Making society friendly again [1]

Written by Chris Harlow [2] | Wednesday 15 August 2012

Imagine a society in which welfare was provided not by the state, but by competing private organisations performing services such as insurance, savings, pensions, primary medical care and unemployment aid, and whose success and continuing function depended on how well they provide these services.

Welfare would be provided at a much more intimate level and would be results-orientated as consumers demanded better services with their wallets. Levels of social capital and community action would be higher, as current taxpayers would no longer feel as if they had already ?played their part? by paying taxes ? which, in our state-centric system, are distributed ineffectively and often to rent-seekers. Participation in these societies could create a stronger feeling of ?belonging? among their members.

This kind of system was a reality before the birth of the welfare state, which began with Lloyd George?s provision of National Insurance in 1911 and set firmly on its path by William Beveridge?s social policy report in 1942. The ?friendly societies? that preceded the welfare state provided specialised welfare benefits that directed capital where its members? values lay, in a pluralistic way that was starkly different to the monolithic approach of the modern state.

The competitive nature of these private welfare societies meant that they aimed to provide top quality service in a capital efficient way. This competitiveness also meant that there was a very large profit incentive to find cheats and strip them of their benefits, which in turn would mean more help could be diverted to the truly needy. In turn, unemployment was dealt with faster and more personally, aided by the inter-member sense of community. Further, members could choose where their money was going and join those societies that were most in line with their values.

Friendly societies still exist today [3], providing financial services and thriving on an ethos of mutuality, economy and community. However, they are held back from their vast potential by the nanny state that pervades our society under the guise of ?wealth redistribution?, in reality providing an inferior service than could be achieved privately, increasing our reliance on the state and discouraging charity and community values. Many in the UK and elsewhere see state welfare provision as the backbone of our country and fervently expound its virtues, because they have never known anything else. But a look back into history shows that privately owned welfare societies worked in the past, and could work for us once again.

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