Chapter Two

Anglican Socialism and the Rise and Fall of the British Welfare State Consensus

Introduction

In this chapter I provide a brief historical analysis of the post-war Welfare-Statist 'Keynesian' consensus that lasted until circa 1976. The writings of Anglican Socialist R.H. Tawney from within the Welfare Statist strand will also be analysed, including the influence he had on shaping that consensus. The challenge to that consensus via the rise and consolidation of neoliberalism in the period since, will then be examined. This is necessary for contextualising and analysing the Church of England's approach to welfare provision since 1945. The writings of David Nicholls, an Anglo-Catholic author in the Christendom strand, will also be analysed because his works on the Church, the modern state and welfare have been influential within Anglican Socialism – including on the thinking of Milbank; a familiarity with his perspective is thus helpful for understanding contemporary debates within the Church of England and the Labour Party on welfare, and for historically locating and understanding Milbank's contribution to them.

The Welfare State Consensus: 1945–76

In his first speech as Prime Minister to the House of Commons,[1] Winston Churchill called for 'blood, toil, tears and sweat' as necessary

1. W. Churchill, 'Blood, Toil, Tears and Sweat': First speech to the House of Commons as Prime Minister, 13 May 1940. Available at: http://www

to defeat the Nazi threat. Total war required nothing less, as Britain's contribution to winning the Second World War owed as much to the efforts of the whole population as to the military. Total war also required a level of state-directed economic and social activity of a kind previously unseen, including state-directed labour deployments on a wide scale. These events had for John Maynard Keynes (at the time working for the Treasury) reinforced a belief that state economic stimulus and planning could achieve real economic, political and social benefits.[2]

To get a flavour of the mood of the times: *The Times* editorial on 1 July 1940, stated:

> If we speak of democracy, we do not mean a democracy which maintains the right to vote but forgets the right to work and the right to live. If we speak of freedom, we do not mean a rugged individualism which excludes social organisation and economic planning. If we speak of equality, we do not mean a political equality nullified by social and economic privilege. If we speak of economic reconstruction, we think less of maximum production (though this job too will be required) than of equitable distribution … the new order cannot be based on the preservation of privilege, whether the privilege be that of a country, a class or an individual.[3]

There is a strong echo in this quote of William Beveridge's view that a people's war demanded a people's peace,[4] and of a desire to avoid what had happened after the First World War, when those returning from battle had frequently to endure prolonged periods of unemployment, inadequate healthcare provision, housing and educational opportunity

.winstonchurchill.org/resources/speeches/1940-the-finest-hour/blood-toil-tears-and-sweat (accessed on 25 August 2016).

2. D. Fraser, *The Evolution of the British Welfare State* (New York: Palgrave Macmillan, 2009), pp. 245ff.

3. Cited in A.R. Morton (ed.), 'The Future of Welfare', Occasional Paper No. 41, Centre for Theology and Public Issues, University of Edinburgh, 1997, p. 12.

4. As Beveridge stated in 1942, public interest in what happened after the war 'represents simply a refusal to take victory in war as an end in itself; it must be read as a determination to understand and to approve the end beyond victory for which sacrifices are being required'. W.H. Beveridge, *The Pillars of Security* (London: George Allen & Unwin, 1942), pp. 107–8. Cited by Fraser, *The Evolution of the British Welfare State*, pp. 247–48.

for their children. In his report of 1942, *Social Insurance and Allied Services*,[5] a work influenced by the thinking of Temple,[6] Beveridge – though an agnostic in faith matters and a Liberal 'collectivist', not a socialist politically – identified five giant evils in society requiring remedy via state legislation and, in significant part, ongoing state welfare provision: squalor, ignorance, want, idleness and disease. His solution was a social security scheme that he described as follows:

> The principle of the Social Security Scheme is to ensure for everyone income up to subsistence level, in return for compulsory contributions, expecting him to make voluntary provision to ensure income that he desired beyond this. One consequence of this principle is that no means test of any kind can be applied to the benefits of the Scheme. Another is that the Scheme does not guarantee a standard of life beyond subsistence level.[7]

Beveridge defined seven needs to be covered by the scheme:[8]

- childhood (by way of state-provided family allowances);
- old age (by way of state pensions);
- disability (by way of state disability and injury benefits);
- unemployment (by way of state unemployment benefit);
- funeral expenses (to be met by a state funeral grant);

5. W.H. Beveridge, *Social Insurance and Allied Services* (London: HMSO, 1942).

6. Beveridge had been friends with Temple and Tawney whilst an undergraduate at Balliol College, Oxford, and their friendship had remained strong. See Lawrence Goldman, 'Founding the Welfare State: The Collective Biography of William Beveridge, R.H. Tawney and William Temple', a lecture given at the Institute of Historical Research on 7 April 2016. Available at: https://www.history.ac.uk/podcasts/franco-british-history-external/founding-welfare-state-collective-biography-william (accessed on 19 June 2019).

7. W.H. Beveridge, *Papers by W.H. Beveridge to Inter-Departmental Committee on Social Insurance and Allied Services*, 11 December 1941. Cited by Fraser, *The Evolution of the British Welfare State*, p. 359.

8. Ibid. For more on Beveridge and his report of 1942, see the biography by J. Harris, *William Beveridge: A Biography* (Oxford: Oxford University Press, 1988). See also N. Timmins, *The Five Giants: A Bibliography of the Welfare State* (London: Harper-Collins, 1995).

- loss of gainful occupation other than employment, e.g. bankruptcy, fire, theft (to be met by a state grant);
- marriage needs of a woman, e.g. widowhood, maternity, separation (to be met by a state widow's pension and state grants for the other categories).

He was clear that no satisfactory scheme of social security could be devised except on the following three assumptions:[9]

- children's allowances for children up to the age of fifteen or in full-time education up to the age of sixteen;
- comprehensive health and rehabilitation services for prevention and cure of disease and restoration of capacity for work; and
- maintenance of employment, that is to say avoidance of mass unemployment.

Hence, Beveridge's Social Security Scheme offered a possible solution to the problem of want; but he was clear that the other four giants also needed slaying, as part of a comprehensive set of state welfare reforms. Thus, for Beveridge, as historian Derek Fraser aptly puts it: 'true freedom lay in freedom *from* want, *from* disease, *from* ignorance, *from* squalor and *from* idleness'.[10] For Beveridge, then, as it had been for T.H. Green and, later, for Temple, *true* freedom was not an abstract notion but a tangible, measurable outcome for citizens delivered, in significant part, by way of state intervention and, specifically, after 1944/45, by way of state welfare provision. All that was needed was a government that shared his vision and had the political mandate and will to bring it about. The Attlee government broadly fitted that bill, though Beveridge was to disagree strongly with Attlee on the extent to which his government removed the role of the friendly societies in the post-war provision of welfare.[11] This is an aspect of the implementation of his report of 1942 which will be

9. Beveridge, *Social Insurance and Allied Services*, pp. 120–22. Cited by Fraser, *The Evolution of the British Welfare State*, p. 361.

10. Fraser, *The Evolution of the British Welfare State*, p. 255.

11. He had put in his 1942 report that the friendly societies should be allowed to continue to administer state-provided sickness benefits under the new arrangements; something that Attlee saw as impractical and rejected. For more on this, see J. Harris, 'Voluntarism, the State and Public-Private Partnerships in Beveridge's Social Thought', in M. Oppenheimer and N. Deakin (eds),

further examined in chapter four when considering his report of 1948, *Voluntary Action*, and in chapter five when considering the Church of England's handling of the 'Big Society' project.

The Attlee Administration (1945–51) and the Welfare State

The British Welfare State has been described as having twin pillars: the social security system and the National Health Service. Under the Attlee administration, via several major pieces of legislation such as the Family Allowance Act 1945, the National Insurance Industrial Injuries Act 1946 and the National Insurance Act 1946, the range of social security provision was considerably extended, in line with key recommendations of the Beveridge Report. In addition, the National Health Service Acts of 1946, 1947 and 1948 paved the way for the establishment of a National Health Service across all parts of the United Kingdom. In July 1948, this was brought about, with cradle-to-grave healthcare coverage free at the point of delivery and for all. The Education Act of 1944 was largely implemented by the Attlee government and provided for a raised school leaving age of fifteen and a reformed system of secondary education. The National Assistance Act of 1948 established a National Assistance Board to assume national responsibility for those in need who had previously been dealt with by the local Public Assistance Committees. The New Towns Act of 1946 led to a substantial expansion of housing provision via the creation of fourteen new towns across Britain, followed by the Housing Act of 1949 that enabled local authorities to acquire houses for renovation and improvement with a subsidy from the Exchequer.[12]

With respect to Beveridge's goal of achieving and maintaining full employment, high levels of unemployment having been the scourge after the First World War, Attlee's administration tackled this head on, by adopting an economic policy that was heavily state controlled and directed. Ports, canals, railways, airways, coal, gas and electricity, as well as the Bank of England, were taken under state control. Keynesian management of the economy was the economic tool deployed, with a combination of increases in taxation, especially for the better-off,

Beveridge and Voluntary Action in Britain and the Wider British World (Manchester: Manchester University Press, 2011), p. 10.

12. For more on the Attlee Administration and its legislative programme, see K. Morgan, *Labour in Power 1945–1951* (Oxford: Oxford University Press, 1985). For more on the wider economic and social context in which Attlee governed, see P. Hennessy, *Never Again: Britain 1945–1951* (London: Penguin, 2006). See also Timmins, *The Five Giants*.

and use of the peace dividend derived from reductions in defence expenditure from five billion pounds in 1945 to less than one billion in 1950,[13] to fund the new welfare services. In the two decades following the end of the war, unemployment rarely rose above two per cent[14] and thus Beveridge's target of less than three per cent as constituting full employment was achieved. Overall, this response by the Attlee administration to slaying the five giants was seen by many as broadly commensurate with the scale of the task and also as impressive in terms of its delivery of the goals that inspired it. Thus, it came to significantly define the political landscape in the decades that followed up to 1976; a period of government that has since been described as one of 'welfare consensus'.[15]

The Period of Welfare State Consensus: 1951–76

One historian, Derek Fraser, describes this period as one when: 'The support for the welfare state was part of a broader "social democratic" policy consensus, which also included the adoption of Keynesian economics, a commitment to full employment and a high level of government intervention, expenditure and planning.'[16] In support of this, Fraser cites Conservative Chancellor Rab Butler as saying, in response to an article in *The Economist* in 1954 that had drawn similarities between his approach and that of his predecessor, Labour's Hugh Gaitskell: 'Both of us, it is true, spoke the language of Keynesianism but we spoke it with different accents and a differing emphasis', leading to the coining of the term 'Butskellism' that described this consensual approach.[17] However, the Labour governments during this period, whilst adopting a Keynesian approach to economic policy with more economic planning and state intervention than had existed in the pre-war economy, saw the Welfare State more as a way of advancing a social democratic agenda. In this regard, as shall be argued below, they were influenced in part by

13. J. Weeks, '1945 and 2015: They Really Don't Match', *Compass: Together for a Good Society*, 28 June 2013. Available at: http://www.compassonline.org.uk/1945-and-2015-they-really-dont-match/ (accessed on 24 October 2017).
14. Ibid.
15. See Fraser, *The Evolution of the British Welfare State*, p. 287.
16. Ibid. There was a Conservative administration from 1951 to 1964 and from 1970 to 1974. Labour administrations existed in the remaining periods from 1964 to 1970 and from 1974 to 1979.
17. R.A. Butler, *The Art of the Possible* (London: Penguin, 1973), p. 163. Cited by Fraser, *The Evolution of the British Welfare State*, p. 289.

the writings of Tawney and the need, as he argued, for greater *equality* in society – this being a key democratic socialist aim for him and his followers.

From this perspective, the British National Health Service was one example of how this could be achieved. Universal, cradle-to-grave in its coverage, free at the point of delivery and classless in its access, it embodied much that those from within the Welfare Statist strand of the Anglican Socialist tradition, such as Temple and Tawney, had dreamed of. For here was a state-funded and state-run institution derived from a popular mandate[18] and from which tangible benefits to health care were being realised on a scale previously unknown to the industrial working class (and to many in the middle class, too). This had led to a point where it was electorally (and hence politically) non-viable for any government not to be seen to be in support of it.[19] However, by the 1970s serious tensions over the funding of the Welfare State were to arise, not least owing to a significant deterioration in the British economy. In the words of Richard Crossman, writing in December 1970, there was 'a cracking sound in the political atmosphere, the sound of the consensus breaking up'.[20]

The Callaghan Administration's Response to the Oil Crisis

In the early 1970s the British economy entered a period of economic downturn. With the quadrupling of oil prices in the mid-1970s, leading to a major dip in economic growth, the Callaghan Labour government made substantial cuts to public expenditure in return for an IMF loan. Callaghan would tell Labour Party members in a speech in Blackpool

18. Attlee's government secured a majority of over 150 seats. See K. Jefferys (ed.), *War and Reform: British Politics during the Second World War* (Manchester: Manchester University Press, 1994), p. 155.

19. Thus, 'One-Nation' Tories, such as Harold Macmillan, saw the National Health Service and the wider Welfare State as a necessary part of the economic, social and political landscape, not least because it co-existed with a period of economic and social improvement famously described by Macmillan in July 1957, as a time when 'most of our people have never had it so good'. See H. Macmillan, speaking at a Tory Party rally in Bedford in July 1957. Available at: http://news.bbc.co.uk/onthisday/hi/dates/stories/july/20/newsid_3728000/3728225.stm (accessed on 25 August 2008).

20. Cited in A. Sampson, *The Changing Anatomy of Britain* (London: Hodder & Stoughton, 1982), p. 75, and in D.B. Forrester, *Christianity and the Future of Welfare* (London: Epworth Press, 1985), p. 25.

delivered in 1976: 'we used to think you could spend your way out of a recession. … I tell you in all candour that option no longer exists.'[21] Thus, Keynesian economics was no longer *de rigueur* in government circles and the scene was set for a sea change in government policy, not least with respect to the Welfare State, with the election of the Conservative Party to office under Prime Minister Margaret Thatcher's leadership on 4 May 1979. However, before we consider that period of history, it is necessary to briefly examine the thinking of a key Anglican Socialist whose influence on the events we have been considering was significant, and was to remain so in the period since, as a perspective on the Welfare State.

R.H. Tawney Writing in the Welfare Statist Strand

R.H. Tawney's influence on post-war Labour Party thinking and practice was significant as evidenced, for example, in a remark by Hugh Gaitskell: 'Looking back quite objectively, I think he was the best man I have ever known.'[22] Like Temple, he went on to become a major figure in the Welfare Statist strand of the Anglican Socialist tradition. Though essentially an economic and social historian of considerable reputation, he published two books on socialist theory in the inter-war years, *The Acquisitive Society* (1921) and *Equality* (1931), that for many in the Anglican Socialist tradition and the Labour Party, then and since, have been seen as foundational for a defence of the Welfare State and for democratic socialism.

For Tawney, equality of opportunity and some degree of equality of economic outcome were not a challenge to personal freedom but, instead, were essential for it and for a democratic socialist society to exist. In defending the Welfare State in his epilogue to *Equality*, written in the 1952 edition, he stated: 'Those who hold that the resulting gains have been purchased by the sacrifice of liberty are under an obligation to state precisely the liberties held to have been injured or destroyed.

21. J. Callaghan, 'Leader's Speech, Blackpool 1976'. Available at: http://www.britishpoliticalspeech.org/speech-archive.htm?speech=174 (accessed on 25 August 2016).

22. H. Gaitskell, 'Address at a Memorial Service for R.H. Tawney at St Martin-in-the-fields, on Thursday, 8 February 1962'. Cited in D. Reisman, *State and Welfare: Tawney, Galbraith and Adam Smith* (London: Macmillan, 1982), p. 89.

Social policy has been specially concerned with health, education and security.'[23] In defence of this position, he goes on to list improvements in the infant mortality rate, the height and weight of schoolchildren, the disappearance of ailments previously afflicting them, improvements to educational opportunities and the virtual elimination of unemployment. He then states:

> It is not suggested that all these actions are due to the action of the State; but in most of them public intervention has played some part, and in several a decisive one. It is difficult to argue that they have been either prejudicial to freedom or without significance for it; nor would it be easy to show that their beneficial effects in diminishing inequality have been outweighed by incidental evils resulting from them.[24]

Tawney's defence of the Welfare State is thus clear: public intervention via the state can and should be a key part of the overall effort to improve the health and well-being of the populace and reduce the levels of inequality in society.

Essentially, Tawney, though initially sympathetic to guild ('non-statist') forms of socialism in the 1920s, by 1930 had come to believe that a more progressive taxation system was a key mechanism for achieving greater redistribution of wealth and opportunity in society, and thus equality, arguing for 'the pooling of its surplus resources by means of taxation, and the use of the funds thus obtained to make accessible to all, irrespective of their income, occupation, or social position, the conditions of civilization which, in the absence of such measures, can be enjoyed only by the rich'.[25] For Tawney, state-run welfare services funded from general taxation or National Insurance were examples of *redistribution in practice* and of ways of enhancing equality of opportunity and outcome, and hence democratic socialism and the Christian morality he believed underpinned it. As he argued:

> By taking money where it can be most easily spared, and spending it where it is most urgently needed, it produces the maximum of social benefit with the minimum of economic disturbance. By concentrating surplus resources, directing

23. Tawney, *Equality*, p. 232.
24. Ibid., p. 233.
25. Ibid., p. 122.

> them to objects of primary importance, and applying them, as in the case of the services of health, housing, and education, under expert advice and in accordance with a specialized technique, it makes possible the attainment of results which no body of individuals, even though they spent ten times the sums involved, could achieve for themselves by their isolated action.[26]

Like Temple, however, Tawney was by no means insensitive to the dangers of statist collectivism, not least with respect to democracy and socialism. Thus, with regard to Soviet collectivism, he stated: 'Dams, bridges, power-plants and steel-works, however admirable, are not a substitute for human rights.'[27] In his 1952 Epilogue, he describes totalitarian regimes as being those 'which have suppressed the primary liberties, and also those which give short shrift to demands for equality … and repudiate equality with the same ritual thunder as liberty'.[28] However, whilst recognising these dangers, Tawney's perspective on the state is unambiguously at variance with the more negative one held by writers in the Christendom strand such as Milbank. The following quote from him crystalises the reasons why:

> The idea that there is an entity called 'The State', which possesses, in virtue of its title, uniform characteristics existing independently of the varying histories, economic environments, constitutional arrangements, legal systems, and social psychologies of particular states, and that these characteristics necessarily combine the manners of a Japanese customs officer with the morals of a human tiger, is pure superstition. … The State is an important instrument; hence the struggle to control it. But it is an instrument, and nothing more.[29]

For Tawney, then, the state did not *embody* uniform characteristics: for it was 'an instrument, and nothing more'. This was consistent with Temple's view that: 'The State is, in practice, the people who administer

26. Ibid., p. 136.
27. Ibid.
28. Ibid., p. 227.
29. R.H. Tawney, *The Attack and Other Papers* (London: George Allen & Unwin, 1953), p. 97.

it.'[30] Thus, any characteristics it had were those that had been given to it. For Tawney, moreover, even in a liberal-capitalist context, the modern state, via parliamentary, representative democracy, with the checks and balances both constitutionally and electorally this afforded on the potential for the abuse of power, it was possible for it to be an instrument capable of enhancing freedom via democratic control over (and deployment of) its administrative apparatus, in the interests of furthering equality and thus the cause of democratic socialism by way of incorporating state-provided welfare programmes. In this respect his view of the state chimed perfectly with that of Temple, who had argued: 'The State was made for men and women, not men and women for the State.'[31]

By contrast, for Milbank, the modern, liberal-capitalist state *possesses* uniform characteristics pertinent to it – these often being defined by its secularity. Indeed, its character is that of a preserver of a modernist, liberal-capitalist, socio-economic and theo-political reality – and, specifically, of the financial and economic power elites that largely define and maintain it – even when incorporating welfare appendages as it did after 1945. For these in themselves, being redistributive and not pre-distributive in origin and character, do not fundamentally alter the underlying hegemonic structural and cultural arrangements that maintain capitalism and its dominant economic elites. For Milbank, only a return to Catholic values (as he interprets them) and a much more elevated role for the Church in human affairs and a commensurately diminished one for the modern, liberal-capitalist, secular state and its welfare appendages, could achieve the Blue Socialist, post-liberal outcome that he champions, and which will be considered in Part Two.

Thus, whilst Tawney and Milbank have a similar historical perspective on religion and the rise of capitalism, this being in significant part a result of the Protestant Reformation and its overturning of patristic and Thomist values *inter alia* on price and usury, it is clear that Tawney was not a Christendomist. He stated in his work of 1920: 'The tradition of universal allegiance which the church – to speak without distinction of denomination – has inherited from an age in which the word "Christendom" had some meaning, is a source not of strength but of weakness.'[32] Rather, he saw a potential for the modern state to

30. Temple, *Citizen and Churchman*, p. 38.

31. Ibid., p. 27.

32. Tawney, *The Acquisitive Society*. Cited in M. Brown, 'The Church of England and the Common Good', in N. Sagovsky and P. McGrail (eds), *Together for*

be an enabler in the delivery of a Christian socialist vision of society via the welfare state model, underpinned by a system of parliamentary, representative democracy such as existed in Britain, and shaped by a Labour government of the likes of the Attlee administration, with a popular mandate commensurate to its task.

One final but important point to mention about Tawney's perspective, before we consider the collapse of the welfare state consensus, is that he also criticised those other reformers who, he felt, had gone astray for being preoccupied with relieving distress via a welfare state. Tawney was of the view that what workers 'want is security and opportunity', and hence not merely 'assistance in the exceptional misfortunes of life, but a fair chance of leading an independent, fairly prosperous life, if they are not exceptionally unfortunate'.[33] Personal aspiration for living a reasonably prosperous way of life, for Tawney, was thus a legitimate aim in a democratic socialist society and would best be enabled via the increased equality that a welfare state could provide.

The Collapse of the Welfare State Consensus: 1976–2010

It has been argued earlier that the collapse of the welfare state consensus began in the mid-1970s, and thus was inherited by Margaret Thatcher's government. However, her administration was to accelerate its decline. The moment she became Prime Minister on 4 May 1979 began a period of Conservative government that would span three parliaments and last for eleven and a half years. Her administration was radical in its rejection of social democracy as an ideology of government, and thus much of the socialist philosophical underpinning of the welfare state consensus. Indeed, her view was that the British people 'had given up on socialism – the thirty-year experiment had plainly failed – and were ready to try something else. That sea change was our mandate.'[34]

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the Common Good: Towards a National Conversation (London: SCM Press, 2015), p. 130.

33. R.H. Tawney, *R.H. Tawney's Commonplace Book* (1912), ed. with an Introduction by J.M. Winter and D.M. Joslin (Cambridge: Cambridge University Press, 1972), p. 13.

34. M. Thatcher, *The Downing Street Years* (London: HarperCollins, 1993), p. 10.

A major study of poverty in the United Kingdom published by Peter Townsend in 1979 had demonstrated that: 'By the state's own definition … there were between 15 and 17.5 million who were in or near poverty.'[35] Hence, according to this study, poverty remained a major problem in Britain that the Welfare State had not managed to eradicate. What is more, Frank Field, a Labour Party MP and Anglican Socialist who later contributed substantially to the Blue Labour initiative considered in chapter three, published a study in 1981 arguing that, although some redistribution of wealth had resulted from the Welfare State, it had not had a positive impact on the condition of the poor, but had been more of a transfer of income from the very rich to the prosperous.[36]

Other criticisms of the Welfare State at that time, related to a view that it had spawned an underclass that was state-dependent and thus without incentive. This had led Keith Joseph, a key ally of Margaret Thatcher, to conclude that: 'the only lasting help we can give to the poor is helping them to help themselves; to do the opposite, to create more dependence, is to destroy them morally, whilst throwing an unfair burden on society'.[37] There was also evidence of welfare fraud within the system and increased bureaucracy in the system's administration. Thatcher, in her memoirs, concludes:

> The final illusion – that state intervention would promote social harmony and solidarity or, in Tory language, 'One Nation' – collapsed in the 'winter of discontent' [1978/79] when the dead went unburied, critically ill patients were turned away from hospitals by pickets, and the prevailing mood was one of snarling envy and motiveless hostility.[38]

Thatcher's period in office coincided with the emergence of the 'New Right' – a group of thinkers who were anti-Keynesian, anti-welfare state, anti-public ownership of industry and thus against the mixed economy,

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35. P. Townsend, *Poverty in the United Kingdom* (London: Allen Lane and Penguin Books, 1979), p. 895. Cited by Forrester *Christianity and the Future of Welfare*, p. 46.
36. F. Field, *Inequality in Britain: Freedom, Welfare and the State* (London: Collins, Fontana, 1981), pp. 19 ff.
37. Cited by R. Lowe, *The Welfare State in Britain Since 1945*, 2nd edn (London: Macmillan Press, 1999), p. 307.
38. Thatcher, *The Downing Street Years*, p. 8.

preferring instead a return to more *laissez-faire* economics, a more minimalist role for government in economic affairs and a substantially reduced state sector, which we now consider.

The New Right's Perspective on the Welfare State

The foundations of the New Right can in part be traced at least as far back as the classical economic theories expounded by Adam Smith in *The Wealth of Nations* (1776).[39] Smith had argued that free exchange is a transaction from which both parties to it benefit, otherwise they would not voluntarily enter into it; or, as Milton Friedman, an American guru of the New Right, was later to put it – neoliberalism is underpinned by the 'elementary proposition that both parties to an economic transaction benefit from it, provided the transaction is bilaterally voluntary and informed'.[40] From this perspective, then, put in its most unadulterated form, any restrictions on freedom of trade (such as state intervention, regulations, laws etc.) will reduce the well-being of individuals, by denying or diminishing their opportunity to improve their situation unhindered via the exchange mechanism referred to above. As such, the function of the state should not be to restrict and tax trade to support welfare projects and other social programmes, but to extend the freedom of trade within and beyond national borders. Thus, as F.A. Hayek, a key intellectual influence on the New Right, argued with respect to parliamentary democracy: 'Agreements by the majority on sharing the booty gained by overwhelming a minority of fellow citizens or deciding how much is to be taken from them is not democracy. At least it is not that ideal of democracy which has any moral justification.'[41] This thinking was influential on a key think tank of the New Right, the *Institute of Economic Affairs* and its offshoot, the *Social Affairs Unit*, which published works such as *Wither the Welfare State* (1981) and *Breaking the Spell of Welfare* (1981) which used such

39. A. Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations* (1776) (Oxford: Oxford University Press, 2008).

40. M. Friedman, *Capitalism and Freedom* (Chicago: University of Chicago Press, 1962), p. 55. Cited by S. Clarke, 'The Neoliberal Theory of Society', in A. Saad-Filho and D. Johnston (eds), *Neoliberalism: A Critical Reader* (London: Pluto Press, 2005), p. 50.

41. F.A. Hayek, *New Studies* (London: Routledge & Kegan Paul, 1978), p. 165. Cited by R. Hattersley, *Choose Freedom: The Future for Democratic Socialism* (London: Michael Joseph Press, 1987), p. 71.

arguments to attack the post-war Welfare State project.[42] We shall see in Part Two that this thinking is considered by Milbank as antithetical to the Blue Socialist perspective which he champions as an alternative to it, even though both are highly critical of the Welfare State and its redistributive philosophical underpinnings.

The thinking of the New Right also chimed with the mandate Thatcher believed she had been given: to reduce public expenditure, rein in the role of the state, and thus enable a reduction in personal taxation and greater incentivisation in the economy, as well as to reduce what she saw as the scourge of welfare dependency.[43] Thus, under her leadership, much of the post-war Attlee administration's legacy was systematically undermined. State control over significant aspects of the economy was reduced via a series of privatisations of state assets (e.g. gas, water, electricity and steel). The 1982 Social Security and Housing Benefit Act included reductions to social security benefits by removing earning-related supplements and, from 1982 onwards, pensions were increased in line with prices rather than earnings. Unemployment at this time had also risen from three per cent in 1974 to twelve per cent by 1982/83, which for some people represented an end to the post-war Keynesian consensus that unemployment should never again be permitted to rise to pre-war levels,[44] even though it reflected serious changes in the economy. Further changes were made via the Social Security Act 1986 which included changes to the Social Fund (money for use in emergencies for claimants which now became a loan rather than a grant). In addition, local authority control over housing was weakened by legislation that allowed council tenants to buy council houses and the move to providing social housing via housing associations. Local authority control over education was also reduced by allowing schools to opt out of state control and become grant maintained.

In 1990, the National Health Service and Community Care Act created an internal market in the NHS via the so-called purchaser/provider split. In this scheme of things, health authorities were meant to

42. A. Seldon, *Wither the Welfare State*, Occasional Paper 60 (London: Institute of Economic Affairs, 1981), and D. Anderson, J. Lait and D. Marsland, *Breaking the Spell of the Welfare State* (London: Social Affairs Unit, 1981).

43. For more on the Thatcher government's policy and legislative programme, see Thatcher, *The Downing Street Years*. See also E. Evans, *Thatcher and Thatcherism* (London: Routledge, 2018), and E. Filby, *God and Mrs Thatcher: The Battle for Britain's Soul* (London: Biteback Publishers, 2015).

44. See Fraser, *The Evolution of the British Welfare State*, p. 307.

purchase services from health providers, so as to introduce an element of competition into the service with a view to achieving improvements as a result. Some hospitals were encouraged to become self-governing, though still in the NHS, but with more autonomy as regards directives from the Department of Health. GP fundholders were also established to enable GPs to purchase services directly for their patients, albeit primarily from within the NHS. The sum of these changes to the NHS were not to alter the state provision of health care free at the point of delivery. However, they did begin a process of marketisation within the NHS that was later to be further developed under various administrations: John Major (1990–97), Tony Blair (1997–2007) and Gordon Brown (2007–10). When John Major became Prime Minister in 1990, he brought about further, less ambitious reforms on similar lines, which incrementally carried on much of what came to be called the 'Thatcher Revolution', with a particular focus on target setting as a means of managing and demonstrating delivery of output from the services provided by the Welfare State. He lost the general election of May 1997 and so the stage was set for a period of Labour government that was to last until May 2010 under the banner of 'New Labour'.

New Labour and the Welfare State

In 1995, Frank Field wrote the following about the Welfare State: 'Britain's present welfare system has the worst of both worlds: it is broken backed, yet its costs escalate. In its efforts to support it actually restrains the citizen offering disincentives rather than incentives, and educating people only about the need to exploit the system.'[45] When Tony Blair won office in 1997, Field was encouraged to 'think the unthinkable' and he contributed substantially to the thinking as set out in the Green Paper, *A New Contract for Welfare* (1998). At this time, Field was not an out-and-out, anti-welfare statist thinker, but he felt that it required substantial reform. His thinking was influential in the promotion of 'third-way' thinking of the kind that Anthony Giddens' book, *The Third Way*, had done much to champion.[46] Third-way thinking was aimed

45. F. Field, *Making Welfare Work*: *Reconstructing Welfare for the Millennium* (London: Institute of Community Studies, 1995). Cited by Fraser, *The Evolution of the British Welfare State*, p. 314.

46. A. Giddens, *The Third Way: The Renewal of Social Democracy* (London: Polity Press, 1998). See also J. Forde, 'The Third Way: Industrial Partnerships

at being neither socialist nor free market, but instead would channel a middle-way between the two. As Blair put it in 1997: 'we have reached the limits of the public's willingness simply to fund an unreformed welfare system through ever higher taxes and spending'.[47] The focus was now to be 'Welfare to Work' rather than welfare dependency, with youth unemployed being given options either to undertake subsidised work, education or training, work for an environmental task force or undertake voluntary work, and not just expected to be entitled to receive unemployment benefit from the state.

In the years that followed, there were further initiatives concerning unemployment under Blair and later under the Gordon Brown premiership.[48] They also decided to keep most of the structural reforms to the NHS that had occurred by way of the National Health Service and Community Care Act 1990, including the purchaser/provider split and hence the internal market, GP involvement in healthcare purchasing, and NHS Trusts. Therefore, the landscape of the NHS was pretty much as it had been under the previous Tory administration, though with significant increases in funding in Blair's second and third terms.[49]

Under the premiership of both Tony Blair and Gordon Brown there was the same stress on performance indicators that there had been under Major's administration, as well as major private-sector involvement in large new-build projects funded by private firms under what was, essentially, a mortgage arrangement, that came to be called the Private Finance Initiative, that had been begun by the Conservatives under Major. Continuity in the education policy of the previous Conservative administrations was also evident and, in certain respects, was even

in the NHS', (Unpublished MA dissertation, University of Huddersfield, 2000).

47. T. Blair, *Hansard*, HC Deb., 14 May 1997, Vol. 294, col. 65.

48. For example, in 2008, incapacity benefit was replaced by an Employment Services Allowance and a revised Jobseekers' Allowance. As Gordon Brown said in the White Paper of 2008: 'we have put not just rights but the responsibilities that match them at the head of our welfare reforms … a system that offers more support but that expects more in return'. Cited by Fraser, *The Evolution of the British Welfare State*, p. 316.

49. For more on the Blair and Brown governments' policy direction and key pieces of legislation, see F. Faucher-King and P. Le Galès, *The New Labour Experiment: Change under Blair and Brown* (Stanford: Stanford University Press, 2010), and D. Coates and P. Lawler (eds), *New Labour in Power* (Manchester: Manchester University Press, 2000).

more radical in its departure from the post-war 'statist' solutions. Under Gordon Brown's premiership, 450 more city academies, of the kind that had previously been established under Blair, were created to enlarge the already significant number of schools that had opted out of local authority control, with funding of new buildings coming through PFI initiatives (several of these being faith schools). Pensions were also reformed under Labour. In 2005 the commission set up to review pensions announced that the retirement age would eventually have to increase to 68, arguing that, with the rising number of elderly living longer, the costs of the previous system were too burdensome on the remaining working population. Also, more housing association properties were built and more council houses were sold off under Labour.

For some critics of Labour's third-way approach,[50] this amounts to evidence that, rather than reversing the 'Thatcher Revolution', Labour, under Blair and Brown, had consolidated it, and thus further weakened the Welfare State and the post-war welfare state consensus. In support of this view, they point to subsequent statements by Blair, for example, in an interview with the BBC: 'My job was to build on some of Thatcher's policies.'[51] From Gordon Brown's perspective,[52] in 2008 the Welfare State was still intact but had been modernised along the lines of greater public and private sector partnership, and its future had been secured. So, it was able to withstand the financial crash and the impact this would have on government policy. Yet, for a third group, the Welfare State was seen as being in decline and in need of being substantially replaced with another vision for the twenty-first century and, partly out of this revisionist thinking, emerged the Blue Labour/Red Tory political phenomenon that is analysed in Parts Two and Three. Blue Labour and Red Tory thinking on welfare was developed in significant part by John Milbank, and theo-politically underpinned in significant part by Radical Orthodoxy, a grouping founded by Milbank in the late 1990s. Milbank was to influence the shaping of events that followed, not least with respect to the role the Church of England was to play in them.

However, before we address Milbank's Blue Socialist thinking and his contribution to the Blue Labour/Red Tory political phenomenon, a brief summary of David Nicholls' thinking on the Church, welfare and

50. See B. Jordan, *Why the Third Way Failed: Economics, Morality and the Origins of the 'Big Society'* (Bristol: Policy Press, 2010).

51. T. Blair, interview with the BBC, 8 April 2013. Available at: http://www.bbc.co.uk/news/uk-politics-22073434 (accessed on 26 August 2016).

52. G. Brown, *My Life: Our Times* (London: Bodley Head, 2017).

the state is necessary. Milbank's affinity with English political pluralism has, in part, been shaped by David Nicholls' writings, as he has since acknowledged, stating that Nicholls 'was a great friend' whom he knew as part of the Jubilee Group and that he had also 'debated with him when he was part of the Christendom Trust'. In 2014 Milbank was of the view that, in an 'era of a crisis of the nation state', Nicholls' work was 'extraordinarily prophetic' and that he is now 'closer to his [Nicholls'] positions than when he was alive'.[53]

David Nicholls' Writings in the Christendom Strand

The publication of V.A. Demant's *Religion and the Decline of Capitalism* in 1952 marked a high point in the Christendom strand, after which there was a decline in interest until the early 1970s. After the publication in 1922 of the *Return of Christendom*, the Christendom Group had been formed, led by Maurice Reckitt, with a view to providing a vehicle for developing and promoting the ideas contained in that book. A quarterly journal was subsequently established, edited by Reckitt, called *Christendom*, which existed between 1931 and 1950. Matthew Grimley has argued that English political pluralism 'had its heyday before 1914, when it had offered a convincing and timely critique of the pretentions of the Idealist state. But it was a philosophy less suited to Britain after the First World War.'[54] Yet, it would be wrong to suppose that its influence on some later thinkers, particularly Christendomists, was negligible, as his own work attests.[55] In his study of the Moot Circle – a group of around thirty to forty Christian intellectuals that met in the Home Counties or Oxford under the chairmanship of J.H. Oldham in the years between 1938 and 1947 – Grimley argues it 'is an interesting case-study for students of civil society in Britain because it shows the resurgence in twentieth-century thought of a mediaeval concept of civil

53. J. Milbank, 'Associationism, Pluralism and Post-liberalism: The Theo-political Legacy of David Nicholls and Current British Politics'. A lecture delivered in 2014 in Oxford to the David Nicholls' Memorial Trust. Available as a podcast at: http://www.dnmt.org.uk/ (accessed on 15 August 2015).

54. Grimley, *Citizenship*, p. 102.

55. M. Grimley, 'Civil Society and the Clerisy: Christian Elites and National Culture, c. 1930–1950', in J. Harris (ed.), *Civil Society in British History: Ideas, Identities, Institutions* (Oxford: Oxford University Press, 2005), pp. 231–47.

society'.[56] For Grimley, this 'older strain of civil society shared with some modern readings an emphasis on the autonomy of groups against the state'.[57] For example, thinkers in the Moot Circle, such as Demant and the Roman Catholic theologian Christopher Dawson, had been influenced by Guild Socialism in their youth 'and retained a pluralist suspicion of state power'.[58] T.S. Eliot, another member of the group, had similar pluralist misgivings about an over-statist inclination to try to remedy the limitations of liberal democracy.[59] Demant was also a key influence on Eliot, particularly his thinking on culture.[60]

After a low point for English political pluralism from the mid-1950s to the late 1960s, when this thinking had largely disappeared from public view, on 31 March 1971 the *Christendom Trust* was established with Reckitt as leader, Demant as secretary and David Nicholls as a founding member and chair from 1992 until his death in 1996.[61] In 2006 Kenneth Leech described Nicholls as: 'an old-style guild socialist, opposed to state socialism'.[62] Owing in significant part to the works of Nicholls, in the 1970s there was a revival of interest in English political pluralism within sections of Anglican Socialism and, to a degree, an awakening of interest in it within the universities.[63] Nicholls' writings, in the main, are more academically detached in style than were those of his predecessors writing within the Christendom tradition. His training as a political scientist, historian and theologian enabled him to approach his subject area in that way. Paul Hirst has rightly described the English pluralist writers as not comprising 'a comprehensive and coherent academic school' but instead

56. Ibid., p. 232.

57. Ibid.

58. Ibid., p. 239.

59. Ibid., p.232. Eliot, like several members of the Moot Circle, was also influenced in his writings by Roman Catholic thinking on subsidiarity which had, in part, been shaped by pluralist thinking. See Grimley, 'Civil Society and the Clerisy', p. 240, and see Pius XI, *Quadragesimo Anno*, an encyclical issued by the Pope on 15 May 1931. Available at: https://w2.vatican.va/content/pius-xi/en/encyclicals/documents/hf_p-xi_enc_19310515_quadragesimo anno.html (accessed on 5 January 2017).

60. Grimley, 'Civil Society and the Clerisy', p. 242.

61. D. Nicholls' obituary, *The Times*, 22 June 1996.

62. See K. Leech, 'Farewell to the Days of Birettas and Cassocks', *Church Times*, November 2006.

63. For example, Hirst, *The Pluralist Theory of the State*, is in some ways indebted to Nicholls, as confirmed by Hirst in his acknowledgements (not paginated).

'writing for popular and political effect'.[64] This need not diminish the value and significance of their work, of course, as Hirst acknowledges. What this more popular style of writing did result in, though, was a lack of profile for their work in the universities.

David Nicholls' writings on English political pluralism were, to some degree, to redress this. Works such as *Church and State in Britain since 1820* (1967), *Three varieties of Pluralism* (1974) and *The Pluralist State* (1975)[65] did much to help distil and define the thinking of the English pluralist writers, particularly Figgis, on whom he had completed a PhD thesis. His wide academic training and historical knowledge also enabled him to place their contribution to political theory and theology, within the wider historical and political context from which it had emerged and was partly shaped. In this regard, his work *Deity and Domination: Images of God and the State in the Nineteenth and Twentieth Centuries* (1989) is a major work in both the fields of political theology and the history of ideas and, specifically, the way God and the state have been seen by key writers of political theory and Christian theology in the nineteenth and twentieth centuries, not least by Temple.

However, it is in his essay writing that one gets to see a more unbridled side to his thinking that is unambiguously sympathetic to the English political pluralist frame of reference. Thus, in one of his essays on Christianity and politics, he argues: 'The population of a modern state cannot, however, legitimately be said to have the kind of coherence and organic structure that is assumed in talking about its wishes.'[66] What Nicholls means by this becomes apparent in the following statement:

> representative government may be seen to encourage a subtle form of irresponsibility. Millions of adults hand over to a few hundred so-called representatives the right to make decisions on their behalf, while for the following five years these millions pursue in good conscience their own interests and pleasures.[67]

64. Ibid., p. 15.

65. D. Nicholls, *Church and State in Britain since 1820* (London: Routledge, 1967), *Three Varieties of Pluralism* (London: Macmillan, 1974), *The Pluralist State*.

66. D. Nicholls, 'Christianity and Politics', in R. Morgan (ed.), *The Religion of the Incarnation: Anglican Essays in Commemoration of Lux Mundi* (Bristol: Bristol Classical Press, 1989), p. 176.

67. Ibid.

This is a system of government that is too centralist and thus insufficiently democratic for Nicholls. It is a view he shared with the other English pluralists. Yet, he is more sceptical than they were (and Milbank has since been) of representative government as a means of delivering genuine democracy. Milbank is of the view that representative government has its place and could be made more representative via a substantially reconfigured role for the state and its relationship to the Church (as we shall see in Part Two). For Milbank, this would be part of a wider series of reforms along the lines that writers in the Christendom strand have advocated. Nicholls was not, however, 'asserting that only individual persons can properly be said to have wishes, or make decisions. Certain voluntary human groups may develop sufficient of a common life and purpose to make it possible to speak of their wishes or decisions, but the modern state is not one of them.'[68]

Consistent with this thinking, in a short critique of Temple's perspective on the state along these lines, he argues: 'It is difficult to make sense of Temple's ideas on state sovereignty and it would not be unfair to say that his political theory is generally a somewhat incoherent amalgam of notions inherited from his undergraduate days.'[69] The outcome of Temple's thinking on the state is described by Nicholls in the following terms:

> God and State – conceived of in terms of a conjunction of sovereignty and benevolence or welfare – are then features of the liberal capitalism of many western countries in our day. In these countries class conflict has been contained by paternalistic legislation, mitigating the harsher consequences of the capitalist system, combined with a subtle manipulation of political and cultural institutions.[70]

For Nicholls this was not a satisfactory outcome, as containing class conflict had not removed it or its causes – these being in significant part the product of capitalism. What was also not a satisfactory outcome for Nicholls, was the circumscribed role that Temple had argued the Church should adopt towards the state in his thinking on middle axioms. In Nicholls' view: 'By insisting that Christians, as

68. Ibid.

69. D. Nicholls, 'William Temple and the Welfare State', *Crucible: The Christian Journal for Social Ethics*, October-December 1984, p. 165.

70. Ibid., p. 168.

such, should be concerned with principles rather than with policies he ensured that nothing they said, as such, would be likely to have much immediate effect.'[71]

It is views such as these on welfare and, indeed, on the interface between Church and state, that Milbank was to further develop in the 1980s onwards. Influenced by the thinking of Nicholls, as well as by the other Christendom writers previously mentioned, Milbank's contribution to contemporary theology, whilst rooted in that Anglican Socialist strand, has nevertheless been broader and more complex than this label can fully encompass.[72] Before we further engage with his thinking, however, some conclusions to chapter two can be drawn.

Conclusion

Two dominant strands of economic thinking have characterised the history of the welfare state consensus and its collapse. These have been Keynesianism and neoliberalism. Keynesianism, with its emphasis on more governmental planning and state intervention in the economy, chimed with the ambitious implementation timeframe the Attlee administration had set itself for reconstructing the post-war economy and for delivering on the Beveridge report. In Britain, Keynesianism was the order of the day and remained so until the mid-1970s. However, since circa 1976, neoliberalism has been the dominant economic theory or paradigm underpinning much of the Conservative and Labour administrations' approaches to the funding and management of the Welfare State. Thus, the Blair/Brown New Labour/Third Way administrations can be seen as having significantly accommodated neoliberalism in their policies and practices.

There is a fundamental difference between how Milbank sees the modern, liberal-capitalist state as possessing uniform characteristics (these often being secular), in contrast to how Welfare Statist Anglican Socialists such as Tawney have seen it as not embodying uniform characteristics but, rather, as nothing more than an instrument. Thus, for Tawney, even in a liberal-capitalist context, the state was capable of accurately reflecting the will and needs of the populace via the ballot box, not least with respect to the provision of welfare. This is a crucial

71. Ibid., p. 164.

72. For example, his incorporation of post-modern thinking into his systematic theology reflects other influences.

difference between these two strands of Anglican Socialism. We shall see in Part Two and Part Three that it partly explains why Milbank considers liberal democracy as having significant limitations in what it can achieve in advancing the kingdom of God on earth, preferring instead a reformed, post-liberal system of governance with the Church of England playing a more prominent role in the affairs of the nation, as well as in the provision of welfare. David Nicholls' work on the Church and state, particularly during the late 1960s and 1970s, was important in the way it made the English political pluralist perspective more widely known and understood within the university setting and beyond. He also influenced Milbank who has since described his work as 'extraordinarily prophetic'.

In Part Two it will be argued that Milbank's Blue Socialism offers: (a) a post-liberal alternative to both Keynesianism and neoliberalism and that this thinking, were it adopted by either a Red Tory- or a Blue Labour-style administration, would have profound implications for the way welfare is provided in Britain; and (b) a vision of a post-liberal society that would have major implications for the role the Church of England would play in the provision of welfare and for its relationship with the state *per se*.