‘A Welfare State is a State in which organized power is deliberately used (through politics and administration) in an effort to modify the play of market forces in at least three directions’, wrote one of its historians. ‘First, by guaranteeing individuals and families a minimum income irrespective of the market value of their work or property; second, by narrowing the extent of insecurity by enabling individuals and families to meet certain “social contingencies” (for example, sickness, old age and unemployment) which lead otherwise to individual and family crises; and, third, by ensuring that all citizens without distinction of status or class are offered the best standards available in relation to a certain agreed range of social services.’ The same historian observed that ‘the first and second of these objects may be accomplished, in part at least, by what used to be called a Social Service State, a State in which communal resources are employed to abate poverty and to assist those in distress. The third objective, however, goes beyond the aims of a Social Service State. It brings in the idea of the “optimum” rather than the older idea of the “minimum”. It is concerned not merely with abatement of class differences or the needs of scheduled groups but with equality of treatment and the aspirations of citizens as voters with equal shares of electoral power.’

The Butler Education Act of 1944 represented an advance of educational opportunities compared with previous State provision, but it was the Beveridge Report that came to be seen as encapsulating the philosophy of the Welfare State, and, to give that State paper its proper title, *Social Insurance and Allied Services*, may well have been the only official publication in the history of British government that most of the electorate had heard of, let alone
possibly read, if only in summary. In the months following the Report’s appearance in November 1942, its effective author and sole signatory, Sir William Beveridge, enjoyed public fame in which he gloried, recalling in his memoirs that ‘my name and features became known to everybody through illustrated papers and films ... more than once I caught young women surreptitiously sketching me as they sat opposite me in the train between Oxford and Paddington; if I liked the looks of the young woman, as I generally did, I asked to be shown the result and autographed it for her’. Taxi drivers told him that they wanted him to be the next Prime Minister, Beveridge wrote, as indeed they well might do in search of a tip, and he recorded a contemporary opinion that ‘Sir William, possibly next to Mr Churchill, is the most popular figure in Britain today’, and even that he had been mistaken for the then Prime Minister, adding that, ‘no doubt ... I was looking important’.2

Keynes was much more important than Beveridge in laying the intellectual foundations of the economic and social order that was to dominate British domestic politics from the 1940s to the 1970s, though it seems likely that the overwhelming majority of the population had never heard of him, or, in any specific sense, Keynes’s General Theory of Employment, Interest and Money. The political significance of Keynes’s masterpiece was that he could be believed to have provided the answer to the standard response of those versed in the liberal economics of the Classical and Neo-Classical Schools to proposals for increased State activity outside of the boundaries of the Night Watchman and even within those limits: ‘where will the money come from?’ In the immediate aftermath of the Beveridge Report, one socialist writer rejoiced in the order of change that she believed Keynes had wrought: ‘Any discussion of what we can afford is bound to reflect the astonishing revolution which has taken place in reputable economic thought since the publication ... of Lord Keynes’s General Theory of Employment turned heresy into orthodoxy. This revolution goes right to the bottom of what is meant by “affording” anything. In the old days the parallel between the individual and the State was simple and unchallenged. The upright, the responsible, the prudent, lived within their incomes; while the unbalanced budget was the sign of the spendthrift, the waster, and the bankrupt – upon whom judgement would promptly descend. Now ... everything is turned upside down ... the more the Chancellor spends, the more he gets, for spending creates employment, and employment creates income and income creates income tax.’3