

## SOCIAL SECURITY, FULL EMPLOYMENT AND VOLUNTARY ACTION: THE THREE PILLARS OF WILLIAM BEVERIDGE'S WELFARE SOCIETY

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### *Abstract*

William Beveridge's report on *Social insurance and allied services* has often been described as a 'blueprint' for the creation of Britain's postwar welfare state. However, it was only one of three major reports which Beveridge produced during the 1940s. This paper looks at all three reports and places them in the context of Beveridge's other writings and developments in the history of British social policy. It explores the different ways in which Beveridge's ideas about the importance of individual liberty, the role of state intervention and the different forms of voluntary action intersected during this period.

**Keywords:** Poverty, Social protection and security, Welfare policy.

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William Beveridge's report on *Social insurance and allied services* has often, if not entirely accurately, been described as 'a blueprint for the creation of [Britain's] postwar welfare state' (Cottam, 2020, p. 23). However, as Hilton and Mackay (2011, p. 1) argued, the original report was only one part of a trilogy of publications in which Beveridge set out his ideas for the economic and social reconstruction of the UK during and after the Second World War. The other two reports were *Full*

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*employment in a free society* (Beveridge, 1944) and *Voluntary action: a report on methods of social advance* (Beveridge, 1948).

Although other writers have acknowledged the importance of all three publications, they have rarely received the same prominence and the relationships between them have been interpreted in different ways. This is especially true of the relationship between *Social insurance and allied services* and *Voluntary action*. Prochaska (2011, p. 47), argued that the original report played a significant role in undermining voluntary traditions and asked whether the publication of *Voluntary action*, with its appeal to 'the freedom and spirit ... of social conscience' was something of a *mea culpa*. By contrast, Pinker (1979, p. 21) argued that even though Beveridge was a firm believer in the virtues of 'enlightened administrators', he also espoused 'a deeply-held belief in the importance of voluntary effort' and that this 'was an equally important element' in his philosophy of welfare.

Although Pinker was undoubtedly correct to highlight the importance of 'voluntary effort' in Beveridge's philosophy, this has a number of different dimensions. On the one hand, it can simply refer to the ways in which Beveridge sought to limit the extent of statutory welfare provision in order to encourage individuals to take greater responsibility for their own welfare. On the other, it can also refer to the ways in which they might do this and, in particular, to the role of the 'voluntary sector'. This helps to explain why Beveridge devoted such a 'baffling' amount of attention to friendly societies in 1948 (Silburn, 1995, p. 100). Whilst he recognised that these organisations faced considerable challenges, he also believed that they reflected an essential part of what subsequently came to be described as the 'mixed economy of welfare' (Finlayson, 1994, p. 6).

Beveridge's support for friendly societies, and for the voluntary sector more generally, also reflected some of the ambiguities inherent in his approach to

capitalism. Although many commentators have argued that his proposals were based on a desire to identify the smallest amount of state intervention which was necessary to safeguard capitalism (Cutler, Williams, & Williams, 1986, p. 15), his support for capitalism was not unequivocal, and has even been described as 'Manichean' (Williams & Williams, 1987, p. 149). Williams and Williams argued that 'there must be a strong suspicion that the whole field for voluntary action exists in a residual way that answers only the needs of Beveridge's broader ideology which both distrusts the market and seeks to limit the state's activities' (*ibid.*). However, by highlighting the importance of voluntary action, he was also invoking older traditions of both inter- and intra-class cooperation, as well as wartime solidarity.

This paper explores the links between all three of Beveridge's reports in greater detail. It begins by looking at some of the broader features of Beveridge's social philosophy. It then examines some of the salient features of the 'Plan for Social Security' before exploring Beveridge's ideas for full employment and the future of voluntary action respectively. The conclusion identifies some of the key features of Beveridge's thinking and explores their relationship to subsequent welfare developments.

### ***1. Individualism and collectivism***

Harris (1997, p. 1) described the Beveridge Report as 'the most popular blueprint for social reform ever produced in Britain' and its significance was reflected in the five days set aside for debate in the Houses of Parliament in February 1943.

Although most speakers supported the Report's broad outlines, they also identified limitations in relation to such issues as housing costs (House of Commons Debates, 1943, cols. 1644–5, 1978); the application of the flat-rate principle (cols. 1891, 1978); the treatment of women and pensioners (cols. 1687, 1784, 1802, 1806,

1861–2, 1873, 1896, 1903, 1915, 1980, 2021–2); and support for disabled people (col. 1874), whilst others questioned its affordability (cols. 1631, 1634, 2016, 2021).

Although many Labour MPs broadly welcomed the Report and advocated its speedy implementation (*ibid.*, cols. 1773–9), many later observers regarded it as an ill-fated attempt to limit the scope of redistribution and shore up the foundations of capitalism (Kincaid, 1975, pp. 32, 46–8; Cutler, Williams, & Williams, 1986, pp. 6–36; Williams & Williams, 1987, pp. 10–11; Veit-Wilson, 1992, p. 277). Meanwhile, those on the right argued that the Report had diverted attention from the task of economic reconstruction and laid the foundations for a debilitating culture of welfare dependence (Barnett, 1986; Marsland, 1991).

Harris (1994, pp. 27–8; 1997, pp. 478–98) divided Beveridge's 'underlying philosophy' into three distinct, contradictory and chronologically-ordered phases. During the Edwardian years, Beveridge's ideas were 'more or less in line with the widespread reformist optimism of the prewar era'. After 1918, he became 'increasingly pessimistic' about the extent to which rational reform was compatible with either sound public finance or popular democracy. This was followed by a third phase, in which the experience of the Second World War convinced him of the need for large-scale intervention by a centralised collectivist state.

Although Beveridge (1945, p. 3) insisted that he was neither an individualist nor a collectivist, others have described his philosophy in different ways. Silburn (1995, pp. 88–9) argued that 'Beveridge borrowed his ideas freely from many diverse and disparate sources, although they can be seen as broadly within the framework of Edwardian Liberal thought' (see also Whiteside 2014, p. 3). George and Wilding (1985, pp. 44–68; 1994, pp. 46–73) characterised Beveridge as a 'reluctant collectivist' and apostle of a 'middle way', whilst Mishra (1984, pp. 18, 121, 172) and Pinker (1979, pp. 119–20, 252) described him as a 'moderate' or 'mercantile'

collectivist respectively. Cutler, Williams and Williams (1986, p. 3) thought that Beveridge was primarily a 'liberal collectivist', although they also suggested that he went beyond 'classic liberal collectivism' in his support for voluntary action (p. 42) and at one point they also described him as a 'radical collectivist' (p. 17). Marsland (1991, p. 146) saw him as a 'paternalist collectivist' whose malign, if unintended, legacy 'discourag[ed] individualism, self-reliance, voluntary organisations and private initiatives'.

Beveridge himself would probably have found Marsland's interpretation the most perplexing. The New Liberals believed that it was possible to use the power of the state to promote individual thrift and responsibility rather than undermine them (Freeden, 1986, pp. 195–244). In *Social Insurance and Allied Services*, Beveridge argued that 'the state in organising security should not stifle incentive, opportunity, responsibility; in establishing a national minimum, it should leave room and encouragement for voluntary action by each individual to provide more than that minimum for himself and his family' (Parliamentary Papers, 1942, para. 9). He also argued that 'the power of the state should not be used except for purposes which cannot be accomplished without it ... liberties outside the list of essential liberties can and should be allowed to continue, so long as they are exercised responsibly and in such a way as not to hurt others' (Beveridge, 1945, p. 34).

## ***2. The Plan for Social Security***

The origins of Britain's system of social security can be traced back to the Poor Laws which were introduced towards the end of the sixteenth century, and the voluntary provisions made by trade unions and – especially – friendly societies from the late-eighteenth century. A workmen's compensation scheme was established in 1897 (Moses, 2018) and other reforms, including free school meals, old age

pensions, and national insurance, followed between 1906 and 1911. A new form of contributory insurance for widows, orphans and those aged 65–70 was introduced in 1925 (Harris, 2004, *passim*). Beveridge argued that these schemes showed that ‘provision for most of the many varieties of need that may arise in modern industrial communities ... has already been made in Britain on a scale not surpassed and hardly rivalled in any other country’, but they were also highly complex (Parliamentary Papers, 1942, para. 3). His report therefore ‘attempt[ed] for the first time’ to offer ‘a comprehensive survey of the whole field of social insurance and allied services’ and to consider the extent to which they could be coordinated more effectively (*ibid.*, paras. 3–5).

Beveridge had actually undertaken an initial survey of social insurance eighteen years earlier. He advocated the abolition of means-testing within the existing old age pension scheme on the grounds that it discouraged thrift and called for ‘the remedying of imperfections in existing schemes, the taking in of the one large outstanding risk of widowed motherhood, and the welding together of all the schemes into one harmonious system without gaps and overlapping’ (Beveridge, 1924, pp. 8, 12–14, 35). However, although he believed that it was essential to coordinate the different insurance schemes, he insisted that ‘coordination ... should not mean amalgamation. The interruptions to earning with which ... [different schemes] deal affect different types of persons and are different in character and probably duration.... [They] justify varying scales of benefit and necessitate separate machinery’ (*ibid.*, p. 30). This insistence on the need for separate schemes was perhaps the most obvious point of contrast with his later proposals.

The 1942 Report identified a number of problems, including that of unequal benefit. The original national health insurance scheme was financed by a combination of flat-rate contributions from workers, employers and the state, and administered by a large number of existing organisations which already provided

benefits in the event of either sickness or death. In return for administering the scheme, these 'approved societies' were allowed to retain their own surpluses and this enabled the richer ones to supplement standard benefit rates and offer a range of 'additional benefits', such as dental and ophthalmic services. Whilst this enabled many people to access a wider range of services, it also created significant disparities in the provision of both cash benefits and health services (Harris, 2004, pp. 211–2, 224–6).

These variations also highlighted the differences between the value of the benefits provided by the health insurance scheme and those provided by the unemployment insurance and old-age pension schemes. As Table 1 demonstrates, the lowest benefits were paid to pensioners, followed by health insurance claimants. There were two different benefit scales for unemployed workers, depending on whether they were members of the 'general' scheme or the separate scheme for agricultural workers which came into force in 1937 (*ibid.*, p. 207). The payment of separate allowances for the dependants of unemployed workers meant that an unemployed man with a dependent wife and three dependent children received a total weekly benefit of 41 shillings whereas a man who was claiming sickness benefit received 12–18 shillings, with lower rates for those experiencing long-term disability.

*Table 1. Present schemes of social insurance and assistance (excluding supplementary pensions, unemployment assistance, public assistance and blind person's assistance schemes)*

	Unemployment insurance		Health insurance		Contributory pensions			Non-contributory pensions (at 70) and blind persons' pensions (at 40)
	General	Agricultural	Sickness <sup>a</sup>	Disablement	Old age	Widows	Orphans	
	(s)	(s)	(s)	(s)	(s)	(s)	(s)	(s)
Men 65 and over	–	–	–	–	10.0	–	–	≤10.0
Men 21–65	20.0	18.0	18.0	–	–	–	–	–
Men 18–21	16.0	15.0	18.0	–	–	–	–	–
Boys 17–18	9.0	7.5	18.0	–	–	–	–	–
Boys 16–17	6.0	5.0	18.0	–	–	–	–	–
Women 60 and over	–	–	–	–	10.0	–	–	≤10.0
Women 21–60	18.0	15.0	–	–	–	–	–	–
Women 18–21	14.0	12.0	–	–	–	–	–	–
Girls 17–18	7.5	6.0	–	–	–	–	–	–
Girls 16–17	5.0	4.0	–	–	–	–	–	–
Single girls and women 16–60	–	–	15.0	–	–	–	–	–
Married girls and women 16–60	–	–	13.0	–	–	–	–	–
Single women 18–60	–	–	–	9.0	–	–	–	–
Married women 18–60	–	–	–	8.0	–	–	–	–
Allowances for dependants								
Wife or other adult dependant	10.0	9.0	–	–	–	–	–	–
Children's allowances								
First	4.0	4.0	–	–	–	5.0	7.5	–
Second	4.0	4.0	–	–	–	3.0	7.5	–
Third, etc.	3.0	3.0	–	–	–	3.0	7.5	–
Maximum benefit		41.0	–	–	–	–	–	–

*Note.* <sup>a</sup> Until 104 contributions had been paid and 104 weeks of insurance completed, the rate of sickness benefit was reduced to 12.0 shillings for men and 10.5 shillings (10/6) for women.

Source: Parliamentary Papers, 1942, p. 230 (Table XXII).



Beveridge feared that the inclusion of dependants' allowances meant that workers with large families might be better off out of work (Parliamentary Papers, 1942, para. 13). He also objected to the fact that members of the health insurance scheme received different rates of benefit despite paying the same contributions (*ibid.*, para. 62), and he believed that the provision of unequal benefits was incompatible with the functions of a statutory insurance scheme. The existing arrangements linked the payment of benefits to the reason for which they were being claimed. However, 'there is no difference between the subsistence needs of those affected by different forms of interruption of earnings which is large enough and clear enough to justify a differentiation of benefits ... equality of benefit is the best line' (*ibid.*, para. 123).

Beveridge focused on the consequences of loss of income rather than its causes because he believed that the fundamental aim of the Plan for Social Security was to provide an income sufficient for subsistence needs. When the Report was debated in Parliament, several Conservatives complained that there was no objective definition of subsistence and that the proposed benefit rates were too high (e.g. House of Commons Debates, 1943, col. 1630), whereas later critics thought they were too low (Veit-Wilson, 1992; 1994). However, Beveridge believed that the benefits provided by social insurance should form both a floor and a ceiling. Nobody should be expected to survive on less than the subsistence minimum but nor should they receive more. To give less would either mean that affected individuals received less than they needed, or that they would be forced to submit to a means test. To give more would be an unnecessary interference with individual responsibility and limit the scope for voluntary initiative (Parliamentary Papers, 1942, para. 294).

As we have already seen, Beveridge's commitment to voluntarism had two different dimensions. On the one hand, he wanted to ensure that individuals had

sufficient incentive to take voluntary responsibility for their own welfare, and that of their families. On the other, he also wanted to protect the institutions of voluntarism. This was reflected in his discussion of the role of friendly societies. These organisations had pioneered the growth of sickness insurance during the nineteenth century and had also played a key role in the development of national health insurance after 1911, and Beveridge argued that they should continue to play a role in the administration of the new sickness (or disability) benefits (*ibid.*, paras. 30/3, 67–9). He was much less supportive of the industrial assurance companies, or industrial life offices, which also operated as approved societies. These organisations derived the bulk of their income from burial insurance, and Beveridge believed that this scheme could be administered much more cheaply by the state (*ibid.*, para. 158). He therefore concluded that responsibility for the provision of such benefits should be included in the compulsory scheme and that the industrial assurance business should become a public service (*ibid.*, paras. 30/18, 30/23).

### ***3. Full employment in a free society***

The Plan for Social Security rested on three underlying assumptions. The first was the provision of children's allowances and the second was the establishment of a comprehensive health and rehabilitation service (*ibid.*, paras. 419–39). The third was the maintenance of employment and the prevention of mass unemployment (*ibid.*, paras. 440–3). Beveridge's definition of the maintenance of employment was highly-gendered, since he believed that women's primary role was in the home rather than the paid workplace (*ibid.*, paras. 108–17; Pascall, 1986, pp. 201–3). However, within this framework, achievement of this goal was not only an essential precondition for the success of the Plan, but also an integral part of his conception of the social good.

Beveridge set out his initial ideas on 'the unemployed' in a paper to the Sociological Society in 1906. Although he denied that the problem of unemployment was primarily one of 'character', he did not believe that it was unaffected by 'personal elements', and he was particularly concerned by those whom he described as the 'chronically under-employed ... mere parasites, incapable or undesirous of performing any useful service whatever'. He argued that 'those men who through general defects are unable to fill ... a "whole" place in industry' should be 'recognised as "unemployable"' and 'removed from industry'. They would be 'maintained adequately in public institutions, but with the complete and permanent loss of all citizen rights – including not only the franchise but civil freedom and fatherhood' (Beveridge, 1906, pp. 324–7).

These arguments are hard to reconcile with Beveridge's later incarnation as the 'father of the welfare state', but they were not uncommon at the time (Brown, 1968). However, once the 'unemployables' had been removed from the labour market, further changes were also necessary. These included the establishment of a system of assisted emigration or 'home colonisation' to cope with the problem of surplus labour, the introduction of a judicious programme of public works, and the establishment of labour exchanges. These institutions would help to address the problem of frictional unemployment by directing those who 'fall out' of their chosen occupations to new positions, substituting regular for casual labour, and diminishing the 'leakage' and irregularity of earning by organising the search for work (Beveridge, 1906, p. 331).

Beveridge returned to the topic of unemployment in his first book-length treatment of the question in 1909. This allowed him to develop many of his earlier arguments but the issue of 'unemployability' now played a much smaller role and the focus moved from 'the problem of the unemployed' to 'unemployment' as a 'problem of industry'. The book also devoted much more space to the relief of

unemployment and the case for unemployment insurance. Given that some level of unemployment was inevitable, 'to a very large extent, it must suffice to aim at preventing, not unemployment itself, but the distress which it now involves'. This led directly to two further recommendations – 'elasticity of working hours' and 'insurance against unemployment' (Beveridge, 1909, p. 220).

Beveridge's views on the design of the proposed unemployment insurance scheme are particularly interesting. Although he did not exclude the idea of some form of 'external' subsidy, he argued that the essence of the scheme 'is for the individual workman an averaging of earnings between good and bad times and, for the body of workmen, a sharing of the risk to which they are all alike exposed' (*ibid.*, p. 223). In the Beveridge Report, he argued that it would be possible to finance the entire social insurance scheme by redistributing resources within the working class and across the lifecourse (Parliamentary Papers, 1942, paras. 445, 449). However, in practice, the later proposals involved significant contributions from both employers and the state (*ibid.*, paras. 281–2), and this was one of the reasons why contemporary critics were so concerned about their implications for taxation and public expenditure (House of Commons Debates, 1943, cols. 1631–4).

Beveridge also discussed the question of unemployment insurance in *Insurance for all and everything*. Although he regarded the existing scheme as a remarkable success, he also identified two major flaws. These concerned the payment of benefits over long periods of time and the 'constant overlapping' with the Poor Law. In order to remedy these defects, he argued that nobody should be allowed to claim unemployment benefit and poor relief simultaneously, and that the receipt of unemployment benefit beyond a certain period of time should become contingent on a claimant's willingness to undertake alternative work or training. He also argued that 'in the last resort, unemployment benefit must end.... It ... [cannot] be a pension for life' (Beveridge, 1924, pp. 19–21).

The average annual unemployment rate among insured workers increased by more than 56 per cent between 1924 and 1930 (Feinstein, 1972, T128), and this formed the backdrop to the publication of the second edition of Beveridge's 1909 study. The new edition introduced seven new chapters on the experience of the previous two decades and new developments in economic thought. Although Beveridge continued to argue that many of his original conclusions remained valid and that his support for both unemployment insurance and labour exchanges was well-founded, he also recognised that the scale of unemployment was much greater than previously anticipated. He attributed this to three factors: changes in industrial structure; the 'disequilibrium' between wages and productivity; and – more tentatively – a permanent shift in the global economic balance (Beveridge, 1930, pp. 401–2).

Although Beveridge continued to defend the provision of unemployment insurance, he was strongly critical of the way the system had developed after 1911. The original scheme had been confined to a relatively small number of workers in a limited group of industries, benefits were paid on a flat-rate basis and could only be claimed for up to fifteen weeks in any one 52-week period. However, the scheme was subsequently extended to cover the vast majority of manual workers, allowances were introduced for dependants and benefits were extended to cover much longer periods (Harris, 2004, pp. 163, 204–7). Beveridge argued that these changes had transformed an insurance scheme into a relief scheme, and that its insurance basis ought to be restored. He also argued that industries which experienced higher rates of unemployment should face an additional levy in order to reduce the extent to which the costs of unemployment insurance were transferred to industries with less need for it (Beveridge, 1930, pp. 410–1).

Although the maintenance of employment and prevention of mass unemployment were essential parts of the Plan for Social Security, they also formed

part of a separate assault on the problem of Idleness. This reflected Beveridge's conviction that work was important in itself, and not simply a source of income. The original Report identified 'five reasons for saying that a satisfactory scheme of social insurance assumes the maintenance of employment and the prevention of mass unemployment', three of which were concerned with 'the details of social insurance', one with 'its principle', and only one 'with the possibility of meeting its cost' (Parliamentary Papers, 1942, para. 440).

Beveridge was particularly concerned to ensure that, in organising security, 'the state ... should not stifle incentive, opportunity [and] responsibility' (*ibid.*, para. 9). This was one of the reasons why he advocated the introduction of children's allowances and said that the state should only provide the minimum necessary for subsistence. He was concerned that some individuals might prefer to remain out of work as long as these conditions were met, and this was why he insisted that claimants could only continue to receive benefits if they attended some form of training. However, the provision of training opportunities would collapse 'if it has to be applied to men by the million or hundred thousand' (*ibid.*, para. 440).

Although Beveridge argued that the foundation of social insurance was the payment of contributions, individuals ought to make themselves available for work and take it when offered (*ibid.*, paras. 130–2), and these principles would break down if unemployment was too high. He argued that 'the only satisfactory test of unemployment' was an offer of work and that 'in time of mass unemployment, those who are in receipt of compensation feel no urge to get well', whereas 'in time of active demand for labour, as in war, the sick and the maimed are encouraged to recover, so that they may be useful' (*ibid.*, para. 440).

Although the maintenance of employment was an essential part of the Plan for Social Security, this was less important than the provision of employment as an alternative to Idleness. Beveridge believed that 'idleness even on an income

demoralises' and that 'income security ... is so inadequate a provision for human happiness that to put it forward ... as a sole or principal measure of reconstruction hardly seems worth doing' (*ibid.*, para. 440). He also argued that the cost of the Plan might become 'insupportable' if waste was added and that 'unemployment, both through increasing expenditure on benefit and through reducing the income to bear those costs' was the worst form of waste (*ibid.*, para. 440; Beveridge, 1943, pp. 139–40).

Despite these concerns, the maintenance of employment received relatively little space in the Report as a whole. However, it continued to occupy Beveridge's thoughts over the next 12–18 months and this culminated in the publication of *Full employment in a free society* (Beveridge, 1944). The Conservative MP, Walter Elliott, proclaimed this as 'the real Report ... the dynamic word, compared to which the whole of the Social Security Report is only so much flat soda-water', and Williams and Williams (1987, p. 111) argued that it was 'the most radical of Beveridge's texts' because it presupposed the imposition of social priorities 'in many spheres of economic and social life'.<sup>1</sup>

*Full employment in a free society* reflected the impact of both interwar unemployment and the background to war itself. As we have already seen, Beveridge was acutely aware of the risks which prolonged unemployment might pose to both mental and physical health but he now went further. He argued that 'the three million or so unemployed of 1932' meant 'three million lives wasted in idleness, growing despair and numbing indifference' and that 'the failure to find any use for adaptable youth' was 'one of the worst blots on the record' of the interwar period (Beveridge, 1944, pp. 72, 247). The avoidance of mass unemployment was also essential to the future of democracy. He argued that 'free

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<sup>1</sup> Elliott's review was published in the *Observer* and quoted on the book's dust jacket.

institutions may be imperilled in any country to which mass unemployment returns ... so long as mass unemployment seems possible, each man appears as the enemy of his fellows' and 'many still uglier growths – hatred of foreigners, hatred of Jews, enmity between the sexes' may follow (*ibid.*, pp. 35, 248).

Beveridge identified at least two ways in which the experience of war showed how such unemployment might be avoided in the future. These included 'the setting up of a common objective of needs to be met and seeing that whatever money is required is indeed spent on meeting these needs up to the limit of the manpower available' and 'the removal of qualitative restrictions on the use of manpower'. He also noted 'the fact that the state in war does not give security to anyone in a particular job, and in fact brings about changes of employment on a vast scale' (*ibid.*, pp. 114–7).

The experience of war also influenced Beveridge's attitude to the relationship between 'employment' and 'service'. In 1906, he had talked about 'parasites' who were 'incapable of performing any useful service whatever' (Beveridge, 1906, p. 326) but the language of service now featured much more prominently. In *Social insurance and allied services*, in addition to several references to the 'unpaid service' of both married and unmarried women (Parliamentary Papers, 1942, paras. 108, 120, 309, 347, 349), he argued that 'the state should offer security in return for service and contribution' and that those in receipt of benefits should 'keep themselves fit for service' (*ibid.*, paras. 9, 23; see also paras. 239, 455). In *Full employment in a free society*, he argued that 'men ... must also have the chance of rendering useful service and of feeling that they are doing so' (Beveridge, 1944, p. 20). This 'chance' imposed obligations on both workers and the state: 'service means doing what is wanted, not pleasing oneself' but 'a state which fails, in respect of many millions of individuals, to ensure them any opportunity of service ... has failed a primary duty' (*ibid.*, pp. 119, 252).



Although Beveridge was initially unimpressed by Keynes' ideas on demand management (Harris, 1997, p. 322), he now supported them enthusiastically. He had previously argued that unemployment was largely associated with the unemployability of certain groups of workers, disruptions caused by the length of time it took to find new jobs, changes in industrial structure, and excessive wages. However, he now argued that interwar unemployment was also caused by failures of demand, and this meant that the state had a duty to manage demand in such a way as to ensure that employment was maintained and this in turn implied a much greater role for economic planning (Beveridge, 1944, pp. 93–7). He also argued that 'if it should be shown ... that abolition of private property in the means of production was necessary for full employment, this abolition would have to be undertaken' and that 'moral and technical considerations unite in favour of substantially greater equality' than previously (*ibid.*, pp. 23, 96).

Beveridge was also keen to highlight the links between the challenge of unemployment and those posed by the other four Giants. If the state launched a concerted attack on the four giant evils of Want, Disease, Ignorance and Squalor, the fifth giant – Idleness – would fall alongside them (*ibid.*, p. 257; 1945, pp. 26–7, 67). However, other challenges also needed to be faced. In attacking the four giant evils named above, he said that 'we shall reduce also the evil of Inequality, at the points where is most harmful' and that 'when that attack has reached its objectives, it will still be desirable and may appear the best route to full employment to take continuing measures towards a more equitable distribution both of material resources, so that they are spent in place of being saved, and of leisure, so that leisure replaces unemployment' (Beveridge, 1944, p. 31).

#### 4. *Voluntary action*

As we have already seen, *Social insurance and allied services* rested on three assumptions – the provision of children's allowances, the establishment of a comprehensive health and rehabilitation service, and the maintenance of employment (Parliamentary Papers, 1942, para. 14). However, the Report was also based on three underlying principles. The first was that 'any proposals for the future ... should not be restricted by consideration of sectional interests' and the second was that 'organisation of social insurance should be treated as one part only of a comprehensive policy of social progress'. The third and final principle was that 'social security must be achieved by cooperation between the state and the individual' and that in organising security 'the state ... should leave room and encouragement for voluntary action' (*ibid.*, paras. 7–9).

Although there was a clear link between *Social insurance and allied services* and *Voluntary action*, that does not mean that Beveridge's thinking stood still. Harris (2011, pp. 9–11) argued that Beveridge's three 'landmark reports ... spanned a very wide range of potentially conflicting policy positions' and that his ideas underwent a number of 'apparent shifts' between 1942 and 1948. As we have already seen, Prochaska (2011, p. 47) wondered whether the publication of *Voluntary action* was something of a *mea culpa*, and Silburn (1995, p. 101) thought that its 'heart-felt sentiments about fraternity' suggested that 'Beveridge ... had become profoundly ambivalent about some of the social processes and changes that he had played so important a part in bringing about'.

Harris (2011, p. 11) speculated that any changes in Beveridge's thinking 'may perhaps in part be explained by the transition from the context of a total war economy through to the very different circumstances of postwar reconstruction' but rejected this interpretation because 'the British economy was in many respects no

less “regulated” and state-controlled ... in 1947 than it had been in 1942 or 1944’. However, Beveridge was disappointed by the ways in which some of his proposals were implemented. As we have seen, in 1942 he argued that friendly societies should continue to play a leading role in the administration of particular national insurance benefits (Parliamentary Papers, 1942, paras. 67–9), but this recommendation was rejected by the wartime coalition and the postwar Labour government (Parliamentary Papers, 1944, para. 32; 1946, para. 51), and this undoubtedly contributed to the preparation of *Voluntary action* (Beveridge, 1945, pp. 79–81; 1948, pp. 10–11).

Beveridge based his support for the friendly societies on a number of considerations. Although he recommended the abolition of the existing system of approved societies, he believed that friendly societies should continue to administer sickness benefits for their own members. This would be more convenient for the individual and more economical for the societies and the state. The involvement of friendly societies would also help to ensure ‘that individual problems are handled with local knowledge and that the general welfare of such persons ... received adequate consideration’, whilst the advantages associated with friendly society membership would ‘encourag[e] voluntary insurance to supplement the subsistence benefit provided by compulsory insurance’ (Parliamentary Papers, 1942, paras. 66–7, 69).

Although Beveridge did not regard this recommendation as essential, it was ‘eminently desirable’ (Parliamentary Papers, 1942, paras. 30/3, 72), and this conviction appears to have hardened. In 1944, he told the House of Commons that ‘we can and should keep the friendly societies as responsible agents. If voluntary insurance is to continue ... we must make it easy for people to insure, [and] we must avoid that duplication and waste which otherwise would take place in the home’ of every friendly society member (House of Commons Debates, 1944, cols.

1130–1; Beveridge 1945, pp. 80–1). In 1946, he told the House of Lords that ‘I know that it is also said that the only societies which could satisfy any reasonable conditions for coming in would be the great monster societies which do not have much human feeling. I am not sure that is so. Even if it was so, I would still say that it is worthwhile to get a variety of those dealing with sickness benefit because from variety will come experiment, individualisation and more humanity’ (House of Lords Debates, 1946, cols. 1109–10).

Most of the original research for *Voluntary action* was undertaken by Mass–Observation and Research Services (Beveridge, 1948, p. 16). Although the number of friendly society members had grown over the course of the interwar period, their findings were ‘not encouraging’. Mass–Observation concluded that ‘the majority of friendly society members stated that they did not attend meetings, felt no desire to take part in the election of officials, knew very few members of their society and had no wish to meet them ... the attitude of the individual member towards active participation ... is negative and resistant’ (Mass–Observation, 1947a, p. 13; Beveridge & Wells, 1949, p. 21). The evidence assembled by Research Services suggested that ‘little more than a sixth of members ever attend meetings ... little more than one in twenty attend regularly[; and] the proportions are even smaller among women and the young’ (Mass–Observation, 1947b, p. 40; Beveridge & Wells, 1949, p. 76).

Although some observers implied that these problems had arisen quite recently (Beveridge & Wells, 1949, p. 270), many of the warning signs were already apparent by the end of the nineteenth century (Harris, 2018, pp. 207–8). However, Beveridge wanted to believe that they could still be ameliorated. Although he recognised that the societies faced many challenges, he argued that ‘friendly societies have been and are organisations for brotherly aid in misfortune and channels for the spirit of voluntary service, as well as being agencies for mutual insurance and personal

saving. “Friendly society” is a better name and means a better thing than the “Frugality Bank” by which Jeremy Bentham wanted to replace it’ (Beveridge, 1948, p. 62).

Beveridge’s appeals to brotherly aid and the spirit of voluntary service have struck some observers as over-romantic. Silburn (1995, p. 100) was ‘baffled by the considerable space given to the friendly societies’ and Weinbren (2011, p. 57) argued that Beveridge ‘was not describing that which he saw around him but his vision of both the past and the future’. However Beveridge recognised at least some of the challenges the societies now faced. These included not only the expansion of state provision, but also the growth of commercial insurance and the government’s refusal to allow the friendly societies to continue to administer statutory sickness benefits after 1948 (Beveridge, 1948, pp. 295–6).

Despite these challenges, Beveridge warned against painting the future of the friendly societies too darkly. Although the government had now introduced legislation to expand the scope of public welfare provision, ‘there remains a large scope for insurance above the minimum’, and the friendly societies were well-placed to fill this. This was partly because of ‘the strong popular appeal of the combination of insurance and saving’ which certain societies already demonstrated, and partly because ‘business interests have never found sickness insurance among wage-earners profitable’. However, in order to take advantage of these opportunities, the societies ‘must be prepared to use ... propaganda and advertising’. Although Beveridge was confident that the friendly societies could offer ‘a better service than the business concerns’, they needed to ensure that their qualities were fully recognised (Beveridge, 1948, pp. 296–7).

Beveridge also identified four new opportunities for friendly society provision, three of which were linked to support for people at higher ages. He argued that the societies could invest funds in the provision of suitable housing ‘for old people who

can live independent lives' and that they might also convert many of their existing convalescent homes into 'homes with service for old people who ... cannot live independently'. He also advocated the establishment of social clubs for older people and urged the societies to provide family-oriented holiday camps. These measures would demonstrate that the societies were 'concerned with all stages of life' (Beveridge, 1948, pp. 298–9).

Although Beveridge has been criticised for the amount of space devoted to friendly societies, he also devoted considerable attention to the importance of charity (or philanthropy) and other forms of 'voluntary service'. As Silburn (1995, pp. 100–01) noted, he included a series of somewhat hagiographical accounts of prominent philanthropists but this also enabled him to discuss some of the factors which underpinned voluntary action and the role this might play in the future.

Beveridge was not religious but he recognised the role which religion had played in motivating philanthropy and was concerned that 'loss of religious influence' would '[weaken] ... the springs of voluntary action' (Beveridge, 1943, pp. 38; 1948, p. 225). He also argued that many earlier philanthropists had only been able to devote so much time to 'good works' because of their leisure opportunities (Beveridge, 1948, p. 222). These issues were compounded by the growth of public welfare provision. However, although he recognised that 'knowledge and reason applied to social conditions have led to a great development of action by the state', this 'does not end voluntary action or the philanthropic motive' (*ibid.*, p. 129).

Beveridge's ideas on the role of voluntary action echoed the thinking of other writers, such as Macadam (1934), Braithwaite (1938) and Cole (1945). He believed that voluntary action had played an important part in identifying new needs and pioneering new developments, such as the provision of residential settlements and the growth of urban and rural amenities, and that the voluntary sector was able to deal with individual problems more sensitively than might always be true of the

‘strong arm of the state’ (Beveridge, 1948, pp. 129–35; House of Lords Debates, 1946, cols. 1109–10).

The discussion of voluntary action also enabled him to reflect on the gaps which a ‘social service state’ might struggle to fill. Although the establishment of national insurance would go a long way towards addressing financial problems, many other problems would remain and voluntary action could help to provide support for children and older people, disabled people, ‘unmarried mothers’, discharged prisoners, and overworked parents. Voluntary action could also assist in the provision of more constructive leisure opportunities, support for holidays, and citizens’ advice bureaux (Beveridge, 1948, pp. 226–90). In 1949, Beveridge told members of the House of Lords that ‘there is a perpetually moving frontier for philanthropic action’ (House of Lords Debates, 1949, col. 95). This phrase has been interpreted in a variety of ways (see e.g. Finlayson, 1990) but Beveridge’s primary concern was to highlight the extent to which there would always be ‘fresh pioneering things to be done by voluntary action’, as well as ‘certain things which should in no circumstances be left to the state alone’, including the use of leisure, adult education and – as we have already seen – citizens’ advice (House of Lords Debates, 1949, col. 96).

## ***5. Conclusion***

Beveridge continues to exercise a powerful influence on contemporary debates and his ideas and recommendations have been interpreted in a variety of ways. Given the length of his career and the volume of both his speeches and writings, the variety of interpretations may not be surprising. However, by looking at all three of his major reports and placing them in the context of his other published statements, a number of key principles may emerge.

One of these principles – at least for the majority of the population – was that of liberty. He was committed to the preservation of traditional liberal values and this was one of the reasons why he decided that the Liberal party offered a better vehicle for his political ambitions than Labour (Beveridge, 1945, p. 9). However, he also had a more expansive conception of liberty than that of other ‘liberal’ economists (Harris, 1997, p. 442) and this was reflected in his repeated references to the importance of freedom *from* the ‘Giant Evils’ of Want, Idleness, Ignorance, Disease and Squalor.

Beveridge also recognised that the state had an important role to play in promoting liberty and his conception of this role changed over time. Although he may have doubted the value of state intervention during the interwar years, the experience of the Second World War restored his confidence in the state’s capacity to conquer a range of social evils and this was reflected in both *Social insurance and allied services* and *Full employment in a free society*. However, he combined his collectivism with a strong commitment to individual responsibility and this was why he argued that the state should only provide support up to a subsistence minimum and that it should do everything possible to maintain work incentives. It was also reflected in his repeated references to the principle of ‘service’, and his experience of war reinforced this.

The concept of service was also reflected in Beveridge’s support for various forms of voluntary action, including not only the preservation – or restoration – of various forms of mutual aid but also charity and philanthropy. This underpinned his repeated efforts to safeguard the position of friendly societies, both within the new national insurance system and beyond it, and his appeals to the spirit of ‘voluntary social service’. These ideas reflected the liberalism of his youth but were also influenced by his opposition to totalitarianism (Deakin, 2011) and his perception of wartime solidarity.



As is well-known, the 'social service state' failed to develop in precisely the ways Beveridge had anticipated. One of the main reasons was the failure to establish national insurance benefits on a 'subsistence' basis, as Beveridge had recommended (or claimed to have recommended). This meant that many of the people who qualified for national insurance continued to rely on means-tested benefits to bring their incomes up to a 'subsistence' standard and the role played by means tests continued to increase after 1945 (Harris, 2004, p. 301).

Beveridge derived his definition of poverty from a series of interwar poverty surveys (Townsend, 2008, p. 150). Most of these adopted a relatively low 'poverty line' which meant that a higher proportion of those who were living in poverty were out of work (Harris, 1988, pp. 155–9). However, as Tout (1938, pp. 25–6) demonstrated, even a small increase in the poverty line would highlight the fact that many employed people were also experiencing 'insufficiency'. Townsend (2008, pp. 150–2) argued that, in 1958, 'full employment and not social insurance has been responsible for the reduction in poverty since the war', but he also acknowledged the importance of low pay and this issue has become increasingly prominent in recent years. In 2020, 12.7 per cent of workers were living in poverty and more than half of all the people living in poverty belonged to working families (Barry *et al.*, 2020, p. 6).

Beveridge's aspirations for the friendly societies were also frustrated. This was partly due to the government's refusal to allow them to continue to play a part in the administration of national insurance but the societies' associational life had been in decline for many years and it seems unlikely that his recommendations would have done much to arrest this. However, it is arguable that his aspirations for the future of other forms of voluntary action were more successful. Although many commentators have argued that state intervention 'crowded out' voluntary activity, the history of the postwar period belies this and, as Thane (2011; 2012)

has shown, voluntary organisations have continued to play a key role, not only in the provision of services but also as advocates for those whose needs the state might otherwise ignore.

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