The future of welfare 70 years on from the Beveridge Report, with Liam Byrne, Jose Harris, Liz Kendall, Estelle Morris, Nick Pearce, Nicholas Timmins, Steve Webb and many others
The Beveridge report was published at the high-watermark of British solidarity. In December 1942, its bold social principles – of universal coverage, full employment, family allowances, benefits in return for contributions, a national health service, and the right to citizen welfare – were readily accepted by the public and politicians of all parties as the way to 'win the peace' and remake British society following the ravages of war.

Over time the solidarity that underpinned the post-war settlement has been eroded; and the conditions of society which informed Beveridge's conclusions have fundamentally altered. Public support for our welfare state is often now witheringly low, and its politics poisonous. As Kate Bell and Declan Gaffney write on page 32, ‘people have come increasingly to believe that social security is going to the 'wrong' people – extraordinarily, the public believes one in four claimants are committing fraud – and data from the British Social Attitudes Survey suggests that claimants are now seen as significantly more 'undeserving' than they were 20 years ago.’

We often feel close to returning to distinguishing between the concepts of the 'deserving' and 'undeserving' poor – whereby destitution was an individual ‘failing of citizen character’ – which early Fabians effectively banished whilst inventing modern social policy.

Beatrice Webb's 1909 Minority Report to the Royal Commission on the Poor Law was the first appearance of many of the Beveridge principles, as well as some of the specific recommendations. Beveridge himself worked as a researcher for Webb and later wrote that his own report “stemmed from what all of us had imbibed from the Webbs”.

Beveridge was responding to the testing times he had lived through, just as the Webbs’ sought to address the grinding poverty the poor law manifestly failed to address. Following the financial meltdown of 2008, Britain today now faces its own crisis – very different to previous ages’, but no less real. There is now broad agreement that the left needs a new report endure and what lessons can be learnt for the future of welfare.
The new welfare settlement

Listening to most commentary about the British welfare state might leave you depressed, fearing that the legacy of Sir Wil- liam Beveridge’s 1942 report is all but dead. But in spite of legitimate and troubling concerns, ‘follow the money’ and you’ll see the spirit of Beveridge is alive and well: for the two largest areas of public spending are free healthcare (provided for all citizens by a national health service) and state pensions, earned by national insurance contributions. Reforms were recommendations of December 1942, with origins in the ideas of early Fabians like Beatrice Webb. Indeed, for all the shorter-term pressures of austerity, the NHS and the state pension system are not just alive but thriving, in 2016 the UK spent around six per cent of GDP on economic output on health and pensions combined; today it is 14 per cent and on current projections it will be 17 per cent in 2060, assuming no change in policies. What’s more the British strongly prefers wages spending on both pensions and health. Both are on a firmer footing today than in 1997, following Labour’s record investment in the health service and major pension reforms since the 2005 Turner report. The reason for commentators’ melancholy is the state of working-age welfare, which is both a policy disaster area and the subject of deep public hostility. To take one example of hardening attitudes, the British Attitudes Survey reports the number believing that ‘unemployment benefits are too low and cause hardship’ fell from 55 per cent in 1993 to 20 per cent in 2011. In reality, over the same period, the main benefits for adults below pension age declined in value by around a quarter, relative to average earnings.

So while many people believe the cost of welfare is out of control, over the next 20 years spending on working-age social security is actually set to halve as a share of national income, due to the falling value of entitlements. As a consequence, just as in the pre-Beveridge era, ‘benefits amount to less than subsistence’ (unless you are a pensioner or disabled children) and the system falls to eradicate ‘want’. Beveridge’s plan was famously rooted not in means-tested assistance but in the principles of universality and contribution. The two terms should not be con- fused. Beveridge backed broad social insurance but also recommended non-contributory children’s allowances and the small matter of a national health service. Today, while both universalism and the contributory principle are thriving elsewhere, in the welfare state they seem to be on their knees when it comes to working-age social security. Child benefit and disability living allowance (DLA) are being restricted in different ways as part of the cuts, while the coalition’s decision to time-limit contribu- tory employment and child allowance (ESA) is just the latest blow to contributory benefits, which have been on the wane for decades.

The arguments in favour of universalism are less so the same as in Beveridge’s day. Universal entitlements reduce stigma, administrative cost, and disincentives to work or save. Counter-intuitively they are also better at reducing poverty and inequality since they bind in people of all backgrounds and sustain public con- fidence in the system. Yet even universal entitlements smooth risks and costs across our lifetimes, in which many instances is a good in itself, regardless of whether we are at risk of poverty. Together these arguments make a compelling case for universalism in areas such as the state pension and the NHS.

But the benefits of universalism will not always outweigh the high costs. Decisions about the scope and targeting of govern- ment provision should be based on chang- ing circumstances. For example, when Beveridge proposed children’s allowances, few children lived in rich households and national computer databases were science fiction. Today, with modern technology and soaring inequality, it makes sense to prioritise the ‘progressive universalism’ of child tax credits over child benefit. But the traffic is not all one way. Bever- IDGE’s proposals were grounded in the assump- tion that unpaid care was the role of married women: in the 21st century that is a historic role and there is a com- pelling case for a universal support system. Whether we become a society that supports all families or not, the coalition’s decision to limit family tax credits is a bad policy. It makes sense to do more to help second earners stay in work, by rolling over the incentives in tax credits, rather than offering free or subsidised childcare. At the moment the coalition is going the other way so far as childcare is concerned: it is designing universal credit and cutting to Sure Start.

To restore faith, politicians must change tack and explain that it is because the rules are now robust, that people can have confidence in the genuine need of those within the system.

It will only be possible to end in work poverty, by firm action on pay, conditions and job-security for low-paid workers. Ideally they could lead through binding sector-wide bargaining or a na- tional living wage, would mean that more women, but also older, have savings or a working partner are reliant on state support, thereby opening the way to giving those remaining more help in the future. Better popular understanding of the welfare system’s robust requirements could also be the route to changing the terms of the public debate. For example, growing media reports of the tough policing of ESA and personal independence payment (PIP) may challenge the unpalatable tale of families of scroungers and shirkers ‘on the sick’.

And a job guarantee for young people, and perhaps the single parent reform with older children, could help give legitimacy to those who remain on benefits, for what in future might be a very different era.

A change in language and attitudes will not happen on its own however, or even just as a result of shifting policy. After all, the last Labour administration went through an entire 13-year period without any reference to the ‘Beveridge’ system’s robust requirements could also be the route to changing the terms of the public debate.

Andrew Harrop

Andrea Harrop is General Secretary of the Fabian Society

The British welfare system has strength and flexibility, unlike those in the US and the model of the dotcom generation. And a job guarantee for young people, and perhaps the single parent reform with older children, could help give legitimacy to those who remain on benefits, for what in future might be a very different era.

A change in language and attitudes will not happen on its own however, or even just as a result of shifting policy. After all, the last Labour administration went through an entire 13-year period without any reference to the ‘Beveridge’ system’s robust requirements could also be the route to changing the terms of the public debate.

Andrea Harrop is General Secretary of the Fabian Society

The British welfare system has strength and flexibility, unlike those in the US and the model of the dotcom generation. And a job guarantee for young people, and perhaps the single parent reform with older children, could help give legitimacy to those who remain on benefits, for what in future might be a very different era.

A change in language and attitudes will not happen on its own however, or even just as a result of shifting policy. After all, the last Labour administration went through an entire 13-year period without any reference to the ‘Beveridge’ system’s robust requirements could also be the route to changing the terms of the public debate.

Andrea Harrop is General Secretary of the Fabian Society

The British welfare system has strength and flexibility, unlike those in the US and the model of the dotcom generation. And a job guarantee for young people, and perhaps the single parent reform with older children, could help give legitimacy to those who remain on benefits, for what in future might be a very different era.

A change in language and attitudes will not happen on its own however, or even just as a result of shifting policy. After all, the last Labour administration went through an entire 13-year period without any reference to the ‘Beveridge’ system’s robust requirements could also be the route to changing the terms of the public debate.

Andrea Harrop is General Secretary of the Fabian Society

The British welfare system has strength and flexibility, unlike those in the US and the model of the dotcom generation. And a job guarantee for young people, and perhaps the single parent reform with older children, could help give legitimacy to those who remain on benefits, for what in future might be a very different era.

A change in language and attitudes will not happen on its own however, or even just as a result of shifting policy. After all, the last Labour administration went through an entire 13-year period without any reference to the ‘Beveridge’ system’s robust requirements could also be the route to changing the terms of the public debate.

Andrea Harrop is General Secretary of the Fabian Society

The British welfare system has strength and flexibility, unlike those in the US and the model of the dotcom generation. And a job guarantee for young people, and perhaps the single parent reform with older children, could help give legitimacy to those who remain on benefits, for what in future might be a very different era.

A change in language and attitudes will not happen on its own however, or even just as a result of shifting policy. After all, the last Labour administration went through an entire 13-year period without any reference to the ‘Beveridge’ system’s robust requirements could also be the route to changing the terms of the public debate.

Andrea Harrop is General Secretary of the Fabian Society

The British welfare system has strength and flexibility, unlike those in the US and the model of the dotcom generation. And a job guarantee for young people, and perhaps the single parent reform with older children, could help give legitimacy to those who remain on benefits, for what in future might be a very different era.

A change in language and attitudes will not happen on its own however, or even just as a result of shifting policy. After all, the last Labour administration went through an entire 13-year period without any reference to the ‘Beveridge’ system’s robust requirements could also be the route to changing the terms of the public debate.

Andrea Harrop is General Secretary of the Fabian Society

The British welfare system has strength and flexibility, unlike those in the US and the model of the dotcom generation. And a job guarantee for young people, and perhaps the single parent reform with older children, could help give legitimacy to those who remain on benefits, for what in future might be a very different era.

A change in language and attitudes will not happen on its own however, or even just as a result of shifting policy. After all, the last Labour administration went through an entire 13-year period without any reference to the ‘Beveridge’ system’s robust requirements could also be the route to changing the terms of the public debate.

Andrea Harrop is General Secretary of the Fabian Society

The British welfare system has strength and flexibility, unlike those in the US and the model of the dotcom generation. And a job guarantee for young people, and perhaps the single parent reform with older children, could help give legitimacy to those who remain on benefits, for what in future might be a very different era.

A change in language and attitudes will not happen on its own however, or even just as a result of shifting policy. After all, the last Labour administration went through an entire 13-year period without any reference to the ‘Beveridge’ system’s robust requirements could also be the route to changing the terms of the public debate.

Andrea Harrop is General Secretary of the Fabian Society

The British welfare system has strength and flexibility, unlike those in the US and the model of the dotcom generation. And a job guarantee for young people, and perhaps the single parent reform with older children, could help give legitimacy to those who remain on benefits, for what in future might be a very different era.
Who was William Beveridge?

Jose Harris explores Beveridge’s underlying ideas and asks if there are any lessons for policymakers today.

7 YEARS AGO, at one of the darkest moments of the second world war, an obscure inter-departmental report on Social Insurance and Allied Services was published by a temporary wartime civil servant, William Beveridge. Beveridge, suddenly shot to fame as what was at the time the best-selling ‘blue’ book in British history.

The ‘Beveridge plan’, as it was instantaneously called, set out a comprehensive agenda for the abolition of poverty in Britain, not as a mirage of utopia, but as what its author claimed was “a practicable post-war plan”. Underpinning the plan’s proposals were four main strategies that signalled major development from previous national policies: the extension of existing, limited social insurance schemes to provide wider protection to citizens; comprehensive, free national health service; tax-financed family-allowances for all secured even by further children and more tentative (and ultimately more controversial) policies to maintain ‘high and stable employment’, as both a good in itself and to avoid bankrupting the national insurance funds.

The Beveridge plan proved so strong that ministers and Whitehall departments started preparing for post-war reconstruction almost as soon as the report was published. But Beveridge himself was expressly excluded from this process, and even from making contact with officials who were charged with implementing his own social security proposals. That exclusion may seem, in retrospect, to have been a strange omission given his involvement in all the previous half-century, and that was ac- tually, Beveridge himself felt, to have been ‘a strange interlude’ in a career that he had found, in his 1948 report, he complained about the system failed to eradicate poverty, that the system failed to provide a ‘welfare state’. Social advance depended on with its own internal culture and rules largely outside parliamentary ac- tion. The welfare system meant that when the right government developed an ‘enterprise market economy’. Things could have been so much better. From welfare state to welfare society

Beveridge wasurious his proposals were implemented through state rather than voluntary agencies. A new system to eradicate poverty must be owned by the people argues Barry Knight.

From welfare state to welfare society

Beveridge's pleas were ignored. Despite his 1948 report, he complained about the system failed to eradicate poverty, that the system failed to provide a ‘welfare state’. Social advance depended on with its own internal culture and rules largely outside parliamentary ac- tion. The welfare system meant that when the right government developed an ‘enterprise market economy’. Things could have been so much better. From welfare state to welfare society

Mention the name ‘Beveridge’ and chances are that your mind will spring to his 1942 report: the blueprint for the post-war welfare state. It set out how the state should take responsibility for the welfare of citizens by providing free health care and secondary and comprehensive social security based on a compulsory system of national insurance. However, what is less commonly known is that the 1942 report was the first in a trilogy. Subsequent volumes were ‘Full Employment in a Free Society’ (1944) and ‘Voluntary Action’ (1948).

The later reports are important because Beveridge acknowledged that the groundwork of a ‘welfare society’, not a ‘welfare state’. Social advance depended on with its own internal culture and rules largely outside parliamentary ac- tion. The welfare system meant that when the right government developed an ‘enterprise market economy’. Things could have been so much better. From welfare state to welfare society

The lack of public ownership of the welfare system meant that when the right came to power, they were in a stronger position than they otherwise might have been. As Andy Haldane has commented, ‘as Beveridge was doing in what to do for themselves. He sug- gested that the government should “en- courage voluntary action of all kinds” and “reduce difficulties in the way of friendly societies and other forms of mutual aid”. That idea was how the system might be owned by the people and not the state. Beveridge’s pleas were ignored. Despite this, the decades after the second world war saw significant improvements in education, health, life expectancy, social mobility, employment opportunities, and prosperity. However, whilst not wanting to detract from these achievements, we have a tendency to look back on the high points of the welfare state uncritically, seeing only the great social advances, while forgetting an equally important narrative.

The roots of this lie in what Hilary Rose has called the myth of ‘the affluent society’ in which both the Labour parties sought the electorate’s vote to gain all possible credit for setting up the welfare state. This myth obscured the fact that the system was an ‘enterprise society’, as Abel Smith and Townsend so graphically demonstrated in their 1965 study The Poor and the Poorest. Reviewing the social security system in 1972 book ‘Poverty and Taxation’, Jim Kincade noted that if ‘does not mention the Beveridge report, that the services are far less egalitarian and more punitive than is generally supposed.’

Things have changed. The 1960s, in which Beveridge’s advice was heeded. He foresaw that cold bureaucracies would dominate the system. This led to the for- mation of ‘claimants unions’ in the 1960s, which saw the Department of Health and Social Security as an agent of social control, operating with its own internal culture and rules. Thirty years later, the Conservative government deviated a four-point plan: 1. The right to adequate income without need test; 2. A free welfare state for all with services controlled by people who use it; 3. No barriers and the right to full information; 4. No distinction between the deserving and undeserving poor.

The welfare system as of today is in dire need of a rethink. The recent Fabian pamphlet Letting Go 38 Degrees, and UK Uncut, which signify a new desire to step forward to help build a better society. We should be going back to the tradition set out in E. F. Thompson’s Making of the English Working Class. As the recent Fabian pamphlet Letting Go puts it, it is important to see that “The state can’t deliver. People do.”

The Welfare Memorial Trust has embarked on an ambitious programme to develop a model of what a good society without pov- erty would look like. The work will move outside the realm of the welfare state and find out what would be prepared to do for themselves. 4.

Beveridge at 70

Published in November 1942, over 500,000 copies of the report were sold within three days, and Beveridge rapidly became a household name – not just in Britain but in the USA, the British em- pire, and many parts of occupied Europe. Despite its widespread public acclaim, however, the report provoked much behind-the-scenes consternation among civil servants, entrepreneurs, orthodox economists and coalition ministers of all parties. Some believed its proposals were grossly premature in a war for national survival; others that it would arouse expectations of post-war prosperity that would prove impossible to satisfy. A third group objected on more philo- sophical grounds that (even if affordable) social insurance could be the kiss of death to any hope of return to a competitive market economy.

In the event, public support for the Beveridge plan proved so strong that ministers and Whitehall depart- ments started preparing for post-war reconstruction almost as soon as the report was published. But Beveridge himself was expressly excluded from this process, and even from making contact with officials who were charged with implementing his own social security proposals. That exclusion may seem, in retrospect, to have been a strange omission given his involvement in all the previous half-century, and that was ac- tually, Beveridge himself felt, to have been ‘a strange interlude’ in a career that he had found, in his 1948 report, he complained about the system failed to eradicate poverty, that the system failed to provide a ‘welfare state’. Social advance depended on with its own internal culture and rules largely outside parliamentary ac- tion. The welfare system meant that when the right government developed an ‘enterprise market economy’. Things could have been so much better. From welfare state to welfare society

Jose Harris is Emeritus Professor of Modern History at St Catherine’s College, University of Oxford and is author of William Beveridge: A Biography.
Rehabilitating the welfare state must rest on the pursuit of full employment, the creation of universal care services and the ideal of reciprocity, writes Nick Pearce. Since the First World War, social democratic governments proved more ingenious in the pursuit of nascent forms of social citizenship than in creating high quality, universal childcare services and expanding care of the elderly to enable women to participate fully in the labour market and realise the demands of work and family life. High standard pre-school education also underpinned a new wave of social mobility in these countries, while aggressive retraining for workers displaced by industrial restructuring ensured that intergenerational disadvantage did not become deeply entrenched.

A contemporary rethinking of Beveridge must take as its starting point the twin goals of restoring full employment and completing the feminist revolution in welfare services.

Advancing high quality, affordable childcare is also vital for repairing the consent and affordability of the welfare state. There is strong and consistent evidence that the cost and availability of childcare is a major barrier to higher levels of female employment, minimum wage employment, and full employment. This imperative must be balanced against the considerable pressures on the public finances that have been put in place by the welfare state. Indeed, our welfare state appears to have been deficient spending – sensibly – for a number of years, but this can continue indefinitely. More, the strategy should be to shift public expenditure towards areas that are most pro-jobs. This would certainly include increasing the size of the welfare state, by switching money overtime from housing benefit to in to house building. Re-profiling social services, while aggressive retraining for workers displaced by industrial restructuring ensured that intergenerational disadvantage did not become deeply entrenched.

However, employment rates for certain groups – particularly young people, mothers and older men – remain low by international standards. This increase the scale of need with which the welfare system has to deal and reduces the resources on which it can draw, through lower productivity contributions and tax. It is hard to have a generous, protective social security system when we lose over million people were reliant on it to replace an earned income even after 15 years of uninterupted growth and strong employment performance. Conversely, the fact that we lack a generous, protective social welfare system, which reaches across low and middle income households, undermines its majoritarian foundations. The contrast with the NHS – well funded and widely popular – is striking.

Any project for rehabilitating a strategic role for the welfare state in a centre-left government, must therefore take as its starting point the twin goals of restoring full employment and completing the feminist revolution in welfare services.

A contemporary rethinking of Beveridge must take as its starting point the twin goals of restoring full employment and completing the feminist revolution in welfare services. The first would be to provide greater protection to people who have contributed into the system, most closely reflecting the traditional model of social insurance. This could be achieved by a rise in the rate of jobseekers allowance (JSA)/employment support allowance (ESA) or a technicalities, however, requiring resources to be found from elsewhere, such as those held by public employers, by banks, or by central government.

The second direction would be to expect groups, however, requiring resources to be found from elsewhere, such as those held by public employers, by banks, or by central government. The third area for developing the notion of contribution would be in the relation between taxes and expenditure, for example, thinking about how the tax system tilts the balance of expenditure away from support for those who face disadvantages in the labour market – well funded and widely popular – is striking.
Want

Erding poverty should be seen as an integral part of economic policy, not the enemy of or disconnected from it. The coalition’s policies are set to cause terrible hardship. Already, we are seeing a shameful rise in the number of people having to access food banks, and cuts to welfare benefits, including housing benefit and benefits for children, will put families under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of massive job losses in the public sector and a lack of business confidence, under tremendous pressure. A combination of mass...
Squadron

There are no quick fixes when it comes to housing but the government can do more to support those in need of affordable accommodation, says Vidhya Alakeson.

Idleness

The old divisions between the experiences of those on benefit and those in work are being broken down, says Steve Webb.

Perverse incentives

The government’s welfare reforms are in danger of creating another forgotten generation, writes Anne Begg.

70 years on from Beveridge, housing is once again in crisis. We are just not building enough homes of any kind. Inadequate supplies of supply were record low even during the recent downturn, creating a generational divide between older households who own their homes outright and younger households whose only option is relatively insecure accommodation in the private rented sector.

For the very poorest, the situation is one of overcrowding, temporary accommodation and living homelessness. All of this has come at a high price to government, which spent £24bn in 2011–12 to subsidise unaffordable rents through housing benefit.

The challenges of addressing the housing crisis are perhaps greater than the one Britain faced 70 years ago. There, a major programme of council house building created a new supply of affordable homes.

Today, with the public sector deficit continuing to grow, it is not a simple matter of launching a major government building programme. More creative solutions are needed in three areas.

First, we need to change the incentives for the house building industry to make it more profitable to build houses at scale, rather than to constrain supply and hold up land that could be developed so that its value rises. It is unacceptable that the UK’s large house builders are posting profits high even during the recent downturn, creating a generational divide between older households who own their homes outright and younger households whose only option is relatively insecure accommodation in the private rented sector.

The Beveridge model of social insurance against loss of earnings worked well when poverty was synonymous with lack of earnings and not having a job was the main reason for working age poverty.

Today, having a job is no longer enough to ensure that a family is lifted out of poverty. Perhaps surprisingly, there are more children living in poverty in households where there is someone in work than there are in unoccupied households.

Since Beveridge, the response to this problem has been a progressive expansion of wage top-up schemes, from family income supplement in the 1970s through to the coalition’s new universal credit – the most comprehensive response yet to the scourge of in-work poverty.

As well as providing a single integrated system of support – combining benefits currently paid by the Department for Work and Pensions, local authorities and HMRC – the universal credit makes work pay and makes working more pay more. People get the same benefit regardless of what they earn when they first take a job and, as they increase their hours, their universal credit is withdrawn at a fairly low rate.

The universal credit tries to bring benefit recipients into the mainstream of the labour market, but the system has only been delivered in a couple of years and the wider economic impacts of a dramatic fall in house prices would be severe. But addressing today’s housing crisis on these three fronts would pay dividends over the next 70 years.

Vidhya Alakeson is deputy chief executive of the Resolution Foundation.

It is very easy to say that everyone who can work should work. It is also something that most people would agree with, including those who are out of work. However, saying something is based on it being always easy, especially for those who have a chronic illness or disability.

It is not so easy to find employers willing to take on someone with a history of mental illness, someone who has a poor health record, or someone who has just received a diagnosis saying they have cancer or a degenerative disease. Yet many of the people who are failing the disability work capability assessment (WCA) and are being found fit for work still have significant health problems.

Much of the coalition government’s rhetoric suggests there are the people who work and the people who don’t. However, the reality is that most people who are out of work at any one time have been in work, and many are struggling to get back to work.

For some, it may have been the revolving door of short-term low paid work, followed by periods of out of work. For such a person, developing a problem with their health and being unable to take on the low paid, physical work they needed to earn enough to support themselves and their family.

Whilst Beveridge envisaged that social insurance would provide the best response to income poverty, the coalition is using incommensurate related-in-work support as a modus operandi to the same problem.

Steve Webb is minister of state for pensions and life Diese MNP for Thurrock and Tate.

The government’s welfare reforms are in danger of creating another forgotten generation, writes Anne Begg.

I am fairly sure the coalition government will hail this drop as a huge success, proving that people who were perfectly able to work were languishing on benefits. This is the group who have come into for so much criticism in the tabloid press, being called ‘scroungers’, ‘work-shy’ or ‘on the fiddle’. However, just because people have been moved on to JSA they don’t mean they have stopped working. For some, it may have been the revolving door of short-term low paid work, followed by periods of out of work. For such a person, developing a problem with their health and being unable to take on the low paid, physical work they needed to earn enough to support themselves and their family.

The main criticism of incapacity benefit (IB), before it was replaced by the new employment and support allowance (ESA), was that it was too easy for people to avoid work if they were given a few months’ extra benefit. This was not well enough to be expected to find a job in the short-term, and who live in a household whose income is above tax credit support levels. Contribution ESA can be stopped even if a personal adviser doesn’t think you are well enough to be referred to one of the work programme providers to undertake work related activity.

With the loss of benefit, there is no incentive for the individual to engage with Jobcentre Plus, especially if they feel they are unlikely to get a job. As they are receiving no benefits, there are no sanctions the pacman can impose and there is no incentive for the government to spend money on trying to get them into work.

It is sad to think that the people in this group are those who, until their ill health or disability made it difficult for them to find work, worked all their lives, paid their national insurance contributions and either have some savings or a partner who is still in work. They have done everything the government has said is the right thing to do, but at the point when they expect the state to step in to help, that help runs out. With the loss of benefit, there is no on contributory ESA or a year. It is little wonder many think the incentives in our welfare system are perverse and seem to punish what Beveridge envisaged at all.

With the loss of benefit, there is no incentive for the individual to engage with Jobcentre Plus, especially if they feel they are unlikely to get a job. As they are receiving no benefits, there are no sanctions the pacman can impose and there is no incentive for the government to spend money on trying to get them into work.

It is sad to think that the people in this group are those who, until their ill health or disability made it difficult for them to find work, worked all their lives, paid their national insurance contributions and either have some savings or a partner who is still in work. They have done everything the government has said is the right thing to do, but at the point when they expect the state to step in to help, that help runs out. With the loss of benefit, there is no on contributory ESA or a year. It is little wonder many think the incentives in our welfare system are perverse and seem to punish what Beveridge envisaged at all.

Dame Anne Begg is MP for Aberdeen South and chair of the work and pensions select committee.

© Sarah Faulkner
Social security for everyone

Kate Bell and Declan Gaffney look at how the contributory principle can help us build a stigma-free welfare state equipped for an ageing population

Kate Bell is London campaign co-ordinator at Child Poverty Action Group.
Declan Gaffney is an independent policy consultant.

Within the myriad of reflections on the Beveridge report published this anniversary year, there have been two recurring themes. Firstly, what has happened to support for the welfare state? And secondly, could a return to the principles which he set out in that report, in particular the ‘contributory principle’, provide the basis for a revival of welfare state popul arity?1

Beveridge aimed to build a maximally inclusive system with broad popular support, which would be free of the stigma associated with earlier forms of social assistance. It is hard to argue that these ambitions are met by the system as it stands. Many do not see social security as offering them anything; public support is, in many ways, fragile, and in an irony that surely would have horrified Beveridge, stigma remains a potent force in public perceptions, political debate and media coverage. Nonetheless, reports of the death of social security have been exaggerated. And while a more contributory welfare system might help to increase popular legitimacy for social security, its real potential is to address the longstanding links to attitudes towards claimants. What we find in such groups and secondary analysis was nothostile to the idea of a social security system per se. Most people do not believe that claiming benefit should be stigmatised (68–72 per cent disagree) – although more believe that claiming is stigmatised by the public at large (51–54 per cent disagree). Rather, people come increasingly to believe that social security is going to the ‘wrong’ people – extraordinar ily, the public believes one in four claimants are committing fraud – and data from the British Social Attitudes Survey suggests that social security is for everyone, that the contributory principle could help achieve this aim, because well-designed contributory benefits can help maintain labour market attachment and raise the value of employment while facilitating temporary labour market exits. As the Resolution Foundation and others have highlighted, the major employment gap in Britain is amongst women, and particularly among women with children. Designing a system that enables women to take time out of, and crucially return to, the labour market is critical to address this. At present, the UK system offers over-ridiculous choices between work and caring. Enabling people to use the contributory system to build up entitlement to take time off work (in much the same way as the Belgian ‘time credit’ system operates) might be one way to address this. As a step towards this parents’ current entitlement to a period of unpaid parental leave could be supported through a contributions-related payment – enabling parents to actually use what remains only in a right in principle for many low paid workers.2

There is, therefore, a strong policy rationale for looking at how contributory benefits could address contemporary issues which were far from Beveridge’s mind when he wrote his revolutionary report. If this helps rebuild public support through the sense that social security is for everyone, that the contributory principle can help achieve this aim, because well-designed contributory benefits can help maintain labour market attachment and raise the value of employment while facilitating temporary labour market exits. As the Resolution Foundation and others have highlighted, the major employment gap in Britain is amongst women, and particularly among women with children. Designing a system that enables women to take time out of, and crucially return to, the labour market is critical to address this. At present, the UK system offers over-ridiculous choices between work and caring. Enabling people to use the contributory system to build up entitlement to take time off work (in much the same way as the Belgian ‘time credit’ system operates) might be one way to address this. As a step towards this parents’ current entitlement to a period of unpaid parental leave could be supported through a contributions-related payment – enabling parents to actually use what remains only in a right in principle for many low paid workers.2

3. For example, in Cooke, G. (2011) National Salary Insurance Reforming the welfare state to provide real protection IPPR.
4. We discuss this further in Bell K and Gaffney D (2012) Making a contribution: social security for the future TUC.

FIGURE 1

Benefit claimants are seen as significantly more ‘underserving’ than 20 years ago

<table>
<thead>
<tr>
<th>Year</th>
<th>In need as lazy</th>
<th>Don’t deserve help</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>45%</td>
<td>40%</td>
</tr>
<tr>
<td>2015</td>
<td>40%</td>
<td>35%</td>
</tr>
<tr>
<td>2010</td>
<td>35%</td>
<td>30%</td>
</tr>
<tr>
<td>2005</td>
<td>30%</td>
<td>25%</td>
</tr>
<tr>
<td>2000</td>
<td>25%</td>
<td>20%</td>
</tr>
<tr>
<td>1995</td>
<td>20%</td>
<td>15%</td>
</tr>
</tbody>
</table>

Source: British Social Attitudes

FIGURE 2

Negative vocabulary in newspapers on working age benefits

<table>
<thead>
<tr>
<th>Year</th>
<th>Child Poverty Action Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>50%</td>
</tr>
<tr>
<td>2007</td>
<td>60%</td>
</tr>
<tr>
<td>2003</td>
<td>70%</td>
</tr>
<tr>
<td>1999</td>
<td>80%</td>
</tr>
<tr>
<td>1995</td>
<td>90%</td>
</tr>
</tbody>
</table>

Source: British Social Attitudes

1. Child Poverty Action Group

2. National Salary Insurance Reforming the welfare state to provide real protection IPPR


4. For example, in Cooke, G. (2011) National Salary Insurance Reforming the welfare state to provide real protection IPPR.

5. We discuss this further in Bell K and Gaffney D (2012) Making a contribution: social security for the future TUC.

6. Don’t deserve help

7. In need as lazy

8. Don’t deserve help

9. In need as lazy

10. Don’t deserve help

11. In need as lazy

12. Don’t deserve help

13. In need as lazy

14. Don’t deserve help

15. In need as lazy

16. Don’t deserve help

17. In need as lazy

18. Don’t deserve help
A prize worth fighting for

The lesson of history is clear: even in the toughest times our country can afford to put ambition into action. So let’s build a country that works harder, earns more and is more equal, says Liam Byrne.

Exactly 70 years ago, William Beveridge published the white paper that would revolutionise Britain. The story of the report is one of high principles. Principles that are simple and strong remain to this day. Prin- ciples inspired by old British values like ambiti- on and compassion, dignity and duty. And crucially for us in the Labour movement, the pride and the possibilities of work.

Legend has it that the great man did not get off to an auspicious start. Desperate to organise manpower on the home front, it is said that Beveridge burst into tears when told he was instead to lead an inquiry into the small matter of social insurance.

It didn’t take Beveridge long to rebo. In the first nine months of 1942, he took evi- dence from 127 individuals, pressure-groups and lobbyists. In July, he unveiled his five giants. By summer, he had struck a ‘deal’ with business and lobbyists. In July, he unveiled his five giants. By summer, he had struck a ‘deal’ with business and lobbyists.

We believed then what we believe today, that the bedrock of social security is full employment. We believe that an equal so- ciety demands an equal measure of dignity for all. And we believe that responsibility is expected and should have its reward.

Once upon a time, social security was all about ‘minimising disruption to earnings’. Now it must be about something more: maximising potential of earnings.

Finally on the afternoon of 6 February 1942, the minister of national insurance, Jim Griffiths got to his feet to move the national insurance bill be read a second time. After years of preparation, a nation battered by war passed the Beveridge report into law.

The lesson of history is clear: even in the toughest times our country can afford to put ambition into action when we act to put people into jobs.

The challenge now for Labour is not to abandon the principles of Beveridge and Bevin, it is to renew them for new times, against a Tory party that has learned noth- ing from their history.

We believe that the bedrock of social security is full employment. We believe that an equal so- ciety demands an equal measure of dignity for all. And we believe that responsibility is expected and should have its reward.

Full employment, universalism, and contribution. For us these words are not a slogan. They’re an expression of decency.

The Tories have never believed, or fought for the idea of full employment. They basi- cally believe that you’re on your own. They can’t even be bothered to make their work programme work, and it shows. The latest figures reveal monthly referrals to the flag- ship work-to-work scheme has halved at a time when long-term unemployment is still rising. Their cuts to councils are deepest where jobs are fewest. Their plan to cut too far and too fast has throttled the recovery.

The result is unemployment that is higher than in May 2010, with long-term unemployment and long-term youth un- employment still rising. All of this means that the welfare bill is rising through the roof. £24bn higher than before. We were promised a revolution but the work pro- gramme doesn’t work and universal credit is becoming universal chaos.

This unchecked and uncontrolled cost of failure now drives the Tories to short-change Britain’s strivers. Rewards for work are being decimated. Tax credits are being cut so hard that thousands would actually be £278 better off on benefits than in a job. Cuts to childcare are forcing women out of work. And for millions of families universal credit will make things worse; a couple with kids working full time could lose £2,000 a year.

The result is stark. Today British workers are producing more and earning less. For the first time we are set to become a country where social mobility goes into reverse. Under this government the contribu- tory benefits attacked by Macmillan and Thatcher are set to become nothing more than a rounding error. Excluding pensions they will total just 4 per cent by 2016-17. It is now five minutes to midnight for Beveridge. Our job in the Labour party is to turn this tide. But let’s be honest, the politics of this are tough. Support for the welfare state isn’t rising, it’s falling.

I think there is a simple explanation. Britain has changed since Beveridge. Think about the world of work today.

‘Work has changed fundamentally. The idea of having a job for life is a distant memory and more than 40 per cent of people now work part-time, in temporary jobs, or are self-employed. There are more women in work than ever before and our society is ageing. Prices are rising and living standards for ordinary families are being squeezed – in just the last four years, low to middle incomes have fallen by 7 per cent.

That’s why we believe today, after 70 years of preparation, that Britain is now a country that works harder, earns more and is more equal. It is a prize worth fighting for. That’s why we believe today, after 70 years of preparation, that Britain is now a country that works harder, earns more and is more equal. It is a prize worth fighting for.

The lesson of history is clear: even in the toughest times our country can afford to put ambition into action. So let’s build a country that works harder, earns more and is more equal, says Liam Byrne.

Something for something

Beveridge would be dismayed by the state of national insurance. Could the principle be revitalised to pay for health and social care, asks Nicholas Timmins?

Beveridge at 70

Nicholas Timmins is author of The Five Giants: A Biography of the Welfare State, Senior Fellow at the Institute for Government and at The King’s Fund, and former Public Policy Editor of the Financial Times.

The one thing that can be said with some certainty, however, is that he would not recognise, and would be dismayed by the state of national insurance. After all, it was national insurance that underpinned his report. It was “first and foremost, a plan of insurance”. Benefits would be paid in return for contributions. They should be given “as of right and without means test”, although Beveridge did recognise that some residual level of means-tested benefits was inevitable.

Britons, he declared, did not want a “Santa Claus state” that provided “free allowances”. Rather they wanted a “something for something” approach.

70 years on, national insurance is now virtually unrecognisable from either Beveridge’s conception or the scheme that
Labour implemented in 1948. It is not just that national insurance benefits were set too low in 1948 to avoid an appreciable level of means-tested benefits, but that the whole national insurance system has a history of losing battles. As John Hills of the LSE pointed out in his masterly review of Beveridge's welfare state, thelevel of national insurance as envisaged by Beveridge has lost repeated battles since 1948. It is to no degree taken for granted that being flat-rate contributions for flat-rate benefits to earnings-related contributions for flat-rate benefits. There is no longer an upper earnings limit for employer contributions.

Unemployment benefit – now job seeker's allowance (JSA) – has been cut from 12 years to six and has had its value cut so that it is paid at the same rate as means-tested JSA, but without the condition being suspended by making means-tested JSA free prescriptions. The value of the old invalidity benefit was cut, and incapacity benefit is now partially means-tested. Contributions for employment and support allowance is now paid only for a year, when the predecessor benefit was paid indefinitely.

Up to 1980, pensions rose in line with whichever was higher, earnings or prices. Since 1980, pensions have been adjusted with earnings, then removed, leading to the value of the basic state pension withering away against average living expenditure. While restored with the coalition government de- tausing in line with the better of prices, earnings or prices (where severe economic conditions have changed – whereas women used to need 39 years of contributions and men 44 years of contributions to receive a basic state pension. This change was aimed at ensuring it was not too expensive, there is no longer a risk that people will not get to the basic state pension. Meaning that, particularly if the coalition goes ahead with its proposals for a ‘single’ state pension of £140 a week, the basic state pension will have returned to something like Beveridge’s original settlement, welfare for people working at the same rate as means-tested JSA, with a mechanism for reducing the earnings and savings of this group.

All of which prompts one other thought: if the huge spending squeeze that is on the NHS leads to the funding system being changed, then one way to do it might be to use national insurance for health care, not social and health care. In effect, national insurance would be turned into a sort of hypothecated tax on earnings. The 'something for something' approach would then apply to the services of the NHS and state support in the social care system, rather than to benefits. Hypothecated taxes have many problems, for instance, there is little evidence that a funding system that tends to decline in periods of recession when demand is likely to rise. Some sort of automatic stabilising mechanism would have to be found, but more importantly it is likely to be taken advantage of by 'shirkers'. Within this group there are nuanced arguments about how much more an individual is more focused and individualistic on the responsibility of others to pay their taxes, why should others be able to get away with idleness? The Tories are targeting this group assiduously. They call it the ‘tirextricators’.

A second cluster of responsibility seekers emphasise that Britain has lost in moral fibre and that idleness is the product of parents who no longer teach right from wrong, as they used to in the days when work was seen as a good thing and worked for the good of society together in the same factories. They place less stress on their own endeavour and more on the perils and social mores that anchor us all.

The recession, burgeoning national debt, at least partly on government, the public sector’s collective financial melancholy has led each camp to return to its citadel and pull up the drawbridge.

So how can Labour win the welfare debate? Quite simply it should focus on the war not the skirmishes, and to do this it needs a moral consensus to avoid the common ground between responsibility and justice seekers. The idea that there is any underpinning Beveridge’s case have been lost in the mists of time. The first is the contribution principle does not seem to apply if the benefits could get more out of it than need those who have not.

Second, Beveridge principle is the subsistence principle: Beveridge was very clear that unemployment benefit should be paid for only a year, when the predecessor benefit was paid indefinitely. When such a change would require a bit of thought and analysis, it might be worth exploring a different way to restore the contributory principle to one part of the welfare state, even if it would play a very different role to the one that Beveridge envisaged.

Labour should be bold and seek to engage the whole country in debate. The 2012 British Values Survey by Cultural Dynamics shows how visceral views can be. 42.8 per cent of the population agree with the statement ‘I believe that people can be divided into two classes – the weak and the strong. I think that the role of government is to make sure that weak people don’t starve.’ And 30 per cent agree to various degrees with the statement ‘I feel that the government should aim at making sure that everyone is equal. If people are less equal, it is because they have not tried hard enough.’

All of which prompts one other thought: if the huge spending squeeze that is on the NHS leads to the funding system being changed, then one way to do it might be to use national insurance for health care, not social and health care. In effect, national insurance would be turned into a sort of hypothecated tax on earnings. The ‘something for something’ approach would then apply to the services of the NHS and state support in the social care system, rather than to benefits. Hypothecated taxes have many problems, for instance, there is little evidence that a funding system that tends to decline in periods of recession when demand is likely to rise. Some sort of automatic stabilising mechanism would have to be found, but more importantly it is likely to be taken advantage of by ‘shirkers’.

Within this group there are nuanced arguments about how much more an individual is more focused and individualistic on the responsibility of others to pay their taxes, why should others be able to get away with idleness? The Tories are targeting this group assiduously. They call it the ‘tirextricators’.

A second cluster of responsibility seekers emphasise that Britain has lost in moral fibre and that idleness is the product of parents who no longer teach right from wrong, as they used to in the days when work was seen as a good thing and worked for the good of society together in the same factories. They place less stress on their own endeavour and more on the perils and social mores that anchor us all.

The recession, burgeoning national debt, at least partly on government, the public sector’s collective financial melancholy has led each camp to return to its citadel and pull up the drawbridge.

Labour should be bold and seek to engage the whole country in debate. The 2012 British Values Survey by Cultural Dynamics shows how visceral views can be. 42.8 per cent of the population agree with the statement ‘I believe that people can be divided into two classes – the weak and the strong. I think that the role of government is to make sure that weak people don’t starve.’ And 30 per cent agree to various degrees with the statement ‘I feel that the government should aim at making sure that everyone is equal. If people are less equal, it is because they have not tried hard enough.’