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Second Beveridge Lecture

Portcullis House, Wednesday 16th May 2012

--Check against delivery--

Can I start by thanking Demos for hosting today's lecture here in the House of Commons.

You have been a consistent champion of the theme I want to explore today, with your ground-breaking series of reports, Destination Unknown, produced together with Scope.

We meet in the Boothroyd Room, named after a truly inspiring woman. Not just the first woman to be elected speaker of the House, a tireless campaigner for social justice or a great Labour MP.

A fighter, as President of the National Benevolent Fund for the Aged – she's still working to ensure that a decent standard of living is universal.

And so I can think of no better room to discuss the new universalism than here in her room.

This year marks the 70th anniversary of one of the most important advances in British public policy – the publication, in 1942, of the Beveridge report.

I want to mark that anniversary, and ask how it is that we modernise - not abandon, undermine, or manage the decline, of Beveridge for the 21st century.

In March, in Joseph Chamberlain College in Birmingham, I said a little about the history of this incredible report, and I described how it came to rest on the crucial foundation stone of full employment.

Today, I want to talk about the second great principle of Beveridge; the idea of universal provision; a collective safety net; one of the greatest acts of social solidarity ever attempted in our country.

A principle, like full employment, that should not be abandoned, but rescued, revised and restored in a modernised system of social security.

Let me start with just a quick reprise of the history of the report we mark.

It was from dawn, on the 1 December 1942, that the BBC began broadcasting details of the famous report in 22 different languages.

The timing of the report could not have been better. Interest in what the war was for, had reached a new high.

The Allies had turned the tide in North Africa, in Stalingrad, and in Guadalcanal in the Pacific.

Churchill had declared not the beginning of the end, but the end of the beginning.

The public swept the Beveridge report off the shelves in a buying spree not matched for any government white paper until the Profumo report.

And then the real work began.

After heated debate here in Parliament, Churchill agreed that a Reconstruction Committee dominated by four great Labour leaders, should begin the job of planning to turn ideas into action.

It was here, here in these committee meetings, that the ideas of Beveridge began to be fused with the ideas of full employment, championed by Ernest Bevin, and crucial to providing the financial wherewithal to put the white paper into effect.

And it was here, here in these committee meetings that the idea of universalism was not weakened, but strengthened.

Before his report was published, Beveridge famously set out, during the course of 1942, the five giants that he had in his sights to slay; Want, Disease, Ignorance, Squalor and Idleness.

The Beveridge Report was squarely aimed at abolishing the first; the evil of want.

The want that had so scarred Britain since the industrial revolution.

The want so vividly described by writers like George Orwell in the Road to Wigan Pier; the want which a war-fighting nation wanted to fight to end.

Beveridge wrote in his 'first principle' that the new world after the war, should obliterate 'sectional interests'.

His solution was a system not of voluntary but of social insurance; social insurance that in its nature was universal in its provision.

'Social insurance fully developed', he wrote, 'may provide income security; it is an attack on want'.

Its purpose was clear; to compensate for any lack or disruption of earning power that was at the heart the root cause of want.

Three changes were proposed; extending the scope and the purpose of insurance, and raising the level of its benefits.

Now, Beveridge famously did not want to damage any incentives either to save, or for the individual to make efforts to return to work.

Beveridge had written his report with a view to enshrining the contributory principle.

'Benefit in return for free allowances from the state is what the people of Britain desire', he wrote.

But he knew too that; 'However comprehensive an insurance scheme some, through physical infirmity, can never contribute at all and some will fall through the meshes of any insurance.'

Hence Beveridge was to recommend that: 'Disability benefit will continue at the same rate without means test, so long as disability last, or till it is replaced by industrial pension'.

Beveridge's ideas on universalism were embraced wholeheartedly by the Reconstruction Committee, dominated by Ernest Bevin.

The blueprint for perhaps the greatest symbol of that universal credo, the NHS, would have to wait until after the war.

But the blueprints for social insurance did not.

By 1944, in the weeks after D-Day, the Government was able to publish a series of White papers, and bills to put the idea of Social Insurance into effect.

On 27 September, 1944, the White Paper on Social Insurance was laid in the House of Commons.

Written through it is some of the greatest poetry from the civil service to the idea that we are truly all in this boat together - in its first paragraph it set out its magnificent ambition:

'The first duty of government is to protect the country from external aggression. The next aim of national policy must be to secure the general prosperity and happiness of citizens.

'To realise that aim two courses of action must be followed.

The first is to foster the growth of the national power to produce and to earn....

'The second is to plan the prevention of individual poverty resulting from those hazards of personal fortune over which individuals has little or no control.'

The new system of social insurance would embrace the entire population; 'concrete expression is thus given', said the report, 'to the solidarity and unity of the nation, which in war has been the bulwarks against aggression and in peace will be its guarantees of success in the fight against individual want and mischance'.

The two basic conditions of poverty were targeted; those households where the 'breadwinner' was either 'ill, out of work or past working age' and those households with children.

A system of unemployment and sickness benefits, pensions, and family allowances was proposed.

And contribution was threefold; from the individual, from employers, and from the state, through general taxation.

For Bevin, these white papers were a systemisation of many of the ideas and arguments that he approached with a very practical frame of mind.

A practicality which had led him to complement action in policy with policy in practice.

For alongside the new scheme of Social Insurance, Bevin's experience of workman's compensation schemes taught him that the country urgently needed a scheme for rehabilitation of the disabled, whether it was civilians injured in air-raids, or soldiers injured in war.

In Autumn 1941, he organised his own Interim Scheme, where officers from the Ministry of Labour visited injured men and women before they left hospital to discuss what help they needed. Government training centres were set up; the Ministry of Labour took responsibility for finding jobs.

The day after the white paper on social insurance, Bevin presented a second, proposing a national scheme of insurance against industrial injuries - a vital complement to the measures already introduced for rehabilitation of the disabled and aiming at a comprehensive rehabilitation scheme 'as a permanent social service'.

Two weeks later he introduced the first bill increasing unemployment benefits by 20%.

A year later in 1945, Labour promised in its manifesto: 'Social Insurance against the rainy day', and a promise to 'press on rapidly with legislation extending social insurance over the necessary wide field to all'.

Finally, at 3.48 in the afternoon on 6th February 1946, the Minister of National Insurance, Jim Griffiths got to his feet to move the National Insurance Bill be read a second time, replete with its first clause:

'Every person who on or after the appointed day being over school-leaving age and under pensionable age...shall become insured under this act'.

The Beveridge Report was passing into law.

I believe that the challenge for Britain in the 21st century is not to abandon the universalist principles of the Beveridge Report, of Ernie Bevin, of our 1945 manifesto, I think the task is to renew them.

That was the task campaigners in the 1960s and 1970s took on.

I think this should encompass a renewed battle against the curse of child poverty.

But I think we should start with making rights a reality for people with disabilities.

Why is this such a priority? Why should this be our starting point?

Because we on the left believe this is a mainstream not marginal issue.

Disability affects 11 million adults and some 770,000 children; that's nearly one in four adults, and one in 20 children.

When I talk to great businesses like Sainsbury's they say 20,000 of their colleagues have caring responsibilities.

You cannot begin to renew universal social security without fresh thinking, for a quarter of people together with their families are affected by these "hazards of personal fortunes over which individuals have little control".

And for us on the left, we have always believed that social security can be and must be a key weapon in the war against poverty.

And we know that 44% of workless households living in poverty include at least one disabled person.

31% of children living in poverty are living in households where someone is disabled.

Working age disabled people have a median income 30% lower than those without disabilities – and one third of disabled people have no qualifications.

Worse, the 'disability employment penalty' has got worse over the last quarter of a century.

That's why we worked so hard on disability issues in government.

That's why after the ground-breaking report, *Improving the Life Chances of People with Disabilities*, we set a target that was ambitious:

'That by 2025, disabled people in Britain should have full opportunities and choices to improve their quality of life...and [be] included as equal members of society'.

That for us was a plan. A plan for modernising universal provision so that we as individual citizens could combine together to honour the most basic obligation on each of us.

We focused hard on:

- Independent living.
- Families with disabled children.
- The transition into adulthood.

And support for getting and keeping a job.

But that was part of a record that included:

- The appointment of the first ever Minister for Disabled People – Alf Morris.
- The Disability Discrimination Act.
- The Commission for Equality and Human Rights.
- Supporting People.
- The New Deal for Disabled People.
- New strategies for disabled children.
- Valuing People.
- The Equality Act.

We cared and we acted and we delivered on this agenda – and we did it with a philosophy of co-production and partnership.

So I'm sad that the Government has not chosen to build on our approach. They are trying to destroy it.

The Liberal Democrats could of course boast Sir William Beveridge as one of their own.

But I am afraid their coalition partners, the Conservative Party, care not two hoots for his legacy.

They have abandoned the ambition of full employment that was the foundation for the post-war welfare state.

They have abandoned the habits of partnership which is why important organisations like Mind have walked away from some so called consultations.

But they have abandoned too any notion that people with disabilities have rights which we should fight tooth and nail to fulfil.

A series of reforms that should have been approached with care and attention have been approached with the finesse of a bull in a china shop.

Scope estimate that disabled people will lose some £9 billion in income this parliament.

Iain Duncan Smith is now demonising those he is failing most.

Compassionate Conservatism is dead. Contemptuous Conservatism has taken its place.

Just take the right that a disabled person should have to work. This is absolutely crucial.

Why? Because nearly half of workless households have someone with a disability.

So let's start with Remploy.

2,700 workers who are actually employed by the Secretary of State. Of course it needs modernising. We started it.

But these are the workers who Iain Duncan Smith singled out and said; "They are not doing any work at all. Just making cups of coffee."

That's Not Compassionate Conservatism, that's Contemptuous Conservatism.

If a Labour minister had said that, he would have been sacked.

Iain Duncan Smith should apologise and he should do it now.

These are workers whose factories are being closed in communities where on average there are twice as many people chasing every job, as the national average.

Let's take reform of Incapacity Benefit. Of course it needs modernising. We started it.

But this Government is making such a mess of it that nearly half of reviews end in tribunals and nearly half of those see decisions overturned.

For some it will take a year before your case is even heard.

Let's call that what it is. It's chaos reminiscent of border control at Heathrow Airport.

Or take the Work Programme.

It's a programme that has missed its target for disabled people by over 60%. And those on ESA who volunteer for the programme are almost a third less likely to get a start than anyone else.

The truth is the Work Programme is simply not working for disabled people.

Or take Access to Work 1,500 fewer claimants last year.

Disability Rights UK believe 25,000 disabled people have already had to give up work

Together, these attacks one after the other are piling up in such a way.

The Red Tape challenge threatens important safeguards against discrimination.

Legal Aid reform will make it harder for disabled people to win their rights.

Cuts to Contributory ESA take away vital help people have paid in for.

Social care cuts are restricting care to only critical cases.

Universalism crumbling.

And this is set to get worse.

The Government has proposed the idea of a gateway for assessing eligibility of DLA.

It's an idea we support - but not if it's simply a top-down cut-driven exercise. We have to make sure that reform doesn't make a bad situation worse.

Many people receiving DLA use the money to fund the mobility - and care - they need to stay in work.

It's vital part of Universal protection:

It's help with costs and barriers to the quiet miracle of ordinary life which two thirds of disabled people say they know are there.

If this vital support is knocked away, then disabled people will be simply forced to quit. And that's what many of you are saying will happen if the criteria proposed are implemented.

And this is one more assessment on top of lots already in place. For NHS care. For social care. For ESA. For DLA. For back to work support.

The bottom line is that right now there is no connection between someone having their benefit reviewed, being assessed as needing help and being steered into a back-to-work programme that might result in a job.

That is not acceptable when nearly half of workless homes are home to someone with a disability.

Crucially we have to end the business of wrapping disabled people and their families in red-tape.

As Neil O'Brien pointed out yesterday:

"Many seriously disabled people and their families end up spending an eternity filling in forms and being interviewed by social services. The NHS, the school, the local authority, the social worker, the transport people... all demand the same information again and again."

"They never read the forms," one parent of a severely disabled child told him. Imagine having to fill in a tax return every month: except that instead of your income you are being asked about all the things in your life that most make you worry.

The bureaucratic run-around doesn't free disabled people. It can trap them.

Surely its time to bring some order to this paper-chase.

Out on the doorstep over the last month, I met family after family that now fears becoming prisoners in their own home, falling further from health, and falling back onto an already overstretched NHS.

I think that the public sense this.

I don't think the election results we saw a fortnight ago need much explaining. I think we've just watched the collapse in peoples' faith in the modernising credentials of this Government.

All the photos, photo-shopped or otherwise, that Cameron used to 'detoxify' his party - the huskies, international aid, gay marriage, the NHS, child poverty - have now been put in the bin.

He's broken his promises on every issue.

Mr Cameron never completed the job of modernisation in Opposition. He needed Nick Clegg in government to make up his image.

But it's now clear we haven't had a new fusion; a heady new special brew; it's not even a marriage of convenience. It's a marriage on the rocks.

They can just about agree where to go on a day out. But not a lot else.

So here we are in the world's fourth richest nation on earth and we're saying to those with disabilities that we won't help you work; we won't help you get out the house; indeed many of you are worried the Government's selective briefings are actually inflaming hate crime.

This is the final straw. The final nail. The end of the safety net.

They have quite simply crossed the threshold of decency.

In the current climate, many will retort 'we can't afford universalism'.

Others, pollsters perhaps will say, that in the age of individual, the idea of universal provision is outmoded.

They will point to writers like Mark Penn who write that:

"Today changing lifestyles, the internet, the balkanisation of communications and the global economy are all coming together to create a new sense of individualism that is powerfully transforming our society", and, "The world is being pulled apart by an intricate maze of choice"

Surely, in such a world, it is more important not less important to strengthen the glue that holds us together.

The question for each generation to answer is not 'should some things be universal', but 'what things should be universal'.

Crucially, we have to remember the lesson of Labour's 1945 manifesto; the first lesson of social security:

'There is no reason why Britain should not afford such programmes but she will need full employment and the highest possible industrial efficiency in order to do so'.

Good welfare states help raise national production and help raise the employment rate. More production, more workers, produces more tax and national insurance. And that's what lets you pay for social security.

So, as we accelerate our policy review, we want to ask how we make rights a reality for people with disabilities. We want to know how we make that mission the bedrock of our renewal of the universal principle.

We have plenty to start with.

We have the work we completed in office. We have our road-map for equality by 2025. We have the UN Convention on the Rights of Persons with Disabilities.

But we all know the Government will have taken us backwards, not forwards over the next 3 years.

So, now Anne McGuire and I will be travelling the country asking how we repair the damage. How do we put ourselves back of track?

Anne McGuire and I have worked closely on this agenda for 7 years. We were the ministers who together pushed through the creation of individual budgets.

As we set about this work, I'll want to listen hard to campaigners proposing a new perspective on these questions proposed by some campaigners like Neil Crowther.

Neil argues that we should be learning far more from development theory, and seeking to offer not a social welfare state, but a social development state.

This is a perspective which I have long felt to be right.

It is rooted in the great insight of Amartya Sen, who for me has done more than anyone in the last decade to advance the ideas of Mill and Rawls.

In his magnificent Idea of Justice published in 2009, Sen brings together much of his work and argument published since his seminal lecture "Equality of What" to make the case that the greatest goal in politics is to try and equip people in society with a degree of capability to live a life that one has reason to value.

Sen argues that for change to be meaningful we must deliver better equality in "substantive freedoms" – the capabilities – to choose a life that one has reason to value.

Crucially these capabilities, these freedoms change, as the world moves on.

"Human life", says Sen, "consists of doing certain things...to be able to take part in the life of the community, to be able to talk about subjects that interest me – in all kinds of ways there are different freedoms that affect our lives and you assess what our lives are like by looking at the various freedoms we have...Capability is just looking, saying, don't try to assess society in a way that is detached from the lives and freedoms of the people".

In other countries, the debate is now underway around the world about the kind of capabilities or powers that we should aim for in a modern developed country.

Writers like Martha Nussbaum have started the ball rolling. I think it is time we had the same debate here.

So, together Anne McGuire and I, together with shadow Social Care Minister, Liz Kendall, will be taking evidence around the country from people with disabilities, from carers, from campaigners, from public service and business leaders about how we renew the universal in the universal welfare state by turning rights into reality.

We have to ask how do local councils, the DWP and where needed the NHS, come together to offer one assessment of the health, social care, benefits and back to work support that disabled people might need?

The right to health; to be skilled and knowledgeable; to be able to work if you can; to have a roof over your head; to live free from fear of attack; to have a family; to be part of a community; to be able to move about; to have aspirations for the future.

Welfare reform will always be a controversial topic.

But I firmly believe that by returning to the principles of Beveridge.

The foundation of full employment; the principle of universal provision; the idea that those who can should earn their rewards.

These are all timeless ideas that still speak to the people in Britain now. The post-war welfare state is one of the greatest achievements of British civilisation.

It was designed and built at a time of austerity like no other.

It was an idea that inspired the British people at a time of maximum peril.

Now at a time of austerity, anxiety and fear, the same ideals should inspire us to be reformers once again, reformers together, and restorers of the principles of William Beveridge set out 70 years ago.