The national insurance system of 1948 was a breakthrough achievement for a post-war Britain on its way towards an egalitarian society where everyone had rights as well as responsibilities. John Veit-Wilson stops to consider what 60 years of the welfare state really means – that it has been a long journey, but we still have far to go.

It provided was that everyone paid contributions, call them insurance premiums, and if a contingency such as unemployment, illness, injury, widowhood or old age occurred to interrupt normal income, then an insurance income could be claimed instead to cover that contingency. In today’s language, everyone had a responsibility to pay their insurance premiums, and if they did so, they had a right to benefit – not the state’s, not charity, not what ‘other people’ had paid for, but what they had paid for themselves and had a right to claim. We take this for granted in private insurance, but then it was like a mutual insurance scheme run by the government on our behalf. The national insurance system rightly recognised that the risks of illness, injury, old age and premature death may affect all and any of us, as does the risk of losing our jobs when employers no longer find us profitable. So it was a system in which the risks were shared – everyone paid the same contributions and got the same rates of benefit because we recognised our mutual interdependence as a society. It was not then, and never has been, a case of ‘we the taxpayers’ and ‘they the claimants’, since at some stage of life and work we are all taxpayers and all are recipients of what we as insurance contributors and taxpayers have paid for. And it was not a burden to the Treasury – in most years the national insurance fund collected more in ‘premiums’ than it paid out in benefits. Because the insurance outgoings are misleadingly counted as ‘government expenditure’, politicians have always tried to cut down on the national insurance system, and instead profit-making business has stepped in to offer private pensions and other income maintenance for those who can afford it, leaving the government to treat the remainder once again as before 1948, as residual expenditure on ‘the poor’. But just as it was public pressure that led to the welfare state legislation in the first place, so we should once again demand a national system of income maintenance into which all will pay according to their abilities, with no more contribution ceilings and tax exemptions for rich people. This would allow national insurance benefits, together with decent national minimum wage rates and child benefits, to pay incomes at what the Joseph Rowntree Foundation’s minimum income standards research shows is what people need in order to live free of poverty in the UK today. The restoration of a true welfare state in the UK would be the best birthday present we could give ourselves.

Whose birthday are we celebrating?

We talk about celebrating the welfare state’s sixtieth birthday this year, but who stops to think what they mean by it? Most people are celebrating the NHS which started in 1948, but a universal health service was only one of the Beveridge Report’s prerequisites for the welfare state, which also included government policies to ensure full employment and family allowances, now called child benefit. What matters is that a welfare state is much more than just a collection of programmes, and the crucial point was, as Dorothy Wedderburn put it, ‘a state commitment which modifies the play of market forces in order to ensure a minimum real income for all’.

In a democratic society that means our welfare state making that commitment to us all, even the poorest person. So what we should celebrate is the three Acts of Parliament which came into force in 1948 to implement Beveridge’s recommendations: the two National Insurance Acts (one for unemployment, sickness, pensions and other income needs; one for industrial injuries) and the National Assistance Act. Together with the Family Allowances Act of 1946, these Acts for the first time ensured that virtually the entire population was entitled, according to circumstances, to a minimum level of income.

The 1948 national insurance system is often criticised because its benefits were seriously inadequate and it embodied all the gendered prejudices of its time, but in one key respect it was a beacon whose light has sadly been allowed to fade. What