

DISCUSSION: THE WELFARE STATE

From STEPHEN HATCH

In No. 3 of the 'New Reasoner' John Saville contributed a useful piece on the Welfare State. It is essential that the British Labour movement shall be aware of the limitations of the Welfare State, should not confuse it with Socialism and should not be so insular as to imagine that many similar reforms have not been introduced in other West European capitalist countries. In all this I am in complete agreement with Saville and I found his historical approach illuminating and stimulating in bringing out these points. Nevertheless I felt at the end of the article that there was something wrong with the emphasis and balance of the piece as a whole, and it may be helpful to make a few brief criticisms.

First of all, the article appears to underestimate the significance of the legislative programme carried through by the Labour Government from 1945-1950. Saville compares this rather unfavourably with the reforms of the Liberal Government of 1906 (p. 16) and this comparison seems to me both inaccurate and unjust. I take the view that 1945-1950 was a period of major social reform of much greater significance than anything the Liberals ever did. It is true that many of the reforms were long overdue, just as the independence of India was long overdue. But it would be churlish to deny the credit for these overdue reforms to the first majority Labour Government which Britain has ever had; and the British Labour movement is absolutely right to take a legitimate pride in the National Health Service, the nationalisation of coal, gas, electricity, transport and steel, and the many other legislative and administrative measures which were carried through. It is true that they do not constitute socialism but they are very useful reforms which brought much benefit to the British people. When the Tories attack the Welfare State and try to cut it down they know quite well what they are doing and who will be hurt.

Secondly, Saville underestimates the social and economic consequences of the social reforms and economic policies which have been introduced by previous Governments as well as by the Labour Government. We still have capitalism in Britain but it is surely of more than marginal significance that since the war over one-third of all new investment has been under public control. It will not be possible to speak of socialism until social and co-operative ownership is the dominant form and the greater part of investment is under public control; but it seems to me unquestionable that the transition to socialism is facilitated by the changes which have already taken place.

This leads me to my last point: how to go beyond the Welfare State. The British Labour movement has mainly been led by liberal reformers whose assumptions have prevented them from going beyond social reform to socialism. In their understandable exasperation and impat-

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ience with this state of affairs, the Left not infrequently has adopted an attitude of indifference or contempt to social reforms. I am sure that John Saville could give a hundred examples from the Chartists to 1958; and I believe that he will agree that this attitude has played into the hands of the 'reformists' and has helped to consolidate their position of leadership within the movement. For the Right, the reforms were everything and the goal of socialism nothing; for the Left the goal was everything and the reforms almost nothing. But socialism cannot possibly be achieved except by the struggle for all kinds of reform. What is wrong with 'reformism' or 'Fabianism' is surely not the reforms but the abandonment of the aim of socialism, and what the Labour movement needs is a leadership which is dedicated both to reforms and to socialism. This will not be achieved by the Left deriding the Welfare State, but only by defending it against Tory attacks and by working out a legislative programme for the next Labour Government which can take us beyond 'Welfare' and nearer to socialism. The scope and volume of the nationalisation legislation of 1945-1950 is surely a useful precedent for this purpose, and it is already obvious that the nationalisation of steel goes beyond the 'ransom' which the British capitalist class are presently willing to pay. If other key sections of industry can be added to the list by the initiative of the Left we could leave Welfare behind and blaze a new trail full of hope and significance for the world - a genuine transition to socialism by parliamentary means. This would lead to very acute conflicts with British property owners, and probably to some breaks in 'gradualness,' but it is my hope that the Left will be strong enough to ensure that British Labour does not abandon either the socialist goal or the parliamentary means. It is precisely because I agree with John Saville in wanting to go beyond the 'Welfare State' that I am anxious that the Left should not be estranged from the main body of the movement by a sectarian indifference to gains already won. It is perhaps a matter of emphasis only rather than of fundamentals but the emphasis can be important.

From DOROTHY THOMPSON

The main conclusions of John iSaville's article on 'The Welfare State' seem to be, summarised briefly, the following. In spite of many commonly held delusions on the question, the Welfare State, far from being a stage on the road to Socialism, is a convenience to Capitalism, granted by the more far-seeing capitalists (those, that is, not blinded by "mountains of unreason" — "unreason" presumably, in the sense of unawareness of the true nature of self-interest). The welfare services ensure both the efficient working of the capitalist system, by providing healthy and educated workers for it, and also the continuing docility of the working-class. "Mass pressures" by the working-class, which are mentioned from time to time, have been needed to achieve some of the characteristic features of the Welfare State, but what, in effect,

these pressures have done has been simply to open the eyes of the more intelligent capitalists to their own true interests. In any case, although these "mass pressures" are acknowledged as factors in building up the structure of welfare, their importance is implicitly denied by the facts given in the table, and the suggestion that there is very little difference between the achievements of countries with a large, socialist-led Labour movement, and those with little or no political Labour movement. The real achievement of these struggles has been, not the welfare services themselves, which would have come in any case, but the movement which was created. In other words, the value of mass working-class action lies only in the fact that in the course of it the workers learn their own strength. This strength will one day be turned away from the limited aims of social amelioration to the real historical aim of the working-class — the classic confrontation of the bourgeoisie, out of which final battle will emerge the new society of Socialism.

Before going on to comment on some of the implications of this argument for contemporary Britain, it is worth noting that it is in effect an argument which we have often heard before. It is our old friend and enemy, the eternal question of "palliatives." Ought one to encourage the workers to fight for limited aims, even though they may gain strength and organisation in the fight, if we thereby achieve a state of things in which the workers live under Capitalism becomes more bearable, and they lose the militancy which might have driven them to overthrow the whole system? For generations, militants have sympathised with the view put forward by Joseph Lane in 1885 in *The Commonweal*:

"First, the normal working day of eight hours. We, as Socialists, of course condemn long hours, but the essential thing we condemn is the capitalist making a profit out of our labour at all. As long as this is done the hours of labour will really be regulated in the interest of the capitalist, not in that of the community. It is the whole wages system which we contend against.

Again, if the children are entitled to one free meal, they are entitled to all their meals free. We hold that they should be fed, clothed, sheltered and educated free by the community . . .

Lastly, as to cumulative taxation on large incomes. Under a proper system of society we should have no large incomes.

It is possible that the governing classes might make a show of legislating in the direction of these palliatives; their doing so would certainly put off the revolution which we aim at. True Socialists, therefore, should not take up such catch cries . . ."

And for generations, too, there has been a continuous tradition of work and struggle for these limited objectives by the British Labour Movement. Political reform, factory reform, Trade Union law, welfare services and social rights have all been legally granted as the result of pressure from the working-class — sometimes in alliance with sections of the bourgeoisie, but always in the teeth of opposition from powerful interests of property.

Has all this pressure served merely, as John Saville suggests, to make capitalism workable, to bolster up the system, and to prevent that radical change which all socialists desire to see?

This question is before us again today in a particularly urgent form, for two main reasons. On the one hand in a period of comparative stability of capitalism, Labour Governments were able to extend the operation of the Welfare State so as to make a very appreciable difference to the way of life of the British working-class, without fundamentally altering the property relations within society. On the other, facts revealed about countries in Eastern Europe, which have established the economic base of Socialism in terms of property relationships, have shown that many of the rights and opportunities which the British Labour Movement regards as essential, and for which they have fought, simply do not exist in those countries. As socialists and historians, I suggest we look again at the Welfare State in Britain.

To begin with a question of definition. The term Welfare State, used to describe contemporary Britain is not here meant to describe a new form of society qualitatively different from Socialism or Capitalism. The economy of Britain is unquestionably predominantly capitalist. The value of the expression is to describe a society in which all the main welfare services are administered by the state, locally or centrally. This differentiates it from a society without compulsory welfare schemes, or from one in which these schemes are operated by private or charitable bodies.

What is the significance of the welfare services in present-day Britain? Are they, as John Saville suggests, an illusion foisted by a cunning bourgeoisie upon a gullible working-class? Must we shatter the illusion before we can foster in the workers a desire for Socialism?

In support of this argument, John Saville quotes the "Economist" as saying, with reference to the social services, "It is still true that nobody — or practicably nobody — gets anything for nothing." In what sense is this true of the Welfare Services? At its face value it is obviously untrue.

A whole range of services — the maternity services (apart from the extra payments to insured women), the health service, the pre-school clinics, the school medical and dental services, the education system at least until the age of eighteen, as well as partially free services like the school meals, are all provided for people who make no direct payment, and on whose behalf no direct payment is made. In many cases housing subsidies exceed the amount paid in rates by those who receive the benefit of them. There is, in fact, a whole range of services for which no payment is made by the recipient. Most socialists would, of course, agree that a far larger range, including most of the benefits at the moment provided by National Insurance should come into the same category. But the important thing is that these benefits are provided purely on the basis of need and not of cash payment, or even of any abstract conception of social value. This conception is a profoundly anti-capitalist one. It had to be fought for at every stage, and although the leaders of individual campaigns — such as those for family allowances or free school meals, may have appeared to be isolated humanitarians, their support has always come from the organised labour

movement — as well, of course, as from humanitarians in all parts of society. What is more, the opposition has always come from the spokesmen of property, and it is significant that the first move made by 'Conservative' chancellors when a reduction in government expenditure is called for has always been towards these same services. This is so not only because the government itself hates them, but because the whole political philosophy of those who support such governments is against the conception of need as a criterion of service.

Is the "Economist's" statement to be taken, then, to mean that since the workers, as a class, pay heavily in taxation for what they receive that "no one . . . gets anything for which someone doesn't pay." Put in this way, it is a truism, but one which can be used to convey again that the Welfare State is some sort of confidence trick -- in John Saville's words, "a shock-absorber, whose function is to offset the grosser inequalities and natural insecurities of the capitalist order." The same attitude is shown in the description of the Welfare State as "the 20th Century version of the Victorian ideal of self-help."

Apart altogether from the question of the source of taxation, about which economists seem to differ, the important point is that the fight for the welfare services has been a fight for the allocation of a specific and increasing portion of the income from revenue to these purposes. (A fight still going on throughout the country — on the new Local Government Bill, with its proposals for 'Block Grants' for example). In any society — particularly in a Socialist one — the workers would pay for the welfare services. The principle of financing them out of taxation is sound — even if the basis of taxation at present is an unjust one. What is more, the fight to retain this principle, especially in a period of recession, is one which will have to be carried on as part of the general fight for 'socialism. It is the exact opposite of the "Victorian ideal of self-help" which preached Individual denial and thrift, and which would have seen a free medical service, for example, untied to income or private charity, as an instrument of the devil, and an encouragement to the idle.

The real significance of the welfare services, and of the legality of Trade Unions and other working-class organisations, is that these are, objectively, victories for working-class values within capitalist society. In historical terms — we can see in the past that social systems have grown up piecemeal and sporadically. It may be possible to point to a moment in time when a, given society changed from being feudal to being capitalist, particularly where this occurred with a violent political upheaval, and a radical change of the centres of power. But it is impossible ever to point to a society which is an example of pure feudalism or pure capitalism. New modes of production, new social relationships, new institutions and new values can always be seen growing within the old social and political framework. Very often new ideas have emerged in a society which is economically and politically "backward," — as for example the great flowering of bourgeois thought in eighteenth century France. And yet in modern times, many Marxists

have simplified the processes of historical change down to a sort of algebraic equation. A bourgeois industrial society must be made up of bourgeois ideas and institutions, in spite of the fact that such a society contains by definition, a large industrial working-class — the class which historically must build the new society.

Marx referred to the Ten Hours Act which was passed in 1847, after a generation of agitation, as . . . "the first time that in broad daylight the political economy of the middle class succumbed to the political economy of the working-class." This was a very fair description. The Ten Hours Act like nearly every subsequent major social reform was an essentially anti-capitalist piece of legislation, vigorously opposed by those capitalists whom it most affected. True, many of the bigger employers supported it, as a means of driving out of business their smaller rivals, also many landowners supported it, not always out of compassion for the factory workers, but because they too were glad enough to see some of the small masters go to the wall. These divisions amongst their rulers enabled the factory workers to win their long-sought victory, but victory it certainly was. And the story of each stage of the progressive achievement of the Welfare State is similar. Without divisions amongst the capitalist class it would not have been possible at all. Moreover, the general trend has been to preserve the more efficient, the larger unit. But there seems no particular reason for assuming that a small capitalist is in some way less of a capitalist than a large firm. The combined demands for more social services and higher wages put forward by the working-class will continue to drive out the less efficient capitalist, and to tax the national productive capacity, perhaps to breaking point. The whole trend of modern productive methods is towards the large, highly capitalised unit, the final logic of the whole thing is the publicly owned concern.

The Welfare Services, like the civil rights which are enjoyed in England, and which have also been fought for over the years, are enjoyed by all sections of the country. But their greatest significance is for those without property or power. They are based on conceptions of social responsibility and human dignity which do not belong to the economic system of greed and self-seeking which still dominates our society. There is a further point here. These services and the values which they embody, are represented in our society also by institutions and by people. It would be rash to generalise about social values too widely, but the values held by those who operate and administer the social services are increasingly those of loyalty to the people they serve. Teachers who, Whatever their politics,, put the children first, doctors, nurses and clinic workers who want to see their hospitals and clinics doing the job for which they were established, constitute an objectively anti-capitalist force in society.

A last word on the abjection that, since the capitalists have in the end come to agree to most of the social reforms, and have adapted them to suit the system, those reforms must, whatever the initiative Originally behind them, now be regarded objectively as serving the

capitalist system. This argument is particularly applied to the educational system. But there are, within every institution, various potentials for good or evil. There is a world of difference between the conception embodied in the immortal phrase of Robert Lowe — " we must educate our masters " — and that contained in Margaret McMillan's slogan — " Educate every child as if It were your own." The first is a grudging political expedient, the second the demand of the Labour Movement for its children. Both conceptions can be found in our education system today, and among those who administer it. It is in the fight to preserve and extend the second conception that we express the positive potentialities of a society that is based on human needs and not acquisitive rivalries.

This has been a sketchy critique of an attitude to social reform which I think is hampering a clear understanding of the nature of both capitalist society and the new socialist society which is already developing, and which can be built if the desire and determination are present. I am not suggesting it will be achieved without the change-over* from private control of industry and finance. But it is false to assume that because the economy of the country is predominantly capitalist, then every other aspect of our society must be organised in the interests of the capitalist system; and it is an elementary historical fallacy to conclude that measures passed, in response to pressure, by a capitalist government of one or other political brand, must therefore be in the interests of capitalism. On the contrary, I believe that there are aspects of modern society which are in origin and in operation profoundly anti-capitalist. The conception of social services which are provided as an absolute right is one, and one which has been opposed by the employing class and fought for by socialists for many generations. The ideas embodied in these services are socialist ideas, and to the extent that they are accepted in Britain today, to that extent we are advancing in the construction of a society whose values are based not on the acquisition of goods but on social equality and respect for the individual, whatever his cash worth to society.