

The report on social insurance and allied services history essay



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What were the most important features of The Report on Social Insurance and Allied Services (1942) and why were they significant. In your answer take care to outline the so-called ' five giants' and evaluate whether the report realistically attempted to tackle them all.

In 1942 William Beveridge published his report on Social Insurance and Allied Services. The report instantly became a best seller of all time. The report was based on eliminating poverty and it has subsequently come to be considered as the blueprint of the welfare state. The Beveridge Report was identified as the core of wartime social transformation. It became very significant at a time when unemployment was at an ultimate high, the report " was seen by many people the light at the end of the tunnel of war, and as a promise of " social justice" for the post war world" (Gladstone, 1999. p39). Beveridge was asked to write a detailed report on how to improve the existing national schemes of social insurance and allied services. The report was built on defeating " Want", but Want was only one of the five giants on the road to reconstruction. The others were Disease, Ignorance, Squalor and Idleness. His recommendation of the system on social insurance was to rectify the poor conditions of post-war Britain and it was an attack solely upon Want, which would remove poverty. This essay will look at what are the main features of The Beveridge Report and why they were significant. It will also examine whether the report realistically attempted to tackle all the so-called " five giants" which is mentioned in the report.

The Beveridge Report which is titled Social Insurance and Allied Services is a product of one of the earliest attempts of the wartime coalition government to give deliberation to the issues of postwar reconstruction. After World War

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Two Britain was suffering extremely high levels of poverty and unemployment and in order to change this situation Beveridge came up with a very effective analysis of the way in which a methodical social insurance scheme could be built up, combined with a strong advocacy of the policies needed to assist such an insurance scheme (Hill, 1990). The road to reconstruction after the war involved attacking the five giants, however Beveridge namely focused on Want. All though his report mentions all the other giants, the bulk of the report's 299 pages were dedicated to the elimination of Want and recommendations on defeating all the problems of want (Timmins, 2001). Beveridge made recommendations which were built upon the existing system of social security.

The main feature of the report was based on a unified universal scheme of social insurance- " that is, a system of insurance in which risks are pooled within the community, so that individuals are able to pay flat-rate contributions and receive flat-rate benefits regardless of the extent to which they are liable to be in need of those benefits" (Hill, 1990, p28). The plan for social security was to eradicate Want, but in order to achieve this; there must be co-operation between the state and the individual. Beveridge said that the state should offer security for service and contribution; by this the state should consider the need for a national minimum, which should provide individuals with the minimum for himself and his family to live on. However, he stated that this minimum should be given as of right and not means tested. (Timmins, 2001) Beveridge boldly made three assumptions which were to make it work; a universal scheme of family allowances, a comprehensive national health service, which was financed by taxation and

thirdly the maintenance of employment. The first two assumptions were part of the insurance scheme of social security, and became the most expensive prerequisites. The third assumption worked two ways; it maximized the number of contributors and minimized the number of people claiming benefits.

Beveridge's main investigation into social security was to reform all social services and provide a minimum of subsistence for the whole population. He believed that to eradicate poverty a reform of social insurance was vital and this can be achieved by provision of benefits and services (Thane, 1996). The universal scheme was split into six groups and it was designed to cover people in actual or potential need. He defined these groups as: " employees, self-employed, housewife's, those below and above working age, the sick and disabled and others of working age fit to work" (Lowe, 2005, p141). Housewives were particularly a difficult group to cover, and this will be discussed further. The people who fall into these groups should receive the following benefits: unemployment and sickness benefits, disability benefit which also covered injuries at work, maternity grants and widow benefits, funeral benefits, family allowances and retirement pensions. However, even though this system of social insurance (which was later changed to national insurance) was there to provide subsistence-levels of adequate benefits, Beveridge knew there might be other circumstances where it would not be enough, and he therefore recommended another system of social assistance (which was also later changed to national assistance). This scheme would work through means test to provide for people whose needs were not met by national insurance. People who qualify for national assistance, for example

are disabled people, deserted or separated wives and men who refuse to take on work when it is offered to them. The need for assistance could, for example, arise for reasons of sickness which meant they were not able to work and get into the labour market. Beveridge stressed that national assistance is only an alternative as it is means-tested, which is what he wanted to steer away from.

Along with Beveridge's proposal for national insurance and national assistance, he also proposed family allowances. This proposal came from a post-war issue of child poverty and low wages being paid to people who have large families. He said that family allowances were an essential part of an adequate social security system. The idea of family allowances had already been proposed by other economists such as Keynes, and many of his ideas were taken from what other people had already come up with. Beveridge insisted on family allowances to be non-contributory and financed through general taxation, for it would be too much for people who have large families and low wages to make contributions. " He proposed that 8s should be paid to every dependent child except the first" (Brown, 1995). However, the government was reluctant to pay 8s because it exceeded the limit given by the Treasury, so in 1945 the Family Allowances Act was introduced at a rate of 5s. This act became significant at a time when children and large families were suffering a lot; consequently this legislation improved the rate of child poverty.

Beveridge's second major assumption was a comprehensive health and rehabilitation service which was to cure disease and help workers get back to work when they are sick, and make them available for work when it is

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offered. This service was to be available for all members of the community and free at the point of consumption. The service was not based on national insurance contributions but funded by taxation. There had already been deliberation before the Beveridge Report was published on making a comprehensive, free medical service, but the Beveridge Report got the government engaged into this more and in 1946 the National Health Service (NHS) was introduced. Before the NHS was introduced, medical services in Britain were not fulfilling the needs of people and the service was very poor. One of Beveridge's five giants was Disease and the road to reconstruction was to tackle this post-war crisis, and by making the proposal of introducing the NHS which is free for everyone was an attempt to tackle Disease.

His third assumption was maintenance of full employment. Beveridge said that unemployment is a crucial problem which needs to be solved and without change, social improvement was impossible (Thane, 1996). In his Report he defined the need to avoid mass unemployment by keeping the rate of unemployment at an average of no more than 8.5%. However, by the end of the Second World War and the mid 1970's the unemployment rate was accomplished and what in fact happened was that the unemployment rate fell below the 8.5% that Beveridge had suggested (Hill, 1990). In the report he assumed that if full employment was achieved, this, in theory would tackle idleness.

As mentioned before, the Beveridge Report was primarily aimed at proposing a set of recommendations for setting up a system of social insurance, which was mainly an attack on Want. However, the other giants were also briefly mentioned in the report, but not to a great extent. After World War Two
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people had no houses to come back to, and the education system was failing terribly, there was an increase in poverty, unemployment and no adequate health care was available. To fight the five giants he gave a vital kick to start the programmes that he thought could give freedom not only from Want, but the others too. The report in practice does not mention education to a great deal or in detail apart from his trumpet call for the attack on Ignorance. Nor does he talk about Squalor in detail, which involves providing houses. This is due to the fact that Beveridge struggled over how to handle rent within social security as living cost varied individually and regionally, and as a result national insurance was not enough to cover people which meant they had to apply for national assistance (Timmins, 2001). He proposed a comprehensive national health service which was to tackle Disease, but free medical care would not only prevent disease, but this again would reduce poverty (attack on Want) as it would make people available for work due to the free medical care. However, the creation of the NHS caused problems on economic grounds as it was very expensive to run a free medical service at the point of use. Beveridge's attack on Idleness was to provide high levels of full time employment. This attack on the five giants is linked with Want, because not having a job would mean people have to depend upon benefits, and to make the social security system work there needs to be more people in employment and less people claiming benefits. This is why Beveridge described the course of arguing a full employment was a prerequisite of an adequate system of social security (Brown, 1995). Looking at the five giants that Beveridge said must be attacked in order to change post-war Britain; he did not mention the other five giants in too much detail as he did with defeating Want. He therefore did not realistically attempt to tackle all the

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five giants, and truthfully not even Beveridge could not stretch his terms of reference that far. It was hard enough trying to implement his main proposals of social insurance, thus if he aimed his report on defeating all the giants then nothing probably would have come of it. Having said that, the government did listen to what he had to say about the others, as the education system was improved and in 1944 the Education Act was introduced and in 1949 the Housing Act was legislated. Even though his report does not mention tackling the five giants in great detail, his brief statement on conquering them all was taken in by the government, as it would lead the road to post-war reconstruction which Britain needed so badly.

We have established that the main features of the Beveridge Report and the crucial elements of Beveridge's proposals were that everyone was included; they were covered "from the cradle to grave" and benefits would be at a level which enabled a family to live without recourse to other means. The six fundamental principles of the report were: flat rate of subsistence benefits; flat rate of contribution; unification of administrative responsibility; adequacy of benefit; comprehensiveness; and classification. (Lowe, 2005). Beveridge's proposal of national insurance and national assistance was adopted almost at its entirety. In 1945 the Family Allowance Act was legislated, subsequently in 1946 the National Insurance Act was introduced, shortly following the National Assistance Act in 1948. These legislations were vital in what Beveridge had recommended as the main features of his report. He understood that if his recommendations had been enacted then Britain would have an ideal social security system which would provide adequate

relief to the people in need and improve unemployment and it gave people hope. This was the crucial part to reconstruction. His proposals became essential and it changed the British social security system for the better as it relieved poverty. However, this was short lived as poverty was rediscovered again. (Lowe, 2005) This leads us to the criticisms of The Beveridge Report and why many of his proposals were later discarded and altered from what he originally proposed.

One of the problems of Beveridge's proposals was with women, particularly married women. Beveridge recommended that all married women should be eligible for a wide range of benefits " by the virtue of their husbands' contributions". (Lowe, 2005, p141) Most married women were not in paid work at that time, but women who worked could opt to pay lower contributions and in return they will qualify for the full range of benefits, though below the standard rate. The feminists were his major critics, as Beveridge's explicit assumption of married women should enter into partnership with their husband and remain economically " dependent" upon them goes against what the feminists stand for (Hill, 1990). However, the main underprivileged groups are the non-working single women and even after efforts being made to meet their needs, nothing came of it. He also did not find a satisfactory solution for separated, divorced and widowed women within the insurance scheme. Women were generally not equally represented in the labour market and it wasn't that they chose not to participate, but they were excluded from any competition with men. So when Beveridge recommended a " housewives charter" which would provide grants upon marriage, free domestic help when ill and a separation

allowance, this gave hope to the women. However, this was overlooked by critics, as his proposal was dismissed by the government and became a weakness of his Report. This flaw in the implementation of the report has questioned Beveridge's aim to change social provision for housewives as it regarded women as dependants of their husbands and not treated equally.

Beveridge's proposals were promising if they had been implemented by the government, but there were many compromises which had to be made in order to adopt his proposals. Many of Beveridge's proposals had been rejected by the Treasury on the grounds that it was excessively expensive; this was a flaw both politically and in practical terms. Due to this, there was a very lengthy perusal for his recommendations. Beveridge was not liked by Churchill as he also believed that Beveridge's recommendations were far too expensive; it would create doubtful prospects for the post-war economy and form hopes for the people of the country which the post-war government could not satisfy (Thane, 1996). His system lacked sufficient resources to respond to inflation and changes in social need or social demand (Lowe, 2005, p135). Even though the report gained popularity, it also received widespread criticisms, such as; the pension rates were too low and even stronger fear that the government would ignore the report as a whole (Thane 1996). The principle of flat-rate contributions and benefits were wholly abandoned (which was the main idea of the report) with the introduction to earnings-related contributions and benefits. Furthermore, Beveridge's proposal for retirement pension, which he said should gradually be phased in over a period of 20 years was also not implemented. This was because "it would make arrangements for individuals who had not previously contributed

to the retirement scheme to qualify for very much more quickly than that” (Hill, 1990, p31). The issue of retirement pension became a major error in the enactment of his recommendations and it did not agree with the government as it was politically unacceptable. Therefore this proposal was also changed.

Benefits were generally at lower levels than Beveridge suggested. This can be seen with the family allowances, which was changed from 8s to 5s. Another weakness of his report which critics argue contradicts his main proposals is the principle of universalism and adequacy. If Beveridge’s main objective was to eliminate Want, then why were those in need not targeted for relief? “ Universalism would involve a vast bureaucratic exercise to collect contributions from people and distribute benefits to those who do not need state support” (Lowe, 2005, p143). This would then fail effectively to help those who are genuinely in need because benefits will be too widely distributed. The principle of adequacy and universalism was to eliminate means test and not rely on national assistance benefits, but quite the opposite occurred and it was then inevitable that the cost-conscious government would reject the principle of adequacy. Many of Beveridge’s proposals were contradicted when they were implemented, and it destroyed the logic of the report. As did the agreement the government came to when they said that “ the rate of benefit should only be one which provided a reasonable insurance against want”. (Lowe, 2005, p144) This automatically meant that insurance contributions were no longer a guarantee that people will be freed from poverty and that would have to result in applying for means-tested national assistance. Rather than diminishing the use of

national assistance as predicted by the report, it became increasingly important.

Beveridge's proposals became significant, as his main proposal for social insurance was accepted by the government, although after some alteration, they were legislated and became the foundation of his report. However, a report which was said to be a blueprint of post-war reform was far from revolutionary or logical. Even though some of his proposals were enacted, they were changed vastly from what Beveridge had proposed to begin with. All this did not come without recourse to other measures, which was seeking national assistance. This subsidiary benefit was supposed to wither away, but in fact the number of claimants increased. Along with the fact that it was impractical, the high cost of national insurance emphasised the failure of Beveridge's principle of the unification of administrative responsibility. Beveridge hoped that through the establishment of one responsible ministry, which were the Ministry of Social Security, both government and claimants would become the beneficiaries of a greater "co-ordination, simplicity and economy" (Lowe, 2005, p141), but this was far from the case as they did not achieve this and were relieved by a wide range of means-tested benefits which were administered by other local governments (Lowe, 2005). Several proposals which Beveridge made were either changed when they were implemented or they were completely abandoned. His proposals were contradicted when people had to rely on means-tested benefits, which was what he was against and wanted to change in the first place. The Beveridge Report then leads us to question, was it actually successful and why did it become significant.

In conclusion, The Report on Social Insurance and Allied Services was specifically aimed at setting up an insurance scheme which would change the existing social security system and set out a more ideal scheme through a simplified system of state relief without resort to means tested benefits. This was the main feature of the report, which was the solution to relieve poverty and improve unemployment, as it will attack Want, one of the five giants and the road to post-war reconstruction. The Beveridge Report was a practical blueprint for reform and of the welfare state; however it was far from revolutionary or logical. To begin with it received immense enthusiasm and it gave people hope, however this changed when an ever rising number of those in need were never automatically freed from poverty as his report had promised, but in fact they had to claim means-tested benefits and later his principle of flat-rate contributions and benefit were abandoned. This visionary document was impractical and not well suited, as it was extremely expensive and this is why the government rejected many of his proposals, particularly the principle of adequacy. However, the Beveridge report can be seen to be a flawed blueprint for the eradication of poverty because it did not stick to the original objective which was the insurance principle and was eventually eroded. The report was significant as it was the founder of the welfare state, which still remains the basis for today's social security system. Even though the report talks about the five giants, it does not realistically attempt to attack all of them, it merely mentions them and that they all have to be defeated in order to achieve social transformation to improve the post-war conditions. However, there has been continued aim by the government to defeat all of them and they have succeeded in doing so. The proposals for

social security may have been seen as an innovation but it was an attempt at tackling irreconcilable goals.