

The Hebrew University of Jerusalem
The Paul Baerwald School of Social Work
The Richard M. Titmuss Memorial Lecture

'GOOD OUT OF EVIL:
LESSONS FROM THE "WELFARE STATE CRISIS"'

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THE RICHARD M. TITMUSS MEMORIAL LECTURE

Richard M. Titmuss was appointed Professor of Social Administration at the London School of Economics in March 1950, a position which he held for the rest of his life until 1973. He was one of the outstanding and original social scientists of his generation and in his research, lectures and personal encounters shaped anew the whole concept of social policy in Britain and abroad. For a period of three decades he exerted immense influence in scholarship, politics and government at home and in many countries throughout the world.

Richard Titmuss was a great friend of Israel. His thought and work very much influenced the study of social policy in Israel, and he left a lasting imprint on the social policies of the country. The lecture series in his memory has been made possible with the kind help of his friends in the United Kingdom and by a generous grant of the National Insurance Institute of Israel.

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Richard Titmuss had an immense influence on my generation of students of social policy. When we were moving into the area in the 1960s - usually from other academic disciplines - Titmuss was at the height of his powers, indisputably the leading thinker of the day.

His *Essays on the Welfare State* (Titmuss, 1958) was the first social policy book I bought in October 1964 when I began my social policy career. Four years later I can remember hurrying down to the University bookshop in Nottingham when a colleague appeared proudly brandishing his copy of *Commitment to Welfare* (Titmuss, 1968). Ian Gough began his lecture last year by talking about Titmuss's famous 1967 *New Statesman* article on universal and selective social services (Titmuss, 1967). I can vividly remember reading that article on the evening of the day of publication while waiting for a train on Waterloo station in London. Titmuss occupies a major place in my intellectual biography.

Three characteristics above all gave Titmuss his enormous influence. First, his commitment to social policy as a method and mechanism. He never doubted its potential to contribute to social improvement. As he wrote in one of his earliest books

'Just as man by his actions creates ill health and misery so can man by his work create health and happiness'

(Titmuss, 1938, p xvii)

Second, there was his commitment to social justice, to social growth in contrast to economic growth, to the reduction of unjust inequalities, excessive privileges and avoidable misery. Thirdly there was the meticulous, painstaking social analysis which underpinned all his work.

1973 is a date which will strike more chords in Israel than in Britain because of the Yom-Kippur war. It was also the year Titmuss died. It was the year which marked the end of the long post war boom and the undisputed dominance of the so-called classic welfare state. It is the year from which much analysis of the so-called crisis of the welfare state begins.

My concern is with lessons we can draw from the supposed crisis rather than with the crisis itself but it is necessary to say a little about how I see it by way of introduction to the lessons.

Moran (1987) has usefully drawn out the different notions of crisis used in the literature. What happened can be seen as catastrophe - the result of world slump after the oil price rise of late 1973. But crisis is used by other commentators in the sense of a turning point - the end of an era in the history of the welfare state. A third sense in which crisis is used of the 1970s is to describe a growing sense and situation of emergent contradiction, of the welfare state as trapped between conflicting and destructive imperatives - for example legitimization and accumulation, the individual needs of citizens and the needs of the economic system.

There is debate, too, of course about the nature of the supposed crisis - was it a crisis in a form of polity - welfare capitalism? Mishra, for example, writes of

'a collapse of confidence in the state's ability to manage a mixed economy'

(Mishra, 1984, p xiii)

- the essence of welfare capitalism. Or was it simply a crisis in a method of providing a range of social services? Baldock puts the problem like this

'The post war welfare states seemed relatively youthful, full employment societies and their welfare needs could be catered for by mass universal services. As social forms become more diverse and a much larger section of society has needs other than generated by employment, so a greater range of flexibility in the provision of services is necessary'.

(Baldock, 1993, p 31)

Alternatively, should it be seen as a crisis of confidence - or self confidence - by states in their ability to pursue a road along which they had optimistically started some years before? A crisis

of faith that welfare statism - broadly defined - was the way to the good society - that lots of us had simply got it rather badly wrong?

There are still more dimensions. What began to emerge in the 1970s can also be seen as a crisis of maturation - the welfare state had, in some societies, reached a level of development which seemed unsustainable - eg because of the increasing demands of an ageing population and rising demand for education and health care.

Alternatively, was it a crisis of conservatism? In Britain, as in other industrial societies, there had been rapid economic and social change since the main building blocks of the welfare state were laid down in the 1940s whereas the welfare state had not radically changed. Was it that the welfare state no longer fitted the needs of the new society which was emerging - the collectivism and universalism generated in the Second World War finally ebbed away on a tide of affluent individualism?

The oil shock was both cause and occasion of and for the crisis. It did disrupt the world economy in a way which saw rising unemployment in many industrial societies so undermining cherished goals and policies. In Jallade's view

'The so-called "crisis" in the welfare state was actually the direct result of the employment crisis affecting European economies'

(Jallade, 1992, p 44)

It also unleashed a broader debate about economic and social development, the good society and how social needs could best be met. It was a chronic rather than an acute crisis in the sense that the debate has gone on ever since but the debate acquired a new sharpness and breadth from talk of and the sense of crisis. It gave a new force and legitimacy to the critiques of industrial society and welfare states developed by, for example, Ivan Illich (Illich, 1973, 1975, 1977) and the emerging Greens (eg Meadows et al, 1972; Ward and Dubois, 1972, Goldsmith, 1972) and

feminist movement (Wilson, 1977). It launched and legitimated - in a new way - a wide ranging critical discussion. In a crisis, any proposed solutions can get a hearing but as J.M. Keynes said many years ago - the real difficulty lies no so much in developing new ideas as in escaping from old ones (quoted in Osborne and Gaebler, 1992, p 23). That's the real challenge.

What lessons can we learn from the crisis and the debates which it helped to generate and sustain? In a recent comment on Titmuss' approach, Michael Cahill says he

'took a wide angle perspective on the issues of social change and welfare'

(Cahill, 1994, p 6)

We must do the same. I want to talk inevitably in a very sketchy way about eight lessons which, I think, we can draw from the crisis. The choice - inevitably - says as much about me and my perspective as it says about the crisis - but that is of the nature of social commentary. The other limitation is my primary focus on British experience. Much of what I say has a wider resonance - many of the lessons are relevant to other societies but it is - inevitably - a British based analysis.

LESSON 1

We Need to Rethink the Role of the State in Welfare

'The central theme running through the contemporary sociology of welfare',

says Peter Taylor Gooby,

'is distrust of the state'

(Taylor Gooby, 1991, p 140)

'We have come to the end of the love affair with the state and the public service professions'

says Donnison (Donnison, 1994, p 30).

The British welfare state has always been almost uniquely statist. The state emerged from the Second World War with such prestige that people looked to it to go on and win the peace. It became the great provider state. The provision of welfare came to be dominated by the central and local state working through traditional Weberian type bureaucracies.

'Crisis' shook that general faith in the state. It seemed that the state could not manage the economy, that it could not guarantee full employment. The state also seemed unable to deliver the growth on which the welfare state had come to depend. The shaking of this foundation faith in the state's economic capacity meshed with and fed more general emerging concerns about the state. These concerns in turn were developed and extended by the New Right.

There was criticism of Governments' lack of capacity to achieve the goals they set themselves, of the inflexibility and inefficiency of traditional bureaucracies. The welfare state was also criticised for its alleged inability to meet the much more varied needs of a more plural society - a society which had become more conscious of women's needs, the needs of ethnic minorities and the needs of a range of special needs groups. In particular the knives were out for the large public bureaucracies. Nicholas Deakin (Deakin, 1987, p 177) sees widespread acceptance of the case against large public bureaucracies as

'among the New Right's most striking intellectual achievements'.

We all came to believe it. This general critique was also accepted and developed by those of very different ideological views - eg Hadley and Hatch in *Social Welfare and The Failure of the State 1981* (Hadley and Hatch, 1981).

The consensus which began to emerge across the political spectrum was that we needed to look again at what the state's role should be. Was it to provide and if so how should it provide and what should it provide? Or was it to enable - and if so how? There was also the issue of

how state welfare should relate to the other major sources and systems of welfare - private, voluntary and family?

In their best selling book about the USA *Reinventing Government*, Osborne and Gaebler quote the Chair of the Department of Management at City University, New York on the nature of government.

'The word government is from a Greek word, which means 'to steer'. The job of government is to steer, not to row the boat. Delivering services is rowing and government is not very good at rowing'.

(Osborne and Gaebler, 1992, p 25)

Clearly government has a role as rower and provider but it also has a role as enabler and promoter of voluntary, private and family welfare and of individuals who then make their own arrangements to meet their welfare needs.

Enabling and funding necessarily mean monitoring, inspecting and regulating - and the move towards what has been called the new evaluative state. It is a different kind of state and a different kind of responsibility.

Anyone of my generation is a statist. We are almost conditioned to look to the state to provide for welfare needs. Statism is in our blood and bones. We must break with that. We must refocus our concern on goals and outcomes and be more open minded about means and methods. Goals are sacred - respect for persons, reduction of inequality, social justice, the extension of social rights, social inclusion not exclusion. Means, however, are a matter of pragmatic judgement - what's best to achieve particular objectives in a particular place at a particular time.

It's this anxiety about state capacity to plan and deliver and about methods of bureaucratic provision - plus the influence of New Right thinking - which is leading strong welfare state

supporters on the Left to reexamine the possibilities of markets - traditional markets, managed markets, internal markets and 'market socialism'.

Michael Meacher, a member of the Labour Party shadow cabinet and a man with a left-wing past insists that

'There can be no doubting ... the benefits of markets ... in terms of their efficiency, the freedom of choice they offer to consumers and their circumvention of officialdom'

(Meacher, 1992, p 7)

Bryan Gould, another senior Labour Party figure and thinker until he left politics in the early 1990s argues that

'the market remains a substantially more efficient means of allocating resources at the level of the micro economy than any bureaucratically controlled system of planning and rationing'.

1989 95
(Gould, p 38)

Among academics, Julian Le Grand - who holds the Richard Titmuss Chair at the LSE - is equally supportive of the market mechanism. As he and a colleague put it

'The market mechanism is the most efficient way of coordinating decentralised economic decision making'.

(Estrin and Le Grand, 1989, p 1)

Traditional state provision raised few questions in a Fordist society. People's needs were more monochrome. People were more grateful and less critical. The state had higher standing. Mass produced welfare fitted the nature and ethos of that particular kind of society. Three things have changed the situation. First, British society - and most others - have become much more varied so needs are less easily met by mass produced welfare. As Osborne and Gaebler put it, summing up the trends of the times, 'One size fits all government cannot last' (Osborne and Gaebler, 1992, p 194). Secondly, Britain like most other industrial societies has developed a more

educated, more critical population. Thirdly, the limited capacity of the state to achieve some of its aims has become almost conventional wisdom.

What it is important to grasp is that criticisms of public organisations as providers of welfare are more than simply criticisms of those organisations. They represent, in Ransom and Stewart's words

'the most fundamental questioning and analysis of the values and organising principles of the post war polity'

(Ransom and Stewart, 1994, p 5)

Those welfare organisations were the outward and visible manifestation of a particular form of state.

The lesson is to rethink the role of the state in the light of experience and in the light of central goals. The future is a much more mixed economy with the state in a very different role.

I have been talking here about lessons about the how of welfare. There are also lessons and questions about the what. We have to rethink what is needed to promote a welfare society in our kind of world.

LESSON 2

We Must Focus on Production as well as on Consumption

Ramesh Mishra speaks of what he calls

'the cardinal sin of Fabian writings on welfare'

as

'the failure to consider adequately the productive aspects of capitalist economy and their relationship to social reform and the welfare state'

(Mishra, 1985, p 155)

The crisis has taught us that we must give more attention to the economy, that we must be concerned about production as well as consumption and reproduction. We must develop a social policy geared to facilitating economic development as well as reacting to individual and social needs.

There are at least five reasons why we must switch focus. Firstly, we have become more aware of just how central a healthy, full employment economy is to individual welfare. At one level, we always knew this but we came in the 1940s, 1950s and 1960s almost to assume full employment. We - ie social policy people - overestimated the significance of what the welfare state did for people's welfare and underestimated just what full employment meant. I think there is no doubt that full employment in the years of the classic welfare state did more for individual and social welfare than the other parts of the welfare state apparatus such as the NHS and the National Insurance scheme.

A second reason is that because of the powerful influence of New Right ideas about the pernicious effects taxation, growth has become the only acceptable way to fund improvements in welfare. Need and demand increase. We desperately need to spend more. Growth has become the only politically acceptable source of new funding.

Thirdly, we have come to see that a full employment economy is a precondition of social order and sustainability. We can argue about what constitutes full employment but I am more concerned here about a principle and a commitment than about a precise definition. In Britain in 1995 there is a strong sense of social order under severe strain. Key institutions seem to be crumbling. The traditional family is changing radically - or collapsing, depending on your standpoint. Secure employment, particularly for the less- and the unskilled is becoming little more than a memory and as Jocelyn Pixley argues, work is 'the chief means of social integration in modern societies' (Pixley, 1993, p 269). Law and order becomes an increasing problem. Britain

has become a much more sharply divided society. The rich have got richer, the poor poorer. The restoration of something approaching full employment is a necessary - but clearly not a sufficient - condition for tackling these issues - for sustainability and order.

Fourth, the international economic order has become much more obviously competitive. Judgements about the impact on competitiveness come to dominate labour policy, education policy and social security policy. If we cannot be competitive, we cannot fund the desirable services. Competitiveness is the new touchstone. Social policy has to take this on board.

Finally, there is widespread agreement among students of social policy that, in Donnison's words

'virtually every progressive aspiration depends to some degree on moving back towards full employment'

(Donnison, 1994, 29-30)

'In country after country',

says Sinfield of the last two decades

'it has become evident that many basic social policies depend upon unemployment being kept at a low level for their success'

(Sinfield, 1992, p 112)

Obviously, there can be dangers in what Jessop describes as a 'productivist reordering of social policy' (Jessop, 1994, p 24). Everything can come to be directed to economic needs. Individual unproductive needs get ignored and major groups can suffer - for example, elderly people and people with learning difficulties. That danger needs to be borne in mind and avoided but social policy has to move from being - in Britain at least - primarily reactive to individual ills and needs to a more social and economic role. The British Labour Party's recent Commission on Social Justice called for a social policy which had the creating of opportunities as a central

concern. The welfare state it urged 'must offer a hand-up rather than a handout' (Commission on Social Justice, 1994, p 224).

The Commission went on to set out a detailed six point strategy for a JET - a Jobs, Education and Training Strategy - a comprehensive reemployment strategy, a programme to improve employability, policies to back micro-entrepreneurs, the development of child care facilities to enable lone parents to return to work, strategies to encourage the development of Intermediate Labour Markets - halfway houses to the formal labour market and finally, wage subsidies to reconnect the long term unemployed to the labour market (p 172 et seq). Such strategies are on the face of it economic rather than social but their focus is on the historic central concerns of social policy - disadvantage, deprivation, exclusion. They are rooted in social as well as economic needs.

Social policy can no longer just assume growth will happen. We have to develop a social policy which will contribute vigorously to economic as well as social development.

LESSON 3

We Must Give More Attention to Economy, Efficiency, Effectiveness and Evaluation - E'

The classic welfare state of the years 1945-75 rested on a number of assumptions. One of the most important - though it was never made explicit - was that good intentions automatically produce desirable results. It was an assumption strongly held. In 1975 I wrote a piece in *New Society* with the title 'More Isn't Always Good'. I was simply suggesting we needed to look at what we did with the more and maybe we could more with what we had. For some weeks the letters column throbbed with angry letters from people I thought were my friends denouncing me for such heresy. More Was Always Good.

Webb and Wistow comment that

'the pursuit of efficiency in the use of resources is an essential precondition of social justice'.

(Webb and Wistow, 1986, p 2)

The crisis has taught us that future increases in resources will (a) be limited (b) are in no sense automatic. To gain more - and indeed to keep what they have already - organisations must show that they are using resources efficiently - getting the biggest bang per buck - that they are using them effectively so that desired outcomes are being achieved and that monitoring and evaluation are built into the organisation's way of life. Efficiency and effectiveness have to join equality and social justice as key welfare state values. We have to take on board new terms such as Value for Money, Financial Management, Audit, Outcome Evaluation, Total Quality Management. There is no alternative!

All managers and organisations hoping for a future must be able to give clear and unambiguous answers to the three great litmus paper questions of the new managerialism.

- What are your aims and objectives? What's your Mission?
- What is each of your activities costing?
- What are the outcomes?

Osborne and Gaebler entitle chapter 5 of their *Reinventing Government* 'Results oriented government: funding outcomes not inputs' (Osborne and Gaebler, 1992). That's the future - and it's not a bad one. One of the nicest examples they quote of the kind of government they - and we - will want to see disappear under a hail of questions is the US Environmental Protection Agency which spends 90% of its budget managing pollution not preventing it (Osborne and Gaebler, 1992, p 220).

Obviously, there is a danger in the seductive charm and slick slogans of these new concepts and ideas. They contain a pseudo rationality which can be dangerous. Who, for

example, could conceivably be against efficiency? In fact, of course, inefficiency, as the sharp suited accountants would measure it, is something we positively need in welfare services. As the aeroplane comes into land I always like to think there is spare capacity in the local hospitals but that's what the accountants call inefficiency. We need empty beds in hospitals and elderly persons homes. We need empty cells in prisons. We need spare capacity in hospital casualty departments. To be effective such services need to be inefficient. There are also very real dangers in the drive for efficiency. Universities can always be made more efficient - a few more students can always be squeezed in - 50% more since I arrived in Manchester in 1981 accompanied by a cut in the number of staff. We glow with the radiance of efficiency gain. The costs in terms of what has happened to a system of higher education once admired all over the world are incalculable - fortunately or unfortunately.

Putting E⁺ up front has its hazards. It is always easier to measure costs than benefits. Effectiveness tends to get lost. It suggests that there is no longer a place for value judgements. They have been superseded by cost accounting. Putting E⁺ up front can also encourage a simplistic borrowing of techniques and ideas from the private sector and the adoption of a crude managerialism. 'A measure of the success of our first ten years' said Kenneth Clarke who has held a range of key ministerial posts in the British governments of the last 10 years

'is that we have restored management to its proper place in our society'

(quoted in Clarke and Newman, 1993, p 53)

Maybe. I suspect, though, we have yet to work out the kind of management which is appropriate to the public sector and just how it differs from private sector management (Ransom and Stewart, 1994) because I'm sure it does. Equally, I'm sure it is important to E⁺.

But, we have learned a lesson about E⁴ and about management. And it's a good one fused with a modicum of healthy scepticism. It initiates or feeds rather than closes a debate. It can give us data which allows us to begin to compare costs and benefits. It can help us make those value judgements which Titmuss insisted are an unavoidable element in social policy.

LESSON 4

We Need a New Relationship between Producers and Consumers of Welfare

The crisis in the welfare state and the critique of the state and state welfare which it generated brought to the forefront of debate a number of issues about the relationship between producers and professionals and service users - were users happy with the relationship, was it functional to successful outcomes, did it generate support for the service among users and tax payers?

Ransom and Stewart write of the traditional welfare state approach as one which saw welfare as something which could be, as it were, 'handed down' to the public. 'The good society, or an educated public', they write

'were to be delivered by knowledgeable specialists rather than lived and created by the public with the support of professionals'

(Ransom and Stewart, 1994, p 11)

The outcome, in their view, was ineffective services because success - in health or education or social care for example - depends on a shared process. Furthermore, people did not own the services as theirs and when resources became tight and efficiency and effectiveness were scrutinised they were at risk.

The case for a new relationship is a simple one. Effectiveness in most welfare services depends on cooperative relationships. Public support depends on relationships which encourage

people to see services as theirs. Effectiveness also depends on taking users seriously, on recognising their expertise and using it in the planning, development and organisation of services.

Closer scrutiny of services in relation to E⁴ showed weaknesses in lines of accountability. Too many organisations and professionals seemed - in effect - accountable to no one, certainly not to their users.

The commonest response to the problems of producer-user relationships has been to urge the adoption of a rather crude concept of the user as consumer.

'The single best way to make public service providers respond to the needs of their customers',

say Osborne and Gaebler,

'is to put resources in the customers' hands and let them choose'.

(Osborne and Gaebler, 1992, p 180)

Conservative governments in Britain have adopted the same model. The ideology of consumerism does force public organisations to look outwards to their users but in Ransom and Stewart's view

'Consumerism provides an incomplete and ultimately inadequate language for the public domain. Its emphasis is upon the individual in receipt of a service, rather than on the citizen as an active participant in the polity'.

(Ransom and Stewart, 1994, p 19)

Services are for users - they are also for the wider community. Consumerism individualises what is more than an individual matter. As Mulgan puts it,

'Consumerism takes market models beyond their point of relevance and ignores the other elements needed for effective public provision'.

(Mulgan, 1994, p 155)

The traditional producer-user relationship belonged to a different more hierarchical, more deferential, less educated society. It evolved before we had grasped what we now know about

user expertise, the political and economic importance of users owning services as theirs, the need for active user involvement and its dependence on the nature and quality of relationships with producers. The crisis and the ensuing debate opened up these issues. The lesson is plain. A new relationship is needed. What is needed remains to be worked out. There is no universal model. Partnership is a seductive word but its meaning has to be nailed down in specific situations. But it has to be a more equal mutually respecting relationship.

LESSON 5

Markets Need States

Two lessons were drawn with enthusiasm by many people in Britain from the supposed crisis - that we had been pursuing a mistaken economic policy since 1945 and that we simply could not afford the welfare state. The result has been fifteen years of problematisation of the welfare state, of close expenditure constraint, of attempts to restore the kind of inequalities seen as necessary to fire the motor of growth, of abandonment of full employment as a primary commitment, an idealisation of the market.

From the ashes of this experiment we can draw one abiding lesson - markets need states particularly at times of economic difficulty. Free market systems - and democracies - are only viable if accompanied or softened or strengthened by what might loosely be called welfare state policies.

Of course, the welfare state in Britain has survived. The shell is still there but it has been crucially weakened in important respects as the market and market values have driven back the state. The best account of what has happened in Britain is Will Hutton's *The State We're In* (Hutton, 1995). It's a cogent and exciting commentary on the text that markets need states. His

concern is with the broad economic and social implications of the Thatcherite experiment which was a response to the crisis.

Hutton explores what increasing poverty and inequality mean for society - not just for the suffering individuals. He describes the evolution of what he calls the 40:30:30 society - 40% secure and prosperous, 30% marginalised and insecure, 30% grossly disadvantaged. It is the product of a drive to encourage entrepreneurs to reduce costs and promote competitiveness. For Hutton it is a policy which is both mistaken and socially disastrous. Deliberately induced changes in the labour market are 'sculpting the new and ugly shape of British society' (Hutton, 1995, p 108). Driving down wages and reducing the real value of social security benefits 'has infected the very marrow of society' (Hutton, 1995, p 175). 'The fact', he writes,

'that more than half the people in Britain who are eligible to work are living either on poverty incomes or in conditions of permanent stress and insecurity has had dreadful effects on the wider society'.

Hutton goes on to link what has been happening in the labour market to what has been happening in and to the family. It has, he argues,

'become harder and harder for men and women in these circumstances to hold their marriages together, let alone parent their children adequately, as the hours of work in which a decent wage, can be earned grow longer and longer'.

(Hutton, 1995, p 109)

For Hutton this is just one example of the social effects of market policies.

Hutton argues, too, that increasing inequality is, in fact, trapping Britain in recession. Cuts in the real value of social security benefits and policies to force down earnings have taken many billions of pounds out of the economy - money which would certainly have been spent as routine needs (Hutton, 1995, p 179-80) so creating more jobs.

Other commentators have also analysed the wider costs of the increase in social inequality which has been at the heart of the market-led strategies of British governments since 1979. They have pinpointed the costs in terms of increasing inequalities in health, in homelessness and in crime and in the emergence of a new under class (Glyn and Miliband, 1994). 'The introduction of market principles', says Hutton summarising his view,

'into education, health, criminal justice, housing, television, pensions and social provision is actively eroding social cohesion, and undermining society'.

(Hutton, 1995, p 283-4)

States may need markets but the evidence of the last 15 years is that the converse is also true. In developed market economies there is a vital public sphere. Market societies may show enviable economic outcomes in the short term but they contain within themselves dangerous seeds of self destruction unless accompanied by state action to offset and compensate. The tendency of market systems is towards polarisation and exclusion and mounting costs. Later on, the economic costs of the kind of society which market forces have created become apparent. The aims of market systems are self defeating without appropriate compensatory steering state action. Market systems need to be managed. They simply cannot deliver their potential benefits unless underguided by state action - as the most effective systems are.

The crisis fuelled the belief that the Keynesian welfare state had failed, that what was required to restore economic growth was the restoration of free market systems.

The lesson of the crisis is, in fact, exactly the opposite - that markets need states, that without welfare state type policies capitalism does, indeed, provide its own grave diggers - but it's not just an economic system which is threatened but a whole society.

LESSON 6

The Complexity of the Tasks Confronting us

The founding mothers and fathers of the welfare state in Britain were not always very pleasant people. They had more than a tendency to arrogance, they were convinced that they were right. They were sublimely confident that through planning and a little careful thought they could abolish historic social ills and remoralise the working classes. 'He believed', says Harrod of Keynes,

'that, by care and pains, all our social evils, distressed areas, unemployment and the rest, could be abolished'.

(Harrod, 1951, p 192)

Beveridge thought the same. Without such confidence, conviction and optimism - optimism sounds better than arrogance - they would never have set off on their historic journey.

We have been sobered by fifty years of welfare state policies and by the crisis and the challenge and debates which have flowed from it. It's easy to pinpoint failures, unrealistic hopes, naïvety etc. Despair is always an attractive option. As the great protagonist of the Welsh language Saunders Lewis said once when asked whether he ever despaired about the future of Welsh

'There's nothing more comforting than despair. Then you can go on and enjoy life'.

What is borne in upon us by the crisis is the daunting complexity of the tasks on which our forbears embarked with such high hopes - the abolition of Want, Disease, Ignorance, Squalor and Idleness, the securing of equality of opportunity in education, the achievement of equality of access to health care, the promotion of social welfare.

What we have to do is accept and emphasise the complexity and difficulty of achieving the goals we want to achieve. The lesson is to be realistic and yet hopeful and to encourage ourselves

by the enormous achievements of welfare state type policies. Students of social policy and social work are like economists - at heart miserable people - alert to our shortcomings and failures, dismissive of our successes. We have to overcome this dangerous characteristic.

We need to realise - and assert - the enormous complexity of the tasks we set ourselves not to depress ourselves but to be realistic about possibilities. We now know, for example, as our forefathers and mothers did not that health services only make a limited contribution to people's health. What we need is not just a health service but a health policy. Creating a health policy is an extremely complex task - a much more difficult task than the relatively simple one of creating a health service. It has to be undertaken but it will be a long hard, bitter struggle. Vested interests bar the road to reconstruction - brewers, tobacco barons, the car industry, professional self interest and so on - but we have to start the journey even if the way ahead looks unpromising. We need to be open - we don't know all the answers. So we need to experiment. We need to fail.

In some American firms sections and sub sections which report no failures are subject to critical investigation. To have no failures means you have not been experimenting and trying out new ideas. That is recognised as the beginning of the end. Success depends on failure. Our aims are ambitious and so complex. We need to accept that and to convey it to government and to the public. There are no quick fix solutions to the great problems which constitute our agenda. We must not take implementation for granted. Anyone can have desirable aims and bright ideas. Turning aims and ideas into viable policies and programmes is often much more difficult. Implementation is not automatic.

LESSON 7

The Need to Argue the Case for a Major Role for the State in Welfare

The crisis and the debates and discussions in the years after 1973 show interesting conflicting public attitudes to the welfare state in Britain. The public opinion studies (Taylor Gooby, 1991) show steadily increasing support through the 1980s for the option of higher taxes and increased spending on welfare. The proportion of people wanting tax cuts and reduced spending has dwindled to almost nothing even among Conservative voters. But in 1979, 1983, 1987 and 1992 voters put in power a government clearly recognised as hostile to the welfare state. There, at least, are two possible explanations for this disjunction between behaviour and stated opinions. The first is that there is simply a gap between what people say to pollsters on draughty doorsteps and their actual behaviour. The other possible explanation is that although people do want higher spending on welfare, welfare is actually some way down the list of issues which really count when it comes to decisions about voting. People do not see the state's role in welfare as crucial to, and for, their quality of life. Even if they want higher spending, they do not see the issue as being as important as other issues. State welfare is a low priority.

The lesson - and it is supported by the generally low level of protest as services were cut, constrained, rationed and rationalised in the years after 1979 - is that supporters of the welfare state have failed to win the battle for the hearts and minds of men and women. In fact, we have not seen the issue as important. The long boom and the considerable degree of consensus about the welfare state seemed to make a proactive policy to promote the idea of the welfare state unnecessary. It was part of the furniture of economic and social life. Everyone accepted it. The crisis encouraged much discussion of the costs of the welfare state but it was accompanied by little effort by welfare state supporters to spell out its benefits - what people actually got for their

money. As academics, for example, we have conspicuously failed to produce a good basic defence of the aims, policies and achievements of the welfare state.

At a time of economic growth, when welfare was painlessly financed out of the fiscal dividend such a culture of silence was unproblematic. When such painless financing ceased, the failure to have established a compelling case for state expenditure on welfare became important.

The need to argue the case for a major role for the state in welfare for the social good and private satisfactions is in my view an important lesson of the crisis. We can no longer rely on support for the case we have never satisfactorily made. Of course there is a historic moral case. There is also - and I think it's a better bet - a pragmatic case which the developments of the last fifteen years have only strengthened - that markets without states are unsustainable.

We need - obviously - to argue both cases. Arguing the moral case means searching for a new basis. Is it to be the concept of need (Doyal and Gough, 1991) or the idea of citizenship (Coote, 1992) or the concept of interdependence (Boswell, 1990). The basis for the pragmatic case is easier to argue. I would rest it on three points. Generally there is the bitter experience of the last 15 years in Britain and the argument I made earlier - that markets need states. Secondly and more specifically, I would argue the self defeating nature of the pursuit of purely private goals by individuals. It doesn't work. If everyone stands on tiptoe - with little reference to what everyone else is doing - then no one can see better (Hirsch, 1977, p 5).

Liberation for women, for example, means little if the streets - public space - are so unsafe as to deter them from venturing into the world where they can enjoy the fruits of their struggle for freedom. The private needs the public. The personal is political.

Thirdly, there is Beveridge's point - the great evils of the day are common enemies. Individuals can neither make a private peace with them or vanquish them on their own. Ransom and Stewart say just the same writing 50 years after Beveridge

'The predicaments of our time are faced by communities and societies as a whole'

(Ransom and Stewart, 1994, p 61)

I haven't time actually to argue the case I want simply to argue that the case for a major role for the state in welfare has to be made. The crisis shows that. We cannot simply assume public support as we have in the past.

We must not forget either that social trends are against us. As Offe points out

'the process of structural differentiation of societies and the perception and active proclamation of differences will make it more difficult to provide reasons to accept obligations'.

(Offe, 1993, p 237)

But the issue is a vital one. As Moran puts it 'the crisis of resources may be at heart a crisis of legitimacy' (Moran, 1988, p 408).

LESSON 8

We Need to Think Globally and Act Locally

This, of course, is one of the great slogans of the Green movement. I want to borrow and adapt it. It takes us back to my First Lesson about a new view of the role of the state.

A crucial lesson of the crisis is that if we want to rebuild or to build a new and better system of social protection in an insecure and exposed economic world then it will have to be done on an international basis or not at all. Welfare in one country, without reference to others, is no longer practicable. Any country taking a national initiative will be inhibited by the fear that it will be damaging its competitiveness. Its competitors can undercut it by, for example, economising on social protection. We are pushed to a new internationalism - most obviously in

the EU. But the lesson is not only to think and act globally. It is also to think and act very locally.

The 'crisis' and responses to it in Britain have generated more poverty, deprivation, exclusion and social division. The excluded are even more hostile to, and critical of, the state welfare bureaucracies than other citizens.

There is much stress now on local community regeneration, local economic development, self help, credit unions, food cooperatives, tenant self management. As a result of the 'crisis' we are rediscovering the value of the local as opposed to the national and the distant.

Yes the national and the local state have a role in welfare but we need to look at contemporary issues from an international and from a local community perspective. This means neither a romantic yearning for internationalism or localism but a sober realism about the limits imposed on welfare states by the new international competitiveness and about the possibilities of action at the level of the local community.

CONCLUSION

The oil price shock of 1973 is usually seen as, in some sense, causing the supposed crisis of the welfare state. It was certainly important as cause but I would argue that it was also important as occasion. Economic crisis launched and legitimated debate, discussion and criticism. In a sense, it restored reality after the unreality of the rapid and substantial growth, consensus and full employment of the long boom.

For me it is a chronic rather than an acute crisis - though there have been acute moments. I have sketched what I see eight as important lessons arising from the crisis. What, I wonder, would Titmuss have said about these issues? One of his great strengths as a student of social policy was his sensitivity to economic and social change - for example to the implications of

changes in the position of women, to demographic change, to the emergence of new diswelfares. That gave him the clear conviction that there was no final solutions in social policy, only an ongoing struggle to deal with new problems and realise new possibilities - a slow and often bumpy forward march. He kept faith in these possibilities. He believed that lessons could be learned. He believed that human beings had the ability to group new insights, learn lessons, respond to new problems and that they could go on to devise more effective social policies.

We need the same faith if we are to learn the lessons of the crisis - and bring good out of evil.

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