

Beveridge, the Webbs, and the coming of the welfare state

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In August 1938, William Beveridge went to visit his old friends Sidney and Beatrice Webb at Passfield Corner, their home on the Surrey/Hampshire border. Beatrice records the visit in her diary:

“Beveridge here, in high spirits, thoroughly enjoying his new life as Master of University College, Oxford; an easy job, within a cultured and well-mannered group; dignity and prestige, without any particular responsibility, or hard work.”

(Beatrice Webb Diary, 10.08.1938)

The title of my talk is ‘Beveridge, the Webbs, and the coming of the welfare state’. But when I came to re-read the material, I realised that it is also the story of a remarkable friendship.

The talk is work in progress; I am working on a book about the Webbs, supported by the Webb Memorial Trust, having previously produced a study of the Poor Law campaign for the Trust.

I will say something about the lives of Beveridge and the Webbs, the reports for which they are remembered, and the conventional judgment on those reports, as well as the campaigns they led. I then describe the role of Sidney and Beatrice Webb as friends, patrons and mentors of William Beveridge – despite their disagreements with him. I end with a Pathé news clip.

The conventional view, of both the left and the right, is that the Beveridge report in the 1940s follows directly from the work the Webbs did before the First World War, when Beatrice was a member of the Royal Commission on the Poor Laws, and Sidney worked closely with her in writing the Minority Report.

Beatrice split the Royal Commission : she and three colleagues, one of them George Lansbury, the future Labour Leader, signed a Minority Report, calling for the Poor Law to be broken up rather than reformed.

The Poor Law was hated.

Harry Snell grew up in rural Nottinghamshire in the shadow of the Poor Law. At the age of 12 he stood in the market place at Newark for hiring as an agricultural labourer. Later he wrote of the Poor Law:

“No human institution was ever more hated and feared by free men.”

(Snell, H; Men, Movements, and Myself; London; JM Dent; 1936)

Margaret Cole learned to hate the Poor Law from her childhood reading of Dickens. Clement Attlee learned to hate it from his years in the East End after he graduated.

But the Minority Report was about more than just breaking up the Poor Law. It raised new ideas: organizing the labour market so as to prevent unemployment; providing a national health service; operating universal social services. Those ideas foreshadowed the approach of the Beveridge Report a generation later, with the attack on the five giants of Want, Disease, Ignorance, Squalor and Idleness.

Nevertheless, there were important areas of disagreement between Beveridge and the Webbs, both in the pre First World War period and in the 1940s; those areas of disagreement continue to matter for anti-poverty policy today. The disagreements make it all the more remarkable that Beveridge and the Webbs sustained a close and unbroken personal friendship for forty years.

The two reports led to two campaigns: the Webbs in the Edwardian era ran the National Campaign for the Prevention of Destitution; Beveridge, in the 1940s, the Social Security League. Beatrice emerged as a mass orator at the age of fifty; Beveridge, when he was over sixty; both drew huge and enthusiastic crowds. Both Sidney Webb and William Beveridge were first elected as MPs when they were already in their 60s.

When Beatrice and Sidney met Beveridge, at around the time Beatrice was appointed to the Royal Commission, they were at the mid-point of their long lives. They had already achieved a great deal. They had contributed to the evolution of Fabian ideas; they had already published substantial historical works on cooperation, trade unionism, and local government; Sidney had worked closely with a Conservative government and the civil service to reorganise secondary and technical education; they had founded the LSE; and Sidney had played a major part in reorganising the federal University of London.

They were also consummate political networkers. Their home at 41 Grosvenor Road (on the site of the modern Millbank Tower) was the base for a political salon at which government and opposition, socialist and capitalist, mixed.

H G Wells satirized the salon in 'The New Machiavelli':

"She got together all sorts of interesting people in or about the public service, she mixed the obscurely efficient with the ill-instructed famous and the rudderless rich, got together in one room more of the factors in our strange jumble of a public life than had ever met easily before. She fed them with a shameless austerity that kept the conversation brilliant, on a soup, a plain fish, and mutton or boiled fowl and milk pudding, with nothing to drink but whisky and soda, and hot and cold water, and milk and lemonade."

(Wells, HG; *The new Machiavelli*; London; Penguin; 2005; p 169)

Beveridge was twenty years younger than the Webbs. In his last year at Balliol, he stayed for two or three nights at Toynbee Hall in London's East End; not long after he graduated, he was recruited (very much against his parents' better judgment) by Canon Barnett, the settlement's founder, as sub Warden, taking up the post in the autumn of 1903.

He takes up the story in his autobiography:

"In this Toynbee period I met for the first time three people, or rather three sets of people, to whom I was to owe much through most of my life."

(Beveridge, W; *Power and Influence*; London, 1953, p34)

The three were Hubert Llewellyn Smith, a former Toynbee resident who was a senior Board of Trade civil servant; his cousin David Mair and David's wife Jessie (Janet - who much later, after David's death, married Beveridge) – and Sidney and Beatrice Webb:

"I met them first I think late in 1904, when, among other things, I sought advice about a pamphlet on labour exchanges. They did not like me then, but I met them again in July 1905, still through the Toynbee connection, for a weekend with them, CFG Masterman, and others at Cyril Jackson's home in Limpsfield, and I pleased the Webbs better than before..."

(Beveridge, op. cit. p. 34)

Beatrice described Beveridge as 'a leading Toynbeeite'. Her diary confirms his own impression:

"Beveridge, an ugly-mannered but honest, self-devoted, hard-headed young reformer of the practical type, came out well in comparison with Masterman; and from disliking him, as we had formerly done, because of his ugly manners, we approved him."

(Diary, 30 July 1905)

Beveridge rapidly began to specialize in unemployment policy. In the autumn of 1905 he was co-opted to the London Central Unemployed Body, an organisation established in the closing months of the Balfour government to coordinate policy in London. There, he began to develop the idea of the Labour Exchange, establishing a pilot network of exchanges in London.

Beveridge gave up the role of sub warden of Toynbee late in 1905, although he continued to live there for another year. Instead, he was hired to write on social policy for the conservative newspaper the Morning Post.

In his autobiography, Beveridge describes a Sunday lunch with the Webbs.

“I made some remarks about unemployment which Beatrice tore to pieces, with an eloquent expression of her own views. At the end of her harangue, I heard Sidney pipe up from the other end of the table: ‘You are absolutely right, my dear, and I agree with every word that you have said. But – there is just this in what Mr Beveridge has said.’ There followed an exposition of my views in Sidney’s language, and a complete acceptance of them by Beatrice. She had a mind so full of its own ideas that often she could take in other people’s ideas only after predigestion by Sidney.”

(Beveridge, op cit, p 62)

After that, Beveridge was a regular guest at the Webb salon, where he was introduced to ministers and to civil servants.

In the autumn of 1907 he was invited to give evidence on Labour Exchanges to the Royal Commission. Nothing was left to chance. Sidney and Beatrice invited him down to George Bernard Shaw’s house at Ayot St. Lawrence in Hertfordshire, where they were spending the summer, and spent a morning taking him through his evidence, coaching him and rehearsing him.

Beveridge wrote later of:

“...the inexhaustible industry and preparedness of the Webbs. They alone of all the Commissioners thought of going through my evidence with me.”

(Beveridge, W.H, Power and Influence; 1953)

With such thorough preparation, he took the Commission by storm:

“After my dress-rehearsal at Ayot St. Lawrence, the performance went well. My friend of Charterhouse and Oxford days, L. R. Phelps, then Provost of Oriel, wrote to congratulate me on my evidence. ‘It impressed everyone not a little. The Chairman said, “I shall keep my eye on that man”.’”

(Beveridge, op. cit. p. 64)

After that, Beveridge noted, ‘when they reported fifteen months later, the whole Commission blessed labour exchanges whole-heartedly.’

By early 1908, Beveridge had not only convinced both factions on the Royal Commission about labour exchanges: he had convinced Sidney and Beatrice. In February of that year, he and Sidney were exchanging drafts. They disagreed about details, but agreed about the substance.

On February 13th, Sidney wrote to Beveridge to say that:

“The scheme will be pressed forward, and in due course ‘boomed’.”

(Webb letters, Vol II, 1892-1912, p 282)

By March, writes Beveridge,

“The Webbs had decided that the time had come to pass from propaganda for labour exchanges to action at the source of power.”

(Beveridge, op cit, p 66)

On March 11th, Beveridge dined at 41 Grosvenor Road with Winston Churchill, then Under Secretary at the Colonial Office, and another junior minister. The talk was all of unemployment – Beatrice had already sent Winston the Webbs’ version of what Labour Exchanges should do.

A month later Asquith became Prime Minister, and Churchill became President of the Board of Trade – then responsible for labour market policy. According to Beveridge, ‘his first official act was to send down to the Labour Department for literature on Labour Exchanges’.

Beatrice advised Churchill:

“If you are going to deal with unemployment, you must have the boy Beveridge.”

(Beveridge, op cit, p 68)

And that is what happened: Beveridge was appointed to the Board of Trade in July 1908 and a year later became its first Director of Labour Exchanges. Llewellyn Smith was closely involved in the appointment; Beveridge worked with him for the next eleven years.

By the time Beveridge became a civil servant Beatrice and Sidney were already hard at work drafting the Minority Report. Beveridge’s new status as one of the government’s leading advisers on unemployment did not immediately disrupt his relationship with the Webbs. At the end of July 1908, he attended the Fabian Summer School on the Welsh coast, signing himself in as ‘W H Beveridge, ex-journalist’. His Balliol friend, R H Tawney, who had just become engaged to Beveridge’s sister, and was about to take over Beveridge’s job with the Morning Post, was one of the main speakers on unemployment.

In the autumn, when the Minority Report was finished, Beatrice sent it to Beveridge in draft. He wrote back (from his private address in Kennington):

“With the report as a whole I agree entirely – so much so that I have really no criticism to make at all.”

(Webb Local Government Collection Vol 297)

After that, however, their paths diverged for several years. The Webbs advocated a policy of prevention; the government, with Churchill and Lloyd George as the leading ministers, instead laid the foundations of the National Insurance system, and Beveridge worked on unemployment insurance.

Beatrice, and to a lesser extent Sidney, was against insurance. It put the state in competition with the trades unions for the workers' money; and it paid out benefits without imposing conditions about future behaviour. Opposition to National Insurance brought Beatrice into an uncharacteristic alliance with those, like Hilaire Belloc, who opposed the growing role of the state.

Ministers went about gloating that they had 'dished the Webbs' or 'spiked their guns'.

Other people from the Webb network – who had been Assistant Commissioners or researchers for the Royal Commission, or activists with the National campaign- were drawn into the administration of Labour Exchanges and National Insurance – Churchill used the Webbs as a sort of labour exchange of his own, saying he would take on anyone Beatrice really recommended, 'on my honour'.

Clement Attlee, having worked as the meetings organiser for the NCPD, then took a temporary job as an 'explainer' for the National Insurance Act, before being appointed in 1912 (by Sidney) to a post at the LSE to train social workers.

When the war came, Beveridge remained a civil servant, while Sidney became more and more centrally involved in the labour movement's response to the war. Beveridge and many of the other Board of Trade civil servants concerned with labour market policy moved across to the new Ministry of Munitions. When Lloyd George became Prime Minister at the end of 1916, Whitehall was reorganised, with the creation of a Ministry of Labour (ironically, this had been one of the recommendations of the Minority Report) and a Ministry of Food. Beveridge had by now alienated many trades unionists, and was sent to the new Ministry of Food in a senior role.

His contact with the Webbs in the first three years of the war appears to have been limited. But Lloyd George appointed Beatrice to a committee on post war reconstruction, and she invited Beveridge to dinner at Grosvenor Road in February 1917 for a quiet talk about demobilisation. He probably came; it is difficult to imagine who else can have been the source for a story she tells in her diary for February 22nd 1917 about the Minister of Food, Lord Devonport, who:

"...got so suspicious of his leading official (our old Friend Beveridge) that he entered his room in his absence and seized the morning's correspondence, destroying some of it and answering other letters himself."

(Beatrice Webb Diary, 22 February 1917)

At the end of the war, Beveridge's future in the civil service was uncertain; he was still with the Ministry of Food, but its own prospects were obscure. He was not personally in favour with Lloyd George.

Meanwhile, in the spring of 1919, Sidney began the task of reorganizing the London School of Economics after the war. Beatrice wrote in her diary:

"For this purpose he had to undertake the unpleasant task of telling an old friend, W Pember Reeves, that the time had come for him to resign the Directorship."

(Beatrice Webb Diary, 29.04.19)

Sidney suggested to Beveridge that he should apply.

By June, the Chairman, Arthur Steel Maitland, a Conservative MP with an interest in social reform, who the Webbs knew from his time as an Assistant Commissioner on the Poor Law Commission, had gone off to Italy on holiday, leaving Sidney a free hand in the appointment of a Director:

"...Beveridge was Sidney's choice and has been accepted by the governors. He has his defects – he is not the sweetest-tempered of men and has a certain narrowness of outlook. But he is a good administrator, an initiator of both ideas and plans, and a man who will concentrate his energies on the School. Our relations with him are pleasant and friendly. His views are slightly anti-Labour but pro-collectivist, and he is an innovator, not a conventional-minded man...Moreover, there was really no alternative..."

(Beatrice Webb Diary, 23.06.1919)

Beatrice and Sidney were pleased with their choice: two years later, Beatrice reported that:

"The London School of Economics (Sidney's favourite child) is brilliantly developing under the able direction of Beveridge, whom Sidney selected."

(Beatrice Webb Diary, 16.07.1921)

While he was a wartime civil servant, Beveridge had employed Jessie Mair, the wife of his cousin David Mair, initially as his private secretary, and subsequently in more senior roles. At the Ministry of Food she rose to be the head of bacon rationing.

According to Beveridge's biographer, when Sidney was appointing him as Director of the LSE, he acknowledged that Mrs Mair was 'the price he would have to pay' for attracting him to the job. Within six months, Mrs Mair had indeed followed Beveridge to the School. She remained, latterly as Assistant Director, until he left for University College in 1937. From time to time staff, students, and even Beatrice speculated,

sometimes over-excitedly and sometimes pruriently, about the nature of their relationship.

Sidney, characteristically, was calmer, responding to one set of allegations in these words:

“It is always useful to have gossip brought to notice, though it is seldom accurate and always exaggerated.”

(Quoted in Harris, J; William Beveridge, a biography; Oxford, OUP; 1977; p 282)

Beatrice was more troubled by the situation. As early as 1927 she refers in her diary to the ‘Beveridge-Mair dictatorship’. In 1928 she was advising Mrs Mair that she and Beveridge had ‘better not’ travel to the USA on the same steamer. Where Beatrice worried about morality, academic staff at LSE – across the political spectrum - accused Mrs Mair of interference in academic business.

In the summer of 1936 the Chairman of the LSE governors came for a weekend with the Webbs at Passfield Corner: Beveridge wanted Mrs Mair’s contract extended beyond retirement age; the academic staff were insistent that it should not be. The Webbs backed the professors and the governors.

The crisis continued for the rest of the year. Beatrice records the endgame in her diary entry for New Year’s Eve 1936:

“The last day of the year we had a painful visit from Beveridge.....He and Sidney had a long interview during which Sidney spoke of the ‘impossible situation’ at the School. Beveridge said he had never heard of the ‘scandal’!!! But he looked tragic after the interview; and though there was no further discussion and I was not involved, the rest of the visit was painful.”

(Beatrice Webb Diary, 31.12.1936)

After that, the deal was done, between Sidney and the governors, with the acquiescence of the academics: a one-year extension of contract for Jessie Mair, followed by leave. In April 1937 Beveridge wrote to Sidney to tell him that he had accepted the Mastership of University College.

In 1908 the Webbs had introduced Beveridge to Churchill before he went to the Board of Trade; in 1919 Sidney hired him for the LSE; and in 1936/37 he fired him, and brokered the deal.

Before the First World War, Beveridge and the Webbs had disagreed on National Insurance. By the 1930s, the main focus of the Webbs’ policy interest was the Soviet Union: Beveridge did not share their enthusiasm for Russia.

By the time the Beveridge Report was published, in the last months of Beatrice's life, Beatrice, in her pro-Soviet phase, questioned whether unemployment could ever be solved under capitalism. The report appeared in November 1942; on 6 December, Beatrice wrote in her diary that it was:

"...based on what seems to me a radically false hypothesis: that it is consistent with the continued existence of the capitalist and landlord as the ruling class."

(Beatrice Webb Diary, 06.12.1942)

In a letter to R H Tawney on 29 December, she described the report as:

"...an incendiary bomb thrown into the Capitalist system here and in the USA."

(Letters, Vol III, Pilgrimage, 1912-1947)

Writing for Cooperative News, Beatrice restated her opposition in the same terms as in 1911:

"Where I differ fundamentally from the Beveridge Report is in the attempt to deal with poverty resulting from mass unemployment and underemployment, characteristic of all capitalist countries, by an insurance system involving weekly payment to all unemployed persons."

(Cooperative News, 09.12.1942)

But throughout all this Beveridge and the Webbs remained friends.

In the spring of 1936 they spent a holiday together in Majorca. Beveridge's presence, noted Beatrice 'adds to the pleasure and interest' (Diary 03.1936)

And so it did; he was reviewing 'Soviet Communism'; he was 'contemptuous' of Keynes on unemployment; they discussed many other issues

They must have been bracing holiday companions:

"He complains that there are no statistics in our book: (if there were he would say they were faked!)"

"Beveridge is kindly, amusing and very clever. To those whom he likes personally and even to those he meets casually he is a charming companion. But to those he directs, but who regard themselves as colleagues and not as subordinates, he is tactless."

(Beatrice Webb Diary, 03.1936)

The next summer, Beatrice and Sidney held a huge family party at Passfield Corner for more than a hundred members of her extended family – the descendants of her

eight siblings. Apart from family, only a handful of their oldest friends were invited – George Bernard Shaw, Harry Snell and Arthur Ponsonby from the House of Lords – and Beveridge.

I began with Beveridge's visit to Passfield after he had taken up the Mastership of University College. On that same visit in the summer of 1938, Beatrice noted that it was thirty one years since Beveridge had come to see them at Ayot St Lawrence before giving evidence to the Royal Commission:

“Ever since that time we have been loyal friends to each other; and certainly his attitude to the old Webbs has been extraordinarily kind and appreciative; ideal good manners which in other relationships he has lacked.”

(Diary 10 August 1938)

David Mair, who had gone to live in Australia, died in the summer of 1942; shortly after the publication of the report, Beveridge married Jessie Mair, and Beatrice wrote to congratulate them:

“I sent him warm greetings on his marriage to his life long companion and long continued colleague in research and administration in the public interest.”

(Beatrice Webb Diary, 15.12.1942)

Beveridge replied warmly, sending greetings from himself and Jessie, but they did not meet again; Beatrice, increasingly confined to Passfield, died in April 1943, while Sidney, who lived on until 1947, was increasingly restricted by the effects of a stroke.

In 1911 a gulf had opened between Beveridge and the Webbs on the issue of National Insurance – a gulf that re-emerged with the publication of the Beveridge Report and Beatrice's reaction to it. The conventional view, that the Minority Report leads inexorably to the Beveridge Report, therefore seems to me an over simplification: better to regard them as two parallel trends, two currents in the same stream. And the debate about the insurance principle remains important.

In practice, the welfare state that emerged contained elements of both prevention and insurance: Joan Simeon Clarke, who worked in succession for the Fabian Society, for the Social Security League and for Beveridge, wrote in 1949 that

“1948 would see the last of the Poor Law and the start of a vast new insurance scheme – that the Webb plan and the Lloyd George plan would blossom fully on the same day.”

(Clarke, JS, The breakup of the Poor Law; in Cole, M, ed; The Webbs and their Work; London, F Muller; 1949)

What united Beveridge and the Webbs was a belief in the effectiveness of state action. This was not an unconditional faith: Beveridge always stressed the role of

voluntary organisations, and the Webbs in their work were as much concerned with independent organisations – cooperative societies, and trade unions – as with governmental ones.

But there were others on the left who did not agree. Hilaire Belloc, in the Edwardian period the radical liberal MP for Salford, campaigned against the ‘servile state’ – arguing that state based welfare tended to enslave rather than to liberate. The young GDH Cole, and the group associated with the journal the *New Age*, were close to this position. The gradual conversion of the Coles from pre First World War *enfants terribles* to the Webbs’ position - and ultimately to be the keepers of the Webb flame - is another story.

But the issue – about the proper role of the state – remains as important as ever.