From Beveridge to Turner: Laissez-faire to neoliberalism

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Abstract
Current attacks on pensions can be seen as part of the neoliberal project to undermine welfare provision; but this paper argues that such attacks are nothing new. A historical comparison shows that many of the commonly held assumptions and arguments against pension provision are mistaken, and in some cases, highly misleading, with discourses or ideologies first touted in the 1940s being reused in the present period. This paper identifies those arguments that were misleading or false in the past, thus allowing us to see through them in their current forms.

Keywords
pensions, welfare state, neoliberalism, laissez-faire, historical comparison, Third Way, discourse

Introduction
The real and current pensions crisis is relatively simple to express: not only are there currently too many people in poverty in old age, but that number is set to increase if current government spending policies continue (Davies, 2003: 9). The cause of the ‘pensions crisis’ is debatable: is it simply the case that individuals are not saving enough? Or have people been let down by pension schemes? How many workers earn enough to contribute meaningfully to a pension fund? In the UK, the Pension Commission was established by the government in 2002 to investigate the current pensions crisis.

There have been two Pension Commission reports, both of which were chaired by Lord Turner. The first, published in February 2005 and entitled Principles for Reform: The National Pensions Debate (PC 1, 2005), outlined a number of issues connected to pension provision, but did not offer much in the way of proposals for change. A second, more detailed report that would make recommendations for future government policy was...
therefore commissioned. The focus of this article is the second and most recent Pension Commission report, *Security in Retirement: Towards a New Pension System* (PC 2, 2006), which will be referred to throughout this article as the Turner Report, published in May 2006.

This second report, whilst being different in scope to the 1942 Beveridge Report, whose recommendations formed the basis for the post-war inception of the Welfare State, is similar to it in other aspects. If we look at the contribution of both reports to the field of pension provision, we can recognise that both the Turner and the Beveridge Reports were concerned with examining and recommending changes to pensions systems that were seen as being in need of reform. Indeed, John Hill, who was a member of the Pension Commission, has written of how the Pension Commission compared its findings to Beveridge's, and agreed with some of the key principals of the Beveridge Report (Hills, 2006: 13).

This article will argue that the types of reform suggested by the respective reports reflects the political economies of the eras and climates in which they were produced. It will suggest that the Beveridge Report was produced in a climate in which there was a willingness to consider a number of potential pension systems, and that whilst some of Beveridge's proposals were blocked or restricted by Treasury officials and indeed by the financial realities of post-war Britain, the report that was published reflected one aspect of a wider pensions discourse—a discourse that had not yet become standardised or indeed hegemonic. It argues, however, that the Turner Report, which had similar objectives to Beveridge's, was not produced in a climate of similar discursive freedom. The Turner Report was tied to the conclusions of the first Pension Commission's report, and both of these reports seemed clearly aligned to New Labour's 'Third Way'. The Turner Report, for example, cherry-picks certain aspects of Britain's legislative pensions history to include in the report, and underplays the impact of pension mis-selling and employer contribution holidays, whilst at the same time placing an emphasis on greater personal responsibility. This is important, since it suggests that a significant cause of the current pensions 'crisis' is individual reluctance to prepare for retirement, which, if true, can only be partly to blame. An emphasis on the responsibility of the individual also suggests that the state is not and should not be responsible for this. John Hill's article argues that the Turner Report was torn between two extremes:

> At one end, some have argued that the State's role should or can only be that of poverty relief. At the other, people argue that it is the State which should organise and provide earnings-replacement for all or nearly all. (Hills, 2006: 14)

It is difficult to find evidence of this turmoil in the actual report. The significant recommendations of the report—that the link with earnings for the state pension should be restored, and that 'Personal Accounts' should be created, along with the chance for individuals to opt out—represent an uncomfortable compromise. Whether or not New Labour will ever restore the link with earnings is not yet certain; and if it is to happen, it will not be before 2012.

Beveridge was very clear that social insurance should be a relationship characterised by joint responsibility between citizen and state, and that as long as individuals fulfilled
their responsibilities by working, then the state should fulfil its responsibility by providing people with insurance—in this instance, a secure pension—and this is a sentiment with which, Hills argues, the Pension Commission agreed (Hills, 2006: 13). It seems, however, that sixty years on, the commitment to this relationship of joint responsibility is being renegotiated, and the meaning of responsibility manipulated.

After comparing the Beveridge Report and the Turner Report, this article draws our attention to two basic discourses: those of affordability and individual responsibility. According to Fairclough (2003), discourses are not only ways of representing the world, but they can also influence the world. What is said or written can causally influence what we subsequently do, making discourse a potential cause of social action. Discourse influences action by selecting and emphasising certain linguistic, and hence practical possibilities, whilst deselecting, de-emphasising or excluding others, making the former far more likely to occur. Fairclough (2004) is careful to point out that just because discourse can ‘construe’ the world, it does not mean that discourse can re-construct the world. Understanding discourse in this way allows us to retain the notion that what we say or write about practices related to pension provision can have causal efficacy, without lapsing into an idealist trap whereby what we say or write creates or constructs these practices. Put simply, by selecting and emphasising certain linguistic (and hence action) possibilities and de-selecting, de-emphasising or excluding others, some discourses relating to pension provision may become accepted as true—even if they are false (Fleetwood, 2005: 200).

This paper compares and contrasts discourses of affordability and individual responsibility in the 1940s and in the past decade. It demonstrates how different contributors to the pensions debate select and emphasise certain discourses whilst de-selecting, de-emphasising or excluding others, making these other discourses and, thereby, practical possibilities far more likely to occur. In so doing, it reveals that reports such as Turner’s and Beveridge’s are more than large tomes that gather dust on library shelves: they contribute to the political climate in which pension provision is carried out, making them an important factor in the economics and politics of the contemporary pensions crisis.

It is necessary to briefly describe what is unique about the current neoliberal period, since while there are numerous similarities between Thatcherism and New Labour, there are also some distinct differences. These differences are the result of New Labour’s experimentation with the ‘Third Way’. In New Labour, New Language? Fairclough describes how New Labour has built a new political discourse by incorporating ‘elements of the political discourse of Thatcherism’ into its own discourse (Fairclough, 2000: 21).

Thatcher’s Conservative government of the 1980s explicitly targeted those who claimed certain benefits. New Labour, however, does not employ such openly aggressive discourse, favouring an emphasis on encouraging people to help themselves: ‘helping people back to work’, ‘helping people off benefits’, ‘helping pensioners out of poverty’. The current discourse focuses almost entirely on individual rights and responsibilities—responsibilities which, on closer inspection, are also emphasised in the Turner Report. Fairclough notes that this moral discourse is combined with contractual discourse which interprets the distribution of rights and responsibilities metaphorically as a contract or deal between the individual and society (the community) or the individual and the government. (Fairclough, 2000, 39)
Appeals for personal responsibility are combined with economic arguments over pension provision affordability, regardless of whether the sums actually add up or not. These moralistic appeals to people to take responsibility for themselves rather than rely on the state are softened by traditional left-wing Labour commitments to poverty prevention, albeit with a means-tested pension credit, which reinforces the contractual discourse of neoliberalism. Personal Accounts, Pension Credits and an emphasis on personal responsibility reflect

the moral and contractual discourse of New Labour as an individualist discourse, which stands in contrast with the traditional collectivism of the centre-left and the left. The ‘deals’ that are contracted are primarily envisaged as deals which individuals enter into, the ‘responsibilities’ and ‘duties’ are primarily those of individuals. New Labour has abandoned even a residual orientation to collectivism and to social class. (Fairclough, 2000: 40)

An unquestioning acceptance of these individual contracts and responsibilities, and the assumption, without an investigation into individual circumstances, that everyone is able to provide for his or her own retirement is the foundation on which current proposed pension reform is based. It encourages people to think individualistically, as opposed to collectively. Social security was a form of insurance that one could, if necessary, claim for a limited period or, in certain circumstances, indefinitely. It was not vilified as a crutch for those who do not want to, as opposed to cannot, work. This new neoliberal notion of responsible social security, however, seems only to go one way. For instance, in the Turner Report, the lack of responsibility displayed by the Thatcher government in encouraging millions to opt out of the state earnings related pensions scheme (SERPS), many of whom were then mis-sold private pension schemes, is underplayed. Despite this, the discourse of responsibility seems to be an enduring and captivating one. This article aims to demonstrate that neoliberal discourse, characterised initially by Thatcherism and most recently by New Labour’s Third Way, has become naturalised and hegemonic. It is no longer a competing discourse, but rather the discourse. To deviate from it is seen as being illogical and uneconomical. Discussing the dominance of neoliberal discourse, Henk Overbeek writes,

Untrammelled international competition, the celebration of the market, or wealth and self, anti-communism and anti-unionism; all these are no longer propagated as ‘revolutionary’ in a sense of challenging a prevailing consensus of a different content, but they are now part of normal every day discourse, self-evident, near impossible to contradict or even doubt. History conceived as struggle of ideologies has come to an end as Fukuyama (1989) would have it … Its [neoliberalism’s] victory means that its radical tenets have themselves become the new ‘normalcy’. (Overbeek, 1993: 1–2)

This article is concerned with identifying and presenting that ‘normalcy’. The methodology used to interpret the documents used here has been informed by a broadly realist perspective. The figures used in any discussion of the pensions crisis are a form of discourse, as are the government documents used; and discourses are not always true: they can differ from, or fail to express, practices. This article will demonstrate
that discourses that are false (ideologies) are being reused. They were false in the past, and looking at them again allows us to question the veracity of their current versions.

This article is historically comparative, and as such it draws on documentary evidence from the National Archive/Public Record Office (NA) and a range of official government publications. Whilst government documents are generated for a specific purpose, the comprehensiveness of the Beveridge Report means that the NA contains not only official government views but also those of contributors who had a vested interest. The proposals of the Beveridge Report were somewhat controversial, and had various implications for different departments. As a result, material exists that gives a genuine insight to the opinions of those involved. Furthermore, even official documents are supplemented by the comments and marginalia of various officials who considered them—and as such, a clear view of what was intended can be discerned.

Current government documents are not available, and therefore I am forced to rely on official publications such as the Turner Report and government White Papers. It is more difficult to gauge political opinion on such matters due to the efficient operations of Party spin machines. It is only by comparing different historical eras to the present that one is able to accurately identify the enduring discourses. Though this article might be perceived as being selective about the discourses it presents, which could be a criticism of the theories advanced in it, the research undertaken here was done in the spirit of good historical research, with the intention to uncover and to present; not to mislead. It was with this aim in mind that the article was written.

Affordability

Between 1946 and the present day, there has been a longstanding, albeit rough-and-ready, all-party consensus that pension provision is affordable. It is important, therefore, to examine the arguments that have led to a significant change in this belief, which survived despite the introduction of the basic state pension (BSP), and often cite affordability as the main obstacle. Neoclassical economists (and policy-makers inspired by these economists) believe and argue that the best way to secure decent pension provision is via the free market: everyone should have an individual private pension plan, thus restricting the need and scope for state provision. Blackburn (2002: 431) suggests that it was only the ‘experience of war time collectivism’ that provided the inspiration for a universal pension, and this, amongst other factors, is probably true. Individuals and their families were responsible for saving privately for old age—a sentiment that persists today. Encapsulated in this view of ‘affordability’ is the idea that offering any form of welfare will discourage thrift and saving. Affordability and decreased incentive to save are, however, separate arguments, although the latter is often used to support the former. This section, then, will deal with two themes that arise in the discussion of both the past and the present: first, the question of whether pensions are actually unaffordable; and second, whether current discourse presents pensions as being unaffordable. The former refers to the way economic concerns are raised as a means of objecting to plans for universal pension coverage, while the latter refers to the way the discourse of what is and what is not affordable restricts what can even be considered in relation to pension provision—and how, due to a lack of any alternative discourses, the scope of what can be considered is becoming ever more restricted.
The discourse of affordability: The past

The outbreak of the Second World War led to the suspension of a debate that had been planned on pension reform. But rising poverty and protests from both the TUC and the Scottish Minister for Health meant that in 1940, pensions reform could not be ignored any longer. Sir John Simon, the chancellor of the Exchequer, presented a memorandum that claimed that 'since the Poor Law was established in this country the aged and infirm have ultimately been a charge on local resources', and that they were therefore not the responsibility of government, which could not afford to have this 'charge' transferred to it, particularly in wartime. The dominant inference of the memorandum was the view that to provide for the elderly, even at the below-subsistence-level of the Poor Law, would be too costly. The government did not want to pay for a central Poor Law, and was certainly not going to support a system of welfare provision that would be even more costly.

Nevertheless, the issue of pension and, more generally, welfare provision, remained the subject of impassioned public debate, and the Beveridge Report was commissioned two years later. The chancellor of the Exchequer's quarrel with pension provision resurfaced not only in the drafting stages of the report, but during the discussions of numerous committees that followed it. It was felt that a universal pension would equate to a free meal ticket for every idle man in Britain, and would discourage thrift, making a pension system unaffordable since it would be supporting so many.

The question of the financial practicalities of the Beveridge Report's proposals was considered by the committee set up to discuss the report before any evidence of affordability had actually been presented. In his 1940 memorandum, the chancellor had referred to correspondence he had received from the British Employers' Confederation, which recommended

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\text{husbanding [of] our financial resources for the successful prosecution of the war, and that if government lent its support to any flat rate increase, however paid for, irrespective of need, it cannot fail to create the impression that this country can afford to dissipate its income on non-essential purposes without thereby endangering the country's security—an impression which must inevitably encourage wage claims by workers actually at work, and undo a large part of the educational work regarding the dangers of inflation which the chancellor's speeches were designed to achieve.}
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Wartime collectivism was exploited by those who simply did not want to see the introduction of a universal pension under any circumstances. In this respect, the war provided a political and economic distraction, while those who continued to campaign over pensions could be portrayed as in some way hindering the war effort by making the government focus on 'non-essential purposes' (see above).

One of the main concerns over the affordability of Beveridge's proposals was that essentially it was a plan to redistribute some of the nation's wealth. Beveridge felt that 'taxation means the richer man, because of his capacity to pay, pays more for the general purposes of the community. These general purposes may, and in practice they must, include bearing a part of the cost of social security' (Beveridge, 1942: 108). According to Beveridge's plan, a permanent contribution to the pension scheme would be made through direct taxation. This would mean that, for the first time, money generated through taxation would be directed into the purses of the less wealthy; it would not be
received from assistance boards or through the Poor Law. Naturally, the capitalist class would resist such a scheme at all costs, and its members advanced political, economic and patriotic arguments to support the claim that it was unaffordable—but the political tide was starting to turn against them. Given the climate produced by the Second World War, in which conscripted men had been forced to fight, for the moment at least, arguments against pension provision based on the unaffordability discourse were shelved.

Despite numerous protests to the contrary, according to all the projections made by the Government Actuary Department (Beveridge, 1942: 173–21), it was considered that the plan for universal pension coverage was affordable. Those within the Treasury and the International Labour Office (including Lord Keynes), however, still felt that Beveridge’s plan to provide a pension for all was unnecessary, since: ‘to set out to abolish “want” where it does not exist is like Quixote charging the sheep and gaining an easy victory’. The debate shifted from an ideological discussion focused on the question of providing a universal pension (which the ruling class could see was already lost), to a debate focusing on the question of affordability, since it was felt by some to be unnecessary to provide for everyone given that the financial position of old-age pensioners varies widely. This reappearance of a reluctance to introduce a comprehensive scheme, despite proof of its affordability, is just as prevalent today, with the main difference being that the situation has regressed to its pre-1942 stage, and to the belief that a universal pension system is not affordable.

The British Employers’ Confederation (BEC) never demonstrated any will to see the state pension introduced, and indeed government documents suggest that the BEC attempted to delay the progress of the Beveridge Report by refusing to contribute when requested. Only when it became clear that the report would be published regardless of its cooperation and contribution did the Confederation publish a memorandum. Echoing the earlier objections it had made to the chancellor in 1940, the BEC claimed that fighting the war effort was all-consuming for businesses, and that such other matters should wait until the war was won. This was despite the fact that businesses, including those involved in the BEC, were on the whole financially better off after the Second World War than prior to it. It is questionable, therefore, to what extent employers could not afford the increased contributions that a universal pension would entail, and arguable that they were using the war as an excuse. The Confederation maintained that the economy could not afford increased pension provision, warning that such a plan would prompt a return to the depression and unemployment of the 1930s:

We are convinced that this colossal expenditure on social security [at that time, £400 million per annum] is far greater than this country can afford; the financial burdens it places on industry are in no small measure accountable for our depression, and that this country, in concentrating on insuring its people against all the risks of life, has in large measure deprived them of employment, which is the greatest security of all.

The Confederation did not provide any evidence in its memorandum to support the claim that social security spending caused the Depression of the 1930s, and it would appear that the Treasury did not treat it very seriously, since eventually it was admitted that despite many objections from opponents and political will against reform, some of Beveridge’s proposals would have to be adopted. As Wilfred Eady of the Treasury
conceded, ‘the political and economic background immediately after the war may need something on these lines to reduce the field of internal controversy’.\(^6\) Offering post-war concessions would, it was hoped, keep political agitators silent, and keep revolutionaries and other militant factions, especially the communists within the trade union movement, on the periphery.

**The discourse of affordability: The present**

We are told by economists that pension provision in developed countries is an escalating cost thanks to their ageing populations. This is, undoubtedly true, as:

> The direct costs to public expenditure attributed to people aged 65 and over were estimated at £8.4 million for health care and £2.8 million for social service (England and Wales) in 1989–90; £23.8 million for state pensions (Great Britain) in 1990–91. By far the greatest cost is that of pensions. (Thane, 2002: 481)

> It is not the intention of this paper to paint this as a political myth: pension provision is expensive. What is in question at the moment is whether or not it is affordable. Recent reports about the future of the welfare state and pension provision have proposed major changes due to a lack of affordability, despite the fact that

> The distribution of costs and the total pensions cost is likely to remain stable until c.2020 since the total population of pensionable age is expected to be stable, unless there is a significant rise in state pension expenditure, or a significant shift in priorities for welfare spending, of which there was little sign in the late 1990s in the political statements of either main political parties. (Thane, 2002: 481)

> It appears, therefore, that agitation over the affordability of pensions is connected to political will, rather than to strict economic logic. Current political decisions are being made about the extent to which the cost of pensions should fall upon the individual or upon public expenditure; and the affordability of universal pensions, and the strain on the taxpayer, are just some of the factors affecting this debate. The main factor is as relevant now as it was in 1946: that is, the *discourse* of affordability. By restricting the terms of the debate, the discourse of affordability restricts what is considered, what can be said and, therefore, influences what can be done. To a certain extent, the Beveridge Report reflected this, and the Turner Report currently demonstrates it.

> The New Labour lexicon tends to avoid directly discussing the details in reference to affordability. Rather, much is made of lifting the poorest out of poverty, and hence the benefits of maintaining the means test are highlighted:

> Our changes to the state pension system since 1997 have been essential to tackle the immediate problems that we found, and, as we have set out, they have been very successful. Incentives to save in the current system remain strong. Recent research has shown that incentives for many on low incomes have improved as a direct result of the introduction of Pension Credit. (PC 2: 13)

> Rather than having a debate about affordability, the discourse focuses on targeting resources, and on helping those most in need. It becomes difficult to criticise these
arguments without ultimately criticising the whole of New Labour’s welfare strategy, since it relies on this principle. Be it fuel allowance or pension credits, the aim is to help the poorest. So by focusing the debate on the poorest, the discourse prevents it from moving on to a more thorough discussion of how much GDP we should spend on pensions—indeed, this is not debated, despite its being a logical discussion to have.

A further example can be found in the introduction to the Turner Report, in which John Hutton writes,

Protecting the poorest—we are committed to uprating the Guarantee Credit for pensions in line with earning growth. This means the value of the £1145 guaranteed minimum income for single pensioners today will keep in pace with the growth in national wealth. (PC 2: 22)

This is not a commitment to eradicating pensioner poverty, only to managing it. It is the endurance of the means test, which highlights affordability as a hegemonic pension discourse; and while the focus of the debate has shifted slightly, the message is still the same as when it was falsely touted in the 1940s: that pensions are not affordable.

In 1942, Beveridge set out an affordable plan for universal pension provision; and in 1946, Attlee cherry-picked from the plan. Gordon Brown, in his previous capacity as the chancellor of the Exchequer and now as prime minister, is guilty of doing the same. The Turner Report shares some similarities with the Beveridge Report, though it is probably fair to say that the remit of the Turner Report was more greatly controlled. For example, despite Turner’s enthusiasm for a renewal of the link between the state pension and earnings, this has been postponed until 2012, reportedly at the behest of Brown. Turner has also recommended a raising of the retirement age due to higher life expectancy figures; but the government (and sections of business) are reluctant to raise the retirement age.

As has already been noted, thanks to both their importance in providing a minimum of financial security in old age and their general popularity with the voting public, pensions are not going away (yet); and therefore the perceived unnecessary cost of providing a pension to those who do not need the money—wasting money on already wealthy pensioners—is being renegotiated. The Minimum Income Guarantee (MIG) was introduced so that supplementary benefits could easily be targeted at the poorest of pensioners to bring them above the poverty threshold. This would help the government reach its targets without having to consider a wholesale rise in pension payments—a tactic that pleases the Treasury and many (but not all) taxpayers, keeps political opponents silent and, more importantly, does not evoke the negative discourse associated with ‘means-testing’.

The preoccupation with not becoming a Santa Claus state—offering something for nothing (a concern as relevant to Beveridge as it is to Turner)—has, however, led to a nothing-for-something state pension system, which is currently not rewarding large proportions of citizens who have worked, and in particular, women. In short, it would appear that since the 1930s, little has changed for the poorest of pensioners, still dependent on supplementary benefits—and to our shame, the poorest of these elderly are still women. Due to the nature of the traditional caring role of women in society, they often have irregular employment records and contribute less to national insurance, which currently results in below-subsistence pensions (Thane, 2006a). The prevention of this scenario was the main reason why Beveridge insisted that all citizens should receive a subsistence-level pension, and that widows should receive particular attention during any pension reform.
The government now is proposing a ‘New Deal’ for female pensioners, who are set to suffer the longest whilst delays continue in restoring the earnings link to the BSP, since even a reduction in the number of years of required contributions will take a long time to benefit all women. It is also unknown what impact the government’s aim to get 50 per cent of the population into university will have on pension provision, national insurance contributions and retirement age, with increased numbers entering the labour market at 21–22 years old, rather than 16–18.

Regardless of some of his report’s noble proposals for pensions, Lord Turner has stayed within the Labour government’s discourse of affordability, matching his proposals very closely to the ‘fiscal and political difficulties of financing pensions’ (Thane, 2006b) that the government claims it faces. In some ways, it would have been impossible for Lord Turner to have produced anything else, whereas in the 1940s, there were many competing discourses and not one overarching hegemonic discourse, as neoliberalism is now. Then, in many ways, anything was possible. This is simply not true of the current situation, in which we are quite often led to believe a discourse of ‘TINA’; There Is No Alternative. Even the TUC’s general secretary, Brendan Barber, is supporting government reforms to the pension system. On the subject of the proposed Personal Accounts, he commented, ‘while it is right to examine the position of the low paid, critics of the new scheme fail to see that most people would rather build up their own pension pot, rather than rely on the future vagaries of state pension benefits’ (Labour Research Department, 2007). This discourse, which, as noted above, not only supports the view fostered during the 1980s that state saving is somehow negative—a bad way to save—and that a greater return can be found in the private sector, also reverses the polarities on state and private pensions and refers to state pensions as having future vagaries, but not private pensions, which are rooted in the real vagaries of the stock market.

Summary

Current opposition to improvements in the pension system and the opposition that met the very introduction of a universal pension system in the 1940s, on the grounds of affordability, are couched in very similar terms and discourse. Indeed, they are so similar that it is difficult not to see systematic political, social and economic forces at work.

The Beveridge Report proposed major changes not only to pension provision, but to social security as a whole. The welcome given to the Beveridge Report was ‘that of a still largely impoverished working class, with memories of still greater, recent, misery and with low expectations of how their living standards might rise’ (Thane, 2002: 368). There was a sense of public elation surrounding Beveridge’s proposals, which gave people hope of a better life after the war, alongside strong consistent opposition from the Conservative party, which regarded ‘Beveridge’s proposals as genuinely undesirable’ (Thane, 2002: 368). The threat of a revolution after the Second World War was a very real fear for the government: the ‘spectre of communism’ was crucial in shaping the political economy of the period following the war. The threat from Bolshevism was real, and the ruling class was worried that the aftermath of the war would see the rise of ‘communism’ (or more specifically, Stalinism) in Europe and the UK. Added to this, the working class was organised, militant, capable of military fighting, and had ideological support from the fact that capitalism was tainted with fascism and ‘communism’.
appeared to have the higher moral ground. This situation led to concessions being given (in the form of welfare) that might otherwise not have been contemplated.

**Responsibility**

The question of who should bear the responsibility for welfare provision is part of a longstanding debate. The Beveridge Report appealed to a notion of joint responsibility: that every individual, completing work within their power, should be guaranteed at least a subsistence retirement income since it was the state’s responsibility to rid society of want—one of the so-called ‘Five Giants’.7

In more recent years, this perceived responsibility to provide a pension on retirement has been questioned. This paper has already examined the changing nature of the affordability of the state pension and given an alternative analysis of the nature and impact of an ageing population. The section that follows will seek to address the changing representations, discourse and nature of responsibility, from the early twentieth century to the early twenty-first century. It will analyse the political, ideological, and economical factors affecting change.

**The discourse of responsibility: Past**

Before the introduction of the welfare state, it had very much been the case that individuals and their families were responsible for saving privately for old age. The state, it was argued, could not and should not adopt the responsibility for providing this.

At the time of the writing of the Beveridge Report, this view of pension provision (and welfare as a whole) was popular in Conservative political circles, whose members had formed the bulk of the war time coalition government. It was strongly believed by many on the right (and still is) that the primary objective of welfare was poverty relief—nothing more. Any universal pension would be directing money where it was not required, or where there was not poverty. Beveridge recognised the obstacles facing the introduction of comprehensive welfare provision, and commented that it would be down to British citizens to fight for universal social security:

> Freedom from want cannot be forced on a democracy or given to a democracy. It must be won by them. Winning it needs courage and faith and a sense of national unity; courage to face the facts and difficulties and overcome them; faith in our future and in the ideals of fair-play and freedom for which century after century our forefathers were prepared to die. (Beveridge, 1942: 172)

Beveridge, an experienced politician and Liberal peer, predicted the difficulties his plan would face, and was familiar with the types of arguments that would be used to counter it. None of Beveridge’s proposals were new per se, but it was the first time they had ever been included in such a comprehensive document. Anti-welfare discourse and sentiments persisted, and in the 1950s, the Conservative party released a document stating,

> The Conservative Party does not regard the true function of the social services to be either the provision of an average standard or the redistribution of wealth. It approves the historic function
of the social services as the relief of the unfortunate from misfortune, of the sick from ill-health, of the needy from distress. (Thane, 2002: 371)

The Beveridge Report had challenged these principles of welfare; but opposition never disappeared, resurfacing in the 1950s, ’60s and ’70s, and again in the 1980s, when the neoliberal discourse relating to pension reform started to become hegemonic. The above quotation merely highlights that this type of rhetoric has never left the political lexicon of the right; it was just not always emphasised.

The discourse of responsibility: The present

Throughout Margaret Thatcher’s leadership, the Conservative government never displayed a coherent approach to welfare provision. Its formal abandonment of the full employment goal appears to have been a precaution against political failure in view of the large losses in manufacturing jobs during the 1981–82 recession.

Further attempts to distance government from the responsibility of providing pensions is evident in the implicit privatisation of SERPS (Pierson, 1994) and the introduction of personal pension schemes, which were a major welfare innovation of the Conservative Party. These pensions have since been discredited by the mis-selling scandal, in which people were persuaded to leave their occupational schemes for the (as it turned out, false) promise of better returns. It is now possible to see that during the 1980s, the future of welfare in Britain and the state’s relationship to it underwent a re-examination, as did the discourse used to describe welfare. The homeless became ‘rough sleepers’, while claiming benefits or using the service of the welfare state was refashioned into something one should be ashamed of, rather than celebrate, as the previous generation had done. It was also during this period that services provided by the state came to be regarded as second-class services.

The state abandoned any ideological responsibility to provide welfare, and encouraged private citizens to view those who accepted welfare in a negative way. In a September 1987 interview with Woman’s Own magazine, Margaret Thatcher declared,

I think we have gone through a period when too many children and people have been given to understand ‘I have a problem, it is the Government’s job to cope with it’… ‘I am homeless, the Government must house me!’ And so are casting their problems on society, and who is society? There is no such thing! … I think, one of the tragedies … that many of the benefits which were meant to help people who were unfortunate … somehow there are some people who have been manipulating the system. (cited in the Sunday Times, 1987: 8–10)

The earliest welfare provision, the Relief for the Poor of 1601, was born out of a Christian belief that we should take care of those less fortunate, and that the wealthy have an obligation to provide for the poor. Over the last 20 years in Britain, the dominant discourse espouses a view that the less fortunate are to blame for their position, and do not deserve help. Our moral responsibility to society and commitment to a better world has been eroded, aided and abetted by a powerful leader who promoted a discourse based on the sovereignty of the free market, and the promotion of individual obligation and entitlement above all else, and above all others. It is now accepted in many quarters that
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contributes to a state welfare scheme was not prudent, not only since it was presented as only benefiting the lazy, but also because the money would be better spent in the private sector. This has since proved to be a false discourse; yet the above comment from Brendan Barber demonstrates how this myth is still being peddled, not only by politicians, but also by trade unionists.

The interview Mrs Thatcher gave to Woman’s Own, however, marked the beginning of a sustained attempt by her government to weaken working-class communities. Thatcher created a stigma around claiming benefits such as unemployment benefit—rebranded as ‘Jobseekers’ Allowance’ (notice the discourse of personal choice)—that still exists today. People are not claiming something they are rightfully entitled to from an insurance scheme, as Beveridge envisaged it; they are instead being a temporary drain on national resources. This discourse targeted at benefit claimants has not gone away; indeed, it has grown stronger. Powell examines the existence of ‘DIY’ welfare, where people are urged to become more responsible and make provisions for the risks that they and their families face. However, the private pensions mis-selling scandal and the Maxwell pensions fund scandal, quite apart from the Conservatives’ having changed the rules of SERPS and New Labour’s taxing of pension credits, make DIY welfare ‘a risky business’ (Pierson, 1994: 289) that any rational person would chose to avoid.

In contrast to the Beveridge Report, the Turner Report proposes action on the pensions crisis on a technical, rather than a moral basis. Lord Turner claims that reform is needed since without it, the future for pensioners is ‘undesirable’ (PC 1, 2004). Lord Turner does not criticise this potential outcome in the way that Beveridge criticised the existence of want in the 1940s, merely noting instead that this would be an undesirable option (PC 1, 2005). This is not a commitment to pensions from a sense of responsibility—it is a technical fix, and the discourse reflects this. Emotive discussions about pension provision could lead to all manner of outrageous calls, such as for higher taxes, and are, therefore, to be avoided. The government is simply realising and reacting to the fact that something will have to be done to prevent poverty in old age—much like the original Poor Law. Since the 1980s, the UK has dropped to the bottom of the international league of developed countries for state pension provision (Churchill and Mitchell, 2005: 6). The abolition of the link to earnings meant that in 1997, the UK BSP had become one of the lowest in the EU, worth less than 15% of average earnings; it is set to decline further. The Turner report, therefore, makes proposals based on the need to do something, rather than the right thing, and in this way it is not comparable to the Beveridge Report. This can be seen in the following extract from the Turner Report:

we need to be clear that individuals must be responsible for their own plans for retirement. The reforms will ensure the provision of high-quality saving vehicles, and a solid state foundation to private savings. But the choice of how much to save, the level of risk to take with investments, and how long to work must be available to the individual. That provides the right balance of choice and support for individual responsibility. (PC 2, 2006: 22)

This particular notion of responsibility is a uniquely New Labour one. There is no mention of the facts and figures, merely extensive rhetoric and discourse aimed at conveying a sentiment about saving that we should all follow. The New Labour discourse transforms pension savings into a lifestyle choice, suggesting that if people do not save
enough then it is automatically their fault, through negligence. Taking individual responsibility is not the key issue here, since ultimately, most individuals already do this. It is the message that accompanies such statements that is significant—the insistence that individuals ‘must’ be responsible, and that with this responsibility individuals have a ‘choice’ of how much to save. For the majority, there is not in fact much of a choice: people save what they can. Those with few pension savings are generally those from low-income groups who have little extra income to save, whereas the suggestion in this quotation is that there are significant numbers of people with expendable income who simply choose not to save.

There is little mention of the reciprocal responsibility of the government to provide individuals with simple advice, and with good regulatory legislation that prevents the private sector from mis-selling pensions. Rather, the word ‘responsibility’ takes on a new meaning—an extra dimension. By using ‘responsibility’ in this way, the report seems to suggest that people are currently not taking responsibility, and that they are relying on the state and/or others. There is no mention in the report of the low levels of trust resulting from the impact of the Maxwell scandal and the mis-selling of private pensions, nor of the impact of employer contribution holidays and the closing of occupational pension schemes. Responsibility is a two-way relationship, and not having a significant retirement income does not necessarily correlate with having been irresponsible in the simplistic way the Turner Report suggests it might. Often, despite a long and consistent working life, low-waged earners who retire are reliant solely on modest personal savings and the state pension. This does not mean that they are not responsible individuals, nor that they deserve to be punished or be made scapegoats.

**Summary**

The discourse around whether or not it is the responsibility of the state or the individual to provide a retirement income has perhaps been the discourse that has altered most dramatically in the period surveyed. Despite the failure of private, stock-market-dependent schemes to provide consistent pensions, they are still promoted as the future of pension provision. Why? Put simply, it is because there are no alternative discourses available. The neoliberal discourse of the market and the success of Thatcherite and New Labour discourse in replacing the collective discourse of Beveridge has meant that people believe this to be the best way, since it is presented as being the only way. The state pension has been run down so much, both in a practical, economic sense and in a discursive one, that it hardly seems worth saving.

The Turner Report provides a clear example of New Labour’s Third Way political discourse. It includes discourse traditionally associated with Labour values—‘tackling pensioner poverty’, ‘implementing fair reform—but it also includes discourse that is reminiscent of Thatcherism: ‘policies must promote greater personal responsibility’, and the ‘modernisation of the welfare state’. The mixing of these discourses and messages is what has made New Labour, and in particular Tony Blair, so distinctive; but Blair is no longer prime minister, and the same discourse continues to prevail. This is the political discourse of British neoliberalism.

Beveridge’s 1942 report contributed to a political consensus and a post-war discourse in relation to welfare. At the time of its writing, however, this consensus was not present, and there was still no certainty about when the Second World War might end. There were competing discourses concerning welfare provision, and pension provision more
specifically, but immediately after the end of the war, these were either sidelined or suppressed. It did not take long, however, for the same old counter-universal pension provision discourses to reappear, as they have done at certain historical points. The notable difference with the Turner Report is that it does not explore an alternative discourse, and indeed does not acknowledge that such a discourse exists.

**Conclusion**

This article has highlighted the fact that despite longstanding, serious opposition to the state pension, there had never been any serious challenge to the system. This meant that critics of the pension system were left with little option other than to (begrudgingly) accept the universal system, and to strive to keep payments as low as possible, and funded from general taxation as little as possible.

Since the 1970s, however, there have been moves to renegotiate the ‘terms’ of the post-war settlement. The discourse of an overburdened state has firmly taken hold, leading to the current situation in which the post-war settlement is not just up for renegotiation, but has been metaphorically ‘ripped up’. As mentioned above, in his 1942 report Beveridge wrote, ‘Freedom from want cannot be forced on a democracy or given to a democracy, it must be won by them’ (Beveridge, 1942: 172). The Beveridge Report was a landmark in social security reform, and provided the basis for the current welfare state. It is obvious now, however, that despite significant improvements in social security provision in the UK over the past 50 years, significant social problems still remain. This article has suggested that perceived and commonly held assumptions about the problems associated with pension provision persist thanks to a lack of political will and the enduring class structures of a capitalist society, rather than to pension provision’s being an unsolvable puzzle. The last century witnessed more improvements in welfare than has any other century in British history, so there is much to celebrate—but also much to lament.

The UK’s poorest elderly people are still forced to rely on handouts from the state, determined by demeaning and extensive means-testing. The severe inequalities that exist between rich and poor pensioners have continued, and for those in the worst situations, little has changed since the publication of the Beveridge Report in 1942. Beveridge recognised the wider political implications of his plan, and believed that

his proposals could only be fully effective in eliminating Want if supported by a range of measures, including minimum-wage legislation, industrial training, strict price control, statutory limitation of free collective bargaining, public ownership of land and essential services, and, if necessary, the phasing out of private ownership of most of the means of production. Here again, even if theoretically correct he was politically unrealistic. Labour’s unwillingness or inability to implement most of these corollaries of his Plan help to explain its extremely limited effects. (Thane, 2002: 371)

The Labour victory of 1945 is partially credited to the Conservative Party’s reluctance to introduce many of the social security measures that Beveridge discussed. But the Labour Party was not willing to fully implement them, either, and passed up one of the few chances in British history to introduce socialist policy. What we have been left with is a lot of welfare ‘churn’, such as the income-tax payer who is also claiming winter fuel allowance—a system that creates needless administration and bureaucracy.
To say this does not dispose of matters. Suppose someone has not made adequate provision for old age or periods of ill health. In a civilised, affluent society he or she should not be left to perish in the gutter. The genuine liberal (neo or otherwise) should ask: what is the minimum standard we wish to provide even for those who have been improvident or unlucky in their personal affairs? (Brittan, 2004)

As noted in this article, this view of welfare was abandoned in the 1980s, so that even the minimum should not be provided. The only consistent factor in the long debate over pension provision is that the Conservative party has always attempted to defend middle- to upper-class interests by opposing changes, reform, or increases in pension provision. It is the Labour Party now, however, that is moving towards the right, and proposing policy that does not defend working-class interests—the reason for which the Labour Party was originally founded.

It has also been argued in this article that the state should take responsibility for the administration of a public, universal, and non-means-tested pension system. Experiments with private secondary pensions, as opposed to state secondary pensions, have on the whole, been disastrous. Turner’s proposals for a compulsory savings scheme is a noble effort to encourage saving. What is still unclear, however, is exactly how Personal Accounts will be administered and maintained. The state pension should function as Beveridge intended: as a pension equal to the average wage or at the minimum subsistence level. Those who do not have any other form of superannuation or occupational pension should be encouraged to bolster their retirement income with a secondary state pension that would function like SERPS. This would benefit female workers in particular, along with atypical workers or those trapped at the bottom of the labour market, stuck in short-term employment.

Finally, this article has maintained that a universal, non-means-tested pension system is affordable—it is the current political economy of neoliberalism that maintains that it is unaffordable. The act of branding pensions as unaffordable now suggests that they were once affordable. But the issue of affordability has consistently been used to argue the case against universal pensions, and was also used in the 1940s. It is, therefore, an argument that refuses to go away, regardless of how affordable pensions actually are. Agitation over the affordability of pensions appears, therefore, to be connected to political will rather than to strict economic logic, both now and historically. Indeed, the arguments against pension provision based on affordability both now and in the 1940s are so similar that it is difficult not to see systematic political, social and economic forces at work.

This leaves us at a potential crossroads in pension provision. The current UK social security system is a testament to the mistakes that were made in the 1940s, and that have been made since. The Turner Report does not propose radical enough recommendations, but it is at least a start. The hope now is that Brown will eventually implement the proposals put forward in the report. To cherry-pick from a document already lacking in progressive proposals would be a disaster for the future of pension provision, and only make, at best, minor alterations to the current pension system.

The situation for those without a secure pension or without the means to invest in one is only set to worsen. Personal debt in Britain is higher than ever previously recorded, and new forms of debt, such as student loans debt, is also on the increase, resulting in young people who enter the labour market already facing a lifetime of debt. It is also
highly likely that there will be an insufficient amount of jobs for university graduates (Brown and Hesketh, 2004). This will potentially lead to people with already large amounts of debt working in jobs that pay low wages.

Any changes to pension provision in the UK needs to address these concerns, rather than allowing another 40 years to pass before stumbling into another crisis. Proposals for change need to address the potential problems of the future, and to help pensioners who are suffering now, rather than being based on false hegemonic discourses.

**Acknowledgements**

I am grateful to the Economic and Social Research council for funding the research on which this article draws. I am also grateful to Chris Grocott and Gareth Stockey for assisting me on my maiden research trip at the National Archive; the anonymous Capital & Class referees, who provided helpful and constructive comments; and finally I am indebted to Steve Fleetwood, who tirelessly read and commented on numerous drafts of this article.

**Endnotes**

1. NA, Cabinet, CAB 67/4/5, 1940, 11 Jan, Memorandum by the Chancellor of the Exchequer, p. 4.
2. NA, CAB 67/4/5, 1940, 11 Jan, Memorandum by the Chancellor of the Exchequer, p. 6.
3. Beveridge proposed that the full plan should be introduced over 20 years. This was not implemented, and it has been suggested as the reason why there is now a problem with pension provision.
4. NA, T161/1448, Treasury Notes, Memorandum, Minutes on Beveridge Report, International Labour Office, Social Security through Social Insurance, 1942, p. 5.
5. NA, T161/1448, Treasury Notes, Memorandum, Minutes on Beveridge Report, International Labour Office, Social Security through Social Insurance, 1942, p. 6.
6. NA, T161/1448, Beveridge Report: Sir W. Eady, 17 November 1942.
7. Want, disease, ignorance, squalor, and idleness.

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