

The limits of the Welfare State

Social welfare or the social services, operating through agencies, institutions and programs outside the private market, are becoming more difficult to define in any society with any precision. As societies become more complex and specialized, so do systems of social welfare. Functionally, they reflect and respond to the larger social structure and its division of labour. This process makes it much harder today to identify the causal agents of change — the microbes of social disorganization and the viruses of impoverishment — and to make them responsible for the costs of ‘disservices’. Who should bear the social costs of the thalidomide babies, of urban blight, of smoke pollution, of the obsolescence of skills, of automation, of the impact on the peasants of Brazil of synthetic coffee which will dispense with the need for coffee beans? The private benefits are to some extent measurable and attributable, but the private losses are not. Neo-classical economics and the private market cannot make these allocations; they are not organized to estimate social disruption and are unable to provide adequately for the public needs created by social and economic change.

Our growing inability to identify and connect cause and effect in the world of social and technological change is thus one reason for the historical emergence of social welfare institutions in the West. Altruism by strangers for strangers was and is an attempt to fill a moral void created by applied science. The services and programmes developed in the West to give aid to the stranger victims of industrialism and change have inevitably and necessarily become more specialized and complex. In this paper we shall only be able to speak of them in general terms.

I

The social services are largely the product of the twentieth century — a delayed response to the industrialism of the nineteenth century. The term is generally and loosely interpreted today to cover such public (or publicly supported) services as medical care, education, housing, income maintenance in old age and during periods of unemployment, sickness, disability and so forth, child allowances, and a variety of specific services for particular groups of people with special needs, e.g., neglected children, unmarried mothers, the blind, mental defectives, young delinquents, discharged prisoners and other categories. All these services came apologetically into existence to provide for certain basic needs which the individual, the family and the private market in capitalist societies were unable or unwilling to meet. In the United States and other Western countries, the terms ‘social welfare’ or ‘social policy programmes’ are used as alternative generic labels to embrace a similar variety of collectively organized services which may differ widely in scope and structure, methods of administration and finance, and in the fundamental objectives underlying them.

The concept of ‘The Welfare State’, which entered the arena of political thought in the 1940’s, is generally accepted as a wider definition of the role of the State in the field of social and economic policy, embracing more than the provision of social services. Most writers on the subject, whether on the right or left politically, take it to mean a more positive and purposeful commitment by government to concern itself with the general welfare of the whole community and with the social costs of change. In his book, *Beyond the Welfare State*, Gunnar Myrdal concluded that, ‘In the last half-century, the State, in all the rich countries in the Western world, has become a democratic “Welfare State”, with fairly explicit commitments to the broad goals of economic development, full employment, equality of opportunity for the young, social security, and protected minimum standards as regards not only income, but nutrition, housing, health and education, for people of all regions and social groups.’¹

On this view, it can be argued that ‘Welfare Statism’, either as an established fact or as a political objective, is a common phenomenon of large-scale, industrialized societies. The renaissance of private enterprise during the past two decades in North America and Europe, the Keynesian revolution and the adoption of techniques of economic

¹ Myrdal, G., 1958, p. 45.

management, rising standards of living and the achievements of political parties and Trade Unions on behalf of the under-privileged, have led all these culturally different societies along the same road to 'Welfare Statism' — a road unforeseen by Marx. Whether they know it or not and whether they like it or not, Democrats and Republicans, Conservatives, Socialists and Liberals in North America and Europe have become 'welfare-statists'. The Germans and the Swedes may have more 'advanced' pension systems, the British a more comprehensive health service, the French more extensive family allowances, and the Americans may spend more on public education but, when all these national differences are acknowledged, the generalized welfare commitment is nevertheless viewed as the dominant political fact of modern Western societies. Governments of the liberal right and the liberal left may come and go; the commitment to welfare, economic growth and full employment will remain with minor rather than major changes in scope and objectives.

II

In historical and comparative terms, these are sweeping conclusions and leave many questions of values and facts unexamined. To what extent are they based on the real facts of income and wealth distribution, property, power and class? Has 'The Welfare State' abolished poverty, social deprivation and exploitation? Has man a greater sense of social control and participation in the work and life of his community? What will be the human consequences of further social and technological changes? Will the future resemble the immediate past or are these views a simple projection of a transient phase in the development of large-scale and predominantly competitive societies?

In recent years a growing number of political commentators, economists and sociologists on both sides of the Atlantic, in proclaiming the end of political ideology in the West, have either ignored such questions or have tended to imply that they are no longer of primary importance for our societies. Their reasons for so doing are explicit or implicit in their general thesis. Professor Lipset in his book *Political Man* (1960) spoke for many when he said, in summarizing the discussions of a world congress of intellectuals in 1955, that 'the ideological issues dividing left and right (have) been reduced to a little more or a little less government ownership and economic planning'; and there was general agreement that it really makes little difference 'which political party controls the domestic policies of individual nations'. With minor differences, parties of the right and of the left will both be concerned to alleviate those social injustices that still remain, and will continue to seek improvements in social welfare, education, medical care and other sectors of the economy for the general well-being. All will share, rich and poor, in the benefits of growth. By a natural process of market levitation all classes and groups will stand expectantly on the political right as the escalator of growth moves them up. Automatism thus substitutes for the social protest.

To quote Lipset again (though writers in a similar vein in England, France and Germany could equally be cited): '... the fundamental

political problems of the industrial revolution have been solved: the workers have achieved industrial and political citizenship, the conservatives have accepted the welfare state, and the democratic left has recognized that an increase in overall state power carries with it more dangers to freedom than solutions for economic problems. This very triumph of the democratic social revolution in the West ends domestic politics for those intellectuals who must have ideologies or utopias to motivate them to political action.²

As a generalization it is conceivable that this statement may serve as a summing-up for the 1950's in the history books of the next century. But from the perspective of 1960 it is, to say the least, a dubious proposition. However, we could not wish this essay to take the form of a critique of any one particular writer. To do so would carry with it the obligation to discuss in detail an individual interpretation of recent trends and the many qualifications attached to them. We shall, therefore, treat these statements as an expression not of the views of Professor Lipset but of a collective *weltanschauung*, and one that seems to be growing in influence in the West, judged by the number and the writings of its adherents.

Though we make no attempt to examine the thesis at length, we shall speculate about some of its basic assumptions so far as they relate to the future role of a humanist social policy in Britain and the USA.

First, it is unhistorical. Implicit in the thesis is the assumption that the 'industrial revolution' was a once-and-for-all affair. Thus, it ignores the evidence concerning the trend towards monopolistic concentrations of economic power, the role of the corporation as private government with taxing powers, the problems of social disorganization and cultural deprivation, and the growing impact of automation and new techniques of production and distribution in economically advanced societies. If the first phase of the so-called revolution was to force all men to work, the phase we are now entering may be to force many men not to work. Without a major shift in values, an impoverishment in social living can only result from this new wave of industrialism.

Secondly, it states that the workers have achieved 'industrial citizenship'. The only comment we feel able to make on this is to say that it is a misuse of language to imply that membership of a Trade Union is synonymous with 'industrial citizenship'. Conceptions of what constitutes 'citizenship' for the worker require to be related to what we now know about man's potential and his basic social and psychological needs; they cannot be compared with conditions of industrial slavery in the nineteenth century.

Thirdly, the thesis implies that the problem of the distribution of income and wealth has either been solved or is now of insignificant proportions in Western society. In any event, such disparities as do exist are justified on grounds of individual differences and the need for economic incentives and present no threat to democratic values.

²Lipset S. M., *op. cit.*, pp. 404-6. For other references to this thesis see Lipset and also Bell D., *The End of Ideology: On the Exhaustion of Political Ideas in the Fifties*, Rev. Ed., 1961.

In the 1950's, 1 per cent of the British population owned 42 per cent of all personal net capital and 5 per cent owned 67.5 per cent.³ Even these proportions are underestimates, for the figures exclude pension funds and trusts (which have grown enormously in recent years), and they do not take account of the increasing tendency for large owners of property to distribute their wealth among their families, to spread it over time, to send it abroad, and to transform it in other ways.

This degree of concentration in the holding of wealth is nearly twice as great as it was in the United States in 1954, and far higher than in the halcyon days of ruthless American capitalism in the early 1920's. Since 1949, wealth inequality has been growing in the United States, the rate of increase being more than twice as fast as the rate of decline between 1922 and 1949. Measured in terms of the increase in the percentage of wealth held by the top 1 per cent, the growth of inequality during 1949–56 (the latest available data) was more striking than at any time during at least the past 40 years. Not unexpectedly, the distribution of income also appears to be becoming more unequal in recent years, affecting in particular the one-fifth to one-quarter of the United States population living below the currently defined 'poverty line'.⁴

These are not all Negroes; 80 per cent of the American poor are white, and only one-fifth receive welfare aid. Economic growth in the richest society in the world has not been accompanied by any automatic, built-in equalizer. Crime for the young unemployed acts as a substitute within the prevailing system of values; the modern form of acquisitive social mobility for the lower classes.

There is no evidence to suggest that Britain has not been following in the same path since the end of the 1940's. It is even possible that inequality in the ownership of wealth (particularly in terms of family holdings) has increased more rapidly in Britain than in the United States since 1949. The British system of taxation is almost unique in the Western world in its generous treatment of wealth-holders in respect of settlements, trusts, gifts, and other arrangements for redistributing and rearranging income and wealth. This is reflected in the remarkable fact that in the mid-1950's and within age groups, it was in the young adult age group that the tendency for wealth to be concentrated in a few hands was most marked.

Such evidence as this is ignored by those who proclaim the end of political ideology. Similar trends are probably in operation in de Gaulle's France and Erhard's Germany.⁵ Over a quarter of a century of political upheaval, global war, 'welfare statism', managed economies

³ See 'Introduction' by Richard M. Titmuss to the third edition of R. H. Tawney's *Equality* (1963).

⁴ Lampman R. J., *The Share of the Top Wealth-Holders in National Wealth 1922–56*, 1962; Harrington M., *The Other America: Poverty in the United States*, 1962; Conference on Economic Progress, *Poverty and Deprivation in the United States*, 1961, known as the Keyserling Report.

⁵ According to Mr Christopher Johnson, 'The statistics which are available show what is evident to anyone living in France; that the rich are getting richer while the poor are barely maintaining their standard of living' (*New Society*, 21st February 1963, p. 15).

and economic growth have made little impression on the holdings of great fortunes in at least two of the largest industrial nations; the United States and Britain. The institution of concentrated wealth appears to be as tenacious of life as Tawney's intelligent tadpoles. Wealth still bestows political and economic power, more power than income, though it is probably exercised differently and with more respect for public opinion than in the nineteenth century.

Changes in the distribution of incomes appear to be following a similar pattern in Britain as in the United States. Towards the end of the 1940's a wartime movement towards more equality (before and after tax) in both Britain and the United States was reversed. The poorest tenth of the British population were relatively worse off compared with the higher standards of the rest of the nation in 1963 than they were in 1948.⁶

How can these great disparities in the private ownership of wealth and in the exercise of economic power be viewed as consistent with the thesis that we have reached the end of the political dialogue? No political utopia since Plato has envisaged such degrees of economic inequality as permanent and desirable states for men. Socialists do not protest at such disparities because of envy; they do so because, as Tawney argued, they are fundamentally immoral. History suggests that human nature is not strong enough to maintain itself in true community where great disparities of income and wealth preside.

Fourthly and finally, there is in this thesis an assumption that the establishment of social welfare necessarily and inevitably contributes to the spread of humanism and the resolution of social injustice. The reverse can be true. Welfare, as an institutional means, can serve different masters. A multitude of sins may be committed in its appealing name. Welfare can be used simply as an instrument of economic growth which, by benefiting a minority, indirectly promotes greater inequality. Education is an example. We may educate the young to compete more efficiently as economic men in the private market one with another, or we may educate them because we desire to make them more capable of freedom and more capable of fulfilling their personal differences irrespective of income, class, religion and race.

Welfare may be used to serve military and racial ends — as in Hitler's Germany. More medical care was provided by state and voluntary agencies not because of a belief in every man's uniqueness but because of a hatred of men.

Welfare may be used to narrow allegiances and not to diffuse them — as in employers' fringe benefit systems. Individual gain and political quietism, fostered by the new feudalism of the corporation, may substitute for the sense of common humanity nourished by systems of non-discriminatory mutual aid.

What matters then, what indeed is fundamental to the health of welfare,

⁶Lynes T., 'Poverty in the Welfare State', *Aspect*, No. 7, August 1963.

is the objective towards which its face is set: to universalize humanistic ethics and the social rights of citizenship or to divide, discriminate and compete?

III

In reality, of course, the issues are never as clear-cut as this. The historical evolution of social security measures in Britain since the end of the nineteenth century shows how complex and various were the forces at work. Fear of social revolution, the need for a law-abiding labour force, the struggle for power between political parties and pressure groups, a demand to remove some of the social costs of change — for example, industrial accidents — from the backs of the worker, and the social conscience of the rich all played a part.

But the major impulse came from below — from the working-man's ethic of solidarity and mutual aid. It found expression and grew spontaneously from working-class traditions and institutions to counter the adversities of industrialism. By means of a great network of friendly societies, medical clubs, chapel societies, brotherhoods, co-operatives, trade unions and savings clubs, schemes of mutual insurance were developed as a method of prepayment for services the members could claim when they were in need — in sickness, disablement, unemployment, old age, widowhood and death. The 'good' risks and the 'bad' risks, the young and the old, shared one another's lot. They constituted microscopic welfare states, each struggling to demonstrate that man could still exercise some control over the forces of technology. By the end of the century some 24,000 different friendly societies were in existence, with a total membership representing about half the adult male population of the country. Aptly and significantly named, during a century of unbridled competition, they were *the* humanistic institution for the artisan and his family, far outdistancing in active membership all trade unions, political parties and religious bodies.

We can now see this great movement as the amateur's compassionate answer to the challenge of the economic and psychological insecurities of industrialism and individualism. It expressed also the ordinary man's revulsion from a class-conscious, discriminating charity and a ruthless, discriminating poor law. The poor law was hated because it spelt humiliation; it was an assault on the individual's sense of self-respect in an age when 'respectability' — the quality of meriting the respect of others — governed the *mores* of society.

The values and objectives which underlay in the past the search for security in an increasingly insecure world are still relevant to an understanding of the role of social welfare in Britain today. The ways in which they shaped its origins and early development still permeate the principles on which the systems of medical care and social security operate today — comprehensive in scope, universal in membership. That they have not yet solved the problems of poverty and neglect and still provide little place for citizen participation is another story, and one that remains as a formidable challenge for socialism. But we cannot retrace our footsteps to the intimate 'friendly societies' of yesterday;

we have to find imaginative ways and new institutional means of combining humanity in administration with redistributive social justice in the future development of welfare policies.

IV

These are two of the central unresolved issues for humanists: the problem of bigness and the problem of inequality. They affect every aspect of social policy: education from the primary school to the university and into adult life; social security in unemployment, sickness and old age; the care of the physically and mentally ill; housing and urban planning; leisure and recreation.

The demand for these services will grow in the future as living standards rise among some sections of the population and fall, relatively or absolutely, among others. The consequences of automation and its technological cousins on the one hand, and more dependent needs in childhood and old age on the other, will call for a much greater investment in people and social service rather than consumption goods. Science and technology are today beginning to accomplish as thorough a revolution in social and economic theory as they are in the theory of war and international relations. The conventional doctrine that machines make work is losing its validity; machines are now replacing workers. It is already clear from American experience that these victims of technological displacement are no longer 'resting between engagements' (which is the theory of unemployment insurance): they are *permanently* out of work; permanently liberated from work. By the end of 1962 nearly one-third of all young Negroes between the ages of 16 and 21 who were out of school were also out of work. Relatively speaking, they were also more handicapped educationally than unemployed young negroes 20 years earlier. Between 1939 and 1958 the disadvantage of not having a college diploma grew in the USA.⁷

In an age of abundance of things, the production of consumption goods will become a subsidiary question for the West. The primary question will be just distribution; in particular, the distribution of services according to needs in place of the principle of productivity and performance in a market economy which today powerfully influences access to education and other social services.

In the past we have distributed resources on the basis of success and failure in economic competition; in the future we must decide whether it is morally right to do so in an economy of abundance. To distribute services on the basis of needs will help us to discover equality in our neighbours. 'Awareness of equality', wrote Daniel Jenkins, 'always arises in personal relationships and nearly always confronts us as a challenge, for it means placing a greater value upon our neighbour than we had previously been disposed to do. We are all ready to love ourselves. The discovery of equality might be defined as the discovery that we have indeed to love our neighbours as ourselves.'⁸

⁷ Miller H. P., 'Money Value of an Education', *Occupational Outlook Quarterly*, Sept. 1961, p.4.

⁸ Jenkins D., *Equality and Excellence*, 1961, p. 21.

And so we have to ask, 'What are we to do with our wealth?' This is a more relevant social question to ask today than those that seek to find more effective ways of punishing criminals, enforcing the law against deviants, preventing abuse of public assistance, forcing men to search for work, compelling them to save for old age when they cannot feed their children adequately, shifting them out of subsidized housing, inventing cheap technological substitutes for education, and charging them more for access to medical care.

Yet these aims reflect the values which are often applied today in the administration of social services. According to one writer, Professor Mancher, 'The present United States welfare (public assistance) programme is in keeping with the philosophy of 1830' — the philosophy of less eligible citizens enshrined in the English Poor Law Act of 1834.⁹ Social workers, teachers, doctors and social administrators find their functions imprisoned by the virtues of hard work and profit; virtues that are rooted in the economics of scarcity. Their role is to police these virtues as, in a more ruthless context, medical certification of fitness for work became one of the central directives under the Stalinist régime. They have no relevance to the economics of abundance.

And, as Gerard Piel has emphasized, any 'hard work that a machine can do is better done today by a machine; "hard" these days means mostly boring and repetitive work, whether in the factory or the office. But the instinct for workmanship, the need to feel needed, the will to achieve, are deeply felt in every human heart. They are not universally fulfilled by the kind of employment most people find. Full employment in the kind of employment that is commonly available, whether blue-collar or white-collar has been plainly outmoded by technology. The liberation of people from tasks unworthy of human capacity should free that capacity for a host of activities now neglected in our civilization: teaching and learning, fundamental scientific investigation, the performing arts and the graphic arts, letters, the crafts, politics, and social service. Characteristically these activities involve the interaction of people with people rather than with things. They are admittedly not productive activities; nor are they profitable in the strict sense.'¹⁰

Science and technology in alliance with other structural and demographic changes under way in our societies will call for a major shift in values; for new incentives and new forms of reward unrelated to the productivity principle; for new criteria applied to the distribution of resources which are not tied to individual 'success' as a measure; for new forms of socially approved 'dependencies'. They will make the conventional criteria of capitalism largely irrelevant.

Many years ago Keynes foresaw that the time would come when these changes would be needed. When that time comes: '... we shall be able to rid ourselves of many of the pseudo-moral principles which have hag-ridden us for 200 years, by which we have exalted some of the

⁹ Mancher S. 'Perspectives on Recent Welfare Legislation', *Social Work*, Vol. 8, No. 3, 1963, p. 62.

¹⁰ Piel G., *Consumers of Abundance*, Center for the Study of Democratic Institutions, 1961, p. 9.

most distasteful of human qualities into the position of the highest virtues . . . All kinds of social customs and economic practices affecting the distribution of wealth and of economic rewards and penalties, which we now maintain at all costs, we shall then be free to discard.'

We shall need different rules domestically to live by; more examples of altruism to look up to. Indeed, our societies in Britain and the United States are already in need of them. In no other way in the long run will it be possible for us to prevent the deprived and the unable from becoming more deprived and unable; more cast down in a pool of apathy, frustration, crime, rootlessness and tawdry poverty.

In all this, what we call the social services will have a central role to play. If this role is defined at all it will have to be defined by socialists in the language of equality. Here it is that ethics will have to be reunited to politics. The answer will not come and, indeed, logically cannot come from those who now proclaim 'the end of political ideology'; those who would elevate the principle of pecuniary gain and extend it to social service by equating education and medical care with refrigerators and mink coats; and those who advocate that more and more people should 'contract out' of universal social services and create for themselves new areas of privilege and discrimination. They, today, are the utilitarian doctrinaires; prisoners of the economics of scarcity; oblivious of the social consequences of the march of science and technology; and blind to the need for a sense of moral purpose in their own societies as the motive power in the art of giving to our international neighbours.