

D218 Social Policy: Welfare, Power and Diversity
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Digby Anderson

My first witness is Professor Patrick Minford, from the University of Liverpool, a widely published economist. Professor Minford, the clips we have heard in the presentation for the Prosecution, describe the sorts of faults there are in the Social Security System. Do you agree with them and if you do, can you say how big a problem we've got?

Professor Patrick Minford

Well I think we can start by noting that it costs fifty thousand million pounds a year to pay out the benefits that we currently pay out and that works out at about one and a half thousand pounds a year for each tax payer. The second point is the loss of output; what we could produce if we in fact were using all the people who are made idle by the welfare state. That's probably of the order of forty thousand million a year – about five per cent of national income.

Digby Anderson

Any thinking about the social security system has to take into account not only how we would like it to be here, but the international climate, especially the state of our competitors. What would be the effect of trying to compete with other countries in the world, who are less shackled with high welfare costs, without reducing ours, and indeed are there countries with lower welfare costs than ours?

Professor Patrick Minford

The basic problem is that as in fact Bea said, there is a globalised economy in which there is huge competition for our own workforce from millions of low waged workers around the world. And of course that competition enables them to improve their living standards. But the problem for us is that if we create a culture where there isn't the incentive to get education, where there isn't a properly motivated workforce, you are clearly going to have a workforce there that can't compete properly, can't make the best use of the opportunities that exist in a developed country. And instead of course they have to compete directly by falling wages.

Digby Anderson

You were asked particularly about international comparisons. Are there any that would illuminate here?

Professor Patrick Minford

Well of course if you look at Asia, you find there's no welfare state at all.

Digby Anderson

Before you're passed over to the Defence, I would like to put one other point to you. You used the phrase: "*made idle by the welfare state*". I imagine you meant to use that phrase. What did you mean by it and how do you justify "*made idle by the welfare state*"?

Professor Patrick Minford

Well I think the basic mechanism by which unemployment is created through the welfare state is by raising wages. If you create a minimum on welfare you can't get people to take jobs at wages below that minimum. That is the most basic mechanism by which welfare creates unemployment and dependency.

Digby Anderson

Thank you. That's fine. I'd like to pass you over now to Bea Campbell to cross-examine.

Bea Campbell

You're one of the government's wise men. Now give us a clue. When you say if we could get people back to work – it's been in power a long time – what could it do to get people back to work and how far would you go to shrink this welfare state which you argue is making millions of people idle?

Professor Patrick Minford

Well I think we want to see a flexible labour market, which enables people to use the phrase that's a nice convenient one, "*to price themselves back into work*". I think at the same time you need to have an economy that...where monetary policy's working properly, and recovery is proceeding.

Bea Campbell

But don't we already have a low wage economy? And how much lower do you want us to go and how far would you actually be committed to following the...your...your argument about Asia, which is to withdraw benefit altogether from the unemployed?

Professor Patrick Minford

Well it is a fact that the Asian economies have no welfare state at all.

Bea Campbell

Is that what you want?

Professor Patrick Minford

Well I think in the long term that's what we need to aim at because we need to have people providing for themselves over their lifetime. And what has happened is the State has moved in, replaced people's own self provision and if we had self provision that would create the incentives first of all to get education, and secondly of course to get jobs; to get on to the bottom of the jobs ladder and acquire training on the job, which is a good way of improving yourself in the work place.

Bea Campbell

But tell us, how far would you go, and how quickly would you go there? Would you now withdraw benefit from the unemployed?

Professor Patrick Minford

Well I think anybody looking at the situation where we are, wouldn't say, "*do it tomorrow*", of course not. This is a programme that has to be done over a long period of time. There are people in the system....

Digby Anderson

...How long, how long please Professor Minford?

Professor Patrick Minford

I've argued that something like a decade is needed to get us back on the path of a properly functioning economy in which people actually provide for themselves. In fact one could argue two decades.

Digby Anderson

My second witness is Professor David Marsland of Brunel University. David Marsland is both an academic researching on welfare and is also one of the pioneers of training for work with young people. David, the social security system wastes money and it mis-directs it. But is the chief cost of misguided social security financial? What sorts of problems are we dealing with when we talk about welfare problems?

Professor David Marsland

The economic costs are certainly huge but that seems to me the least of the problems caused by state welfare. It creates dependency. It blunts enterprise. It kills the virtues. It's a moral problem basically.

Digby Anderson

And you've studied countries, which do not have a social security system which does those things. Can you tell us something about them, without going into elaborate description? In particular, can you tell us something about two concepts: conditionality and liability to maintain?

Professor David Marsland

There are precious few countries throughout the world, which have such a comprehensive state welfare system as Britain so the examples could be many. But I'm thinking of the United States in part, Switzerland in part, Japan in part. They're important examples from across the world where it is assumed that one will be held accountable for what one is responsible for, including for example ones spouse and ones children. The welfare state destroys that.

Digby Anderson

How does that work in practice?

Professor David Marsland

It's simply written in as it was indeed in the Reform Poor Law in Britain until just before the war, that *kin had obligations to support members of their family who were on hard times*.

Digby Anderson

So that the State could step in and give some assistance but would then seek to have that paid for by any kin with the money to pay?

Professor David Marsland

Yes. And it was a perfectly commonsensical assumption which socialists have had to work hard to destroy, that one should look after ones own.

Digby Anderson

And what do we mean by conditionality where payment of benefit is conditional on behaviour change?

Professor David Marsland

Workfare is the best-known example, but the danger with state welfare is that it becomes a dole, which then destroys the people it's supposed to help. Our opponents will make it seem that we are attacking those who are helped. But on the contrary, my position, like yours, is that we should be looking after them and conditionality helps people when they are getting help to get out from under the destructive effect of the help.

Digby Anderson

Thank you. I'll pass that witness over to Bea Campbell.

Bea Campbell

Professor Marsland, I'm interested in your moral prospectus. What would *you* do for instance about the remarkable rise in the era of Thatcherism of mothers preferring to parent alone, rather than put up with hurt, humiliation and abuse? Do you want to return them to the Poor Law?

Professor David Marsland

Well, I think your way of describing the situation is very one sided and biased anyway, just as it was in your earlier presentation of it. The trend, which you describe, began and began to go steep long before the Conservative government in any case. But I would...

Bea Campbell

...But it rose exponentially during the era of Thatcherism

Professor David Marsland

Nevertheless you are bracketing it off in a completely spurious way in order to try and blame Conservatism. What we are talking about is the decay of the family of which there are many causes.

Bea Campbell

But women aren't skid addling from their kids are they? Many women are heroically bringing up children on their own.

Professor David Marsland

Absolutely right. And they deserve all credit for that. But that doesn't mean that giving them credit means that we help them most by simply giving them money and letting the men off, and not helping them to get skills and to move forward so that they can look after them even better as they should.

Bea Campbell

Well we are not letting the men off are we? But lets move on to another category which I think you are probably interested in – the young people who sleep on the streets, who've fled often abuse and cruelty at home. What do you want to do with them?

Professor David Marsland

In regard to the homeless you need to make distinctions among them. There are among homeless young people a small proportion who *have* fled genuinely and properly from savage homes. Those children, young people, need direct and effective help of a sort we can't seem to provide. The state children's homes seem to have become state brothels. But among the homeless young people there are many others who've left home over a tiff; who've left home because young people have been encouraged to think that they have a right to live autonomously at that age. They should be discouraged and you won't discourage them by building Council houses for them.

John Clarke

You will have noticed the Prosecution witness making an emotive assertion in referring to "state brothels". How does the Prosecution maintain that welfare systems cause homelessness, especially young people sleeping rough on the streets? David Marsland again

Professor David Marsland

I believe the evidence is perfectly clear. The way it does it is by damaging the family, leading to dysfunction in the family, which drives them out. It causes it secondly by encouraging young people to think that they will be able to get help when, if they knew that they wouldn't, they would be more realistic about little tiffs at home and they'd stay there.

John Clarke

That concludes the case for the Prosecution. They have argued that those genuinely and blamelessly in need, widows, orphans, disabled people, are short-changed by a system, which panders to far too many undeserving claimants. Those who through idleness, sexual promiscuity, financial fecklessness, or downright fraud, abuse society's generosity. And

what's more, threaten to bring the whole structure crashing down in the process. The system, they say, does not work. You must decide. Has the case been proved or are there other explanations, other arguments that present a different view?