

The Beveridge Report – From Cradle to Grave

A Biography of William

William Beveridge was born on 5 March 1879 in Bengal, India. His father was a judge in the Indian Civil Service whilst his mother was involved in the liberal education of Indian children. Aged 5, William was now living in Southport with two sisters and a German governess at a small Unitarian boarding school. On William's mother returning home, she found her children "undernourished, unhappy and subdued." Private tutors in India took charge of his education until the family returned permanently to Britain in 1890.

From Kent House prep school, where he was a boarder, now aged 13 he won a scholarship to Charterhouse. Whilst acquiring the habits of discipline, hard work and accuracy, he found Charterhouse "intellectually and emotionally barren." At Balliol College, Oxford, William studied maths but switched to classics, graduating with first class honours. There he met the pioneering R. H. Tawney, sharing with him a growing interest in social reform.

Beveridge trained as a barrister but became disillusioned with cases often far removed from the realities of working lives. Soon, he became interested in unemployment and its causation. He came to prominence with the Liberal government of 1906 and was asked to advise David Lloyd George on old age pensions and national insurance.

In 1908, Beveridge was introduced to Winston Churchill by Beatrice Webb at a dinner party hosted by her. Impressed by his reformist ways, Churchill invited him to join the Board of Trade. As an advisor, Beveridge successfully implemented a national system of labour exchange and national insurance with the twin aims of fighting unemployment and poverty. Already there was an economic as well as social imperative, as work contributed to the economy; unemployment did not.

During World War One, he was much involved in mobilising and controlling manpower and was knighted in 1919 for his services. In the same year Beveridge was appointed director of the London School of Economics where he remained until 1937. He had been drawn further to the idea of remedying social inequality while working as a sub-warden for Toynbee Hall, a charity organisation in East London focusing on those in poverty, or otherwise destitute.

Working closely with Sidney and Beatrice Webb, he felt philanthropy alone was not sufficient in such circumstances and a coherent government plan would be necessary. By the outbreak of war in 1939, Beveridge was working in Whitehall where he was commissioned to lead an inquiry into social services for what he termed a 'cradle to the grave' social approach. In November 1942 he published his ground-breaking report entitled, *'Social Insurance and Allied Services.'* This provided the blueprint for social policy in post-war Britain

The William Beveridge Foundation comments, "The impetus behind Beveridge's thinking was social justice. He believed that the discovery of objective socio-economic laws could solve the problems of society. He saw full employment as the pivot of the social welfare programme and another pamphlet, 'Full Employment in a Free Society' published in 1944, expressed how this goal might be gained."

Geoffrey Wheatcroft writes, "The huge degree of government control during the Great War left him, as Professor Harris says, "considerably more sympathetic to traditional views of laissez-faire and considerably less enthusiastic for state intervention than he had been in

1914," And so it was after the next war. Like Keynes, Beveridge was not a socialist at all but a lifelong Liberal."

"Beveridge was shocked by a Labour government assault on the voluntary friendly societies, those glorious creations of independent working-class endeavour. In 1948, he published *Voluntary Action*, a book which was a very different kind of manifesto from his report six years earlier, a passionate defence of voluntary provision of social welfare." Wheatcroft felt this was "quite obviously a palinode: Beveridge was recanting his own role in the creation of a vast centralised bureaucracy."

In August 1944 William Beveridge, adopted as the Liberal candidate for Berwick-upon-weed in a by-election, was forced to resign his role of Master of University College, Oxford. He won, having gained six times as many votes as his right-wing Independent opponent. In the 1945 General Election Beveridge was placed in charge of the Liberal campaign. The Liberals won twelve seats only and Beveridge lost his own seat. Elevated to the House of Lords, he died at his Oxford home on 16 March 1963.

Addressing the Five Great Evils

The cornerstone of William Beveridge's report of some 280 pages was social insurance that he saw as fundamental on the road of 'social progress.' He decreed- it should not be hindered or hampered by any 'sectional interests.' Instead, government should work to abolish the 'Five Great Evils' plaguing society: Want, Disease, Ignorance, Squalor and Idleness..

The Treasury characterised these 'Evils' as possessing an 'increasing order of strength and ferocity.' Beveridge agreed, saying that Want was in some respects the easiest to attack. – His report raised the prospect of education reforms to combat Ignorance, the wave of post-war council housing would do so much to combat Squalor, and a full employment economy would do away with Idleness.

Underpinning all of this would be a free at the point-of-use universal healthcare system, to care for the nation's health, regardless of personal circumstances. At the heart of his plan was to rid Britain of Want through a comprehensive system of social insurance and welfare. These were universal benefits so families would never 'lack the means of healthy subsistence' from lack of work, or minimum level of income. Beveridge requested a 'national minimum', a safety net below which no one could fall.

Pivotal to his plan was a contributory system providing maternity, child and unemployment benefits, state pensions and funeral allowances. He was determined that poverty experienced between the wars (and earlier) would not return. Documents in the National Archives give a sense of levels of poverty faced and consequences. In 1936, the Unemployment Assistance Board commissioned the Pilgrim Trust to enquire into the affects of long-term unemployment. Interviews with the unemployed in various towns gave a harrowing insight, reminiscent of the studies of William Booth and Seebhomn Rowntree at the beginning of the century.

An extract comment, "one or two proper meals a week followed by only tea and bread, trips back and forth to the pawn shop; a poverty cycle where, "there are not a few pennies left over at the end of the week, but a few pennies short." It describes families of four or five living in squalor in one dirty room, surrounded by "filthy linen and an indescribably horrible smell". Enduring physical and mental affects of chronic unemployment and malnourishment are starkly shown; "men and women rendered listless and depressed by enforced idleness."

Reactions to the Report

Despite the obvious need for an overhaul of social security to prevent such hardship recurring, the transformative scope of Beveridge's report, and political and economic commitments its adoption would entail, still came as a surprise to the Cabinet – particularly Winston Churchill and his closest Conservative ministers who had misgivings about the feasibility.

Churchill, on receiving a copy on 11 November 1942, instructed his chancellor Kingsley Wood to 'have an immediate preliminary, brief report made on this for me'. He received Wood's 'critical observations', as well as comments from his close friend and adviser Lord Cherwell.

These two reports sum up the initial reception Beveridge's ideas received from the Prime Minister's inner circle. Wood described the plan as 'ambitious,' a Civil Service euphemism for unworkable. Worrying too was 'an impracticable financial commitment'. Wood said that the abolition of want was an admirable objective of "a vast popular appeal" but was concerned the plan was based on "fallacious reasoning."

Wood also raised a number of concerns about resistance from various sectors impacted by the Report's recommendations. Would doctors consent to be state employees? What would the reaction of industrial assurance societies be when the state took their role? How would employers feel about making contributions for the unemployed? He was concerned also about the universal, non-means-tested nature of Beveridge's proposed benefits, drily commenting: "The weekly progress of the millionaire to the post office for his old age pension would have an element of farce, for the fact that the pension is provided in large measure by the general taxpayer."

Wood, as well as Cherwell, also raised concerns about how the USA (who were by and large bankrolling Britain's war efforts) would react to such bold proposals for state provision by a country "brought so financially low by an all-consuming war." Cherwell pointed out that the USA population might take umbrage at financing creation of a far more generous welfare state than their own. Wood worried that it would appear Britain was 'engaged in dividing out the spoils whilst the USA "are assuming the main burden of the war."

Concluding, Wood expressed the cautious attitude the Report initially provoked, commenting: "Many in this country have persuaded themselves that the cessation of hostilities will mark the opening of a Golden Age: (many were so persuaded last time also). However this may be, the time for declaring a dividend on the profits of the Golden Age is the time when those profits have been realised in fact, not merely in imagination." Beveridge would argue you need these measures in place to stimulate the economy as well as provide a system of social welfare.

As a result of this caution, there was much concern about publicity the report would receive, and Beveridge himself speaking on it and promoting its ideas. Even before publication, there were leaks to the press about its contents. Cabinet members were worried that Beveridge's allies were laying the groundwork to ensure these ideas could not be ignored. "Beveridge's friends are playing politics," wrote Conservative Minister for Information, Brendan Bracken, to Churchill in October, "and when the report arrives there will be an immense ballyhoo about the importance of implementing the recommendations without delay."

To circumvent this, the Cabinet resolved that Beveridge was to be prohibited from speaking about his Report, or his ideas, before or on the day of its presentation to Parliament, and perhaps after. Beveridge protested, saying he must be allowed to speak on his work. Churchill

relented, saying that after the report had been officially published, Beveridge could “bark to his heart’s content” about it.

Beveridge’s stock with the government declined with the release of his report. On 30 January 1943 Beveridge wrote to Churchill asking whether he might meet to discuss his future role in government, and also on the core subject of social security. His letter was of effusive praise, informing the Prime Minister that, “while on their recent honeymoon, his wife and he had both read Churchill’s biography of his ancestor, the 1st Duke of Marlborough.” Beveridge informed Churchill that the book should be “compulsory reading for statesmen of all lands; I have noted a least a dozen prognostic passages they ought to learn by heart.”

Beveridge waited over a fortnight for a reply from Churchill and when it came it expressed the Prime Minister’s coolness. “I hope an opportunity for a talk with you will occur in the future but of course I have to give my main attention to war.”

Whilst the report was viewed with sceptical caution by members of government, the views of the British public were decisive in ensuring that so much of Beveridge’s vision for Britain was enacted. On 2 December 1942, the Manchester Guardian thought this a revolutionary report and devoted the central section of its main news page, with analysis taking up the whole of the inside page. A table showed the present and proposed benefit for a man, wife and two children. The Times called it “a momentous document, which should and must exercise a profound and immediate influence on the direction of social change in Britain.”

Unemployment benefit of 38 shillings a week for 26 weeks, followed by means testing, was to be replaced by 56 shillings, unlimited in time, without means testing. Attendance at a training centre was required for prolonged unemployment. The same rate was paid for disability, triple the existing rate. The old age pension of 20 shillings a week was to double over a transition period of 20 years, reducing reliance on the National Assistance Board. Widowhood and maternity benefits were doubled and industrial disability benefits increased to the same rates for other forms of disability.

The report was released to the public in December 1942. Government public opinion surveys and monitoring show just how favourable the reaction was, and just how sceptical some were that it would ever come to pass. The British Institute for Public Opinion findings were frank: 95% had heard about the Report and the vast majority of the UK population approved of its recommendations and thought they should be put into effect, particularly the scheme for a comprehensive state medical service. There was an important caveat. Whilst people thought Beveridge’s plan *should* happen, the poll found few who thought it *would* happen.

During this period, the Ministry of Information produced weekly ‘Home Intelligence Reports’ for government and these also show just how well the Report was received by the British public. In one week in December 1942, for instance, the postal censor examined 947 letters that had been sent, almost all favourable. One writer remarked that the plan “would give the boys who are fighting something to look forward to” and another commented “the Report’s recommendations would bring about a ‘complete social revolution ... without bloodshed.’”

According to a report on 10 December, just days after being made available, Beveridge’s plan was the most talked about topic in the country. A few weeks later a typical response was to look forward to studying the report over the Christmas break but the positive reaction seems to have been tinged with scepticism, and some anger. Some thought that big business would ‘kill’ the report, while another postal censor found a letter predicting “serious trouble in this country after the war” if the report was not adopted.

Faced with this reaction the government was pragmatic. It reserved its scepticism by making an announcement to Parliament it would consider the Report and was committed to improving social insurance. There was a however. "It would not make any particular commitments at the present time." Reaction from opposition MPs and the public, recorded in several public opinion intelligence reports, required the government to make an explicit declaration to the country of their intent to carry out Beveridge's plan as far as possible.

In the end, both Labour and Conservative parties made adopting a comprehensive system of medical care and social insurance an integral part of their own manifestos in the 1945 General Election. Clement Attlee's Labour Party continued the work of the wartime government to set up the National Health Service and frame a National Assistance Act.

Birth of the Modern Welfare State

On the 75th anniversary of publication of the Beveridge Report, Nicholas Timmins, biographer of William Beveridge, wrote a piece for the Fabian Society. As a former public policy editor of the Financial Times, and senior Fellow at the Institute of Government and the King's Fund, he was well placed to do so.

Timmins rightly points to Beatrice Webb's minority report to the Royal Commission on the Poor Law, widely seen as the first and decisive call for a free public health service. It was the Webbs who founded the London School of Economics, of which Sir William Beveridge became director. He had strong views. His not infrequent arrogance caused a revolt by staff seeking a proper constitution, not diktat.

"Beveridge, of course, was not a Fabian. He was more of a Liberal and indeed briefly became a Liberal MP. His mighty report in 1942, in the middle of the second world war, called for the famous attack on "the five giant evils" that stood on the road to post-war reconstruction."

"Upon Want – by which he meant poverty. Upon Disease "which often causes that Want," Upon Ignorance, "which no democracy can afford among its citizens." Upon Squalor. And upon Idleness "which destroys wealth and corrupts men." And it fell to Labour – Butler's 1944 education act, and the introduction of family allowances aside – to construct the five giant services and policies aimed at tackling the five giants. The NHS; a big new house building programme, that was slow to get going but was followed by slum clearance. The policy of full employment, which governments up to the late 1970s sought to honour. And the new system of social security that Beveridge recommended, and which formed the core of his report."

"But the social security system Beveridge designed and Labour adopted – with some changes to his original plan along the way that did it no favours – was always a minimalist one. There to prevent poverty, with flat rate contributions in return for flat rate benefits, rather than the earnings-related approach that most other major European countries adopted after the war. These, at least for a time, tended to preserve one's place in society, rather than the individual falling back to a basic floor – "subsistence" or enough to prevent poverty, when hard times were hit."

"And Beveridge was as keen on responsibilities as well as rights. He declared there should be what we would now dub "welfare to work" programmes when individuals were unemployed for any length of time – he suggested six months in normal times. They should be required to attend a work or training centre "to prevent habituation to idleness and a means of improving capacity for earning" – although it was not to be until the 1990s, after the fracturing of full employment, that those were to arrive."

“He wanted a “something for something” arrangement – “contributions in return for benefit” – rather than a plan “for giving to everybody something for nothing.” In providing “social security,” the state “should not stifle incentive, opportunity or responsibility; in establishing a national minimum, it should leave room and encouragement for voluntary action by each individual to provide more than the minimum for himself and his family.” The basic state pension was there as a platform on which private saving could be built.”

“Today, of course, the world has changed enormously, and so have some parts of the welfare state – a phrase, incidentally, that Beveridge hated and refused to use, disliking its “brave new world” and ‘Santa Claus’ connotations. We have, once again, something nominally pretty close to full employment, with the unemployment rate at its lowest for 40 years. But with the gig economy and zero-hours contracts that feels very different from the days of full-time male employment in the 1940s and 1950s (and it was, overwhelmingly, male employment, with most married women being ‘housewives’).”

“The NHS is still recognisable as Beveridge’s ideal. A service “without charge of any kind,” other than prescription charges in England (but not elsewhere in the UK), even if bits of it – the provision of spectacles, for example, and much dentistry – have fallen off the edges and become largely privatised.”

“The single state pension is becoming again what Beveridge envisaged, a “just about liveable” platform on which private saving can again be built, though after a 40 years detour, that saw attempts to build an earnings-related platform on top come and go, and a 30 years period when its value was being eroded steadily away. Private pension saving has of course, been decimated, although the arrival of auto-enrolment, if governments stick to raising the amount that goes in, may yet provide some level of revival in that.”

“Education, both schooling and higher education, has been transformed, even if training and vocational education remains one of the UK’s persistent failures. And housing remains, as we all know, a major problem, though a different kind of problem to the one Beveridge wanted solved.”

“The biggest single shift has been in social security, where a link between national insurance contributions paid and benefits received has become vanishingly small, with the exception of the basic state pension – and even here there are significant qualifications.”

“Means-tested benefits: tax credits, housing benefit, child tax credit, and, in time, universal credit – now stretch up the income scale to those in work; inconceivable in Beveridge’s day. But the result of both the Conservatives and Labour recognising in the 1990s that – in a world where globalisation was forcing down the wages of less skilled jobs – it was better to use benefit money to subsidise people to be *in* work, rather than paying them benefit on condition they did *not* work.”

“Amid widening income inequality, it has probably become impossible to rebuild the national insurance base for those of working age. Those in low paid work require tax credits to keep them going, so cannot pay higher contributions. And those higher up the income scale more obviously do not “need” the benefits, which was always the old argument against them.”

“Challenges today are different. Rather than worrying about a growing and ageing population, the worry in Beveridge’s day was a declining population as the birth rate in the 1930s had plummeted. To the point where he declared that “with its present rate of reproduction, the British race cannot continue.”

"A key issue back then was poverty amongst the elderly. Today pensioners - recognising that 3 million of them depend on the pension credit - are the household type least likely to be in the bottom fifth of the income distribution. The problems now are that being in work no longer guarantees that a family gets above the modern definition of the poverty line, with 60 per cent of children in poverty being in working families. And inter-generational inequality - where it is the future of the young that parents and grandparents fret about."

"One other big change is that in Beveridge's day tax *rates* were high by modern standards, but tax *thresholds* too were much higher. To the point where many in the working class and indeed some in the middle class, if they had children, paid no income tax at all. The steady move of taxation down the income scale, in order to pay for the welfare state, was one reason why support for it eroded across the 1960s and 1970s."

"These days we have the remarkable paradox of much outrage at tax avoidance undertaken by the better off revealed in the Paradise Papers, but alongside it the opinion poll finding that almost half of UK adults, and 43 per cent of Labour voters, would happily take a "non-illegal" way of "dramatically" reducing their tax bill. Even as other polling shows that the public wants a strong NHS and well-funded education. Which is another major challenge for the welfare state, leave aside the lengths to which Apple, Google, Amazon and like go to reduce their tax liabilities."

"And then there is the possibility that IT and automation are going to destroy zillions of jobs, white collar as well as blue. And the argument that the welfare state will therefore itself have to change so radically that it will have to provide a basic income for all. Beveridge, with his something for something approach, would not have approved of that. And personally I am highly sceptical that the British electorate would ever vote for the sorts of levels of taxation that decent level of basic income would require."

"But all that is for another day. Right now, Fabians should be celebrating the fact that for all the changes to it – holed and shrunk in places, suffering deeply from austerity, but with new limbs added in others – we do still have a welfare state. And thinking hard about what needs to be done to preserve it." For that we can thank the Beveridge Report.

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