

Icons of Toynbee Hall

William Beveridge

By Judith Attar

TOYNBEE HALL

For a future without poverty



(Right) Sir W.H. Beveridge (circa 1910s) Source: George Grantham Bain Collection, Library of Congress

Seventy years ago this winter, on 1 December 1942, Britons got a glimpse of the future. For this day saw the publication of the Report on Social Security and Allied Services, forever known as the Beveridge Report after its author, academic and former civil servant Sir William Beveridge. Within a month,100,000 copies had been sold to a war-weary population and Beveridge himself was on a lecture tour of the United States.

The report impressed its readers with its vivid archaic language but was most remarkable for its assumptions. Britons learned from their newspapers of 2 December how national insurance, originally a 19th century idea, would be mustered to abolish Want, one of Beveridge's three evils along with Ignorance and Squalor. Want could be abolished by compulsory insurance, with voluntary insurance adding to incomes where possible. Beveridge explicitly assumed allowances for dependent children, a comprehensive health service and maintenance of employment for the plan to work.

The report, commissioned and published by ministers but not 'owned' by the government, was welcomed in the media at home and abroad - hence the overseas tour of its author.

(Front Cover) William Beveridge 1909; IMAGELIBR ARY/1161 Source: Librar y of the London School of Economics & Political Science

Beveridge was interviewed by the BBC and British Pathé Films, and for a little while he became a celebrity: marrying the same month, his wedding was papped by photographers and featured in newsreels soon after.

Yet it would be hard to imagine a less likely public hero.

William Beveridge, 24, joined Toynbee Hall in Whitechapel in 1903. Beveridge, graduate of Balliol, Oxford, arrived at the social reformist community centre-cum-thinktank to study the 'causes and cures of poverty' against the background of overcrowding and poverty unequalled in London.

The greatest driver of poverty was, and still is, the disruption to regular earnings. Workers could manage short interruptions – relying on friends and family, shopkeepers' slates and pawnbrokers, benefits from Friendly Societies (non-profit-making insurance clubs) and trade unions. Sooner or later, the only relief was the workhouse, paid for out of the Poor Law rates. When Canon Samuel Barnett, co-founder of Toynbee Hall, described Whitechapel as a 'massing of a vast population too poor to bear one another's burdens', he meant the inability of local rates, as well as family and social networks, to support the poor for long.

Beveridge was soon in the midst of the problem. Canon Barnett put him in charge of a London charity for the unemployed, the Mansion House Fund. He became a member of the Stepney Distress Committee and the Central (Unemployed) Body for London (CUB), both set up under the Unemployed Workman's Act of 1905 to match men to make-work programmes. He had the unwonted task of deciding who would benefit and who to turn away; 35 years later his scheme for comprehensive insurance would turn nobody away. But at the time, Poor Law relief, charities and state-sanctioned job creation schemes, all with different qualifying conditions for help, bumped up against each other and more workers were rebuffed than assisted. The system was found wanting.

In response to these concerns, Arthur Balfour's outgoing Tory government set up a Royal Commission of Inquiry into the Poor Laws in 1905. Beveridge gave evidence in 1907, at the suggestion of Beatrice Webb, the Fabian sociologist and Commission member. He made it clear that the Poor Law principle of deterrence – using the punitive treatment of paupers to discourage claims – was no solution to unemployment. He also testified that trade union and Friendly Society benefits only covered a small proportion of the workforce. He told the commission: 'that in the extension of unemployment insurance, you have one of the great general methods of dealing with this problem.' But first the country needed a chain of labour exchanges to register the workless and administer the insurance fund.



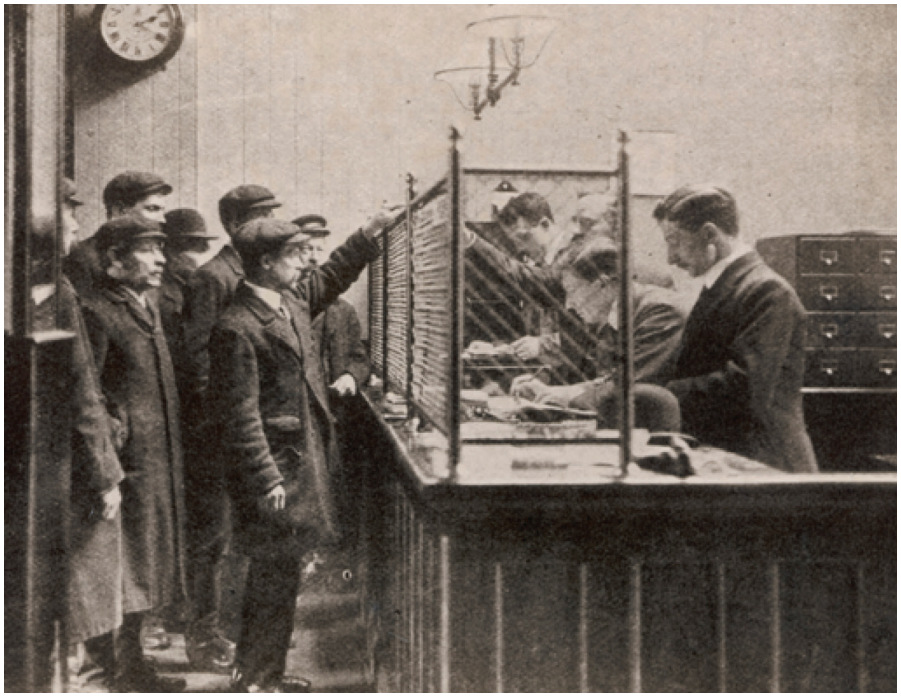
(Right) Beatrice Webb Original Image: A group of English Socialists, Elliot & Fry 1894. Source: Librar y of Congress

Like many Toynbee-ites, the young Beveridge had made influential contacts. Two future Labour leaders, Ramsay MacDonald and George Lansbury, served with him on the CUB; the much-published Webbs were friends of the Barnetts and Mrs Webb's secretary was none other than Clement Attlee, the future Labour Prime Minister. Former fellows could also be found in the civil service and soon Beveridge was on the books at the Department of Trade (DoT) with another former Barnett protegé, Herbert Llewellyn Smith.

It was at the DoT, under Winston Churchill, that Beveridge was responsible for the 1909 Labour Exchanges Act, the first element for a state-administered unemployment insurance. Two years later, during Lloyd George's reformist premiership, he drafted the 1911 National Insurance Act which introduced the tripar te system of compulsor y contributions: employers and employees paid 2s 5d per week and the state added another 1s 67d. At the same time, sickness benefit, another contributor y benefit, joined the means-tested widows and old age pensions. All the benefits were limited to specified sectors and income ranges but were extended over time to cover about 12 million people by the end of the 1930s.

By 1942 there were five benefits with separate funds, separate administrations and overlapping conditions for eligibility. The hated Poor Law still operated and was more than ever out of step with the mood of the country. There was no question this time that the young men fighting for Britain deserved, in the words of the Great War leader Lloyd George, a country fit for heroes on their return. But what would it look like?

Churchill billeted the problem on a committee so he could get on with the important job of fighting the war. Beveridge, whose chairmanship of the committee was unwelcome news, was told that its findings would be his and not the government's (although he would have assistance from the civil service); that is to say, ministers would disown it as soon as it was published. After 12 months taking evidence, the Report on Social Insurance and Allied Services, henceforth known as the Beveridge Report was presented to the Commons on 30 November and published on 1 December 1942.



(Above) Labour Exchange at Camber well Green, expectant claimants and busy officials.
Source: Illustrated London News
Februar y 1910 page 183



(Left) "Here's to the brave new world!"
By Illingworth, Leslie Gilbert, published in the Daily Mail 2 December 1942
Source: Associated Newspapers Ltd./ British Cartoon Archive, University of Kent, www.cartoons.ac.uk

The popularity of the report took ministers by surprise. Its immense appeal has been attributed to many things: the stirring language, its traditionally liberal view of a benevolent state, its support for a planned economy without sacrificing individualism. The Beveridge report put the duty to fight poverty on a par with fighting fascism. And Beveridge knew firsthand about the indignity of poverty, with its means-tests and busybodies, home visits and intrusive interviews.

The post-war Labour government, unofficially tasked by the electorate with increasing human happiness, promptly introduced bills on national insurance, a national health service and family allowances, a commitment to full employment that lasted well into the 1970s. But it differed on important points: unemployment insurance was to be limited in its duration and benefits would be set at a level below a manual worker's wage. This meant that in practice, Britain retained its dual system of benefits, with those exhausting their eligibility to NI benefits thrown onto the means-tested kind (supplementary benefit, income support etc). But in the post-war decades of low unemployment, most people who found themselves unemployed got work before their claim ran out.

Beveridge himself said that contributory insurance had 'won on its merit.' Drawing up his idea for extending the national insurance back in 1924, he noted that it 'accords with popular sentiment against giving or getting something for nothing.'



(Above) Maternity grant poster, 1973
Source: Mary Evans Picture Library The National Archives, London. England

But its popularity owed as much to the assumptions behind his scheme. Beveridge stressed the need for three things to make his social security system work, and they were famously accepted by successive governments: allowances for families, because the cost of bringing up children could not be left to wages alone; maintenance of high employment; and a free health service. All were needed for income security but even then, said Beveridge, that goal 'is so inadequate a provision for human happiness that to put it forward by itself as a sole or principle measure of reconstruction hardly seems worth doing.'

There have been both major and minor changes to our dual system since 1948, but only two appear irreversible: the equal treatment of women and the introduction of in-work benefits. We are now on the brink of another change.

From April 2013, the Universal Credit will pay contributory benefits, means-tested benefits, in-work subsidies and housing costs (to be known as components) in one monthly sum. People moving in and out of low-paid work will not have to claim new benefits; instead, working periods could be subject to earning disregards (terms and conditions apply). This means the Universal Credit is the first benefit that people could receive both in or out of work.

Sir William's 1942 scheme was simple. It paid five different insurance schemes from a single fund, administered by a single unit, with flat rate contributions and benefits, and available to ever ybody of working age. It made benefits respectable because even people who didn't need them could be claimants, and if you had a right to non means-tested benefit, you could also keep the state out of your private affairs.

The Universal Credit is simple too: it bundles together different types of benefits and, in a small way, also removes some of the stigma of being out of work. As with every scheme enacted in the UK, however, the principle behind it is still that of the Poor Laws' 'less eligibility' rule, that the unemployed should always be worse off compared to those in work. That's not the Beveridge way: thanks to Canon Barnett of Toynbee Hall, Sir William had experience of assessing claims and interviewing workers. He had learned, he told the Poor Law Commission, keeping benefits artificially low compared to wages did not impact on unemployment because few people were in that situation voluntarily. Will the Universal Credit prove him wrong?



(Above) "Sir William Beveridge Marries"-1942- still no. 46.
He is leaving Caxton Hall, London af ter his wedding. Source: British Pathe

References:

1. Wiliam Beveridge, Power & Inf luence, Hodder & Stoughton, London 1952.
2. Canon Samuel Barnett: the Toynbee record, Vol X VIII, No -1, October 19 05.
3. William Beveridge: Evidence to the Royal Commission on the Poor Laws & Relief of Distress, Vol VIII, HMSO London 19 09.
4. Sir William Beveridge, Insurance for All & Ever y thing, the New way Series, vol VII, Liberal Summer Schools, 1924.
5. William Beveridge, The Beveridge Repor t, Brief HMSO London 1942 (Box section) Implementing the Beveridge Report:
   - June 1945 - Family Allowance Act;
   - August 1946 - National Insurance Act;
   - November 1946 - National Health Act.

Judith Attar, Historical Research/ Writing July – October 2012

Help us create a future without poverty

Toynbee Hall
28 Commercial Street
London E1 6LS
Tel: +44 (0)20 7247 6943
Email: info@toynbeehall.org.uk

www.toynbeehall.org.uk

Find us on Facebook
Follow on Twitter @Toynbee Hall
Sign up to our e-news online

Registered Charity No. 211850. A company limited by guarantee.
Registered Office as shown.
Registered Number. 20080 England

Copyright © Toynbee Hall. All rights reserved.