Rootless Remedies for Social Problems
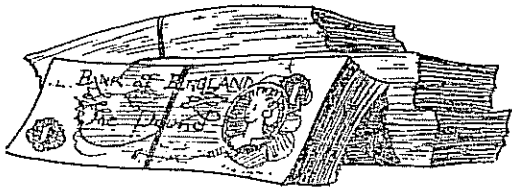
IN PLACE OF BEVERIDGE by Geoffrey Howe, M.P.
(Conservative Political Centre, 1s.)

THIS PAMPHLET is a criticism of aspects of the modern welfare state. It could have been written (with a few verbal modifications) by almost any modern back-bencher on either side of the House — observant, humane, sophisticated . . . but profoundly un-radical.

"Welfare state" politics — from the introduction of old age pensions in 1909, through Beveridge, and down to our own day — have done a great deal. They have played a very large part in ensuring that no one in modern Britain need starve or shiver. But, inevitably, they have brought their own train of problems. We must be grateful to Mr. Howe for recognising many of these problems, although we may feel far from happy that he is on the road to any solution.

Mr. Howe tells us that one-fifth of the old age pensioners today receive supplementary allowances. He also notes that half a million more are entitled to these allowances, but refuse (through mistaken pride) to make application. Apparently an increase in old age pensions sufficient to make these allowances unnecessary would entail an extra annual cost of £700 millions, and would doubtless mean that massive payments were made to people who do not need them. But what if we make these payments? As Mr. Howe hints, this will mean a further discouragement of thrift. Who will bother to save, if the State will make up his income if he doesn't save, and tax him to perdition if he does?

There is another aspect of this problem on which Mr. Howe touches, but which he does not explore at depth — inflation. If we have an economy with chronic inflation, who will bother to make small savings? A man with a few hundred pounds in the Post Office at the end of the last

war would find that money (with the accumulated interest) *less* valuable today than when he put it in. There are still in-built traditions of thrift in many sections of our society; but if inflation continues much longer, these traditions will be destroyed.

If this happens, the future is indeed a gloomy one. People have nothing to hope for from energy or thrift, nothing to fear from fecklessness or idleness. The mainsprings of initiative fail. Britain lumbers further and further downhill. Private individuals refuse to invest, and so the State invests for them. This means yet more taxation, yet more State control; "nationalisation by the back door."

These are the long-term problems of the welfare state. They are problems we can never tackle by a purely empirical approach. It is essential to get down to root causes.

The welfare state *should* have been "first aid." It *should* have been a device to deal with the consequences of past injustice, while statesmen addressed themselves to the task of preventing injustice in the future. Its permanent function *should* have been merely to provide for those who by misfortune or some defect of character were unable to provide for themselves. We all face instead, the prospect of what Mr. Howe calls "a series of pensioneering elections, with politicians bidding against each other."

Is it not time that somebody started thinking about causes and not effects? Is it not time that governments got down to the job of stopping inflation by the simple (but apparently unpalatable) method of stopping the production of spurious and fraudulent credit? Is it not time that people were allowed to "contract out" of the welfare state in favour of private insurance schemes — provided, and always provided, that the benefits these schemes offered were not inferior to the State schemes? Is it not time that we began to slash taxation by applying, throughout our public administration, the good old Gladstonian principle that anyone with charge of public money must be made to treat it with more care than he would treat his own? These are the problems at the root of the welfare state; and if we do not solve them we shall be like Hercules fighting the Hydra; for every head we cut off, seven more will grow.

ROY DOUGLAS.

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