

# SOME DISQUIETING FEATURES OF THE BEVERIDGE PLAN

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**I**N his address to the Manchester Association and Branch on January 13, Mr. H. N. Linstead, M.P., the secretary of the Society, weighed the advantages and disadvantages of the Beveridge social security scheme. On balance he gave it his approval, indicating the benefits that the pharmacist "as a citizen" and the pharmacist "as an employee" would derive. But the pharmacist "as an employer" would not be so well favoured, since although he would enjoy certain benefits as an individual, such as training for a new occupation if his present livelihood fails, he would have to pay substantially higher contributions than to-day on behalf of each of his employees, so that for him "the responsibilities would outweigh the advantages."

## Poll Taxes for Benefits

What Mr. Linstead says of pharmacists, for he was speaking to them as such, applies, of course, to all persons "gainfully occupied" (the phrase in the Report) in every trade as citizens, as employees and as employers; and as citizens it is true also of all others of working age not gainfully occupied whatever may be their status in society. Everybody of working age would be compulsorily insured, excepting housewives covered by their husbands' payments. Everybody with the exception stated would have to carry a card, to be duly and regularly stamped with the contribution, thus being subject to a "poll tax," as Sir William Beveridge himself aptly calls it. This poll tax would amount to £11 1s. a year for every adult man and £9 2s. for every adult woman working as an employee; of £11 1s. and £9 15s. a year per man and per woman respectively if working on their own account as employers or by themselves; and of £9 15s. and £7 16s. respectively if of working age but not gainfully occupied. The contributions payable by juveniles would be less in each case. These, then, are the poll taxes all people would be compelled to pay, excepting housewives as above stated and excepting also children and pensioners; and while any person is drawing unemployment or disability benefit he or she would be exempt from the weekly contribution to this tax (but neither the pensioners nor the other beneficiaries would be exempt from whatever indirect taxation is imposed to help the Exchequer in its payments towards the cost of the enlarged as well as of the existing social services—how much that kind of taxation diminishes the value of benefits received "from the State" has never been considered, much less computed, by the advocates of these "money for social reform" schemes!).

## Consumers Made to Pay

In addition to the personal contributions above mentioned, the employer's contribution as employer would become £8 9s. and £6 10s. a year respectively for every adult man and woman employed by him, as compared with £4 15s. and £4 2s. respectively under the existing insurance schemes for health, unemployment and pensions, the tax on the employment of juveniles being less in each case. Mr. Linstead may not have put it so pointedly to the pharmacists "as employers," but it is Sir William Beveridge's own chosen term, the Report describing the employer's contributions as a "tax on the giving of employment." But does it remain with the employer? Does it come out of the employer's pocket? That is highly questionable. Where the employer can pay without docking wages or without raising the prices of his wares, he will have so much less profit and be so much less able to contribute to general taxation; what the State loses in that way has to be made up by just so much more taxation payable by others. But the general opinion among economists who have gone into the matter is that the employer's contribution, and that is true also of the existing schemes, is either passed back to the employee in the docking of wages or is passed on to consumers in enhanced prices, thus becoming, in fact, an indirect tax, the burden of which is heaviest on those least able to pay it. Furthermore, the operation of the tax, in the process of being passed back or being passed on, is not only to handicap the small trader, perhaps even make him think of shutting shop, but also to concentrate business progressively in the hands of big concerns all the more able to raise prices because they have less competition to meet.

## Effects of Other Taxes

That is not all. The personal and employers' contributions that the Beveridge plan would exact through the card-stamping administration would provide but a fraction of the revenue required to pay the whole cost. The rest would come from general taxation, and if that is to mean a further turn to the screw of taxes as now levied we will get more obstructions to production and trade and therefore more depression and unemployment than the dispensation of the ill-gotten State funds could hope to ameliorate. It would be lunatic, for example, to tax windows and use the revenue to provide a "candles and kerosene" benefit, just as it is absurd to try to solve the housing problem with housing subsidies derived from the taxa-

tion of houses and of all building operations, which is the present rating system. So in the larger sphere, instead of seeking the causes of poverty and unemployment and discovering why hard times hit so terribly those who have to earn their living while others continue to seem prosperous enough, we collect and spend, or we borrow, huge sums in the hope of subsidising wages. *We do so, never stopping to think that the manner in which we get the money to pay out again may be responsible for the distress we are trying to combat*—the tariffs, the petrol tax, the purchase tax, the local rates on houses and shops, etc., all of them raising prices, all of them penalising trade and hampering production; and meanwhile the steady rise in rents and prices of land goes on for the benefit of those who hold the keys to every working man's and business man's opportunity to gain a livelihood.

### The Burden of the Cost

It is well enough to picture how generous and how discriminating the "State" could be as a welfare institution if it had command of adequate revenues for the purpose. Too many have displayed the Beveridge plan in that expansive light as if the money was about to drop from the sky, or they talk like the would-be philanthropist imagining the wonderful good he would do if a fortune befell him. The consideration wholly lacking or about which little has been said in the publicity given to the Beveridge Report, and in the praises bestowed on its intentions, is that it is first and foremost a plan for new and increased taxation, since until the revenue is collected the proposed benefits cannot be distributed. The question how the revenue should be raised is of primary and paramount importance, but the plan does not discuss it. We are fobbed off with irrelevant suggestions that "we" can afford it and that "our" national income is so-and-so many multiples of the proposed extra "charge on the Exchequer." This "we" is a deceptive and question-begging term, rendering any rational economic examination impossible. The community cannot tax itself as a whole any more than it can subsidise itself as a whole. The imposition of taxation falls on certain members of the community in certain ways, according to certain standards or in respect of certain acts or possessions. The system of taxation we suffer from to-day has already been criticised, and it is to the taxpayers under that system that the question should be addressed, whether *they* can meet the demands that would be made of them, whether *their* businesses or households could sustain further burdens heaped particularly on them.

### Root Cause of Poverty

The Beveridge plan is, secondly, a plan for a redivision of such wealth as exists by the arbitrary establishment of a "right" on the part of people with smaller incomes to take perforce (with the aid of the State) some part of the incomes of those who have more. Sir

William Beveridge implicitly drives it to the point of saying, e.g., that the working man who has a wage of £5 a week (or the shop-keeper who earns that amount of income) has no "right" to the whole of it, so long as there are others who have only £3 a week in earnings; and the former must be compelled by tax adjustments and a sort of haphazard pooling scheme to hand over a portion of their weekly or yearly earnings to the latter. The intention of the plan is that the most needy will be able "as of right" to take out of the pool, in grants and benefits and allowances, more than they put into it in contributions and taxes; and what they will gain in this way will be just enough to provide them with bare subsistence, earning or not earning. The plan is a surrender to the defeatist view that the maldistribution of wealth must be taken for granted and that nothing may be done about it except to provide its victims with what is virtually public charity, continuing and extending the poor law, which began in the days of Queen Elizabeth. Relief was rendered necessary by the poverty-creating enclosures that transformed a landholding peasantry into landless labourers. Since then the rent of land, with the growth of hamlets into towns and villages into cities, has gone in ever-increasing measure into private pockets. The State and the municipalities, deprived of this public revenue, have had to resort to all those imposts on labour and on capital to which reference has been made. These taxes not only take from the individual the earnings that rightfully belong to him, but they are the bulwark behind which the land monopoly is enabled to flourish and collect, for the mere permission to use the earth, very much of the fruits of productive enterprise. It is upon this unnatural institution that the mind of the public should be directed—upon the ending of this privilege that takes ransom and restricts the production of wealth, upon the obtainment of revenues from land values as the means; whereas the Beveridge plan, keeping the urban and rural land question out of sight as of no account, turns attention upon treatment of the effects with expedients that are as certain to prove futile as they are likely to aggravate the present social inequalities. It is a savage reflection on our civilisation with its vast potentialities and wealth-producing powers by which all might have abundance that even a bare subsistence living is absent in so many homes, that amongst us a large section of the population is in such destitution that the annual expenditure of hundreds of millions of pounds would be required to lift them just to that level where they would have no more than a starvation diet.

The Beveridge proposals how now been discussed in Parliament and the Government has indicated how far it is prepared to go with them approving, incidentally, of the comprehensive medical service. But neither Sir William Beveridge nor the Government looks at the overriding social problem holding all the industrial classes, and everybody who would serve them, in a vice which if not released will crush every endeavour or good intention to better conditions.