

WERE he alive to-day, Lord Beveridge would probably be having considerable misgivings about the consequences of his celebrated 1942 Report. His aim was to abolish want, and he proposed to do this by a "combination of security, enterprise and social service, redolent of old-fashioned Liberalism."<sup>1</sup>

But the Welfare State of the mid-20th century, that monster of state paternalism that eventually emerged from the dark-room of socialist witch-doctory, was far removed from what Beveridge had in mind. If he had lived to see its full development, to see his modest humanitarian concept fiendishly dedicated to the organized molly-coddling of the whole population from the cradle to the grave, he might well have come to accept the criticism of one London businessman who said, in 1958: "The inventors of the Welfare State have much to answer for. In its very essence, it is the most degrading political philosophy which has ever betrayed a country."<sup>2</sup>

Today, the Welfare State lumbers on like a runaway elephant, no one sure of where it is going. Under the impetus of politicians spending other people's money, the field of its largesse has spread far beyond the original concept. Its spending is now such that the ingenuity of Chancellors and their Treasury aides is stretched to the limit to accommodate it in their Budgets. The taxes to support it now reach down to the very poorest, even to those receiving its benefits.

Inevitably, few are satisfied. Those in work, who provide the wherewithal, resent the burden of taxation, and the black economy flourishes. Those receiving its benefits condemn them as inadequate; yet the incentive to work declines. Continuing high inflation reflects the failure of successive governments to contain the welfare Frankenstein monster.

And now we have Arthur Seldon, in a recent IEA paper,<sup>3</sup> forecasting that, under the pressure of economic and social change, the apparatus of the Welfare State will not only become increasingly ineffective but will, in the not too distant future, qualify for the last rites.

To Mr. Seldon, the basic vice of the Welfare State is that it no longer seeks merely to provide *minimum* income during the emergencies of ill-health or unemployment (the "prevention of inadequacy"). Its aim now is the "pretence of equality," the imposition of maximum standards for all. The former state, with people free to rise above the minimum, would have been compatible with a free society. The latter, which amounts to "equality by coercion," is not.

Not only is the Welfare State incompatible with individual freedom, it is also wasteful and inefficient. As an example, Mr. Seldon compares the "mediocre medical care" of the British National Health Service with health insurance systems abroad, especially with the "widest variety and the most advanced innovations" of medical services in the USA. In the NHS, where, to both doctors and patients, "someone else is paying," there is little incentive to economy, costs become inflated and value for money takes some finding. Abroad, where private insurance financing is common, the patient with consistently high claims is noted and can be required to pay higher premiums.

#### CORRECTIONS

We regret two errors in our January-February issue. In *Protection and the Welfare State* by Nick Bilitch: page 9, third paragraph, the word "minimum" should have immediately preceded the words "state intervention."

In *Community Rent or Land Bank* by David Redfearn, page 4, column three, (c), the word "no" should have preceded the words "better off."

# MONSTROUS WELFARE

By Wyckham West

So Mr. Seldon sees the writing on the wall. He envisages that, despite the rapacity of taxation, incomes will continue to rise and the desire for private education, medicine, housing, pensions and unemployment insurance will become a tidal wave that nothing will hold back. At the same time, the people's native resistance to being clobbered by taxation, linked with inevitable growth in tax avoidance and evasion, will undermine the financing of the present system. People will insist on their democratic right to choose. And aided by technological progress (computers, television, video etc.) private enterprise will progressively develop facilities to satisfy the demand.

Mr. Seldon sees two major factors supporting his forecast: the working of the market and the rise of the Social Democratic Party. In the end, he believes, market forces are irresistible. In the end, it will be market forces that will compel the Welfare State to yield to private choice and technological advance.

But politicians can help the inevitable to come about. The Labour Party, he suggests, will not rule again; it is the party that would insist on maintaining the Welfare State by coercion and will be abandoned by those who see the folly of such a policy. The SDP, on the other hand, will be swept along by the tide of Liberalism. It will attract to its ranks people determined to escape the leg-irons of State direction and intent on their right to choose.

Mr. Seldon's argument commands respect. And the prospect of political parties competing in their liberalism is pleasant to contemplate. But his paper fails to consider why the Welfare State was needed in the first place and to what extent the economic and social problems that led to its birth have been resolved.

The answer must surely be that nothing has changed in Britain since Beveridge to eliminate poverty at its roots. The Welfare State does not attack causes, it only conceals effects. History shows that technological progress, while conducive to the total production of wealth and the raising of *general* living standards, leaves in its wake an army of unfortunates entangled in a web of unemployment and poverty. While the causes of this economic distress remain untackled there will always remain a need for State welfare to provide for its victims.

The tragedy of William Beveridge is that his "old-fashioned Liberalism" did not, apparently, include facing up to the Land Question, the age-old controversy which exercised the *radical* liberals of his early life and which lay then, and still lies to-day, at the root of the unemployment and poverty which bedevils developed society.

#### REFERENCES

1. Maurice Bruce, *The Coming of the Welfare State*, Ch. 8, B. T. Batsford Ltd., 1968.
2. J. Gibson Jarvie, Chairman of United Dominions Trust, quoted in *The Observer* 'Sayings of 1958,' 21 December, 1958.
3. The Institute of Economic Affairs Occasional Paper 60, *Wither the Welfare State* by Arthur Seldon, 1981.