Society. In A25 ('Charity Up-to-date', 1912), Samuel Barnett calls for a more thoughtful charity. A26 (Labour Party, 1922) deals with the failings of the voluntary hospitals.

The final group of extracts is on 'The Identification of Problems'. A27 (Chamberlain Circular, 1886) urges work schemes to keep the unemployed from pauperism. In A28 ('Cab-Horse Charter', 1890), William Booth suggests a minimum objective for social welfare. Rowntree in A29 (*Poverty*, 1901) and A30 (*Poverty and Progress*, 1941) explains the nature, incidence and causes of poverty at the end of the nineteenth century and in 1936. A31 (*Physical Deterioration Report*, 1904) demonstrates the need for school meals but, at the same time, a concern that parental responsibility should not be undermined. In A32 (*Unemployment*, 1909) and A33

(*Unemployment*, 1930), Beveridge calls for an assault on unemployment. A34 (Labour Party, 1917) assesses the scale of the housing shortage and calls for state action to cure it. A35 (Tawney, 1922) attacks the elementary/secondary divide in education and the injustices and inefficiencies that result.

POLITICAL ECONOMY AND SOCIAL POLICY

A1 The Radical Programme, 1885

The evil effects of overcrowding upon the poorer classes of our large towns is now generally recognised, but it is not so widely understood that it is to the interest of all in the community to do away with these evils. Self-interest enforces the dictates of humanity. For under such conditions of life the workman, even if looked upon merely as an instrument to produce wealth, is not nearly so valuable to the community as he might be. As Mr Sidgwick puts it, 'Competition does not tend to give the labourer the real wages required to make his labour most efficient.' The vital statistics alone would prove this. The result of the improvements undertaken in Paris under Napoleon has been to reduce the mortality by one-half. But medical statistics show that for every person who dies in this way, six persons are ill, and the consequent loss to the community of wealth-producing power is enormous. The interests of one class cannot be separated from those of another. 'The advance of pathological knowledge', writes Dr Bristowe, 'proves that most, if not all, epidemic disorders spread by contagion.' According to the same authority the contagion of some disorders, influenza, for instance, is remarkable for its 'amazing diffusibility', while that of others, such as scarlet fever, 'remain dormant for months in articles of clothing'. Now it must be borne in mind that the milk, the food, the linen used in the better classes pass through the hands of those who live in courts and alleys, and whose conditions of lives, although concealed, have the most serious influence upon the lives and health of those whose circumstances appear to place them above all danger, and who may live at a great distance from the source of contagion. Dr Aubrey Husband, in his book upon *Forensic Medicine*, after showing that the poison of typhoid fever may be carried by water and by food, instances the recent outbreaks in the West-end of London, where the carriage of the poison was traced to the milk used by those attacked.

While re-housing may be looked upon as an insurance paid by the better class against disease, it may also be regarded as an insurance paid by the rich against revolution. The Peabody Dwellings show that it is possible to house the poor properly, and

to make the improvement, in a pecuniary sense, a fairly profitable investment. Two rooms in these dwellings are let at from 3s. to 4s. 6d. per week, three rooms cost from 4s. 6d. to 7s., but it must not be forgotten that the Peabody trustees require a larger return from their investment than would the municipality. It is useless to increase wages and to lessen the hours of toil so long as the workman is compelled to live in ...pest-houses...; nay, it is almost worse than useless, inasmuch as the extra wage and increased leisure operate as incentives to drunkenness and vice. The surplus wages would be used (this can be seen in the Peabody and Ashley Dwellings) to make two or three rooms comfortable; it is absurd to hope that they will be expended in a vain attempt to make one room habitable. It is to the interest of all in the community that the workman should become a better instrument of production, that his dwelling should not be a hotbed of disease, that his degradation and misery should not be a constant source of danger to the State. The warning of Danton must be heeded, 'If you suffer the poor to grow up as animals they may chance to become wild beasts and rend you.'

The question of cost is the all-important one. All experience demonstrates that it is impossible under our present statutory powers to acquire urban property, compulsorily, for public purposes, at prices which do not inflict a heavy fine on the community...How are unsanitary areas to be acquired without paying exorbitant prices for them? Mr Chamberlain's answer is contained in a series of propositions, the chief of which we proceed to enumerate.

The cost of a scheme for the reconstruction of an unhealthy area should be levied on all owners of property within a certain district wherein the improvement is to be made, in proportion to the value of their holdings. A contributory district should be defined, which might be the whole of the metropolis or the whole of a borough; but if the improvement were essentially local, and for the advantage of an immediate district, the cost might be thrown on the owners within that district. The Artisans' Dwellings Act, 1882, already provides that where the demolition of property dealt with adds to the value of other property belonging to the same owner, an improvement rate may be levied on the increased value.

The local authority should be empowered to acquire lands or buildings compulsorily, at a price to be settled by an arbitrator, who shall be instructed to give in all cases *'the value which a willing seller would obtain in the open market from a private purchaser, with no allowance for prospective value or compulsory sale'*.

The arbitrator should have power to deduct from the ascertained value a sum in the shape of a fine for the misuse of property, or for allowing it to become a cause of disease and crime.

Other essentials are that it should be made an offence, punishable by heavy penalties, to hold property unfit for human habitation; that greater independence and power should be given to sanitary and medical officers, and that their responsibility should be enlarged; that powers to destroy unhealthy buildings without compensation should be vested in local authorities, and that they should have more stringent and summary provisions for abating nuisances at the cost of proprietors.

It is between these pointed, definite, and it may be admitted, drastic proposals, based on just principles, and conceived in a generous spirit for the advantage of the community, and the weak, short-sighted, half-hearted and selfish conceptions of the Tory Prime Minister that the new democracy will have to choose.

The proprietors of the pest-houses will, of course, exclaim loudly against these proposals; but their remonstrances may be answered with, 'Salus populi suprema lex.' Not only does this measure formulated as above make for the welfare of the community by improving the public health and by increasing the productivity of labour, it also aims at a more equitable distribution of wealth; it makes for Justice. One would wish that it were superfluous to bring forward these obvious considerations, that it were sufficient to appeal to humanity alone! The Peabody and Ashley Dwellings show what may be done towards the humanisation of the poorer classes while increasing their independence of character.

The State has too long made itself the champion of the rights of the individual; it must now assert the rights of the many—of all. It is apparent that in open competition the fittest obtain more than they deserve, and the less fit come too near perishing. If co-operation is not to supersede competition, the worst effects of this struggle for existence must be at once mitigated. The generation of workmen now coming to manhood will at least be able to read; no doubt they will quickly learn that their claims were long ago admitted to be right and equitable. For the privileged classes long to refuse payment of these claims is impossible; to refuse to pay by instalments is equally impolitic and unjust.

From *The Radical Programme* (Chapman & Hall, 1885)

A2 The Case for Compulsion, 1912

When on the 4th of May, 1911, a British Chancellor of the Exchequer rose in the Mother of Parliaments to move for leave to introduce a Bill 'To provide for insurance against loss of health, and for the prevention and cure of sickness, and for insurance against unemployment, and for purposes incidental thereto', a new landmark was set up in the field of British legislation.

For the Bill so introduced by Mr Lloyd George, which became the National Insurance Act of 1911, is a measure of compulsion, out of the pages of which hundreds of 'snails' and 'shall nots' leap to the eye. Of these the 'snails' are the things remarkable and significant. The imaginative mind may hear the Act intoning 'Shall', 'Shall', 'Shall', to toll the knell of *laissez faire*. We have won out of the dark days of 'let be', through an intermediate stage of 'shall not', to the beginning of 'shall'. There are to be positive laws as well as laws of negation. There are to be duties as well as restraints. It was good for freedom when we began to deny the right of a man to do what he liked with his own, and to learn that liberty comes through law. We shall gain a larger freedom by each common rule of positive action that we apply to our society, and to the industry which is the basis of our society. We shall never gain the maximum of freedom until, being sufficiently civilised to agree upon, and to perform, and to share, a minimum of necessary working functions, we give leisure as well as labour to every man through organised work.

There has been for long a conviction in the minds of British politicians and British publicists, born of I know not what evidence or observation, that the British working man would never submit to compulsion. Britons never, never would be slaves. Laws enacting compulsory contributions were all very well for Germans, but British workmen would never submit to such an infringement of the inherent rights of liberty-loving Islanders. We have now put the enactment of the compulsory principle to proof, and what has become of the long-cherished and often expressed opinion as to the views of British workmen on compulsion? We have found that the principle is accepted by all but an insignificant minority without murmur, and that where the Act is disliked it is not because of the application of the principle of compulsory insurance, but because of false representations, which go the length of alleging that the Act cheats the workman by taking part of his wages and giving him little or nothing in return.

From Chiozza Money, *Insurance Versus Poverty* (Methuen, 1912)

A3 Macmillan: The End of Radical Reformism, 1939

At first glance it might appear that the obligations of society to its citizens...are already being fulfilled.

But the picture is not so rosy when we look at it more closely. Admirable as it is, our system of public health, environmental and social services, falls very far short of providing an adequate basis of physical well-being and security. We shall be left with no doubt on that point when we begin to examine the statistics of poverty and the existing standards of nutrition and physical efficiency. I do not intend to go into the question of the anomalies and inadequacies of the existing social services...The larger purpose I have in mind cannot be achieved by the methods on which the social services rely, and it is to these methods I want here to draw attention.

Our expenditure on the social services is maintained out of different forms of taxation or levy. The expenditure represents a transference of wealth from the more fortunate members of society to the less fortunate. Out of the £504 million spent on the social services in 1935, over £234 million was provided by Parliamentary votes from the National Exchequer, over £119 million by local rates or from block grants,¹ and over £147 million out of contributions paid by employers and workers to the Insurance Funds, plus some smaller amounts from fees, interest, rents, etc., accruing under the Education, Housing, and other Acts.

The extent to which a system of social services financed in this way can be extended and improved, is governed by two main factors: first, the weight of the burden thrown upon them by faulty functioning in the economic system, and second, the limits of taxable capacity—whether in the form of income tax or wage-levies upon both employers and workers. If unemployment is acute and/or wages and other incomes are low, the burden on the social services increases. If these conditions of economic depression exist, the taxable capacity of the more fortunate members of society is correspondingly reduced.

But, even apart from any reduction of the incomes of the more fortunate due to trade depression, there is at all times a limit to the taxation that can be levied without discouraging enterprise. What is the limit of taxable capacity is, of course, a highly controversial question. It cannot, however, be disassociated from that of the level of general economic prosperity. The limit fluctuates with depression and boom and, to say the least of it,

makes the income foundation for any further extensions of the system unstable and insecure. While I think that, given the other circumstances by which confidence of enterprise is maintained, there is room for *some* improvement in the social services financed by these means, I feel that it has become quite clear that, in any circumstances which are conceivable under the existing conditions of economic life, *the limit of taxable capacity would be reached long before a satisfactory minimum standard of comfort and security could be guaranteed by this method alone.*

Our present system of social services is, in fact, a product of the rapid and more or less automatically expanding phase of a capitalist economy. In the earlier period individual and small group methods of production had produced a lower output, but there was a greater stability and security of employment by which the individual could maintain himself by his own efforts. With the growth of industrialism, the individual producers were drawn into the factories and works which were employing the more efficient methods of co-operation and specialisation necessary to machine production. They became, therefore, more dependent upon the social organisation. They constituted a large and growing mass of the population with no independent resources of production to fall back upon. They were not only poor but had been rendered helpless by their divorce from the circumstances in which self-reliance was possible.

In the ruthless thrust forward to exploit the new methods of the machine age, this social problem became more acute. The more intricate and highly developed the industrial system became, and the further the worker was removed from access to natural resources, the greater became the need for social provision against the risks of his employment. At the same time the more highly skilled industrial operations required better-educated labour, and the great growth of towns and cities made the provision of public health services of some kind absolutely essential.

While these new problems were growing and the social will to deal with them was gradually being expressed in a policy of social provision, the profitability of enterprise was also increasing. It was not merely that profits were high, but the opportunities for remunerative investment appeared to be limitless. The resources of the rich on the one hand, and the needs of the poor on the other, led inevitably to the demand that wealth should be transferred from the rich through the agency of taxation and used to finance the elementary obligations which society had to undertake towards the

‘poor and the unfortunate’. The social services were definitely eleemosynary in character and have remained so even while the basis has been broadened.

For a long time it was possible to develop the health insurance and other social provisions against poverty in this way. They grew slowly, lagging behind the growing needs. But the resources of the rich were there to finance improvement on an increasing scale; and it was through this combination of circumstances that opportunity was given to that powerful political movement of reformist radicalism which lasted up to the war.

Despite the interruptions of economic expansion which inevitably occurred, and the political resistance of certain sections of the community, the system of social services was able to grow and the expenditure to increase throughout the whole of the post-war period. By that time the sense of society’s duty to its citizens had grown to great strength, and the idea of maintaining the social services at as high a standard as possible was part of the accepted policy of all political parties. So firmly has this policy been accepted, that, in spite of the change in the economic circumstances, involving both the reduction in the profitable opportunities of enterprise and the enormously increased social burdens of the post-war years, the system of social services which had been built up has not only never been in jeopardy, but has been tremendously improved in that period. We have added enormously to our expenditure on social care and protection and sought new methods of financing it, both out of increased taxation and by the adoption of the contributory system.

And yet these services are inadequate. Judged from the standpoint of the benefits to its citizens which a well-organised society, with its enormous resources of production, ought to be able to deliver, our social services are only touching the fringe of social needs. The needs have grown as rapidly as the services. The burdens have increased as quickly as our political willingness to bear them. Our expenditure is diffused over a wider area. Nevertheless we are approaching nearer and nearer to the limits of what can be accomplished by the negative procedure of transferring wealth through taxation or levy.

We have lived through half a century in which the dominant political issues were in essence humanitarian. The social policies that were the subject of controversy could all be paid for out of the expanding revenues of profitable enterprise, or by the newer

procedure of contributory schemes which widen the area of taxation. On the basis of the political thinking of the Victorian reformers and their immediate successors we have travelled a long way. But we have now almost exhausted the possibilities of progress on the lines that were suitable to their time. We have reached the end of an era of radical reformism. It has become essential that we should do some fresh thinking for ourselves and try to discover the route of progress in the new circumstances of our time. A new age of radicalism would not be able to rely upon the negative method of meeting social obligations out of the transference of wealth. It must take a firmer hold upon the economic system than that. It must improve economic and social organisation so that the weight of the social burdens will be reduced. And it must achieve an increased production of wealth out of which to support the satisfactory minimum standards that so obviously are essential. Economic reconstruction has today become the only possible or sound basis for social reform.

From Harold Macmillan, *The Middle Way* (Macmillan, 1939)

Notes

1. The block grants are provided out of the National Exchequer, but there is no separation of the amounts spent out of the block grants and out of local rates.