

**FULL EMPLOYMENT  
IN A FREE SOCIETY**

*By the same author*

THE PILLARS OF SECURITY  
AND OTHER WAR-TIME ESSAYS AND ADDRESSES  
CHANGES IN FAMILY LIFE

# FULL EMPLOYMENT IN A FREE SOCIETY

*A Report by*  
WILLIAM H. BEVERIDGE

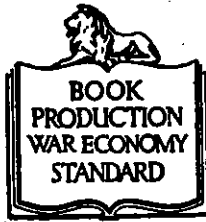
*“Misery generates hate”*



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## PREFACE

THE work presented here as a Report on Full Employment in a Free Society is a sequel to the Report on Social Insurance and Allied Services which I made to His Majesty's Government in November, 1942. In that Report I named three assumptions of the Plan for Social Security proposed in it, namely a system of children's allowances, a comprehensive health and rehabilitation service, and maintenance of employment. If Social Security is defined as security for the individual, organized by the State, against risks to which the individual will remain exposed even when the condition of the society as a whole is as good as it can be made, both children's allowances and medical treatment are parts of Social Security. Both of these assumptions were dealt with to some extent in my Report, and proposals were made for realizing them. The third assumption, of maintenance of employment and prevention of mass unemployment, was not dealt with there, and no proposals as to how it could be realized were made. Measures to maintain employment are not part of Social Security as defined above; they are measures of general application to make the economic condition of society as a whole healthy. I now complete, so far as I can, the work which I began with my earlier Report.

That earlier Report was prepared by me, at the request of His Majesty's Government, as Chairman of an Inter-Departmental Committee, on which all the other representatives were civil servants. Some seven months after the Committee had been appointed, it was decided by the Government that, in view of the issues of high policy which would arise, the departmental representatives should henceforth be regarded as my advisers and assessors, and that the Report when made should be my Report, signed by me alone, so that the departmental representatives would not be associated in any way with the views and recommendations on questions of policy which it might contain. No one else, therefore, had or has any responsibility for what I said in that Report. At the same time it could not possibly have been made by me, except with the help of the departmental representatives, and without having at my disposal the whole resources of the Government for investigation and consultation. In the Report itself, I expressed my debt to the departmental representatives as strongly as I could, without appearing to associate them

in any way with responsibility for the views expressed, which were mine alone. On other occasions I am glad to have been able to express this debt more generously and more fully:

“There is another remark often made about the Beveridge Report—and that is that the Report is a one-man Report. Now, it is true that the Report is signed by one man only—myself—so that I am the only person that can be hanged for it. No one else can be brought to book for anything whatever that is said in it. No one else is committed to it. But it is not true that the Report was made, or could have been made, by one man sitting and thinking and studying by himself. I had sitting with me a Committee representing all the Departments concerned with the problems under consideration—all the best experts in the Government service—and very good experts they are. They acted as a Committee in examining witnesses, in discussion and in criticism. They acted as my technical advisers. Without their help in all these ways the Report would have been a very different and much inferior document. I alone am responsible for all that it proposes, just as a Minister alone is responsible for everything that is done in his Department. I was like a temporary Minister for devising this particular piece of post-war reconstruction; I could not have done the job otherwise.”<sup>1</sup>

Only this help and, beyond it, my unrestricted recourse to all the information possessed by the Government made it possible for me, not merely to enunciate general principles, but to suggest the framework of a complete plan which, if accepted, could be used as the basis of legislation.

The present Report is made under different circumstances. Regarding it as a sequel to the earlier Report, I should naturally have been ready to deal with it on the same lines, if that had been the wish of the Government—to make a survey and proposals on my own responsibility but at the request of the Government and with all the help that they could give me. Such a survey could have covered both stages of the problem—demobilization and the permanent structure—in one continuous programme. Since this possibility was not open to me, the present Report is made by myself as a private citizen, and with only such resources as could be made available to a private citizen during the war. This has two consequences. First, the Report is much inferior to what it would have

<sup>1</sup> Speech at the Caxton Hall, 3rd March, 1943, printed in *The Pillars of Security*, pp. 140-1 (George Allen & Unwin, 1943).

been had I been able to draw, in the same way as for the original Report, upon the resources of the Government. I can only hope that the gap between what I have been able to do as a private citizen and what I did before with the advantages normally reserved for Ministers, will not be too glaring. Second, the present Report is more limited in scope than it might otherwise have been. It does not deal at all with demobilization. It is concerned not with what should happen when total war ends, in order to bring about a smooth transition from war to peace, but with endeavouring to suggest the structure of peace-time industry and economics to which the transition should be made, with a view to preventing any return of mass unemployment. Even for that narrower purpose I should have welcomed any help that the Government had felt able to give me, by way both of expert criticism of my proposals and of information on questions of fact rather than of Government policy. I could have made my own proposals more concrete in many ways—more of a Plan and less of an outline of policy. But the main basis for constructing a better economic system in the next peace than we had in the last peace is to be found, not in the facts of war, but in the study of conditions before the war. On that study, with special reference to unemployment, I was engaged when the war broke out and for most of the first year of war. Part II of this Report and Appendix A are based mainly on this former research; that Appendix began as a paper to be read at the bi-centenary of the University of Pennsylvania in September 1940.

Nevertheless, though made by myself in a wholly private capacity, the Report on Policy for Full Employment is no more a one-man affair than was the Plan for Social Security, in the sense that it was made or could have been made by one man sitting and thinking and studying by himself. So far as was possible in the difficult circumstances of the war, I reproduced for myself in this new enquiry the technical assistance which I had obtained from the Government Departments in the first enquiry. I have had continual consultations with economists outside the Government Departments, some of whom have read and criticized nearly all that I have written; from them I have taken arguments, similes, phrases without number. I have examined memoranda written by many others, and I have discussed the more important of these memoranda with the persons or organizations submitting them. Finally, taking advantage of my association with the Nuffield College and with the admirable series of conferences in connection with the College, organized originally by Mr. G. D. H. Cole, I have submitted most of my proposals in

draft to scrutiny by gatherings widely representative of business, of public administration, of labour organisations and of economic science; the exposition in Part VI of the three conditions of multi-lateral trade between nations is the fruit of one of these conferences. The new Report remains, like the old one, a document for which no one can be hanged except myself, but it is not one which I could have produced myself, without the cordial and helpful co-operation of many others.

One practical difference—of timing—arises out of the different circumstances in which this Report and my earlier Report were prepared. After I had signed my earlier Report on the 20th November, 1942, by a notable effort of printing the Government were able to publish both the Report and Appendices and its companion volume of Memoranda from Organizations, altogether not far short of 400,000 words, within a fortnight, on 1st December; they took steps to make an American edition available at similar breakneck speed. The present Report I completed substantially and sent to the printer on 18th May, 1944 but I have no idea when it will see the light. Meanwhile, the Government have published a White Paper on Employment Policy, that cannot be dealt with in any way in the body of my Report, and has not led to any change in the Report, but forms the subject of a postscript.

It is at the request of those who have helped me most, that I do not thank any of my helpers by name, taking freely what they have given freely towards better understanding of our common problems. To one part only of what is written here by another than myself, it has seemed appropriate to attach the name of the author. To my Report on Social Insurance and Allied Services, there was appended a Memorandum by the Government Actuary on the financial aspects of my proposals. So to the present Report is attached in Appendix C a Memorandum by Mr. Nicholas Kaldor on the Quantitative Aspects of the Full Employment Problem in Britain. Mr. Kaldor's figures, naturally, are more speculative than those which could be given by the Government Actuary in 1942 for Social Insurance. They are hardly, I think, more speculative than the actuarial estimates that were made at the introduction of the first limited scheme of unemployment insurance in 1911 or by the Government Actuary at the time of the extension of unemployment insurance in 1920. They are not nearly as visionary as the hopes of those who trust to establishing full employment by leaving things alone. For those who use figures, the Policy for Full Employment can be made most easily

intelligible by figures, such as are given by Mr. Kaldor. But the policy does not stand or fall by those figures. It stands on its argument—on the need and on the possibility of intelligent flexible planning with means of adjustment to changing circumstances.

Though naming no other helpers, it would be inappropriate for me not to record, in memory of my long and happy association with the administrators of Labour Exchanges and Unemployment Insurance, the indispensable help given to me by the Ministry of Labour, before this war and in the opening year of the war. The diagnosis of unemployment in Part II and a large part of Appendix A on the International Trade Cycle rest on information, much of it not previously published, which was placed at my disposal from official sources.

I have pleasure in recording the help given to me by the Institute of Statistics at Oxford by statistical computation and by preparing the charts which appear in this Report. The Institute has done much to keep alive independent expert study of economic phenomena during the War. Many of the difficult economic problems briefly noticed in this Report are the subject of special study in a volume on the *Economics of Full Employment* prepared by members of the Institute and published (B. H. Blackwell, Oxford) almost simultaneously with the Report.

I thank my three friends to whose generosity I owe the material means of making my investigation and preparing its results for publication.

The text on my title page I owe to my wife. It comes from the account given by Charlotte Brontë, in the second chapter of *Shirley*, of the hand-loom weavers who one hundred and twenty-five years ago were being driven into unemployment and miserable revolt by the introduction of knitting frames. "Misery generates hate. These sufferers hated the machines which they believed took their bread from them; they hated the buildings which contained the machines; they hated the manufacturers who owned the buildings."

This text is my main text. The greatest evil of unemployment is not physical but moral, not the want which it may bring but the hatred and fear which it breeds. So the greatest evil of war is not physical but spiritual, not the ruin of cities and killing of bodies, but the perversion of all that is best in man's spirit, to serve purposes of destruction, hate, cruelty, deceit and revenge.

There is another passage in *Shirley*, describing in Chapter 8 a conversation between a workman and an employer, which illus-

trates another leading theme of what is written here. "Invention may be all right," says the workman, "but I know it isn't right for poor folks to starve. Them that governs mun find a way to help us. . . . Ye'll say that's hard to do—so much louder mun we shout, then, for so much slacker will t'Parliament men be to set on a tough job." "Worry the Parliament-men as much as you please," replies the employer, "but to worry the mill-owners is absurd." To look to individual employers for maintenance of demand and full employment is absurd. These things are not within the power of employers. They must therefore be undertaken by the State, under the supervision and pressure of democracy, applied through the Parliament men.

The problems dealt with in the present Report are more difficult than those of the earlier Report. My proposals cannot be set out without the use of technical terms and close argument; economics is a science, not a business of hit and miss. The justification for my proposals cannot be given except by use of statistical data such as occupy Part II and the various Appendices. Those who are content to accept the brief summary of results from these data which appears in Part I can pass from that part direct to Part III and need not proceed to the Appendices. I have endeavoured to free the argument of needless difficulties. I have made the use of indispensable technical language as painless as possible by giving in Appendix D an explanation of terms.

The problems dealt with in the present Report, while technically difficult, are of vital importance to every citizen. I have given in this volume both proposals and the facts and arguments on which they rest. I have endeavoured to make the main results accessible to all, by summarizing them for early publication in a pamphlet with the same title.

But I hope that as many people as possible will desire to understand and to criticize the argument and the data on which it rests. Unemployment cannot be conquered by a democracy until it is understood by them. Full productive employment in a free society is possible but it is not possible without taking pains. It cannot be won by waving a financial wand; it is a goal that can be reached only by conscious continuous organization of all our productive resources under democratic control. To win full employment and keep it, we must will the end and must understand and will the means.

W. H. BEVERIDGE



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