

The Welfare State

By Stephen Martin

Since the turn of the century the greatest development in political ideology is the belief that it is the duty of the State to solve all the difficulties and problems which face mankind, and that it is competent to do so. Underlying this belief is the false assumption that the State acquires by some miraculous means a competency impossible of attainment by men and women when acting in their individual capacity.

Men with a sincere devotion to public service and a desire for reform, have concentrated their energies on securing social legislation for the paternalistic direction and control of almost every activity of the people. Their ideas have been supported by an enormous volume of literature and a flood of propaganda has flowed from the national newspapers and the Broadcasting monopoly.

Masses of figures, intricate formulae, and complicated graphs have been produced by mathematicians and statisticians in support of the Welfare State, which is offered as a panacea for the economic maladjustments of society. Statesmen, economists and politicians of all parties have accepted this ideology and are now completely preoccupied with it. Moreover, the idea of the Welfare State has so firmly fastened itself on to the minds of the people that every social and economic problem is considered on the basis of "What is the Government going to do about it?"

In a newspaper article concerned with the conservation of coal supplies by eliminating wasteful consumption in household open fireplaces, the author of it suggested that the Government should subsidise manufacturers in order to overcome public indifference and resistance to the purchase of a more efficient type of firegrate which the manufacturers had produced. One can only imagine that in tropical countries the people can expect their governments to provide them with efficient cooling devices and so enable them to carry out their daily activities more effectively. The idea that all the things which contribute to the fulfilment and enjoyment of a good life can be obtained only by centralised planning imposed by an authoritative demand, has seized the imagination of men and women in all walks of life.

In order that the extent to which this ideology has entered into every department of social organisation shall be fully appreciated some details of its operation are listed below. It is impossible to include every item, but for the purpose of this Paper the list is comprehensive enough !

The State provides for :

Taxation reliefs and bonuses on the birth of every child : family allowances for every child after the first and maternity benefits for the mother, which include ante-natal and post-natal treatment.

Provision of " free " milk at schools and heavily subsidised nursery and meal facilities.

" Free " education and grants to Universities and other centres of adult training

" Free " health services with dental, medical and optical treatment.

Compulsory health insurance to cover sickness benefits, pensions, payment for industrial injury and funeral expenses.

" Free " legal assistance at the Law Courts.

Subsidies on food and on rents of houses built by local authorities.

Rent control to limit the amount a tenant can be charged.

Farming subsidies for ploughing, grass drying, fertilising, sheep and cattle rearing and the cultivation of marginal land ; and taxation reliefs for tractors, cars, and other farming equipment ; and for losses incurred in the production of food.

Grants of money to art, sport and entertainment.

" Free " foreign travel for Government sponsored cultural activities.

Unemployment payments.

Arbitration tribunals, wages boards, and joint industrial councils for the regulation of wages.

The establishment of employment exchanges and bureaux.

The planning of development and location of industry.

State trading in many branches of industry.

Statutory control of many commodities and prices.

In international affairs, financial aid to so-called under-developed countries.

From the cradle to the grave, at work and at play, in sickness and in health, the desires and ambitions of mankind are made so much the concern and responsibility of the State that no one needs to worry. His future, according to his status, is in the custody of his providential rulers.

So far it would appear that these Welfare State schemes have met with some measure of success as certain sections of the people are better off now than they were before the schemes were introduced.

But it is the purpose of this Paper to show that there is another side to the picture, and that the so-called Welfare State is but a fool's paradise.

The ability of the individual to take action and decide the course of his own future is controlled to a large extent by the size of his purse. Since the State Welfare schemes can be met only out of taxation, it follows that the individual must permit the Government to interfere with his purse strings, thereby surrendering his independence, degrading his integrity, and losing that essentially personal responsibility which is so fundamental to the well being of himself and in the final analysis of the nation.

The principle that the careful spending of public money is a sacred duty entrusted to the nation's executive, was recognised in earlier years, but this principle is now no longer rigidly observed; monies are distributed on a most lavish scale among special pleaders and glib-tongued proposers of wild-cat schemes who gain the ear of Government officials. Benefits are distributed indiscriminately. Grants are made on the evidence that a man has a headache, stomach-ache, or a broken tooth, without any question whether these ailments have been caused by selfish indiscretion or criminal conduct. The ability of the child is not taken seriously into account in the provision of educational facilities, and public money is spent in efforts to produce genius where none exists.

Under National Assistance a man, his wife and three children can get £5 11s. 6d. a week, and with permission to receive £1 a week extra from any other source. This is equivalent to what many get in wages from productive employment.

Capital, by which is meant that part of wealth devoted² to greater production, is being dissipated at an alarming rate. For example, the expenditure of £100,000,000 of public money by the British Government in the fruitless attempt to grow peanuts in Africa, means that the amount of real wealth has been depleted £100,000,000. This can only aggravate conditions which the Welfare State schemes are devised to overcome. Approximately 20 per cent of the national income is taken in taxation to pay for these schemes and taxpayers' money spent in this way is a drain on production. Already in Great Britain social security payments are failing to meet the cost of the welfare services and resort is made to debasement of money values and to government borrowing, so that inflation is inevitable.

That all this will end in disillusionment is readily becoming apparent to those whose minds are not beguiled by the specious appeal of this Utopian dream. Enough has been said to condemn state paternalism as exemplified by the Welfare State but there are other fundamental objections

to it. Liberty cannot be said to exist where men have to submit to compulsory deductions from their wages (under the system of Pay as You Earn, before they have even seen the colour of their money), to pay for services which they would as soon provide for themselves.

Regulation of labour ; direction to farmers as to what they should grow ; directions to industry as to the location of factories, what they should produce, the quantity, the price, and where they should sell ; the compulsory siting of where people should live ; the prohibition on building houses by private enterprise ; the imposition of arbitrary penalties, often to the extent of withholding statutory privilege, and the use of economic pressure ; all these are the political machinery of the Slave-state.

There is an old adage which we would do well to remember. It says: "Whoever pays the piper calls the tune." The slave song of the Welfare State is the consequence of political folly and is due to the ignorance of natural laws that govern mankind's existence.

State paternalism has fed on the conception that the provision of certain services is essentially a State obligation. That this is false becomes apparent when it is realised that service is simply another word for labour and therefore comparable with any other task performed by man. The value of the service to the community is assessed by the same economic laws of supply and demand which govern every form of labour. It follows that an equitable and efficient service can be provided by allowing it to operate through the division of labour within a free market. One of the earliest examples of these services is education which became a recognised obligation of the State under an Act passed in 1870. To-day in Great Britain the healthy competition of privately owned schools has virtually disappeared. The result is that costs have risen enormously while teachers' salaries are depressed to a level which no longer attracts the most suitable personnel. The assessment of the true value of this service to the individual is virtually impossible. Finally the service is at any time at the mercy of political partisanship, a most undesirable state of affairs.

The inalienable human right of an individual freely to dispose of the products of his labour is no longer recognised and selfish protectionism, disguised in the garb of State benevolence, has hypnotised the people into a belief that the equalitarian distribution of austerity is preferable to the promise of abundance inherent in free trade.

Competition, the natural incentive to greater human effort, has almost disappeared and the spirit of voluntary service is no longer the moral force it used to be. Indifference and

indolence stigmatise the character of public and private life to a greater degree than ever before in the history of mankind.

The problem which the Welfare State is supposed to solve is none other than the age-old one of poverty. Why is it that a large section of the people are unable to pay for necessary medical attention, to afford the educational and cultural facilities offered to them, to provide for themselves in their declining years; why is the return to man's labour not commensurate with his effort? The root of this problem lies in the continuance of social conditions whereby some are born to the exclusive ownership of land with the power and riches which accrue to its value from the labours of the rest of the community. This is the fundamental cause of the poverty which has driven men to accept the shackles of State-supervised social security.

Henry George provided the answer when he wrote "Give labour a free field and its full earnings ; take for the benefit of the whole community that fund which the growth of the community creates, and the fear of want would be gone. The springs of production would be set free and the enormous increase of wealth would give the poorest ample comfort. Men would no more worry about the finding of employment than they worry about finding the air they breathe ; they need have no more care about physical necessities than do the lilies of the field. The progress of science, the march of invention, the diffusion of knowledge, would bring their benefits to all".

Progress and Poverty from which this quotation is taken was published in 1879. In those days the private appropriation of the economic rent of land was the greatest single robbery committed on society. To-day under the specious title of the Welfare State another robber has appeared on the scene whose plunder, coupled with the continuing hauls of the landowner, the monopolist, and other recipients of State privilege, is depriving the people of their right to profit from their labours ; labours which, backed by the outstanding advance in technology and science during the past 50 years, could produce abundance. Until these evils are banished from society, injustice, poverty and misery will continue to ravage society.

The practical steps by which this problem can be solved are :

- (1) The repeal of legislation which gives the government power to spend the people's money on schemes which take away the individual's responsibility for his own welfare.

- (2) The abolition of all taxation on the products and processes of industry and the rewards of labour.
- (3) The repeal of legislation which denies the right of the individual to the free disposal of the product of his labour.
- (4) The collection of that ever fructifying communal wealth—the economic rent of land—by levying taxation on the unimproved site value of land.

When these reforms have been accomplished, when the Welfare State has been replaced by the Just State, only then will the Good Society be established.