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SOCIALISM IN THE SIXTIES

**FREEDOM
IN THE
WELFARE STATE**

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ONE SHILLING & SIXPENCE

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1 Introduction

DURING 1964, a Labour Government can be expected to take office. Detailed plans have been developed for the next five years and soon the leaders of the party will be immersed in problems of day-to-day administration. The task of the Fabian Society is to start now planning for further ahead. What should be Labour's plans for the next ten or twenty years? This pamphlet is concerned with longer-term objectives in the social services. And I assume that, during the next decade or two, there will be rapid economic growth which will make possible higher standards of welfare than ever before. On what principles should the 'Welfare State' develop when Britain becomes more affluent?

Looking back at the last period of Labour administration, it can be said that the target was to achieve the Webbian notion of a broad minimum of civilised life and to make this minimum available as a right of citizenship. Instead of services available only to the working class, there were to be services available to the whole community. Many of the services which were made available on a 'universal' basis were, nevertheless, shaped to meet working class rather than middle class requirements. For example, social security benefits continued to be provided on a flat-rate basis. And the relationship between the government-provided services to which everyone had to subscribe and those provided by non-governmental effort (particularly occupational pensions and sick pay) was given scant attention. The objective was to make a basic service available on a fairly standardised basis rather than to tailor provisions to individual requirements or expectations. Indeed, little thought was given to this problem. It was perhaps uncritically assumed that the formal authority of elected representatives, either in central government or local government, would be enough to ensure that services always put first the needs of their users rather than the convenience of those providing them. By placing services in the hands of the people it was thought that they would automatically serve each member of the public.

In the last twelve years no fundamental change has been introduced in the structure of the social services. Of course there have been the charges in the health services, the differential pension, the cuts in food subsidies and welfare foods, the savage increases in the flat-rate insurance contributions and the general failure of cash benefits to rise in line with growing affluence. But many of what we now identify as the failings of

¹ The author wishes to acknowledge helpful suggestions and criticisms received from the following:- Thomas Balogh, Tony Crosland, Kurt Klappholz, Tony Lynes, Roy Parker, Richard Titmuss, Peter Townsend and Shirley Williams.

the social services arise from limitations in the levels of provision, the administrative structure and the underlying philosophy.

The much vaunted national insurance scheme started with its flat-rate benefits below subsistence level. The original legislation contained no provisions to deal with either inflation or growing affluence. Family allowances started at a level which was particularly far below what Beveridge had recommended and have been left to rot while other benefits have been increased. They would need to be more than doubled to reach even the meagre real levels envisaged in the Beveridge plan. The consequence of all these policies is that the National Assistance Board supports between two-and-a-half and three million people. We still have some 25,000 large families given less than the Assistance Board knows they need, lest they should get in assistance more than they normally earn. We still have 30,000 families below subsistence because their rents are not met by the Board in full. Finally, there are about a million people who would be entitled to assistance but do not apply for it.

In the health and welfare services, whatever the expressed intentions of government, the money, buildings and trained personnel have not been provided to create an adequate standard of service. Most of the nineteenth century workhouses are still in use as old people's homes, chronic sick hospitals and even as acute hospitals. After a decade of improvement in the doctor/patient ratio, the average size of the general practitioner's list has been rising in recent years. In the last five years, the number of district nurses has failed to keep pace with the demands of persons who need their services. The problems of waiting for hospital care, both by in-patients and out-patients, remain much as they were when the health service started. The school leaving age has not been raised and the problem of over-size classes has changed little since the end of the war. In many respects Britain's social services have been stagnating while substantial progress has been made in the services of our neighbours in Europe. Despite more old people, more young people, more delinquency, accidents and births and a constantly increasing demand for education, the proportion of the national income spent on social services has gone up very little and a higher proportion of the cost has been paid by regressive insurance contributions, charges and rates.



2. The Attack on the Social Services

BBRITAIN'S public services are now a bad advertisement for socialism. Deprived of adequate resources, the public sector is forced to protect itself with queues and rationing. It has to spread limited resources among the whole population, not just those who can afford to shop. While the private sector is wooing the public with trading stamps, muzak and a battery of packaging devices, in the public sector there is still too often an atmosphere of wartime austerity. You wait your turn and are told what you will have. There is virtually no choice of old age home, council house, children's home, and only a limited choice of hospital. The public often has to wait for admission to hospital, for a council house, for an old age home, for an out-patient consultation. And when shortages of staff generate rudeness from public servants, the customer is seldom in a position to take his custom elsewhere.

The frustrations of the public services play into the hands of those 'liberal' economists who wish to truncate our social services. In the last ten years their attack on the social services has shifted. The people who were telling us that as a nation we were squandering budget money on bureaucratic services are now emphasising the inadequate standard of public provision. They recommend the transfer of services from the public sector to the private sector as a means of getting more spent. They argue that a more affluent society is able and willing to buy more services from the private sector and that courtesy and adjustment to individual circumstances can only be achieved by private operation and by private payment. The denationalisation of services, the extension of private insurance and the re-introduction of the profit motive are seen as means of widening individual freedom. The rallying cry for the attacks on the Welfare State is now not bureaucratic waste but 'freedom of choice'.

Of course it is true to say that the working classes have never had much choice in their social services and that the post-war reforms gave, for the first time, a choice of family doctor to every citizen, wider educational choices and more social security benefits which the beneficiary could spend as he chose. Nevertheless, these attacks are damaging in so far as low standards in public services compared to private services may come to be regarded as intrinsic faults of handing services over to the public sector rather than demonstrations of the mean and unenlightened policies of those who have operated them during the last thirteen years.

The Labour Party, in its programmes for the next five years, has planned to give more and better public services. We have refused to concede the demands of right wing liberals for a steady reduction in the rôle of public intervention. If we are to carry public opinion with us, we need to explain more clearly than in the past why it is that we cannot accept more private insurance and private payment in a more affluent society and why we oppose the operation of the profit motive in so many social services. And if we wish to limit further the operations of the private sector in the field of welfare, our reasons must be clearly understood.

Greater Equality

It is argued by the 'liberal' economists that the growth in the real national income per head has been accompanied by growing equality and

thus an even more rapid growth in the number of people who can afford to buy their own social services. Therefore more and more people can throw away the crutch of community support and march as self-respecting citizens to BUPA and the Pru. These arguments are based on two misconceptions.

First, only grossly inadequate evidence has been produced to support the thesis of greater equality while, if the National Assistance Board scales of grant can be regarded as the official definition of poverty, there is firm evidence that the number of people at or near this level of living has been increasing sharply during the period of Conservative rule. Moreover, these scales have failed to keep pace with growing affluence. Not only are there more old people living in poverty, but the recent increase in births has added to the number of families where the breadwinners' wages are insufficient to support their families.

Secondly, the cost of many social services — particularly health and education — has been increasing faster than the national income in virtually all countries for which data are available. Not only the larger number of 'poor', but even the average wage-earner would have to pay a higher proportion of his income in 1964 than in 1938 to buy an acceptable standard of these services. In the United States, for example, the cost of insuring for limited medical services has been rising faster than income for many years. Nor is this surprising. First, the social services provide a large content of personal service and the field for increases in productivity is much more limited than, for example, in manufacturing industry. Secondly, there have been improvements in medical knowledge which have sharply increased the cost of certain treatments. Thirdly, it is increasingly being recognised that expenditure on education services can make a critical contribution to economic growth. And finally, when one takes account also of the continuing effects of urbanisation and industrialisation, one should expect to find a higher proportion of the national income devoted to personal and social services. For all these reasons, the compulsory redistributive element in social service policy is just as necessary, if not more necessary, as a society gets richer. Indeed, it may be, as Gunnar Myrdal has recently argued in his book *Challenge to Affluence*, that in a highly industrialised society an increase in services which reduce inequality is essential to securing a rapid rate of growth.

But why does one channel provisions for social services through governmental agencies? The alternative would be to redistribute income, issue coupons which could only be used for particular expenditures (e.g. education), and require people to make their own arrangements to purchase their social services, with the help of insurance, through private agencies.

The limitations of private insurance in the field of medical care are readily apparent from American experience. It is impossible to purchase a policy which covers all health expenditures which are met by the National Health Service. Secondly, the administrative costs of competitive insurance on an individual as distinct from a group basis are fantastic. Half the money paid by *individual* purchasers of medical care insurance goes on administration and profit. Thirdly, competitive insurance leads to risk-rating. Those with the greatest need for health services have to pay the highest premiums. Is it socially desirable that those with the worst health should pay most for life or disability insurance or that those with the best

prospects of survival should pay most for pension insurance? Fourthly, the purchaser of insurance wants above all else what no private insurance company can offer him—an absolute guarantee that any sum for which he is insuring will maintain its value, should there be a change in the value of money.

In the case of education, it has been frequently suggested that parents should be given educational coupons of a stated value to which they could, if they wished, add money of their own when they selected a school for their children. Already we know from research studies that parents of the higher social classes are skilled at identifying those schools which offer the best opportunities for passing 11+ tests or obtaining 'O' levels. If they were enabled to back their selections with what money they could afford in addition to the educational coupon, class differences in educational opportunity would be greatly widened. It is hard to think of a system which would make more nonsense of any talk of equality of opportunity in education.

For these reasons I see no advantages in introducing educational coupons or substituting private insurance for government insurance. And this applies to both profit-making and non-profit-making insurance agencies. But I do not condemn non-profit-making agencies in the social service field which operate on a charitable or co-operative rather than an insurance basis. Some of them have done, and are doing, useful experimental work which has demonstrated the lines upon which public services should develop. Subject to proper inspection by public authorities, the work of these voluntary bodies should be given every encouragement.

The Profit Motive

While non-profit-making agencies are to be welcomed in most sectors of the social services, profit-making agencies should be either excluded or tightly regulated. And I would give two reasons for this view. First, I regard it as dangerous for the profit motive to be allowed to operate in facilities which cater for dependent groups of the population who are not fully able to protest or withdraw their custom. Secondly, I fear the profit motive in fields where unethical conduct can have serious consequences for the consumer.

Society has a duty to protect the 'dependent'. There has, moreover, been a long history of exploitation of the young, the sick, the aged, the senile, the mentally ill and the subnormal in private profit institutions which have sprung up to meet these needs. In many cases, state-owned facilities were developed because of the widespread abuses in the private sector which public inspection failed to destroy. Public intervention is needed in these private markets to protect the consumer, be he rich or poor.

While this first criterion rests upon the limited ability of particular customers to assert their rights, the second rests upon the limited ability of any ordinary consumer to understand what he is buying. It is simply nonsense to rely upon the legal principle *caveat emptor* in most of the circumstances which occur in the social services. Many social needs are highly complex and technical and the ability of the consumer to choose what he really wants is obstructed by limited knowledge. In such circumstances, the profit motive can lead to the distortion of professional

advisory services, the purveying of information which is deliberately misleading and the withholding of information about alternatives which may be preferable either technically or psychologically because the adviser benefits more from one course of action being adopted than another. It is totally false to assume that the operation of the profit motive *always* widens choice, *always* leads to improvements in quality or indeed gives the consumer what, had he adequate knowledge, he would want. The consumer may be protected from abuse by professional ethics and codes of business conduct. But we cannot expect them to be always observed where unethical conduct gives, or is thought to give, the highest rewards.

This sort of criticism could, to a limited extent, be made of the sale of such technical goods as tape recorders, cameras or cars. Few consumers know much about what they are buying. But the harm to the individual from an unwise choice of these goods is of a very different order to the damage done by going to a shabby private school, an ill-equipped nursing home, a dishonest doctor or a bad insurance agent, broker or company. And the consumer may never get to know that he has made a bad choice and thus may never be in a position to warn others. Misleading information about beauty culture is hardly a major social evil. But where decisions about health, education or insurance are concerned, the personal and financial consequences can be enormous.

Let me be more specific. It is by no means clear that the profit motive in medicine leads to improvements in the quality of medical care. We know from British pre-war experience and even more from current American experience, that the private doctor paid by the private patient can be tempted to do more for his patient, particularly in the way of surgery, than is justified either by the skill of the doctor or by the condition of the patient. And the proliferation of small, expensive or ill-equipped hospitals in the United States is a testimony to the evil consequences of private enterprise at work in this field. The doctor to whom patients go in the first instance has a financial interest in persuading them that they are more seriously ill than they imagine and keeping them that way. He also has a financial interest in undertaking himself tests and surgical procedures in which he may not be expert rather than handing the patient on to another doctor with greater skills in the field of medicine in which the patient's requirements lie. It is quite wrong to leave a financial incentive for doctors to remove tonsils, appendices, wombs and foreskins from perfectly healthy people. These practices are widespread in the United States. Quite apart from the advantages of free access to medical care, I would argue that the nationalisation of most of our health services was justified because it has produced a structure in which the average quality of our health services can be, and I would guess (despite all its failings) has been, promoted faster than would have occurred under private enterprise.

While we have brought most of our health services under public control, the British drug industry, compared with the drug industry in the United States, is subject to only very loose regulation, with the result that many American firms are planning to move their research activities to Britain. This is a field where an unethical firm can make short-term and possibly even long-term profits by providing misleading information to doctors.

Products can be rushed on to the market without proper tests to see whether they are any more effective than existing standard remedies. They may be less effective but better sold. And most important of all is the question of testing for dangerous side effects. The longer time is spent in testing, the greater the danger that another firm will be less conscientious and scoop the market with a similar product. Under the stress of competition, not every firm will think it profitable to carry out every test which may be needed to ensure the safety of a new product.

And what would be the effect of private profit carried into ordinary education? One can see the consequence in many low-income countries throughout the world. There is a scramble for tangible results. One can see educational institutions advertising their examination successes and concealing their failures, selecting the easier students, marketing snob appeal and cramming and over-specialising at the expense of wider educational objectives. The profit motive in education can limit the essential freedoms of the child, restrict choices and turn out standardised products fit only to recite the dictated notes of their 'paid by result' teachers.

Public Service

Let me, therefore, sum up the case for public social services. They are needed because there is a problem of inequality — people's incomes do not accord with their needs. Secondly, they are needed because there are dependent people who need protection — children, the sick, the aged and the inadequate. Thirdly, they are needed because we all make choices which we come to regret later on. We discount the future and take chances in the hope that misfortunes which strike others will not strike us. We are not, thank goodness, aware of all the risks which actually do face us in life. Most of us are optimistic. Nor do we know enough about the intricacies of medicine or insurance to protect ourselves from those who have a financial interest in giving us false or incomplete information. And from these criteria, I would argue that we need more public intervention than we have already — as long as it is public intervention of the right kind. I see socialism as a means of widening the opportunities for the bulk of the population and I accept that this will often involve curbing the freedom of a few to do business at the expense of the public interest.

Thus it is false to argue that returning social services to the market place will give the consumer greater freedom to get what he wants. On the contrary, public intervention is needed to prevent the consumer being sold what he does not want. And it is no good talking about freedom of choice if people have neither the money nor the knowledge to exercise it. I do not believe in freedom to exploit or freedom to cheat. And while liberal writers have much to say about the alleged ability of people to decide in all circumstances what they want to buy, remarkably little is written about the availability of supply. It is assumed that the establishment of a private market, automatically and swifter than any government can operate, will produce exactly what consumers want with all the variety they may require. One only has to walk through a speculative builder's housing estate or go to an insurance broker to discover the conflict between theory and practice. In many fields it needs tough government intervention to prevent the unimaginative standardisation of goods offered in the market.

3. Consumer Choice

A publicly operated service is not automatically a contrasting panacea. One of the mistakes of early socialist writers was to assume that it was. While a system of private profit may, for reasons I have given, limit opportunities, distort demand, exploit the weak and fail to give consumers what they want, the only system of rationing it uses is that of price. And where there is a competitive element in the market, prices will not be far above costs. When public authorities have monopoly powers or are providing free or subsidised services, they far too often resort to rationing by administrative choice. Thus the growth of the public sector becomes restricted because it is readily within the powers of government to control it, while the private sector is left to grow without any similar limitation. This has been happening in the telephone service, which I regard as one of the important social services of the middle classes which ought swiftly to be extended to cover more working-class people — particularly isolated old age pensioners. Restriction has occurred in this field despite the fact that consumers are meant to be paying the full cost.

Rationing happens more often when a service is provided free or below cost. Thus the ability of consumers to get what they want is obstructed in a different way from that which happens in a private market. Very often rationing occurs because the public authority is neither prepared to spend the money on all the buildings and staff required for an adequate service nor willing to charge an economic price, thus cutting out poorer users. But a second reason for rationing is the unenlightened pursuit of economy. I suspect, for example, that even if the financial obstacles to providing an adequate service were overcome, many local authorities would continue to 'post' old people, children, etc., to particular homes. Efficiency in a subsidised or free public service tends to be judged in terms of avoiding unfilled places, while in a service where the customer has to pay, unused accommodation is accepted as a necessary cost of providing a high standard of service. For example, housing authorities view with horror the possibility of any council houses being left without tenants. Consumer choice inevitably involves some 'waste', but this is accepted without question in the private sector: it ought also to be accepted in the public sector.

We have got to get rid of the autocratic frame of mind of some civil servants, local government officers and councillors — even Labour councillors. Too many of these people see themselves as ^{givers} — endowed by this relationship with the right to determine the exact shape, size and character of the gifts, irrespective of what the beneficiary sees as his needs. While doctors and educators can, within limits, identify the technical needs of individuals, wider social needs are much harder to determine. Who is really in a position to adjudicate between the relative social needs of two individuals? Unless there are very strong reasons to the contrary, people should be allowed to make their own choices, and the state's job is, first, to widen the range of choice available, second, to restrain the opportunities for excessive privileges and, third, to warn, counsel and advise, leaving the final decision to the individual.

Thus, if we are going to increase the range of choice within the social services, we have got to get rid of rationing in every field where this is practicable. In some fields it is possible to do this by giving people the money with which to exercise sovereignty over public services, while leaving a private sector — preferably run by voluntary organisations — to mop up any excess demand left by the restrictionism of public authorities.

Social Security

This is one reason why I attach so much importance to the reform of social security. It should be a major agent in the battle against inequality and, as such, could do much to resolve the long-run problem of housing. I recognise that the problem of high rents in London and other cities is essentially due to the absence of effective policies over the location of industry. I recognise too that it will take many years to reverse the tide. But I want us to start planning now for the time when council houses can be let to anyone who wants them — old resident, new resident or immigrant — at the cost of providing the service. I want more people to be able to rent good housing and to be in a position to tell the council that they won't put up with unreasonable restrictions on dogs or pigeons or a limited choice of colour schemes. I want them to threaten to take their custom elsewhere. And we won't be able to do this with any social justice until those not at work can pay as much rent as those who are and those with many children are enabled to purchase the extra space they need. Such families will need generous family allowances and, perhaps, also, money allowances to help with housing costs which they can claim irrespective of the ownership of the property in which they live. And if we are going to make housing available at cost, we have got to find a way of substituting some other source of local government revenue for the present system of rates. A tax on housing is, surely, a shocking tax. And if we are going to give unbiased choice between home ownership and renting, in my view we should eventually reintroduce schedule 'A' at full cost and stop mortgage allowances in the income tax.

There is a lot of hypocrisy and muddled thinking about the housing problem. Everyone — even some of the most reactionary — protests about slums and overcrowding. We blame landlords. We blame tenants. We blame capitalism. And many failings can justly be laid at these doors. But, leaving aside the over-concentration of job opportunities within limited areas and the effect this has on rents, the bulk of the housing problem is a problem of inequality, mainly between those with family responsibilities and those without. It is inequality in its most visible form. And the housing problem won't be settled until the needs of social dependents are properly met. Measures are needed which are much more challenging to informed opinion than demolition and reconstruction or a limited stock of subsidised houses.

Given adequate social security and housing benefits, given industrial location policies and given planned developments of mixed estates by local authorities and housing associations, I want people within these limits to decide their own priorities. There is no better way of doing this job. No rationer can weigh up the importance to particular families of living near mum, near the schools, near dad's or mum's work. And

the quicker we can make it possible to stop trying to do so, the better. People must be able to choose their size of house and whether or not they want a garden. Only socialists can enable the consumers to lord it over both councils and private landlords, as only socialists could stomach the drastic reduction of inequality which would be a prerequisite of such a plan.

The scope of what is called national insurance needs to be greatly widened. Benefits are at present only given to those who have been at some time in the scheme—and usually this means those who have been at work. Thus immigrants, young people with chronic diseases and disabilities, many separated wives, unemployed school-leavers and unmarried mothers are left to the Assistance Board. They should be given some system of credits to bring them into national insurance.

Labour's 'New Frontiers' plan for social security represents an enormous advance towards greater social equality. But all needs cannot be met by wage-related social insurance benefits. Whilst the needs of most of the old and the sick can be met by giving cash benefits more closely related to previous earnings, there are some whose needs are not of this standard kind. Many frail people living alone cannot do their own washing, cleaning or shopping but can continue to stay at home if given the help they need to do so. Why should this help be given so often in kind? Special cash supplements would enable them to pay relatives, neighbours or friends to do these jobs for them. They would remain responsible for their own affairs rather than dependent on domestic helps who may see themselves, or be thought to see themselves, as responsible to a remote local authority rather than to the person whom they are engaged to serve. Is it possible to create a system of supplementary allowances within a revised structure of insurance benefits? This could do much to widen the scope of individual choice. Peter Townsend's book 'The Last Refuge'¹ provides terrifying evidence of old people shunted off to ex-workhouses either because the home help service was inadequate or because no home help could be found who would work in the circumstances in which the old person lived. If the state can recruit and train home helps for this type of service, isn't there an advantage in enabling many of their users to buy what help they need? The right sort of home help service will not be produced by high pay and good training alone. Recruiting must be based upon an appeal for dedicated service of the type which has been used in the peace corps in the United States.

Married Women

Our social arrangements are muddled in the way they treat mothers who go out to work. The National Assistance Board takes its harsh toll of the meagre earnings of those separated wives and unmarried mothers who venture out to work. And many of our social policies are based on out-dated notions of the woman's rôle. It is still apparently assumed that even middle-class housewives ought to be hard at work at home minding the Bendix, watching the pre-set oven and adjusting the automatic central heating. Income tax and insurance benefits provide for housewives whether or not they have family responsibilities and thus reduce the advantages of

¹ 'The Last Refuge', by Peter Townsend, Routledge and Kegan Paul, 60/-.

their going out to work. Meanwhile, in the lowest income groups, married women (even those with children below school age) are under strong financial pressure to earn. I see no reason for subsidising in any way married women without family responsibilities. Only thus can we offer married women an unloaded choice between staying at home and going to work and preserve equity with single women, whose financial needs are in many ways greater than those of a married woman without children. I accept, however, that the needs of the mother with young children are totally different. I would pay a generous cash allowance to any married woman with one or more children below school age to assist her with this important social responsibility. This would be in addition to family allowances which must be substantially increased. The problem of poverty in Britain can only be tackled by making much more generous cash provisions for all children. The problem is inevitably at its worst in large families and fatherless families. And these socially necessary policies may well lead to further increases in the birth rate. Thus an integral part of a family policy must be a state-financed family planning service which is publicly promoted and closely integrated with the National Health Service. Knowledge of this kind should be readily available to all, though it is for individual parents to decide what use they make of these facilities.

Thus, in general, my bias in the future development of the social services is to argue for more benefits which people can choose how to spend, at the expense of some services now provided in kind, as long as the state ensures that the services are available and limits the adverse effects of the profit motive which I have mentioned earlier. I do not, however, wish to apply this principle over the whole spectrum of the social services. Some needs are too varied and too technical to be suitably covered by any system of cash payments. But there is still a need to offer as many choices as possible within services provided in kind. Why shouldn't the patient be able to choose not only his general practitioner but, in consultation with the latter, the surgeon who will not only be responsible for but do the operation? Why shouldn't there be a choice of food in every hospital with extra, particularly expensive items (e.g. smoked salmon) available for payment? Except where medical needs are predominant, why shouldn't there be a choice between single rooms and multiple rooms, with perhaps charges for the former? There is already a system of 'amenity' beds in National Health Service hospitals, but the service is not universally available or widely known. The system needs to be publicised and developed. This measure, taken with the others I have mentioned above, would go far to break the private sector in medical care.

I have referred earlier to the almost total absence of choice of local authority welfare home for those who see this as the best solution of their difficulties. I should like prospective residents of old people's homes to be able to visit a number of them before deciding in which to settle. The scandalous practice of separating husbands and wives should cease immediately. And why shouldn't old people be able to choose old people's homes outside the area in which they happen to live? And I should like the resident who doesn't like the warden or matron to be able to move to another home where he or she hopes to find more courteous treatment. Local authorities would learn much more effectively than by any system of

inspection which of their staff were creating a happy atmosphere and which were not.

It is sometimes suggested that a system of national charges would enable residents of institutions to exert the disciplines which customers exert over producers. Already old age pensioners pay over the bulk of their pensions to the homes in which they reside. This has not, however, solved the problem of consumer sovereignty. Payment is not the answer if there cannot be an effective threat to withdraw custom. And it is arguable that those in charge of institutions which cannot attract customers should be paid less than those who can. Similarly, should some loading be introduced into the pay of National Health Service consultants to take account of the number of patients which general practitioners refer to them? Such a system might do much to improve communication between consultants and general practitioners. Throughout the economy manual workers lose pay or even jobs when consumers decide not to buy the goods which the employer, not the worker, has decided to produce. Nothing happens to a professional worker in a public service who fails to attract either staff or clients—even when the fault is that of the professional worker. Many established customs prevent consumer sovereignty gaining a cutting edge in the public services.

Education

And surely also we want to introduce more choice in education—for the child, not just for the parent. I accept that in the early stages of education the sphere for the exercise of choice may well be very limited. But as soon as possible the child must at least be allowed to choose or participate in the choice of curriculum where this is practicable. By 15, the child must be encouraged to participate not only in the choice of curriculum but also of the place of education. It would seem a condemnation of a school if a child was not equipped to make reasonable choices. How far do upper middle-class parents and public schools encourage this type of choice? Does the fee paying school widen freedom of choice compared to the L.C.C. comprehensive?

When we turn to consider more advanced education, the field is thick with anomalies. You can get free maintenance to study any subject at University at a cost of some £800 per student. And the University provides training for doctors, dentists, architects, civil servants, teachers and many others. If you want to take non-university professional training (solicitor, barrister, local government officer or typist), particularly when it is on a part-time basis, not only are you not given free maintenance, but you actually may have to pay to be taught, or (in the case of the bar) pay to eat the dinners which are the only compulsory part of the trainee barrister's curriculum. Then there is the problem of apprentices and articled clerks who have to pay for instruction by receiving minimal wages and also for correspondence and other courses to obtain the teaching which their 'masters' fail to provide. What a different nineteenth century world they live in compared to trainee hospital administrators or social workers! Given free university education, nearly free non-university instruction would widen the educational choices available to the population. And, surely, when maintenance allowances are paid, they should be given to the persons

being educated, provided they have reached the age when society sanctions their doing a full-time job. It seems to me quite wrong that the means-tested 'educational maintenance allowances' grudgingly paid to children at school between the ages of 15 and 18 should go to the parent rather than the child.

Insurance

Turning to the field of insurance, I see a need for the provision of minimum benefits on a fairly standardised basis to which people can add additional voluntary benefits according to their individual requirements through the same economical administrative structure. And these benefits should be safeguarded against inflation. Why shouldn't people be able to provide for retiring before or after the minimum ages, for extra sickness insurance, for lump sum benefits, or for life insurance? It would be possible to increase enormously the opportunities for individual choice as distinct from the collective insurance schemes which play such a predominant rôle in Britain today. Since the war there has been a vast development of occupational pensions, sick pay schemes, redundancy schemes and support by employers for private medical insurance. Few of these schemes have ever been discussed with the representatives of those who are to be covered by them and standardisation of benefits is growing, not only over whole firms, but over whole occupations and industries. The choosing is done by the employer. Once one has acquired a skill, one has to accept, whether one likes them or not, the fringe benefits that go with that occupation. If you leave of your own accord, your insurance lapses. If you are sacked for misconduct, you lose not only your job but pension benefits which may be worth thousands of pounds. No court would dream of demanding the drastic fines which employers extract each day for minor misdemeanours in the form of loss of pension rights. The employee has no appeal to the nation's courts against the savage sentences of these private courts. Yet this is the type of development favoured by many liberals under the banner of freedom of choice. We, as socialists, should counter this trend by offering wide opportunities for *individual* freedom of choice through the national insurance scheme.

If we want to make a reality of choice, it will not be enough to give the principle legislative sanction. New specific services are needed on a nation-wide basis to explain to people the choices available to them and to acquaint them with some of the considerations which they need to take into account. Possibly social advice services need to be wedded to social work agencies. There are some things which people can decide if they are simply given the facts. In other decisions very careful counselling is needed. One of the most neglected fields today is that of advice on job selection. It is incredible how small is the help and advice given to young people selecting jobs, though such decisions determine how a third of their lives will be spent. It is incredible, too, how little real help is given to those who hope to obtain new jobs through employment exchanges.

Not only do we need advice services, we need also powerful organisations which help to keep public services up to standard. Some agencies need the countervailing power of representatives of consumers — like parent/teacher

associations and perhaps patients' associations. There are some agencies which need to be subjected to ruthless investigation and inspection by some organisation like the Consumers' Association with its journal 'Which?'. Users of public services, even more than those of private services, have got to complain more and be helped to do it. Only thus can the authoritarian tendencies of head-teachers, consultants, wardens and matrons be kept sharply in check. These are essential steps to creating services which serve the public.

4. Conclusion

LET me sum up what I am trying to say. There are three separate decisions which need to be taken in forming our social policies and each should be taken on different criteria. First, there is the question of how much compulsory re-distribution of purchasing power is required — between income groups, between those who currently have family responsibilities and those who have not, between the young and the old, and between those at work and those unable to work. Second, there is the question of how much of this redistribution should take the form of cash allowances and how much the form of free or subsidised services in kind. Third, there is the question of whether all or the bulk of the service facilities should be publicly owned and organised. I am saying that we have not yet found the right balance in any of these respects.

On the question of redistribution, I have already referred to the need to extend and re-shape social insurance. Also needed is a drastic revision, indeed clean-up, of the tax system to make it more equitable and more effective. If we have adequate social security arrangements, I see little justification for allowing people to pay less income tax because of their social circumstances. Thus I suggest that eventually the tax allowances for wives, children, dependent relatives, old people, pension schemes, golden handshakes, nannies and all the rest should be withdrawn. Secondly, a solution has to be found to the problem of rates. The imposition of this tax contradicts social objectives by restricting the quality of housing which people can afford and by making it harder for the larger family to afford the extra accommodation it needs.

When we get to the question of cash benefits versus benefits in kind, we need to consider carefully the barriers which lead people to make unwise decisions. We must protect children from parents who fail to see the importance of education for their children's future. We must give full recognition to the value of early access to medical care and the reluctance of some people to undergo treatment. For other fields it is essential that there should be proper information, advice and social work agencies. But unless there are very strong reasons to the contrary, people should participate in the decision of how their needs should be met. If we were all saints, we would not need market or other sanctions, particularly the threat to withdraw custom, as disciplines for providers of services. But we are not. There is no point in drafting legislation which is wholly dependent on the highest standard of professional ethics.

Public ownership in the social service field is needed to secure a high quality of service and to prevent consumers being exploited because they are not in a position to withdraw custom or lack the technical knowledge upon which to base wise decisions for themselves or others. There are in addition circumstances which require the public sector to compete with the private sector. While property and building people find alternative outlets too profitable to build good housing for the poor, there is a strong case for public intervention to assert social priorities. Private housing seems an area where the widest freedom of choice may be obtained by competition between public and private enterprise. But it may be that the

wholesale reshaping of our cities is a task which can only be done effectively by wholesale public ownership.

Thus I am asking for a re-assessment of the rôles of redistribution, ownership and charges to suit the needs of a socialist society. I am asking for consumer sovereignty of a new kind to be exercised within the public services so as to widen the freedom of the individual, and for tougher restrictions on market forces where they are socially damaging.

I recognise that changes of this kind will involve a major redeployment of resources. For example, we will never stop queuing for doctors until there are more of them. The Government, Lord Robbins' Committee and, at times, the medical profession have been scandalously negligent about this matter. Then there has been the long chain of post-war committees on the recruitment and training of different grades of social workers, whose recommendations have been shelved or diluted. But it is not only more trained personnel who are needed if we intend to widen choices and raise standards throughout the social services. I am asking for a re-organisation of both taxation and public expenditure, with major redistributive consequences. Above all else I am asking for a change in the attitudes of all those working in the social services. But all this is necessary, if we are to demonstrate the important part which socialism can play in widening freedom within our 'Welfare State'.

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