
WELFARE: WHOSE RESPONSIBILITY IS IT?

THE JACK AND ADA
BEATTIE FOUNDATION
AND ST. PAUL'S INSTITUTE
PRESENT A SEMINAR AT
ST. PAUL'S CATHEDRAL

SUMMARY REPORT
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“THERE IS A REAL POSSIBILITY THAT WE COULD DEVELOP INTO A SOCIETY IN WHICH THE PEOPLE WHO BENEFIT MOST REGARD OTHER PEOPLE AS THE PEOPLE WHO ARE ON BENEFIT.”
BISHOP PETER SELBY

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In an age of increasing austerity, the concept of ‘welfare’ takes on renewed importance when discussing social wellbeing and the notion of the common good. What is welfare, and who should provide it? Who does it exist for, and how should they access it? The extent to which the product of economic growth is put towards uplifting the most economically vulnerable is a question that lies at the very core of how we structure society.

St Paul’s Institute, in conjunction with The Jack & Ada Beattie Foundation recently hosted a seminar at St Paul’s Cathedral that explored these questions and the definition of welfare in a modern context, examining the roles and responsibilities of Church; State and City in providing a greater living standard for all.

Full video of this seminar is available at: www.stpaulsinstitute.org.uk/videos

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BISHOP PETER SELBY
INTERIM DIRECTOR, ST PAUL'S INSTITUTE

The focus of this seminar couldn't be more topical, it couldn't be more contested and it is a topic of discussion that St Paul's Institute is really glad to sponsor. There is a real possibility that we could develop into a society in which the people who benefit most regard other people as the people who are on benefit. This would be to fail to understand the way in which we're all bound together; both in what we do for those who are vulnerable, but also in the context which we create by the various ways in which we manipulate money, organise investment and so forth. Welfare is not of interest only to people who receive it, or only to people who donate it; it has to do with the whole context within which we operate and that is why this discussion is so important.

We would like to thank the Jack and Ada Beattie Foundation for working with us on bringing about this discussion, partnerships are part of our model of working and we are very grateful for their input.

OWEN JONES AUTHOR OF *CHAVS: THE DEMONISATION OF THE WORKING CLASS*

I don't think this evening could be any more perfectly timed, and I'm not sure if you co-ordinated with David Cameron on this. Welfare has been one of the dominant themes of the last two years, ever since the coalition came to power, but particularly this week when David Cameron criticised the 'culture of entitlement' and floated some pretty controversial ideas. We've seen lots of debate around various aspects of this over the last few weeks, such as universal credit, workfare, and the overall welfare budget. With our economy in a protracted period of economic crisis, and with official figures of 2.6 million people out of work – a figure that doesn't include many economically inactive people who would prefer more work than they can find – we're provided with a context that gives us a lot to get our teeth into on this topic.

We have a fantastic line up of speakers for the event: Rt Revd John Packer, who will speak on the Church's role and responsibilities towards the Welfare State; Stephen Lloyd, who will discuss the value and contribution of the private sector; and Hazel Blears MP, who will discuss if and how the Welfare State should exist and thus the State's involvement and obligation to the safeguard of common wellbeing.

BISHOP JOHN PACKER
BISHOP OF RIPON & LEEDS

There is a Christian principle which threads itself through the New Testament with a care and concern for those who are most deprived, and therefore the Church has a responsibility in that area. Welfare is crucial to a humane society, and that will include care for the disabled, those who can't find jobs, children and many others. There needs to be a system to provide that care, and the Welfare State is one of the primary ways in which we do it. The Church needs to express this concern in three particular ways: individual philanthropy, an involvement in providing care, and finally through political action.

First, Philanthropy is a very grand word, and so if we talk about generosity and giving then that applies to all of us. Second, the Church must be a contributor in its own action to the common good – modelling the Good News of Jesus Christ. If the churches did not exist in this country there would be an immense hole in particular care provision across many different vulnerable groups.

There are also broader concerns in which the church has been involved in developing something which has then become part of our culture. Historically, you could look at areas such as education; but more recently things like the credit union movement, food banks, or the hospice movement amongst many others came from a foundation of Christian concern and action.

Third, When it comes to political involvement, because the Welfare State is part of the whole provision which society makes – because the Church is, and must be, integrally involved with our society – therefore it needs to be involved in political action.

Within that political action, some of it will be within Parliament. We need to emphasise our concerns for those who are disabled. Mental health charities have drawn attention to the way in which political rhetoric is encouraging us to regard those with mental health issues as 'scroungers'. We must be aware of the way in which some of the less obvious mental health conditions – such as the varying degrees of autism – can very quickly be seen as laziness. We need a concern, too, for those on low pay. The Living Wage campaign works to provide more adequate wages than the national minimum wage which is being reduced in real terms at the moment. We also need a concern for those paying high rents. There was little emphasis in the whole welfare debate on how to deal with the way the market sets rents.

Then we must consider children, and the lack of concern within the present political establishment for their welfare. When I was involved in the Welfare Reform Bill in the House of Lords there were a number of illustrations - such as the 'spare bedroom' tax and restrictions on child benefit - that should be seen as ways of finding money by damaging the lives of children. Although the Lords' amendments were overturned by the government in the Commons, the pressure produced important concessions.

So, we have a New Testament imperative for Christians to be involved personally, as individuals; commonly, as churches; politically, as part of our society. That seems to me to be the heart of where we need to be in responding to the needs of the Welfare State.

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STEPHEN LLOYD
SENIOR PARTNER AT BATES, WELLS & BRAITHWAITE

The UK economy is worth roughly £1.3 trillion – government spends approximately 23.4%; the voluntary sector, including universities, is no more than 5%; and private business in all its manifestations makes up most of the rest. Philanthropy is a very small player in relation to business, so I will concentrate on what business can do.

My propositions are quite simple. Number one: employers wherever possible should operate like doctors, to the Hippocratic oath ‘do no harm’. Number two: where possible employers should seek to make sure their employees flourish. Low social status has an impact on health and welfare, therefore the best thing employers can do is to try and make sure that employees feel that they have some sense of power or control over their lives. Another aspect of this is to promote a sense of fairness, and one high-profile example is the growing percentage difference in salaries between top executives and the general workforce. In 2010 the average FTSE-100 Chief Executive was paid £4.9 million, a figure that had risen by more than 50% in the previous year. That’s 200 times the average wage – let alone the bottom wage. The minimum wage has, in many cases, created a drive to the bottom in bringing down wage standards so rule number two for employers wanting to promote welfare is: *pay your staff properly*. This includes pensions, as the demise of benefit pension schemes is one of the most shocking aspects of recent times in regards to employee welfare.

Finally: *pay your taxes*. The thinking that free markets produce rational and beneficial results and that therefore taxation should be low, and in many cases avoided, is a deeply damaging approach. It’s no good having the most effective computer systems if there’s no electricity. It’s no good producing fancy goods if the road system or the railways don’t work. It’s no good having state-of-the-art premises if you cannot hire decent staff who have been properly educated and who are healthy, having had the benefit of a decent health system. All of these things have to be

paid for by taxes. They may not need to be delivered by government, but they need to be paid for through taxation which is the most efficient way of raising the necessary funds. According to the National Audit Office, one third of Britain’s top businesses paid no tax at all in 2007 - and that was at the end of a seven year boom. The reality is that the more tax that companies avoid, the more the tax burden falls on the rest of the public; or in this case the less money there is available to help support individual welfare.

Employers can do a great amount to promote welfare. Having humane management systems; trusting people; encouraging people; paying them fairly; reducing inequalities and unfairness; providing appropriate pensions; paying taxes to support the common wealth. What philanthropy can do in comparison shades into insignificance. In this context, it can only offer plasters to help staunch the wounds caused by the unfairness of the way in which many businesses are now run.

We also have to recognise that many of the major problems are caused by the sheer growth in power of international companies. Of the world’s 100 largest economic entities, now the majority are companies. Not countries, companies. Two thirds of international trade is now conducted through transnational corporations, most of it siphoned off through off-shore tax havens. Our company law needs a radical overhaul. Shareholder value should not be the driving force. Company directors should be under an obligation to address concerns of the environment, their employees, society and finance. Unfortunately, the capitalist system makes finance the sole and only star by which a company should be steered – unless the companies’ owners decide themselves to operate in a different way.

If you ask me how the private sector can help deliver welfare my answer is that individual organisations can do a huge amount. But a change of behaviour will probably need something more drastic. Namely, a different set of duties for company directors and other business owners.

HAZEL BLEARS
MP FOR SALFORD AND ECCLES

I’m really beginning to hate the word ‘welfare’ – as it now has connotations around ‘hand-outs’, ‘scroungers’, ‘the undeserving poor’ – and I would rather we talk about ideas of social security, insurance against hard times, and solidarity between rich and poor. We must try and shift the debate so that we are talking about a system of social solidarity, insurance and a contribution-based welfare system.

One of the biggest failures of recent years has been the erosion of the contributory principle, which was really about a bargain between citizens in this country. When you were doing well you could pay into the system, because you knew that when you fell on hard times you could draw on the system to provide support. Because of the erosion of this principle we now have a real crisis of confidence in the Welfare State across all demographics.

In the early 1950s, the cost of social security was about 5% of GDP. This year, it’s likely to be 14%. The majority of that extra spending has come from taxation, and all working people are paying extra to help fund the rise in cost. The projections are that this year we have an extra £29 billion added on to the Welfare Bill – primarily because of unemployment going up. Almost one pound of every three spent by the government goes on welfare. This is not a good position for this country to be in. I want to see us spending more on education, research and development, and on creating new jobs.

There is a genuine feeling that the government is paying out too much in welfare and a lack of support for the current way in which the Welfare State is configured. It’s reassuring that benefits for older people remain popular, and there is still sympathy for people with disabilities which I think is very important. But what can we do in the face of unprecedented hostility to try and ensure that Britain remains the kind of country where there is shared solidarity, compassion and responsibility?

In David Cameron’s speech this week he was saying that the signals the welfare system sends out are that it pays not to work and there’s a ‘culture of entitlement’. There are some areas in which it’s right to examine what’s going on. With eligibility for social housing, there are many people under-25 who need to have eligibility because they come from dysfunctional or abusive homes. But I do think that asking the question about *automatic* eligibility is an important debate to have. Indefinite benefit periods – without any attempt to get people back to work – I think is worth debate. But the overall position ignores the elephant in the room – which is the lack of work. You cannot talk about rebalancing a Welfare State unless you’ve got a real plan for growth to create employment. I think that David Cameron’s speech on welfare is a distraction from the real problem with the economy.

I want to say one final word about the Big Society. Despite three major re-launches of this idea, one based on principles that I absolutely subscribe to, I honestly feel that there has been a strand of Conservative thinking which has seen the Big Society as a very convenient frame to move public services into the private sector to end up with a smaller state, lower taxes and a very American model which I think is a big political project which has been camouflaged under the Big Society. But it’s died a bit of a death, and I can’t see it coming back any time soon.

I really do believe that the big challenge for us now is to make sure that we get jobs back into the economy. Unless we get a real drive to create jobs and add to the wealth of this country then we will not be able to provide the kind of welfare support that we want to. For me the question is not about welfare but, as far as it can be, the question should be about work.

REFLECTIONS FROM THE JACK AND ADA BEATTIE FOUNDATION

ALEXANDRA TALIADOROS

DIRECTOR, THE JACK & ADA BEATTIE FOUNDATION

Increasingly as the Welfare State shifts and changes, we see new players emerge with a new sense of role and responsibility. No longer is welfare a public sector notion but, as we can see from the confused 'Big Society' principle, the private and philanthropic spheres have a part to play as well.

As a philanthropic organisation, the Jack and Ada Beattie Foundation aims to support marginalised and vulnerable individuals along the themes of 'Dignity' 'Freedom' and 'Sanctuary'. The relationship between philanthropy, the public and the private sector is an interesting one, which many funders interpret differently. Philanthropic giving is worth £13.1bn (or 37%)¹ to the charitable sector. In 2007/2008 78% of charities received no government funding at all and income from individuals remains the single most important funding stream for the entire voluntary community.

We believe our financial support is to be viewed as 'in addition to' not 'instead of' public sector provision. For us, the Welfare State must exist for those unheard and overlooked. As Beveridge wrote in his paper (1942) the following five giants must be slain for a better society: *Want* – to be tackled through secure incomes, *Disease* – to be achieved through a comprehensive NHS, *Ignorance* – to be fought by accessible education, *Squalor* – vanquished by quality affordable housing and *Idleness*. This Welfare State, although the responsibility of us all, must begin with these fundamental foundations from a ruling Government.

As echoed by all of our speakers, individuals can only contribute and service society when given the opportunity to do so. Without employment (and thus taxation), the Individual has little opportunity to further social wellbeing or their own.

Our partnership with St Paul's Institute aimed to highlight a number of key areas of concern and examining the place for different sectors within the notion of 'welfare' and how we can work together for the well being of all. Our thanks to our Chair; Speakers and Audience for providing a stimulating and valuable discussion.

¹ Figures from 2007/8 – philanthropy.uk

QUESTIONS AND ANSWERS

The seminar also included an extensive Q&A section, which can be viewed on the video at www.stpaulsinstitute.org.uk/videos, some of the topics covered were:

- Many people misunderstand how the welfare budget is distributed. For example around 43% is spent on the elderly, which is a category most people want to see increased.
- There needs to be a focus on affordable housing, whatever form that may take, and some thought on how to regulate increasing levels of rent.
- Recognition that the emotional wellbeing of those on benefits must be taken into account along with their economic stability.
- That we must make further efforts to identify the particular situation of individuals and families, rather than presuming that they will neatly fall into general categories with general welfare solutions.
- There has been an increasing adulation of money and celebrity culture in our society, which has led to the acceptance of huge disparities of wealth that is now seen as the norm.
- We are creating a two-tier economy: London and the rest of the country. The ramifications of this need to be thought through more carefully.
- One of the main aspects that erodes confidence in the Welfare State are people who have relied on benefits without work for ten years or more – those who are capable of working, but have no intention of doing so.
- Our tax statutes are the longest in the world and phenomenally complicated. Tax should be simple and transparent – lower rates, possibly, but no reliefs. A simpler tax structure is needed and one that focuses on taxing things that can't be circumvented.

- There is general consensus that tax is taken from us unfairly or begrudgingly, but we should see tax as part of a just society and should be delighted to pay it – something that pretty much nobody feels.
- The vast majority of people get their jobs through somebody that they know – across all social demographics – and only 1/10 people get their job through job centres. We might want to reconsider how the billions spent on this infrastructure is being used, and whether we might focus on widening people's networks or providing more social skills training.
- Over 2/3 of MPs come from a professional, middle-class background. Less than 1/20 MPs come from any unskilled background. The lack of representation in government leads to a lack of passion around issues for particular social demographics.
- We get a lot of emphasis on the relatively small group who don't want to work and little reflection on the majority who are desperate for work but can't get any.
- Depending too much on individual philanthropy can lead to imbalances in distribution. Welfare requires planning and a sense of overall fairness.
- We need to get away from the political rhetoric in this country that says it is either State or Business. We need a much more nuanced understanding that avoids monopolisation, encourages flexibility and gives greater emphasis to well-managed Third Sector contributions.

FURTHER REFLECTION

A topic as complicated and all-encompassing as the wellbeing of our modern society can never be properly covered in the context of a single seminar, report or speech. Likewise, it is difficult to make recommendations without properly considering the numerous factors involved when taking any particular course of action.

The following are a few areas that we feel deserve continued debate, highlighting some topics that require further reflection as we collectively consider reforms to our welfare system and the direction it might take in the future.

- When 93% of new housing benefit claimants are in work (2010/2011) does the public have the right perception of recipients of welfare – is the media to blame for certain attitudes towards and representations of sections of society?
- How can we incorporate the perspectives of those who receive benefits into the conversation around how these systems should be structured?
- Does the general public have enough knowledge of the history of our welfare system and how it has evolved over time?
- How can we promote a broader sense of community and empathy for those who are finding it difficult to make ends meet?
- What alternatives are there to the current system? How can we explore these in an open way that encourages lateral thinking and experimentation?
- How can tax structures be simplified and made more transparent? What's the difference between legitimate tax reduction, unethical tax avoidance and illegal tax evasion?
- Will focusing on unemployment and getting youth into jobs solve many of the issues faced?
- As a society, do we work too much or not enough? Is work something that empowers us or makes us feel too dependent on our employers? Does work pay, or should we not be surprised that some people find the benefit system more rewarding?
- Are we wrong to attack the private sector (in particular the banking industry) – given the levels of generous funding which they contribute to social wellbeing?
- With the valuable contributions of the private and philanthropic communities, is welfare truly a primary responsibility of the state? Are we really 'all in this together'?
- As 88% of the coalition's spending cuts are yet to come, what are the projections for the welfare landscape? Are extensive cuts the only realistic option we have?
- Could engagement in business and social enterprise be a more important source of 'welfare' (broadly speaking) than state funding? If so, how can this be nurtured?
- To what extent are money and wellbeing connected?

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HAZEL BLEARS MP

Fighting corners



**KNOWING THAT SOMEONE
IS FIGHTING YOUR CORNER
IS HALF THE BATTLE WON**

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