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Beveridge at 80

Kevin Hickson and Ben Williams

Eighty years ago the Beveridge Report, one of the most significant policy landmarks of 20th century British political life, was published to wide acclaim. Authored by the Liberal-supporting social reformer and economist William Beveridge, the report formed the blueprint for the modern welfare state. Its publication in 1942 was widely read and generated much public interest. By 1945, 600,000 copies had been sold. It was significant in the outcome of the watershed 1945 General Election – quite simply, Labour was trusted to deliver its main proposals and the Conservatives weren't. It subsequently proved to be the catalyst for a whole range of more generous and historically unprecedented social policies that emerged after 1945. This included the creation of the NHS, an extensive council house-building programme, extended educational provision and enhanced welfare benefits and pensions.

Such welfare-focused policies were central to post-war reconstruction and the process of moving on from the hardship of the 'hungry thirties'; namely by tackling the 'Five Giants' that had been metaphorically identified by Beveridge in his eponymous report- principally 'want, disease, ignorance, squalor, and idleness'. All such policies were funded by direct taxation, and disproportionately benefitted the poorer social classes. It was based on a social consensus to build a 'New Jerusalem' – a land fit for those who had endured years of hardship and sacrifice throughout the Second World War both on the home front and the frontline.

This article examines the major developments and controversies within the Britain's welfare state since the publication of the Beveridge Report through to the current day.

The Early Years

The various recommendations of the Beveridge Report were enthusiastically implemented by Attlee's reforming Labour government between 1945-51. A new contributory system of National Insurance would fund the extension of the state's provision of welfare - universal social security from the 'cradle to the grave' was implemented and the National Health Service was created. At first these measures proved incredibly popular, and the Conservatives (aligned with 'One Nation' principles) were forced to embrace measures they had previously opposed. Yet from its inception the welfare state had its critics. On the right some complained that it was eroding individual responsibility, whereas others believed it was increasing the arbitrary powers of state bureaucrats. From the left, in 1951 senior Labour Cabinet Minister Aneurin Bevan and two of his junior ministers resigned from government office, angered by the Attlee administration's decision to impose charges for dental treatment and spectacles within the fledgling NHS structure. This was viewed by the Labour left as an early betrayal of the Beveridge ethos.

Such early reactions established a pattern that would develop over subsequent years, whereby a recurring criticism of the legacy of Beveridge from the political right focused on the rising costs of the welfare state. In January 1958, Chancellor of the Exchequer Peter Thorneycroft and his Treasury ministers, Nigel Birch and Enoch Powell, resigned over the government's refusal to cut public spending. Harold Macmillan dismissed these resignations

as a “little local difficulty” and carried on with his policy of funding a more extensive welfare state. He had previously boasted about how he could build more houses than the previous Labour administration. Meanwhile, on the left, there was a belief that the Beveridge proposals had not resolved inequality and that very real cases of absolute poverty still existed. Despite these criticisms this was to be the high point of the Beveridgean welfare state.

Stresses and Strains

By the 1960s, and with Beveridge’s policy agenda seemingly flourishing into a second decade, an emerging flaw of its impact was highlighted by the fact that poverty and hardship stubbornly refused to go away. Indeed, it was estimated that by the 1960s between 6-9 per cent of the UK population lived in poverty, with 28 per cent residing on the government’s recently established ‘poverty line’. Consequently in 1965, in response to claims that an estimated three-quarters of a million children were living in poverty, the Child Poverty Action Group (CPAG) was formed, a somewhat unexpected and ironic creation in an era when the welfare state was reaching its most generous ever levels. This was a harsh reminder that, twenty years on, the Beveridge Report and its recommendations had not proved to be a ‘silver bullet’ to stop poverty, although it’s evolving legacy could certainly claim to have reduced its excesses.

Ongoing poverty culminated in Wilson’s Labour government having to establish ‘supplementary benefits’ (1968), which appeared to suggest that the vast amounts of money being spent on welfare policy was still insufficient to meet public need and was ultimately having limited impact on those most requiring state support. Yet while poverty remained, a

more positive judgement could be concluded that by the 1970s, Britain was the most equal it had ever been. This could be seen as a positive consequence of the redistributive aspects of the Beveridge legacy and its specific egalitarian and welfare focus.

It was in the 1970s that the welfare state came under more severe strain. The economic situation had noticeably deteriorated. Company profits were being squeezed as growth stagnated. Marxists argued that the welfare state had only ever propped up capitalism, giving it legitimacy by allowing a share of profits to fund social services through the tax system. With profits shrinking this could not go on and the welfare state would have to be cut which would destroy capitalism's claim to be legitimate. However, by the end of the decade – following events such as the IMF Crisis in 1976 and the Winter of Discontent in 1978-79 – it was to be the New Right which won the political battle and started to implement policies based on its own view of the welfare state.

'No Such Thing as Society'

For New Right critics there were multiple problems with the welfare state as envisaged by Beveridge and it needed drastic reform. These criticisms had been heard before on the Conservative right going back to when the Beveridge Report had first been published, but the changed economic climate of the 1970s allowed these ideas to become part of the mainstream agenda. The New Right's reforms have had a lasting impact on the welfare state through to today. Firstly, it was claimed that the welfare state created a dependency culture. Rather than looking to themselves, people had come to depend on the welfare state. Moreover, this created a 'cycle of deprivation' as Keith Joseph called it, as the sense that

dependency passed from generation to generation within the same families creating what was to become known as the 'underclass'. For those in legitimate need the welfare state failed to live up to the standards expected by its 'consumers' and its monopolistic provision was grossly inefficient, soaking up ever larger amounts of public expenditure. Market mechanisms would need to be introduced to save money and raise standards, with the state's functions 'rolled back' accordingly.

The rhetoric of the welfare state changed drastically following Thatcher's first electoral victory in 1979, especially after the urban riots in the early 1980s. Rather than blaming 'society' Thatcher and her ministers said it was the fault of individuals who had come to depend on the welfare state – "my father didn't riot" complained Norman Tebbit, arguing that in the 1930s people had a greater sense of individual responsibility. Almost immediately, the Thatcher government allowed for the mass sale of council housing. This was followed by policies including cuts in social security payments (although the welfare bill remained stubbornly high due to high levels of unemployment) and measures designed to extend choice in public services (e.g. privatised elements within the NHS). Many of the reforms only started to be implemented in the third Thatcher administration, meaning that for her supporters there was still considerable work to be done following her enforced removal from office. The Major government thus continued her agenda, for instance increasing conditionality on those in receipt of unemployment benefit, now renamed Jobseekers' Allowance.

The result of the Thatcherite reforms was in many ways negative. Although Thatcher claimed to be restoring the 'Victorian values' of hard work, individual responsibility, thrift and the nuclear family, her critics – of which there were many – argued that she had created a

harsher society and encouraged selfishness and materialism. Consequences included rising homelessness, increased pensioner poverty, longer waiting times in the NHS and crumbling infrastructure.

A New Dawn?

This was the situation inherited by New Labour on coming to power in 1997. Following the Comprehensive Spending Review in 1999 there were sustained increases in public spending on health care and schools. The first-ever National Minimum Wage was introduced, while SureStart Centres were established in poorer areas designed to improve early-years childcare and education of the most deprived families. The measures were funded through economic growth and through popular measures such as a windfall tax on profits of privatised utilities. A major focus was in getting people into employment. Yet there were mixed messages, with expenditure a constant consideration, and welfare ministers encouraged to 'think the unthinkable' regarding radical reform. The emphasis on reciprocity was maintained, meaning that people had to take work, enlist on a training scheme or join an environmental task force. Passive receipt of unconditional welfare was no longer permitted.

However, critics of the Labour governments of Tony Blair and Gordon Brown argued that inequality – which had increased dramatically between 1979 and 1997 was, if anything, rising further. The government appeared relaxed about the earnings of those at the top and the economy remained heavily dependent on financial services. As long as the economy remained buoyant this was not a problem for the government but following the global financial crisis in 2007-08 the situation was unsustainable. By the time Labour left office in

2010 public borrowing was at high levels and inequality remained as great as it had been under Thatcher. The 'Third Way' of neoliberal economic policy and social democratic welfare policy was ultimately unsustainable.

Austerity and Beyond

The incoming Cameron government said that it would govern under a new philosophy, 'The Big Society'. Cameron claimed that despite Thatcher's previous sentiments, there was after all such a thing as society, but New Labour had been far too enamoured with a big state. Welfare services would be decentralised and alternative providers sought for services previously delivered by the central state. Critics, however, pointed out that the 'Big Society' was a cover for austerity. What had started as a crisis in the banking sector and of government failure to regulate the banks sufficiently, was successfully turned into a more ideological argument that Labour's policies had been fiscally reckless. A narrative entailed that there was simply no money left and that cutbacks were inevitable, no matter how painful this proved.

The results were similar to those of the 1980s with rising inequality and poverty, underfunded public services and increased homelessness. Labour stumbled between accepting that an element of austerity was necessary but that it should be done at a lower and slower rate (Ed Miliband and Ed Balls) or outright opposition to austerity measures (Jeremy Corbyn and John McDonnell). However, it was to be the Conservative government of Boris Johnson which broke decisively with austerity, partly through choice as Johnson sees himself as more of a One Nation Conservative, but also out of necessity. The electoral

realignment in 2019 means that Johnson must appeal to former ‘red wall’ seats in the North and the Midlands, which demand significant public investment as part of a ‘levelling up’ strategy alongside the unique situation created by the Covid pandemic. Time will tell whether Johnson can bring about concrete achievements in terms of ‘levelling up’ by the time of the next General Election, which could mean that the 2019 result is not a one-off situation brought about by the need to get Brexit ‘done’ but rather a longer-term shift in British politics.

Looking to the Future

Despite the many vicissitudes of Beveridge’s welfare state, it currently appears to be in a relatively strong condition, with a cross-party consensus over the broad parameters of policy. Following the pandemic, the NHS scores very highly in terms of levels of public support and is widely regarded as a truly national asset as the ‘clapping for carers’ throughout the first lockdown highlighted, with some commentators likening it to a national religion. Both major parties are committed to high levels of public spending, and indeed, the Johnson administration has in many ways captured political territory once seen as centre left. There appears to be no great public appetite to fundamentally alter the nature of current provision by further privatising it, yet there is also certainly no appetite to relax conditionality on welfare recipients.

However, underlying problems and some major issues remain for the UK welfare state. Poverty has never gone away since its ‘universalised’ inception, as the continued and escalating use of foodbanks over recent years highlights. As previously alluded to, another welfare-related dilemma is whether the Johnson government can ‘level up’ across different

regions of the country and whether Conservative MPs representing southern, more affluent seats will allow him to do so. A further central challenge facing the welfare state is the changing demographic nature of the UK, especially with regards to its growing, and in particular, its ageing population. Again, Covid has brought this into sharp focus given that it tore through elderly care homes with devastating effect. Yet this is not a new issue, as the funding of elderly care is one that successive governments have repeatedly failed to grasp. Meeting the increased costs of an ageing population is therefore a pivotal political challenge for the UK's welfare state, and eighty years on from Beveridge remains the most pressing of all welfare policy issues, requiring a renewed focus from across the political spectrum to devise appropriate solutions for the 21st century.