

British Government @ LSE public lecture

New Foundations for a New Beveridge: The Right and Responsibility to Work

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CHECK AGAINST DELIVERY

Can I start by thanking the Director, the teachers, the students of the LSE for inviting me to speak tonight.

There is no better place than here to begin a series of speeches to mark the 70th anniversary of the Beveridge report.

William Beveridge was a distinguished if difficult director of the LSE.

I hear that sometimes that can happen.

It is said that he tried to run the School as an autocracy, and only gave way when the staff mutinied.

Indeed, one young lecturer said of him;

'I doubt if it ever occurred to him to regard the great men of those days as his equals, let alone...his superiors'¹.

Well someone once said: it is better to be arrogant and right, than humble and wrong.

And I think that we are here today marking the 70th anniversary of his report, tells us that William Beveridge got an awful lot of things right.

All good anniversaries prompt a bit of self-reflection

This anniversary should be no different.

So I hope that in this year we can begin to debate how we go back to the Beveridge's first principles and ask ourselves

How is it that we can apply those ideas – and those ideals – to the changed world of the 21st century?

I suppose at the outset, I should declare an interest

My life was irrevocably shaped by the 1945 administration which took office 25 years before I was born

An administration led by Labour leaders' to whose tradition I belong

The practical idealists of Labour's history; leaders like Bevin, like Morrison, and Attlee

These were the leaders who fashioned a welfare state into which my parents were born;

A welfare state that educated them

That gave my father, the first in his generation, the chance to go to university

That inspired them with the ethos of public service in which they spent their careers

¹ Paul Addison, *The Road to 1945*, p212

A welfare state which built new towns and places like Harlow in Essex where I spent many of my formative years.

Surrounded by the architecture, the schools, the health centres, the libraries, the art, the ideas that were born along with the welfare state.

Without that influence, I would not be here talking to you tonight.

2. The story of the Beveridge report

So, what of the report we celebrate this year?

It's story, the tale of Beveridge's famous, eponymous report is rightly, widely known.

The key events took place 70 years ago this year.

Beveridge allegedly wept when he was appointed.

He wanted to be in charge of manpower on the Home Front, organising to defeat the Nazis.

But Ernest Bevin, his minister was told in no uncertain times by his officials that the man was impossible to work with

So Bevin recommended him to Arthur Greenwood to lead his enquiry into social insurance

And Beveridge did not take long to seize the moment.

Over the first 9 months of 1942, he took evidence from 127 individuals, pressure-groups and lobbyists

By April, Home Intelligence was reporting Beveridge's idea of an all-in social insurance scheme was popular.

By May, the Labour party passed a resolution calling for one comprehensive scheme of cash payments for emergencies, family allowances and a NHS.

By July, Beveridge unveiled his five giants to the Engineering Industries Association

By the summer, he had struck a 'deal' with Keynes to enlist his support, undertaking to keep costs down to £100m for the first 5yrs

Finally, after a little to-ing and fro-ing, from dawn on 1 December 1942, the BBC began broadcasting details of his plan in 22 different languages.

Timing, as they say, is everything in politics – and Beveridge's timing was perfect

In November 1942, the Allies had beaten Rommel in the Battle of Egypt, counter-attacked in Stalingrad and secured the Pacific base of Guadalcanal in the a decisive naval battle.

It was not as Churchill said on 10th November 1942, the beginning of the end.

But it was the end of the beginning.

Interest in what it was the country was fighting for hit a new high, and that interest swept the Beveridge Report off the shelves.

It became almost immediately the most popular government publication until the Profumo report.

635,000 copies were sold. 86pc said it should be implemented

The Manchester Guardian called it a 'fine thing'

And with publication of the plan, came the debate about what next...

Here at the LSE your motto is to know the cause of things.

But your tradition is not simply about the search for truth; it is for the search for action.

Ideas alone are nice; but ideas with action can change the world.

Crucially, as 1942 gave way to 1943, the Beveridge report was connected with the power-train of action, the mainspring, the animating force; and that was the force of full employment.

Full employment would become the foundation on which the report itself would be delivered, and without which it would have proved a dream.

Beveridge's first research was as a specialist in the field of unemployment.

In 1909 he published *Unemployment: a Problem of Industry*.

IN the 1930s, he was still researching the trade cycle

In 1938, he was basically a free-trade Liberal on the question.

Beatrice Webb said his answers was simply lower wages - not concerted action by the state.

The war years however were to foster a different answer.

The Cabinet did not discuss the report until January 1943, when Churchill was away in Casablanca.

Before the Cabinet met, Attlee told newspapers 'social security to us can only mean socialism'.

He minuted Churchill to say planning for Beveridge must begin;

'I am certain' he wrote 'that unless the government is prepared to be as courageous in planning for peace as it has been in carrying on the war, there us extreme danger of disaster when the war ends'. Morgan 221.

'Mere preparation of paper schemes' was not enough.

But the Cabinet concluded, there broke an intense debate, about the extent to which a war-fighting government could advance a peace-time plan.

The PLP was determined to force the question.

In February 1943, the debate in the House of Commons, saw 97 Labour MP's rebel

In his last vote, David Lloyd George, voted to advance the welfare state he had helped to create.

By March 1943, Churchill relented.

He gave the green-light for a powerful Reconstruction Committee to be established, with as he put it;

'a solid mass of four socialist politicians of the highest quality and authority'. Morgan 226

It was here, here amongst this group of politicians that the fusion between Beveridge and ideal of full employment began to take shape.

Churchill added that he believed the socialist members – Attlee, William Jowitt, Herbert Morrison and Ernie Bevin - were working together as a team.

That might have Attlee to smile.

Morrison and Bevin famously hated each other – but both were enthusiasts for the plan.

Beveridge himself took close interest in its work.

After his report published, the war cabinet economists had begun to construct Keynesian solution to question of the central question of employment.

They presented ideas to the new Reconstruction Committee in January 1944.

It was now, that Ernie Bevin, supported by Hugh Dalton began to drive through the ideas that would become the famous White Paper on Full Employment of 1944.

Bevin became a driving force in Reconstruction Committee. He missed just 6 of its 98 meetings².

His interest in the question of full employment was long-standing.

It was profoundly shaped by the experience of the 1930s.

From late 1941 and early 1942, Bevin had begun thinking about post-war reconstruction; writing and thinking about wide range of practical proposals.

By end Sept 1942, he had begun to sketch out bones of post-war industrial policy which drew together progress and policy of the war years.

By April 1943, Bevin had begun actively exploring the central question of unemployment relief, especially when unemployment rose above 8% - the point at which Beveridge said the Unemployment Fund would start to creak.

Bevin's approach was straight-forward.

If unemployment rose over 8%, Government had to recognise that a situation of mass unemployment existed

A situation calling for emergency action.

A situation demanding the state use other means to provide work and stimulate employment³.

In other words, Bevin was beginning to imagine a world in which full employment and social security became two sides of the same coin.

When he spoke to the Scottish TUC in April 1943, Bevin set out how for Labour, the Beveridge Report had to be set within a wider picture of employment, wage standards, housing.

'What we are doing is to bring the whole of this thing together and try to fit it into one blue-print or plan'.⁴

In 1944, the keystone to that plan was finished:

Bevin published the famous White Paper on Full Employment which famously declared;

'The govt are prepared to accept in future the responsibility for taking action at the earliest stage to arrest a threatened slump'. Chapter 4.

In a joint press conference with Lord Woolton, Bevin declared;

'Today this plan just leaves the 19th century behind and it says in effect that instead of the human beings having to fit himself into an exchange system, the exchange system has to fit into human requirements'. Bullock 317

Bevin presented the White Paper to Parliament a week after D Day.

He was roundly attacked by his own backbenchers – but he was not knocked off course

By the end of 1944, a white paper and then a bill and then a ministry were created to take forward social insurance.

² Alan Bullock, *The Life & Times of Ernest Bevin*, vol II: Minister for Labour, p284

³ Bullock, *ibid*, p241

⁴ Bullock, *ibid* p242.

By 1945, in Labour's manifesto 'Let Us Face the Future', the party declared a policy of 'Jobs for all' arguing 'production must be raised to the highest level' and to create with the proceeds;

'Social Insurance against the rainy day', and a promise to 'press on rapidly with legislation extending social insurance over the necessary wide field to all'

'There is no reason why Britain should not afford such programmes but she will need full employment and the highest possible industrial efficiency in order to do so'⁵.

Finally, at 3.48 in the afternoon on 6th February 1946, the Minister of National Insurance, Jim Griffiths got to his feet to move the National Insurance Bill be read a second time, replete with its first clause;

Every person who on or after the appointed day being over school-leaving age and under pensionable age...shall become insured under this act' (Col 1738)

The Beveridge Report was passing into law.

3. Beveridge and the Labour tradition

When Jim Griffiths moved the National Insurance Bill, the place he began his speech that afternoon, was with Keir Hardie.

The founder of the Labour Party:

The man who 51 years previously had stood 'a lone figure in that Parliament'⁶ and insisted in the first speech as the first Labour MP, on the principle of work or maintenance.

His election address had the demand 'Work for the Unemployed' plastered all over it.

'Useful work for the unemployed' was the call of the party's first manifesto

Thirty years later, work was still the heart of Labour's message

The Devil's Decade of the 1930s, the mass unemployment in the industrial regions of Britain, the memory of soldiers and sailors on the dole

Inspired a new generation of Labour politicians and thinkers – like Jay, Dalton and Durbin - to wrestle back the ideas of Keynes and refashion them into an agenda for full employment.

Generation after generation of Labour leaders campaigned for jobs, organised the unemployed, and argued for full employment.

Just think of Red Ellen Wilkinson at the head of the Jarrow Crusade, or Michael Foot leading the People's March for Jobs fifty years later.

The campaign for work has always been our first priority.

But what is sometimes forgotten is that Labour's leaders matched the argument for the right to work, with an insistence on the responsibility to work too.

Right at the beginning, in the Webb's Minority Report on the Poor Law, the Webb's argued that 'national government had a duty of so organising the national labour market so as to prevent or minimise unemployment'

But with the toughest of action on those who refused to work.

⁵ *Labour Party, Let Us Face the Future, 1945*

⁶ *Jim Griffiths, Hansard col 1734*

The Webb's in fact proposed detention colonies for those who refused work or training.

Beatrice Webb wrote to her sister;

'We must have behind all this good-will and expenditure, the element of compulsion and disciplinary supervision of the persons who are aided'⁷

In 1930s, Attlee sounded a similar note; writing 'a socialist state cannot afford men to remain idle.'

In the 1940s, Morrison spoke to the Labour Party conference in Margate attacked the 'fair number of useless mouth' and said;

'We have no hands and brains to waste and no resources to fritter away on those who don't contribute to our common effort. Let us point the finger of public scorn at such parasites who make themselves comfortable at the expense of the whole community'⁸

Today, we would not – and I would not – use language of the Webbs of Morrison – but I would insist the same principle.

That the responsibility of the government to foster full employment must be matched by the responsibility of citizens to take a job if they can or lose the support that is financed by our common effort.

Labour is the party of hard workers not free-riders.

The clue is in the name. We are the Labour party.

The party that said that idleness is an evil.

The party of workers, not shirkers

The party of work and mutual endeavour

An idea that is our part of our history, our tradition – and our philosophy.

We are the party that believes in that a life of community makes us richer.

But we are the party that has always believed that if we want rights, then we must ask for responsibility too

We were born with the notion that we become free citizens not simply taking away; but by putting something back into civic and political life.

Because we are a party born in working communities, we know that community life does not come from nowhere.

It comes from people giving something back;

David Marquand in his majestic book 'Britain Since 1918' divides our political history into four camps; the Whig imperialist, the Tory nationalist, the democratic collectivist, the democratic republicans.

It is the democratic republicans argues Marquand, who share much of the 'collectivists' concern for equality, but;

'they were for fellowship and dignity more than economic equality.

'They put their faith in the kinetic energy of ordinary citizens'⁹

⁷ Quoted, *Fabian Society, From the Work to the Workhouse*, p16

⁸ *Herbert Morrison, Parliamentary Government in Britain, 'The Second Year'*

⁹ *Marquand, Britain Since 1918*, p67

This is the tradition that stretches back to the Levellers in the seventeenth century and the Paineites in the eighteenth.

This is the tradition defended by English philosophers like Harrington and Milton.¹⁰

A tradition that argues that it is free states that bequeath freedoms to citizens.

But for a state to remain free – free of dogma or dictatorship – demands citizens cultivate that crucial quality which the English republicans translated as civic virtue or 'public-spiritedness'.¹¹

This was the instinct for a greater degree of 'self-government' and self-organisation that produced a rich 19th century tradition of political change that was the crucible for the Labour tradition.

As Geoff Mulgan put it;

'during the 19th century, while some were marching in the streets, others were trying to create a new society based on mutuality, reciprocity, freedom and equality. Owen, Charles Fourier, Etienne Cabet, and Horace Greeley were among those who inspired and in cases created utopian communities'¹².

This is the tradition of ethical socialists like Tawney – who rejected any desire to live in a Fabian 'paralytic paradise' but argued instead for a country of fellowship.

This was the tradition that argues that if we gain our freedom through membership of a great club called a free state, then it is wrong to see that membership as a 'free ride'. Membership comes with a fee.

It means as Jonathan Sacks argued;

'belonging means giving. It involves responsibility-based culture of respect, not a rights based culture of complaint'¹³.

The philosopher Quentin Skinner¹⁴ recently put it like this;

'Unless we place our duties before our rights, we must expect to find our rights themselves undermined'

This is the modern insight of the communitarians like Etzioni.

Its conclusion is simple: we believe in freedom.

But we believe a free society demands not just rights but duties.

A duty to look after each other in dire straits.

But a duty too, to do our bit.

Not just to take.

But to put back.

4. The test the Tories' fail

Today, the Conservative party offer us a very different kind of approach.

Back in 1942, I think it is fair to say, with some honourable exceptions like Quentin Hogg; the Conservative party were not rushing to embrace the Beveridge Report.

¹¹ Quentin Skinner, *Liberty Before Liberalism*, p 197

¹² Geoff Mulgan, *Good and Bad Power*, p237

¹³ Dr Jonathan Sacks, *A Home We Build Together*, p240

¹⁴ Quentin Skinner, *ibid*, p203

A secret committee of MPs came to Churchill to argue for a very different approach.

Their chairman Ralph Aschton accepted childrens' allowances, and contributory pensions – but wanted privatised health insurance and unemployment insurance substantially below wage rates

Today, we hear from the Conservative party, an echo down the years

Today, in the House of Lords, they are doing their best not to renew the Beveridge settlement – but to bury it.

The Welfare Reform bill tonight debated in the House of Lords:

Strips away contributory benefits for the sick

Strips away almost all benefits for modest savers

Strips away safeguards against homelessness

But in truth it is impossible for the Conservative Party to offer meaningful renewal of the welfare state – the welfare state for working people – because they simply do not believe in charting a course for the full employment that it is necessary to pay for it.

Sometimes, I listen to the rhetoric of this government, and I am reminded of Ronald Reagan and his attack on “welfare queens” 30 years ago.

Reagan was a man determined to dismantle Lyndon Johnson's Great Society.

In 1976 he told the story of a woman from Chicago's South Side who he alleged had:

- 80 names,
- 30 addresses,
- 12 social security numbers and was claiming social security, food stamps and welfare under every alias.

Reagan never named her but his myth inspired a movement that started with a call to responsibility and ended by ignoring every cry for help.

Reagan's attack on welfare queens ended with the biggest attack on the measures to promote equality in American history.

We have to hope, this government will not repeat Reagan's mistake.

I have to tell you, the signs don't look good.

Last year the Chancellor offered an Autumn statement that:

Revised up unemployment by over half a million

Put £29 billion on the welfare bill

Locked in place a plan that the IFS say will wipe out a decade's progress tackling child poverty.

That isn't just irresponsible economics, its irresponsible politics.

The result is now just a stealth squeeze of peoples' tax credits, help with child-care, university bills, travel bills, and an attack on the most vulnerable people in our society.

This morning, the Resolution Foundation warn it may be 2020 before living standards recover – yet the wealthiest in our society will continue to prosper

What started as a call to responsibility is fast becoming a deaf ear to cries for help.

Let us be clear about how expensive the 'no-jobs plan' has become:

Tonight I can share a new analysis of the Office of Budget Responsibility's forecasts of welfare spending for the next five years.

It is shocking.

It shows that the sheer scale of the cost of Tory failure to get our country back to work.

Over the course of this Parliament:

- Housing benefit, three-quarters of which goes to those out of work - is set to soar by £3.5 billion.
- Incapacity Benefit – and its successor – is set to soar by £3.5 billion
- Unemployment benefit is set to soar by £1 billion

Tonight, the House of Lords debates a cap on Household Benefits.

It is an idea we support in principle – Ed Miliband put it in our last manifesto.

But only the Tories could propose a benefits cap that doesn't bring down the benefits bill.

They fail, quite simply because, they are not pushing people into a job – they are pushing people into a corner.

Cutting benefits while doing nothing to find people work.

Worse, it is now quite clear that the Work Programme is running into serious difficulties.

New analysis published by Labour tonight, shows the rate of people flowing off benefits and into work has now hit the lowest level since 1998.

The Work Programme is not working.

Anecdotal evidence is piling up that contractors are taking the easy wins – and doing too little to push the people who really need jobs into work.

But, second there are now real worries about Universal Credit too.

Again it is an idea we support in principle.

But there are now red-lights flashing warning signals that the programme is not on track.

Which is why my colleague Stephen Timms has written to the Public Accounts Committee asking them to investigate.

5. Applying Labour's values today

So, this is my argument

On this 70th anniversary of the Beveridge Report, I believe it is a political duty, to think anew about how the welfare state must change.

Change for new times. Change for new needs.

But I believe that the lesson of the 1940s, is the lesson of Beveridge, of Attlee, of Bevin, of Morrison.

That full employment and a strong welfare state are two sides of the same coin.

So, if we want to renew the welfare state for the 21st century, we have to think anew about the path back to full employment, commensurate with a low and stable rate of inflation.

We know the welfare state needs to change.

It needs to change because the world has changed.

The job for life has gone. The workforce is highly feminised. We've sold off the council houses – but didn't build enough in their place. Our society is aging.

All of these changes mean what working people need from the welfare state is very different from 1942.

But if we want change, change must be paid for. Paid by people who work.

And the lesson of Labour's history, of our tradition, of our philosophy is that the right to work must run alongside the responsibility to work too.

Now, a week or two ago, a prominent political observer said to me;

'It is not your job to think of new ideas, it is just your job to oppose'

Respectfully, I differ. I believe we must do both.

That is why we argue so hard for Labour's five point plan to kick-start growth and jobs. Because welfare to work needs work.

Shortly, ahead of the budget in March, Ed Balls, Hilary Benn, Chuka Umuna will be wanting to hear new ideas for getting Britain back to work

But as I say, the right to work must carry with it, a responsibility to work

The truth is that the government is actually weakening the obligation to work.

It is perfectly possible under the government's arrangements to sail through two years of the Work Programme and straight back onto the dole on the other side.

We don't think that is good enough

We don't think that if you can work, you should be allowed to live a life on benefits.

So, as we explore new ways to create jobs, we'll look at new ways to enforce the responsibility to work if you can.

If you can work, you should.

Conclusion

If one man made a reality of the Beveridge Report, it was not a civil servant, or a minister, but a prime minister. Clement Attlee.

He was a man who learned his socialism in the East End not far from here.

A place where in his words, he said;

'I found there was a different social code

'Thrift, so dear to the middle classes, was not esteemed so highly as generosity.

'The Christian virtue of charity was practiced not merely preached'¹⁵

He was soon to be alarmed at his first Fabian Society meeting.

Seeing a platform full of men with long beards, he whispered to his brother;

¹⁵ *Clement Attlee, As It Happened, p20*

'Have we got to grow a beard to join this show?'¹⁶

When he was campaigning to become Prime Minister in 1945, Attlee's appeal was rooted in that community that practiced what it preached.

To a war-battered nation, he said this;

'We call you to another great adventure which will demand of you the same high qualities as those shown in the war;

'the adventure of civilisation

An adventure where 'all may have the duty and the opportunity of rendering service to the nation, everyone in his or her sphere, and that all may help to create and share in an increasing material prosperity free from the fear of want'¹⁷.

As we mark this 70th anniversary of the Beveridge report, as we mark that milestone in the progress of our country, as we seek to plan out a different kind of future, I think those are fine words to guide us.

Thank you for listening.

END

¹⁶ *Ibid*, p21

¹⁷ *Quoted, Attlee, Kenneth Harris, p259*