

**The Intellectual Framework of Voluntary Social Service c. 1940-60**

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**Thesis submitted for the degree of Ph.D. at University College London, 2001**

## ABSTRACT

### The Intellectual Framework of Voluntary Social Service c. 1940-60

This thesis examines the debate on the future of voluntary social service following the establishment of the post-war welfare state, commonly regarded as a painful period of adjustment for voluntary organisations, and argues that this debate sheds light on the later resurgence of the voluntary sector. It assesses the policy instruments available to governments in managing the voluntary sector in the 1940s, and the influence of this regulatory framework on the institutional forms available to voluntary organisations. It explores the legal and ethical distinction between endowed charities and voluntary organisations which Labour inherited from the Liberal political tradition, and how this interacted with the conceptual framework articulated by leading proponents of voluntary social service. The nature of voluntary organisations meant that traditional theories of voluntarism were often at odds with the routine maintenance of extended organisational structures, especially with the methods required to finance voluntary organisations. A consensus on proposals to resolve this conflict emerged in the late 1940s and this reflected structural changes within the voluntary sector which had given rise to a class of professional managers whose views increasingly converged with those of Labour policy makers. The proposals included the creation of autonomous funding bodies to be financed partly from the assets of defunct charitable endowments, providing financial stability for voluntary organisations, satisfying the requirements of accountability without compromising the independence of voluntary organisations. The new funding bodies were not created, but a new framework of corporate governance for voluntary organisations was implemented in the 1960 Charities Act, which brought voluntary organisations within the regulatory regime governing charitable trusts. The assimilation of voluntarism to charity ensured that the Idealism that inspired voluntary social service organisations was tied to compliance with institutional and legal forms which impaired their capacity to express social criticism.

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## **Chapter 1: Introduction**

This thesis investigates aspects of the intellectual framework of the voluntary social services in the middle decades of the twentieth century. In order to prise open the significance of changes in thinking within and about the voluntary sector the thesis examines a debate on the future of voluntary social service that took place following the establishment of the welfare state in the late 1940s. The thesis concentrates on the discussion of the financial condition of voluntary organisations. It does so because the finances of the voluntary sector emerged as the single most important subject of discussion as the debate evolved.

The thesis argues that in the debate on the future of the voluntary social services in the late 1940s money and organisation provided a medium for discussing moral questions. To be more specific, the financial problems of voluntary social services provided the protagonists with a structure for expounding the value system that they believed underlay these services. The emphasis on financial and organisational matters in turn influenced the value system. I take this process of re-constituting the value system of the voluntary sector to be the 'intellectual framework' of voluntary social service in the 1940s and early 1950s. The thesis argues that this debate elucidates something of the nature of the consensus on welfare that shaped post-war domestic British politics and sheds light on the political quietism of subsequent generations of voluntarists compared with their Victorian and Edwardian predecessors.

### **Voluntarism and consensus**

The creation of a National Health Service and the establishment of a system of universal income maintenance, though these were partial and provisional in character, represented an historic transformation of welfare provision. Emblematically they rendered voluntary organisations redundant, and they sparked a brief, though intense, discussion of the future of voluntary social service. This debate involved civil servants, Government and opposition politicians, as well as leading representatives of voluntary organisations. The

debate is revealing of the wider intellectual framework that underpinned thinking on social policy in the middle decades of the twentieth century. The Attlee Government's response to the debate was to appoint a departmental enquiry under the chairmanship of the Labour Peer Lord Nathan of Churt. The recommendations of the Charitable Trusts Committee (1949-52) are widely regarded as giving rise, more or less directly, to the 1960 Charities Act.<sup>1</sup>

The conventional narrative is the epitome of simplicity, dominated as it is by David Owen's monumental account of three centuries of English Philanthropy, which concludes with the passing of the 1960 Act. Owen's account remains unsurpassed as a source of detailed empirical evidence of the protean character of English voluntarism. It is also, however, a classic of the Whig interpretation of history. Owen's empiricism was embedded in a narrative of progress that, from his vantage point in the 1960s, saw the earlier history of voluntarism as leading inexorably towards the post-war welfare state. The Charitable Trusts Committee and 1960 Act taken together amounted to a fine-tuning of the relationship between voluntary organisations and the state, prefigured in the events of the previous 300 years, and which had been gathering pace under the Victorians. Although they became, in Owen's phrase 'junior partners in the welfare firm', voluntary organisations accommodated themselves relatively unproblematically to the new political consensus, which they saw as a logical and inevitable outcome of preceding events. The redistribution of responsibility for welfare services implicit in the creation of the Welfare State necessitated some adjustments and Owen devotes three chapters to this period of adjustment, the post-war debate on voluntary social service and the 1960 Charities Act.<sup>2</sup>

The order of events is relatively straightforward. In the late 1940s, the Labour Government came under pressure to make a clear commitment to the future of voluntary social service. This pressure came from a small number of high profile supporters of voluntarism with the support of voluntary organisations led by the National Council of Social Service.<sup>3</sup> The debate itself briefly captured the public's attention. This was at

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<sup>1</sup> D. Owen, English Philanthropy 1660-1960, (Cambridge, Massachusetts: Harvard University Press, 1964), 532, 577-97

<sup>2</sup> Owen, Philanthropy, 525-597

<sup>3</sup> Charitable Trusts Committee, Report of the Committee on the Law and Practice relating to Charitable Trusts, cmd. 8710 (hereafter CTC), (London: HMSO, 1952), 1-2



least in part because of the prominence of those who pressed the voluntary organisations' case – the most venerable of these were William Beveridge, one of the architects of state welfare, and the former Liberal Home Secretary Herbert Samuel. The issue rapidly disappeared from public discussion, however, and the 1960 Charities Act was the Macmillan Government's belated rejoinder to the Committee's proposals and to the aspirations of leading voluntarists that they encapsulated. In contrast to the earlier debate on voluntary social service, the passing of Charities Act excited little interest outside Parliament and the circles of those directly affected by its measures.

Owen explains the debate, the Charitable Trusts Committee and the Charities Act as a seamlessly connected process – an exercise in tidying up. For Owen this was merely a logical continuation of a secular tendency; a significant but relatively unproblematic phase in the process of assimilation of voluntary social service to charity law. This is his bland summary of the effects of the Act:

It brought a degree of order into the tangled jungle of charity statutes, and introduced reforms, of greater or less consequence, in the statutory procedures affecting endowed charities.<sup>4</sup>

In this interpretation, the 1960 Charities Act is merely the culmination of an inexorable historical process.

There is, of course, some truth in the view that the reforms introduced in 1960 were an administrative matter. Over centuries, voluntary social service in England and Wales has been assimilated to the law of charity, itself a subsidiary branch of the general law of trusts. This process of assimilation has fashioned a regulatory framework within which voluntary organisations have taken shape and developed. Until the passing of the 1960 Act, however, voluntary organisations generally fell within the penumbra of charity law. Historically voluntary social service has assumed a variety of organisational forms. One of the oldest forms was the charitable endowment. Voluntary organisations were a progression based upon earlier forms of welfare institution. Their social, legal and political position had developed partly by analogy with these earlier forms but the extension of the law on charitable trusts to voluntary organisations had proceeded in a one-sided fashion: voluntary societies had by the end of the nineteenth century obtained

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<sup>4</sup> Owen, *Philanthropy*, 594

most of the privileges of charitable status, but were subject to few of even the minimal supervisory requirements imposed on endowed trusts.<sup>5</sup>

Before the Charities Act, voluntary organisations occupied an ambiguous position: they enjoyed many of the benefits of charitable status but they were monitored only patchily for compliance with the duties it entailed. There was, it is true, a host of regulations governing specific fields of voluntary social service, especially those areas in which the state itself had assumed some responsibility. Before 1948, one of the biggest changes affecting an important branch of voluntary endeavour had occurred in 1899, when the Education Act had conferred on the Ministry of Education extensive powers over charities and voluntary organisations operating in that field. Health services too were increasingly governed by regulations issued from Whitehall, and the establishment of the National Health Service in 1948 marked a further step along this path. Education and health were significant fields of voluntary provision, but they were not alone in being subject to government regulation: many other services in other fields were governed by some statutory controls. Nevertheless, there existed no overarching system of supervision for voluntary organisations as such. To this deficiency, the Charities Act supplied an administrative remedy.<sup>6</sup>

Put in these terms it is not hard to see why the debate has attracted little attention. It lacks many the features of other discussions of the role of the voluntary sector that possess an intrinsic appeal. In contrast to the 1905-8 Royal Commission on the Poor Law, for example, it lacks the entertainment value of an ‘Edwardian Mixed Doubles’ between the Webbs and the Bosanquets.<sup>7</sup> Although there was disagreement over the Committee’s final report and one member of the Committee, the barrister Henry Salt, issued a dissenting appendix, his dispute with the majority concerned what appeared to be an arcane matter of legal terminology and, in any case, Salt was no Beatrice Webb. The absence of any major politician or political thinker from the detailed discussions has also been a disincentive to analysis of the debate. Eileen Youngusband, later a

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<sup>5</sup> Graham Moffat, Trusts Law: Text and Materials, (London: Butterworths, 1994), 688

<sup>6</sup> Owen, Philanthropy, 272-3; Moffat, Trusts Law, 610-14

<sup>7</sup> A. M. McBriar, An Edwardian Mixed Doubles: The Bosanquets versus the Webbs: A Study in British Social Policy 1890-1929, (Oxford: Clarendon Press, 1987), discusses the formation of social policy through the prism of well-documented personalities and institutions.



renowned theorist of social work, sat on the Committee, but she did not play a prominent role in its deliberations nor in promoting its recommendations. The major political personalities, who played a role in the early stages of the debate, increasingly disengaged themselves from the action once the Charitable Trusts Committee was established. Beveridge whose early involvement appears to have been animated by resentment at the Labour Government's neglect of his talents had, by the time the Committee began its work, been rewarded with the chairmanship of the committee on the future of broadcasting.<sup>8</sup> Although he played an important role in initiating the debate, his later involvement was perfunctory. Those involved in the Committee itself were, like Nathan himself, second division in terms of their political and historical importance. The Committee's report, in spite of Salt's memorandum of dissent, was seemingly the epitome of what has been termed consensus politics. Disagreements between personalities, where they existed at all, generally remained below the surface, and the exposition of contradictory political and social ideologies was muted.

The debate on voluntarism might seem an unprepossessing subject for historical study. The lacklustre setting and the sense that much of the action was happening elsewhere (as it certainly was) have focussed historians' attention on other important topics surrounding the establishment of the Welfare State. The major decisions had been taken: the Charitable Trusts Committee was a sop to an interest group that had lost out in the reshuffling of welfare arrangements and its deliberations could safely be left to the supervision of a minor political functionary. A study of the discourse surrounding the Committee might appear to be something of a 'Rosencrantz and Guildenstern are Dead' for the National Health Service.

Yet, the 1960 Act significantly altered the regulatory framework of voluntary social service and laid the foundations for later developments in the voluntary sector. Nor is the connection between the debate and the Charities Act as clear-cut as it appears in Owen's presentation of it. Some puzzling shifts occurred from the topics aired in the debate to the contents of the Charities Act. These have received scant attention from historians. The first puzzle is the constitution of the Charitable Trusts Committee itself. The Committee, as its title and terms of reference made clear, was primarily concerned with the law governing endowed charitable trusts. Yet this was the Attlee Government's

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<sup>8</sup> Jose Harris, William Beveridge: A Biography, (Oxford: Oxford University Press, 1997), 451-63



response to a public debate on the future of social services provided by voluntary organisations, a distinct, though cognate, institutional form.<sup>9</sup> The contents of the Act, which is conventionally held to have flowed from the Committee's deliberations, add to the conundrum. The most important ingredient of the Act as far as it applied to voluntary organisations was that it brought them within the jurisdiction of charity law more clearly than had previously been the case. Most significantly, it brought them under the supervision of the central body for regulating charity, the Charity Commission. In the context of the debate in the late 1940s, this outcome is rather surprising. Though the issue of regulation had been raised during the debate and was discussed by the Committee, these discussions had focused overwhelmingly on improving the supervision of endowed trusts. The fate of the principal issue concerning voluntary organisations that was aired in the debate is even more telling. The debate had largely revolved around the question of how to provide voluntary organisations with a secure financial base in order to ensure their continued survival in the shadow of the new welfare settlement. Yet, the Charities Act did not put a penny into the collecting tins of voluntary organisations and it did inaugurate a new regulatory framework for voluntary organisations. A further puzzle is that leading voluntarists embraced this new regulatory regime with enthusiasm.

There is, therefore, some justification in principle for taking a fresh look at this episode and a closer examination of the debate on voluntary social service reveals that the consensus on this issue was not clear-cut. Before proceeding to a discussion of this, however, it is necessary to examine two further approaches to the narrative and ideological framework within which the 1940s debate on voluntarism might be located. Though they lack the most obvious defects of the 'progressive fallacy' that mars Owen's account, they do bear the stamp of that Whiggish sin of 'presentism'. I argue that neither offers an adequate account of voluntarism that can illuminate the developments discussed in the rest of the thesis. For the sake of convenience, I have labelled them the 'libertarian' and the 'declinist' versions of the history welfare in the twentieth century.

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<sup>9</sup> Moffat, Trusts Law, 612-3

## The libertarian thesis

The libertarian approach sees competition between state and voluntary organisations in the provision of social services as a continuous and often one-sided battle. This is a view expounded with vigour by Frank Prochaska.<sup>10</sup> Prochaska shares Owen's pragmatic approach to voluntary social service, emphasising the variety of forms which philanthropy has assumed. He departs from Owen, however, in his understanding of the relationship between philanthropy and the state. Where Owen sees a burgeoning partnership, Prochaska finds underlying antagonism. For Prochaska the Leviathan of the state perpetually seeks to engross itself at the expense of voluntary social services. This was not necessarily a consciously driven process at first, but it gave birth to social forces that had an interest in pushing it forward. For Prochaska the "most damaging result of piecemeal social reform to the voluntary sector was that it enlarged the public sector bureaucracy." Prochaska explains the nationalisation of health services partly by the bureaucratic gluttony of state employees: "as their strength and numbers grew", state welfare workers "disregard for the voluntary sector increased". As a result of the increasing power of this bureaucracy, the "tendency of health and welfare departments in local and central government to dismiss perceptions of social need that differed from their own was to become deeply ingrained."<sup>11</sup> The culmination of this process was the establishment of the National Health Service by Aneurin Bevan who "had little use for voluntary traditions". According to Prochaska, Bevan was the perfect tribune of the bureaucracy for his "Welsh mind" saw voluntarism as "an expression of the English class system."<sup>12</sup>

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<sup>10</sup> Frank Prochaska, Philanthropy and the Hospitals of London: The King's Fund 1897-1990, (Oxford: Clarendon Press, 1992); Frank Prochaska, Royal Bounty: The Making of a Welfare Monarchy, (New Haven and London: Yale University Press, 1995); Frank Prochaska, The Voluntary Impulse: Philanthropy in Modern Britain, (London: Faber and Faber, 1988); Frank Prochaska, 'Philanthropy', F. M. L. Thompson (ed.), The Cambridge Social History of Britain, 1750-1950: Volume 3, Social Agencies and Institutions, (Cambridge: Cambridge University Press, 1990), 357-93

<sup>11</sup> Prochaska, Philanthropy, 110-11

<sup>12</sup> Prochaska, Philanthropy, 156



Commentators who lack Prochaska's highly developed antipathy to the state also tend to agree that there is a fundamental incompatibility between state and voluntary action. Although there is recognition that voluntary organisations may enter into mutually beneficial arrangements with the state, there remains the lurking suspicion that these are ultimately detrimental to the independence of voluntary organisations. Other commentators share the worry that state support may undermine public support for voluntary organisations. Burton Abrams and Mark Schmitz, commenting on the growth of government financial support for charities in the United States, suggest that such support has "crowded out" private charity and supplanted individual voluntary contributions. By acting as a substitute for voluntary contributions and by reducing donors' income through taxation state support has, they believe, "served to attenuate private charitable giving."<sup>13</sup> Steven Smith and Michael Lipsky take this a stage further, seeing increased uniformity within voluntary organisations because of greater dependence on public funding and the creation of a new layer of "street-level bureaucrats".<sup>14</sup>

The bureaucrats did not have things all their own way, however, for the initiative and energy of the voluntary sector supplied a countervailing tendency to the expansion of the state. Whenever an opportunity presented itself these spontaneously generated voluntary responses to social problems outside the control of the state. Prochaska differs from Owen who regards voluntarism as a complement of or, more often, as a precursor to state action. Prochaska also takes the idea of the spontaneous generation of voluntary action much further than Owen does. Where Owen is content to describe and marvel at the myriad permutations of voluntary social service, Prochaska develops a more explicit theory of voluntarism. Central to Prochaska's theoretical construct is his celebration of the immediacy of the voluntary response to a perceived social problem. He draws attention to the apparently unmediated character of its activism and its impatience with

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<sup>13</sup> Burton A. Abrams and Mark D. Schmitz, 'The Crowding-out Effect of Governmental Transfers on Private Charitable Contributions', Susan Rose-Ackerman (ed.), The Economics of Nonprofit Institutions: Studies in Structure and Policy, Yale Studies in Non Profit Organisations, (New York: Oxford University Press, 1986), 310

<sup>14</sup> Steven Rathgeb Smith and Michael Lipsky, Nonprofits for Hire: The Welfare State in the Age of Contracting, (Cambridge, Mass.: Harvard University Press, 1993), 13

analysis and theoretical elaboration before taking action. “Here, ‘in the meantime’”, Prochaska exalts, “is where philanthropists typically have found their essential work.”<sup>15</sup>

Prochaska’s stress on the spontaneity of voluntary social service has an affinity with Adam Smith’s recognition of an altruistic motivation that coexisted with the self-interest animating much of human conduct. Opening his work on The Theory of the Moral Sentiments Smith observed, that “[h]ow selfish soever man may be supposed there are evidently some principles in his nature, which interest him in the fortune of others, and render their happiness necessary to him, though he derives nothing from it, except the pleasure of seeing it.” For Smith the existence of altruism was simply a given, ‘a matter of fact’, though he then proceeded to demonstrate its ubiquity at considerable length.<sup>16</sup> For Prochaska too, the altruism revealed in voluntary social service is merely a given that does not require much investigation.

One problem with Prochaska’s emphasis on the spontaneity of voluntary social service is that it leads to reductionism. All examples of voluntary social service are reduced to an idealised ‘charity’. Given Prochaska’s antipathy to the state it is ironic that his exploration of voluntarism parallels the legal definition of charity. The idealised, legal form of ‘charity’ contains a set of instructions for the conduct of voluntary social service. The legal rules of charity codify a simple vertical relationship between two parties, one active (the donor) the other passive (the object). These are brought into relation by the observation of three elementary rules. First, the donor is not obliged to give; second, a logical corollary of this, the object is not entitled to receive the gift, and third, acceptance of the gift imposes on the object no obligation to the donor. In law, as in Prochaska’s account, charity emanates unbidden from the human spirit. Like the law, Prochaska does not ask why, merely whether a particular activity observes this rule: as long as it makes “life in Britain more bearable and human, and gives meaning to the giver in the process, it has success enough.”<sup>17</sup>

As a result, the libertarian perspective neglects to analyse the specificity of charity’s manifestation. Its intuitive approach tends to mystify voluntary social service. Voluntarism is transformed into its opposite as it becomes an involuntary response to an

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<sup>15</sup> Prochaska, Voluntary Impulse, 89

<sup>16</sup> Adam Smith, The Theory of the Moral Sentiments, Edited by D. D. Raphael and A.L McFie, (Indianapolis: Liberty Fund, 1984), 9

<sup>17</sup> Prochaska, Voluntary Impulse, 89



external stimulus – a quasi-somatic expression of instinctive emotion. Fellow feeling may be a fundamental component of our sociability as a species, as Smith observed, but this observation begs a number of important questions. In real instances of voluntary social service, whether they involve the gift of time or money, there is always a social context. As Richard Titmuss noted, “[n]o such gift is or can be utterly detached, disinterested or impersonal” and some return is obtained by the donor whether “in the form of a similar or different material gift, in the overt expression of sentiment, pleasure or pain.”<sup>18</sup> Underlying the gift is a working knowledge of social reality and the apparently simple interaction of donor and recipient embraces a wider complex of social connections. The issue is further complicated in connection with voluntary social service since this implies a longer-term commitment than a one-off donation. It also implies horizontal relationships with other members of a voluntary organisation and these relationships may constitute an important part of the donor’s return.<sup>19</sup> The simplified, idealised conception of voluntarism embraced by Prochaska is erected on practices of much greater complexity than he is willing to recognise.

The intuitive approach adopted by Prochaska is unable to explain either the pluralism that is such an important feature of voluntary social service or the historical specificity of its expression. Spontaneity becomes, like charity itself, its own reward. This permits a deontological closure. Prochaska has no need to investigate whether any particular manifestation of voluntary action derives from a sense of obligation or duty, or from some expectation of a material or emotional return. Nor is it clear why, if voluntarism derives from a sense of duty, this sense is better satisfied by voluntary social service rather than by state provision. According to Prochaska, there is no need to examine or validate the meaning of charity since it is a given. This way of

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<sup>18</sup> Richard Titmuss, The Gift Relationship: From Human Blood to Social Policy, (Harmondsworth: Penguin Books, 1973), 237

<sup>19</sup> Though this is more clearly a feature of mutual aid societies, Jack C. Ross’s seminal article on voluntary association theory details an array of rewards of membership of voluntary organisations connected to the horizontal relationships involved that are largely unconnected with the overt object of the association. Jack C. Ross, ‘Towards a reconstruction of voluntary association theory’, British Journal of Sociology, 23, (1972), 20-32



conceptualising voluntary social service delivers a description rather than an analysis, and ends by obscuring what it purports to reveal.

Prochaska's interpretation of voluntarism also contains a political agenda. He counter-poses voluntary social services to the state and confers on them a special role in democratic politics. Through voluntary organisations, citizens were empowered as active 'producers' rather than merely passive 'consumers' of government. This allowed voluntary organisations to act as a counterweight to the dominance of "indirect, representative democracy". Prochaska rejects what he regards as the indirect democracy involved in voting and the testing of public opinion at the ballot box in favour of the "spontaneous, pluralistic form of democracy which was immanent in the voluntary institutions of civil society."<sup>20</sup> As a result, the range of institutions that Prochaska is able to enlist within his grand democratic alliance includes the monarchy and the hereditary peerage alongside voluntary organisations.

Another defect of Prochaska's approach is that it tends to highlight the conformist and conservative aspects of voluntary social service. Prochaska asserts that voluntarists have achieved most "where they have blended into their surroundings, where their labours are personal, natural and unexceptional".<sup>21</sup> Yet, this glides over a significant change which occurred during the first half of the twentieth century. There was a growing recognition within the ranks of the voluntary organisations themselves that the provision of relief on the scale required was simply beyond their capabilities. This recognition was manifest in the voluntary organisations work among the unemployed in the 1930s and its effect was that voluntary organisations often led campaigns for the state to assume a greater responsibility for welfare. Voluntary organisations were "increasingly convinced that it was the state's responsibility to ensure that every citizen had an adequate income, and they devoted an increasing proportion of their own time to the development of alternative forms of welfare provision".<sup>22</sup> In other words, by the end of the 1930s voluntary organisations, and the NCSS in particular, saw their role as providers of welfare services as secondary to that of government.

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<sup>20</sup> Prochaska, Royal Bounty, 239

<sup>21</sup> Prochaska, Voluntary Impulse, 89

<sup>22</sup> Bernard Harris, 'Responding to Adversity: Government-Charity Relations and the Relief of Unemployment in Inter-War Britain', Contemporary Record, (1995), 552-3

Prochaska's emphasis on the antagonism between state and voluntary welfare is overwrought. Though examples of competition between public service and voluntary models of social service provision abound, this does not mean, as Estelle James has pointed out, that the relationship taken as a whole between the state and the voluntary sector is necessarily antagonistic. If it were, it would be difficult to explain why government has been so generous in financing voluntary organisations.<sup>23</sup> As Martin Daunton points out, the relationship could be even closer than this. The boundaries between voluntary organisations and the state were often blurred, and institutions might "migrate between categories or have a dual identity, such as the endowed charities which often relied on the parish as a trustee."<sup>24</sup> The recognition that there was a close relationship between voluntarism in the state need not mean a return to Owen's account of Panglossian harmony between the state and voluntary organisations. Rather it points to the need for a more objective appraisal of the interaction of the state and voluntary action in the 1940s. This interaction was characterised by co-operation and conflict.

In spite of these criticisms, there is much of value in Prochaska's account. Noting that, in spite of the prognoses of contemporary commentators, "voluntarists showed great resilience in the post-war years"; Prochaska attributes the "enlivened" voluntarism of the late 1940s to "the very nationalisation of welfare that voluntarists had so long opposed."<sup>25</sup> Though Prochaska's understanding of the causes of this regeneration of the voluntary sector is erroneous, it does have the benefit of departing from the rather gloomy conventional historiography of philanthropy in the 1950s. It is to one variant of this that we now turn.

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<sup>23</sup> Estelle James, 'The Nonprofit Sector in Comparative Perspective' Walter W. Powell (ed.), The Nonprofit Sector, (New Haven, Connecticut: Yale University Press, 1987), 397

<sup>24</sup> Martin Daunton, 'Introduction', Martin Daunton (ed.), Charity, self-interest and welfare in the English past, (London: UCL Press, 1996), 10

<sup>25</sup> Prochaska, Philanthropy, 165, 193; Royal Bounty, 243



## A silver age

Prochaska's lop-sided libertarianism is marred by its uncritical acceptance of all things voluntary and its celebration of the spontaneous and emotional aspects of voluntarism precludes any detailed consideration of the intellectual context of voluntary social service. The declinist interpretation adopts an opposite approach, criticising the intellectual deficiencies that the effervescence of the voluntary sector helps to disguise. The work of Jose Harris represents most sophisticated exposition of this approach. She indicts voluntarism as co-author of a fatally flawed consensus on welfare. The intellectual shortcomings of this consensus doomed it to evaporate when faced with a serious political challenge. Harris identifies the origins of this consensus in the Edwardian movement for social reform. This upsurge in civic awareness and activism in the years before the First World War was marked by "the re-emergence and reformulation of a popular and voluntaristic social-scientific culture that in both personnel and social purpose was strikingly similar to that of the mid-Victorian years." The language of Victorian Idealist social reform prevailed but the appearance of continuity was superficial. Victorian Idealism influenced the Edwardian movement, "not necessarily in a formal philosophical or methodological sense, but in more general inspiration and tone". This unsophisticated Idealism sustained a broad network of voluntary social service organisations. Its adherents viewed themselves as part of the march of progress and saw their practice as "means to the end of attaining perfect justice and creating the ideal state."<sup>26</sup>

What united these Edwardian voluntarists was a belief in action as the core of voluntary social service. Edward VIII, confronted with conditions in South Wales steel works in 1936, showed himself to be a product of this intellectual climate when he announced that 'something must be done'. Taking a view of voluntarism diametrically opposed to Prochaska, Harris argues that this emphasis on 'doing something' undermined rigorous examination of political consequences and fatally weakened voluntarism which had been the powerhouse of ideas about welfare and society. As a result, the conceptualisation of state, citizen, and society that informed the voluntary

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<sup>26</sup> Jose Harris 'Political thought and the welfare state 1870-1940: an intellectual framework for British social policy?', *Past and Present*, 135, (1992), 121-6

movement led it to embrace, albeit sometimes reluctantly, state provision of welfare, and this contributed to the erosion of the intellectual framework that sustained it. There were disagreements over the “precise boundaries of state action,” but the most telling feature of the discourse on welfare in the inter-war period “is the fact that virtually no major social theorist or writer on social policy of this period dissented from the view that the ultimate sphere of “welfare” ... was or ought to be the institutions of the state.”<sup>27</sup> This gave the movement the appearance of ideological coherence for it fitted activism into a wider social and political framework. In the 1920s and 1930s, supporters of voluntary social service defended it “not on pragmatic grounds, but as a means of enhancing wider corporate consciousness”.<sup>28</sup> As a result, those who advocated social reforms did not see “themselves as mere technicians... many of them believed that they were building a new kind of social and political [order] rooted in a wholly new relationship between the citizen and the state.”<sup>29</sup>

The impulse to ‘do something’ in response to social problems was progressively matched by a readiness to see the state as the repository of the social. This unreflective approach was distant from the approach of the Victorian Idealism that had influenced the Charity Organisation Society. Bernard Bosanquet, the house philosopher of the COS, rejected any such facile equation between the state and society. Indeed his major treatise set out to demonstrate that the state’s capacity to embody the public good was directly proportional to the extent of conscious, individual activism on the part of its citizens.<sup>30</sup> The understanding of the complexity of the relationship between the individual and the state, which had characterised the Victorian voluntary movement, was missing from the Edwardian movement. The successors of Edwardian activism in the 1940s who are the subject of this thesis, inherited this deficiency – at least according to Harris.

The lack of detailed theoretical consideration of the relationship between civil society and the state in the first half of the century was even more damaging since it

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<sup>27</sup> Harris, ‘Intellectual framework’, 134

<sup>28</sup> Harris, ‘Intellectual framework’, 135

<sup>29</sup> Jose Harris, ‘Political ideas and the debate on State welfare, 1940-45’, Harold L. Smith (ed.), War and Social Change: British Society in the Second World War, (Manchester: University Press, 1986), 234

<sup>30</sup> Bernard Bosanquet, The Philosophical Theory of the State, (London: Macmillan, 1910)



coincided with a major transformations in their actual relationship. The collectivist welfare structures that emerged in the late 1940s were the crowning achievement, Harris argues, of a project to build 'the good society' based on the concept of individual responsibility. The high water mark of this tendency was the public reception of the Beveridge reports on Social Insurance and Allied Services (1942) and Full Employment in a Free Society (1944). However, the public reaction to these reports, "tended to stifle rather than stimulate serious debate", according to Harris, and "virtue was defined by popular fiat, thus foreclosing rational discussion of alternatives."<sup>31</sup> Ironically, although Britain increasingly lived up to an Idealist image of the state, this image was no longer underpinned by a coherent Idealist political and social theory.

By the 1940s, according to Harris, technical and pragmatic concerns had supplanted even the superficial philosophy of welfare characteristic of the social and political thought of the 1930s. As a result, and "in marked contrast to the Edwardian period and the inter-war years, much public and academic debate on major social and political issues in the period after the Second World War was curiously devoid of reference to first principles."<sup>32</sup> Thus, a coherent philosophy of state welfare failed to emerge alongside the institutions embodying it, as "in spite of the profusion of ideas that surrounded its conception, the Welfare State came into being with no clearly defined perception of welfare and no coherent theory of the state."<sup>33</sup> Instead, Harris argues, there was a narrowing of public debate on social policy. These changes were concentrated in the field of social service, precisely the field in which intellectual development had been so luxuriant in the Victorian period. The statements of some voluntary organisations and policy makers in the 1940s reveals the persistence of traditional ways of thinking about the roles of voluntarism and the state in social welfare provision, but Harris invites us to view these survivals as ruins rising on wasted intellectual foundations.

Harris weaves this lengthy period of intellectual decline into a wider narrative, using it to explain the ease with which right wing political theorists were able to mount their attack on state welfare in the 1980s. This she attributes to the fact that its foundation coincided with a long-term decay of political philosophy that prevented

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<sup>31</sup> Harris, 'Political ideas', 250

<sup>32</sup> Jose Harris, 'Political thought and the state', S. J. D Green and R. C. Whiting (eds.), The boundaries of the state in modern Britain, (Cambridge: University Press, 1996), 21

<sup>33</sup> Harris 'Political ideas', 257



British political thinkers from integrating the welfare arrangements put in place in the 1940s into a satisfactory civic philosophy. Harris has also speculated that this ‘dumbing down’ of public discussion of citizenship and welfare was connected to the trend in academic philosophy in the direction of linguistic positivism that concentrated on the formal validity of statements rather than on their content. A general reaction against holistic political philosophies inspired by the horrors of fascism, which set in during the late 1940s, further weakened the intellectual foundations of social policy.<sup>34</sup>

The consensus on social policy in the 1940s and 1950s was, therefore, based on uncertain foundations for, although the “morally exhortative language” of Victorian and Edwardian social thought persisted, it was located only “rarely within any clearly stated philosophic framework.”<sup>35</sup> In the post-war period “not merely ‘good’ and original thought about the state but bad and bumbling thought about the state virtually vanished from the pages of British philosophical, political and sociological literature.”<sup>36</sup> As a result, when state welfare came under pressure from a resurgent right during the 1970s and 1980s, its supporters were unable to mount a coherent defence.

The procession from golden age to silver in intellectual life had practical consequences. ‘Statism’ failed to develop a coherent intellectual superstructure during its period of maximum advance and Harris is particularly disparaging of the social thinking of the 1950s, a period which she dismisses as “a kind of historic vacuum of political theory”. The welfare reforms of the 1940s developed, she argues, “largely unbuttressed by systematic intellectual support.” The works of T. H. Marshall and Titmuss, though often brilliant, remained pragmatic, impressionistic and empirical. They lacked the rigour of an intellectual framework developed to a sufficiently high level of abstraction capable of providing a robust ‘philosophy’ of state welfare. Titmuss’s social and political thought was, Harris argues, “uneasily torn between a moral commitment ... derived from Edwardian idealism, and an approach to practical policies that was largely utilitarian.”<sup>37</sup> Consequently, the supporters of state welfare were intellectually ill prepared for the anti-state reaction that emerged at the end of the 1970s.

Harris’s analysis of the decay of Philosophical Idealism is an ambitious attempt

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<sup>34</sup> Harris, ‘Political thought’, 24

<sup>35</sup> Harris, ‘Political thought’, 24

<sup>36</sup> Harris, ‘Political thought’, 15-16

<sup>37</sup> Harris, ‘Political thought’, 25-6

to locate the decay of political support for the welfare state within the world of ideas and it has the seductive appeal of any epoch-spanning narrative of rise and decline. It also resonates with the mood that has settled over the historiography of the post-war Labour government and the founding of the Welfare State. This mood, which has its roots in the Left's own post-mortem on the Attlee Government, has produced a generally pessimistic assessment of that Government's achievements. Ross McKibbin, for example, though following a different itinerary, reaches the same terminus as Harris. He also concludes that the achievements of the first majority Labour Government were grounded on insecure intellectual foundations. The failure of the Labour Party "to enter the sphere of civil society, except in the most modest way, meant that the potential of wartime radicalism was never fully exploited." Its reform of welfare and the economy, "left the institutions of civil society almost wholly recognisable and the old 'ideological apparatus of the state' largely intact." The transformation effected by the Attlee Government "depended for its existence upon the physical survival of the industrial working class" and "was not supported by the diffusion within civil society of social democracy as an ideology independent of such historic relationships." When the social base for the reforms of the 1940s disappeared, their intellectual vulnerability was exposed.<sup>38</sup>

The theme of a failure of ideas is a persistent feature of the historiography of the welfare state, though there is disagreement on where responsibility for this failure lies, with recent work tending to absolve the Labour Party. Abigail Beach, for example, has taken issue with the assumption that Labour's leaders were indifferent to the need to elaborate an ideology of citizenship.<sup>39</sup> Steven Fielding, Peter Thompson and Nick Tiratsoo agree, asserting that the incoming Labour Government set out to inspire a generation of active citizens. They argue that this campaign foundered on the instrumental attitude of Labour's working class supporters to the Government's reforms. The party's electorate remained unmoved by its attempts to inspire their active

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<sup>38</sup> Ross McKibbin, Classes and Cultures: England 1918-1951, (Oxford: Oxford University Press, 1998), 534-6

<sup>39</sup> Abigail Louisa Beach, The Labour Party and the Idea of Citizenship, c 1931-1951, Unpublished PhD thesis, University of London, (1996)



citizenship.<sup>40</sup>

Whatever the efforts of the Attlee government to develop and broadcast an intelligible ideological defence of the Welfare State, these were soon jettisoned by its successors after Labour's defeat in the 1951 General Election. Unsympathetic to Labour's reforms but reluctant to risk an electoral backlash, the new Government hesitated to reverse Labour's measures but also refused to endorse them.<sup>41</sup> So, Jefferys, argues, "Attlee's government had actively sought to convince voters that social services were not 'free' but had to be paid for by an improving economy." By contrast, "Tory administrations largely abandoned even this form of 'public education' as too expensive, thereby contributing to negative notions of dependency rather than building a more constructive view of the welfare state."<sup>42</sup> Although, as Jefferys implies, by the end of its term Labour's motivation of its policies amounted to lecturing the electorate on economic realities, it conforms to Harris's thesis in connecting the faltering of the welfare state in the 1980s with the intellectual weakness of its foundations.

However they apportion blame, few dissent from the conclusion pithily expressed in Rodney Lowe's observation that, in the end "it was not the construction but the destruction of the welfare state that was, in Britain, to become the object of conviction politics."<sup>43</sup> The poverty of the philosophy of state welfare rendered it vulnerable to the highly ideological onslaught of Thatcherism in the 1980s.

Harris's thesis ranges more widely than the voluntary sector but the place of ideas about voluntary social service plays a central role in her argument, and her thesis explicitly contrasts the vibrant, intellectually coherent ideological structure of Victorian

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<sup>40</sup> Steven Fielding, Peter Thompson and Nick Tiratsoo, "England Arise": The Labour Party and popular politics in 1940s Britain, (Manchester: Manchester University Press, 1995), 120

<sup>41</sup> Harriet Jones, 'New Tricks for an old dog? The Conservatives and social policy, 1951-5', Anthony Gorst, Lewis Johnman & W. Scott Lucas (eds.), Contemporary British History 1931-61: Politics and the Limits of Policy, (London: Pinter, 1991), 33-43

<sup>42</sup> Kevin Jefferys, Retreat from New Jerusalem: British Politics 1951-64, (London: Macmillan, 1997), 152-3

<sup>43</sup> Rodney Lowe, 'Resignation at the Treasury: the Social Services Committee and the Failure to Reform the Welfare State, 1955-57', Journal of Social Policy, 18 (4), (1989), 524-5; Jefferys, Retreat, 153; c.f. Harris, 'Political thought', 27

voluntarism to the languid, unreflective approach to social welfare of Edwardian voluntarists. The sin of the Edwardian voluntarists was to bequeath to the Welfare State this sloppy approach to civics. Yet, voluntary organisations continued to be important within the mid-twentieth century's transformed welfare landscape. Some, like the National Council of Social Service itself, played an important role in the provision of welfare and other services. Others included major national institutions such as the Royal National Lifeboat Institute, the National Council for the Prevention of Cruelty to Children, the National Institute for the Blind, and the National Institute for the Deaf, the Women's Voluntary Service, and even the Royal Society for the Prevention of Cruelty to Animals. At a local level – in hospitals, in schools and in local government – voluntary organisations continued to play a role.

The response of voluntary organisations to the introduction of the Welfare State provides an opportunity to test Harris's thesis by interrogating their mode of survival, but in order to achieve this it is necessary to discard Harris's approach to the history of ideas. Harris suggests, albeit tentatively, that the direction taken by academic philosophy may have contributed to the decay of political and social thought in the mid-twentieth century. This raises a number of questions about her general approach to the intellectual framework of social policy. It is difficult to unravel the influence of formal philosophy on the day-to-day practice of politicians, let alone anyone else, with any exactitude, but the opinion of one practitioner may be indicative. Antony Flew regards the influence of the academic discipline of philosophy on public policy after 1945 as negligible and he notes that where a philosopher such as Bertrand Russell did exert political influence, this derived from his personal activism in the Campaign for Nuclear Disarmament, rather than from his philosophy.<sup>44</sup>

One very good reason for doubting the influence of academic philosophy on political and social practice is rooted in English culture. Numerous commentators have remarked on the pride, often verging on philistinism, that the English take in their indifference to abstract philosophical concerns. At the beginning of our period, George Orwell, noted the "absence in nearly all Englishmen of any need for an ordered system

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<sup>44</sup> Anthony Seldon, 'The Influence of the Discipline of Philosophy in Post-war Britain', (an interview with Antony Flew), *Contemporary British History*, 10(2), (1996), 117-18



of thought or even for the use of logic.”<sup>45</sup> The twentieth century has not been exceptional in this respect. Echoing Orwell’s observation 20 years later, Perry Anderson argued that the English elite had never needed to express its ascendancy in a “systematic major ideology” since its legitimacy derived from marrying traditionalism and empiricism in a pragmatic conservatism that required no intellectual elaboration.<sup>46</sup> English antipathy to philosophical schemata makes it unlikely that changing fashions in academic philosophy alone can provide a satisfactory explanation of trends in public administration. It is at least possible that the retreat into formalism noted by Harris was itself the result of academic philosophy’s inadequacy in the face of political and social reality, rather than itself being the cause of political failure.

The problem with Harris’s approach is that her methodological toolbox is equipped from the ‘history of ideas’ tradition, which is a subsidiary branch of philosophy rather than of history. As a result, her argument is replete with value judgements based on the integrity and compatibility of concepts rather than with their combination in practice. For Harris, it appears, ideas are almost entirely self-referential and, in spite of its broad sweep, her argument is eerily devoid of context. Harris, in fact, supplies a mirror image of Prochaska’s position. Ideas inhabit the same ethereal plane as the emotions in Prochaska’s schema. Neither approach is satisfactory for an historian. Both are, in a word, Idealist.

To turn to the specific context of the voluntary sector, Harris’s desire to connect developments within academic philosophy to thinking on social policy leads her to overestimate the novelty of the influence of unreflective idealism on voluntary social service in this period. Throughout the 19<sup>th</sup> century, two strands of opinion had competed

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<sup>45</sup> George Orwell, ‘England Your England’, The Lion and the Unicorn: Socialism and the English Genius, (London: Penguin Books, 1982)

<sup>46</sup> Perry Anderson, ‘Origins of the present crisis’, New Left Review, 23, (1964), 40



for influence over the direction of voluntary social service.<sup>47</sup> The regularity of the Charity Organisation Society's appeals for restraint in the distribution of charity and the high quality of their arguments have misled Harris into equating articulacy with influence. The Society's combativeness on a wide front and over a lengthy period is open to an interpretation overlooked by Harris. In spite of its high public profile, and especially of its leading lights Bernard and Helen Bosanquet, the COS never went beyond its limitations as a metropolitan sect. Though it had branches in a number of provincial cities, its day-to-day influence over the delivery of voluntary social services was negligible.<sup>48</sup> Its successes were indirect, coming through its lobbying of policy makers and through its use of the courts. It might embarrass prominent philanthropists

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<sup>47</sup> In 1848, for example, Karl Marx identified two main strands in those concerned with the problem of poverty. Those whom Marx sarcastically labelled the "humanitarians", bear a striking resemblance to the 'tough-minded intellectuals' of the Charity Organisation Society. Though they sympathised with the plight of the poor, they relied on exhortation to achieve a more just society, counselling "the workers to be sober, to work hard and to have few children". The main distinction Marx drew between the humanitarians and those he called the "philanthropists", was the determination of this latter group to act. The philanthropists, according to Marx, were not satisfied with words: for them it was always time to do. Karl Marx, The Poverty of Philosophy: Answer to the "Philosophy of Poverty" by M. Proudhon, Third Impression, (Moscow: Foreign Languages Publishing House, No Date), 119-20.

<sup>48</sup> Robert Humphreys, Sin, Organised Charity and the Poor Law in Victorian England, (London: Macmillan, 1995), 7. See also Stephen Yeo, Religion and Voluntary Organisations in Crisis, (London: Croom Helm, 1976), 219-20. Beatrice Webb, though her polemical stance made her prone to exaggerate, made the same point. She thought that "the C.O.S. became itself the most exclusive of sects, making a merit of disapproving and denouncing much of the practice of other charitable agencies ... at the same time failing to obtain anything like the army of personal 'friends of the poor', or anything approaching the great amount of money, that would have enabled it to cope, on its own principles, with the vast ocean of poverty that had somehow to be dealt with." Beatrice Webb, My Apprenticeship, (London: Penguin Books, 1971), 214-15.

as it did in the ‘trial’ of Dr Barnardo.<sup>49</sup> The ultimate effectiveness of even these tactics may be measured by comparing the position today of Barnardo’s and the Charity Organisation Society (in its new guise as the FWA). Arousing the ire of the COS has not proved a mortal setback to Barnardo’s.

### **An alternative approach**

The libertarian and the declinist schools represented by Prochaska and Harris each adopt the standpoint of one tributary to the ideology of voluntarism: the rational and the emotional. Rejecting both viewpoints need not mean a reversion to Owen’s view of the debate on voluntarism in 1940s and 1950s as merely one of those periodic adjustments of “the division of responsibilities between the two partners.”<sup>50</sup> Rather it allows us to understand the problematic character of this adjustment. Divisions between proponents of different ideologies of voluntarism were as much of an obstacle to accommodation to the new welfare dispensation in the 1940s as was any common attitude to or philosophy of the state. Running parallel to the adjustment of relations between voluntary and state welfare was an accommodation between the rational and the emotional currents within voluntarism. What is interesting about the discussion of voluntarism in the late 1940s is that the political debate provided a means to integrate the distinct vocabularies of the emotionalist and rationalist wings of charity into a common language of voluntarism. The rhetoric of the politicians who engaged in the debate was one indicator of this process, for their advocacy of voluntarism drew promiscuously on a mélange of Liberal, Fabian, Conservative and Libertarian concepts.

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<sup>49</sup> The COS targeted Dr Barnardo’s Homes as an example of the indiscriminate philanthropy, which they believed sapped the morale of the poor, as early 1872. It also believed that the Homes falsified its publicity material, which pioneered the use of ‘before and after’ photographs of clients, and that the Dr himself, an evangelical minister whose medical qualifications were of dubious provenance, was misappropriating contributions made to the homes by the charitable public. For a full account of the ‘trial’ see Gillian Wagner, Dr Barnardo and the Charity Organisation Society: A Re-assessment of the Arbitration Case of 1877, Unpublished Ph.D. Thesis, University of London, (1977).

<sup>50</sup> Owen, Philanthropy, 595



The very absence of overt contention surrounding the Committee may be a positive advantage to the historian. Michael Freeden has observed that the attractions of studying large and cataclysmic changes can have the effect of obscuring underlying continuities. Periods that exhibit the least signs of conflict may have most to reveal about the ideological underpinnings of social and political action.<sup>51</sup> In similar vein, Richard Tompson has argued that the historiography of nineteenth century social reform has been distorted by its historians' search for radicals, reform movements and campaigns for specific reforms. This pursuit has been at the expense of the less glamorous instances of top-down, administrative reforms that answered to no radical stimulus such as the work carried out by the Charity Commission from 1818-37. This approach has obscured the essentially conservative elements of reform and the continuities with the period before the heroic 'Age of Reform itself'.<sup>52</sup> Donna Andrews has made a similar point in relation to voluntary organisations of the eighteenth century. Noting the subterranean character of changes that proved significant over the long term, she has argued persuasively that new models of voluntarism emerged while going with the grain of existing ideas about civil society. The advocates of a new associational pattern of voluntary social service, which began to emerge in the later eighteenth century, were not conscious of striving to create a new form of social activism. Rather they orientated themselves by means of a conceptual vocabulary inherited from an existing tradition of charity, though in fact the mental landscape the old and the new traditions inhabited was quite different. This tenacity of tradition calls for explanation and as Andrews argues, "the retention and reformulation of ideas is as important and as worthy of historical investigation as their rejection."<sup>53</sup>

The survival of voluntary social service in the 1940s and 1950s and the adaptation of its proponents to the new environment of state welfare provide an example of institutions renewing themselves within a traditional intellectual integument, albeit one that no longer met its requirements in its existing form. At the very least, it

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<sup>51</sup> M. Freeden, 'The Stranger at the Feast: Ideology and Public Policy', Twentieth Century British History, 1 (1), 1990, 9-34

<sup>52</sup> Richard Tompson, The Charity Commission and the Age of Reform, (London: Routledge & Kegan Paul, 1979), 1-37 and 224-5

<sup>53</sup> Donna T. Andrews, Philanthropy and Police: London Charity in the Eighteenth Century, (Princeton: Princeton University Press, 1989), 5

demonstrates that voluntary social service was capable of renovating its ideological structures and even of contemplating new departures.

This thesis, while accepting the broad outlines of Harris's scheme, departs from it on two points. First, it rejects the notion that before the Edwardian period all voluntarists shared a coherent ideology of welfare that contained a clearly allocated place for voluntarism within a wider political and social philosophy. The chronology may even be reversed: a uniform ideology of voluntarism is more of a feature of the period after the Second World War than it is of the Victorian period. This conclusion flows from adopting a different approach to the character and role of ideas. Harris sees ideas as self-contained and self-sufficient entities, whose relationships are determined by logical consistency. In contradistinction Freedon argues that political ideologies are "groupings of decontested political concepts ... affected by the specific morphological arrangements that place them in relation to each other."<sup>54</sup> Ideologies are, in other words concatenations of ideas and the role that they are assigned in a particular ideology allows adherents to respond to them without having to derive their response from first principles.

What Harris sees as the decay of political and social thought, may from the point of view of the voluntary sector, be better grasped as a change in the importance attached by its adherents and practitioners to different components of this ideology. Voluntarism is ideological in a double sense. The intellectual framework of voluntary social service is itself an ideology in Freedon's sense. In the 1940s, voluntarism was also ideological in the sense that other political ideologies assigned it a role in their constellation of ideas. These two levels interacted in the 1940s and 1950s to produce a particular pattern of thinking about the voluntary sector, both within the voluntary sector and in the wider political realm beyond it.

The focus in this study is not how voluntarism fitted into these wider political ideologies but rather on the internal ideological rearrangement of the voluntary sector in the period after 1945. At an earlier stage in its history voluntarism sought to provide an explanation of the totality of human experience. By the 1940s, the requirements of a viable ideology of voluntarism were quite different. Its orientation was primarily internal and aimed to provide legitimacy for existing voluntary organisations. It also had

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<sup>54</sup> Michael Freedon, Ideologies and Political Theory: a Conceptual Approach, (Oxford: Clarendon Press, 1996), 82



to supply a rationale for its relationships with exterior institutions, notably the state. For this reason the construction of a new morphology of voluntary sector ideology was carried out primarily in relation to the state. This is reflected in the prominence given in this thesis to the role of the debate on the future of voluntarism in the realm of high politics. This debate and the response of the voluntary sector provided a vehicle in which the voluntary sector reached its own internal version of consensus.

### **Outline of the thesis**

The central position occupied by financial and organisational questions in the debate means that the thesis draws very heavily on evidence contained in the financial and other records of some major voluntary organisations rather than on more conventional sources for intellectual history. This is not intended to be either a straightforward contribution to the history of ideas, nor as an account of the financial and organisational evolution of the voluntary sector during this period, though consideration of the financial and organisational issues is unavoidable given the central place they held in the debate. The purpose is rather to show that questions of money and organisations had displaced the language of morality conventionally employed in discussions of voluntary social service by the middle of the twentieth century. The thesis explores some of the roots of this phenomenon and seeks to outline some of the implications of this shift for the later development of voluntarism. This displacement was not a gradual or subtle transformation of the terms of the debate as it unfolded in the 1940s. It was the starting point of the discussion and the rapidity with which it subsumed all other considerations suggests that this way of thinking about voluntarism was already well established within the voluntary sector.

The focus of attention in the thesis is how the discussion on the future of voluntarism dealt with three sets of oppositions. The first of these was the opposition between voluntarism and the state. This opposition is, of course, central to the Libertarian ideology of voluntarism, but the rationalist approach to voluntarism also gives pride of place to defining the relationship between voluntarism and the state, and this opposition of voluntarism and state holds a central position in any ideology of voluntarism. This opposition was prominent in the earlier stages of the debate on

voluntary social service but it soon moved into the background, supplanted by the second opposition that we shall be considering. This opposition was internal to the voluntary sector, it was formal and it was historic. This was the opposition of the voluntary organisation to the charitable trust. This opposition was the bequest of the Liberal political tradition to the debate on voluntarism in the 1940s. This opposition moved into a central place in the discussion, reaching its high water mark in the recommendations of the Charitable Trusts Committee. This opposition was neutralised in the 1960 Act and has played very little role in the discourse on voluntarism since the 1950s. The final opposition is the one that dare not speak its name. This was the opposition between voluntary organisation and voluntary organisation. It played almost no part in the discussions of the 1940s nor has it often surfaced since. This was the ‘spectre at the feast’ in the public discussion of voluntarism in the 1940s and 1950s. The effect of the debate was to shelter this tension within the voluntary sector behind the prominence given to the oppositions of state against voluntary and voluntary organisation versus charitable trust.

The National Council for Social Service played a key role in the debate and one objective of the thesis is to determine the Council’s role in developing the ideology of voluntarism. According such a prominent role to the NCSS presented a number of difficulties. The first of these were technical. At the beginning of the research period, the NCSS archive was not in the public domain. It became available only towards the end of the second year of research – it was still being catalogued as the research was under way. The archive, when it finally became public was large, which presented major problems of selection even for the relatively short period covered. The other difficulties were qualitative. The archive consisted largely of administrative documents – minutes and short reports predominate – the sort of documents, in other words, not likely to discuss ideas. The role of the NCSS made this inevitable. The Council was representative of the voluntary sector as a whole and a large part of its function was to promote cooperation between voluntary organisations. Its role was, therefore, to minimise ideological differences between voluntary organisations. As a result, it actively sought to exclude ideological questions that might exacerbate tensions. There were, however, occasional attempts by the NCSS leadership to explain the role and function of the Council and the wider voluntary sector. Though much relies on inference, the thesis attempts to use this archive material to shed light on the post-war debate on voluntarism.



The thesis falls into three parts. Chapters 2 and 3 are scene setting, looking at the voluntary sector and the state in the 1940s. Chapters 4 to 7 focus on the political debate while chapters 8 and 9 examine how far the ideas articulated in the course of the debate and the proposed institutional framework, which was meant to embody these, related to conditions within the voluntary sector. The National Council of Social Service was the principal architect and beneficiary of the new ideology of voluntarism and Chapter 2 introduces the NCSS and its General Secretary George Haynes. The chapter locates the institution and the man within the developments in the intellectual framework of social thinking advanced by Jose Harris. A second major party to the debate on the future of voluntarism was the state, represented by the government of the day. More material is available on the role of the state. Here the opposite difficulty applies. Chapter 3 sketches historical developments in political and legal attitudes to charity in order to identify the limitations that they imposed on the Labour Government in setting out a policy on the voluntary sector.

Chapters 4 to 7 adopt a broadly narrative structure and are largely empirical. They discuss four cardinal stages in the debate on voluntary social service. Chapter 4 examines Beveridge's role in initiating the debate and how the Liberal ideology that underlay his intervention helped to determine the conceptual structure of the debate as it unfolded. Chapter 5 takes this analysis further by looking at the debate in the House of Lords that Beveridge prompted. This chapter pays most attention to the contribution of another Liberal, Lord Samuel. Samuel's intervention extended Beveridge's analysis and added a practical component. Samuel also followed up his intervention in the Lords by applying further pressure on the Government to take action to secure the future of the voluntary sector along the lines outlined in his Parliamentary contribution. The chapter closes with an examination of the Government's response.

The Government was keen to appear to be taking an interest without making too many firm commitments. It particularly wanted to avoid any long-term financial commitment. The natural response was to establish an enquiry to examine the issues and deflect the political pressure for immediate action. Chapter 6 looks at the product of this enquiry, the Report of the Charitable Trust Committee, which codified and sought to give institutional form to the ideas about the future of voluntarism generated during the earlier discussion. The chapter finds in the Committee's recommendations a 'programme' for recasting the voluntary sector in the interests of voluntary organisations and at the expense of some of the endowed charitable trusts. The Macmillan



Government finally took up the Committee's recommendations at the end of the 1950s but the 1960 Charities Act was far from being a straightforward transfer of the Committee's proposals to the statute book. Chapter 7 looks at the differences between the programme for reform advanced by the Committee and the content of the Charities Act. Though there were a number of significant differences between the Committee's recommendations and the Act, the chapter argues that the defining difference was the nature and purpose of the register of charities proposed by the Committee and that imposed by the Act. The chapter argues that in spite of this major difference between the Act and the earlier debate there were underlying continuities of approach. These underlying continuities derive from the character of the voluntary sector in the period under discussion and the remainder of the thesis is devoted to an examination of the foundations of the ideological consensus in conditions within the voluntary sector.

Chapters 8 and 9 are more discursive and somewhat more conjectural than the preceding chapters. They seek to answer the questions that arise from the supposed 'crisis of voluntarism' that occurred in the middle decades of the twentieth century. How far did the intellectual framework that underpinned the debate harmonize with voluntarists understanding of this crisis? As chapters 4 to 7 establish, the politicians who concerned themselves with the future of voluntarism in the 1940s generally perceived of the crisis as essentially financial in character. Yet the evidence for a financial crisis in the voluntary sector, in the sense of an absolute material deficiency that assumed a distinctive character in 1940s is, to say the least, ambiguous. Chapter 6 seeks to show how the language of financial crisis that both voluntarists and their political supporters deployed during the late 1940s gave the appearance of dialogue.

Closer examination reveals that a different interpretation of the nature of this financial crisis lay behind discussions within the voluntary sector. Political debate tended to focus on quantitative aspects of voluntary sector finance, and the solutions it generated sought to enhance the financial stability and security of voluntary organisations. Leaders of voluntary organisations were preoccupied with qualitative considerations, however. They worried about the moral implications of funding from traditional sources, particularly collecting voluntary contributions from the public. There was a noticeable inversion here. Politicians expressed concern that state funding would subvert the ethos of voluntarism and undermine its independence. Voluntarists were more anxious to disengage their finances from accountability to the charitable public implicit in the collecting relationship. The morality of state funding seems barely to



have troubled them at all. Underlying all this were the unmentioned effects of competition within the voluntary sector.

This divergence over attitudes to finances reflected the interests of a particular section of the voluntary sector. The latent hostility to professionalism within the voluntary sector, which surfaced intermittently, particularly from trustees and members of voluntary management committees expressed an inkling that a new interest had emerged within voluntary organisations and one that increasingly determined the direction of voluntarism. Chapter 9 examines the development of professionalisation within the voluntary sector and the implications this had for the ideology of voluntarism. 'Managerialism' offered an escape from the consequences of rivalry within the voluntary sector and competition for funding but it implied a much more quiescent voluntary sector and encouraged greater dependence on the state. The conclusion reviews some of the longer-term effects on voluntarism of the ideological settlement developed under the auspices of the managerial voluntarism that came into its own in the course of the debate in the 1940s and 1950s.

## **Chapter 2: George Haynes at the National Council of Social Service**

In order for the conceptualisation of voluntary social service implicit in the political discourse outlined in the following chapters to take hold, it had to be rooted within the voluntary sector itself. This chapter approaches the emergence of the new intellectual framework of voluntary social service through an assessment of the thinking of George Haynes, Director of the National Council of Social Service 1940-67. By the end of the 1940s, the National Council of Social Service, the representative of the rational wing of voluntarism and the heir of charity organisation, had clearly emerged as the official national voice of the voluntary sector, a role to which it had aspired since its inception. This was not a sudden apotheosis but rather the outcome of developments during the previous two decades. The Council's rise to dominance was contested – the voluntary sector is and was too fissiparous for it to concede formal leadership to any single body; but the position of the NCSS in the 1940s and 1950s was quite different from that of its precursor, the Charity Organisation Society.

As the leader of an influential voluntary organisation, Haynes participated in the political debate and so contributed to the re-conceptualisation of voluntary social service under investigation here. The chapter examines the intellectual foundations of Haynes's contribution to the development of the voluntary social service in the 1940s and 1950s. It outlines his views on the future of voluntary social service and his experience of working in the voluntary social services that gave rise to these ideas. This forms an essential backdrop for the discussion of the political debate on the future of voluntary social service taken up in subsequent chapters.

There is no evidence that at the end of the war, Haynes anticipated or desired a public enquiry into the voluntary sector, but he was quick to grasp the opportunities presented by the debate on the future of voluntarism that arose in the late 1940s. Haynes was close to the centre of the institutional framework of voluntary social service. The professional managers of voluntary organisations were an important group of stakeholders, and Haynes was especially well placed to observe the challenges faced by voluntary organisations in the 1940s. The National Council was pre-eminent in the discussion on voluntarism in the 1940s and Haynes's rise to its leadership from social work in Liverpool in the 1920s illustrates an important connection between the



institutional structures and the intellectual framework of voluntary social service. It also provides an example of the evolving role of professional managers in the voluntary sector. Haynes's career and outlook helps to illuminate the importance of the management layer to the harmonising of potentially dissonant elements within the voluntary sector.

### **Planning the future of voluntary social service**

The roots of Haynes's intellectual outlook may be found in his early career in social welfare work. Born in 1902 of middle class parents in the Cheshire village of Middlewich, his formative experiences were in the North of England during the economic depression of the 1920s and 1930s. His involvement in voluntary social service began while he was a student of physics at Liverpool University. His scientific studies had to compete with a growing interest in social problems, and he found himself "attracted to the thought of a social science." Years later, Haynes recalled the impact of social conditions in Liverpool where he "confronted, for the first time, really, with a physical and mental shock – a rampant slum of a great city." The poverty and squalor led him to campaign "to get one particularly fetid district removed." Haynes's campaign followed the template established by Victorian and Edwardian social reformers: an enquiry to gather information was followed by lobbying of the City Council's Director of Housing for a clearance and re-housing scheme. An unexpected result of his success had a profound influence on Haynes's outlook. In spite of the improvement in the occupants' physical surroundings, Haynes learned, "many of them could not bear the monotony, the loneliness and the emptiness of this new urban environment, and pressed back into the neighbourhood from which they had been removed." Haynes drew a moral lesson from this experience, concluding that material improvement alone was insufficient, having "discovered then that you can never be sure what it is that creates and makes a community live." The lesson Haynes drew from this experience was not that material improvements sponsored by the state had no role to play, but that something extra was required to supplement it.<sup>1</sup>

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<sup>1</sup> Sir George Haynes, 'Prospects for Human Welfare', First Dorothy King Memorial Lecture delivered McGill University, 23 October 1964, LMA/4016/IS box 178

Haynes, already Deputy General Secretary, was appointed Acting General Secretary of the Council on 20 September 1940 following the sudden retirement on health grounds of his predecessor, Leonard Shoeten Sack, in the spring of 1940. Haynes was the effective leader of the NCSS throughout the war. Sack was retained as a 'consulting officer' and his return to office was clearly anticipated. Haynes's appointment was initially described as temporary and even when it became clear that Sack was unlikely to return it was declared as being for the duration of the war plus six months. His confirmation in office by the Finance and General Purposes Committee on 26 March 1946 was never in doubt.<sup>2</sup> Haynes's appointment as the senior paid officer of the Council, at the comparatively young age of 38, was the natural progression of an already blossoming career in the management of voluntary organisations. It was also partly a matter of luck: Sack had been in office for barely four years when he fell ill; his predecessor, Captain Lionel Ellis, had served for 18.<sup>3</sup>

The NCSS was a complex alliance of different interests. It was an umbrella organisation and it had two aspects. On the one hand, it really was a Council consisting of representatives of voluntary organisations. The precise make-up of the Council fluctuated but in 1949 it had 176 members. In addition to 27 individual members, there were 65 representatives of major national voluntary organisations. These included the National Association of Guilds of Help, the Family Welfare Association and the Soldiers, Sailors and Airmen's Families Association, all founding members. The Council also included representatives of 10 Government departments covering health, social security and education, nine representatives of local authority associations, and

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<sup>2</sup> NCSS Executive Committee, 25 April 1940; NCSS Executive Committee, 20 September 1940, London Metropolitan Archive (hereafter LMA) 4016/IS/01/031 (2); NCSS Finance and General Purposes Committee, 26 February 1946, LMA/4016/IS/01/048 (1); NCSS Finance and General Purposes Committee, 26 March 1946, LMA/4016/IS/01/048 (1); Margaret Brasnett, Voluntary Social Action: The History of the National Council of Social Service 1919-1969, (London: National Council of Social Service, 1969), 95-6

<sup>3</sup> Brasnett, Voluntary, 84



representatives of professional bodies such as National Union of Teachers and the National Association of Local Government Officers. Representatives of the major religious denominations rubbed shoulders with the delegate from the decidedly secular National Institute of Economic and Social Research. These organisations came together once a year, usually in Church House, Westminster.<sup>4</sup>

Between annual meetings, the NCSS existed as a large voluntary organisation in its own right. It operated at a national level, employing some 150 officers in its headquarters in Bedford Square and conducting a number of social welfare programmes, promoting the principles of the NCSS and following policy directions set by the annual Council meeting. The NCSS also had an expanding network of regional, county and local branches. It lobbied government on behalf of voluntary organisations and, in addition to promoting co-operation between voluntary organisations working in the same field, it encouraged collaboration between voluntary organisations and national and local government.<sup>5</sup>

The effective leadership of this unwieldy institution required tact and patience, two attributes with which Haynes was amply endowed according to those who knew him well. Sir John Wolfenden, who as Chairman of the National Council from 1953 to 1960 had the chance to observe him at close quarters, praised Haynes for his ability to maintain an even temper. No matter how “tiresome other people might be – committee members, officials of central or local government, enthusiastically indiscreet voluntary workers”, Haynes displayed “a tireless readiness to listen and then to explain, with modesty and even apparent diffidence, what the other side of the picture might be.” Margaret Brasnett, who worked under him, thought he brought “a temperament and personality admirably fitted to the tasks” of leading the organisation during the crisis of the war and the period of reconstruction that followed, praising especially “his skill and devotion as a patient, sympathetic negotiator.” Wolfenden and Brasnett respected the breadth of Haynes’s vision of voluntary social service: Brasnett admired his “gift of being able to see both the wood and the trees”; Wolfenden admired “the wisdom that [had] matured over the years” and his “capacity for a synoptic breadth of view into

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<sup>4</sup> Joan S. Clarke, ‘The National Council of Social Service’, Lord Beveridge and A. F. Wells, (eds.), *The Evidence for Voluntary Action*, (London: George Allen & Unwin, 1949), 253. See also National Council of Social Service, *Annual Reports 1939-60*.

<sup>5</sup> Clarke, ‘National Council’, 253

which the details must be made to fit.” As the latter comment suggests, Haynes’s contribution was not - and Wolfenden had no qualms about spelling this out - “primarily as a theorist or a spinner of philosophical words about service.” His vision of voluntary social service was subordinate to action for he spent “his time living out his conviction” rather than indulging in lengthy rationalisation.”<sup>6</sup>

Haynes appeared to demonstrate the skills and aptitudes of the diplomat more often bracketed with intellectual flexibility than with rigour. He was clearly most comfortable negotiating person-to-person or in the numerous commissions and committees of which he was a member. There was, as Wolfenden’s comments show, a natural tendency to see Haynes as all practice, and to underestimate his social philosophy but his renowned pragmatism sprang not from an absence of principle; rather it flowed naturally from a set of ideas formed in the course of his experience in the British voluntary sector in the inter-war years.

Pivotal in Haynes’s conception of the future of voluntary social service in the 1940s was greater co-operation between state and voluntary organisations. The general tenor of his approach may be gleaned from his encomium to George Astbury, his opposite number at the Family Welfare Association, on the latter’s retirement in 1956. Reflecting on the changed intellectual climate since Astbury’s appointment in 1938, Haynes noted with approval his readiness to ‘think the unthinkable’. Haynes singled out Astbury’s role in persuading the Charity Organisation Society (COS) to endorse “the main recommendations of the Beveridge report”, and contrasted Astbury’s readiness to embrace the “new relationships between statutory and voluntary agencies” with the Society’s approach under its first Secretary Sir Charles Loch, for whom state welfare had been anathema. Haynes believed that Astbury’s policy departure was justified by the “silent revolution which had transformed many of the issues of his day.”<sup>7</sup> Haynes was

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<sup>6</sup> Sir John Wolfenden, ‘George Haynes: a tribute’, Social Service Quarterly, vol. XL No. 4, 1967, 139-40; Brasnett, Voluntary, 95-6

<sup>7</sup> Family Welfare Association Annual Report 1956-57, 24. The Charity Organisation Society, a vigorous opponent of collective welfare since its inception in 1869, became the Family Welfare Association in 1946, under Astbury’s leadership. The change of name reflected the change in direction masterminded by Astbury as the Association focussed increasingly on casework at the expense of the wider role in regulating the voluntary sector that it had espoused at its inception. Owen, Philanthropy, 246



himself deeply implicated in this 'silent revolution'. His support for co-operation between the state and voluntary organisations was not the sudden conversion implied by his Damascene narrative of Astbury's reorientation of the FWA, nor was it a pragmatic response to changing political realities. It was fundamental to his outlook and to that of the NCSS, and it came into its own in the political conditions of the late 1940s.

Towards the end of the war, Haynes detailed his ideas on the future of voluntary social service in an internal discussion document entitled 'The Future Purposes and Organisation of the National Council of Social Service'.<sup>8</sup> Haynes's comments give an insight into the complex operations of mid-century voluntary organisations. In a short introduction to the Council's principles Haynes expressed his warm approval of the organisation's founders, praising especially their "empirical approach" and the consequent breadth of mission they had set out. This had given "the Council maximum freedom in selecting its tasks and creating its machinery."

Haynes started by rejecting a common criticism of voluntary effort; he denied that social work should be "regarded merely as a social palliative ... [but as] a necessary instrument of social regeneration." He asserted the importance of integrating voluntary social service with a strategic approach to social change, arguing that it was "crucial in the whole process ... that the attack on any social problem shall be informed by a full appreciation of its relation to general social progress". Haynes declined to elaborate any but the most general of principles for social service, however, and confined his observations on the role of the NCSS in developing a strategic synthesis to the generalised aspiration to pursue "any contribution the Council can make towards a better appreciation of the relation between specialised activities". Haynes adopted a subjective focus superficially similar to the philosophical Idealism that had informed the COS. He asserted that the work of the Council rested "on a belief in the value of individual personality". He also accepted the Idealist recognition of a connection between subjective and social existence, for an individual could "only find himself and outlet for his powers in association with others".<sup>9</sup> He declined to suggest any intellectual foundations on which such associations of individuals might be formed.

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<sup>8</sup> G. E Haynes, 'The Future Purposes and Organisation of the National Council of Social Service', appended to Minutes of the Annual General Meeting, 14 December 1944, LMA/4016/IS/01/007(1)

<sup>9</sup> Haynes, 'Future Purposes', 1-3

Haynes assumed the actuality of social relationships and deferred their theoretical elaboration. His avoidance of prescription was partly, no doubt, tactical. The character of the NCSS meant that its leadership required great sensitivity. His reluctance to evoke a social theory also reflected what some have seen as a wider intellectual crisis of the social sciences.<sup>10</sup> What it yielded in the case of Haynes was a focus on organisation as such. Haynes argued that “it was with organised group life that the Council is primarily concerned”, and particularly with fostering relationships between groups. “Satisfactory relationships between groups do not”, he argued, “develop automatically but require just as careful thought and planning as the organisation of the group activities themselves.”<sup>11</sup> This was the level at which the NCSS could intervene, “to create out of this diversity of group interests and activities a real partnership of effort”. The role of the NCSS’s leadership was to set general standards for efficient administration.<sup>12</sup> Haynes offered quality assurance of administrative standards as the foundation stone for individual involvement in voluntary social service.

Given Haynes’s concentration on administration it is not surprising that the bulk of the prospectus was concerned with the technicalities of administering the Council, though here again Haynes’s approach was revealing. Haynes urged administrative decentralisation as the best means of achieving the partnership in diversity that he favoured. This suggestion was partly a matter of practicality. Haynes argued that at its existing size and with its variety of disparate activities, it was “impossible for one committee of the Council to be executively responsible for all the work carried out in its name.” The attempt of the Executive Committee to oversee all aspects of the Council’s activities had resulted in “overburdened agenda and reports from groups and committees”. This had made it “impossible for members of the Committee to concentrate their attention on important general matters of policy.” Haynes’s solution to this overloading of the administrative machinery of the Council was to call for greater devolution of authority. He acknowledged that there were “important questions which arise from time to time on which general unanimity should be sought” but, he argued, for

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<sup>10</sup> See, for example, the discussion of Jose Harris’s approach contained in the introduction and Jane Lewis, ‘Women, social work and social welfare in twentieth century Britain: from (unpaid) influence to (paid) oblivion’, Daunton (ed.), *Charity*, 215

<sup>11</sup> Haynes, ‘Future Purposes’, 3

<sup>12</sup> Haynes, ‘Future Purposes’, 8-9



the most part “activities should be left free for the determination of the different groups and committees which are competent to deal with them.” Concentration of power in the hands of the Executive resulted “in frustration and delays” and was in any case a “sterile method of promoting the aims” of the Council.<sup>13</sup>

Decentralisation is an attractive strategy for the managers of voluntary organisations since it tends to augment the power of the professional managers at the expense of the voluntary management committees. The remoteness of the central management from the activities of the organisation increases its dependence on the chief executive, without necessarily increasing the power of those involved in service delivery.<sup>14</sup> Implicit in Haynes’s proposals for the dispersal of power was a drifting of power towards the professional managers of the Council. His plans for decentralisation of authority from the Executive Committee envisaged a greater role for the Council’s administrative machinery. It would provide premises, staff and secretarial services for the autonomous groups working under its aegis. The Executive’s remit was to be confined to the setting of broad general policy, and ensuring that “the conditions for efficient administration and organisation exist and to give its main concern to the provision of the services required.”<sup>15</sup> This administrative solution to the challenges facing the NCSS and the wider voluntary sector had a lengthy pedigree.

### **The influence of Frederic D’Aeth and the Liverpool Council of Social Service**

After graduating in 1923, Haynes spent a brief period as a schoolmaster before becoming Warden of the Liverpool University Settlement. He joined the National Council as its regional organiser in the North West in 1933, and three years later transferred to the Council’s headquarters staff in London’s Bedford Square. His voluntary social work in

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<sup>13</sup> Haynes, ‘Future Purposes’, 7

<sup>14</sup> Mike Whitlam, ‘At the top: The role of the chief executive’, Chris Hanvey & Terry Philpot, Sweet Charity: The Role and Workings of Voluntary Organisations, (London: Routledge, 1996), 163. Whitlam’s insight is based on his own experience as Chief Executive of both the British Section of the Red Cross and of the Royal National Institute for the Deaf. See also John Clarke and Janet Newman, The Managerial State, (London: Sage Publications, 1997), 29-33

<sup>15</sup> Haynes, ‘Future Purposes’, 9

Liverpool in the early 1920s, particularly as Warden of the University Settlement, put Haynes at the centre of one of the most dynamic provincial centres of voluntary social service at a formative period in his development. As Warden, Haynes played a leading role in establishing the first of the City's 'Service Clubs' for the unemployed. The clubs, a local response to an appeal launched by the Prince of Wales in January 1932, which were quickly renamed 'Occupational Centres' in deference to the objections of local trades unionists, provided training and occupational therapy for the unemployed. The renaming of the clubs failed to placate their labour movement critics, but the network of centres survived the withdrawal of trade union support and grew rapidly both locally and nationally.<sup>16</sup>

The dominant influence in the Liverpool social service scene in which Haynes learned his craft was the Council of Voluntary Aid (LCVA). The LCVA was launched at a meeting of representatives of the City's voluntary organisations on 25 October 1909 presided over by the Lord Mayor, H. Chaloner Dowdall. William Grisewood, Secretary of the Liverpool Central Relief Society, which had been established in 1863 to co-ordinate voluntary effort in the city and operated on the same lines as the London Charity Organisation Society, also sponsored the new LCVA. By the time of its first annual general meeting in May 1911, 100 of the city's charitable agencies were affiliated to it and it included 50 representatives of official agencies as well a scattering of individual members representing Liverpool's great and good. The LCVA was already the powerhouse of Liverpool voluntary social services by the time Haynes arrived in the city. It became independent of the Relief Society in 1913 and progressively supplanted it, finally absorbing it in 1932, and changing its name to the Liverpool Council of Social Service in 1933, the same year that Haynes joined the National Council as a full-time official.<sup>17</sup>

The Mayor's support was important in establishing the Council but its ultimate success depended on the commitment and flair of Frederic G. D'Aeth, a lecturer in the School of Social Sciences at the University and honorary secretary of the LCVA. D'Aeth was an archetype of the social entrepreneur favoured by modern day policy makers, and his approach provided the template for Haynes's career in the national

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<sup>16</sup> H. R. Poole, The Liverpool Council of Social Service, 1909-59, (Liverpool: The Liverpool Council of Social Service, 1960), 49-51

<sup>17</sup> Owen, Philanthropy, 460-8; Poole, Liverpool, 7-8, 14



leadership of voluntary social service. Social entrepreneurs have to be able to articulate a sense of “mission coherent and clear enough to command support, but flexible enough to allow growth.” The organisations they found depend on generating “the support and enthusiasm which keeps them going”, often communicating “their values and motives through stories and parables”, and encouraging their supporters to think imaginatively rather than analytically or procedurally.” Their aims tend to be concrete, often radical and “if an opportunity comes along they will try to take it, even if it does not fit their original plan.” The social entrepreneur’s emphasis on practical results entails a reluctance to “be tied down to a political position as this would cut them off from potential supporters.”<sup>18</sup> D’Aeth fitted this profile of the ‘visionary opportunist’ admirably.

The number of initiatives in which he was involved both in Liverpool and on the national stage shows that D’Aeth was an effective and charismatic social entrepreneur. Adept at building alliances, he was in touch with other leading figures such as Thomas Hancock Nunn, the disciple of Canon Samuel Barnett who established a Council of Social Welfare in Hampstead. He was also on good terms with Edward Vivien Birchall who inspired the foundation in 1911 of the National Association of Guilds of Help and became its first honorary secretary. The association with Birchall, who died in action in France during the First World War, was particularly significant for his legacy of £1,000 provided the funds that “sustained the National Council of Social Service in its first precarious years of existence.”<sup>19</sup> From his base in Liverpool, D’Aeth rapidly became an influential figure on the national stage, playing a key role in the foundation of the NCSS in 1915.

These individuals and organisations represented diverse currents within voluntary social service, but there were recurrent themes, and D’Aeth’s approach to voluntary social service was typical of his generation. His thought had been moulded in the Edwardian upsurge of voluntary social service that preceded the Great War. D’Aeth was a leading figure in this movement. His contribution to the LCVA, and ultimately to the NCSS, was ideological but not in the conventional sense. The Councils of Social Service that this generation of activists inspired were “less ideologically militant” than

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<sup>18</sup> Charles Leadbetter, The Rise of the Social Entrepreneur, (London: Demos, 1997), 78-80

<sup>19</sup> Brasnett, Voluntary, 18

the Victorian COS.<sup>20</sup> Like the guilds of help, to which they were close kin, they were “less inclined to propound a theory of charity than to promote ideas regarding its practice.”<sup>21</sup> D’Aeth, like many other representatives of this Edwardian flowering of social service, accepted the COS’s argument that social service could be improved by co-ordination of voluntary effort, but, like many activists, he recoiled from the Society’s dogmatic insistence on clarity of policy as a precondition of co-operation.<sup>22</sup>

D’Aeth was typical of his generation in regarding relief work as part of a wider programme for community and civic regeneration. Cultural as well as social welfare projects occupied a central position in his thinking.<sup>23</sup> In spite of this superficial similarity with the COS, his holistic conceptualisation of voluntary social service actually inverted the approach of the COS. The Society saw the conscientious involvement of the active citizen in social welfare work as a preliminary to the foundation of the good society.<sup>24</sup> D’Aeth, in contrast, regarded the good society as immanent in organisations operating in different fields: all that was necessary to release this potential was to bring activists together. D’Aeth’s repudiation of ideological preconditions for joint work went beyond co-operation between voluntary organisations for he also welcomed the extension of state welfare services. D’Aeth saw the Councils as acting as a bridge between the state and voluntary social service, hoping that they would be “representative alike of public and voluntary action”.<sup>25</sup> From his perspective, far from representing a threat to voluntary social service, the greater involvement of governments in the delivery of welfare presented “great opportunities for co-operation with the state in the administration of new legislation such as the National Insurance Act,

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<sup>20</sup> Pat Thane, Foundations of the Welfare State, (London: Longman, 1996), 161

<sup>21</sup> Jane Lewis, The Voluntary Sector, The State and Social Work in Britain: the Charity Organisation Society/Family Welfare Association since 1869, (Aldershot: Edward Elgar, 1995), 69

<sup>22</sup> Brasnett, Voluntary, 13-14;

<sup>23</sup> F. G. D’Aeth, ‘The Social Welfare Movement’, The Economic Review, (Oxford Christian Social Union), vol. XXIV, (1914), 404-14

<sup>24</sup> Stefan Collini, ‘The Idea of “Character” in Victorian Political Thought’, Transactions of the Royal Historical Society, 5th Series, vol. 35 (1985), 29-50

<sup>25</sup> D’Aeth, ‘Social Welfare’, 408



the Mental Deficiency Act, and the Probation Act.”<sup>26</sup> A willingness to endorse state welfare made Councils of Social Service politically distinct from the COS. It also smoothed the way for them to become the preferred partner of Governments in welfare provision.

D’Aeth’s agnosticism about ends was combined with a hard-headed approach to means and under his guidance the LCVA developed two methods of moulding the voluntary sector that were of particular significance for the pattern of growth adopted by the National Council. The LCVA moved rapidly from simply promoting co-operation between existing organisations to sponsoring new ones. The precedent was set in 1911 when an unsatisfactory record of youth work led to the establishment of the Liverpool Union of Boys’ Clubs as an umbrella organisation to stimulate the setting up of new schemes. The corollary of sponsoring new organisations that were more effective than their predecessors was, as the Council’s Secretary in the 1950s observed, “the putting to bed of charities which had become out-dated or obsolescent.”<sup>27</sup> In the case of the new Union of Boy’s clubs, its unofficial power of accreditation gave it the means to pursue this goal.

The LCVA and its creation the LUBC had another weapon in their armoury. D’Aeth had seen the role of the Council in initiating and co-ordinating disparate welfare services as crucial.<sup>28</sup> The LCVA’s ability to insert skilled professional staff to administer new initiatives was crucial to its shaping of voluntary provision in the City; the first honorary secretary of the Union was Warden of the Gordon Working Lads’ Institute. The creation of the Liverpool Personal Service Society to co-ordinate casework in the City provides another example of this process at work. Preparatory work on this plan to coordinate district visiting in Liverpool began in 1917. Lack of sufficient funds to appoint a full-time organiser delayed implementation of the scheme until D’Aeth persuaded one of the City’s women’s settlements, the Victoria Settlement, to appoint Dorothy Keeling, a former secretary of the National Association of Guilds of Help, as part-time Warden, thereby allowing the LPSS to employ her part-time as its organiser.<sup>29</sup>

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<sup>26</sup> Brasnett, *Voluntary*, 6-18

<sup>27</sup> Poole, *Liverpool*, 19

<sup>28</sup> D’Aeth, ‘Social Welfare’, 408-9

<sup>29</sup> Poole, *Liverpool*, 32-3

Ultimately the LCVA's capacity to shape voluntary provision in the City rested on its financial dominance.<sup>30</sup> At an early stage in the Council's development, Dowdall commissioned D'Aeth to produce a report on the funding of voluntary organisations. As well as equipping D'Aeth with a detailed knowledge of the city's voluntary provision, his survey of 241 agencies with a total income of some £460,991 provided him with a platform to set out his views on obtaining a better return on this expenditure.<sup>31</sup> When, in 1918, an anonymous donor offered D'Aeth £50,000 to set up a scheme for the benefit of Liverpool charities, D'Aeth had an opportunity to put his ideas into practice. The Liverpool Charities Fund he set up soon outstripped the resources at the disposal of the LCRS. Three fifths of the Fund's income was reserved for capital expenditure and new projects and the remaining two fifths was distributed automatically to affiliates of the LCVA in direct proportion to their voluntary income. This created a powerful incentive for voluntary groups to ally themselves with the Council, but D'Aeth's scheme went further: the distribution favoured organisations that provided annual accounts in the form approved by the Council. Those organisations that published a balance sheet and income and expenditure accounts received the full amount: those publishing a bare statement of receipts and payment received half.<sup>32</sup> Imposing accounting standards armed the LCVA with a powerful mechanism for moulding the internal operation of voluntary organisations.<sup>33</sup> The Charities Fund extended the influence of the LCVA, as D'Aeth intended, by prompting the city's voluntary organisations to adopt the sort of "progressive policies" he favoured.<sup>34</sup> D'Aeth in Liverpool had achieved what Haynes set out to do nationally, impose a scheme of quality assurance on the administration of voluntary organisations.

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<sup>30</sup> Owen, Philanthropy, 460-4

<sup>31</sup> Frederic G. D'Aeth, Report to the Chairman of the Liverpool Council of Voluntary Aid on the Charitable Effort in Liverpool, (Liverpool: [[LCVA], 1910), 18

<sup>32</sup> Poole, Liverpool, 43-4

<sup>33</sup> D'Aeth's scheme provides a good example of the way systems of accounting are not neutral and descriptive, but can actually transform organisations by serving "to constitute a realm of facts, to make a world of action visible and hence controllable in economic terms." Michael Power, The Audit Society: Rituals of Verification, (Oxford: Oxford University Press, 1997), 94

<sup>34</sup> Poole, Liverpool, 44



## The organisation man

The intellectual and administrative paradigm adopted by D'Aeth and the LCVA shaped Haynes's approach as leader of the NCSS. Indeed growth on the model of the LCVA had already reached a level of maturity by the time Haynes assumed control at the National Council. The NCSS extended its influence within the voluntary sector by organising conferences and convening standing committees covering different fields of voluntary work. These brought into contact activists from organisations not directly connected with the Council, and continued the strategy proposed by D'Aeth for gaining the confidence of voluntary organisations through joint action.<sup>35</sup> There were a number of subordinate groups and standing conferences that brought together individuals and organisations working in the same fields. The Churches Group, for example, was small but influential embracing as it did representatives from all the major Christian churches and from Jewish groups. The Standing Conference of Council's of Social Service provided a forum for representatives of the Council's own local, county and regional branches. The Women's Group on Public Welfare and the National Old People's Welfare Committee (later Age Concern) brought together representatives from other voluntary organisations active in fields where the Council was keen to expand its operations in the 1940s.<sup>36</sup> The Women's Group had the additional advantage in the post-war years that its members had strong connections to the Labour Party.<sup>37</sup> These standing bodies played an important role in extending the Council's domain of influence for they often drew in organisations not affiliated to the NCSS. There were seven of these standing committees and conferences in the mid-1940s, each with a full-time official on the staff of the National Council and based in Bedford Square.<sup>38</sup>

The Council was also adept at creating forums either to meet special circumstances or to bring together disparate organisations in the name of greater

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<sup>35</sup> D'Aeth, 'Social Welfare', 408

<sup>36</sup> Clarke, 'National Council', 252; NCSS Annual Reports 1937-60

<sup>37</sup> Steve Fielding, Peter Thompson and Nick Tiratsoo, England Arise: The Labour Party and Popular Politics in 1940s Britain, (Manchester: Manchester University Press, 1995), 21

<sup>38</sup> Clarke, 'National Council', 254

efficiency in the provision of services. The Standing Conference of National Voluntary Organisations (SCNVO) is a good example. Set up at the beginning of the war to co-ordinate wartime relief it drew its membership from a much wider constituency than the Council had been able to influence in the inter-war period. Early in the war, the Council's Executive Committee delegated its authority to the Special Emergency Committee of the SCNVO. Although it was thus nominally independent of the Council, Bedford Square closely monitored the Special Emergency Committee's activities. At the end of 1944, partly on account of the difficulty of arranging meetings in London during the flying bomb phase, the Special Emergency Committee passed its authority back to the NCSS Finance and General Purposes Committee.<sup>39</sup> As a result of this process of devolution and the subsequent reversion of authority to the centre, groups that had been drawn temporarily into the orbit of the Council became increasingly subject to the Council's direction.

The Council's capacity to provide senior staff with the expertise to organise national and local initiatives also played an important part in its expansion. This was itself the result of its continuing attention to finance, and this was in turn closely connected with its embracing of a working relationship with the state. The Council's rapid growth in the 1930s and 1940s appeared to confirm D'Aeth's vision of the compatibility of voluntary and state social services. The pattern was set with the Council's rural work during the 1920s, continued during the 1930s in its work with the unemployed, and was reinforced during the war when it supervised the establishment of a network of Citizens' Advice Bureaux. These programmes followed a consistent pattern. The establishment CAB network highlights the main characteristics and may serve as an example of the process in action. The initiative came from the Council; indeed D'Aeth himself had foreseen the need for such an organisation during the First World War. In the winter of 1938-9, the Council convened exploratory meetings with representatives of organisations with an interest in advice work under the chairmanship of Sir Wyndham Deedes, a member of the Council's Executive Committee. Branches were quickly established in the larger cities under the auspices of existing local organisations. Where no suitable local patron existed, the Council itself took the initiative in finding premises and recruiting voluntary or professional staff, often in co-

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<sup>39</sup> NCSS Executive Committee, 24 October 1940 LMA/4016/IS/01/31(2); NCSS Executive Committee, 14 December 1944, LMA/4016/IS/01/031(2)



operation with local authorities. The Council also distributed a digest of changing regulations and legislation in the form of its Citizens' Advice Notes prepared by its new information department. Under the Council's supervision, the network of Bureaux grew rapidly, rising from 200 at the start of the war in August 1939 to 926 by the end of the year.<sup>40</sup>

The Council's influence over the development of the CAB was not confined to providing the inspiration and administrative and technical support. It also secured control of the purse strings at an early stage, and this flowed directly from its existing relations with the Government. The usefulness of the CAB to the Government was twofold. Not only did they provide an effective channel for disseminating information to the population at large, they also gave the Government access to information on the public mood. Even so, the Government was slow to offer financial support. As the value of the service became apparent, however, financial backing was forthcoming, and a retrospective grant of £9,459 was made in 1940. By 1944, the annual grant reached £33,406. As with its rural activities and work with the unemployed, the Council used some of this money to finance the national administration of the scheme. Dorothy Keeling of the Liverpool Personal Social Services was drafted into the Council's headquarters to head up a CAB department, taking charge of a squadron of travelling officers to oversee work in the localities.<sup>41</sup>

The Council found itself once again administering a state grant programme that included funding for its own services. This created the perception of a conflict of interest. The Council's role as a service provider in its own right compromised its qualification to act as a co-ordinating body as "the bodies whose activities it sought to co-ordinate might come to regard it as a competitor and rival." For this very reason, the Council's own constitution forbade its making "national appeals which might have affected adversely the appeals of its constituent organisations" but the inference that it used its relationship with the Government to pursue its own ends was hard to escape, and "suspicion remained."<sup>42</sup> This suspicion had emerged during the Council's work with the unemployed in the 1930s. An anonymous, but sympathetic, correspondent remarked in a memorandum to the Chairman in 1938, that the NCSS was "not universally popular" and

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<sup>40</sup> Brasnett, Voluntary, 99-101

<sup>41</sup> Brasnett, Voluntary, 101-3

<sup>42</sup> Brasnett, Voluntary, 125-6

that there was a widespread belief that the Council in undertaking work with the unemployed, as well as trespassing on the work of others, had “placed itself in the position of exclusive receiver of grants from H.M.’s Government and the national Trusts.”<sup>43</sup> Similar criticism did not emerge over the CABx, but financial control of this funding programme undoubtedly gave the Council powerful means for proselytising in new localities and for regulating the structures of the organisations it furnished with grants.

In spite of the misgivings expressed by some supporters, Haynes remained vigilant for further opportunities to extend the Council’s influence. In doing so, he demonstrated his own credentials as a social entrepreneur on the model of his mentor, D’Aeth. In 1947, he was instrumental in the establishment of the National Association for Mental Health (now MIND), and he played a leading role in the change of direction at the COS, serving on the Provisional National Council of the new Family Welfare Association.<sup>44</sup> His role in the Council’s work following the Lynmouth flood in August 1952 shows his readiness to seize opportunities when they offered themselves.<sup>45</sup> Haynes visited the area within a few days of the flooding, making contact with those engaged in the immediate tasks of clearing up after the disaster and helping to set up an emergency Citizens’ Advice Bureau in co-operation with the Family Welfare Association. He persuaded the North Devon and West Somerset Relief Fund to pay the salary of a member of the Council’s staff, Mrs Weeks, whom the Council seconded to the area for a month. Her stay was subsequently extended by a fortnight.<sup>46</sup>

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<sup>43</sup> Anonymous Memo to Chairman, 6 April 1938, ‘Ourselves as others see us - as we are and as we might be’, LMA (not catalogued), box 139

<sup>44</sup> NCSS Executive Committee, 29 May 1947, LMA/4016/IS/01/32 (1)

<sup>45</sup> For a colourful account of the disaster and subsequent relief work, see Eric E. Delderfield, The Lynmouth Flood Disaster: The Full Story, (Exmouth: Raleigh Press, 1953)

<sup>46</sup> NCSS Finance and General Purposes Committee, 23 September 1952, LMA/4016/IS/01/050 (1); NCSS Finance and General Purposes Committee, 28 October 1952, LMA/4016/IS/01/050 (1)



## Managerial voluntarism and the State

Haynes's ideological agnosticism and his emphasis on activism and administration reveals his debt to D'Aeth, but it was not necessarily as empowering of individual citizens as the rhetoric of the NCSS implied. The hortatory quality of management merged imperceptibly with the truncated idealism that imbued voluntary social service. The pragmatic approach to social policy measured worth by efficacy, and as a result measurable outcomes tended to usurp the less tangible criteria supplied by an ethical framework. The underlying assumption of both Haynes and D'Aeth was that priority was to be given to bringing individuals and groups together in action. Although they believed that this coming together would engender a dynamic that would ultimately produce a common perspective, this needed no direct intervention to bring it about. The priority was maintaining the conditions for joint action, and this was the role of organisation. As a result, thinking about maintaining the organisation increasingly supplanted thinking about the goals of the organisation.

The conception of voluntary organisations elaborated by Haynes is superficially attractive. He presented active involvement in voluntary social service as a means to empower individuals for "[t]he more they can be given responsibility, the fuller will be their citizenship in a free democracy". The Council's role was to help the members of a voluntary group "to look beyond the confines of its own specialised activities to the work of other groups and thus to the wider life of the community."<sup>47</sup> Haynes's open-ended approach to questions of organisational form and ideological content is a prospectus for that bringing together of citizens on emotional rather than rational grounds. The connection between the activities of one group and that of another is announced rather than articulated with any precision. This may generate a feeling that they are 'producers' rather than passive 'consumers' of government but it offers no programme with which this 'production' of government might orientate itself. The tendency to make a fetish of activism strengthened the influence of professional managers. Action became the predicate of action and the gap in this circular conceptualisation of social service was filled, surreptitiously, by organisation – the handmaiden of action.

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<sup>47</sup> Haynes, 'Future Purposes', 3

To some extent, the elaboration of a managerial ethos was an inevitable consequence of organisational development within the voluntary sector. The sheer size and complexity of many large national voluntary organisations called for supervision and direction of some sophistication and the development of management specialisation often facilitated further growth. Haynes's own leadership of the NCSS provides a good example. During his first 10 years as General Secretary, the Council exhibited an impressive record of expansion. The Council's total assets grew from £104,805 in 1940 to £266,385 in 1950, a rise of almost 60 per cent in real terms. At the same time, its annual income rose by some 45 per cent in real terms. At current prices, it more than doubled from £44,312 to £102,735.<sup>48</sup>

Haynes's reluctance to develop a theory of the role of social service was symptomatic of a wider intellectual retreat within the voluntary sector. T. S. Simey the Liverpool-based theoretician of social service, thought its main intellectual weakness was its lack of a totalising thrust. He identified two main ideological structures underlying social casework practice. On the one hand he thought that psychoanalytical insights had their place, for "analytic concepts might well be used as a means of understanding the situation in which individuals are placed so that the most effective help may be given to those in need". On the other hand, he wanted to locate the insights offered by psychoanalysis within a broader frame of reference. Psychology could reveal the mechanics of individual responses to circumstance, and, therefore, provide the social worker with instruments for modifying individual behaviour and equip the client with strategies that were more effective in dealing with their immediate problem. While this might produce satisfactory results in individual cases, Simey saw the scope of professional social work as moving beyond the treatment of individual cases to providing solutions to the circumstances that produced the client. For this the client-centred focus offered by psychology was inadequate for "the situations themselves might be more adequately understood in a sociological context". This overarching framework was necessary if the situations which gave rise to casework were to be transformed and re-shaped so that "the needs of fewer individuals would have to be met" in the future.<sup>49</sup>

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<sup>48</sup> NCSS Annual Reports, 1939/40-1950/51

<sup>49</sup> T. S. Simey, 'Social Service as a Profession', Social Service Quarterly, xxx (3), 1956/7, 112



Simey believed that any resolution of the problem of providing an intellectual underpinning the professional status of social work had to accommodate both strands. Simey despaired that he was in quest of the Holy Grail of social science for, in fact, the resolution of this problem amounted to the discovery of “precisely how behaviour and environment are related to each other”.<sup>50</sup> The uneasy cohabitation of analytic psychology and sociology undermined the capacity of caseworkers to achieve their ambitions of a professional status to offset their financial dependency.

Haynes’s leadership epitomised the modern voluntary sector. It was strong on organisation but the ideas that informed it were diffuse. Although some of the policies that the Labour government pursued rebounded badly on the voluntary sector, Haynes was fortunate that the Labour government had an equally unformed view on the voluntary sector. This presented the NCSS with opportunities to advance its interest in cooperation with the state.

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<sup>50</sup> Simey, ‘Social Service’, 112

### Chapter 3: The Labour Government and Voluntarism

The malleable philosophy of the NCSS under Haynes, combined with a flexible approach to strategy made it an ideal partner in Labour's desire to promote an active democracy. It permitted a closer convergence between voluntarism and the state than had been possible even in the 1930s. This re-alignment of voluntarism had, however, to overcome a number of obstacles. The fact that a number of Labour's objectives in social policy encroached on services previously managed by voluntary organisations was not insuperable. The main impediment to a more rapid and thorough blending of Labourism and voluntarism in the 1940s was that the government lacked policy tools to actively help those voluntary organisations that it wished to encourage. Given its policies on health and income maintenance, the governments inability encourage voluntary organisations in other fields made it appear to be actively hostile to voluntary organisations. Yet as this chapter sets out to explain the Labour government had no settled policy on the voluntary sector.

This chapter discusses some of the available policy tools in order to set the Labour Government's approach to voluntary social service within the context of methods of managing voluntarism inherited from earlier governments. This highlights the limitations of the policy equipment at the disposal of the Labour Government and the constraints these imposed on its attempts to develop a policy on the voluntary sector. This perspective serves to confirm that the difficulties faced by voluntary organisations in this period cannot simply be attributed to an innate hatred of voluntarism on the part of the Labour Government. It also reveals that one important influence on policy development thinking was a pre-existing disposition to discriminate between different types of voluntarism. The formal distinction between charitable trusts and voluntary associations, which surfaced at an early stage of the post-war debate, had solid historical precedents. The re-emergence of this historic distinction played an important role in the ongoing process of decontesting the conceptualisation of the respective roles of voluntary organisations and the state.

The scope and scale of its welfare reforms tended to obscure the complexity of the Government's position, for the Attlee Government came to office with a contradictory posture towards voluntarism. Concerning health and income support the



government was eager to ensure uniformity of provision, but there were many Labour politicians who were keen to preserve a role for voluntary organisations outside these two main areas. Voluntary organisations appeared to have the potential to play a part in the realisation of Labour's grander vision of a rejuvenated civil society, acting as a bridge between the state and the individual, and so helping to cultivate an active citizenship. Yet, there were also clearly impulses in the opposite direction leading to the broadcasting of a 'mixed message'. One competing priority was ensuring uniformity of treatment and fairness across the nation, and the antipathy to the role of traditional 'charity' in welfare services often cut across the division between left and right in the Party. <sup>As will be seen on page 59</sup> We have already noted Callaghan's objection to the state-subsidised largesse of the wealthy, but leading members of the Party as different as Crossman and Bevan expressed their dislike of conventional voluntary social service.<sup>1</sup>

The outlook of the government of the day is clearly one of the most important determinants of the general framework of voluntary social service. Government action, therefore, represents a starting point for understanding the unfolding of the debate on voluntary social service in the 1940s and the rationale offered by its supporters for the continued existence of voluntary organisations. The approach to welfare issues of those in power obviously exerted an external discipline on voluntary organisations. Government pronouncements and the implementation of its policies had an immediate impact on the environment within which voluntary organisations operated and this environment impressed itself on the self-consciousness of voluntarists.

### **A tax blow**

The election of a Labour government committed to extensive state intervention in the field of welfare clearly represented a direct challenge to voluntary social service for it carried the implication that this form of welfare provision was redundant. There were other signs that the new Government was unsympathetic to voluntarism. One early measure passed by the new Labour Government dealt a potentially serious blow to the voluntary sector and seemed to represent a harbinger of worse to come. Hugh Dalton's

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<sup>1</sup> Beach, Labour Party, 212-13; David Gladstone, The Twentieth Century Welfare State, (Basingstoke: Macmillan, 1999), 49; Prochaska, Philanthropy, 156

decision in the 1946 budget to remove from charities the right to recover Surtax on subscriptions made under seven-year covenants appeared to confirm that voluntary organisations faced a bleak future under the new regime.

Ever since the introduction of the income tax, charities had been exempt and this privilege had received an unexpected boost during the 1920s. This was an unforeseen consequence of Section 20 of the Finance Act, 1922. This had set out to close a loophole that allowed the wealthy to avoid income tax by transferring income to family members who paid income tax at a lower rate. The Act introduced stricter rules governing such transfers, stipulating that the lower rate of income tax would be applicable only where the transfer “was paid over annually under a voluntary covenant capable of subsisting for at least six years.” This was a rather clumsy mechanism for achieving this goal, and a lawyer acting for the Liverpool Council of Social Service noticed one of its potential side effects. He enquired whether this meant that if the covenant were to a charity “the gross sum being transferred... was properly chargeable not at the donor’s tax rate ... but at its own tax rate for ‘annual payments’, i.e., nil.” The Board of the Inland Revenue, after considerable deliberation, reluctantly agreed that it did.<sup>2</sup>

Following the Board’s ruling the Liverpool CSS floated a scheme to take advantage of this new tax efficiency of covenanting a sum to charities. Subscribers were encouraged to commit themselves to paying a specified amount for at least seven years into a general charities fund administered by the Liverpool CSS. The Liverpool CSS then undertook to reclaim the tax and to distribute the composite funds to the charities nominated by the donor. The Liverpool scheme was a great success. The bulletin of the Liverpool CSS gave regular reports on the amounts contributed under the scheme and distributed to charities. In 1946-7, a total of 756 individuals and firms donated £93,374 to the fund.<sup>3</sup> Other local Councils of Social Service and the National Council emulated the Liverpool scheme and this was an important source of additional revenue for many voluntary organisations and charities.

The National Council rapidly followed the example set by the Liverpool scheme. As under the Liverpool scheme, the NCSS Benevolent Fund acted as an intermediary distributing the proceeds to the donor’s favoured charity and relieving donors and

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<sup>2</sup> Chesterman, Charities, 234-5; the period of the covenant was subsequently changed to seven years, and later to five.

<sup>3</sup> Liverpool Council of Social Service Bulletin, No. 6 (New Series), July 1948



smaller charities of the administrative burdens of processing covenants, receiving the income from donors, reclaiming income tax from the Inland Revenue. The Council itself naturally expected to benefit from this service, though it experienced some difficulty costing the service and charging for it. On the other hand, there was the expectation that the subscribers to the benevolent fund would select the NCSS as one of the beneficiaries of their covenanted subscription. As the Council's Assistant Honorary Treasurer, Mr R. Matthews explained to the Finance and General Purposes Committee in 1939, "most subscribers enter the Council ... for a contribution on the list of subscription under the agreement" at least in order to cover the administration costs. For those who preferred to pay for the administration separately from their charitable donation the Council charged £1 a year, although it was "sometimes necessary to increase this charge if the distribution involves a large number of small payments." This group constituted about a quarter of the total number of subscribers to the fund. By 1939 the £1 charge was no longer sufficient to cover the running costs of these accounts, and the Council estimated that if the true costs were charged on these it would have an extra £500 a year of income.<sup>4</sup>

In spite of this problem, the Council ran the scheme at a profit for other subscribers donated generously to the Council through the fund. Matthews was deeply anxious that in 'carrying' these under-payers, the Council was in effect misapplying its own funds. He wondered, "whether these generous donations which are intended to augment the general funds of the Council, are being rightly used in "carrying" those subscribers who do not pay sufficient to defray the bare costs of the very excellent service the Council is rendering." This was, of course, a happy coincidence of conscience and self-interest, and Matthews's qualms were satisfied when the Committee decided to write to the delinquent subscribers making the position clear.<sup>5</sup>

As well as being a source of income for the Council the Benevolent Fund also provided the Council with a means of influencing voluntary organisations. There would certainly have been the temptation to influence potential subscribers who wanted advice on which charities they should support. The intention to use the Fund to further the

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<sup>4</sup> NCSS Finance and General Purposes Committee, 12 January 1939,  
LMA/4016/IS/01/046(1)

<sup>5</sup> NCSS Finance and General Purposes Committee, 12 January 1939,  
LMA/4016/IS/01/046(1)

Council's ideas on voluntary social service was also made explicit in the Fund's constitution. This included provisions stipulating that beneficiaries must be members of the NCSS and the distribution of funds would be subject to the Council's approval.<sup>6</sup> The Benevolent Fund continued the practice, initiated by D'Aeth, of using funding as an instrument to exercise influence over voluntary organisations. The National Councils Fund was indeed a mighty instrument for achieving this objective. In 1938, it had 2,423 subscribers and commanded a distribution of £354,489.<sup>7</sup>

The Government estimated that the cost to the Exchequer of beneficiaries of covenants reclaiming tax paid at the higher rate amounted to £1,250,000 a year.<sup>8</sup> Not all of this went to charities. The NCSS alone obtained refunds of tax paid on covenanted donations of £514,583 in 1946 but this included donations that attracted refunds at the general rate of income tax. The effect of Dalton's measure is, therefore, difficult to assess, but it probably amounted to deducting something less than £1 million annually from the voluntary sector. Its incidence was probably extremely uneven: larger voluntary organisations and major charitable endowments were more likely to have noticed its effects since these were more likely to have built up a subscription base organised around seven-year covenants. The NCSS Finance Committee was sufficiently alarmed to suggest seeking alliances with other interests likely to be affected by the measure, though little came of this.<sup>9</sup> The Council secured the support of the MP E.H. Keeling, who moved amendments to the Finance Bill during the committee stage. Keeling's amendments, which sought to restore the Surtax benefit to charities alone, never enjoyed much prospect of success.<sup>10</sup>

The Government was determined to close the opportunity for tax avoidance that the seven-year covenant still made available to the wealthy and its impact on the finances

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<sup>6</sup> NCSS Finance and General Purposes Committee, 12 January 1939, LMA/4016/IS/01/046(1)

<sup>7</sup> NCSS Finance and General Purposes Committee, 12 January 1939, LMA/4016/IS/01/046(1)

<sup>8</sup> House of Commons Debates, vol. 421, 17 April 1946, col. 2813

<sup>9</sup> NCSS Finance and General Purposes Committee, 30 April 1946, LMA/4016/IS/01/048(1)

<sup>10</sup> NCSS Finance and General Purposes Committee, 30 June 1946, LMA/4016/IS/01/048(1)



of the voluntary sector was incidental. There was no obvious method of removing the opportunities for tax avoidance that this loophole offered without also denying its advantages to charities. Indeed, arguing the Government's case in the debate on the measure, James Callaghan sought to make a positive virtue of the withdrawal of this tax privilege. He argued that the seven-year covenants effectively bestowed on surtax payers a system of voluntary taxation. It allowed them "to canalise their Surtax liability into channels they desire and not into the revenue channels." One method he singled out for particular attack was those "people, particularly those with landed estates, who give pensions to their old servants". Callaghan and the Government objected to the fact that, in effect, the State paid for these pensions since they were deducted from the overall tax yield. He objected no less strongly to those wealthy individuals who donated money to a charity such as a hospital, condemning them as "public benefactors at the public expense".<sup>11</sup> Callaghan's comments point to an historic difficulty with charity – it represented a form of public spending that was beyond the control of the state. The resources applied to charitable objects represented a deduction from the public purse but the usual methods of ensuring accountability were absent. This theme reverberated during the debate.

The Labour leadership had to take into account the attitude of its own activists to voluntarism. Hostility to old-style charity certainly existed, as Callaghan's comments reveal. This hostility was more than requited by a hatred of the Labour movement on the part of many voluntarists. Haynes's difficulties with Liverpool trades unionists have been mentioned, but similar squabbles occurred elsewhere. Ann Oakley recounts her mother's struggle to set up an unemployed centre in Fulham in the 1930s. Kay Miller found the local Labour Party implacably opposed to her, suspecting that the centre was being 'done up' with cheap labour. The hostility was mutual. Miller in return believed the local council was dominated by "reds' who want to tear down every constitution there is in England."<sup>12</sup> This antagonism persisted in the 1940s but it was relatively isolated, though many supporters of voluntary social service feared that "conflict between statutory and voluntary agencies was inevitable."<sup>13</sup> It was in the interests of the

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<sup>11</sup> House of Commons Debates, vol. 421, 17 April 1946, cols. 2806-7

<sup>12</sup> Ann Oakley, Man and Wife. Richard and Kay Titmuss: My Parents' Early Years, (London: Flamingo, 1997), 38-42

<sup>13</sup> Brasnett, Voluntary, 134

National Council as much as in the interests of the Government to neutralise such sentiments for they threatened the development of co-operation along the lines envisaged by Haynes. When an attempt was made to mobilise voluntary organisations against the Labour Government, Haynes was quick to stifle it.

Sir Robert Gower, the former Conservative MP for Gillingham and President of the Property Owners' Protection Association, launched one such attempt to foster resistance within the voluntary sector by building on the latent antagonism between voluntarists and Labour. Gower tried to stir up a defence of 'the voluntary spirit' with a letter to The Times. Denouncing the nationalisation of the hospitals, Gower called for the establishment of an advisory council "to provide support for all voluntary organisations which come within the range of present or future legislation."<sup>14</sup> He followed up his letter with a circular to leading voluntary organisations urging them to support his proposed advisory council which he intended would "help with advice and ultimately with effective practical assistance, any organisations threatened by the forces that are sapping the will to voluntary giving."<sup>15</sup> Gower's proposed Advisory Council aroused Haynes sufficiently for him to circulate a letter to the Council's constituent bodies advising them to rebuff any advances from Gower.<sup>16</sup> Haynes's swift response contained this challenge to the NCSS's hegemony and Gower's resistance movement came to nothing, though the incident highlighted the NCSS's dominant role within the voluntary sector.

The Gower incident might, however, have confirmed to many Labour supporters the close association that many assumed to exist between the Conservative Party and the voluntary sector in general and the NCSS in particular. This assumption, based on the role the Council had played under the Baldwin Government's policy towards the unemployed, threatened the prospects for co-operation with the Labour Government.

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<sup>14</sup> The Times, 4 April 1946, 5; Simon Haxey, Tory M.P., (London: Victor Gollancz, 1939), 46

<sup>15</sup> 'To Preserve the Voluntary Spirit, Memorandum from Sir Robert Gower Outlining a Plan', LMA, Uncatalogued box 139, NCSS Correspondence on Policy Matters 1938-1952, D1/1/4/2

<sup>16</sup> See for example Hon. Francis Farrer to G. Haynes, 15 April 1946; Haynes to Farrer 16 April 1946, LMA, Uncatalogued box 139, NCSS Correspondence on Policy Matters 1938-1952, D1/1/4/2



Mutual hostility between voluntary organisations and the labour movement had festered during the 1930s, particularly over the issue of services for the unemployed. The identification of voluntary organisations like the NCSS with the National Government's aid programme for the unemployed in the 1930s might have been expected to sour relations between the voluntary sector and the new Government. It has been argued that the government's reluctance to use voluntary organisations in the delivery of welfare provision in the fields of income support and health care was a legacy of this era. It is, therefore, often assumed that voluntary organisations were left in the cold following Labour's victory in the 1945 general election and that philanthropy's "covert ideological bias ... was responsible for its nadir in the 1940s".<sup>17</sup> This sentiment did not apply across the board, however. Its principal victims were in any case the mutual insurance companies who had administered health cover in the inter-war period. A sense of injustice provided part of the explanation for the shift to a wholly state administered system of health care and the primary consideration was the pursuit of the universality of access that the inter-war system had conspicuously failed to provide. This had proved incapable of extending provision to all those in need, denying care to the workless poor and to the wives of those in work.<sup>18</sup>

It is true that the role of the National Council of Social Service in administering the National Government's schemes for the unemployed during the 1930s had drawn criticism from some members of the Labour Party. What is more striking, however, is that the main force of their criticism was reserved for the National Government rather than being directed at the National Council.<sup>19</sup> Given the 'collaboration' of voluntary organisations with the National Government, it is perhaps more remarkable that there were still those the Labour Party in the 1940s who were prepared to make a case for voluntary organisations as the most appropriate delivery system for certain types of

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<sup>17</sup> Rodney Lowe, 'Welfare's Moving Frontier', *Twentieth Century British History*, 6, (1995), 374

<sup>18</sup> Noelle Whiteside, 'Private Agencies for Public Purposes: Some New Perspectives on Policy Making on Health Insurance Between the Wars', *Journal of Social Policy*, xii (1983), 165-93; M. J. Daunton, 'Payment and Participation: Welfare and State-Formation in Britain 1900-1951', *Past and Present*, 150, (1996), 180-1

<sup>19</sup> Harris, 'Responding to Adversity', 340-5

social service.<sup>20</sup> Supporters of voluntary social service could build on this strand of thinking within the Party.

At a lower level of politics, the Labour Party's strategy for maintaining its organisation during the war had also paved the way for rapprochement between Labour Party activists and voluntary organisations. The trend towards co-operation between constituency Labour Parties and the committees of voluntary organisations during the early 1940s was one of the ways "local [Labour] parties ... involved themselves in the war effort." The Labour leadership encouraged its members to demonstrate a practical commitment to local affairs and local parties "and individual activists were thus urged to co-operate with other organisations involved in the war effort, like the Civil Defence Services, and to represent Labour on appropriate public bodies". Labour's leaders had some reservations and warned parties to remain alert to the danger that involvement in local committees could become "a substitute for, rather than supplementary to, more explicitly political work."<sup>21</sup>

### Charity and the public interest

Public policy in Britain has tended to favour voluntary organisations in the delivery of social welfare and this tendency did not evaporate with the introduction of the welfare state. Encouragement of voluntary solutions often conflicted with other political objectives, though these conflicts were not unique to the Labour Government. The withdrawal of the surtax concession highlighted the constraints operating on the Attlee Government's objective of promoting voluntary social service. In this case, encouraging voluntary effort was at odds with the traditional concern of the public authorities to maximise revenue by closing off opportunities for tax avoidance.

What animated Labour in government was a desire to improve the efficiency of voluntary social services in order to increase the benefit flowing to the public from the resources they controlled and, in this, they hardly differed from any of their

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<sup>20</sup> Beach, Labour Party, 214

<sup>21</sup> Steve Fielding, Peter Thompson and Nick Tiratsoo, England Arise: The Labour Party and Popular Politics in 1940s Britain, (Manchester: Manchester University Press, 1995), 47-49



predecessors. This was part of a wider concern to promote economic efficiency, which motivated the nationalisation of certain industries. Outright nationalisation of the entire voluntary sector was ruled out by ideological, practical and financial considerations. As in industrial policy, nationalisation would have “involved challenging existing patterns of ownership.”<sup>22</sup> In the case of private industry, where ownership was relatively clearly defined, it was possible to sweeten the pill of outright nationalisation by offering generous compensation which meant that “for many former owners nationalisation was a more profitable and comfortable method of rationalisation” than any of the alternatives.<sup>23</sup> The peculiar character of charitable property meant that there were no readily identifiable owners to compensate in order to smooth the way for rationalisation in the voluntary sector.

The public benefit implicit in charity seemed to offer an easy way to resolve this dilemma. In theory, the public interest claim on charity was not itself at issue when Labour came to power in 1945. ‘Publicness’ was intrinsic to the legal definition of charity and this conferred on the state the right to regulate the voluntary sector. The possibility of wider state interference if the public element in charity was capable of overriding the private element was, as John Stuart Mill had recognised, limitless. Mill himself felt that just such a watershed had been passed with the disendowment of the Church of Ireland. In pursuit of this policy, the state had abrogated to itself “the right to change altogether the application designed by the founder.”<sup>24</sup> The election of a Labour Government committed to the large-scale nationalisation of industry appeared to make this threat more tangible. The fact that charity was a hybrid of public and private created a complication, therefore. Though charities owed an obligation to the public, they remained under private control. Government intervention in the voluntary sector, though legitimised by the public component of charity, encroached on the claims of the private custodians of charities and voluntary organisations, whether as trustees or as members of

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<sup>22</sup> Helen Mercer, ‘Industrial Organisation and Ownership, and a New Definition of the Postwar ‘Consensus’’, Harriet Jones and Michael Kandiah (eds.), The Myth of Consensus: New Views on British History, 1945-64, (London: Macmillan in association with the Institute of Contemporary British History, 1996), 140

<sup>23</sup> Mercer, ‘Industrial Organisation’, 150

<sup>24</sup> J. S. Mill, ‘Endowments’, Fortnightly Review, No. XXVIII, New Series, April 1 1869, 377

management committees, and this reverberated against the wider interference with private property in other fields to which the new government was committed.

There existed the skeleton of a statutory regulatory framework in the Charity Commission but its jurisdiction was confined to endowed charitable trusts. There was, it is true, an ambiguity about whether its powers did apply to some voluntary organisations. This ambiguity arose because, in practice, many voluntary organisations administered endowments that supported some of their services. This might have brought these organisations at least within the ambit of the Commission, but the law itself was not clear. The main obstacle to this was the diffidence of the Commissioners. Their interpretation of their powers was that their holding of these endowments did not bring the parent organisations within the jurisdiction of the Commission, rather the reverse: the fact that they were managed by voluntary societies led the Charity Commissioners to regard even the endowments themselves as beyond their jurisdiction.

The Commission's weaknesses were partly a reflection of successful resistance to earlier attempts to reform the regulatory regime governing charities. A number of 18<sup>th</sup> and 19<sup>th</sup> century statutes had sought to impose a duty of registration on charities. The Return of Charitable Donations Act of 1786, also known as Gilbert's Act, had imposed a duty on "churchwardens to supply the clerk of the parliaments prescribed particulars of existing trusts 'for the use and benefit of poor persons.'"<sup>25</sup> The Act applied only to existing trusts. The Charitable Donations Registration Act of 1812 went further, requiring that "charitable trusts, whether then in existence or subsequently founded, should be registered with the clerk of the peace of the county, city or town in which the beneficiaries were situated." Although its stipulation of regularly updated records of charitable trusts marked an advance on Gilbert's Act, it rapidly became a dead letter.<sup>26</sup> Neither measure achieved the desired effect of extending public information on charitable endowments. These efforts were eclipsed during the early nineteenth century by a series of Commissions presided over by the Whig legal and educational reformer Henry Brougham, Lord Chancellor 1830-4. The assembling of information on charitable property was Brougham's major contribution to the development of charity law. The information on charity uncovered by the Brougham Commission and its

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<sup>25</sup> Chesterman, Charities, 2; see also Sheridan and Keeton, Modern Law, 12

<sup>26</sup> Sheridan and Keeton, Modern Law, 12, my emphasis; see also Chesterman, Charities 63;



recommendations led eventually to the Charitable Trusts Act, 1853 and subsequent amending acts of 1855, and 1860.

Brougham's investigations originated in a Select Committee to investigate London Schools for the Education of the Lower Orders, which was established in the teeth of Tory opposition in 1816.<sup>27</sup> In 1819 this became a full-scale Royal Commission which during "the next twenty-one years ... toured the country carrying out a thorough and painstaking survey of the administration of virtually all charitable endowments in England and Wales."<sup>28</sup> The Commission compiled 32 volumes of evidence on almost 30,000 endowments and exposed the scale of mismanagement, negligence and outright fraud in the administration of trusts.<sup>29</sup> It focused on charitable trusts rather than on newer forms adopted by charity in the intervening century, drawing attention to the privileged position of this specific form of charitable property and bringing forward examples of waste and misuse of funds. Highlighting the public interest in the form of a moral obligation imposed on donors and trustees, it contributed to the reinforcement of the moral distinction between endowments and associational charity outlined above.

The Tory Lord Eldon who opposed closer regulation of charitable trusts led opposition to Brougham. The "keystone" of the intellectual framework within which this opposition was articulated "was the conviction that the governing powers in church and state were not politically accountable to the public for their exercise of their rights and privileges, or the performance of their duties."<sup>30</sup> This Burkean principle of 'trustworthy unaccountability' was mobilised against Brougham's proposals. The Tory domination of the House of Lords and their support of this principle explain the elapsing of more than a decade between the Commission's reports and the passing of Charitable Trusts Acts. It also explains why these statutes fell far short of the reforms advanced by Brougham.<sup>31</sup> The opposition of the endowed charities and their allies ensured that the statutes

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<sup>27</sup> Chesterman, Charities 63; Sheridan & Keeton, Modern Law, 12-13

<sup>28</sup> Chesterman, Charities, 63-4

<sup>29</sup> Chesterman, Charities, 64

<sup>30</sup> G. F. A. Best, Temporal Pillars: Queen Anne's Bounty, the Ecclesiastical Commissioners, and the Church of England, (Cambridge: Cambridge University Press, 1964), 178

<sup>31</sup> The phrase, 'trustworthy unaccountability' comes from Best, Temporal Pillars, 181

requiring information from charitable trusts lacked effective machinery to enforce their provisions.

It was the workings of this legislation and the effects of the accretion of subsequent enactments and case law that exercised those concerned with the voluntary sector in the 1940s. This was a complicated area of the law and an area where any Government was likely to proceed with caution. Reform of the law would not produce speedy results. Given that it wanted to encourage voluntary work in some fields, the Labour Government faced a twofold problem. In the first place, it needed to restore the morale of the voluntary sector following the introduction of the welfare state and provide some evidence of its commitment to voluntary social services. While doing so, it had also to ensure that the resources of the voluntary sector, held for the public good, were providing value for money. Apart from its rhetorical support for voluntary social service, the main method of intervening in the voluntary sector available to the Government consisted of manipulating the financial environment for voluntary organisations. It is to this that we now turn.

### **The dilemma**

In managing the voluntary sector, the Attlee government faced pretty much the same dilemma that confronted all British governments in setting policy towards voluntary social service. The government's unwillingness to embark on major reform was partly the result of the difficulties imposed by the policy tools inherited from an earlier period, but its acceptance of the limitations imposed by the instruments available inhibited its capacity to imagine new methods of encouraging voluntary action. Historically the policies of the secular authorities have sought to reconcile the existence of private voluntary organisations and the maximisation of tax revenues. These two objectives have not always been compatible.

The difficulties were starkly in evidence in the pre-modern epoch when, in order to maximise royal income, administrators attempted to restrain the growth of land-holding corporations. Many of these corporations, the church being the most powerful, performed useful services for the state and these were financed from their estates. The difficulty, from the point of view of the monarch, was that under feudal law "the



corporation possessed the incident of perpetual succession, and this had certain unfortunate consequences for the Lord.”<sup>32</sup> Land was the principal source of state revenue, for taxation rested on the principle that land was held of the monarch, a principle which legitimised what were, in effect, fees for the confirmation of title when land was transferred from one owner to another. Death was the most important contributor to royal as well as to baronial coffers, and the staple of royal revenue was the point at which land was inherited, for the “feudal incidents of tenure ... arose on the death of a tenant.”<sup>33</sup> This form of taxation, along with other legal and cultural impediments to permanent alienation of land, curtailed the development of a market in land, though the medieval state was constantly exercised by the ingenuity of its subjects in originating new devices designed to permit the transfer of rights of occupancy and exploitation of land, behind the king’s back, as it were.<sup>34</sup>

With their privilege of perpetual existence, the landed endowments of the charities fell outside this system of taxation. Such bodies “never died, never committed a felony, and never left an infant heir, so that the lord was permanently deprived of the most valuable incidents of tenure”.<sup>35</sup> This system also had “unfortunate political consequences,” for it allowed “large amounts of landed property, which carried with it political influence, to accumulate in the hands of a few bodies.”<sup>36</sup> On the other hand, the church was not only the source of legitimacy for the monarch, but also rendered important services from which the state derived tangible benefits. The result of this conflict of interest was the development of a distinction between private trusts, which could be established for only a strictly limited time, and public trusts whose perpetual existence was recognised but whose acquisition of property was governed by the law of mortmain, which placed obstacles in the way of their acquisition and disposal of land.<sup>37</sup>

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<sup>32</sup> Chantel Stebbings, ‘Charity Land: A Mortmain Confusion’, Journal of Legal History, 12, 1991, 8; see also A. W. B. Simpson, An Introduction to the History of Land Law, (Oxford: University Press, 1961), 50; L. A. Sheridan and George W. Keeton, The Modern Law of Charities, (Cardiff: University Press, 1983), 2

<sup>33</sup> Stebbings, ‘Charity Land’, 8

<sup>34</sup> Simpson, Introduction, 44-76 passim

<sup>35</sup> Simpson, Introduction, 50

<sup>36</sup> Stebbings, ‘Charity Land’, 11

<sup>37</sup> Stebbings, ‘Charity Land’, 13

The importance of the Church's welfare activities, ameliorating the effects of dearth and dampening tendencies towards social instability in times of economic crisis, was revealed most clearly during the English Reformation in the sixteenth century. The economic dislocation that followed the suppression of the monasteries and the sequestration of their property produced widespread misery and disorder. To these, in the absence of the monasteries, the Tudor state had no ready remedy. The Elizabethan response was the promulgation of the Poor Law and the Charitable Uses Act, 1601. These statutes, which were intended to work in parallel, entailed a partial reversion to pre-reformation practice as regards public policy towards charitable endowments. They inaugurated a structure that, broadly speaking, continues to inform developments in public policy towards voluntarism. This structure had two components: "the incremental development of an increasingly sophisticated poor law", financed from taxation, was wedded to "a parallel growth of legislation aiming to encourage secular charity and protect against fraud."<sup>38</sup> The defeat of the Church and the removal of a large part of its resources had deprived it of its earlier capacity to threaten the monarchy in the secular sphere. In the new dispensation, therefore, the revenue maximising impetus behind public policy towards charities lost some of its political animus. The creation of unofficial bodies to undertake part of the burden that might otherwise fall upon the state, either in costs of policing or of paying for welfare, could be encouraged. It no longer raised the danger that these institutions, through their association with a powerful church, might become a threat to the state.

The Elizabethan legal structure asserted the public character of the charitable trust. The explicitly public Poor Law effected one category of public purpose while private initiative was encouraged to accomplish other public purposes. The result of this structural change in pre-modern political culture was that the emphasis of state policy towards charity shifted slightly. The determination to restrict the growth of charities in order to maximise revenue was now accompanied by a concern to ensure that any revenue foregone was well managed and applied to the purposes intended. The implications of the doctrine of the public benefit as a test of charity, especially the role of the state in embodying and articulating the public interest, were more fully developed in

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<sup>38</sup> Jeremy Kendall and Martin Knapp, The Voluntary Sector in the United Kingdom, Johns Hopkins Nonprofit Sector Services No. 8, (Manchester: University Press, 1996),



the nineteenth and twentieth centuries, as the power and effectiveness of the central state increased.

The state's acknowledged interest in encouraging charity, at least in certain fields was inhibited by a conflict of interest with potential heirs of landed estates. During the eighteenth century, with a parliament and judiciary dominated by landowners and their offspring, this conflict of interests produced the perverse effect of widening the definition of charity employed by the Court of Chancery within whose jurisdiction charity law fell. The Mortmain and Charitable Uses Act, 1736, provided heirs with an effective instrument for overturning charitable bequests of real estate. Under the Act, "devises of land to established charities or to charitable purposes ... were invalidated unless the recipient was ... entitled specifically to exemption."<sup>39</sup> It was, therefore, in the interests of potential heirs to argue that anything which deprived them of what they regarded as their due, was a charitable purpose not exempt under the Act. Chancery judges tended to agree with them, equating 'charitable' with 'public', and striking down gifts of land accordingly. The definition employed in Chancery tended to widen the scope of what was considered charitable. The same motive had the opposite effect when property other than land was at stake. In such cases heirs had an interest in demonstrating that a bequest had not been made to a charitable purpose, thereby falling foul of the general rule against perpetuities. In these cases, litigants generally advanced the narrowest interpretation of charity and the Court supported their interpretation.<sup>40</sup> This dual-track development of the legal definition of charity, combined with the ambivalence of the state towards revenues appropriated by charity, erected the legal framework within which charity still operated in the middle of the twentieth century.

The impetus towards state intrusion was reinforced by the accretion of further tax benefits to charitable status. Until the end of the eighteenth century immunity from the rule against perpetuities, and the protection against failure of the trust administered by the Court of Chancery, was the main legal privilege attached to charitable status. When Pitt exempted charities from liability for the new income tax in 1799, he enhanced the fiscal privilege that derived from the endowed charities' right of perpetual existence. The unpopularity of the income tax and the social power of charitable and religious corporations meant that the exemption required little ideological justification.

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<sup>39</sup> Chesterman, Charities, 56

<sup>40</sup> Gladstone, Charity, 42

Nevertheless, it did reflect continuity in public policy with the Elizabethan outlook, for it signalled recognition of the public purposes effected by charity.

This benefit accrued only to charitable endowments, bypassing one type of voluntary body that played an increasingly important role in total charitable activity. Voluntary societies had existed at least since the seventeenth century. In the eighteenth they had increasingly modelled themselves on the business pattern of the joint-stock company. A period of experimentation and rapid growth occurred during the eighteenth century and this growth continued during the nineteenth century. It is probably an exaggeration to argue, “that the Victorians increasingly abandoned the traditional endowed trust for the more democratic voluntary association or society.”<sup>41</sup> Nevertheless, it was relatively easy to establish a charitable society that relied on income from subscriptions and donations and the flexibility of the form made it especially attractive to the entrepreneurial philanthropists of the nineteenth century. The distinction between these voluntary associations and the more traditional charitable endowments was not hard and fast. Voluntary associations came to administer endowments received as legacies or bequests. They also enjoyed some recognition as charitable in law for “since 1610 the courts had held that an ‘implied’ trust underlay their activities so that they were governed by the same rules and regulations as ‘express’ trusts.”<sup>42</sup>

The motive for W. E. Gladstone’s assault on the tax privileges of the endowed charitable trusts was mainly financial, but he couched it in the rhetoric of fairness for the voluntary societies. In so doing, he elaborated a moral distinction between different kinds of voluntary activity according to their form of organisation. The Taxation of Charities Bill, which accompanied his 1863 budget, would have abolished the trusts’ exemption from income tax which he reckoned amounted to a public subsidy of £216,000 a year.<sup>43</sup> Gladstone believed that the exemption had arisen from administrative convenience rather than a considered policy for Pitt’s “was a personal income tax; and it was hardly possible, by its machinery for him to have got at the revenues of corporations.”<sup>44</sup> Although Peel had proposed, unsuccessfully, a separate sixpenny tax on

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<sup>41</sup> Gladstone, Charity, 42; Andrews, Philanthropy, 4; 198

<sup>42</sup> Gladstone, Charity, 42-3

<sup>43</sup> W. E. Gladstone, The Financial Statements of 1853, 1860-1863, (London: John Murray, 1863), 436, 445; Owen, Philanthropy, 331

<sup>44</sup> Gladstone, Financial Statements, 428



charities when he revived the tax in 1842, the exemption from income tax as such survived.<sup>45</sup>

Gladstone expressed his opposition to the exemption of the endowments from income tax in terms of the moral quality he attached to the formal distinction between trusts and voluntary societies. This distinction was, in turn, integral to the political and economic philosophy that animated his statecraft. Gladstone pointed to the discrepancy between the significant <sup>contribution</sup> voluntary associations made to social welfare and the fact that they derived no benefit from the exemption from income tax. He found it a “grave anomaly ... that voluntary charities in effect were taxed (since taxes had been paid on the incomes of their contributors) while charities set up by the will of a dead person enjoyed their income tax free.”<sup>46</sup>

Gladstone’s hostility to the charitable trusts derived from a presupposition of his financial system: “that equilibrium in the economy would naturally be achieved at the full utilisation of available resources”.<sup>47</sup> Charitable trusts, funded by perpetual endowments, often tied resources to unproductive uses. Gladstone’s support for voluntary associations was inextricably linked to this distaste for charitable trusts. He objected to the fact that the tax system “encouraged posthumous vanity, while donations by the living, made regularly and unspectacularly, came out of income which was taxed.”<sup>48</sup> Gladstone’s support for voluntary organisations against the charitable trusts had an ideological as well as a fiscal dimension. The political economy of free trade espoused by Gladstone, with its vision of a truncated role for the central state, also “presupposed the capacity of a vast network of voluntary organisations to superintend ... the range of moral, charitable, educational and welfare services.” Although Gladstone foresaw a role for the state, particularly for local government, in all this, the extrication of the central state from the economy, “was premised on the active involvement of the citizen in local affairs”.<sup>49</sup> This conception of charity was connected with the interests of the Liberal Party which, in the context of the franchise reforms of 1850s and 1860s,

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<sup>45</sup> Gladstone, Financial Statements, 429; Francis Gladstone, Charity Law and Social Justice, (London: Bedford Square Press, 1982), 57-8;

<sup>46</sup> Owen, Philanthropy, 332

<sup>47</sup> H. C. G. Matthew, Gladstone 1809-1874, (Oxford: Oxford University Press, 1986),

<sup>48</sup> Matthew, Gladstone, 139; see also Owen, Philanthropy, 331-2

<sup>49</sup> Matthew, Gladstone, 116

sought to lead a revived civil society imbued, at least rhetorically, with the civic ethos of Greek Democracy.<sup>50</sup> Ironically, Gladstone's wider political vision of a "free, self-regulating market, reflecting natural law and epitomising social justice" was undermined by the activities of the very bodies he wanted to encourage, for it "collapsed in the face of facts uncovered by the increased awareness of socio-economic ills."<sup>51</sup>

Gladstone underestimated the power of the charities lobby to mount opposition to his reform of the taxation of charities. He confessed his surprise at the "skilful manner in which the charitable army ... has been marshalled."<sup>52</sup> The 'charitable army' ensured that Gladstone's proposals were defeated and subsequent governments did not attempt to re-introduce the measure.<sup>53</sup> In spite of the defeat of his measures, Gladstone's critique of the charitable trusts enjoyed wider support and it remained a vital strand in Liberal thinking on this subject.

The emergence of mass politics in the nineteenth century created the conditions in which the public interest in charitable property acquired a sharper political edge. The fact that many charitable endowments consisted of landed property meant that the assertion of the public interest claim on charitable property attached itself to the moral distinction between landed property and property acquired by labour coinciding with Rousseau's "collective claim from natural law".<sup>54</sup> Charitable property was, by dint of an explicit public dimension, eminently subject to the test that ownership entailed responsibility. Endowed charitable trusts first felt the effect of this awakening

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<sup>50</sup> For an account of this aspect of late Victorian social and political life see Jose Harris, Private Lives, Public Spirit, A Social History of Britain 1870-1914, (Oxford: Oxford University Press, 1993), 11-23; cf. John Vincent, The Formation of the British Liberal Party, (Harmondsworth: Penguin Books, 1972), 13-32

<sup>51</sup> Michael Freeden, The New Liberalism: An Ideology of Social Reform, (Oxford: Clarendon Press, 1978), 19

<sup>52</sup> Gladstone, Financial Statements, 438; Owen, Philanthropy, 332

<sup>53</sup> Owen, Philanthropy, 332-3

<sup>54</sup> Avner Offer, Property and Politics 1870-1914, (Cambridge: Cambridge University Press, 1981), 3



consciousness in the early nineteenth century, and local campaigns against the misuse of charitable funds and corrupt trustees often reflected social and party political concerns.<sup>55</sup>

Attacks on corrupt charities were again “popular with radical ‘land question’ agitators in the 1870s and 1880s.”<sup>56</sup> This sentiment inspired a number of movements against endowments that exhibited glaring deficiencies, and some of these were successful. One such movement was the reform of the City Parochial Charities in the 1880s led by the former Charity Commissioner and scourge of inefficient charities, Arthur Hobhouse. Hobhouse publicised what he regarded as the scandal of the vast resources of parochial charities in the City of London either lying unused or being actively misused. The Parochial Charities Act, 1883, gave the Charity Commission powers to frame “schemes for the more than thirteen hundred trusts” and in framing these schemes, the Commissioners “were permitted to ignore founders’ wishes and the canons of cy-près and to proceed on a utilitarian basis.”<sup>57</sup>

Campaigns to educate the public against particular kinds of charitable activity also achieved some success in changing the pattern of giving. A campaign against dole charities, which provided relief without investigating the circumstances of the recipient, was again spearheaded by Hobhouse and the Charity Organisation Society, and supported by the Charity Commission. This was bound up with the rationalistic attitude to charity characterised by the COS and which stressed the danger that indiscriminate

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<sup>55</sup> Martin Gorsky, ‘Charity, Mutuality and Philanthropy: Voluntary Provision in Bristol 1800-70’, Unpublished Ph.D. Thesis, Bristol University, 1995, 70-3,

<sup>56</sup> Offer, Property, 95

<sup>57</sup> Owen, Philanthropy, 290-1. The cy-près doctrine governed the procedures to be followed when a charitable trust could no longer fulfil its intended role, usually because the need identified by the founder no longer existed or was satisfied by state provision. The doctrine governed the terms on which a trust’s resources could be transferred to new charitable objects. As the term suggests, these had to be close to the founder’s intention. The doctrine assumed a prominent position in the early stages of debate on the future of voluntary social services and its application is discussed in more detail in <sup>the following</sup> chapters. One difficulty with this legal term is that different authors employ a variety of different typographical styles and formats. For the sake of consistency, I have employed the form ‘cy-près’ throughout. Mentions of the term in quotations have been amended to conform to this style.

charity would undermine the self-reliance of the recipient rendering them permanently dependent. Education was inevitably a gradual process and public opinion could be refractory. The novelist Charles Reade, for example, drew the fire of the Commission in the early 1880s when he insisted on founding what the Chief Charity Commissioner described as “a pure and simple dole charity.”<sup>58</sup>

Voluntary organisations often benefited from the middle class public’s suspicion of endowed trusts, but the revival of public support for charity in the second half of the nineteenth century confronted public officials with the same dilemma as that presented by endowed trusts. This dilemma grew as these organisations gradually secured through the courts many of the legal and financial privileges already enjoyed by endowed charitable trusts. The most important of these was exemption from the liability to pay income tax. Historically a variety of organisational forms have been available to charity but for most practical purposes only one of these forms, the endowed trust, benefited from the fiscal privileges of charitable status. As long as the main advantages of charitable status accrued to endowed trusts alone, voluntary organisations had no incentive to seek it. When this discrepancy in terms of taxation between the two forms of charitable activity was finally removed in 1891, it was in an opposite way to that advocated by Gladstone. The decision of the Law Lords in *Pemsel’s* case had the effect of extending the right to tax exemption to any body, however constituted, provided its activities met the legal test of charity.<sup>59</sup>

Following Gladstone’s term at the Exchequer the Inland Revenue Commissioners had adopted a much narrower definition of charity than that which had developed in the Court of Chancery. This was derived, by close analogy, from the specific causes mentioned in the ‘Preamble’ to the Elizabethan Charitable Uses Act.<sup>60</sup> Before the House of Lords’ judgement in the leading case of *Commissioners of Inland Revenue v. Pemsel* in 1891, two separate legal definitions of charity co-existed. One was applied in Chancery in cases involving charitable trusts and usually involving bequests of land disputed by heirs to an estate, and a second, independent definition was applied by the Inland Revenue in determining the right of an endowment to exemption from income tax. As long as no procedure existed for appealing against decisions of the Inland

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<sup>58</sup> Owen, Philanthropy, 309

<sup>59</sup> Chesterman, Charities, 62

<sup>60</sup> Chesterman, Charities, 59



Revenue, the inconsistency between the Inland Revenue's definition and the wider definition employed by the Court, had no more than a hypothetical interest. The introduction of an appeal procedure in 1874 cleared the ground for Pemsel's case. The case revolved around the legality of the Board of the Inland Revenue's denial of exemption to a Moravian Church but in looking at the issues, the Law Lords were obliged to consider the definition of charitable status and their ruling had wider implications for the status of voluntary organisations. The Lords' ruling in this case "extended into a new arena – that of central government taxation – a demarcation of the boundaries of charity".<sup>61</sup>

In delivering their judgement, the Law Lords held that in determining the right to exemption from income tax the Board had to apply the Courts' definition of charitable status. Its significance was that the judgement made "'charitable' ... a password to financial benefit." It had the effect of unilaterally extending the privileges enjoyed by endowed trusts unambiguously to charitable activity organised in other forms. "All institutions," following the decision, "whatever their legal form, which could establish that they were charitable within the general law definition ... had something tangible to gain from so doing".<sup>62</sup>

For the following half century, the Board of the Inland Revenue fought a rearguard action seeking a return to the status quo ante Pemsel. As late as the 1950s, in its evidence to the Royal Commission on Taxation, the Board reiterated its call for the enactment of a separate definition of charity for tax purposes. The Commission was persuaded that there was a problem and observed that what was "amiss in the present system is not the idea of giving income tax relief in respect of charity but the undue width of the range of what ranks as charity for this purpose."<sup>63</sup> Recognising the complexity of trying to draft a new definition, however, the Commission itself held back from recommending this change in its final report.

The judgement in Pemsel's case created a clear financial inducement for voluntary organisations to design their services in order to harmonise with the legal definition of charity. This legal definition, therefore, backed up by the tax benefits it

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<sup>61</sup> Chesterman, Charities, 61

<sup>62</sup> Chesterman, Charities, 61-2

<sup>63</sup> Royal Commission on the Taxation of Profits and Income, (Final Report) (London: HMSO, 1955), cmd. 9474, 56

conferred, subtly moulded the development of the voluntary social services. Charitable status became a gateway to other financial benefits, exemption from local authority rates for example, and, especially important in the mid-twentieth century, access to central and local government funding. It also became the foundation stone of a system of regulation. The definition of charitable status assumed a new importance for the management of the voluntary sector. In order to pass through the portal of charitable status, voluntary organisations had to meet the requirements of public benefit, and the cost to the state of the exemption from income tax meant that the state had a clear financial interest in ensuring that they met this criterion.

### **The financial tools**

The extension of the fiscal advantages of charitable status provided an indirect incentive for voluntary organisations to move into particular streams of service delivery. Even today, the exemption remains a considerable financial advantage and is often one of the main reasons for an institution to seek charitable status. At the same time, the establishment of the voluntary organisations' right to exemption from payment of income tax also handed Governments a set of fiscal tools for managing the voluntary sector. The exemption of charities from income tax made available to the Government a means for manipulating growth in the voluntary sector.

In theory, the government could influence the growth of the voluntary sector through the manipulation of the tax privileges enjoyed by organisations that enjoyed charitable status. In practice, the matter was complicated. Two methods were available: change the legal definition of charity or alter the fiscal privileges associated with charitable status. The latter, by increasing or decreasing the benefits available to charitable institutions, added or subtracted from the advantages of charitable status, increasing or diminishing the resources available to institutions and types of activity already designated charitable. The first method was an extension of the principle contained in the Elizabethan Charitable Uses Act. The preamble to the Act set out a list of activities ranging from the provision of education, care of the sick and elderly, relief of poverty, and the provision of bridges, ports and other public works.<sup>64</sup> By designating

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<sup>64</sup> Chesterman, Charities, 25; Cairns, Owen



certain activities as legitimate charities, it acted as a filter, controlling entry into the field. By widening the scope of what qualified as charitable in law, policy makers could encourage or discourage the growth of services and institutions receiving the benefit of tax exemption. Thus, policy makers could promote growth, at least in theory, either by increasing the tax benefits available to all charities, which would encourage growth in existing fields of activity, or by widening the scope of charity, which would promote the growth of new areas of activity. Conversely, if a contraction of the voluntary sector was required, the Government could reduce the tax advantages of charitable status. This would reduce the income and inhibit the growth of existing institutions. By legislating to narrow the definition of charity, it could reduce the funds available causing a contraction in specific fields.

Manipulation of the definition of charity was a rather blunt instrument and, given the complexity of voluntary sector, the effects of its use, particularly to narrow the definition, were unpredictable. There was a further difficulty in deploying this method: the definition of charity was not exclusively in the gift of government. The courts interpreted the law and they expanded or reduced the scope of charity independently of the legislature. The judiciary, in effect, had “the right to impose entry barriers on the market”.<sup>65</sup> The courts had extended by analogy the list of public works and charity contained in the preamble to the Elizabethan statute over the four centuries following its enactment. Its codification by Lord Macnaghten was another outcome of Pemsel’s case. Lord Macnaghten, one of the Law Lords included in his judgement an outline classification of charity as previously determined by the Courts. Macnaghten’s classification encompassed trusts for the relief of poverty, the advancement of education and the advancement of religion, but it also included a catch-all fourth category of “trusts for other purposes beneficial to the community, not falling under any one of the preceding heads.”<sup>66</sup>

Macnaghten’s categories have proved extremely yielding in the face of social change, accommodating a wide range of goods and services.<sup>67</sup> As a result, the services

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<sup>65</sup> Perri 6, ‘The Case for Liberty’, Perri 6 and Anita Randon, Liberty Charity and Politics: Non-profit Law and Freedom of Speech, (Aldershot: Dartmouth, 1995), 160

<sup>66</sup> Owen, Philanthropy, 324

<sup>67</sup> Gareth Jones, ‘Charitable Trusts: What is Public Benefit’, Cambridge Law Journal, (1974), 63

undertaken by organisations enjoying charitable status have historically been very wide. Although a significant proportion, commanding perhaps a third of the total resources held by charities, have been dedicated to the consumption of the poor, the wealthiest charities have generally been those devoted to the consumption of the social and political elite. A substantial group of services, designated as charity under law consisted of corporations “designed for the consumption of the upper classes”.<sup>68</sup> This group included such institutions as the Church of England, the ancient universities, public schools, gentlemen’s clubs, and the learned societies. These institutions were “committed ... to the preservation and development of upper-class codes and culture, symbols and values, means of coercion and modes of control.”<sup>69</sup> Many of these, such as the established Church and the ancient universities were protected by statute, but some of their property, held as individual charitable endowments was not so protected. The existence of this politically influential interest constituted a further limitation on government action. This powerful lobby was likely to oppose any policy initiative that threatened their property whether by re-defining charity or by reducing the fiscal benefits it attracted.

The behaviour of the Courts during the 1930s <sup>h</sup> underlined the complexity of interfering with the definition of charity. The charitable status of a number of institutions had been thrown into doubt by the House of Lords’ ruling in 1940 on the will of Caleb Diplock. Confirming the judgement of the lower courts, the Lords ruled that Diplock’s will, in which he had left his residual estate of some £250,000 to “charitable or benevolent object or objects” chosen by his trustees, was void for uncertainty. The uncertainty arose from the use of the word “or” rather than “and”. Charity law protected only gifts to charitable objects: benevolence, the Court held, embraced objects outside this field. This ambiguity, the result of a simple and avoidable drafting error, created a scandal that Diplock’s intentions, which seemed clear enough, could be overturned in this way. Lord Justice Goddard, who sat on the appeal, accepted that the judgement was correct in law, but expressed profound misgivings about its practical effects. He could not muster “any enthusiasm for this rule” which he regarded “with some distaste.” More <sup>and 1940</sup>

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<sup>68</sup> Offer, Property, 94

<sup>69</sup> Offer, Property, 94



pertinent, in terms of public policy, was his fear that careless drafting of wills <sup>was</sup> widespread for this was “a trap into which the unskilled draftsman frequently falls.”<sup>70</sup>

The ruling was also a personal disaster for the trustees, in this case the Chichester Diocesan Fund and Board of Finance, who had already distributed the proceeds. The heir's attempt to claw back the money also affected the 139 organisations that had already received and spent Diplock's largesse. The NCSS for example had to launch a special appeal fund to repay the £1,000 donation it had received from the trustees.<sup>71</sup> It was feared that the problem of defective trusts might affect a much larger number of charities than those immediately beholden to Diplock. The Charitable Trusts Validation Act, 1954, finally cleared up the matter following the recommendations of the Charitable Trusts Committee. The Act aimed to preserve the status quo by confirming the charitable status of bequests made prior to 30th December 1950, thus protecting existing trusts and voluntary organisations from sudden large losses arising from doubts about the validity of bequests made before that date.<sup>72</sup> The case, however, had exposed the fact that what appeared to be the minutiae of charitable law could be wide-ranging and capricious in their ramifications.

Altering the definition of charity was a subject to be approached with caution. This left the Government with one main instrument for managing the voluntary sector: the adjustment of the value of the tax privileges that accrued where charitable status was recognized. This privilege represented a substantial subsidy of voluntary social service, though it is difficult to gauge its value with any exactitude. The Commissioners of the Inland Revenue estimated in the mid-1950s that the cost of the charities' exemption from income tax alone amounted to some £35 million in tax foregone.<sup>73</sup> This somewhat exceeds the amount implied by the Board's regular estimates of the income of charities given in its reports for that year. In 1954/5, the Report of the Inland Revenue Commissioners' put the income of all the various bodies entitled to exemption in 1954/5

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<sup>70</sup> John Brunyate, 'The Legal Definition of Charity', The Law Quarterly Review, 61 (1945), 268; Owen, Philanthropy, 576; CTC, 120

<sup>71</sup> NCSS Finance and General Purposes Committee, 28 November 1950, LMA/4016/IS/01/049(3)

<sup>72</sup> CTC, 133; Owen Philanthropy, 291;

<sup>73</sup> Royal Commission on the Taxation of Profits and Income, Final Report, (London: HMSO, 1955) cmd. 9474, 54

at £51 million.<sup>74</sup> If charities had paid income tax at the standard rate of nine shillings in the pound, these figures suggest a benefit to charities, and consequently a loss to the revenue, of only £23 million. The discrepancy may be accounted for by the fact that the Commissioners' figure included an estimate of the amount which would have been payable at the higher rate of tax. Officials may also have deliberately inflated the figure. Bearing in mind the Board's rearguard Gladstonian campaign for reform of the tax status of charities, it had a clear interest in exaggerating the cost to the Exchequer of the exemption.

Even allowing for any potential bias, the Commission's regular reports do suggest a substantial public 'donation' to charity in the form of the exemption from income tax. In 1945, the Inland Revenue estimated the income of charities exempt from taxation at around £54 million. At rates of taxation current in the mid-1940s, this suggests about £27 million in tax foregone. In 1960, the Inland Revenue estimated at £69 million the total charitable income exempt from tax.<sup>75</sup> With falling rates of taxation, this would again have yielded about £27 million at the standard rate. These were puny sums in relation to total government spending but they represented an important form of indirect support for charities and voluntary organisations. Had they been liable for income tax at the standard rate, charities and voluntary organisations would have seen their disposable income reduced by up to half at the rates of tax current in the 1940s and 1950s. Though it wanted to support some voluntary social services, the provisions in the Finance Act, 1946, make it clear that Labour was unlikely to countenance any extension of the tax privileges of charity.

### **The search for a policy**

The tax regime was the focus of Government and voluntary sector interaction and the site of a number of earlier conflicts. Taxation was one subject that brought into focus the elementary opposition of voluntary to state. The removal of the charities' privilege of reclaiming surtax on covenanted subscriptions shows that however generous the Government's rhetorical support for voluntary social service was, its practical policies

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<sup>74</sup> Inland Revenue Report, 1955, Table 21

<sup>75</sup> Inland Revenue Report, 1961, Table 33



were motivated by fiscal and political priorities that overrode its sentimental side. The Government was, like its predecessors, concerned to secure a good return on what remained, even after the withdrawal of this benefit, a significant investment of public funds in charities by means of the tax system. This consideration was further impressed upon ministers by an Inland Revenue Board that cherished the long-standing aim of restricting availability of this benefit, which it regarded as indiscriminately applied to charity. Charities, a group that included most major voluntary organisations, were in a situation where they were, “perhaps uniquely amongst taxpaying entities, positively prejudiced by a reduction in the basic rate of income tax.” They stood to gain more from the tax ‘subsidy’ when taxes were high and until, the 1946 budget, this tax advantage had been even more valuable as a result of the entitlement to reclaim surtax on covenanted donations.<sup>76</sup>

As the removal of the surtax concession revealed, however, the Government’s priorities on taxation were not geared primarily towards the health of the voluntary sector. The financial damage to voluntary organisations caused by the removal of the surtax advantage should not be overstated. Even after the withdrawal of the right to reclaim surtax on charitable subscriptions, charities could still reclaim income paid at the basic rate and covenants remained a valuable source of income for voluntary organisations. At a national level, the NCSS even noted a slight increase in subscriptions to the fund as the cut-off point at which covenants would no longer attract relief on surtax drew nearer.<sup>77</sup> The Liverpool CSS’s scheme went from strength to strength in the late 1940s, in spite of the withdrawal of the surtax concession. In 1950, just a few years after the ending of the right to reclaim surtax, the Liverpool CSS even decided to close its moribund general Charities Collecting Department in order to devote more effort to its thriving fund for covenanted subscriptions.<sup>78</sup>

Although it expressed a general desire to promote voluntary social service, little was new about Labour’s approach to the voluntary sector in the 1940s. The legal and fiscal privileges that accrued to institutions enjoying charitable status provided a general administrative incentive to ensure that this public interest in charity was realised and the

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<sup>76</sup> Chesterman, *Charities*, 235

<sup>77</sup> NCSS Finance and General Purposes Committee, 25 January 1949,  
LMA/4016/IS/01/49(1)

<sup>78</sup> Liverpool Council of Social Service Bulletin, No. 29 (New Series), November 1950

Labour Government inherited this disposition. It also provided the government with an instrument for managing the voluntary sector for the tax regime was the main macro tool available to the Labour government in managing the voluntary sector. Clearly, however, the impact on the voluntary sector was never a primary consideration when it came to defining fiscal policy. This is one reason why, in common with earlier and later Governments, the post-war Labour government resorted to other measures to support the voluntary sector. The main alternative to the macro tool of manipulating the tax regime to support voluntarism was the micro option of directly subsidising individual charities either by providing grants-in-aid or by paying fees for services rendered. Government departments might pay these grants directly to voluntary organisations or they could be channelled through the local authorities. This method of influencing developments in the voluntary sector had several advantages: it was easier to target resources to achieve previously defined policy objectives, and the immediate results were relatively predictable and could be measured. Its main drawback was that it threatened to introduce distortions into the voluntary sector. In spite of this danger direct support to selected voluntary organisations and services remained the most common method of government intervention in the voluntary sector throughout the period. This was partly because manipulation of the fiscal regime, the main macro instrument for intervention, was constrained by wider political and economic considerations, but it also had to do with the difficulties associated with the deployment of this instrument.

The constraints on the government help to explain the apparent mismatch between government statements on the voluntary sector and its practice. Nevertheless, the Labour government's desire to encourage the voluntary sector was an important first step in the construction of a modern ideology of voluntary social service. The essential follow-up was to engage with the concerns raised by supporters of voluntary social service. The concerns of voluntary organisations centred primarily on finance. As has been outlined above, the means available to the government for managing the voluntary sector were cumbersome and their impact was often difficult to predict. This helps to explain the receptiveness of some members of the government to proposals put forward by Lords Beveridge and Samuel, which seemed to promise an alternative approach.



## Chapter 4: Voluntary Social Service in the Social Service State

We have seen that the NCSS was anxious to extend its cooperation with the state. The main obstacle to their mutual embrace was the fact that the opposition between voluntary sector and the state in addition to being an ideological construct coincided with a fiscal question. This chapter shows how Beveridge's intervention helped to restore the centrality of an element of the Liberal approach to voluntarism that was overlooked when public attention was focussed on the opposition of state to voluntarism, as it had been by the nationalisation of the health services.

With Beveridge's assistance, Gladstone's endorsement of the moral and economic value of activist voluntarism continued to animate political discussion of voluntary social service. Though it had conspicuously failed to fulfil the role he had envisaged for it, the belief that voluntary social service had the potential to energise civil society and nurture an active citizenry became part of mainstream Labour thinking on the voluntary sector. The hope that it might relieve some of the burdens on the welfare state also had a lingering appeal, particularly on the Conservative benches. One consequence of this was that discourse on voluntary social service was conducted in highly idealised terms. Beveridge set the tone for this – his argument paid scant attention to the real condition of the voluntary sector. Beveridge was inconsistent in his approach to the question of relations between voluntary organisations and the state. He occasionally put forward a fire and brimstone version of the antagonism between the state and the voluntary sector, but he was also anxious to encourage cooperation. In spite of his inconsistency, his introduction (or rather re-introduction) of the opposition of voluntary organisation to charitable trust shifted the debate away from the opposition of state to voluntarism thereby defusing the ideological tension it produced.

### The language of liberalism

The state's assumption of specific responsibility for health care and income maintenance removed outright the *raison d'être* of many voluntary organisations. This alone would have called for some kind of investigation of the resources still held by defunct

organisations. Even those organisations not directly affected by this transformation felt the impact of the changes as their supporters absorbed the implication that the state was the ultimate and primary source of welfare provision. In these circumstances, some attention to the voluntary sector was likely and the emergence of a wider public discussion of voluntarism was not an altogether unwelcome development. Unless it was willing to countenance the wholesale nationalisation of the voluntary sector, the Government had to find a method of reassuring those voluntary organisations that remained. The financial difficulties of the NHS in the late 1940s lent an added urgency to this point. The Government also had an interest in preventing voluntarism acting as a rallying point for its Conservative opponents. The debate initiated by William Beveridge provided the Government with an opportunity to assert its support for voluntary social service.

The lingua franca of Liberalism provided a medium for the influence of liberal social and political ideas on the development of policy towards the voluntary sector during the 1940s and 1950s. This shared language stretched beyond the Labour and Liberal parties, however, and many Conservatives embraced its vocabulary. Although these different groups did not necessarily speak the same language, this political Creole fortified the assumption that certain ideas were so widely held that they required no further elaboration in the course of the debate. This common phraseology helped to define what was and what was not discussed in the course of the debate and facilitated Beveridge's resurrection of the traditional Liberal distinction between voluntary organisations and endowed charitable trusts.

The fact that Liberal political ideas had a purchase on both the Conservative and Labour parties underpinned the influence of Beveridge and his fellow Liberal peer Herbert Samuel on the development of Labour policy on voluntary social service. The strength of Liberal influence was partly a matter of personnel. The protracted disintegration of the Liberal party during the first half of the century had prompted the migration of Liberal politicians to both Labour and the Conservatives. The Government's appointment of H. L. Nathan, for example, as chairman of the Committee of Enquiry on Charitable Trusts is one token of the Liberal presence within the upper



echelons of the Labour Party. Nathan, having abandoned his earlier allegiance in 1934, was one of a contingent of former prominent Liberal MPs within the Labour Party.<sup>1</sup>

The earlier impact of New Liberal ideas on the embryonic Labour Party strengthened the influence of this Liberal contingent. Although Socialist and Liberal ideas retained their individuality and distinctive emphases, this cross-fertilisation had produced a shared conceptual vocabulary or “homology in which the new liberalism came to establish the basic terms of the relationship”. Discussion of social policy issues came to be conducted in terms of “this or that essentially social liberal alternative even in situations where some of the most important contestants for power presented a more radical alternative for the long haul.” It was perfectly natural, therefore, that reconstruction of the voluntary sector, should be discussed in terms of this shared language and heritage. The policies proposed by Beveridge, Samuel, and Nathan, though their rhetoric occasionally smacked of radicalism, generally reflected the outlook of this “single, inherently liberal, knowledge community.”<sup>2</sup> The structuring of the debate within this ‘social-liberal homology’ was important for setting the terms of the debate. Equally important was the silence of the Fabian tradition.

The Fabians had played a key role in this process in the course of guiding the emerging Labour Party away from any commitment to the sort of socialism advocated by the Marxist Social Democratic Federation. In creating a bridge between Liberalism and Socialism, the Fabians had isolated the ethical ends of socialism from the collectivist means advocated by socialists.<sup>3</sup> Yet, the Fabian tradition had been an outspoken opponent of charity and voluntarism in all its forms.<sup>4</sup> Beveridge, himself a former acolyte of Beatrice and Sidney Webb, played a key role here. His language retained the

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<sup>1</sup> On the continuing vitality of liberalism and its influence on Labour, P. F. Clarke, ‘The Progressive Movement in England’, Transactions of the Royal Historical Society, 5th Series, vol. 24, (1974), 159-81; Freedon, New Liberalism

<sup>2</sup> Ira Katznelson, “Knowledge about What?” Policy Intellectuals and the New Liberalism’ Deitrich Rueschemeyer and Theda Skocpol (eds.), States, Social Knowledge and the Origins of Modern Social Policies, (Princeton: University Press & Russell Sage Foundation, 1996), 36-7

<sup>3</sup> Clarke, ‘Progressive’, 162

<sup>4</sup> See, for example, Beatrice Webb’s polemic against both organised unorganised philanthropy in My Apprenticeship, 206-25

vitriol of the Fabian critique of philanthropy but reserved it for the charitable endowments. Beveridge, therefore, enjoyed the best of both worlds: he preserved the radical timbre of Fabian rhetoric, while narrowing the range of institutions to which it was applied.

Beveridge based his assumptions about the character of voluntary social service on the Victorian dichotomy between voluntarism and endowed trusts. This set the pattern for the entire debate. Taking for granted that there existed wide political support for the general principle of supporting voluntary social service, he tended to concentrate on the technical aspects of supporting voluntary organisations. There is an analogy here with the emergence of consensus around Keynesian economic policies in the 1940s. Policy makers of all political persuasions embraced Keynes's ideas, not as the result of an engagement with his thinking, but because the policies he proposed seemed to satisfy the need for an intellectual foundation for policies that were already being applied in practice.<sup>5</sup> In the same way, the unreflective adoption of a pre-existing Liberal paradigm, as re-cast by Beveridge, moulded the debate on voluntary social service in the late 1940s.

Beveridge, who had played a prominent role in the design and implementation of the Welfare State, produced a third, often overlooked, report on Voluntary Action in 1948, which set in motion the process which led Attlee to appoint a Committee of Enquiry on charitable trusts. Beveridge regarded the growth of the functions of the state as problematic, and saw the defence of voluntary social service action as imperative, urging "co-operation between it and public action." Beveridge's objective was to secure a working relationship between the state and voluntary action arguing that there was "a need for political invention to find new ways of fruitful co-operation between public authorities and voluntary agencies."<sup>6</sup> Beveridge underestimated the extent of the co-operation between voluntary organisations and the state that already existed. His earlier report on Social Insurance and Allied Services had advocated a continuing role for the friendly societies in the administration of social insurance and his approach to the

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<sup>5</sup> Ritschel, Planning, 342-5

<sup>6</sup> Lord Beveridge, Voluntary Action: A Report on Methods of Social Advance, (London: George Allen and Unwin, 1948), 8



voluntary sector was coloured by his annoyance at the Labour Government's failure to carry through this recommendation.<sup>7</sup>

Beveridge ought to have been well informed about the voluntary sector. With the financial backing of the National Deposit Friendly Society, he had set out to emulate the full panoply of an official commission of enquiry. The Report was to be based on an enquiry into the voluntary sector employing a panel of assessors who took evidence from more than 400 organisations and individuals.<sup>8</sup> He also had early support from the NCSS. When Beveridge approached it for assistance in preparing his report, the Council's Executive Committee enthusiastically "agreed that every help possible should be given to Lord Beveridge on the place of voluntary initiative in the planned state".<sup>9</sup> The Executive Committee also appointed one of its members, George Mitchell, to liaise with Beveridge's assessors. If the Council hoped that the enquiry would serve as a platform for putting across to Government its proposals on the future of voluntary social service, it was frustrated by Beveridge's pursuit of quite separate objectives. The publication of the Report did, however, create conditions in which it could advance its own ideas and improve its standing both with Government and in the voluntary sector.

Beveridge's motive in undertaking the study was partly as a riposte to the Labour Government's rejection of his recommendation "that friendly societies should continue to play a major role in 'humanising and personalising' the day-to-day management of national insurance."<sup>10</sup> This, and the fact that the study was financed by the National Deposit Friendly Society, a large mutual insurance company, meant that more than half of his Report was devoted to mutual aid. Disagreements between his collaborators, as well as the multifarious views put forward by voluntary organisations themselves, meant that the progress of the enquiry was neither as swift nor as smooth as Beveridge and his

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<sup>7</sup> This has encouraged some free market opponents of state welfare to attempt, somewhat unconvincingly, to co-opt Beveridge to their cause. For an example see, David G. Green, Reinventing Civil Society: The Rediscovery of Welfare Without Politics, IEA Choice in Welfare series No. 17, (London: IEA Health and Welfare Unit, 1993), 110

<sup>8</sup> Beveridge and Wells, Evidence, 317-27

<sup>9</sup> NCSS Finance and General Purposes Committee, 25 February 1947, LMA/4016/1S/01/048 (2)

<sup>10</sup> Harris, Beveridge, 453

backers had hoped. The report's final appearance in the middle of 1948 was too late for it to influence the Government's plans for the Welfare State. The complexities of the issues raised by the enquiry hardly troubled Beveridge, for in spite of "his insistence on accumulating a great mass of empirical evidence, there was little doubt from the outset that the eventual findings of the investigation were, in Beveridge's mind at any rate, largely a foregone conclusion."<sup>11</sup>

This was particularly true of the portion of the Report dealing with what he termed philanthropic voluntary organisations. Beveridge relied more upon his conception of a moral economy than upon the evidence provided by voluntary organisations. Beveridge objected to what he saw as the waste and demoralisation that resulted from the form of property within which the resources of charity were encased. He felt that an undue respect for the donor had led to the entombment of large funds that ought to be put to more socially constructive uses. In this respect, Voluntary Action bore the stamp of Gladstonian policy towards the voluntary sector for it depended on drawing the same moral distinction between voluntary associations of activists and charitable trusts espoused by Gladstone in his war on the tax privileges of the endowments.

Beveridge saw the problem of endowments in terms of a wider problem of the unfettered right of the owner of property to dispose of it as he or she willed. Beveridge argued not only that the "law ... made some bad charitable trusts possible", but that this "badness [was] part of the general evil of unrestricted testamentary disposition."<sup>12</sup> There was also a further problem specific to the endowed trusts. These might last for centuries; bound to operate along the lines laid down by a long-dead founder. This "evil" of the owner's freedom to dispose of property as he or she willed, was compounded, in his view, by the privilege of exemption from the rule against perpetuities. The problem here was that legal machinery to preserve the charitable functions of property once it had been given for charity, was unable to take fully into account the needs of contemporary society. In order to change the charitable purposes to which an endowment could be applied two conditions had to be met. First, the general charitable purpose of the donor had to be established. Second, this general charitable intention had to be shown to be no longer capable of fulfilment by the means specified by the founder owing to illegality, impossibility, or impracticability. In order to preserve the donor's charitable intent the

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<sup>11</sup> Harris, Beveridge, 455

<sup>12</sup> Beveridge, Voluntary Action, 198



Court of Chancery could then intervene to make a scheme replacing the defunct purpose by one that was capable of fulfilment. Out of respect for the donor's wishes, the transfer had to be made cy-près: as close as possible, that is, to the means for the fulfilment of the general charitable intent that the donor had originally specified.<sup>13</sup>

The rule that property given to support charity was bound forever to be applied to charity was not necessarily a problem in itself, as far as Beveridge was concerned. More important was that the rules governing the transfer of property from one charitable purpose to another made it difficult to take the property of a redundant charity and apply it to a more appropriate modern use. This, Beveridge believed, tied up valuable resources in defunct or under-performing trusts. Beveridge argued that the Court did not exercise its jurisdiction over charitable trusts in accordance with "the needs of the time or with the views of living men." Instead the Court's overriding priority was "to do the best they could to meet the wishes of the dead."<sup>14</sup> Property held by defunct charities could be transferred to other charitable purposes, but the doctrine of cy-près required the Court had to take into account the founder's intention and make a scheme applying the funds to an object close to this intention. When it had to choose between "broadly similar purposes which appeared to meet specific and pressing needs within the community, and ... a practicable mode of application which more closely matched the original purposes but was not of particular relevance to current needs" the Court was obliged "to choose the latter."<sup>15</sup> As a result, charitable trusts, however beneficial the founder's original intention, atrophied with the passage of time and locked up resources of which better use could be made.

Until 1860, the property held by defunct charities could be transferred to other charitable purposes only by means of a scheme approved by the Chancery Division of the High Court and observing the cy-près doctrine. This was an expensive and time-consuming process, and the Court was inconsistent in its interpretation of the cy-près doctrine. Beveridge himself cited an eighteenth century case where a bequest for the instruction of people in the Jewish religion was applied to a foundling hospital, commenting acidly that "the only apparent connection is that teaching Jewish religion

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<sup>13</sup> Owen, Philanthropy, 70

<sup>14</sup> Beveridge, Voluntary Action, 190

<sup>15</sup> Chesterman, Charities, 69

and foundings were at that time equally illegitimate.”<sup>16</sup> The Charitable Trusts Act, 1860 vested in the Charity Commissioners the power to make schemes, subject to the same rules as were applied by the Court. Trustees retained the right to appeal to the Chancery Division. Although appeals against Charity Commission schemes were unusual by the first half of the twentieth century, this was mainly the result of the extreme caution of the Commissioners in the exercise of their scheme making power, for they followed closely precedents established in the Court.

The 1910 Weir Hospital case was the only example of any importance of the Court overturning a scheme drawn up by the Commissioners during this period and the issued on which it turned is instructive. The case hinged not on the new object to which the trust was to be applied but on whether the trust was in fact incapable of execution in the terms stipulated in the original bequest. In this case, the trustees had collaborated with the Commissioners in drawing up a scheme to combine a bequest, originally for the support of a cottage hospital, with a similar bequest in a nearby district in order to provide a home for nurses at the local district hospital. Local objections scuppered these plans. When the case reached the Court of Appeal, the Master of the Rolls H. H. Cozens-Hardy rejected the arguments of the Commissioners. He ruled the Court, and by extension the Commissioners, could not consider whether a testator’s chosen objects and mode of achieving it were “wise or whether a more generally beneficial application of a testator’s property might not be found.” There could “be no question of cy-près until it is clearly established that the directions of the testator cannot be carried into effect.”<sup>17</sup> This outcome outraged G. W. Keeton, Professor of English Law at University College London. Keeton thought the case brought the operation of cy-près into disrepute for it is “scarcely open to question that if ... the scheme for the amalgamation of two inadequately-supported hospitals had been accepted, the problems of the trustees would have been diminished, and the public as a whole would have gained.”<sup>18</sup>

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<sup>16</sup> Beveridge, Voluntary Action, 191

<sup>17</sup> CTC, 85; Owen, Philanthropy, 314; Chesterman, Charities, 69-70

<sup>18</sup> G. W. Keeton, Social Change in the Law of Trusts, (London: Pitman, 1958), 103



## From voluntary social service to voluntary sector

Echoing Gladstone, Beveridge contrasted the entropy inherent in the charitable trust form with what he proclaimed as the vibrant and responsive character of activist voluntary organisations. There was a marked opportunism in his approach to voluntary social service. Opportunism was evident even in the title of Beveridge's report. In the volume of evidence he later published in support of the main volume, provides an explanation of his desire to shift the debate from the terminology of 'charity' and 'philanthropy' to 'voluntary action'.

This substitution was necessary in order to shift the discussion away from the relationship between donors and recipient. Beveridge took his cue from a Mass Observation survey, specially commissioned for his enquiry. Mass Observation had found "in an earlier survey only one person in three had anything approving to say about charity or charities." Popular antipathy to charity had actually increased in the meantime. Its new survey found that only one in four agreed with the proposition "that charity is a good thing".<sup>19</sup> The central objection raised by Mass Observation's respondents was to the demeaning character of the relationship between donor and recipient. On the other hand, nearly half of the new sample expressed a general approval of the voluntary organisation of social services."<sup>20</sup>

One problem he faced in promoting the value of voluntary social service was that half a century of expanding state provision of services had relegated voluntary organisations to the most peripheral areas of welfare provision. Whatever his reservations about the approach adopted by the Labour Government towards provision for the unemployed, or to Bevan's Health service, there was evidently little mileage in calling for the process to be reversed. Making a virtue of necessity he attempted to redefine what had been the outskirts of voluntary social work as the cutting edge of welfare provision. He stressed the supplementary and, especially, the pioneering role of voluntary action.

Beveridge's stress on the pioneering role of voluntary social service contained ambiguity that he did not attempt to resolve. What was to happen once the path breaking had been accomplished? Was the function of voluntary organisations simply to develop

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<sup>19</sup> Beveridge and Wells, *Evidence*, 56

<sup>20</sup> Beveridge and Wells, *Evidence*, 39

new services and bring them up to the level where they could hand them over to the management of the state? The Younghusband report on social work at the end of the 1950s drew out the consequences of this ambiguity. Younghusband had no doubt that the role of voluntary organisations should be severely circumscribed and criticised the “reluctance on the part of some voluntary organisations to give up responsibility for a well-established service, even if there was obvious pioneering to be done.”<sup>21</sup> A second and immediate problem arising from Beveridge’s stress on the pioneering role of voluntarism was that it shifting the focus of attention onto the most marginal areas of social service. Beveridge’s attempt to glamorise the residuum of voluntarism relied on his looking at conditions in the voluntary sector through spectacles so rose-tinted that they obscured many of its features.

Beveridge made frequent reference to the particular value of voluntary action in providing personal services, especially to the elderly and infirm, over and above what the state could provide. Hot meals cooked elsewhere and delivered to the elderly and the invalid were an example of the help voluntary organisations could give to the elderly and ill in order to allow them a degree of independence. Help with housework was another. Beveridge gave a negative justification for encouraging voluntary organisations to provide these services: the inadequacy of state provision. Local authorities had powers to provide some of these services, but he feared that demand for them outstripped local authorities’ capacity to supply. In any case, he argued, “local authorities have given preference to others than the old, confining their schemes to mothers with young children.”<sup>22</sup> Here, then, was a field in which voluntary action could fulfil its mission.

Beveridge felt that there were other, more positive, reasons why voluntary organisations should provide these services. Rooted in local communities, voluntary organisations could respond to local needs. They would also introduce an element of humanity into their contacts with those in need, which state services, he believed, could never do. “Meeting special needs”, he argued, “calls for special interest and sympathy.” He concluded his survey of the needs that remained in a ‘social service state’, by quoting a report on the needs of blind people. He believed that the observations made on the

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<sup>21</sup> Ministry of Health/Department of Health for Scotland, Report of the Working Party on Social Workers in the Local Authority Health and Welfare Services, Chaired by Eileen L. Younghusband, (London: HMSO, 1959), 299

<sup>22</sup> Beveridge, Voluntary Action, 231



needs of the blind applied with equal force to the elderly and other groups in need of special care. They needed “friendship and personal care such as cannot be rendered by any official however competent and kindhearted.” This kind of service could only be mobilised with success by “a society whose whole motive is voluntary.” Beveridge celebrated, in other words, the traditional ‘tea and sympathy’ ethos of voluntarism. The state could satisfy material needs, voluntary action supplied an intangible extra.<sup>23</sup>

Beveridge also nominated care of the elderly as an area for voluntary organisations to move into, not only at the prompting of voluntary organisations themselves, but also because the same Mass Observation survey had suggested that voluntary services in this area commanded wide respect and were less tainted by the popular opprobrium which attached to charity. Beveridge hoped that recommending such schemes would prove popular. He also believed that redirection of voluntary social service along these channels had the potential to attract a wider membership for voluntary organisations. Beveridge’s concentration on the competition between voluntary and state welfare services also obscured the much more important alternative welfare arrangements made available by families and local communities. Ten years later, Peter Townsend pointed to the relative insignificant contribution of domiciliary services to the welfare of the elderly in Bethnal Green. Townsend concluded “the family has the care of a far larger number of the infirm aged and chronic sick than all our hospitals, residential Homes, and domiciliary services put together.”<sup>24</sup>

Beveridge’s concentration on the impact of state welfare also blinded him to the effects of competition within the voluntary sector. He simply disregarded the evidence placed before his panel by the voluntary organisations themselves. In their evidence to Beveridge’s enquiry the National Council for the Welfare of Old People, the Red Cross and the Women’s Voluntary Service had all cited meals services to the elderly and chronically sick as an area they intended to work in the future.<sup>25</sup> Beveridge was scarcely interested in the realities of the voluntary sector, however. This point was picked up by the sociologist T. H. Marshall who, in his review of Voluntary Action, wryly congratulated

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<sup>23</sup> Beveridge, Voluntary Action, 267

<sup>24</sup> Peter Townsend, The Family Life of Old People, (Harmondsworth: Penguin, 1963), 216; see also Lowe, ‘Moving Frontier’

<sup>25</sup> Beveridge and Wells, Evidence, 141 ff

Beveridge for refraining “from staking his reputation on the discovery of watertight definitions.”<sup>26</sup>

Beveridge’s dispute with A. F. C. Bourdillon over the standing of the Women’s Voluntary Service is particularly revealing of the overriding political imperatives which structured Beveridge’s Report. Bourdillon was the compiler of a Nuffield Foundation study of voluntarism published at the end of the war. Beveridge broadly endorsed Bourdillon’s definition of voluntary social service, which defined a voluntary organisation as one “initiated and governed by its own members without external control.”<sup>27</sup> Beveridge added a typical gloss on this, describing it as any “action not under the directions of any authority wielding the power of the State.”<sup>28</sup> For Beveridge this independence from the state was voluntarism’s peculiar virtue as well as its defining feature and this makes his point of disagreement with Bourdillon even more instructive.

In order to emphasise the dualism between voluntarism and the state, which was central to his perspective, Beveridge was eager to follow Bourdillon in defining voluntarism in terms of its method of management. Control of business by voluntary management committees was, by the middle of the twentieth century, the only strictly voluntary aspect of most voluntary social services. It was the independence of their management structure rather than their reliance on labour time given free of charge that distinguished voluntary organisations from other welfare providers. Bourdillon appreciated that the changed character of voluntary organisations made it difficult any longer to characterise voluntary organisations according to the absolute criterion of unpaid work. He noted, “many of the most active voluntary organisations are staffed entirely by highly trained and fairly well paid professional workers.” Bourdillon’s solution was to regard the distinctiveness of voluntary organisations as “the product, not of the kind of workers they employ, but of their mode of birth and method of government”. As a result, Bourdillon was inclined to exclude the Women’s Voluntary Service, arguing that “although it uses the word ‘voluntary’ in its title, [it] is not and does not claim to be a voluntary organisation”. Bourdillon regarded it rather as “a piece of

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<sup>26</sup> T. H. Marshall, ‘Voluntary Action’, *Political Quarterly*, Vol. XX, No. 1, (1949), 25

<sup>27</sup> A. F. C. Bourdillon ‘Introductory’, A. F. C. Bourdillon (ed.), *Voluntary Social Services: Their Place in the Modern State*, Nuffield College Social Reconstruction Survey Committee, (London: Methuen, 1945), 3

<sup>28</sup> Beveridge, *Voluntary Action*, 8



administrative machinery which serves the statutory authority and enables the individual to volunteer to do war service without pay.” The use of ‘voluntary’ in its title was of the word in “its old sense ... applying to the worker, not the organisation.”<sup>29</sup>

Beveridge was no more attached than Bourdillon to the traditional definition of voluntarism in terms of its use of volunteer labour, but he cavilled at Bourdillon’s exclusion of the WVS from the category of voluntary organisations. He reluctantly agreed that it could be argued that “the W.V.S. is not a voluntary agency” since it was “not independent of public authority in deciding what it shall do and how”, but, he continued, it could also be regarded as “more voluntary than most ... in the sense of having in relation to the whole a smaller paid staff than most.”<sup>30</sup> Beveridge resorted to a traditionalist view in order to rescue the WVS for the voluntary sector. His outlook was based on a set of dualisms, and the primary dualism was, as far as he was concerned, that between the state welfare and voluntary social service. The definition of voluntarism in terms of its management structure served to emphasise this primary dualism, but Beveridge recoiled from some of the implications of this position. His dismissive approach to Bourdillon’s point reveals that the finer points of conditions within the voluntary sector were subsidiary to his grand project of exerting an influence on Government policy.

As far as he recognised a division within the voluntary sector, it was the formal and moral distinction he drew between voluntary organisations and endowed charitable trusts. This had impeccable Victorian antecedents. He cited with approval “Hobhouse’s doctrine that the command of resources should always be in the hands of a living and reasonable owner of property”, and reproduced in an appendix examples of outdated charities drawn largely from Hobhouse’s polemical assault on endowed charities The Dead Hand, published in 1880 and which drew heavily on his experience as a Charity Commissioner.<sup>31</sup> Beveridge reasserted the Gladstonian distinction between charitable trusts and voluntary associations and he posed the question of charitable property in terms of a legitimacy in which ownership implied moral responsibility. This echoed his view, expressed in Full Employment in a Free Society, that “if ... it should be shown by experience or argument that abolition of private property in the means of production was

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<sup>29</sup> Bourdillon, ‘Introductory’, 3-4

<sup>30</sup> Beveridge, Voluntary Action, 137

<sup>31</sup> Beveridge, Voluntary Action, 198; 356-70

necessary for full employment, this abolition would have to be undertaken.” He had diminished the revolutionary implications of this announcement, reassuring his readers that he personally believed that full employment was perfectly compatible with the continuation of private ownership of industry.<sup>32</sup> His point was that liberty in property as in other areas was intimately connected to the responsible exercise of the freedoms concerned.<sup>33</sup> For Beveridge the test of whether the moral claim on property ownership was being met was social utility. In his view, both the endowed trust as an institutional form, and the law that oversaw it, failed this test.

Beveridge did not go beyond calling for a review of the law in terms that implied that ‘common sense’ should be the guiding principle. Of more significance for the unfolding of the debate on voluntary social service was that he established a connection between reform of the law on endowed charitable trusts with a scheme for funding voluntary organisations. Beveridge’s proposals for machinery to consummate a new partnership between state and voluntary organisations were no more than a sketch: he called for the appointment of a Royal Commission to work out the details.<sup>34</sup> One of the proposals contained in Voluntary Action was for a committee to administer a central government grant to voluntary organisations for which, Beveridge argued, the Lord President of the Council should have responsibility.

It was axiomatic to Beveridge that co-operation between state and voluntary organisations working in the same field was beneficial. The main weakness of the relationship as it existed in the 1940s was, according to Beveridge, that it fostered conservatism within the voluntary sector. The existing arrangements for Government support of voluntary social service tended to reinforce the conservatism Beveridge detected in patterns of private giving. “The general public,” he thought, “have shown themselves more ready to give for familiar humanitarian purposes than for new social experiments”. In rewarding the orthodox, donations and subscriptions acted as a check on the social entrepreneur. Both the donating public and the grant awarding state were reluctant to back pioneers with novel ideas. The resources commanded by established and well-understood voluntary services grew at the expense of smaller, unfashionable

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<sup>32</sup> William Beveridge, Full Employment in a Free Society, (London: George Allen and Unwin, 1944), 23

<sup>33</sup> Beveridge, Full Employment, 249-52

<sup>34</sup> Beveridge, Voluntary Action, 310



and experimental projects. Both public and private contributions combined to choke off the sources of spontaneity upon which voluntary social service depended. The funding regime inhibited innovation and undermined the voluntary sector's capacity to pioneer new services. It denied support to important voluntary services whose work was "of too general or too novel a character to attract the interest of any particular department."<sup>35</sup> Operating on departmental lines, the existing system favoured projects which had already gained public support and which reflected existing departmental priorities.

This system was inadequate, therefore, because it failed to provide support for pioneering organisations. The inefficiency of both private giving and state funding made the case for "placing in the hands of some responsible central committee a grant ... to supplement the help given by the departments." The state was less flexible in response to social change than individual and community initiative: Beveridge's solution was to create a body charged with fostering creativity. His 'eight point programme for the State', concluded that there was a need for "an independent corporation endowed by the State for social advance by Voluntary Action".<sup>36</sup>

The idea of a state-financed foundation to distribute funds to the voluntary sector was not altogether new, but it did arise from Beveridge's analysis of existing state funding for voluntary social service. He did not see his 'grants committee' as an alternative to continued direct departmental funding of voluntary organisations, indeed he called for departmental grants to "be made available in increasing amounts in future." The strength of the existing system was that it encouraged "direct contact between public authorities and voluntary agencies". What he proposed in addition to these existing contacts was an autonomous grant-awarding board as an antidote to the deficiencies and dangers he saw in existing methods of state funding for voluntary organisations.<sup>37</sup>

Similar schemes had been floated for parts of the voluntary sector in the past. Beveridge himself cited the example of the University Grants Committee as a precedent.<sup>38</sup> Proposals for a hospital grant's committee to finance voluntary hospitals along similar lines to the universities had gained currency in the 1930s. In 1938, Professor Ernest Barker, formerly of the King's Fund, suggested in The Times the

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<sup>35</sup> Beveridge, Voluntary Action, 317

<sup>36</sup> Beveridge, Voluntary Action, 317

<sup>37</sup> Beveridge, Voluntary Action, 316-17

<sup>38</sup> Beveridge, Voluntary Action, 316

establishment of a committee to “receive an annual parliamentary grant which it then distributed to individual hospitals through regional hospital councils.” The writer and politician A. P. Herbert supported the idea, believing it would allow “state assistance without state control” and without undermining voluntary contributions to the voluntary health services.<sup>39</sup>

Nothing came of this idea and it was rapidly overtaken by events as the war compelled radical intervention in medical provision, and the introduction of the NHS rendered it irrelevant. Its airing in the 1930s and the existence of the UGC did, however, offer a precedent for Beveridge’s proposals. The main difference between Beveridge’s proposals for voluntary social service and both the UGC and the hospitals’ scheme, was that these latter were each confined to a single, relatively homogeneous field. The novelty of Beveridge’s proposal was that he intended it to cover the whole range of voluntary social service. Beveridge anticipated some of the difficulties that might be encountered. He noted that the financial power of a central grant-making board might indirectly undermine the pluralism and innovation that he wanted to promote. The breadth of voluntary social service meant that any funding body for the whole of the voluntary sector would have to choose between very different purposes. The UGC on the other hand, had to support a single purpose – university education – and could use objective standards of performance to determine how to distribute its funds. Beveridge admitted that so great was “the diversity of aims of philanthropic agencies ... as to make the question of how to distribute a grant voted for all of them a question of ends rather than means.” As resources were limited, choices were unavoidable and grants would be allocated selectively. Rather than choosing between similar services, Beveridge acknowledged that his committee would have to choose between different charitable objects in a way quite “different in character from anything undertaken by the University Grants Committee.”<sup>40</sup>

In spite of the danger that the voluntary sector would be steered into particular channels and might even become politicised in the process, Beveridge argued that a central funding committee should be established, at least as a short-term measure. In Voluntary Action, he saw it as a transitional mechanism to facilitate the voluntary sector’s adjustment to the new environment created by state welfare. The course of

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<sup>39</sup> Prochaska, Philanthropy, 128

<sup>40</sup> Beveridge, Voluntary Action, 316



events following publication of his report meant that Beveridge's thought on the character and possible implications of his 'Voluntary Sector Grants Committee' remained underdeveloped. Voluntary Action was tentative on the exact form the committee might take, mentioning as possible models organisations already in existence, such as the Pilgrim Trust and the NCSS. He was also vague on the possible source of the Committee's funds.<sup>41</sup> Although Beveridge identified some possible objections to the scheme, the manner in which the proposal was taken up by Beveridge's allies and by the Government meant that discussion converged on the technical question of how to secure funds for the Committee rather than on the broader issues of principle.

Beveridge's report on voluntary action, in spite of his elaborate attempts to recreate the panoply of an official enquiry, was a polemical rather than a considered report. It failed to take full account of the dramatically altered social relations surrounding voluntarism in the late 1940s. Many voluntary organisations, for example, had experienced substantial growth during the war, but Beveridge uncritically accepted this growth as evidence of health rather than investigating its particulars. During the war income from both traditional voluntary sources and from government increased. Beveridge's binary opposition of state and voluntary organisations had blinded him to the rapid integration of voluntary organisations into the civil defence programme. He had ignored the implications for the future of voluntary social service of the creation of new, government sponsorship of organisations like the Women's Voluntary Service, and the Citizens Advice Bureaux, accepting these uncritically as 'a good thing'. The voluntary sector larger, more complex and more organised than Beveridge acknowledged was also more closely coupled to the state than before. It was also poorly received by leading voluntarists.

### **The government's response to Beveridge**

Although the National Council had been enthusiastic at the outset of Beveridge's enquiry, it was disappointed with the result. There were clearly affinities between Beveridge's view of the importance and future role of voluntary organisations and those of Haynes. Haynes had himself stressed that, whatever the scope of the welfare

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<sup>41</sup> Beveridge, Voluntary Action, 317

provision undertaken by the state, there would always be services that could only be, and should only be, undertaken by voluntary bodies. Nevertheless, the Council was dissatisfied with Voluntary Action, although its critique was not made public. Astbury, a member of the NCSS Executive Committee, as well as General Secretary of the FWA, complained that Beveridge had exploited the plight of voluntary organisations to advance the case of the large national insurance companies, one of which had commissioned and financed his report. About half the report's length was taken up with Beveridge arguing that the friendly societies should have a role in the administration of social insurance.

Beveridge's insistence that voluntary social service was a bulwark against totalitarianism did not satisfy Mitchell, who had acted as liaison between the NCSS and Beveridge's panel of assessors. Mitchell had welcomed the publication of the report in a review for Social Service Quarterly, the Council's house journal.<sup>42</sup> In the privacy of the Committee room, however, he was more forthright. He objected especially to the technical tone of Beveridge's treatise, remarking that his "report did not give full recognition to the importance of voluntary organisations in the realm of freedom of thought and opinion but only as agents for getting work done."<sup>43</sup> Beveridge repeatedly stressed the importance of nurturing the "vigour and abundance of Voluntary Action" as "the distinguishing marks of a free society."<sup>44</sup> In the light of this, Mitchell's criticism seems rather odd. It reflected the Council's sense that Beveridge was no longer the power in the land that he had been three years earlier and their eagerness to find ways of distancing themselves from him. There was little to be gained from coat-tailing someone who was already widely seen as merely making a nuisance of himself.

The Council clearly wanted to distance itself from the anti-state tenor of Beveridge's account, for Mitchell went on to criticise Beveridge's underestimation of the extent "of day-to-day consultation between voluntary organisations and the state". Reflecting the divorce between Beveridge's idealised version of the voluntary sector and the EC's own experience, Mitchell regretted that the report had not been written from within the movement, and Haynes went so far as to suggest the commissioning of an alternative report. Far from decrying the damage done to voluntarism by the Welfare

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<sup>42</sup> George Mitchell, 'The Third Beveridge Report', Social Service Quarterly, XXII (3), 1948-9, 113-7

<sup>43</sup> NCSS Executive Committee, 20 January 1949, LMA/4016/IS/01/32 (2)

<sup>44</sup> Beveridge, Voluntary Action, 10



State, Haynes expressed the Council's appreciation that the Acts founding the Welfare State had sought to encourage co-operation between state and voluntary organisations and to find a role for voluntarism in state welfare services. The problem, he argued was not the threat to voluntarism from the state, but inconsistency in the application of this encouragement for the various "authorities were interpreting their powers in different ways."<sup>45</sup> There were clearly areas of overlap between the Council's and Beveridge's vision of voluntarism, but Beveridge himself was regarded as out of touch with the realities of contemporary voluntarism, just as the language in which he talked about citizenship and the state "was increasingly remote from the currents of popular culture."<sup>46</sup>

Whatever their reservations about Beveridge's report, the NCSS found itself working within the framework he had outlined. His proposal for a central funding committee for the voluntary sector proved his most important and lasting contribution to the terms of the debate. Beveridge had sought to downplay the question of accountability of voluntary organisations for any funding they received. His assumption of the dichotomy of state and voluntarism meant that he regarded the independence from political control of any sort was the essence of voluntary social service. He was concerned, however, by the absence of any formal voice in politics for the voluntary sector, and this led him to propose, again on the analogy of the University Grants Committee, that the Lord President of the Council be appointed 'Minister Guardian' for the voluntary sector. Beveridge saw the role of the Minister Guardian as that of an advocate for the voluntary sector within government, providing a link between the political administration and voluntary organisations without imposing central control. A key function of the Minister Guardian would be the appointment of members of the grants committee.<sup>47</sup>

Beveridge's proposal invited the attention of the Lord President's Office where Beveridge's report received detailed scrutiny from officials. This was largely sympathetic to the broad questions he had raised about the future of the voluntary sector – an indication that the Government was eager to have something positive to say about voluntary social service. The main obstacle to ministers and officials accepting the

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<sup>45</sup> NCSS Executive Committee, 20 January 1949, LMA/4016/IS/01/32 (2)

<sup>46</sup> Harris, Beveridge, 460

<sup>47</sup> Beveridge, Voluntary Action, 313

report's recommendations was reluctance to contemplate any radical departures in policy. J. A. R. Pimlott, Morrison's private secretary undertook the review of Beveridge's report. Pimlott was himself an active voluntarist, a member of the Council of Toynbee Hall and author of the settlement's official history published 1935 to mark its 50th anniversary.<sup>48</sup>

Though he had some reservations, Pimlott thought Beveridge's report had raised an "important but neglected aspect of public administration", and felt that "a review of the role of the voluntary agencies would be timely and valuable." What mainly told against Beveridge's proposals in the eyes of Morrison's officials was that they were not fully worked out. Pimlott found them "so hedged around with doubts that it is difficult to know how to take them." He was scathing about the proposed grants committee foreseeing a number of difficulties. First, the new corporation would be in competition with existing organisations. He thought it was "to say the least unlikely that it would be welcome to such organisations as the National Council of Social Service and the WVS; both of which come very near to being the type of body he seems to envisage." A more critical issue was that the proposal amounted to a call for increased public spending, and Pimlott thought it was "doubtful whether this is the time for the State to embark on additional expenditure even of the magnitude required for the new State-subsidised corporation." Pimlott's decisive criticism was that Beveridge's proposals would simply create an additional layer of bureaucracy. He saw no role for the corporation other than "to hand out public money to other voluntary agencies – a proposition of doubtful wisdom." Pimlott also saw no reason why the Lord President should assume responsibility for the body if it were set up, arguing that there was "a strong case for responsibility resting with the Treasury". Beveridge's proposal, as it stood, would merely extend the lines of bureaucracy for it "would mean the Treasury paying the Lord President large sums for him to pay to a public corporation which in turn would make the actual payments to the voluntary societies."<sup>49</sup>

Morrison had already been made aware of strong Treasury opposition to Beveridge's scheme: a briefing on the proposals forwarded to his department had

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<sup>48</sup> Who Was Who, vol. VI, (London: Adam and Charles Black, 1972), 898; J. A. R. Pimlott, Toynbee Hall: Fifty Years of Social Progress 1884-1934, (London: J. M. Dent and Sons, 1935)

<sup>49</sup> Pimlott to Nicholson, 30 December 1948, CAB124/136



restated Treasury orthodoxy on government accountability to Parliament for spending public money.<sup>50</sup> Treasury officials highlighted the lack of public accountability inherent in Beveridge's conception of a grants committee which would, Treasury officials pointed out, spend public money but would be free from state control. This would make it "a responsible agent" free to "decide without taking instructions from a Government Department, or having to account for his actions to anyone, whether a person is entitled to a payment from public funds." Adopting the Treasury's traditional attitude, the authors of the briefing ruled such an arrangement "out of the question".<sup>51</sup>

In spite of the National Council's misgivings at the poor quality of Beveridge's report, and the resistance of Government's advisors to its main recommendations, the report did offer both a way of discussing the future of voluntarism in terms other than the antagonism between voluntarism and the state which had dominated during the previous three years. Beveridge's recapitulation of his Gladstonian theme of the distinction between voluntary organisations and endowed trusts also attracted the political support of the leader of the Liberal group in the House of Lords, Herbert Samuel. Samuel initiated a debate in the House of Lords a year after the report's publication, in the course of which the distinction between voluntary organisations and endowed trusts gained a still higher profile.

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<sup>50</sup> Stafford Cripps to Herbert Morrison, 29 January 1949, CAB124/136

<sup>51</sup> Treasury Briefing attached to Cripps to Morrison 29 January 1949, CAB124/136

## Chapter 5: The Lords Debate Voluntary Social Service

The result of Beveridge's restatement of the Gladstonian critique of endowed charity was that the debate on the future of voluntary social service came increasingly to revolve around the distinction between endowed charities and voluntary organisations. The prominence given to this formal classification of voluntarism facilitated the reduction of the issues to the merely technical question of methods of funding voluntary organisations. It did so by shifting attention away from the rhetorically and emotionally charged issue of relations between the state and voluntary organisations and by investing the opposition of endowed charity to activist voluntary organisation with an equivalent rhetorical and moral charge. The debate on voluntary action in the House of Lords took this process a stage further.

Beveridge's report on voluntary action touched off a discussion in Government circles and, whatever shortcomings they saw in it, this presented Haynes and the NCSS Executive with a valuable opportunity to press their case for more Government funding. Pressure on the Government grew when the former Home Secretary Herbert Samuel, now Liberal leader in the upper house, raised the issue in the House of Lords. The debate on Samuel's motion calling for greater encouragement of voluntary social service took place on 22 June 1949, about a year after the publication of Beveridge's report.<sup>1</sup> Morrison and his officials had already given Beveridge's proposals detailed consideration, so the Government was well prepared to deal with the issues raised during the debate. At the same time, the Government's emphasis on its financial objections to Beveridge's proposals, left Beveridge and his allies with the impression that there existed no opposition in principle to the idea of a grants committee for the voluntary sector provided some satisfactory source of funding, other than the public purse, could be found. This impression, combined with Samuel's further elaboration of Beveridge's original idea for a new funding organisation for the voluntary sector, led supporters of modernisation of the voluntary sector to focus their attention on finding a source of funding for a new national grant awarding body.

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<sup>1</sup> House of Lords Debates, vol. 163, 22 June 1949, cols. 75-136



## Samuel's contribution

Like Beveridge and the other peers who spoke in the debate, Samuel sought to reconcile the vast expansion of the state to vestigial libertarian idealism. As a politician he accepted that an increased role for the state in social welfare was inevitable but, like many in the voluntary sector, he remained emotionally attached to voluntarism in social service. Opening the debate, Samuel located voluntary organisations within a quadripartite structure. This incorporated the individual and the state into a continuum of mediating institutions. In addition to the state and the individual, two other pillars of society only became apparent upon close examination. These were the family and “voluntary organisations of many kinds”. Samuel concurred with Beveridge in associating voluntary organisations with the family. Like Beveridge, he was inclined to avoid quantifying the relative contribution of voluntary social services to welfare provision. The material contribution made by voluntary organisations to social service provision was not the main point as far as Samuel was concerned. In yoking together these two distinct sources of welfare, he hoped to implicate voluntarism in the affective bonds present in family and friendship networks. Voluntary organisations in the abstract, whatever specific services they provided, figured as a reagent in the great welfare experiment: their continued existence within the welfare state manifested an underlying social health because they played an “essential part in the structure of our modern civilised society.”<sup>2</sup>

Samuel considered himself something of a philosopher and had published a number of books and articles on philosophical subjects. He could claim to be representative of the mainstream of British philosophy at this time. He was elected President of the British (later Royal) Institute of Philosophy in 1931.<sup>3</sup> He was also invited to contribute a volume to the popular ‘Home University Library’.<sup>4</sup> The success of this volume led in 1937 to a more wide-ranging volume Belief and Action. Samuel’s

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<sup>2</sup> House of Lords Debates, vol. 163, 22 June 1949, col. 76

<sup>3</sup> Bernard Wasserstein, Herbert Samuel a Political Life, (Oxford: Clarendon Press, 1992), 372

<sup>4</sup> Viscount Samuel, Practical Ethics, Home University Library no 255, (London: Oxford University Press, 1935) (Services Reprint 1945)

philosophy was hardly innovative. Belief and Action was subtitled, without apparent irony, 'An Everyday Philosophy', a promise it met in full. One reviewer of Popular Ethics, recommended it as an example of "the English or common-sense school of philosophy so sturdily vindicating its right to hearing."<sup>5</sup> His later output included a celebrated correspondence with Albert Einstein in which he took issue with modern physics' undermining of the common-sense notion of 'reality'. Against the threatening relativism of thermodynamics, Samuel simply trusted his intuition.<sup>6</sup>

In his articles and books, Samuel expressed an ethical approach that, unsurprisingly for a Liberal, stressed the importance of balance. He rejected the idea "that morality consists in self-sacrifice". He thought "egoism ... the measure for altruism". "Both," he argued, "in proper degree and balance must be elements in morality."<sup>7</sup> Common sense, Englishness, and balance were keynotes of his approach. This was his contribution to the decontesting of voluntary social service. The function and value of voluntarism was a given. He pushed to the fore formal distinctions between types of voluntary organisations and focussed attention on devising a mechanism to encourage the growth of the preferred form of organisation. As a result, the debate amounted to little more than an exercise in mutual agreement on the value of voluntarism and support for increased funding. Where Beveridge had cavilled at Bourdillon's specification of voluntary management as a defining component of voluntary organisations, Samuel eased the discussion of finance along the same agnostic path. In so doing, Samuel discarded one of the most important tenets of charity, organised as well as emotional, namely that the gift was merely a token that gave effect to an underlying moral relationship between donor and object. The provenance of the money was central to the moral character of a charitable act. Samuel's approach to financing implied a loosening of voluntarism from its traditional value system. This de-coupling of funding from the core meaning of charity marked a further step in the ideological decontesting of voluntarism. Samuel was merely articulating a way of thinking that was implicit in conditions within the voluntary sector itself.

Samuel shared Beveridge's diagnosis of the problems of the voluntary sector and of its continuing value in modern society. He was also optimistic about the future and

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<sup>5</sup> Wasserstein, Samuel, 372

<sup>6</sup> Viscount Samuel, In Search of Reality, (Oxford: Basil Blackwell, 1958), 171

<sup>7</sup> Samuel, In Search, 103-4



his optimism turned on an ethical equation. Like Beveridge, Samuel was concerned about the growth of affluence and increased leisure among all classes. He saw the problem of voluntary social service as intimately “linked with another feature of modern communities ... the increase in the amount of leisure available to the population”. The problem of the voluntary sector was a problem of ethical political economy. On the one hand, people with time on their hands were one of the factors of production of voluntary action. Shorter working hours and longer holidays meant that people had “more spare time to give to social services of one kind or another.”<sup>8</sup> Leisure itself might also be an object of voluntary activity, providing its raw material, as it were. Samuel’s solution was to bring these two factors of production together.

The new leisure society, therefore, posed a problem but it also contained the material for its solution. The problem leisure posed was how to ensure that the population made constructive use of its increased free time and it was “exceedingly important ... that there should be adequate opportunities for the right use of leisure.” Confident that his audience would share his interpretation of what were appropriate ways for the masses to spend their free time, Samuel felt no obligation to dwell on or to define ‘right’ in this context. He mentioned in passing the “youth movements active throughout the country” and “the efforts ... being made to provide facilities for recreation and for the amenities of every kind.” Mobilising mass support for and involvement in these endeavours was partly a matter of public education, he thought. It was primarily a cultural question, depending as it did “upon the spirit of the people and the number of those who are willing to give the sacrifice.”<sup>9</sup>

Having conducted this brief rhetorical tour of the value of voluntary social services, Samuel moved briskly forward to the main point of his speech: obtaining financial support for voluntary organisations. The future of voluntary social services, according to Samuel, depended crucially on “the problem of finance, which is becoming more and more difficult every year.” Many voluntary organisations were finding it hard to meet an expanding demand for their services as “the difficulties which face their work on the financial side are also growing, owing to higher costs.” Samuel intoned a familiar catalogue of voluntary organisations’ woes. They had to cope with “higher salaries and also greater charges of every kind in administration.” They also encountered problems

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<sup>8</sup> House of Lords Debates, vol. 163, 22 June 1949, col. 77

<sup>9</sup> House of Lords Debates, vol. 163, 22 June 1949, col. 78

in “securing accommodation; it is harder to find and more expensive when it is found.” Voluntary organisations, Samuel asserted, were trapped between rising demand, rising costs and declining revenue: “at the very time when expansion is necessary all over this great field ... [and] the burdens of expenditure are increasing, the sources of revenue are drying up.” Samuel attributed the decline in voluntary organisations’ income to rising taxation, partly to meet the requirements of increased state welfare programmes. In the past voluntary organisations could rely on “the patronage of wealthy people or upon voluntary subscriptions.” These sources of income had been closed off, for “with the present burden of taxation both patronage and subscriptions have become more and more difficult.”<sup>10</sup>

Like Beveridge, Samuel believed that the problems facing voluntary organisations were primarily financial and largely an effect of the increased role of the state in welfare provision. Since it was the cause of the problems, the state was also the best instrument for resolving them. The creation of the welfare state had badly undermined the voluntary sector: state support could help to stabilise it. Samuel believed that voluntary social services were restrained by lack of resources rather than lack of commitment on the part of voluntary organisations or lack of demand for certain services. The state, he argued, had a responsibility to intervene to make good this deficiency. The irony of state assistance to voluntary action whose principal ethical quality was conceived of in terms of its independence from the state, was not lost on Samuel, however, and this led him to cast around for some method of disengaging the apparatus of the state from the funding it was to provide. His proposal for national and local Common Good Funds to distribute funds to voluntary organisations was intended to overcome the objection that state funding would lead to state control of voluntary organisations.

Opening the Lords’ debate on voluntary action, Samuel gave warm support to Beveridge’s proposal for a central grant awarding body for the voluntary sector. He also extended Beveridge’s original conception of the Common Good Fund, calling on the Government to introduce “legislation ... providing for the establishment of Common Good Funds nationally in Scotland, England and Wales” as well as a supplementary network of local funds. Samuel shared Beveridge’s vision that the Common Good Funds would be self-financing in the end. He hoped that they would attract voluntary

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<sup>10</sup> House of Lords Debates, vol. 163, 22 June 1949, col. 78



contributions, not only donations and subscriptions, but also that “a Common Good system of this kind, once established and having gained public confidence ... would attract gifts and bequests ... and in the end ... might be the administrator of very large funds indeed”.<sup>11</sup> This implied a substantial diversion of traditional voluntary contributions towards the Common Good Funds. It is significant that Samuel did not dwell on the possible effects on existing fund-raising in the voluntary sector of any large-scale displacement of donations. We have already seen that Beveridge was willing to discard the requirement that the management of voluntary organisations was entirely independent of the state. Samuel’s promotion of the Common Good Fund marked a demotion of voluntary fund raising from its traditional position in the definition of voluntary social service.

Samuel recognised that, in the interim, any such scheme would require the financial backing of the state and he suggested certain resources currently under the control of the state that could be assigned to support Common Goods. Samuel’s main contribution to the elaboration of Beveridge’s idea, therefore, was to give it greater concreteness by bringing forward methods of providing the new institution with the start-up funding it needed, thereby making it appear more practicable. He also argued that this could be achieved relatively painlessly and without drawing down even greater state expenditure. Samuel called for the creation of an endowment for the National Funds from “derelict moneys which lie without owners – in banks, in the Court of Chancery and in various charities scattered throughout the country.” Samuel “estimated that unclaimed funds in Chancery amount to a sum of about £3,000,000, and dormant and derelict deposits in the banks ... amount to at least £20,000,000.” Invoking a familiar Liberal and Fabian rhetoric of efficiency he thought there “could be no moral objection to all these moneys being put to some good purpose instead of, as now, being for all effective purposes wasted and lying in the banks and other funds imply as dormant entries.”<sup>12</sup>

Samuel recognised that some safeguards would have to be included against the possibility that legitimate claims on some of these sums might arise in the future, however belatedly they might appear. He stressed, however, that since the money was currently sitting in bank vaults and serving no useful purpose its application to

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<sup>11</sup> House of Lords Debates, vol. 163, 22 June 1949, col. 80-1

<sup>12</sup> House of Lords Debates, vol. 163, 22 June 1949, col. 81

supporting voluntary social service by means of Common Good Funds would achieve a valuable social objective at no additional cost to the state or the taxpayer. Samuel made the same point when adding to his shopping list of 'free' assets the so-called bona vacantia, or property without an owner. These had hitherto accrued to the Exchequer under an historic arrangement with the Crown. Samuel suggested that the "estates of people who have no near relatives who die intestate and whose estates fell into the Exchequer" should instead be handed over to the Common Good Funds. He reported to the House that, according to figures he had recently come across, these amounted on average to around £150,000 a year, suggesting a likely product of around £1,000,000 every seven years. Samuel argued that since the bona vacantia were not Budget revenues but fell to the Exchequer as windfalls and were "not due to taxation imposed by Parliament", it would be quite proper to annex them to the support of voluntary social service.<sup>13</sup>

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<sup>13</sup> House of Lords Debates, vol. 163, 22 June 1949, cols. 81-2



## Broadening the appeal by narrowing the focus

Samuel's advocacy of voluntarism had to appeal to a broad audience in the Lords in order to push the Government to act. This meant playing to both Labour and Conservative galleries. The narrowing of the focus of the debate onto technical matters of finance was, therefore, a tactical necessity. In a canny appeal to the Labour benches, he cited the example of Sweden, "where all such moneys go to purposes of social welfare" and where they had "contributed to the very high standard of social life in Sweden ... which places that country in the very forefront of civilisation."<sup>14</sup> Sweden, occupied an iconic status among leading Labour politicians during this period for it had pioneered extensive state welfare structures in the 1930s. Consequently, many on the social democratic left in 1940s Britain regarded it as embodying the ideal standard of welfare provision to which they themselves aspired.<sup>15</sup> In citing the example of how Sweden dealt with its bona vacantia the Liberal Samuel sought to invest his proposals with a Social Democratic legitimacy in keeping with the times.

Samuel's intervention with its implication of a cost free social benefit gave a depth to the idea of the Common Good Funds that Beveridge's original proposals lacked. In Voluntary Action, Beveridge had considered only the dormant balances held in the name of defunct charities: resources that already existed within the voluntary sector. Samuel added substance to the scheme, at the same time underlining its Liberal pedigree by invoking traditional Progressive Liberal themes – attacking wasteful parasitism in economic life and the promotion of the 'efficient' use of resources for the benefit of society. Clearly, the two men had prepared their tactics in the debate in advance, for Beveridge enthusiastically approved Samuel's proposal. Beveridge further underlined the Progressive lineage of Samuel's scheme, linking it to the "criticism of the rentier", which had been a central tenet of the New Liberalism in which both he and Samuel had

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<sup>14</sup> House of Lords Debates, vol. 163, 22 June 1949, col. 82

<sup>15</sup> Peter Baldwin, The Politics of Social Solidarity: Class Bases of the European Welfare State 1875-1975, (Cambridge: University Press, 1990), 43-4; Becky Conekin, 'Here is the Modern World Itself': The Festival of Britain's Representation of the Future', Becky Conekin, Frank Mort, Chris Waters (eds.), Moments of Modernity: Reconstructing Britain 1945-1964, (London: Rivers Oram Press, 1999), 230-4

been schooled, and “the least defensible kind of rentier”, he added, was “the dormant balance.”<sup>16</sup>

The Labour benches were receptive to this sort of language and Samuel sought to neutralise any lingering antipathy to charity they harboured by emphasising that his plan to rescue voluntary organisations would allow them to supplement existing state social services provision, not supplant them. Samuel’s tactics ensured that the scheme obtained a warm reception from Labour peers, thus putting pressure on the Government to respond positively to his and Beveridge’s proposals. More significant in terms of developing the consensus on voluntarism was the fact that the proposals also received fulsome support from the Conservative benches. The Conservative peers’ support for voluntarism was to be expected; what was significant was the extent to which senior Conservatives went along with Samuel and Beveridge’s diagnosis of the problem of the voluntary sector and their recommendations for its solution. The consensus pushed what were substantial differences of outlook between the government and opposition benches to the background. The cross-party support for Beveridge and Samuel further enhanced the tactical position of the two Liberal peers but it also revealed the central elements of the concept of voluntarism that underpinned the emerging consensus.

Beveridge had linked voluntary social service with resistance to totalitarianism in Voluntary Action. This was the main burden of his own contribution to the debate in the Lords, asserting that “[w]e shall reach the last stage of totalitarianism when all our use of leisure is dictated to us by the state.”<sup>17</sup> Beveridge demonstrated that his main interest was with the mutuals, expatiating at length on their virtues and criticising their “raw deal from the state”, he called on the Government to reconsider its attitude to the friendly societies and make amends for their recent treatment.<sup>18</sup> Nevertheless, his emphasis on the libertarian argument for voluntarism created an affinity between his and Samuel’s position and that of the Conservative benches.

Conservatives generally defended voluntary social services as an expression of individual liberty. Accordingly, the threat posed by the Welfare State to the autonomy of voluntary action and the destructive social consequences of its decline loomed large in Conservative contributions to the debate, often couched in florid language. The

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<sup>16</sup> House of Lords Debates, vol. 163, 22 June 1949, col. 90

<sup>17</sup> House of Lords Debates, vol. 163, 22 June 1949, col. 96

<sup>18</sup> House of Lords Debates, vol. 163, 22 June 1949, col. 93-4



Conservative Leader in the Lords, the Earl of Selkirk, for example, feared that if society's "dynamic personalities" were unable to "find legitimate channels as an outlet for their creative and vigorous powers of initiative they will find criminal channels."<sup>19</sup> Selkirk's dramatic phrasing echoed Keynes's sardonic endorsement of the market as a safety valve for certain "dangerous human proclivities". Capitalism allowed these urges to "be canalised into comparatively harmless channels by the existence of opportunities for money-making and private wealth, which, if they cannot be satisfied in this way, may find their outlet in cruelty, the reckless pursuit of personal power and authority, and other forms of self aggrandisement." Keynes thought it preferable "that a man should tyrannise over his bank balance than over his fellow citizens".<sup>20</sup> Selkirk proposed organising a committee as a viable alternative outlet for these irrepressible urges.<sup>21</sup>

Selkirk aligned himself with the libertarian approach to voluntarism by linking it with important democratic right – freedom of association. He argued that it was "fundamentally an element of our liberty that we should be able to associate freely for limited purposes."<sup>22</sup> Selkirk's deployment of the rhetorical device of synecdoche reduced the broad right to freedom of association to the particular freedom to associate for the purpose of providing welfare services. Freedom of association is certainly an important democratic right; but Selkirk narrowed this basic democratic right in order to suggest that the government's assumption of responsibility for social welfare added up to an attack on it. The implication was that state welfare provision implicitly threatened

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<sup>19</sup> House of Lords Debates, vol. 163, 22 June 1949, col. 85

<sup>20</sup> John Maynard Keynes, The General Theory of Employment, Interest and Money, (London: Macmillan, 1936), 374

<sup>21</sup> Green uses much the same terminology when he argues that by excluding citizen involvement the welfare state has "suppressed those institutions which served as proving grounds for men and women of good character and which provided outlets for idealism, service and achievement." Green, Reinventing, 4. Prochaska's admiration for the spontaneity of voluntary action also depends on the assumption of an effervescent human nature.

<sup>22</sup> House of Lords Debates, vol. 163, 22 June 1949, col. 83

freedom of association: “a welfare state”, he concluded echoing Beveridge, “can in fact be only a tyranny.”<sup>23</sup>

The Conservative attachment to voluntarism also contained a fiscal dimension. As we have seen, voluntarism had failed to fulfil the role envisaged for it in the Gladstonian economic system, but there were those on the Conservative benches who believed that it could still play a part in limiting the financial commitments of the state. Selkirk argued that increased state welfare provision had itself stimulated new demands that the public purse simply could not satisfy. Welfare was, he argued, “too big and complex a subject ever to be dealt with entirely by the State”. There also remained “a big field where the government have responsibilities but are unable to fill their obligations.” He cited “the Chancellor of the Exchequer’s indication that there must be economies in the National Health Services” to demonstrate that there was “a limit to the scope to which the state can go.”<sup>24</sup> He stressed the importance of voluntary organisations in supplementing state welfare provision, and in reducing the financial demands on the Treasury bridging the gap between the state’s obligations and the shortage of resources available to meet them. It was no surprise that Selkirk stressed the financial benefits to the state of voluntary welfare provision. Of greater significance was that he explicitly accepted the supplementary character of the voluntary sector’s contribution. The Conservative’s acceptance of the junior role of voluntary social service was an essential step in the construction of a bi-partisan consensus.

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<sup>23</sup> House of Lords Debates, vol. 163, 22 June 1949, col. 89. Freedom, of course, had to be protected from itself. Selkirk’s mention of the ‘limited purposes’ for which freedom of association is legitimate makes it clear that his was a rather circumscribed libertarianism. The Conservative Party is apt to rediscover liberty when it is out of office, but the attachment to freedom has to be reconciled with an underlying authoritarianism, which demands respect for existing institutions and social relations. A ‘middle way’ thinker like Karl Mannheim expressed the dualism inherent in the Conservative approach to democracy when he argued that democracies had to limit “unbridled criticism of the form of freedom and democracy”. See Karl Mannheim, Diagnosis of Our Time: Wartime Essays of a sociologist, (3rd Edition), (London: Kegan Paul, Trench, Trubner, 1945), 10

<sup>24</sup> House of Lords Debates, vol. 163, 22 June 1949, col. 85-7



Selkirk articulated a libertarian position on voluntarism but charity organisation also appealed to the authoritarian instincts of other Conservatives, further cementing the bi-partisan convergence around Samuel and Beveridge's proposals. Delivering his maiden speech Lord Ellenborough, demonstrated how the rationalist approach to voluntarism could meet the libertarian on questions of finance. He picked up Selkirk's theme of the rising costs of the welfare state and the advantages of voluntary provision in reducing costs. Ellenborough also saw voluntary social service as a panacea for the ills of the nation in a speech reminiscent of the ideas on the character forming function of social service put forward by the Charity Organisation Society three-quarters of a century earlier. Ellenborough believed that voluntary work was character building while state welfare services had an opposite, demoralising effect on both the individual recipient and, ultimately, on society as a whole. He felt that the country was gripped by materialism, selfishness, and lack of courtesy, which he attributed to "numbing of the national mind of Britain [in] the aftermath of the war". The most unforgivable discourtesy was, no doubt, the election of a Labour Government. The demoralisation of the nation was a result of the fact that the expansion of state welfare services had "been brought about before we can really afford it." He compared the costs of state welfare with the costs of state industries, finding "in particular in connection with the Health Service ... a certain extravagance in administration, and ... the same absence of accurate financial calculations in balancing the question of cost against benefits." This was inevitable, according to Ellenborough, because state provision held up "a distorting mirror which ... says to everybody: 'Come along; it is all free. You can use it as much as you like and hang the consequences.'"<sup>25</sup> The implication of Ellenborough's remarks was that state provision, by enshrining an entitlement to benefit, unavoidably drove up the costs of welfare. Voluntary organisations, on the other hand, since they had to balance need against cost, made better use of their limited resources.

In the aftermath of election defeat, the Conservatives were naturally eager to find issues on which they could castigate the new government. Asserting the decline of voluntarism was a stick to beat the new government, and lining up behind Samuel and Beveridge in the debate was no more than was to be expected, as far as Parliamentary tactics were concerned. After making due allowance for the flamboyance of their rhetoric, Ellenborough's and Selkirk's remarks nevertheless reveal an underlying affinity

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<sup>25</sup> House of Lords Debates, vol. 163, 22 June 1949, col. 108-9

with the notions of voluntary social service being put forward by the two Liberal peers. This rhetorical convergence extended beyond the opposition benches, however. On the Labour side of the House, Lord Nathan echoed the theme of the potential for tyranny in state welfare. Nathan heartily agreed that voluntary action “underpinned many of our democratic organisations.” Nathan rose to Samuel’s bait, connecting the use of the bona vacantia with the exemplar of Sweden. He even generously inflated Samuel’s figures for these funds, estimating that “very large sums of money amounting to between £20,000,000 and £30,000,000 lie in the various accounts forming this great corpus of dormant balances.” Echoing the themes invoked by Beveridge and Samuel, Nathan expressly identified their Gladstonian origins, quoting the ‘great statesman’ who had “said the best place for money was in the pockets of the people where it should be left to fructify.” Nathan argued that it would “never fructify as a dormant balance, but it might well fructify in the expansion and support of those social services which do not lend themselves to support from public funds.”<sup>26</sup>

### The government’s response

The unanimous support for voluntary social service expressed during the debate put pressure on the Government to do something. Lord Pakenham replied to the debate on the Government’s behalf, to set out its approach. The Government was determined to separate the issue of voluntary social service from the question of the friendly societies and Pakenham concentrated on voluntary organisations. Towards the end of his speech, he made some dismissive comments on Beveridge’s criticisms of Government policy pointing out that the Government had increased the amount of the societies’ earnings that were exempt from income tax in 1948. Although he mentioned the possibility of a review of the position of the friendly societies, perhaps permitting them a wider field of operation, he warned that he could not hold out “the prospect that the Government are likely to add to the taxation concession which was made only last year.”<sup>27</sup>

Pakenham’s reception of the arguments put forward on behalf of the voluntary organisations was altogether warmer. He repudiated at the outset the notion of a welfare

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<sup>26</sup> House of Lords Debates, vol. 163, 22 June 1949, col. 89-90

<sup>27</sup> House of Lords Debates, vol. 163, 22 June 1949, col. 129



state “in which all welfare is to be provided by the state itself” and reasserted the Government’s view that “the voluntary spirit is the very lifeblood of democracy.” Indeed, he argued, “in the view of the Government, democracy without voluntary exertion and voluntary idealism loses its soul.” Thus, he drew close to the libertarian position on voluntarism, even going so far as to assert that voluntarism and socialism had a special affinity.<sup>28</sup> He declared the Government’s determination that “expansion of statutory services must on no account be allowed to result in the drying up of voluntary effort” and committed it to “strengthening and encouraging the voluntary effort wherever possible.”<sup>29</sup>

Pakenham’s rhetorical support for voluntarism was not matched by the announcement of any immediate practical measures to assist voluntary organisations. The Government rejected Beveridge’s proposal for a Royal Commission into charitable trusts on the grounds of the very urgency that Samuel, Beveridge and other peers had stressed. A Royal Commission, Pakenham declared, “would take far too long to deal with what ... is a pressing problem”.<sup>30</sup> He assured the House that the Government shared the concerns raised by Beveridge, Samuel and others regarding endowed trusts, and promised that it would “undertake to inquire forthwith into the steps appropriate and necessary to remedy the situation, that is admitted on all sides to contain elements of waste, anachronism and anomaly.” He also offered to look into the question of setting up of Common Good Funds, though he thought that the Local Government Act, 1933, already conferred the necessary powers on local authorities to establish local funds, and invited Samuel to furnish the government with detailed proposals.<sup>31</sup> Pakenham’s conciliatory speech shifted the focus of the debate away from Beveridge’s proposal to divert the bona vacantia and defunct accounts into the Common Good Funds. Pakenham

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<sup>28</sup> House of Lords Debates, vol. 163, 22 June 1949, col. 119

<sup>29</sup> House of Lords Debates, vol. 163, 22 June 1949, col. 127

<sup>30</sup> cf. Harris, Beveridge, 460. Commenting on the reception of Voluntary Action, she states “except for the setting-up of a Royal Commission on charitable trusts – its recommendations were largely ignored by government.” This is the opposite of what took place: the call for a Royal Commission was rejected outright, but some of Beveridge’s other proposals on charity were taken quite seriously by the Government, though none were implemented exactly as he had envisaged.

<sup>31</sup> House of Lords Debates, vol. 163, 22 June 1949, col. 130

matched his willingness to consider the principle of the Common Good Funds with agnosticism on the various methods suggested to finance them. His invitation to Samuel to participate in further discussions on the specific issue of the Common Good Funds helped to detach the Liberal leader from Beveridge, who some in Government circles regarded as an irritant.<sup>32</sup>

Samuel was in any case determined to make the most of his role in initiating the debate in the Lords, and that his suggestions on how to finance a new central funding body for voluntary social service should gain a hearing outside political circles. Samuel acted quickly to widen the debate before this momentum was lost and public interest in the issue dissipated. Fortunately for Samuel, the press was receptive, as cuttings collected by the Cabinet Office staff showed. The Times devoted several columns on its inside front page to coverage of the debate. Beveridge and Samuel's speeches were reported at length, and their proposals treated sympathetically. The coverage indicated that the editor gauged that readers still entertained an active interest in the issues surrounding the establishment of the Welfare State. On the Sunday following the Lords' debate, readers of The News of the World were treated to a demonstration of Samuel's aptitude for sensationalist journalism, when he expatiated on the £20 million haul to be had from raiding the dormant balances under the headline "Here is the Key to a Treasure House of Forgotten Millions".<sup>33</sup>

Samuel also sought to influence opinion within the voluntary sector. Confounding Pimlott's prediction that the National Council would resent the establishment of a new national body for voluntary organisations, the NCSS co-operated closely with Samuel's campaign, providing him with a platform to promote his views on the future of voluntary social service. The National Council convened a conference of voluntary organisations at Church House on 6 October 1949, three months after the debate, at which Samuel was the principal speaker.<sup>34</sup> Representatives of 180 national voluntary organisations attended and elected a delegation, headed by Haynes and Samuel, to lobby Morrison on the setting up of Common Good Funds. The delegation

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<sup>32</sup> Harris, Beveridge, 433; Nicholas Timmins, The Five Giants: A Biography of the Welfare State, (London: Fontana, 1996), 17-18

<sup>33</sup> Cuttings file, CAB124/136

<sup>34</sup> Haynes to Herbert Morrison, 27 October 1949, CAB124/137; see also Brasnett, Voluntary, 170



was further strengthened by the presence of the Treasurer of the National Association for Mental Health, Sir Otto Niemeyer, the former Treasury and Bank of England official whose well known commitment to financial orthodoxy made the financial aspect of the proposals appear unimpeachable.

Samuel's sponsorship of the cause of voluntary social service put pressure on Morrison and his officials to formulate a political response beyond the holding operation carried out by Pakenham during the debate. Haynes was also anxious that the pressure on the Government should not lose its head of steam. In a briefing on the meeting to Morrison, informing him of its decision to appoint a deputation to the Deputy Prime Minister, Haynes rehearsed his themes of cooperation between voluntary and state social services and, especially the need to support the administrative structure of voluntary organisations. While it was determined to squeeze whatever advantage it could from the support of Samuel, the NCSS clearly had its own agenda. The Common Good Funds were an interesting possibility, but the Council's officers preferred a more tangible and immediate source of funding. Emphasising the readiness of voluntary organisations to collaborate with the authorities in developing the social services, Haynes pleaded for the extension of existing schemes of government grants in aid to voluntary bodies. He underlined that secure funding for voluntary organisations was essential to meet "the need ... for the small but essential nuclei of paid staff".<sup>35</sup>

The need to separate the issue of Common Good Funds from the precise method of financing them became increasingly urgent. The Lord President's staff noted Samuel's article in the News of the World and the voluntary organisations' conference. Pimlott warned Morrison that "a good deal was ... said at the meeting about dormant funds and no doubt this would loom large" in any meeting with the delegation.<sup>36</sup> Haynes's note to Morrison had mentioned that the delegates to the conference had expressed considerable interest in "the possibility of releasing for the support of voluntary action the various dormant funds referred to by Lord Samuel in the House of Lords debate."<sup>37</sup>

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<sup>35</sup> 'NCSS Briefing for a Deputation to Herbert Morrison: Voluntary Action for Social Progress', 25 November 1949, CAB124/137

<sup>36</sup> Pimlott to Morrison 1 November 1949, CAB124/137

<sup>37</sup> Briefing for Morrison, 25 November 1949, CAB124/137

Lobbied by Samuel and Haynes, officials turned their attention to a more detailed consideration of the question of the dormant balances. Morrison himself was eager to reach some accommodation with Samuel and his voluntarist allies but his scope for making concessions was limited by the Treasury. Treasury officials were determined to exclude financial issues from any review of voluntary organisations. Financial Secretary to the Treasury, W. G. Hall, acknowledged to Morrison's concern "that Lord Samuel's suggestions should be looked at as sympathetically as possible" but remained adamant that in his view, "shared by the official Treasury ... the terms of reference of the inquiry into charitable trusts should not include the possibility of the use of dormant funds."<sup>38</sup>

Morrison was not convinced by the Treasury's argument that Samuel's scheme would have inflationary consequences.<sup>39</sup> He urged Hall to agree to refer "the question of dormant funds to an enquiry."<sup>40</sup> Hall was determined to avoid this and was obliged to go into the Treasury's objections in some detail. This he did in a lengthy correspondence with Morrison in the weeks following the debate. Hall thought that the plan was misconceived from the start. He held "that the question whether the State should take over any class of dormant funds is really quite separate from the question whether it should increase its assistance to voluntary agencies." These funds were, in any case, nowhere near the £20 million mentioned by Samuel. A Treasury survey in 1919 had produced an estimate of £2.8 million.<sup>41</sup>

The smallness of the funds tended to undermine the anti-inflationary case previously put up by the Treasury, but Hall had stronger arguments. He pointed out that the dormant balances were not "shut up in some mysterious box which only needs to be raided for the benefit of the voluntary societies." The funds identified by Samuel and his supporters was "either invested in Government securities or ... in cash held by the National Debt Commissioners and lent to the Exchequer on ways and means." The cupboard was bare: these balances were not dormant at all but already employed in the administration of government finances. It was not a technical question of devising a means to release unused money, but rather that if this money "were to be paid away to

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<sup>38</sup> W Glenvill Hall to Morrison, 29/7/49, CAB124/201

<sup>39</sup> Pimlott to Morrison, 26 September 1949, CAB124/201

<sup>40</sup> Morrison to Hall, 4 August 1949, CAB124/201

<sup>41</sup> Hall to Morrison, 30 August 1949, CAB124/201



voluntary agencies, [it] would have to be raised.” Hall spelled out in lurid detail what this would entail:

... where the money is invested in Government securities, those securities would have to be sold and the money would come out of the liquid balances held by the people who bought the securities. Money lent to the Exchequer would have to be replaced by fresh borrowing. If the Clearing Banks had to pay over their dormant balances they would have to realise one or other of their assets and the money would therefore be raised either on the Stock Exchange by sale of investments or, in the money market, or conceivably by calling in a loan to the Exchequer which would then have to be replaced by fresh Government borrowing.<sup>42</sup>

Hall painted a picture of the harmful effect of these transactions on both inflation and government finances. Ironically, Hall was defending the reality of the Gladstonian system against its ideals: the funds must be allowed to continue to “fructify in the deposit vaults of the National Debt Commissioners.”<sup>43</sup>

Morrison produced a paper setting out the Government’s position on 26 June 1949, just four days after the debate, and the matter was discussed in the Lord President’s Committee a few weeks later, on 15 July.<sup>44</sup> One inexpensive way of heading off criticism was, as Pimlott observed, to set up an enquiry.<sup>45</sup> By the end of the year, preparations for a Committee of Enquiry were well advanced. Lord Nathan had readily accepted the invitation to chair the proposed departmental committee, and invitations had been sent to prospective members. As a result when Morrison met Samuel’s deputation on 25 November 1949 he was in a position to say “much more ... than is normally the case when ministers receive deputations”.<sup>46</sup> He announced to the deputation the establishment of the committee and its proposed chair, as well as its provisional terms of reference.<sup>47</sup>

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<sup>42</sup> Hall to Morrison, 30 August 1949, CAB124/201

<sup>43</sup> Matthew, Gladstone, 117

<sup>44</sup> Referred to in MRB to A. MacDonald, 28 November 1949, CAB124/137

<sup>45</sup> Pimlott to Morrison 30 December 1948, CAB124/136

<sup>46</sup> Pimlott to Morrison, 1 November 1949, CAB124/137

<sup>47</sup> ‘Voluntary Action for Social Progress: NCSS Delegation, Office of Lord President’, 1 December 1949, CAB124/137

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Haynes's note had given the Government an indication of the strength of feeling within the voluntary sector that Samuel's intervention had aroused. Morrison hoped that the committee would head off pressure on the question of dormant balances, but as he prepared to meet the delegation, he warned Attlee to expect "a good deal of pressure from the voluntary organisations."<sup>48</sup> He and his officials were determined to exclude the question of dormant balances from the committee's terms of reference as it "raised questions of general financial and economy policy".<sup>49</sup> By empowering the Committee to consider the finances of the voluntary sector, including the Common Good Funds, though in very general terms, Morrison hoped to appease at least the NCSS members of the deputation. In drafting a press release to follow his meeting of the deputation both he and Pimlott were anxious that the NCSS should be allowed to take "take the credit which would come to them from the fact the appointment of the Committee was associated with their deputation."<sup>50</sup> To further appease the voluntarists Morrison urged Attlee to appoint the committee himself, in the hope that this "would be regarded by the voluntary organisations as evidence that the Government really means business, and you are personally interested."<sup>51</sup>

Samuel, who had been kept informed of the Treasury's concerns, made one last effort to win government support by scaling down his proposal. When his deputation met Morrison and Hall, he and Niemeyer insisted that all they intended was that the income from dormant balances should be earmarked for voluntary organisations leaving the capital untouched.<sup>52</sup> Although this retreat came as a surprise to Morrison and Hall, it was too late for the Government to concede more than an internal enquiry on the question of dormant balances. Hall objected to even this. He could see no value in "an inquiry which could lead to no practical result unless there were a considerable change in policy".<sup>53</sup> In the event, official foot dragging, the intervention of the 1950 election and then the Conservative victory in 1951 ensured that the internal inquiry petered out.

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<sup>48</sup> Morrison to Attlee, 2 November 1949, CAB124/137

<sup>49</sup> Pimlott to Morrison, 23 November 1949, CAB124/137

<sup>50</sup> Morrison to Atlee, 21 November 1949, CAB124/137

<sup>51</sup> Morrison to Attlee 2 November 1949, CAB124/137

<sup>52</sup> 'NCSS Delegation', 1 December 1949, CAB124/137

<sup>53</sup> Hall to Morrison, 22 November 1949, CAB124/201



Official objections to Samuel's plan for an endowment for the voluntary sector could have been mobilised with equal validity against any scheme to stimulate voluntary organisations. Releasing funds already held within the sector, if they were indeed unused, would have the same inflationary consequences as the appropriation of funds apparently free but employed in the management of the national debt. Their unlocking also raised many of the same issues, as did the dormant balances; indeed the funds of redundant trusts were themselves a component of the dormant balances. This was not really the point, however. By appointing a committee to investigate charitable trusts, the Government gained credit with voluntary organisations. This forestalled the possibility that voluntary organisations as a whole would adopt an anti-government stance, and that their case would become linked with that of the insurance companies, as Beveridge had intended. Friendly societies were specifically excluded from the Committee's remit in order to prevent any chance of "a re-opening of the controversy about the relative suitability of the state and friendly societies as instruments for the administration of national insurance." Morrison was determined that any such discussion should be "conducted within the Government machine."<sup>54</sup>

The terms of reference of the Charitable Trusts Committee succeeded in severing the connection between voluntarism and mutualism. This partly explains Beveridge's sourness towards the Committee. He rapidly lost interest in the issue and when the Committee later invited him to give evidence, he referred it to Voluntary Action, pleading that pressure of work prevented him drafting a new submission or attending in person.<sup>55</sup> The Government had less success in its second important objective. Morrison's intention was to divert the debate away from sensitive financial matters, which intruded on wider areas of Government policy. Given the importance attached to the financial condition of voluntary organisations in the debate, it was hard to see how the Committee could have avoided the issue entirely. Nevertheless, the Committee's terms of reference confined it to looking at resources within the voluntary sector itself rather than allowing it to range more widely over questions of finance.

It was clear both from the negotiations that preceded the establishment of the Committee and from its terms of reference that the government shared Beveridge's and Samuel's concern about the inefficiency of charitable trusts. Making charitable trusts the

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<sup>54</sup> Morrison to Attlee, 2 November 1949, CAB124/137

<sup>55</sup> Beveridge to Lidderdale, 13 October 1950, CAB124/147

focus of the Committee's work also ensured that it was directed away from controversial areas of Government policy such as charitable covenants and surtax or the role of the friendly societies. The Committee's remit confined it to examining the law on charitable trusts, rather than the voluntary sector as whole, and this orientation was underscored in the course of Nathan's discussions with Ministers about the Committee's terms of reference. Nathan requested that these be broadened to take in voluntary organisations.<sup>56</sup> Morrison, who thought that the law on trusts would give the Committee quite "enough to tackle" and regarded this as an abstract legalism, resisted this. Passing over the detailed attention already given by his department to Samuel's other proposals, he argued that it was around the charitable trusts that "most of the discussion leading up to its appointment has turned".<sup>57</sup>

Nathan also suggested to Attlee that the Committee's brief be extended to allow consideration of the law and practice relating to charitable trusts.<sup>58</sup> Morrison was suspicious that Nathan's suggestion was intended to prolong the Committee's work and "lead [it] ... into a detailed investigation of the administration of charitable trusts".<sup>59</sup> Lord Chancellor Jowitt adopted a more relaxed approach, overriding Morrison's objections on this point. This enlargement of the Committee's remit had the effect of pointing it even more clearly in the direction of reform of *cy-près* doctrine. Jowitt argued that legal practice, at least, should be included within the Committee's brief, pointing out that it was widely held "that the difficulty in getting approval for an alteration of a scheme results not so much in the inadequacy of the law as from the inordinate delay which is experienced and the number of forms, etc., that have to be filled up."<sup>60</sup>

Beveridge's revival of a traditional Liberal critique of the endowed charitable trusts had born fruit in the Committee's terms of reference. In directing the Committee towards an examination of the endowed trusts, the Government ensured that his articulation of the collective claim on this form of private property was carried over into the work of the Committee. Its terms of reference instructed the Committee to consider

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<sup>56</sup> Attlee to Morrison, 18 November 1949, CAB124/137

<sup>57</sup> Morrison to Attlee, 23 November 1949, CAB124/137

<sup>58</sup> Attlee to Morrison, 18 November 1949, CAB124/137

<sup>59</sup> Morrison to Attlee, 23 November 1949, CAB124/137

<sup>60</sup> Jowitt to Morrison, 1 December 1949, CAB124/137



reform of cy-près doctrine within the specific context of efficiency. The Committee was called on to recommend changes to the law on charitable trusts “to enable the maximum benefit to the community to be derived from them.”<sup>61</sup> Although the Committee addressed other changes in the law, they regarded the relaxation of the rules on remodelling charitable trusts as the key to the modernisation the voluntary sector. Reform of cy-près doctrine was, according to Nathan and Lidderdale in their later Commentary on the Act, “the outstanding problem calling for reform”.<sup>62</sup>

Although the National Council had its own separate objectives, the main institutions of the voluntary sector and their supporters as well as the political establishment were in broad agreement on the way forward. Because of the way Beveridge had first raised the issue and because of the way in which Samuel had taken this up, a broad political consensus had emerged. This consensus rested on two main pillars. First, all the main political parties expressed rhetorical support for voluntary social service and it was generally agreed that the main the main challenge facing the voluntary sector was financial. Second, that voluntary organisations were morally superior to charitable trusts. What had commenced, therefore as a discussion on the future of voluntary organisations in the context of the expansion of the state had transformed itself into a discussion of the moral superiority of voluntary organisations compared to charitable trusts. This process was taken even further by the Charitable Trusts Committee.

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<sup>61</sup> CTC, 1

<sup>62</sup> CTC, 28; Lord Nathan with E. G. Nugee and J. H. Lidderdale, The Charities Act, 1960, (London: Butterworths, 1962), 73

## Chapter 6: The Charitable Trusts Committee

The preceding chapters have explained how, in the course of the debate in the 1940s, the emphasis shifted from the conventional opposition of voluntary organisations to the state towards a renewed interest in the opposition between voluntary organisations and charitable trusts. The ascendancy of the opposition of voluntary organisation to charitable trust attained its fullest expression in the Report of the Charitable Trusts Committee. The Committee, influenced by the strongly held views of its Chairman, Lord Nathan, proposed a highly interventionist approach, calling for the winding up of defunct trusts and the redistribution of their resources to worthier causes. Nathan and the majority of the Committee presented this as primarily an administrative exercise, but the echoes of the traditional Liberal hostility to endowed trusts that underpinned their proposals are inescapable.

This chapter examines the first sequel to the debate on voluntary social service: the Report of the Charitable Trusts Committee. The Report fused the issues of funding for voluntary organisations and reform of the cy-près doctrine into what amounted to a programme to modernise the voluntary sector. Beveridge had aired the need to reform the mechanism for changing the purposes of an endowment, but he had connected this with the need for stable and independent source of funding for voluntary organisations only in the most general terms. He did not link it directly to his proposals for Common Good Funds. During the debate in the Lords, both Samuel and Beveridge had put forward reform of cy-près as part of a package of measures to release idle or underused resources to refurbish the voluntary sector. The Government's rejection of the possibility of using the proceeds/defunct bank accounts or the bona vacantia focussed attention more clearly on reform of cy-près. The supporters of voluntary social service were forced to concentrate on identifying resources within the voluntary sector that were not being used to full effect. The result was, in effect, a programme for the voluntary sector that united Liberal dislike of endowed charitable trusts with a mechanism to meet the financial needs of the supposedly dynamic voluntary sector.

The NCSS had a direct influence on the Committee deliberations and its report. The Committee's programme for the voluntary sector endorsed the new voluntarism that the NCSS had espoused since its inauguration. In the event, the Committee's



programme for the voluntary sector was not enacted in the form that it envisaged and chapter seven compares the provisions of the Charities Act, 1960, with the Committee's recommendations. The significance of the Report of the Charitable Trusts Committee does not lie in the contribution it made to the Charities Act but in its development of the moral distinction between the inert form of the charitable trust and the activist voluntary society. This distinction, which had animated discussions of charity reform since the early nineteenth century, became the starting point for a programme to regenerate voluntary organisations. The committee's emphasis on this formal and technical distinction drew attention away from an equally deep-seated opposition between emotionalism and rationalism within the voluntary sector.

### **The constitution of the Committee**

Attlee finalised the appointments to the Committee of Enquiry towards the end of 1949, a few months after the Lords' debate. Nathan was a natural choice to chair the Committee, though Pakenham favoured the Earl of Derby.<sup>1</sup> A practising solicitor and a former Liberal MP, Nathan was also an active voluntarist, working with the Brady Street Boys Club in Whitechapel in the 1920s. In 1948, he became Chairman of the Westminster Hospital where he had served on the board of governors since 1935. During the 1920s, he helped found the Liberal Candidates Association, and worked with Lloyd George on Liberal policy statements such as the 'Yellow Book' on industrial problems and We Can Conquer Unemployment. As Liberal M.P. for Bethnal Green from 1929-35, Harry Nathan had at first supported Samuel, breaking with him in February 1932 over the Samuelite Liberals' support for the National Government's policy of Imperial preference. He took the Labour whip some 18 months later. Losing his Bethnal Green seat by just over 500 votes in the 1935 general election, Nathan returned to the Commons after a close-run by-election of Central Wandsworth in February 1937. Labour organisation in this traditionally Liberal constituency was rudimentary, and his victory was assisted by the public endorsement of both Megan and

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<sup>1</sup> Pimlott to Morrison, 1 November 1949, CAB124/137

David Lloyd George.<sup>2</sup> As noted above, Nathan had spoken in support of voluntary social service in the Lords debate on voluntary action. Like Samuel and Beveridge Nathan was part of the Lib-Lab elite and he remained on good terms with leading Liberals. Attlee had used him as a go-between when he wanted to offer Beveridge a peerage in 1941.<sup>3</sup> His Liberal origins and his broadly Liberal political outlook made him a suitable Chairman for the Committee in the eyes of Samuel and Beveridge, and his active involvement in voluntary work enhanced his appeal to the leaders of the voluntary sector.

The other Appointments to the Committee reflected the Government's eagerness to involve the voluntary organisations in the process. They included two close colleagues of Haynes: Benjamin Astbury, Secretary of the Charity Organisation Society since 1938, and Donald Allen, Clerk to the City Parochial Foundation since 1930. Astbury was also a member of the NCSS's Executive Committee and had served as vice-chair of its Finance and General Purposes Committee during the war.<sup>4</sup> Astbury was professionally ambitious and widely regarded within the voluntary sector as something of an 'empire builder'.<sup>5</sup> Nevertheless, he enjoyed a close relationship with Haynes and was sympathetic to the National Council's approach. Allen too had served as a member of the NCSS Executive. A prominent Lancashire voluntarist, Mrs M. M. C. Kemball chaired the National Board of Catholic Women, which Morrison noted, was "said to be the most important body of its kind." She was also a Conservative member of Eccles Borough Council and chair of the Old Peoples Welfare Committee in the County of Lancashire.<sup>6</sup> As such, she played a leading part in the NCSS's local organisation.

The remaining members of the Committee hailed from backgrounds in local and national government, business, and the legal profession. They included Mrs K. W. Jones-Roberts was a Welsh Labour Councillor; S. K. Ruck, a welfare officer of the London

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<sup>2</sup> H. Montgomery Hyde, Strong for Service: the Life of Lord Nathan of Churt, (London: W.H. Allen, 1968), 110-14, 126-8, 166, 226

<sup>3</sup> Harris, Beveridge, 362-3

<sup>4</sup> NCSS Executive Committee, 26 October 1939, LMA/4016/IS/01/031(1); CTC, ii

<sup>5</sup> Madeleine Roofff, One Hundred Years of Family Welfare: A Study of the Family Welfare Association (Formerly Charity Organisation Society) 1869-1969, (London: Michael Joseph, 1972), 172

<sup>6</sup> Memo to Morrison, 21 October 1949, CAB124/137



County Council with an expertise in the welfare of the elderly, and Sir John Maude, an official at the Ministry of Health. Eileen Younghusband, a leading social worker and head of the department of social science at the London School of Economics was included as “an up and coming youngish woman with good experience of social work and child welfare question.” The representatives of business on the Committee included, at different times, L. J. Cadbury, scion of the Birmingham business and philanthropic family, J. E. Corrin, E. Whitley-Jones, J. Newsome, and Sir Sidney Harris. The lawyer Henry Salt QC, who challenged the consensual atmosphere of the Committee and produced a dissenting minority report on the reform of the *cy-près* doctrine, rounded off the membership of the Committee. Miss Jane Lidderdale, who had worked on the preparations for the Festival of Britain, provided secretarial support and drafted the final report.<sup>7</sup>

Opening the first meeting of the Committee at the end of January 1950, Nathan stressed the urgency of the Committee’s work and expressed his optimism that it would report by the end of the year.<sup>8</sup> In the event, the committee passed its report to the Prime Minister in May 1952, and the Report was not finally published until the end of the year. The Committee’s progress was thus much slower than Nathan had envisaged. It suffered from a number of desertions at an early stage of its work. Sir William Brockington, a former Director of Education in the Midlands and Sir John Maude replaced Harris and Newsome both of whom resigned within a few months of the Committee starting its work. Apart from the lack of continuity that these changes in personnel occasioned, the Committee faced other problems in carrying out its work. Although the Conservative leadership in the Lords had endorsed Samuel and Beveridge’s call for an enquiry, the Party as a whole was less than wholehearted in its support for the Committee. Following the Conservatives’ victory in the 1951 General Election, Churchill agreed to the Committee continuing with its work, though evidently without enthusiasm. Samuel later complained that the Committee had not been given sufficient resources to carry out its work, and had been “somewhat disorganised, owing to part of their staff being taken away”.<sup>9</sup> Nor was the new Government satisfied with the product. After some foot-

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<sup>7</sup> Memo to Morrison, 21 October 1949, CAB124/137; Owen, *Philanthropy*, 577

<sup>8</sup> ‘CT(50) 1st Meeting, 2 February 1950, Minutes of Meeting 27 January 1950’, CAB124/138

<sup>9</sup> *House of Lords Debates*, vol. 183, 22 July 1953, col. 755

dragging, the Government finally published the Committee's Report at the end of 1952.<sup>10</sup> The Government's response to the Report followed in a White Paper two and a half years later in 1955 and gave only lukewarm support to the Committee's proposals.<sup>11</sup> Edward Playfair, the Treasury official who chaired the committee of civil servants charged with preparing the Government's response to the Committee's proposals, blamed the delay on the poor quality of the Report itself. "In spite of all that has been publicly said to the contrary", he lamented when forwarding his report to the Lord President's office, "the Nathan Report is a wretched piece of work."<sup>12</sup>

Insufficient resources contributed to the Committee's slow progress and the quality of the Report, but a more important factor was the personality of its Chairman. The ebullient Nathan seriously underestimated the difficulties involved. Like Beveridge, he had clear views on the nature of the Report he wanted to produce and overrode objections from other committee members. Playfair was scathing in his criticism of Nathan whom he accused of bullying witnesses and Committee members into agreeing with his own preconceived views on voluntary social service.<sup>13</sup>

### **The NCSS's proposals**

Naturally, the Council was keen to influence the Committee's work and, given the composition of the Committee, Haynes could expect that it would be receptive to the Council's views on the future development of policy towards the voluntary sector. Nathan's overbearing and partisan chairmanship benefited the NCSS. His desire to report made him susceptible to the Council's influence. Nathan readily agreed with Lidderdale's suggestion that they should solicit the help of the NCSS to filter the views of voluntary organisations and expedite the Committee's deliberations. Nathan and Lidderdale feared that this was the only way to avoid the Committee "being inundated

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<sup>10</sup> House of Lords Debates, vol. 179, 16 December 1952, col. 998; Owen, Philanthropy, 290-1

<sup>11</sup> Government Policy on Charitable Trusts in England and Wales, cmd. 9538, (London: HMSO, 1955); Owen, Philanthropy, 591; Nathan et al., Charities Act, 13-15

<sup>12</sup> E. W. Playfair to Couzens, 21 December 1953, CAB124/200

<sup>13</sup> Playfair to Couzens, 21 December 1953, CAB124/200



with written evidence from innumerable charities who have really little more to say than that they are short of money.”<sup>14</sup> Soon after the Committee began its work, an opportunity arose to make clear to the voluntary organisations that it regarded the NCSS as representative of the voluntary organisation as a whole. The NCSS had convened a second national conference of voluntary organisations on 14<sup>th</sup> March 1950 to discuss the setting up of the Committee. Nathan sent a message of support to the conference stressing the important role that the Council had played in the establishment of the Committee and urging the conference to mandate the Council to act on behalf of all voluntary organisations.<sup>15</sup>

In spite of its disappointment with Beveridge’s report, therefore, Haynes and the National Council had good reason to be satisfied with developments following its publication. The debate in the House of Lords and Samuel’s high profile support for reform had provided the Council with a platform for asserting its leadership of the voluntary sector. Morison’s reception of the delegation led by the NCSS was a signal of the Labour Government’s willingness to continue the partnership between state and voluntary organisations that had been the core of the Council’s strategy since its foundation. Now, the Charitable Trusts Committee presented the Council with a further opportunity to increase its influence on government. Haynes, assisted by his deputy Richard Clements, grasped the opportunity to influence national policy and to advance the interests of the Council. They were well rewarded: the Committee’s report contained a blueprint for overhauling the financing of voluntary social service that fitted closely with the Council’s own objectives. So pleased was the Council with the results that Haynes and the Council took an active role in promoting the Report following its publication.

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<sup>14</sup> Lidderdale to Nathan, 24 January 1950, CAB124/171. In fact, Nathan did not entirely get his own way on this. Numerous voluntary organisations submitted evidence without waiting to be asked. Protocol ensured that institutions such as the major Christian churches were invited to give evidence as was the Jewish Board of Guardians. The universities as well as the leading public schools, all of which derived substantial income from endowments, also submitted written evidence. CTC, 178-3

<sup>15</sup> ‘Message from Lord Nathan to the N.C.S.S. for the Conference of National Voluntary Organisations to be held on 14<sup>th</sup> March, 1950’, CAB124/171

Following its consultations with representatives of other voluntary organisations the Council submitted written evidence to the Committee in a report penned by Haynes. This was a general survey of the character and work of the NCSS. It included a formal summary of the points made by the voluntary organisations at the 1949 conference but, in setting out the position of the voluntary organisations at the conference, Haynes also advanced the views of the NCSS. Haynes's submission covered five main areas: the definition of charity, the registration of charities, the role of the Charity Commission, the variation of trusts, and the establishment of Common Good Funds.<sup>16</sup> He confined his comments on the Charity Commission to the observation that its jurisdiction was too vaguely defined and should be clarified. He worked remaining four elements into a broad strategy for reform of the law and the re-shaping of the voluntary sector.

Haynes began by explaining how charity law, especially the legal definition of charity, impinged on all voluntary organisations, though only endowed trusts fell properly within its jurisdiction. Financial considerations encouraged voluntary organisations to conform to the definition of charity handed down by the courts. In order to appeal to donors and to obtain the fiscal benefits charitable status voluntary organisations were obliged to "frame their constitutions on charitable lines in anticipation either of gifts, legacies or grants or of relief from taxation or other public burdens." As a result, although the Committee's remit was to consider the law regarding endowed charitable trusts, any changes it proposed to the definition of charity would "also directly affect many thousands of educational and social service agencies which hold no endowments and very little property of any kind."<sup>17</sup> This was a none too subtle invitation to the Committee to widen its brief and consider the wider voluntary sector rather than confining itself solely to the consideration of charitable trusts.

The central problem, according to Haynes was that the complexity of the legal definition of charity made it more often a barrier than a gateway to the financial benefits charitable status. The problem with the existing definition was that it was often difficult to determine whether an organisation qualified for charitable status and its attendant financial benefits, without resorting to the courts. The obscurity of the definition was

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<sup>16</sup> Haynes, 'Committee on the Law of Charitable Trusts Paper Submitted by the National Council of Social Service Incorporated', 10 February 1950, CAB124/171 (hereafter Haynes to CTC)

<sup>17</sup> Haynes to CTC, 1



compounded by the complicated and expensive legal processes an organisation had to undergo in order to discover whether it enjoyed charitable status. The problem was all the worse because an objection to an organisation's charitable status was usually "raised by the Inland Revenue Department which has a long purse where litigation is concerned."<sup>18</sup> Haynes, therefore, called for the repeal of the existing statutory basis of the legal definition of charity: these were the Preamble to the Elizabethan Charitable Uses Act and the Mortmain and Charitable Uses Act of 1888. Haynes argued that the definition based on these statutes was out of date and their repeal would allow the Committee "to define a charitable purpose in modern terms."<sup>19</sup>

As these comments make clear, Haynes was explicitly inviting the Committee to stray beyond its remit. As his submission suggested, reform of the legal definition of charity trespassed into the area of taxation, a subject the government had expressly forbidden the Committee from considering.<sup>20</sup> Haynes's comments also indicated the extent of the NCSS's willingness to accommodate voluntarism to the needs of the state. It is notable that Haynes offered no suggestions as to the shape of the new definition. Clearly that could be left in the capable hands of the Committee. In return for a clear path to the financial advantages of charitable status, the Council was willing to accept in the state's right to determine the types of work in which voluntary organisations might engage and this included, as Haynes made clear, the right to rule out "certain undesirable objects".<sup>21</sup> Haynes advocated, in effect, a voluntary sector whose areas of operation were set down by the state. Superficially, this merely acknowledged the position as it was since voluntary organisations had always operated in the penumbra of the state and depended on its goodwill. What was significant was the extent of Haynes's acquiescence. In the past, the rhetoric of independence, or at least of mutual interdependence had generally reigned in discussing relations between the voluntary sector and the state. In calling for a more proactive role for the state in determining the character of the voluntary sector, Haynes gave the NCSS's consent to the voluntary sector's position as the 'junior partner in the welfare firm'.<sup>22</sup>

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<sup>18</sup> Haynes to CTC, 2

<sup>19</sup> Haynes to CTC, 3

<sup>20</sup> CTC, 1

<sup>21</sup> Haynes to CTC, 3

<sup>22</sup> The phrase is Owen's

As a quid pro quo, Haynes sought financial security for those voluntary organisations that conformed to the modernised definition. Haynes was not simply concerned to simplify the path to benefits of charitable status. The proposal to clarify the definition of charity was part of a wider scheme to redistribute the existing resources of the charitable sector to those organisations whose objectives satisfied the criteria to be laid out in the new definition. Modernising the definition of charity was simply the first step towards re-modelling the entire voluntary sector: it was intended to “facilitate some of the reforms” that he proceeded to place before the Committee.<sup>23</sup>

The first of these further reforms was a call for the registration of charities. Haynes noted that certain charities were already obliged to register with local authorities, but the absence of a general obligation to register meant that many charities escaped effective supervision and trustees were “often ignorant of, or indifferent to their legal obligations.” He referred to the difficulty of getting information on the activities or even the existence of certain charities and stressed the interdependence of the components of his reform package. The remodelling of the definition was necessary to ensure that registration was effective. He warned that reform would “require some system of registration and that registration will be much easier if there is a clearer definition of charitable purpose.”<sup>24</sup>

Haynes sought to reassure the Committee that the introduction of a register would simply institutionalise an informal system of registration, which had taken root in the voluntary sector because of the tax advantages available to charities. This informal system embraced even relatively small organisations. Smaller organisation, though they were “never likely to be chargeable to tax ... apply for exemption”. Being able to quote the exemption of the Inland Revenue demonstrated the bona fides of an organisation to potential donors and subscribers. In order to make certain that they were not acting ultra vires, many grant-awarding trusts (including the NCSS), made “it a condition of grant that the [Inland Revenue] Department’s letter granting exemption should be produced as evidence of charitable status.”<sup>25</sup> The pursuit of charitable status had proliferated in an uncontrolled way and produced a haphazard unofficial registration of charities by the tax authorities.

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<sup>23</sup> Haynes to CTC, 3

<sup>24</sup> Haynes to CTC, 3

<sup>25</sup> Haynes to CTC, 3



There was, Haynes felt, a case for government intervention to regularise and systematise this informal system of registration, but his proposals went further than simply formalising the existing situation. Haynes's register had a function that went beyond simply corroborating charitable status and it was closely related to what he regarded as the urgent need for greater flexibility in revising the objects of trusts. In discussing the reform of the *cy-près* rules Haynes found himself in something of a quandary. He maintained that the power to vary trusts should remain a judicial function to safeguard against abuse by the central authorities, but he also wanted wider powers for the state to intervene to alter trusts that could "no longer be carried out or [were] contrary to public policy." Haynes was aware that this might inhibit the experimental character of voluntary social service by restricting it to areas of work on which consensus existed and he warned "that 'public policy' should not be regarded as synonymous with current popular or official opinion". He suggested that his proposal for "a new definition of charitable purpose would ... serve to indicate more clearly what is at present considered desirable." Haynes acknowledged that the enactment of a new definition of charity would result in the liquidation of many existing trusts, but was content "that the living community would be adequately honouring its obligation to the dead by giving effect to the general intention of charity" though not, of course, in the precise form that they had envisaged.<sup>26</sup> This could be achieved by transferring the resources of the liquidated trusts to the Common Good Funds which would then redistribute them to active voluntary organisations.

Preserving the general charitable intention performed an essential legitimising function in the existing legal procedures for the alteration of trusts and Haynes was anxious to extend it in the service of the Common Good Funds advocated by Beveridge and Samuel. Haynes allocated the two parts of the legal definition of charity to separate conceptual categories. The law distinguished between the general charitable intention of the donor and its specific form of expression. Haynes wanted to give precedence to the general charitable intention at the expense of its practical expression. Haynes was aware that putting forward the Common Good Funds as a instrument for abstracting the general charitable intent from the specificity of its manifestation might excite opposition from some voluntarists. Both the rationalist and the emotionalist wings of the voluntary sector attached great importance to the concrete personal character of the relationship between

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26 Haynes to CTC, 4-5

donor and object embodied in voluntary social service. The disagreement that existed was the correct form that this relationship should take and the criteria to be applied in the selection of the object. Animated by a more highly wrought social theory, the 'charity organisers' were apt to feel that when the emotionalist let the side down they were entitled to call on the superior power of the state to bring order to the charity scene. Their objective was to encourage what was, in their lights, a more conscious variety of the social connectedness expressed in the emotionalist approach. Haynes, naturally, was anxious not to offend either wing: the national council depended on the support of both. He therefore sought to accommodate the sensitivities of those who attached more weight to the personal proclivities of the donor than he did.

Haynes's submission to the Committee had placed the registration of all charities and voluntary organisations at the top of an agenda to modernise the voluntary sector. He linked the register to the modernisation of the definition of charity, the reform of the cy-près doctrine and the creation of Common Good Funds. The Committee's recommendations differed from the NCSS's proposals in two important respects – it failed to elaborate a new definition of charity and it departed from Haynes in its position on a register of charities. The Committee's approach on the latter question is indicative of its broader attitude to the voluntary sector. The Committee, or at least its chairman, took the distinction between the general charitable intent of the donor and its concrete manifestation that Haynes had asserted, and applied it to the formal distinction between endowed charitable trust and the active voluntary organisation. <sup>It was</sup> A distinction that <sup>This was</sup> Haynes had studiously avoided articulating. <sup>h</sup> An important omission considering its <sup>h</sup> prominence in the discussions leading up to Committee's appointment.

### The Committee's programme

The terms of reference agreed between Morrison and Attlee directed the Committee to review the law in order to ascertain how charitable trusts could be made to provide "maximum benefit to the community".<sup>27</sup> The Committee interpreted this brief as meaning to find ways to halt the "waste of energy and resources". Following Beveridge, the Committee believed waste to be endemic among endowed charitable trusts and to

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<sup>27</sup> CTC, 1



improve the effectiveness of trusts by making clear to trustees their obligations for good stewardship. The Committee interpreted its task as being a technical one. It aimed to “shorten and simplify the law of charitable trusts” in order to make “it much easier ... for trustees to discover ... what obligations they have to observe ... what exact procedures have to be gone through and why.”<sup>28</sup>

The Committee’s determination to pursue technical reforms made it hesitate to attempt to draft a new legal definition of charity. It accepted that the existing position was unsatisfactory as the courts were obliged to determine charitable status by reference to the 300-year-old ‘Preamble’ to an Elizabethan statute. The Committee pointed out the risks inherent in any attempt to clarify the definition of charity. Any such attempt would be liable to omissions and too specific a definition risked making the law less flexible in adapting to change. It concluded that “to define the meaning of charity exhaustively ... would be both impracticable and wrong in principle”. Whatever the imperfections in the existing position, it had at least proved capable of encompassing a wide range of new services and charitable objects. The Committee suggested that some modernisation of the definition could be achieved by incorporating into statute Macnaghten’s classification of the four heads of charity.<sup>29</sup>

Rather than allow itself be deflected from what it saw at its main task by straying into a complex area, the Committee left the question of modernising the definition of charity aside. It preferred to concentrate on procedural matters. The Committee’s programme for restructuring the voluntary sector came down to two interlocking reforms. It proposed to simplify and modernise the rules governing changes in the objects of endowments and it coupled this to a register of charitable trusts. Like the NCSS, it saw these two reforms as a means of financing Common Good Funds. Although the Committee addressed other changes in the law, it regarded the relaxation of

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<sup>28</sup> CTC, 168

<sup>29</sup> CTC, 34-6. The Committee was certainly wise to avoid being drawn into an attempt to define charity by cataloguing appropriate charitable objects. The NCSS-funded enquiry chaired by Lord Goodman in the 1970s attempted to draft a modern definition based on the Macnaghten heads. It produced an unwieldy document containing 26 clauses with numerous sub-clauses. NCSS Committee of Enquiry into the Effect of Charity Law and Practice on Voluntary Organisations, Charity Law and Voluntary Organisations, (London: Bedford Square Press, 1976), 123-5

the rules on remodelling charitable trusts as key to the modernisation the voluntary sector.

Reform of cy-près doctrine was, according to Nathan and Lidderdale in a later commentary on the 1960 Act, “the outstanding problem calling for reform”.<sup>30</sup> Two main areas needed attention, according to the Nathan Committee. The conditions for the failure of trusts and the rules under which new objects were selected both required revision. The test of impracticability demanded by the law before changing the object of a trust was too stringent and permitted the existence of “a vast number of trusts ... which are by no means useless but are not serving the community as they might”.<sup>31</sup> The Committee was not concerned with large well-administered trusts. It had in mind small local trusts with an annual income of a few pounds. As well as being more vulnerable to falling into disuse as trustees died and were not replaced, these smaller trusts often lacked the administrative resources to fulfil their obligations. The Committee also believed these small trusts constituted a large proportion of the total number of endowments: it estimated that between one-third and two-thirds of all trusts, or at least 35,000 individual trusts, had an income of less than £25 a year.<sup>32</sup>

Amalgamation of these smaller trusts offered potential savings on the costs of administration but local rivalries between groups of trustees combined with the bureaucratic inertia of the Charity Commission often obstructed this solution. The Commissioners explained that they used informal approaches to trustees to promote amalgamations and greater administrative efficiency. The Committee noted that the Charity Commission agreed with this objective and already devoted a great deal of effort to “trying to bring a group of charities in one area under one body of trustees because if they are not under one body of trustees in practice you find they will not employ the same clerk.”<sup>33</sup> This fell short of amalgamation and as the Commissioners had no formal powers to intervene in this way; its success in improving the administration of local trusts depended entirely on the goodwill of trustees. To neutralise the power of local trustees to obstruct amalgamation the Committee wanted to replace the strict requirements of the cy-près doctrine with what it regarded as a more commonsense

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<sup>30</sup> CTC, 28; Nathan et al., Charities Act, 73

<sup>31</sup> CTC, 27

<sup>32</sup> CTC, 99

<sup>33</sup> ‘CT(50) 4th Meeting O.E.1 (final)’, 19, CAB124/138



approach. The Committee recommended that the rules should be “so relaxed as to admit of trust instruments being altered, even though the carrying out of their objects has not become impracticable.”<sup>34</sup>

Although the Committee cited the amalgamation of smaller trusts in the interests of administrative efficiency as a justification for modernising the procedures for the alteration of trusts, this was not its sole objective in recommending this reform. It proposed powers to reform of the objects of many trusts that went going beyond merely encouraging cooperation between trustees. It believed intervention on this scale was necessary for the voluntary sector to realise its full potential. The Committee hesitated to endorse the picture of a “Charities’ Chamber of Horrors” which Beveridge had presented in his volume, and refused to “conjure up a lurid picture of hundreds of freakish or archaic trusts crying out for reform”. Yet, it suggested there was scope for improved efficiency in the use of the resources of charitable trusts and that “hundreds, perhaps thousands, of trusts need revision to an extent that goes beyond anything that could be achieved under the present *cy-près* doctrine.” The case for change was, it declared, urgent.<sup>35</sup>

The Committee believed that the restrictions observed by the Court when laying down new objects for a trust, in particular the regard paid to the original donor’s wishes, inhibited consideration of the wider public interest. This led to inefficient use of resources. Where, for example, the donor had expressed a charitable intention towards a particular locality, the Court of Chancery generally sought to retain this in its scheme-making. The Committee felt that this policy badly served the public interest and saw “great advantages to be obtained by the judicious merging of trusts.”<sup>36</sup> The observance of the donor’s wishes in respect of the particular objects of their charity resulted in schemes that failed to make the best use of the resources of defunct charities. The Committee acknowledged the “special regard” that scheme-making had to pay “the spirit and intention of the founders”, particularly in respect of the “interest of the locality to which the endowment belongs.”<sup>37</sup> It wanted future scheme making to take into account “the public interest”, “existing conditions” and, most notably, “the possibility of

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<sup>34</sup> CTC, 174

<sup>35</sup> CTC, 27

<sup>36</sup> CTC, 177

<sup>37</sup> CTC, 78

effecting economy in administration by grouping, amalgamating or combining two or more endowments.”<sup>38</sup>

The Committee, therefore, recommended a relaxation of the conditions that had to be satisfied for an application to vary the objects of a trust. It also recommended that the scheme-making body be released from its primary obligation to consider the founder’s intention and empowered to consider the wider social context.<sup>39</sup> These points were not especially contentious and the Committee was able to cite as a precedent of the Endowed Schools Act, 1869. This had relaxed the cy-près rules for educational charities. It was widely accepted to have worked well in practice.<sup>40</sup> The machinery the Committee proposed to oversee the new procedures proved more problematic. This machinery made the relaxation of the cy-près doctrine seem less like a minor administrative reform and more like a programme for radical intervention in the voluntary sector.

The radical element of the Committee’s programme was its proposal to extend to two other institutions the power of trustees to invoke the new scheme-making power. These were the Charity Commission and certain local authorities. Previously, to vary a trust its trustees had to act. The Committee wanted to preserve and extend the right of trustees in this area. It suggested that if trustees requested a scheme to vary a trust and this was rejected by the scheme-making authorities, they should have the right to a public enquiry to investigate their proposal.<sup>41</sup> It also recommended that the government augmented the role of the Charity Commissioners by empowering them to initiate schemes. This was in addition to their existing power to make schemes subject to the supervision of the courts.<sup>42</sup> This proposal flowed logically from its analysis that there existed a number decayed trusts. It also flowed from the wider liberal prejudice against

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<sup>38</sup> CTC, 78

<sup>39</sup> CTC, 92

<sup>40</sup> A more recent precedent was the Education (Scotland) Act, 1946, which had reformed Scottish law along broadly the same lines as the Endowed Schools Act. The Committee also drew an analogy with the City of London Parochial Charities Act, 1883, which had pooled the resources of a multitude of small London trusts under a new board of trustees. CTC, 71-5

<sup>41</sup> CTC, 81-2

<sup>42</sup> CTC, 82-4



endowed trusts that informed the Committee's approach. This assumed that by their very nature endowed trusts had an inherent tendency to fall into decay. Although the new procedures created the pre-conditions for trustees to take a more active line, the inertia it held to be intrinsic to the form meant that matters could not be left to trustees if reform was to proceed at the pace required by the Committee.

The Committee saw the Charity Commissioners as the obvious instrument for supervising the reform of under performing endowments. The Committee also argued that in the exercise of its wider scheme-making power the Charity Commission should act in an administrative rather than a quasi-judicial capacity. The Chancery Division of the High Court should retain its scheme-making powers but the Commissioners could deal with the majority of cases since, the Committee believed, most raised no issue of legal principle.<sup>43</sup> The Commissioners should develop scheme-making policies and procedures derived from existing precedents rather than attempting to anticipate the position that the courts would adopt in a particular case. This suggestion implied the primacy of the Commissioners in reforming trusts and the relegation of the Chancery Division to a supervisory and purely appellate function.<sup>44</sup>

The precedents for the Committee's proposal to resuscitate the Charity Commission were not propitious. The seventeenth century Charitable Uses Act had first provided for the appointment of peripatetic commissioners to investigate abuses. The provision had achieved little and, in spite of periodic and usually half-hearted attempts to revive it, the office of Charity Commissioner remained in abeyance until the Charitable Trusts Act, 1853, established the Commission in a modern form.<sup>45</sup> In the 1940s, the Charity Commission was a muddled and hidebound institution. The Commissioners' powers were limited and, where their functions overlapped, subordinate to the Court of

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<sup>43</sup> CTC, 84, 90-1

<sup>44</sup> This was the substance of Henry Salt's dissenting minority report. Salt argued that the range of private and public interests aggregated in charitable trusts meant that some conflict was inevitable. He argued, therefore, that the primary role of the Court of Chancery should be preserved and that the variation of trusts should remain primarily a judicial function. He had no dispute with the Committee's general proposal to reform the cy-près doctrine but rejected the accelerated procedures for its implementation. 'Minority Report', CTC, 210-242.

<sup>45</sup> Owen, 202-3

Chancery. Its main duties were the registration of new endowments and monitoring the accounts of existing charitable trusts. Its jurisdiction was ambiguous. The 1853 Act had included investments within its definition of funds held on trust and in 1894 the Court of Appeal had held that this included moneys invested by collecting charities. This wide definition of an endowed trust meant that if a collecting charity invested, as the Committee observed, “any accumulated subscriptions or donations in order ... to achieve some long term objective, or against a rainy day ... it immediately ceases to be “wholly maintained by voluntary contributions” and [became] subject to the jurisdiction”.<sup>46</sup> In practice, however, the Charity Commissioners did not treat such organisations as falling within its jurisdiction. Many institutions did not rely solely on a perpetual endowment. Some were able, under the terms of their endowment, to use capital as well as income in the discharge of their trust. Another category of mixed trusts comprised voluntary organisations that depended for their day-to-day activities largely on income from donations and subscriptions but, because they received legacies and other gifts, often also managed endowments.

The reluctance of the Commission to widen its operations was partly a matter of resources. The Commission was badly under-staffed, even for carrying out the tasks that were clearly within its competence. The Board itself consisted of one MP and two civil service lawyers. It employed 11 executive and clerical officers out of 21 full-time staff, and had fewer senior staff in 1950 than it had in 1860. The number of trusts within the Commissioners’ jurisdiction had meanwhile more doubled during the same period, rising from 32,000 to an estimated 80,000. The Commission’s archaic administrative structures were overwhelmed by the increased workload and, with only two Assistant Commissioners available for making on-the-spot investigations, the business of the Commission consisted mainly of routine correspondence with known trustees. Inevitably its work proceeded slowly; it could take a year or longer for trustees to secure an alteration of a trust document using the Commission’s channels. It was a remote body, distant even from the concerns of those trusts nominally within its jurisdiction.<sup>47</sup>

Naturally then, the Committee recommended the strengthening of the Charity Commission. It called for the reconstitution of the Commission under at least five Commissioners all with experience of the voluntary sector and improved administrative

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<sup>46</sup> CTC, 112

<sup>47</sup> CTC, 48; 98-9; 194



support. It also recommended the appointment of a Minister with responsibility for the Commission, suggesting as candidates either the Lord Chancellor or the Lord President of the Council.<sup>48</sup> The renewal of the Charity Commission was necessary if the Commissioners were to be charged with the maintenance of the register and if the register was to be employed in the way the Committee had in mind. More revealing than the Committee's recommendations on the reconstitution of the Charity Commission was the way in which the Committee sought to re-define the Commissioners' jurisdiction. The Committee went to considerable lengths to avoid bringing voluntary organisations within the scope of the new administrative arrangements.

The Committee viewed the revival of the Charity Commission as an important part of its overall machinery for reform of the voluntary sector. It assigned responsibility for reforming redundant trusts to the Commissioners in the context of a relaxed cy-près doctrine. The new Charity Commission envisaged by the Committee was to provide a fast track for the transfer of the resources of endowed trusts. Given its history the Charity Commission could not be relied on, even in this modernised form, to exercise the role envisaged by the Committee without some assistance. The Committee, therefore, recommended an enhanced role for local authorities. It proposed that any county and county borough council (including the City of London, the London County Council and the metropolitan borough councils) should share the Commission's "power to make proposals regarding any trust operating in its area."<sup>49</sup>

The Committee's plans to revitalise the Charity Commission taken together with its recommendations on the registration of charities demonstrate that what the Committee sought to devise was a legal machinery to facilitate the transfer of resources from what it regarded as under performing trusts to voluntary organisations. The purpose of the new powers was evident in the character of the register of charities that the Committee put forward.

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<sup>48</sup> CTC, 96-7

<sup>49</sup> CTC, 92

## The planners' register

The establishment of a register of charities was an essential component of the Nathan Committee's ambition to reform the voluntary sector. Registration was meant to aid the identification of under performing trusts enabling their resources to be redirected to more objects that had more social utility. The purpose of reform was ensure that the property given to charities served the public good, thereby renewing legitimacy of the privileged legal and fiscal treatment of charities. The Committee had conceived the reinforcement of the public interest in charity solely in relation specifically to the endowed trusts, however. It went to great lengths to exclude voluntary organisations from the obligation to register. The decision to boost legal supervision of endowed trusts while isolating voluntary organisations from these controls reflected the different moral attributes the Committee assigned to the two forms of philanthropy in its strategy for reform.

The Committee's programme for the voluntary sector built on the distinction it drew between endowed and plain trusts. The latter were those trusts that were able to use both capital and income in the pursuit of their objectives. The term, as far as the Committee was concerned, encompassed all collecting charities and therefore included most voluntary organisations. The distinction was fundamental to the programme of reform contained in the Committee's report. This was partly the result of the Committee's terms of reference, which confined its attentions to the law on charitable trusts, and existing law concerned itself with endowed trusts. The Committee elaborated the distinction between 'plain' and 'endowed' trusts in order to 'clarify' the jurisdiction of charity law over charitable endowments.<sup>50</sup> The Committee sought to exclude 'plain trusts' from the jurisdiction of the Charity Commission, as this was the legal form of endowed trust most analogous to the voluntary organisation. Ironically, the Committee endorsed the concept of 'trustworthy unaccountability' for voluntary organisations at the same time as it sought to deny it to charitable endowments. The Committee was determined to maintain the distinction between endowed trusts and plain trusts because the purpose of its register was more than an exercise in information gathering.

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<sup>50</sup> The Committee defined 'plain trusts' as "a charity having assets, whether invested or otherwise, all of which may be spent." This was not quite in line with the prevailing legal definition but it had the merit of allowing the Committee to treat 'plain trusts' as the equivalent of voluntary organisations. CTC, 113



The Committee's couched its recommendations in terms of the value of the information that the registration of trusts would yield. It was hard for it to deny that information on local voluntary bodies, whether they were endowed trusts or not, might be valuable to local authorities, government departments, voluntary social workers and the public. The Committee acknowledged, "that comprehensive classified and up-to-date local and central records of all charities are needed", but justified the exclusion of voluntary organisations from its proposed register because of the extra burden this would impose upon the Charity Commissioners. The Committee wished "to avoid burdening them with the extra work and the Exchequer with the extra cost of such an enterprise." The Committee evidently believed that the Commissioners would have their hands full dealing with registration of charitable endowments. The Committee did not preclude some form of registration for voluntary organisations, but preferred to leave the recording of voluntary organisations in the hands of the voluntary organisations themselves. It hoped that the recording of voluntary bodies "might be undertaken by the voluntary movement itself and that the big charitable trusts might consider giving financial support."<sup>51</sup>

The Committee was being disingenuous in citing the increased administrative burden entailed in the widening of the register to include voluntary organisations and plain trusts. Its desire to exclude plain trusts from the register was grounded in the moral distinction it drew between voluntary organisations and endowed trusts. The Committee was satisfied with the existing machinery for the supervision of some collecting organisations. The most emotive appeals, such as those for war veterans and those with disabilities, were already accountable to some degree through the various statutes governing war charities and collections for the blind.<sup>52</sup>

The Committee maintained the distinction between voluntary organisations and charitable endowments because the register was part of its wider plans to facilitate the

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<sup>51</sup> CTC, 116

<sup>52</sup> The Committee had in mind collections for war veterans, which were covered by the War Charities Act, 1940, and charities for the blind, which were governed by regulations incorporated into the National Assistance Act, 1948. There were also laws regulating house to house and street collections under the Police Factories (etc.) (Miscellaneous Provisions) Act, 1916, and under the House to House Collections Act, 1939. CTC, 114-

transfer property from endowed trusts to voluntary organisations. Its 'clarification' of existing legislation aimed to confine the jurisdiction of charity law to endowed trust alone. The Committee was adamant that the duty of registration should fall on endowed trusts. Adhering to the moral distinction they drew between endowments and activist voluntary organisations, the Committee appeared equally adamant that voluntary organisations should not be subject even to these undemanding stipulations. According to the model of the charitable sector that underlay the Committee's proposals there were essentially two kinds of trusts: plain and endowed trusts. Endowed trusts that discharged their duties using solely the income from an endowment were the Committee's main target. The problem for the Committee was that the reality of the voluntary sector was more complicated than this: there was no simple division between endowed trusts and plain trusts. To bring all endowments within the ambit of the register the Committee found that it had to go beyond registration of endowed trusts alone.

The Committee had to deal with the perplexing problem of 'mixed trusts', whose funding derived from a mixture of sources, including some income from an endowed trust or trusts. These the Committee proposed to bring these completely within the jurisdiction of charity law. It discounted the idea that "a body of subscribers ... might be relied upon to watch over the endowments also." It also rejected the alternative of bringing such bodies within the jurisdiction according to the proportion of their income derived from endowments. As this proportion might fluctuate over time, this raised the prospect of "trusts floating in and out of the jurisdiction making nonsense of any control over them." The only way to avoid this, the Committee believed, was that once captured within the jurisdiction a mixed trust should remain permanently within it. Mixed trusts had to be either wholly within the jurisdiction or wholly outside it. The Committee feared that if a proportional approach was adopted, where the trust's obligation to register depended on the value of its endowments relative to its total income, its status might change from one year to the next according to the success of its fund raising. It preferred not to "abandon an endowment to the fluctuating fortunes of appeals to the public by the mixed charity of which it is part." It recommended, "that once ... a plain charity acquires an endowed trust, it should come within and remain within the jurisdiction".<sup>53</sup>

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<sup>53</sup> CTC, 116-17



The Committee's overriding concern was to ensure that all endowments became subject to public supervision but if the Committee's recommendation on this point had it been implemented it would have imposed an obligation to register on almost all the major national voluntary organisations, including the NCSS. After barely a quarter of a century in existence, the NCSS managed around 100 endowed trusts by the late 1940s.<sup>54</sup> The Committee's proposal would probably also have imposed a duty of registration on an unknown number of relatively small local and regional voluntary organisations. Many organisations, if they were successful in finding even moderately well off supporters, found themselves managing small endowments soon after they were first set up. The Committee's attempt to draw a line between voluntary organisations and endowed trusts made little sense in the context of the voluntary sector of the 1940s and 1950s.

Nevertheless, the Committee resisted full-blown state registration of voluntary societies. It proposed a hybrid system of self-regulation with a statutory foundation, backed up with a general power of enquiry for the Commissioners.<sup>55</sup> It is hard to see how this was a practical proposition and shows the gap between the Committee's view of the voluntary sector and the reality. There was only one serious candidate for the role of regulator in the 1940s, the NCSS. The FWA had long since abandoned the ambitions to regulate the voluntary sector that it had espoused in its original incarnation as the Charity Organisation Society. The problem for the NCSS was that if it took up the quasi-statutory role proposed by the Committee, it risked forfeiting the goodwill of other voluntary organisations. It already attracted suspicions of a conflict of interest in its role as the voice of the voluntary sector. It was itself a provider of services to secondary consumers and so competed directly with other voluntary organisations for funds. The suspicions that the NCSS had used its role in the administration of grants for work among the unemployed during the 1930s to advance its own interests have already been noted. Had it assumed the position of regulator proposed by the Committee, the suspicions would have been reinforced.

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<sup>54</sup> NCSS Annual Reports, 1935-60

<sup>55</sup> CTC, 115

## An engine for reform

The reform of the cy-près doctrine, the resurrection of Charity Commission and the creation of a register of charitable trusts would have created the machinery for a thorough overhaul of the voluntary sector. The fact that the principal targets of its reforms were the endowed trusts meant that the Committee anticipated some opposition from trustees. It, therefore, sought to play down the breadth of its proposals presenting them as merely the tidying up of existing legislation rather than as a dramatic new departure. The report reassured its readers that its proposals “should be regarded as being a logical and important development of, rather than a radical change from” the existing law on charitable trusts.<sup>56</sup> In an effort to deflect the expected opposition, the committee also made an appeal to the self-interest of trustees. The waste and inefficiency identified by the Committee arose not from any base inclination on the part of trustees but from the complexity and ambiguity of the law. Trustees were as much victims in all this as the public interest. The law’s lack of clarity left trustees in a parlous position as mere “lay-men giving their service and their time voluntarily and without ready access to skilled professional assistance.”<sup>57</sup>

The Committee admitted that its proposals entailed imposing new obligations on trustees but held that these were “not onerous”. They consisted of the obligation “to record particulars of their trust; to have their trust accounts audited; and to vest their endowments in official custodians.”<sup>58</sup> Of course, the process of clarifying or streamlining existing law was not a neutral process. ‘Improvement’ entailed disturbance of the delicate ambiguities that had emerged from earlier encounters between trustees and the state. The Committee’s focus on efficiency threatened to upset the delicate balance of public interest and private purpose in charity.

Aware of this, the Committee proposed a number of safeguards to ensure that local interests were not neglected and that the founders’ intention was not simply ignored

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<sup>56</sup> CTC, 101

<sup>57</sup> CTC, 168

<sup>58</sup> CTC, 101



in the application of the re-cast cy-près doctrine.<sup>59</sup> The most important of these safeguards was that trustees would have a general right of appeal to the Chancery Division of the High Court against any scheme made by the Charity Commissioners. This right was qualified by being subject to the approval of the Attorney General in the case of trusts with a gross income of less than £50 a year.<sup>60</sup> The Committee, in order to allay the fear of potential donors that their carefully thought out legacy might be revised by the state before they were cold in their coffins, proposed a limitation on the power to vary trusts. It recommended “alterations of trusts ... should not be made within thirty-five years of the foundation of the trust without the consent of the trustees and of the founder ... if living.”<sup>61</sup> The danger in laying down a minimum period of protection was that this might soon come to be seen as the maximum period during which an endowment might operate unmolested. This point would not have been lost on donors, trustees or their legal advisers.

The Committee also recommended that charities should not be charged for registering. This was partly because the Committee was anxious to avoid the accusation that the register amounted to an indirect tax on charities. In this, it followed established precedents. The option of charging trusts for the services of the Charity Commission had previously been considered during recent periods of retrenchment in public spending. The Geddes Committee had rejected it in 1921, and it had been rejected again during the depression of the 1930s. The Charitable Trusts Committee agreed with Geddes that “such fees would be difficult to collect”. More significantly, they also accepted the Geddes Committee’s argument that “as the work was connected with charitable trusts, an exception might properly be made to the general principle that the cost of government services rendered should be met by fees.”<sup>62</sup> The new register and the reconstituted

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<sup>59</sup> Religious endowments were given particular mention. These trusts were often denominational in character there was a risk that the new rules would allow funds to be diverted to objects directly contrary to the donor’s wishes and to the benefit of rival religious bodies. The Committee advised that variations of trusts in these cases should be undertaken only in consultation with representatives of the denominations concerned.

CTC, 79

<sup>60</sup> CTC, 89

<sup>61</sup> CTC, 92

<sup>62</sup> CTC, 99

Charity Commission, which was to maintain it, were as a result to be supported from general taxation. The exceptional status of charity in tax law was extended in its emancipation from general principles governing the provision of services by the state. Although the duty of registration asserted the public interest in the operations of a charity, this interest could not be allowed to assume the form of a direct charge on charitable property.

In spite of its invocation of these safeguards, the majority of the Committee made no secret of the fact that the recording of charitable trusts was part of a wider strategy to secure the more efficient use of funds administered by charities and to re-launch the voluntary sector. On public platforms, members of the Committee reiterated the relationship between recording of charitable trusts and the scheme-making powers the Committee proposed to confer on the Charity Commissioners. Mrs K. W. Jones-Roberts addressed a conference convened by the Welsh Council of Social Service in February 1953, two month's after the Report's publication. She argued that registration was essential "to provide trustees and other authorities with information they must have if the full benefit of the community is to be obtained from the new scheme-making powers."<sup>63</sup> The register was essential if the Charity Commission was to play the role the Committee envisaged in overhauling the voluntary sector. Aside from the general principle that the public needed "to have readily accessible records", the Committee held that the Commissioners required "classified records for the purpose of their scheme-making powers."<sup>64</sup> Registration was a preliminary step on the road to employing the broader powers to be granted to the Commissioners to alter trusts under a new, looser interpretation of the *cy-près* doctrine advanced by the Committee.

Lidderdale stressed the connection between registration and the Committee's wider plans for the voluntary sector a few days later. On 16 February, at a national conference of voluntary organisations in Church House Westminster organised by the National Council of Social Service, Lidderdale stood in for Lord Nathan who had fallen from his horse a few days earlier. She argued that the circumstances that beset the voluntary sector forced the "conclusion that comprehensive, classified, central and local records of trusts are essential." Compilation of these records was merely the first step in a programme to stimulate the revival of voluntarism. They were needed "to provide the

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<sup>63</sup> 'Draft brief for speech by Mrs Jones-Roberts', 4 February 1953, 5, CAB124/138

<sup>64</sup> CTC, 43



voluntary movement as a whole with the basic information it must have if it is to marshal its resources ... and if it is to work out a coherent policy in relation to the changing needs of the country”.<sup>65</sup>

Lidderdale made the point even more forcefully in an article she drafted to appear, under the Chairman’s signature, in the Quarterly Journal of National Council of Social Service. The draft stressed the “need for comprehensive, classified and up-to-date records, not only to serve the public but to provide the basis for the new scheme-making powers.”<sup>66</sup> Registration was the keystone of the Committee’s plan to modernise the voluntary sector.

Although the Committee was anxious to distance itself from Beveridge’s extreme version of decay among charitable trusts, it was willing to deploy a more restrained version in order to drive home the distinction between the excellence of voluntary action and the inefficiency of endowed trusts. Its proposals sought to impose greater scrutiny and regulation on endowed trusts, as it believed these were more likely to fall into disuse. The Committee’s attitude to endowments was coloured by the Liberal prejudices of its Chair. What was striking about the report was the determination with which it maintained the moral distinction between voluntary organisations and endowed trusts. There was no sense in the Committee’s report of any divergence of interest between the state and the voluntary sector as a whole. The state, in the form of a revived Charity Commission, was presented throughout as a benevolent force for progressive change in the voluntary sector. The Charities Act, the legislative sequel to the Committee’s report, brought the state back in, but retained this mood of benign partnership.

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<sup>65</sup> ‘Speech by Miss J. H. Lidderdale at the NCSS conference on 16th February 1953’, 8, CAB124/171

<sup>66</sup> ‘Draft article for the Quarterly Journal of the National Council of Social Services’, 4, CAB124/171

## Chapter 7: Registration: the Art of Control

The Charitable Trusts Committee conceived a register of charities as an instrument for identifying under-performing trusts in order to facilitate the transfer of their funds to activist voluntary organisations. The Charities Act did establish a register. It was its most important provision. Its purpose was quite different, however. The main difference was that while the Committee had recommended reinforcing the register of endowed charitable trusts established by earlier statutes, the 1960 act extended the register to include voluntary organisations as well as endowed trusts. What had been devised as a means to assist in stripping the assets of decayed trusts, became instead an instrument for regulating the intended beneficiaries of this process: the voluntary organisations. Though this shows the distance of the act from the programme for voluntarism set out by the Charitable Trusts Committee, the register was important as it formed the cornerstone of the de-contesting and depoliticising of charity and voluntarism. This Chapter seeks to draw out some of the implications of the Charities Act for voluntary organisations, particularly of the register introduced by the Act.

### The 'consensus' on the Charities Act

The Charities Act was the most important of a series of measures enacted in the course of the 1950s. The first of these, the Charitable Trusts (Validation) Act, 1954, was designed to deal with the problem of defective trusts arising out of poorly drafted wills that had been exposed by the Diplock's will case. Section 8 of the Rating and Valuation (Miscellaneous Provisions) Act, 1955, also set out to deal with an immediate practical problem. The Act protected the customary right to rate relief for charities, which had been threatened by the transfer of responsibility for valuation from local authorities to the Board of the Inland Revenue.<sup>1</sup> The Recreational Charities Act, 1958, sought to clarify the status of recreational and leisure facilities. Again, it was prompted by

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<sup>1</sup> Owen, Philanthropy, 344-5



immediate problems caused by the courts' finding that schemes to provide leisure facilities for people in a particular industry were not accessible to a sufficiently large group to be described as providing a public benefit.<sup>2</sup>

These measures indicate that the Conservative government was not inactive on issue of charity law in the 1950s. There were other indications of Conservative interest in the voluntary sector. Iain McLeod, Minister of Health from May 1952, promised to remove "trifling, petty restrictions" on the work of voluntary organisations in the NHS. McLeod met with initial success as he watched over a rapid expansion of the Hospital Leagues of Friends. The number of leagues grew from 261 to 360 in the first nine months of 1953 alone.<sup>3</sup> The Conservatives approach to legislation in this area was cautious, however. The reforms outlined above were piecemeal measures in response to specific problems in the operation of charity law and the government enjoyed cross-party support in getting each of them onto the statute book.

The Charities Act was a different matter. It aimed to deal with charity law as a whole. It was, therefore, more programmatic in character than the earlier measures. It was a programme implemented by a Conservative government that had been in power for almost a decade and had ruminated on the Committee's report for seven years.<sup>4</sup> The sense that the Act was a bi-partisan measure remained strong: Nathan certainly regarded the Charities Act as the completion of the work of the Committee.<sup>5</sup> In a letter to the Home Secretary, R. A. Butler, after the Act had received the Royal Assent in July 1960, Nathan spoke warmly of Butler's willingness to consult him on the content of Act. He expressed his "gratification ... to have been in some degree associated with you in all

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<sup>2</sup> D. G. Cracknell, Law Relating to Charities, (London: Oyez, 1973), 33-36

<sup>3</sup> Robert Shepherd, Iain McLeod, (London: Pimlico, 1994), 89

<sup>4</sup> Owen puts down the delay to technical difficulties in drafting the new law given the wide ramifications of charity law. This is clearly not the whole explanation for Owen admits that "combing the statute book for acts and clauses which the new bill would repeal or 'consequentially amend' was a labor of months" – not years. Owen, Philanthropy, 592

<sup>5</sup> His biographer and personal friend, the egregious Montgomery Hyde, described the Act as Nathan's "one outstanding contribution to English law reform." Hyde, Strong for Service, 230

this” and registered his appreciation of “the confidence and good will you have shown to me in discussing at various stages the problems requiring solution.”<sup>6</sup>

A comparison of the terms of the Charities Act with the recommendations of the Charitable Trusts Committee complicates the picture of political consensus that Nathan’s comments imply. The rhetoric of consensus obscured the fact that the Charities Act diverged markedly Committee’s report in spirit and in its political thrust. Although the government acted on all of the Committee’s main recommendations, the manner in which they were implemented added up to a different programme for the voluntary sector. An underlying reason for the difference was a changed political climate. Between the appointment of the Committee and its report faith in state intervention had waned and “planning had gone somewhat out of fashion”. While the “Committee had held that a touch of planning would improve the charity world.” The Conservative Government had other ideas, inclining “toward less comprehensive policies”.<sup>7</sup>

Butler, opening the debate, drew attention to the basis of such consensus as did exist in 1960 on the questions involved. He noted “a convenient summary of the principles enunciated in the Nathan Report in paragraph 723, which the government wholeheartedly adopt.”<sup>8</sup> What is striking about this paragraph is the generality of the principles enunciated by the committee. It stated four principle: the duty of trustees to make good use of the resources at their disposal; the freedom of trustees to decide how best to achieve a trusts’ objectives; once given to charity resources should remain within the voluntary sector, and voluntary organisations were the pioneers of new services.<sup>9</sup> This was the extent of consensus. Butler went on to warn that he differed from the Committee “in the application of these principles”.<sup>10</sup>

The changed political climate had come about because the Conservatives, traditionally less interventionist than Labour, were in power. The Conservatives also brought a different party political approach to the voluntary sector, coloured by its traditional resistance to state regulation of charities. McLeod’s encouragement of the Hospital Leagues of Friends, for example, suggests that the Conservatives wanted to

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<sup>6</sup> Quoted by Hyde, Strong for Service, 236

<sup>7</sup> Owen, Philanthropy, 591

<sup>8</sup> House of Commons Debates, vol. 622, 28 April 1960, col. 411

<sup>9</sup> CTC, 178

<sup>10</sup> House of Commons Debates, vol. 622, 28 April 1960, col. 411



revert to the relationship between the state and voluntary organisations that had obtained during the 1930s.

There were also more immediate reasons for the Conservatives taking a different line on the voluntary sector to that adopted by the Committee. In the first place, there was the fact that the Committee was simply wrong in its analysis of the problems of the endowed trusts. The Committee had received evidence that the existing regulatory regime was as much to blame for the poor performance of endowed trusts as any inherent deficiency in the trust form. This confined trustee investments to narrow range of stocks and prescribed caution in the management of invested funds rather than risk-taking and high returns.

The range of trustee investments had been defined in the Trustee Act, 1925 and Nathan asked the Institute of Chartered Accountants in England and Wales to look into the workings of the Act. In their evidence the Institute's Mr. Braithwaite and Mr Touche, commented that as a consolidating Act the range of investments it permitted was already out of date and reflected "an assessment of risks appropriate to the nineteenth century."<sup>11</sup> A number of approved investments no longer existed by the 1940s, and there were other anomalies. Investment in trading companies was prohibited with the exception of some of the older types of utilities: it was possible for trust funds to be invested in gas and water, but not in electricity. The only kind of stocks trustees were permitted to hold were money stocks which conferred a fixed money income and a fixed capital sum on redemption. As a result, income from this source had become increasingly disengaged from the real economy.

This had a number of consequences. The currency inflation of the inter-war years had cut the value of the income generated, with the result that "restrictions, which were intended as a safeguard, have become a source of danger." Controls that were intended to protect funds from losses had "caused great rigidity ... and introduced a pattern of investment which a prudent business man would be unlikely to adopt in handling his own affairs." The Institute regarded the inclusion of equity stocks and shares in the range of investments available to trustees in order to restore the link with the real economy. This sort of stock, Braithwaite and Touche contended, gave investors "the right ... to a share in the companies' profits and assets and are thus ultimately

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<sup>11</sup> 'Memorandum for the Nathan Committee on Charitable Trusts Submitted on behalf of the Institute of Chartered Accountants in England and Wales', (hereafter ICA to CTC), 1; CAB124/153

associated with real values and not with money values.” They also contained an inherent potential for capital growth “owing to the practice adopted by most companies of retaining in the business a considerable part of the profits and so adding to the value of the equity.”<sup>12</sup> As matters stood, voluntary organisations were prevented from taking advantage of economic growth, and could only add to their income from investments by adding to their capital from their own resources.

The Institute did recognise the need for safeguards. It suggested restricting the proportion of total funds that could be held in equity stocks. It also proposed their limitation to companies with an eight to ten year record of paying a dividend of at least four per cent, and to companies quoted on the London Stock Exchange with a nominal share value of at least £1,000,000. This was necessary to ensure flexibility in the management of funds, for it guaranteed, “a reasonable market would be available to permit the ready realisation of the investment.”<sup>13</sup> “Ultimately”, the Institute’s representatives thought, “the only true protection is the honesty and competence of the trustee.” Though in case either of these qualities were lacking, the accountants reminded the Committee that the Institute’s policy was “that there should be an independent audit by a professionally qualified accountant where the management of funds is divorced from ownership.” This, they felt, applied a fortiori “in the case of a charitable trust, where the beneficial owners are no definite persons.”<sup>14</sup>

Falling revenues from investment were symptomatic of the inhibitions imposed on charity investments rather than of a decline in public generosity. In the context of a regulatory regime that contrived to instil a spirit of risk aversion in charity investments, maintaining income from this source depended on the continuous addition to the society’s assets made possible by a steady stream of surplus income from subscriptions and donations or from legacies. The government were more inclined than the Committee to see this as the main problem facing trustees and the Trustee Investments Act, 1961, which broadened the range of investments available to trustees and which the government regarded as part of the same legislative package as the Charities Act, provided its remedy to this problem.<sup>15</sup>

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<sup>12</sup> ICA to CTC, 3

<sup>13</sup> ICA to CTC, 2

<sup>14</sup> ICA to CTC, 4

<sup>15</sup> Cracknell, Law, 111-17 4



The government had a further reason for hesitating to proceed on the basis of the Committee's proposals. This was Salt's disagreement with the other members of the Committee on whether variation of trusts should remain primarily a judicial function. Although Salt made no effort to pursue it once the Committee's report had been published, the evidence of disagreement was enough to give the government pause to consider the question. Of greater significance, however, was the existence of vocal opposition from some quarters within the voluntary sector.

This opposition manifested itself at an early stage. Lidderdale's speech to the Church House conference on 16 February 1953 was not well received. The barracking that Lidderdale had to endure was led by I. M. Horobin who could hardly contain his outrage at the proposals. As soon as the discussion was opened to the floor, he "jumped up" and proceeded "in no uncertain manner" to attack the Committee's recommendations. Alluding to the fate of the voluntary hospitals, Horobin denounced the report as "a dreadful interference with trusts and the net effect would be to bring them under Government control". Horobin's onslaught was somewhat unexpected, for he was a long-standing supporter of the NCSS. As warden of the Mansfield House Settlement in Canning Town during the 1930s, he had been an active proponent of greater professionalism in social work contributing to the Council's Advisory Committee on Recruitment and Training of Social Workers.<sup>16</sup> He feared that the effect of the proposals would be the "abandonment of the administration of trusts by the ordinary run of trustees and their transfer to large holding and managing trustees capable of enduring the impositions of the new jurisdiction!"<sup>17</sup> He singled out the plan to bring mixed trusts within the jurisdiction for particular censure and predicted that "one result would be that no plain charity would accept an endowment if it could be helped – it would rather refuse money than find itself a mixed charity and so brought within the jurisdiction."<sup>18</sup>

The issue united disparate strands within the voluntary movement. A number of delegates rushed to join Horobin's onslaught on the Committee's proposals. Among those who sided with him were Mr Potter, representing Barnardo's, and Mr Colborn, the delegate from the Society for the Protection of Ancient Buildings. Indeed, only the

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<sup>16</sup> 'Report of a meeting of Secretaries 9 December 1937', LMA/4016/IS/01 (108)

<sup>17</sup> Lidderdale to Nathan, 17 February 1953, CAB124/171

<sup>18</sup> Lidderdale to Nathan, 'Report of conference NCSS, 15 February 1953',

guest of honour, Lord Samuel, spoke unequivocally in favour of the Committee's recommendations. Lidderdale reported that Haynes was particularly disappointed by the reaction of the delegates. He agreed with Lidderdale to suppress a reference to it in the NCSS's official report of the discussion "since it was so one-sided". They could not so easily suppress the opposition itself. Ominously for the Committee and Haynes, Horobin claimed political support for his opposition, announcing that "his information was that the Government was likely to reject the report and", he thought, "a good thing too!"<sup>19</sup>

Considering the strength of the opposition, even within the ranks of voluntary organisations affiliated to the NCSS, it was hardly surprising that the Conservative government showed no eagerness to move ahead with legislation. The Charities Act actually went much further than the Committee had proposed on the issue of registration of trusts, however. It seems, therefore, that although the government may have welcomed the breathing space afforded by the opposition to the Committee's report, it did not accept its premises. Indeed its decision to press ahead with reform of charity law was prompted by matters outside the sphere of charity and voluntary action altogether. Introducing the Charities Bill in the House of Commons, Butler indicated that a more important motivation for the legislations was to dispose of the restrictions on corporations owning landed property imposed by the antique law of mortmain. Butler commented that it had "not been possible hitherto to get rid of this anachronism in the law of property without the legislative adjustment of charity law".<sup>20</sup>

Given this background, it was not surprising that the Act took a different approach to the issues that had arisen in the course of the debate in the late 1940s and that had formed the core of the Committee's proposals. Common Good Funds, the reform of the cy-près doctrine, and the registration of charities all appeared in the Act. They appeared in a different form, however. The differences broke the linkages between these elements that the Committee had created. It was clear that the Conservative government did not share the Committee's enthusiasm for a major overhaul of the voluntary sector.

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<sup>19</sup> Lidderdale to Nathan, 17 February 1953, CAB124/171

<sup>20</sup> House of Commons Debates, vol. 622, 28 April 1960, col. 410



## The Conservative reforms

The government was even more cautious than the Committee on the question of modernisation of the definition of charity. The Act, in this respect, marked no new departure as it simply re-enacted the Preamble to the Charitable Uses Act, 1601.<sup>21</sup> On the question of reform of the cy-près doctrine, there was a semblance of more agreement between the government and the Committee. The Committee's belief that it ought to be easier to change the objects of a charitable trust was shared by the government. It was willing to widen the conditions under which charitable property could be transferred to other functions. Accordingly, the Act extended the circumstances largely along the lines recommended by the Committee. It was no longer necessary for the charity to have failed. The transfer could now be effected on the grounds that the original purpose was already adequately provided for or could no longer be carried out as the donor had directed. Transfers were also allowed where the only part of the resources could be applied. The government recognised the value of amalgamating small charities to improve their efficiency, as the Committee had recommended. The Act provided for amalgamations and empowered the courts to take into account changes in local government boundaries and demographic changes when making schemes. The Act also contained a catchall heading to enable schemes where a trust had "ceased in any other way to provide a suitable and effective method of using the property available ... regard being had to the spirit of the gift."<sup>22</sup>

The Act's main departure from the reformers' agenda was in the creation of machinery for invoking the new powers to alter trusts. The government rejected the Committee's proposal to give local authorities a power to initiate the alteration of trusts. Playfair's official review of the Committee's report had highlighted this recommendation. He had objected strongly to the proposal to create "wider powers of intervention for local authorities". Believing that there was "an undying war between charitable trustees and local authorities", he predicted that any attempt "to increase the

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<sup>21</sup> Owen, Philanthropy, 579

<sup>22</sup> Charities Act, Section 13

powers of the latter over the former” would provoke a backlash from trustees.<sup>23</sup> Lord President of the Council Salisbury was more sympathetic than the officials were to the Committee’s overall analysis of the condition of many charitable trusts. He regretted that “the present position regarding these trusts is so rigid that much money and effort is being largely wasted”. As Salisbury’s comments indicate, the Conservative government was willing to countenance reform of the cy-près doctrine: it was the Committee’s proposals for wider reform of the administrative machinery it found hard to accept. Salisbury shared Playfair’s concern about the Committee’s proposal to grant local government new powers of initiative in winding up defunct trusts, and was anxious to keep “the local authorities right out of this”.<sup>24</sup> Accordingly, the Act permitted county, district and London borough councils <sup>to</sup> review the operation of charities within their boundaries only with the consent of local trustees. They were expressly forbidden to review the working <sup>of</sup> charities providing services similar to those provided by the council.<sup>25</sup>

The Government’s reluctance to enhance the role of local authorities in supervising and modernising charitable trusts removed the most obvious mechanism for identifying and taking action against redundant trusts at a local level. Without some external mechanism to prompt the reform of trusts, the Committee’s programme was effectively neutralised. Giving local authorities powers to adopt an active and interventionist approach towards charitable trusts would, the Committee had hoped, create a dynamic for reform. The Act proposed no alternative source of such a dynamic. Although the Act adopted the Committee’s recommendations on the reconstitution of the Charity Commission, it offered no enhancement of the supervisory powers of the central authorities. The Act merely granted the Commissioners the duty to promote efficiency by “encouraging the development of better methods of administration, by giving charity

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<sup>23</sup> Playfair to Couzens, 21 December 1953, CAB124/200. Playfair was not alone in his opinion. The suggestion of greater powers for local authorities received such a drubbing in the Lords debate on the Report that Nathan agreed to withdraw it. House of Lords Debates, vol. 183, 22 July 1953, col. 784

<sup>24</sup> Salisbury’s Handwritten comment on Quirk to Salisbury, 29 December 1953, CAB124/200

<sup>25</sup> Charities Act, Section 11



trustees information and advice ... and by investigating and checking abuses.” The Act specifically denied the Commissioners the power to initiate the alteration of trusts.<sup>26</sup>

It is true that the Act granted the Commission general powers of enquiry and a requirement on trustees to return annual accounts.<sup>27</sup> These powers were designed to allow the Commission to ensure that trustees were properly discharging their responsibilities. These powers undoubtedly entailed closer monitoring of the behaviour of trustees, but they conferred on the Commissioners no power to interfere with the purposes of a trust. The circumstances in which the Commissioners could invoke their scheme-making powers were restricted. In the case of small charities, namely those with an income of less than £50 a year, the Commissioners could make a scheme at the request of one of the charities trustees or any person interested in the charity or at the request of the Attorney General. This wider power to deal with smaller charities acknowledged the concern that the Charitable Trusts Committee had expressed about the existence of many decayed small endowments. The power of the Commissioners to act in the case of larger charities was more limited. In order for the Commissioners to make a scheme, they had to await a request from the trustees or the High Court. The Court, having determined that alteration of a trust was required, could refer the detailed drafting to the Charity Commissioners. The Act laid down a procedure to be followed in cases where the Commissioners believed “that the charity trustees ought in the interests of the charity to apply for a scheme, but have unreasonably refused or neglected to do so”. In such cases, the Commissioners had to apply to the Home Secretary to have the matter referred to them.<sup>28</sup> The Act gave little encouragement to those who had hoped that the re-founded Charity Commission would play an interventionist role in modernising trusts.

The relaxation of the cy-près rules in the Charities Act was not accompanied by the creation of machinery to push reform along the lines the Charitable Trusts Committee had proposed. The highly circumscribed role of the Charity Commission in initiating schemes meant that the initiative for modernisation of trusts remained firmly in the hands of trustees.

The fate of the idea of Common Good Funds was symbolic of the defeat of the reformers. Considering the interest that the subject had aroused in the earlier debate, the

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<sup>26</sup> Charities Act, Section 1

<sup>27</sup> Charities Act, Sections 6-9

<sup>28</sup> Charities Act, Sections 18

Act's terse reference to the question was an anticlimax. The Act forbade the use of the phrase 'common good' in the title of any body established in England and Wales without the consent of the Charity Commissioners. The penalty for misuse of the term was a maximum fine of £50.<sup>29</sup> The Government gave no indication that it intended to establish national common good funds and made no statutory provision for their financing. The Conservative government's jettisoning of the idea of Common Good Funds was the most explicit expression of its departure from the programme outlined by the Committee. The Committee had conceived of the Funds as a central mechanism for collecting and redistributing the resources of redundant charitable trusts. The Committee had envisaged that the registration of endowed charities trusts would reveal under performing assets in the voluntary sector. The relaxation of the *cy-près* doctrine would make it easier to release the resources held in these defunct trusts for new applications. The Common Good Funds represented the third stage in this process, accumulating holding these resources and distributing them to voluntary organisations. The neutralising of this element of the Committee's programme sent a clear signal that the government did not intend to create such machinery. This was confirmed by the Act's approach to the other main component of the Committee's programme: the register of charities.

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<sup>29</sup> Charities Act, Section 31



## The administrators' register

The disappearance of the Common Good Funds was the symbol of the reformers' defeat, but, for the later development of the voluntary sector, the Act's most significant departure from the Committee's proposals was the creation of register of charities and the role the register assumed in the funding of voluntary organisations. The implementation of a record of charitable trusts after two centuries of resistance by trustees represented the most obvious of the apparent continuities was clearly an historic step. Yet, the character of the register reveals the differences between the objectives of the Committee and the Charities Act. Registration is never an abstraction, "like the railways, [it] may be adapted to serve diametrically different regimes."<sup>30</sup>

Encompassing voluntary organisations as well as endowments, the register finally introduced by the Charities Act went beyond the proposals of the Charitable Trusts Committee. On the other hand, it seemed to favour Haynes's approach. Haynes had argued for universal registration of all voluntary bodies and this point was restated in a second NCSS submission to the Committee by Richard Clements, Haynes's deputy and leader of the London Council of Social Service. Clements made the same case for tidying up the existing informal that Haynes had put before the Committee, arguing "it would make for simplicity and certainty if all bodies established for charitable purposes only were required by law to be registered."<sup>31</sup>

As the reformers had hoped, the Charities Act established a national register of charities to be compiled and overseen by the Charity Commission. It also imposed a duty to register on trustees. Trustees were thus obliged to claim charitable status and to support their claim by providing the Commission with facsimile evidence of the founding documents specifying the objects and method of work of the organisation concerned. Trustees were also obliged to keep the Commission informed of any

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<sup>30</sup> Offer, Property, 33

<sup>31</sup> 'Supplementary Paper Submitted by the National Council of Social Service (Incorporated)' 20 June 1950, CAB124/171

changes.<sup>32</sup> Using its powers under the Act, the Charity Commission ruled that registration was to apply immediately to charities founded on or after 1st January 1961 but it provided for a rolling process of registering existing charities by means of statutory instruments laid by the Home Secretary.<sup>33</sup>

The register introduced in 1960 performed a different function from that which had been envisaged by the Charitable Trusts Committee and its supporters in the late 1940s. The register established by the Act was much wider in scope than had been advocated by the Committee and this reflected a difference in function. The Committee had sought a register of endowed charitable trusts only. The connection between registration and the funding of voluntary organisations contained in the Act also reflected different priorities. The Committee had seen registration of trusts, as a tool for identifying the idle resources that they were convinced existed within the voluntary sector. The Committee saw the register as a tool to help the Charity Commission and local authorities, armed with increased powers of investigation and initiative to compensate for the inertia of trustees, to identify the resources held by defunct or moribund trusts as a preliminary step to transferring these resources to activist voluntary organisations. As a result, the Committee called only for the registration of endowed trusts. The Act, in contrast, obliged all charities to register, whatever their form.

On the face of it this was simply the administration of charity catching up with the legal and fiscal status of voluntary organisations following House of Lords' judgement in *Pemsel's* case in 1891. Registration completed the process begun by the judgement, which had made charitable status a gateway to the benefit of tax exemption whether the charity was a voluntary organisation or a charitable trust. The register created by the Charities Act went further than simply recognising the position post *Pemsel*, however. Registration became a warrant of charitable status. The act stated

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<sup>32</sup> There were significant exceptions to the obligation to register. The category of 'exempt charities' comprised historic corporations such as the Church of England and the ancient universities, as well as other institutions founded by act of Parliament or by Royal Charter. These were not obliged to register and were excluded from the Commission's jurisdiction. Very small voluntary organisations were also relieved of the obligation to register. Charities Act, Section 4

<sup>33</sup> Nathan et al., Charities Act, 151



that any institution included in the register was “conclusively presumed to be ... a charity”.<sup>34</sup>

By means of this presumption, voluntary organisations obtained a much simpler and clearer method of securing charitable status and the benefits it conferred. Inclusion on the register became a gateway to the tax advantages of charitable status. This had been a concern of the Board Inland Revenue. When the Charitable Trusts Committee considered the question of a register of charities, Lidderdale had written to the Board for its views on the issue. The Board was not sympathetic to the Committee’s proposals for register of charities. It feared that this would confer an implicit charitable status on those registered, or at the very least would be so interpreted by those registered. The Board’s A. J. N. Miller began by reminding Lidderdale that the Committee’s terms of reference prevented it from considering the taxation of charities. He went on to explain in some detail the Inland Revenue’s fear that registration with the Charity Commissioners might come “to be regarded by taxpayers as tantamount to an admission of the validity of their title to Income Tax relief, which might not be beyond dispute from the Revenue angle.” Miller believed that a central register would “involve extra trouble for the Revenue.”<sup>35</sup>

The specific provision in Charities Act that registration carried the presumption of charitable status marked the end of the Inland Revenue’s role in the determining the extent of charitable status. This clause was as important as the requirement to register itself. The problem of the ‘public’ character of charity and voluntary organisations was reduced to the quality of being recorded by a public body. Though this created the possibility of greater supervision, it was united with the promise of an easy route to charitable status.

The new route to charitable status opened by the Charities Act meant that the failure of the Charitable Trust Committee’s grandiose schemes for remodelling the voluntary sector was not fatal for the ambitions of the NCSS. The universal system of registration combined with the inducement to register contained in section five conformed closely to the interests of the NCSS as an institution. It particularly appealed to the senior managers of the NCSS and other major voluntary organisations. Notwithstanding the opposition expressed in some quarters, for the exponents of modernisation within the voluntary sector, the register introduced in 1960 was a major

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<sup>34</sup> Charities Act, Section 5

<sup>35</sup> A. J. N. Miller to Lidderdale, 28 June 1950, CAB124/159

boost. To understand why this was so, it is necessary to examine conditions in the voluntary sector and the influence these had on the development of the thinking of leading voluntarists.



## Chapter 8: Amoral Bounty: the Financial ‘Crisis’ of Voluntarism’

The previous chapters have sketched the discussions on the future of voluntary organisations in the immediate post-war period and the subsequent resolution of this discourse in the Charities Act of 1960. They have sought to highlight the disparity between the provisions of the Act and the terms of the debate that preceded it. The next two chapters look at some of the broader contours of the voluntary sector in the 1940s and 1950s. The aim is to show that, in spite of the disparities in the official discourse, there existed an underlying continuity in the attitude of leading voluntarists towards the public discussion of the future of voluntary social service. These continuities allowed them to support both the Charitable Trust Committee’s recommendations and the provisions of the Charities Act.

As the previous chapters have shown, the theme of a financial crisis of voluntarism dominated the early stages of the debate in the 1940s. The leaders of voluntary organisations and the politicians who spoke in their support generally agreed on the financial character of the crisis. They also argued that the upheaval in relations between the state and voluntary organisations had worsened the financial crisis. This was a position articulated most forcefully by Beveridge. Samuel and the leaders of voluntary organisations were more muted in their comments on the impact of the state. The reasons underlying this difference in emphasis are the subject of this chapter. It re-examines the evidence for a crisis of voluntarism in the 1940s and argues that the financial crisis was a temporary phenomenon and the main force of its impact was confined to specific categories of voluntary organisation. The limited character of the ‘crisis of voluntarism’ was key to the decontestation of the relationship between the state and the voluntary sector. A further feature of the crisis was that leading figures within the voluntary sector entertained an interpretation of the character of the financial crisis that was markedly different from that held by the government and many of the politicians who participated in the debate. These differences in interpretation facilitated rather than hindered the coalescence of both sides around the ideological opposition of voluntary organisations to charitable trusts. This convergence, however, obscured a more fundamental and more widespread opposition within the voluntary sector: the competition between voluntary organisations.

The aim of this chapter is not to prove that reports of the demise of voluntarism were without foundation. That would be perverse. Some voluntary organisations certainly experienced problems in raising money from traditional sources in the late 1940s, but the evidence for a more general financial crisis afflicting the whole voluntary sector is not easy to discover. There were also wide variations in the experience of individual voluntary organisations.

### Permanent crisis?

Voluntarists' invocation of falling receipts was a propaganda device. Financial 'crisis' is something of a rhetorical constant in voluntary social service and the 1940s was not unique in this respect. Beveridge, Samuel and Nathan, who relied on the representatives of voluntary organisations for their information about conditions in the voluntary sector, simply reproduced this rhetorical device in their speeches. They were not alone in this. Acceptance of the rhetoric of financial crisis was a point on which critics of voluntarism often agreed with its exponents. Left wing critics of voluntarism have, as often as its supporters, taken at face value the pleading of voluntary organisations for cash, seeing this as proof of the inefficiency of this method of welfare distribution. Yet, this is to misunderstand the context of these appeals. Voluntary organisations depend, at least in part, on contributions from the public. This provides an incentive to exaggerate their financial difficulties. Calling on the public to contribute to full coffers is not a viable strategy for raising money. The tactics of the voluntary hospitals in the years before the war provide a good example. Although charitable contributions to the hospitals held up well during the depression, the hospitals' finance officers "often spoke in terms of crisis because it was an effective way of extracting contributions."<sup>1</sup>

Voluntary organisations occasionally resorted to sleight of hand to disguise their resources. The Charitable Trusts Committee drew attention to one stratagem employed by some voluntary agencies engaged by local authorities to provide personal social services for the elderly and the invalid. A number of these organisations, the committee noted, preferred to set their charges to the local authorities at rates "lower than the actual cost of the service" in order to "address their appeals to the charitable public in very much

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<sup>1</sup> Prochaska, *Philanthropy*, 129-30



the same terms as they did before". The Committee deprecated this subterfuge, although it acknowledged that these organisations ran the risk of losing public support if their reliance on state funding became too apparent. If they admitted the extent to which their services were subsidised by the local council they might be seen as "little more than an agent of the authorities ... and may thus irretrievably forfeit the interest and enthusiasm of its subscribers."<sup>2</sup>

The Committee was sympathetic to the predicament of established voluntary organisations that had built up a base of support and wanted "to keep their organisation intact and, as far as may be, unfettered; and ... to keep their subscription list undiminished." The Committee believed that voluntary organisations had a duty to inform subscribers about these arrangements for, it was imperative "that those among them who would be reluctant to continue their generosity towards objects for which, as members of the general public, they are already making substantial payments, may decide in the full knowledge of the facts whether or not to continue to support the charity."<sup>3</sup> The Committee took the view that the gap between fees charged to local authorities and the actual cost of a service was an artificial way of maintaining an element of voluntarism, but this practice also underlines the association between voluntarism and financial deficit. This was so ingrained that voluntary organisations could not even contemplate a surplus. It underlines the tenacity of the link between voluntary social service and financial deficit.<sup>4</sup>

The incentives that existed for voluntary organisations to disguise their financial condition are one reason for treading carefully in analysing the financial crisis of voluntarism in the 1940s. A further reason that it is extremely difficult to gauge the extent of the financial problems of voluntary organisations during this period is that the

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<sup>2</sup> CTC, 163

<sup>3</sup> CTC, 163

<sup>4</sup> Other interpretations of this stratagem are, of course, possible. On the one hand, by drawing on voluntary contributions to defray part of their costs, voluntary organisations allowed local authorities to discharge their responsibilities (including some statutory responsibilities) at a lower cost. Second, local authority budgets were fixed annually, their contracting out of services to a voluntary organisation was thus uncertain from year to year. This was particularly the true in care of the elderly where a number of alternative service providers existed. In light of this, it was sensible for voluntary organisations to do all that they could to maintain their voluntary fundraising.

voluntary sector was an unimportant component of the British economy. An index of the economic insignificance of the voluntary sector is its weight as an employer. One estimate suggests that social welfare as a whole employed no more than 24,000 women and men in the late as the 1950s.<sup>5</sup> Even if all of these were employed in voluntary organisations, this would have constituted less than a tenth of one per cent of the total United Kingdom labour force and, in fact, local authorities employed a growing proportion of social workers.<sup>6</sup> Compared with around eight millions employed in manufacturing, or three millions in the distributive trades, the voluntary sector's importance as an employer was slight.

As a result, of its diminutive economic importance, the voluntary sector attracted little attention from government departments or their statisticians and few reliable statistical studies exist.<sup>7</sup> The voluntary sector's importance was ideological rather than economic and as a result, in spite of the focus on the sector's finances, the evidence adduced during the debate was mostly impressionistic. In the absence of reliable national statistics, the assertions of the voluntarists and their political supporters went unchallenged. The political importance attached by all parties to the ideal that the voluntary organisations embodied lent them significance beyond their economic weight.<sup>8</sup>

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<sup>5</sup> Guy Routh, Occupation and Pay in Great Britain, 1906-60, (London: Macmillan, 1980), 17

<sup>6</sup> See, for example, Ministry of Health, Social Workers, 3

<sup>7</sup> There were occasional individual attempts to provide statistical data on the income of voluntary organisations. D'Aeth's report on the finances of Liverpool's charities has been mentioned in chapter two. Some Council's of Social Service and branches of the FWA also produced regular series of financial data for their localities. These local series provide no real guide to the overall national picture, however. In 1934, Constance Braithwaite made a brave attempt to extrapolate from her study of the income of voluntary organisations in Liverpool, London and Manchester, and estimated that, excluding the endowed charities and religious and political groups, "the total receipts of all charitable organizations in 1934 were probably between £35 million and £50 million." Constance Braithwaite, The Voluntary Citizen: An Enquiry into the Place of Philanthropy in the Community, (London: Methuen, 1938), 163

<sup>8</sup> Geoffrey Finlayson, 'A Moving Frontier: Voluntarism and the State in British Social Welfare 1911-1949', Twentieth Century British History, Vol. 1 No. 2, (1990), 184



The political discourse on voluntarism had to accommodate the changes in the relationship between voluntary organisations and state social services: voluntary sector finance provided a convenient vocabulary for this discursive adjustment.

A further problem with the idea of a crisis of voluntarism is that what contemporary advocates saw as the decline of the voluntary ethos in the post-war years drew heavily on examples from the health sector. This creates a number of problems. First, this focus on the impact of the state on a particular sector of voluntary endeavour ignored the real character of the voluntary hospitals and underestimated the extent of state support for them before 1948. It also underestimated the extent to which the NHS (in common with other parts of the welfare state) continued to rely on voluntary participation in support of its day-to-day work. The role of hospital visitors and bodies devoted to providing supplementary services was often overlooked. In the late 1950s, Richard Titmuss thought that this voluntary contribution to the health services alone might reflect “a much larger investment of time and energy than that given before 1948 by those serving on voluntary hospital committees.”<sup>9</sup>

Contemporaries’ fixation on the health services is understandable: the hospitals were the largest and most important British voluntary institutions before war, and the impact of the welfare state in the form of the National Health Service was, in their case, brutally decisive: they were simply nationalised. This focus has produced a one-sided picture, however, by eliding the distinction between philanthropic and mutual forms of voluntarism. The dependence of those who held the view that the late 1940s represented a crisis of voluntarism, depended on an imprecise definition of voluntary social service. It depended on an overstatement of the strictly philanthropic work of the voluntary hospitals. In the Edwardian period welfare provision in was marked by a trend “towards an exclusive risk pool, towards contractual entitlement, and towards a self-financing system of intra-personal redistribution.”<sup>10</sup> This tendency was apparent in the hospital sector. Developments in their financing compromised the voluntary character of the voluntary hospitals. Increasingly in the pre-war period, services to patients were paid for

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<sup>9</sup> Richard Titmuss, Essays on the Welfare State, (London: George Allen and Unwin, 1958), 145; National Council of Social Service, Voluntary Service and the State, (London: NCSS, 1952), 65

<sup>10</sup> Paul Johnson, ‘Risk, redistribution and social welfare in Britain from the Poor Law to Beveridge’, Daunton (ed.), Charity, 246

by “hospital charges, requiring pre-insurance provision or direct payments from a widening social clientele”.<sup>11</sup> The middle-classes and better-off workers found in the voluntary hospitals an economic and acceptable source of acute health care. For the poor and the chronically sick, who could not afford the necessary insurance cover, the route to care led to the workhouse or to the local authority hospitals, which were hardly better.<sup>12</sup> The mutual and commercial aspects of voluntary hospital provision were so difficult to ignore by the 1920s that the sociologist Brian Abel Smith remarked, “no distinguishing characteristic of a voluntary hospital could be found”.<sup>13</sup>

This focus on the hospital sector led to an exaggerated impression of the financial impact of the welfare state on the voluntary sector. The nationalisation of the hospitals in 1948 did appear to reduce the financial resources of the voluntary sector, but the impact of this change should be kept in perspective. Some idea of the scale of the change may be gleaned from transactions of the Official Trustee in transferring the stocks and securities it held on behalf of voluntary hospitals. During 1950, for example, the Official Trustee transferred some £4,117,892 of stocks and other securities to the Ministry of Health, to the boards of governors of teaching hospitals and the governing bodies of medical schools. A further £789,086 of stocks and securities were transferred in the following year. By the end of 1951 this process was largely completed and the Commissioners reported that the total value of assets transferred to these bodies amounted to £10,837,259. This was a large sum, but it amounted to less than 10 per cent of the total value of the securities still held on behalf of endowed charities by the Official Trustee in 1951.<sup>14</sup> The proportion of the property of all endowed charities administered by the Official Trustee in the 1940s is unknown and it is not possible to establish the distribution of its holdings across different sectors of voluntary activity. It is therefore possible that the published figures underestimate both the scale and the proportional impact on the voluntary sector of the transfer of the hospitals to the NHS. Individual voluntary hospitals may have transferred a much larger sum directly to NHS and this may have represented a much larger proportion of the resources of the voluntary sector. On the other hand, the pattern of increasing state intervention in medical affairs during

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<sup>11</sup> Cherry, ‘Before’, 307

<sup>12</sup> Cherry, ‘Before’, 306, 322-3

<sup>13</sup> Quoted by Cherry, ‘Before’, 307

<sup>14</sup> Charity Commission Report, 1950, 8; Charity Commission Report, 1952, 6



the preceding half century, it seems likely that the Official Trustees were more likely to manage the funds of voluntary hospitals than those of other kinds of some other types of voluntary organisation.

Two aspects of the transfer of the hospitals to the NHS were positively advantageous to certain voluntary organisations. One was the creation of a new state funded body able to purchase services from voluntary organisations. Another was a shift in the balance of power within the voluntary sector. Voluntary organisations that were not included in the new state health system and that had hitherto existed in the shadow of the voluntary hospitals acquired a greater relative weight within the voluntary sector. They were also relieved of a major competitor for public contributions to charity. The amputation of the voluntary hospitals from the voluntary sector bestowed upon the larger national organisations, including the NCSS, a platform to set a new agenda for the voluntary sector but it also threatened a new phase of competition for donations from the public. The NCSS was eager to grasp the opportunity to reformulate the goals of voluntarism. The problem for the NCSS and other forward looking voluntary organisations was that the opportunity presented itself at the same time as a financial crisis that was qualitative as well as quantitative. The quantitative aspects are discussed in the next section while the qualitative problem is outlined in the following two sections.

### **Was there a financial crisis?**

Bearing in mind the caveats mentioned above, it is now worth looking at some of the evidence that suggests that voluntary organisations experienced a fall in revenues in the aftermath of the establishment of the welfare state. For reasons that have already been mentioned there is a dearth of official statistics relating to voluntary sector finance. Because of the special tax status of voluntary organisations, the Inland Revenue was one government department that did have an interest in the finances of the voluntary sector. The figures provided by the Inland Revenue on the income of charities seem, at first sight, to support the thesis that the voluntary sector experienced a prolonged recession in the 1940s and 1950s.

The Commissioners of the Inland Revenue published an annual estimate of the aggregate income of “charities, colleges, hospitals, schools, friendly societies etc.”

covering the whole of the United Kingdom. These figures were analysed under the three main categories of income from land (Schedule A), income from investments (Schedule C), and profits from business activities (Schedule D). Table 8.1 shows the Commissioners' estimates for the period 1935-60. According to the Commissioners, the income of voluntary organisations from all three sources went into a steep decline during the 1940s and 1950s. Total income fell by almost 50 per cent in real terms and by almost 60 per cent from its peak in 1938 to its lowest level in 1955, apparently confirming conventional wisdom that the 1940s and 1950s were years of recession for the voluntary sector.

There are a number of reasons for not taking the narrative represented in these figures at face value. First, the broad definition employed by the Inland Revenue includes friendly societies and other organisations with a high mutual component in their finances such as the hospitals, as well as those such as the public schools which qualified for charitable status but which can hardly be regarded as social service organisations. Second, because they were compiled for the purposes of the central government's tax collecting the charities included in the figures were predominantly endowed trusts. The figures provide data on income that would otherwise have been subject to tax; they do not refer to the most important index of the condition of voluntary organisations – the 'renewable' sources of income represented by donations and subscriptions. These direct contributions by members of the public were drawn from the income of the donors after tax and were therefore of no interest to the Inland Revenue.

In spite of the problems with the scope of the figures, they might still be taken as a crude surrogate index of the health of philanthropy. There are however reasons to doubt the quality of the Inland Revenue Commissioners' basic data. The crude data on which these figures are based suggest that the Inland Revenue was not concerned to arrive at an accurate estimate of charity income during this period. For long periods Commissioners seem to have been willing to assume that no significant change occurred in the income of charities. Between 1948 and 1955, for example, the figures for Schedules A and C were not updated at all. Even Schedule D income, which was a more contentious issue between charities and the Inland Revenue, appears to have been subject to no more than a cursory addition for inflation. The Inland Revenue's neglect is not difficult to explain. Charity income from all three sources was exempt from income tax and represented, on the estimates provided by the Inland Revenue, little more than six per cent of total exemptions even at its peak in the late 1930s. These figures reflect the



unimportance of charity income in relation to taxable income. The trough of depression depicted in Chart 8.1 is, therefore, the product of official neglect, exaggerated by taking into account price inflation. These figures do not do not give any sound guide to the scope or intensity of the financial problems affecting the voluntary sector during this period, although the Inland Revenue's lethargy might be interpreted as an indication that the charity sector was not expanding at a rate sufficient to alarm the Commissioners.

Reliable sources with which to compare the Inland Revenue's appraisal of the condition of voluntarism are not readily available. One source of comparative data is the returns to the Metropolitan Police made by collecting charities in the capital. The Metropolitan Police gained powers to licence street collections under the Police Factories (etc.) (Miscellaneous Provisions) Act, 1916. This power to license street collections was another of those informal methods of regulation of voluntary organisations that pre-existed the 1960 Charities Act. In the 1930s, the Commissioner used this power to put pressure on charities to reduce the number of street collections in the capital. The police argued that controls were necessary because street collections interfered with pedestrian circulation and caused them additional problems in managing London's traffic. The number of permits granted for street collections fell from 136 in 1935 to 29 two years later when the scheme came fully into operation. The amalgamation of disparate street collections required to achieve this reduction had a beneficial effect on the amounts collected. The total proceeds of street collections in the Metropolitan Police area rose from £242,302 in 1935 to £296,950 in 1939.<sup>15</sup>

Table 8.2 shows the proceeds of London street collections 1938-60. Figure 8.1 charts the total amount collected during this period and the amount raised per collection. For the period under examination, these two series show an almost identical pattern. Two features stand out. First, there was an astounding surge in the total amount collected between 1939 and 1943. Second, after 1943 there was an equally dramatic falling off in the proceeds of street collections in the capital. The chart shows a 50 per cent rise in voluntary donations to street collections in the first years of the war. The surge crested in 1943 and donations began to fall steeply thereafter. By 1948, the cash

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<sup>15</sup> Statistics were compiled and published by the Charity Organisation Society based on returns by the Commissioner of the Metropolitan Police. The COS actively supported the scheme and took a lead in helping to reduce street collections. Annual Charities Register and Digest, 1941, 450

amounts collected had returned to their pre-war level and the total collected fell again in the following year. After 1949, there was a partial recover<sup>L</sup> as the amounts raised from this source settled into a new groove of stability. Of course, this recovery in the cash proceeds of street collections conceals a substantial decline in real terms: the £400,658 raised in 1956 had little more than half the purchasing power of the £280,503 raised in 1938. yL

The drop in real income from this source was a serious problem for organisations that depended on this source of income. More important than the overall trend, however, was its differential impact. Fortunately, the COS/FWA published a more detailed analysis based on these figures and returns from some of the major organisers of street collections. These all shared the experience of declining revenues from this source during the 1950s, but they did not all suffer equally. The experiences of the three London street collections shown in Table 8.3 illustrate some trends. The Royal British Legion was a large national veterans' organisation. The Alexandra Rose Day Appeal was a well-established London 'flag day', which collected money for supplementary services in the London voluntary hospitals. Both these collections had special features that boosted their figures. The Legion's were the result of a cumulative effort spread over the weeks before Remembrance Sunday rather than being the proceeds of a single one-off flag day. Similarly, two flag days a year boosted the takings of the Alexandra Rose day appeals. The third collection was not for a single organisation but a combined collection organised by various animal charities.

The Legion saw the cash receipts of its annual autumn 'poppy day' improve substantially during the war and the Legion remained the most successful single collection throughout the period. Although it claimed around a fifth of the total receipts from street collections in the capital during the war, it accounted for about a third of the total for the ten years after the war. Receipts from street collections held up well in cash terms rising from £93,872 in 1939 to £104,263 in 1941 and continued to rise in 1942 and 1943 when it reached £124,000. The Alexandra Rose Day Appeal enjoyed similar growth in its cash receipts, increasing its collection from £46,215 in 1939 to £58,732 in 1943.

After the war, the fortunes of the two organisations followed a similar pattern. Both collections reached a nadir in cash terms in 1949. For the Legion the 1949 slump in receipts was sudden and unexpected, for its collections had held up well in the preceding five years. The fall in the Legion's income from street collections was short-



lived. Although 1950 was also a poor year, the Legion's receipts from the poppy day appeal recovered in subsequent years and remained relatively stable in cash terms throughout the 1950s. For the Alexandra Rose collectors the blow came a year earlier than for the Legion: the 1948 collection of, £29,013 was already less than half the level in the peak year of 1943. As a result, the £26,181 collected in 1949 was a disappointment but it was less of a shock. Receipts had been in decline since 1943 but the sudden slump in collections in 1948 and 1949 was dramatic. Thereafter, like the Legion, the Alexandra Rose collections rallied. By the middle of the 1950s, both organisations enjoyed receipts from their annual collections comparable in cash terms to the levels of a decade earlier. This, of course, represented a substantial fall in real terms – by more than half in the case of the Alexandra Rose Day Appeal.

The Royal British Legion and the Alexandra Rose Day Appeal reflected the broad trend of all the London street collections in the 1940s and 1950s. The combined animals collection was the only major London street collection recorded in the Annual Charities Register to defy the trend. Though the amount it collected was smaller than the two organisations discussed above, it raised a substantial amount of money on the streets of the capital during the 1940s and 1950s. Two points stand out. In contrast to the Royal British Legion, this growth in its share of the total London street collection accompanied growth in the real value of the combined collection. Its share of the total amounts collected rose from two percent in 1938 to six or seven percent throughout the 1950s. Whereas the Legion's larger share of total collections reflected a slower than average decline in receipts, the larger share of the combined animal charities was reflected growth in real terms. The £25,492 collected in 1957, its peak year, was worth almost half as much again as the £6,867 the combined collection had raised in 1939.

The overall pattern of voluntary contributions to street collections in the capital suggests some important features of the financial crisis that affected voluntary organisations in the late 1940s and influenced their political supporters. The first is the exceptional character the period immediately preceding the downturn of the second half of the 1940s. The upsurge of charitable giving during the war was unprecedented and it was unlikely to be sustained following the war. Nevertheless, the collecting charities experienced the fall from these high levels as a real slump and the impact of inflation reinforced the sense of crisis. If the wartime surge is excluded from consideration, the generosity of Londoners to the collecting tins of the voluntary organisations and charities remained relatively stable, growing by a about quarter in cash terms between the late

1930s and the late 1950s though this rate of growth was insufficient to offset the effects of inflation.

The success of the combined animal charities collection in increasing their receipts from street collections in contrast to the Alexandra Rose Day Appeal and the Royal British Legion suggests that it was possible to resist the downturn in voluntary contributions. It is tempting to explain the success of the combined animals collection by the fact that the service it provided fell outside the welfare state. The Royal National Lifeboat Institute (RNLI), which made considerable play of its voluntary character, was also able to maintain the real value of its receipts from its annual flag day in the capital during this period. This is not the whole story, however. Royal Society for the Protection of Animals in common with a number of other animal charities had long enjoyed statutory powers covering the welfare of animals along with substantial state subsidy. The Annual Register provides no information on the partners in the combined animal charities so it is impossible to say whether the RSPCA was in fact a beneficiary. There was, however, a higher public awareness of the extent of state support for human than for animal welfare thanks to the very recent introduction of the welfare state. This alone might explain the sudden drop in contributions in the late 1940s though the fact that the nadir coincided with the economic crisis of 1947 and 1948 must also have contributed to the fall in donations. Thereafter receipts from collections improved as the major state intervention in welfare receded from the consciousness of donors and organisations like the Royal British Legion and the Alexandra Rose Day Appeal Fund adapted their message to stress that their services were in addition to the basic service provided by the state.

One further factor that may have mitigated the overall effect of a decline in voluntary contributions was the size of the organisations involved. The COS/FWA published statistics on the income of charities in its Annual Charities Register and Digest and these are shown in Table 8.4. Coverage was confined to voluntary bodies based in London, though this included some national organisations. As the gaps in the table reveal, compilation of the figures was erratic and the FWA discontinued publication entirely after 1952, mainly because they proved so difficult to collect. As a result, they must be treated with considerable caution. The number of organisations furnishing the Register with financial information fell from more than 1,000 in 1938 to less than 100 in 1952. The introduction of the NHS partly explains the decline in the number of organisations reporting. The figures for 1939 included 146 London hospitals that



together accounted for slightly more than a third of the total reported income. A further 218 organisations covered by the survey also provided medical services, such as dispensaries, and were taken over by the NHS in 1948.

The total income reported fell from almost £12 million in 1939 to £8 million in 1948 and £1.5 million in 1952. Almost all the difference between the 1939 figure and that for 1948 may be accounted for by the removal of the medical charities from the reporting organisations. These organisations derived a small proportion of their income from voluntary sources and once they had been weeded out, the organisations that remained derived a greater proportion of their income from voluntary sources. This statistical artefact helps to explain the fact that the mean income per organisation almost doubled in real terms over the period taken as a whole. This lends some credibility to the argument that the impact of the nationalisation of the hospitals on voluntary social service as a whole has been overstated. The imprecision of these figures makes it impossible to draw firm conclusions but they suggest that larger voluntary organisations were, on average, better able to weather the downturn in voluntary giving of the late 1940s.

The data discussed in this section draws mainly on London sources and this may reflect unique circumstances in the capital. The wartime surge and post-war slump in donations, and the nadir reached during the recession in 1947 and 1948 both suggest that one off donations were responsive to national political and economic developments. Broadly similar patterns of giving may well have affected street collections in other cities and regions. Though any conclusion must remain highly qualified, the data tend to support the notion that voluntary organisations experienced a downturn in at least one source of voluntary contributions in the late 1940s and that this crisis coincided with the introduction of the welfare state, though this was not the only factor influencing contributions to charity collections. The data also suggest, however, that the crisis was temporary and that its impact was variable. The interaction of the downturn in street collections with the ideas of voluntary organisations on funding was both more profound and more enduring. This impact arose from the character of street collections and from developments within the voluntary sector. These are discussed in the next section.

## The cost of caring

Table 8.4 serves as reminder that street collections were not the only source of voluntary income for voluntary organisations. The voluntary income in the table includes other types of donations and subscriptions. One item of voluntary income, legacies and bequests, were listed separately and, as the table shows, these appear to have held up well on average during the late 1940s and early 1950s. Donations to street collections represented a different type of transaction from donations solicited directly from supporters, and from subscription, legacies and bequests. Solicited donations, regular subscriptions, legacies and bequests assumed a relationship with the donor. Street collections implied a single, transitory interaction with each donor. The distinction was not hard and fast, of course. No doubt, subscribers were more inclined than other members of the public to put a few pennies into the collecting tins of organisations they already supported with regular contributions.

The previous section has also suggested that in weathering the downturn in street collections organisations depended partly upon public consciousness of their cause. Organisations like the Royal British Legion and the RNLI actively promoted such a consciousness through advertising campaigns. Advertising campaigns often coincided with an organisation's mobilisation towards a flag day but they also aimed to foster long-term support for the organisation's objectives. Advertising implicitly sought to generate a relationship between the voluntary organisation and potential supporters.<sup>16</sup> The balance of this relationship is indicative of an important change in the character of the voluntary funding. Advertising could make much of one side of the relationship, the object of charity; the donor could not be addressed in person but only in the abstract. By the mid-twentieth century, marketing to the abstract donor was central to the strategy of voluntary organisations. Increasingly the methods of raising voluntary income from all sources resembled the methods employed in street collections.

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<sup>16</sup> Offer has argues that the strategy of business advertising is to create the illusion of a personal relationship between buyer and seller. Advertising for voluntary organisations followed much the same pattern. See Avner Offer, 'The Mask of Intimacy: Advertising and the Quality of Life', Avner Offer (ed.), *In Pursuit of the Quality of Life*, (Oxford: Clarendon Press, 1996), 211-255



Changes in the forms of accounting adopted by voluntary organisations help to trace the structural changes that had occurred in the voluntary sector as it adapted to a mass market. In 1848 the Earl of Shaftesbury could boast at a May Meeting “that everything in the way of religion and charity that is done in this country, is done by a small knot of chosen persons, whose names you will find repeated in the catalogue of every charity.”<sup>17</sup> These ‘catalogues’ provide an excellent map of the changing economics of voluntary social service. For much of the nineteenth century a list of subscribers was often regarded as sufficient account of the organisation’s operations. The fact that this or that distinguished individual patron supported it was an adequate guarantee of an organisation’s bona fides. Their wealth and reputation attracted further financial support for the organisations they endorsed. Accountability through the list of subscribers reflected the business culture of the early nineteenth century, and shielded from demands for public disclosure by the doctrine of ‘trustworthy unaccountability’ voluntary social service was slow to adapt. As late as 1888, Edwin Hodder in his biography of the Unitarian and radical MP for Bristol, Samuel Morley, could discuss his subject’s philanthropy in terms of the business standards of an earlier age. Morley’s reputation as a businessman underwrote the philanthropic enterprises he backed, for he made “the disposal of his money a matter of earnest and most careful solicitude.”<sup>18</sup>

Social and economic change, as well as pressures from within the voluntary sector combined to alter this. As voluntary organisations drew support from a wider base, it was not longer possible for each donor or subscriber to keep a close scrutiny of the activities of the organisations they supported. A new method of ensuring the accountability of charities was required. The COS led the way in calling for higher standards of reporting, especially financial reporting, by voluntary organisations. In a paper read at a conference of the COS in May 1882, Loch presented a detailed critique of existing charitable organisation, and called for a programme of public persuasion “to purify charity and pleadings for the necessity of science”. His suggestions for improving the public accountability of charities were directed principally at the Trustees of endowed charities, but they were equally applicable to all forms of voluntary endeavour. One of the deficiencies identified by Loch was the paucity of information emanating

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<sup>17</sup> Quoted in Clyde Binfield, George Williams and the Y.M.C.A.: A Study in Victorian Social Attitudes, (London: Heinemann, 1973), 151

<sup>18</sup> Edwin Hodder, Life of Samuel Morley, (London: Hodder and Stoughton, 1888), 219

from charities. He called for the publication of “an annual statement or reports, giving, besides the usual balance sheets, the conditions of admission and any particulars of public interest.” He also called, for example, for “the adding up of contribution lists.” He regarded this as “an obvious safeguard, easily applied.”<sup>19</sup>

Standardised financial reporting remained an elusive goal even in the 1940s. The Society’s campaign was successful in that the inclusion of some kind of financial statement in an annual report became the habit of many voluntary organisations. Even leading, modernist voluntary organisations might be in default of this desideratum. Although the NCSS endorsed the principle, it was not until after the appointment of Haynes as General Secretary that annual accounts became in fact, a regular feature of the Council’s own published annual report. The financial statement increasingly usurped the list of subscribers. There was nothing particularly sinister about this. The growing numbers of individual donors meant that for larger organisations the list became an increasingly unwieldy appendage. The last list of subscribers published by the NCSS in its 1938/9 Report took up almost 16 pages of small print. Paper rationing following the fall of Norway no doubt contributed the Council’s decision, but the National Institute for the Deaf maintained the practice until 1943/4. In that year’s report, which covered two years, the list of subscribers comprised 21 pages out of 73 – almost a third of the report.<sup>20</sup> Progressively, across the voluntary sector, donors and subscribers were aggregated anonymously as a category of income in the financial report.

The anonymity of donors and subscribers was of some symbolic importance. The organisation itself moved into the foreground as the annual report, and the financial statement in particular, usurped the role of the notable individual sponsor in testifying to <sup>its</sup> reputation. The announcements of patrons, which still survive on the title pages of many

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<sup>19</sup> C. S. Loch, ‘Some Necessary Reforms in Charitable Work’, Paper Read at a Conference of Members of the Charity Organisation Societies and Others, May 2, 1882, British Library Papers of the Charity Organisation Society, 8277.dd32, 4. In adopting this stance, the Society was ahead of mainstream accounting thought. As late as 1940s professional accounting bodies opposed a requirement on companies to publish a profit and loss statement, arguing that a simple balance sheet ought to be sufficient. Nissam Aranya, ‘The Influence of Pressure Groups on Financial Statements in Britain’, Abacus, vol. 10 No. 1, June 1974, 3-12

<sup>20</sup> NCSS Annual Report 1938/9; National Institute for the Deaf Annual Report, 1943/4



annual reports, represented a vestigial survival of list of subscribers, but the increased prominence given to the accounts attenuated the direct connection between patronage and funding. The change reflected a qualitative shift in the character of voluntary income. Where Shaftesbury and Morley had occupied a position analogous to that of investors in a business, the anonymous donors abstracted in the annual accounts were more like consumers.

This transformation of the economic base of voluntary social service has often been viewed through the distorting lens of the decline of the voluntary entrepreneur; a symptom of the disengagement of wealthier citizens from local communities as they turned their attention to national politics in response to increased national taxation.<sup>21</sup> This view was current in the 1940s. Beveridge attributed the expansion of the donor base coupled with a declining contribution from individual donors to the social levelling effects of higher rates of taxation. He was concerned that “the unequal society of the past” had at least allowed the entrepreneurs of social service to “interest wealthy individual patrons”, but that in the social service state they would “find it hard to secure enough private givers”.<sup>22</sup> Many voluntarists shared this view, though they drew more optimistic conclusions. The Liverpool Council of Social Service, in a survey of the finances of voluntary organisations in the city in 1947, observed, “redistribution of wealth has ... eliminated the wealthy supporters of charitable institutions”. The Liverpool CSS positively welcomed this development, seeing the disappearance of individual patronage as having “extended the opportunities of kindly help from an ever-increasing circle of possible collaborators.”<sup>23</sup>

Whether the wealthy patrons were in retreat or not, and few voluntary organisations entirely abandoned the pursuit of rich men and women, the expansion of the donor base favoured a particular style of organisation, one that was orientated towards donors and subscribers as consumers rather than as investors. Redefining the donor as a consumer of the service raised ethical problems. As far as it was a business, the service provided by organised voluntary social service was peculiar, and for most

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<sup>21</sup> See Yeo, Religion, 298

<sup>22</sup> Beveridge, Voluntary Action, 317

<sup>23</sup> Liverpool Council of Social Service, A Financial Survey of Voluntary Social Welfare Societies and Institutions on Merseyside, (Liverpool: Liverpool Council of Social Service: 1947), 29

voluntary organisations, the scope for commercialisation was circumscribed.<sup>24</sup> The drift in the status of donors from investors to consumers was significant because it eroded the intellectual coherence of charity organisation. The ideological keystone of charity organisation was the establishment of an enduring, conscious and direct relationship between the donor and the object of charity. While the donors, or at least the most important donors, were conceived as investors in a voluntary organisation, the notion of a continuous and personal relationship between donor and object was still tenable. In this case, the voluntary organisation was merely a mediating link and the guarantor of the enduring character of the relationship. The transformation of the donor into a consumer altered qualitatively the function of the voluntary organisation.

### **The changing economic environment of voluntarism**

The conception of the charity organisers that direct personal contact between the donor and recipient was the essence of charity still had considerable purchase in the 1940s and 1950s. The letters page of The Times in the autumn of 1955 hosted an exchange of views on the financing of charities. The correspondence discussed the difficulties faced

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<sup>24</sup> Improved standards of living for most people meant increased discretionary spending of all types during the nineteenth and twentieth centuries. Voluntary organisations sometimes benefited from this trend but usually at the expense of their voluntary character. Some classes of local voluntary organisations were able to adapt to rising popular consumption in a mass market. Many local football clubs, for example, originally religious and community associations, had already begun to transform themselves into commercial leisure industries by the turn of the century. Yeo argues that for voluntary organisations the prospect of becoming a profitable operation on the model of professional sport “represented an ever present magnet of attraction.” Yeo, Religion, 318. It is hard to believe that many voluntary social service organisations entertained serious ambitions to follow the path of the football clubs, though the success of evangelical and other religious organisations in the United States shows that development as a commercial enterprise could, in certain circumstances, be open to those selling religion.



by charities and voluntary organisations in raising money from the public. It also showed the tenacity of the idea that donations to charity were not simply a neutral matter of money but that the relationship between donor and the object of charity endowed them with a moral content. The correspondence revealed that the methods of raising funds available to voluntary organisations were at odds with the ideology of charity organisation.

F. C. Scott, Chairman of the Provincial Insurance Company, initiated the debate on the responsibility of businesses to voluntary effort. Scott rehearsed the argument that inflation and high personal taxation had extinguished the middle class family's "margin available for charitable giving". He thought that generating increased funds from voluntary sources would require "either a vast increase in the number of small subscribers or the substitution in large measure of the support of industrial undertakings and business firms." Scott favoured the latter and his reservations about the scope for increasing revenues from the public are illuminating. First, raising the number of subscribers would require "a revolutionary awakening of the charitable impulse in the minds of large numbers of people who have not been accustomed ... to recognise recognize their charitable obligations". Second, any drive to enlarge the pool of subscribers would call into being "an immense and costly machinery to organize appeals for money."<sup>25</sup>

Scott's appeal for businesses to donate more to voluntary organisations elicited a mixed response. Many were supportive, although some like T. H. Brand, Honorary Treasurer of the Young Women's Christian Association, thought that businesses would be more inclined to support voluntary organisations if they enjoyed the same tax exemptions on charitable donations as businesses in the USA. Several chairmen and treasurers of voluntary organisations leaped to the defence of industry, urging that Scott had underestimated the benevolence of private industry.<sup>26</sup> Some stressed that more voluntary organisations would meet with more success if they approached businesses on

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<sup>25</sup> The Times, 3 October 1955, 9

<sup>26</sup> Ivor Bulmer-Thomas, Chairman of the Executive Committee of the Historic Churches Preservation Trust, praised the outstanding financial contribution of private businesses to the Trust. The Times, 19 October 1955, 9

the basis that it was in their own interest to support the work of an organisation.<sup>27</sup>

Others, like Ian Henderson, Director General of the National Spastics Society, disputed the decline of voluntary giving from the public. He expressed his “appreciation of the way in which working-class men and women have accepted the new responsibilities attendant upon their increased earning power.”<sup>28</sup>

There was another strand in the responses to Scott’s letter. This came from individuals rather than from representatives of voluntary organisations. R. G. Dowse of Carshalton set the tone. His objection was the “company directors who authorise the subscriptions do not suffer the impact in their own pockets.” Directors were not, he objected, “keepers of their shareholder’s conscience.”<sup>29</sup> Others took up this theme. Frederick Marsden of Solihull articulated the principles of organised charity when he argued that a private donor “derives a satisfaction which is spiritually beneficial” and might “go on to the satisfying experience of adding personal service to financial aid.”<sup>30</sup> Marsden’s sentiments were echoed in R. B. Beevor’s sarcastic inquiry whether “an incorporated company, if still without a body to kicked has yet acquired a soul to be damned or saved through charity.”<sup>31</sup>

The emphasis on the spiritual aspect of charity in those letters that invoked the centrality of the relationship between the donor and the object is significant. So is Scott’s reply. Rationalistic charity organisation in the nineteenth century had vaunted its antagonism to the impulse giving of the religious, especially of the Evangelicals. This

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<sup>27</sup> Otto Neimeyer, for example, reappearing in his persona as the Honorary Treasurer of the National Association of Mental Health, argued that industry had an interest in supporting the work of his charity, as “more working days are lost to industry through the all-pervading incidence of mental troubles and neuroses than from any other cause.” The Times, 25/10/55, 9. In similar vein, Donald H. McCullough, Chairman of the Publicity Committee of the National Trust, gave details of the Trust’s corporate membership scheme. This enabled companies to support the work of the Trust and their employees to obtain membership of the Trust at reduced rates. The Times, 24 October 1955, 14

<sup>28</sup> The Times, 5 October 1955, 9

<sup>29</sup> The Times, 5 October 1955, 9

<sup>30</sup> The Times, 15 October 1955, 7

<sup>31</sup> The Times, 22 October 1955, 7



rationalistic articulation of the centrality of the relationship between the donor and the object was eerily absent from the columns of the times. Its only defenders were those who were prepared to invoke a spiritual dimension. Scott's response to the objections of the religious is revealing for he expressed charity organisation in the less ideological form that it had assumed by the mid-twentieth century. This was no less antagonistic to impulse charity than its nineteenth century precursor but the antagonism had allowed it to drift significantly from its intellectual underpinnings. Scott rounded on the proponents of the spiritual dimension of charity asserting that he "would welcome rather than deplore the loss of the satisfaction which is spiritually beneficial ... of which I am depriving the individual." The dependence of voluntary organisations on individual donations left them subject to the whims of individual donors. Scott felt that wider corporate support for charity "would almost certainly lead to a more discriminating support of charitable institutions and the insistence on greater efficiency and economy in administration". He hoped that it would even lead to "the reduction in overlapping societies."<sup>32</sup>

Scott expressed the dissatisfaction of many in the voluntary sector with the way in which the demands of fundraising affected individual voluntary organisations and the sector as a whole. In its report on the finances of voluntary organisations in the city, the Liverpool CSS discussed the difficulties created by new methods of raising voluntary income. One problem was that they often imposed new costs. Some voluntary bodies, for example, had resorted to the employment of "a professional salaried collector with extensive, and expensive advertising, and a commission on the takings."<sup>33</sup> In organisations that could not afford a professional fundraiser, the task of eliciting voluntary donations usually fell on the Honorary Treasurer. The report adumbrates the tedious routines followed by voluntary organisations. Names and addresses of subscribers were culled from the reports of other voluntary bodies and from local directories, concentrating on the "fashionable" or well-to-do" and these were "circularised on behalf of some society in which they have no particular interest". The result, the report implies, was rarely proportional to the effort.<sup>34</sup>

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<sup>32</sup> The Times, 28 October 1955, 9

<sup>33</sup> Liverpool CSS, Financial, 30

<sup>34</sup> Liverpool CSS Financial, 30

Canvassing support from a wider public was labour intensive. The report acknowledged that money raised from street collections and flag days was, for some organisations, a significant source of income and that it was the only way to “collect in the total a good many pennies from some who might otherwise contribute nothing at all”. The indignity of chasing the impulse donor was also keenly felt and the Council argued that it had outlived its usefulness, being unreliable, demeaning and an irritation to the public. Their conclusion was, they believed all the more cogent for the proceeds from such efforts were also in decline. Recent figures for Liverpool suggested a thirty per cent fall in receipts from this source between 1929-33 alone.<sup>35</sup>

Simey, the theorist of social service, expressed a different aspect of this dissatisfaction with the distorting impact of voluntary funding on the activities of voluntary organisations. He shared the Liverpool CSS’s concern at the “dangerous proportion of the energy of the supporters absorbed in the sordid business of collecting funds”. Simey found a “still more unfortunate feature of this form of social administration” in the fact that “every one of its activities must be turned to account for the purposes of money-getting”. Simey’s distaste for the moral distortion introduced by competition evoked a shared vocabulary of voluntary action. He worried that, in practice, many voluntary organisations fell short of the ideal. Their preoccupation with fund-raising imposed on voluntary organisations a mentality that thought only of the short-term. In some cases this led, in Simey’s view, to the absolute subversion of the moral content of voluntary action. Competition for the “limited income to be derived from those who wish them well” encouraged voluntary organisations to conceal failure and promote success. This created an inherent tendency against openness and accountability and made it “impossible to ‘clean up’ the unsatisfactory parts of a voluntary organisation”. This issued in “insincere and jealous atmosphere” which destroyed “much of the value of the work that is performed”. The “value” that Simey had in mind was the moral content of the charitable act, and this in turn derived from contact between persons. The dependence of voluntary organisations on voluntary funding actually undermined their work in this respect.<sup>36</sup>

What the discussion in the letters columns of the Times and the views expressed by Scott, the Liverpool CSS and Simey show was that the temporary quantitative

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<sup>35</sup> Liverpool CSS, Financial, 31

<sup>36</sup> Simey, Principles, 136



downturn in voluntary funding outlined at the beginning of this chapter overshadowed a more profound qualitative problem with voluntary funding. This qualitative dimension of the crisis of voluntarism was a conflict between the ideology of organised charity, to which many modern voluntary organisations including the NCSS officially subscribed, and their reliance on the kind of impulse charity that the creed of charity organisation had condemned. This ideological problem was intensified by structural changes in the management of voluntary organisations and this aspect of the financial crisis of voluntarism is discussed in the next chapter.

## Chapter 9: Professionalism in the Voluntary Sector

Alongside declining income, mounting staff costs was one of the most consistent complaints voiced by voluntary organisations in the late 1940s. Squeezed between these two trends, some observers doubted voluntary organisations' capacity to meet the challenge of finding a new role under the welfare state. This chapter argues that the focus on rising staffing costs was disproportionate to their actual effect on voluntary organisations in the 1940s. The ethos of voluntary social service, with its emphasis on doing good without seeking personal reward, provided an effective internal mechanism for dampening demands for higher wages. This ethos kept in check wage inflation within voluntary organisations in spite of advancing professionalisation both of care and of management.

Concerns about the excessive administrative expenditure of some voluntary organisations were more often than not coded expressions of hostility to the employment of paid staff at all. This reflected anxieties about more than simply the money involved, it gave voice to an underlying unease about the implications of organisation for the ideal of voluntary social service. It was a manifestation of strains imposed by organisation on the ideology of voluntary social service. Organisation disrupted customary relationships associated with voluntary social service.

### Deferential servants

The employment of paid workers was not a new development in the twentieth century. It was already clear by the middle of the nineteenth century, that the rich could no longer discharge their moral obligation to the poor directly. Instead, their spiritual counsellors advised them, "they should support agencies for the purpose – district visitors, scripture readers, missionaries and clergy."<sup>1</sup> As long as those employed by voluntary organisations occupied a spiritual or quasi-spiritual role, the financial benefit they enjoyed could be accommodated by existing conceptions of social hierarchy – they existed merely as an elaboration of the relationship between congregation and cleric. Charity organisation, with its emphasis on a professional

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<sup>1</sup> Boyd Hilton, The Age of Atonement: The Influence of Evangelicalism on Social and Economic Thought, (Oxford: Clarendon Press, 1988), 280



approach to casework, helped to undermine this accommodation. As voluntary social services expanded and as questions of social and economic welfare became politically contentious during the first half of the twentieth century the strains imposed by organisations and the employment of professional carers and especially of professional managers<sup>1</sup> *intensive* *ed* *h*

The professionalisation of voluntary social service remained controversial in the 1940s, although the practice of employing staff was already firmly entrenched. Henry Mess, head of research at the NCSS during the early years of the war, still found widespread objection on principle to the employment of paid workers. As a professional social worker himself, Mess, of course, did not endorse this view. He thought that the historic situation in which most “of the work of the earlier charitable societies was done by unpaid amateurs” had given rise to a great deal of “confused thinking on the subject”. Mess hoped that hostility to the payment of salaried staff in voluntary organisations was “being superseded by the view that the voluntary and philanthropic nature of an association gives that association no warrant to underpay those who serve it for wages or salary.” As Mess acknowledged, there were still many who considered payment for work in voluntary organisations to be a contradiction in terms, asserting that the term ‘social service’ should be confined to services provided by volunteers.<sup>2</sup>

Anxiety about the principle of employing paid staff in voluntary organisations inevitably merged with concern that rising wage costs imposed an unsustainable burden on the finances of voluntary organisations. Pownell, the Chief Charity Commissioner, confirmed the general anxiety about the financial difficulties faced by charities. In his evidence to the Charitable Trusts Committee, he observed that charities were finding “it difficult to get an efficient clerk now on the same salary as you could get 50 years ago.”<sup>3</sup>

The Government’s commitment to the maintenance of full employment after the war added to the strain on the budgets of voluntary organisations and the NCSS complained in 1946 that the rise in “general salary levels is making it increasingly difficult to recruit staff of a quality necessary for the Council’s work.”<sup>4</sup> The fear that increased opportunities for employment in local and central government social services would drive up wage bills in the voluntary sector proved unfounded. Eileen Younghusband thought the influence generally worked in the opposite direction. Commenting in 1959 on the low salaries available in

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<sup>2</sup> Henry Mess et al., Voluntary Social Services since 1918, (London: Kegan Paul, Trench, Trubner, 1947), 7

<sup>3</sup> ‘CT(50) 4th Meeting’, 19, CAB124/138

<sup>4</sup> NCSS Finance and General Purposes Committee, 23 January 1946, LMA/4016/IS/01/48(1)

statutory services, she argued that they were still “influenced by the early development of the services, when a large number of those undertaking social work were untrained or employed by charitable organisations with limited resources.”<sup>5</sup>

There are good reasons for accepting Younghusband’s opinion. Just as the evidence of a funding crisis of voluntarism proved ambiguous, the evidence for an irresistible and insupportable rise in wage costs in the 1940s and 1950s is not clear-cut. Talk of a funding crisis obscured a deeper concern with the moral quality of the sources of funding available to voluntary organisations. The discussion of rising staff costs often hid a more profound conflict at the heart of the voluntary sector. Table 9.1 shows the wages and salary bill of the NCSS and, for the sake of comparison, figures for the COS/FWA are given in Table 9.2. The figures are indexed for inflation and the tables show the proportion of overall spending taken by salaries. The complexity of the voluntary sector, the variety of organisations and services it encompassed and the specialised roles that both the FWA and the NCSS played within it make generalisation from these figures hazardous. The NCSS and the FWA were leading national voluntary organisations and their experience was not typical of the voluntary sector. The tables offer an example of the trends in staff costs for two of the larger national voluntary organisations.

Two features invite comment. First, salaries and wages were a large proportion of overall expenditure for both organisations. The proportion of NCSS total expenditure going on staff costs was slightly higher than for the FWA, but in both cases, for most of the period in question, they accounted for more than half of total expenditure. The second noteworthy feature of the tables is the relative stability of wages and salary costs over the period as a whole. During the early years of the war the National Council’s staff costs rose slightly faster in real terms than its overall expenditure, but after 1941, wages and salaries fell in real terms. As the Council’s overall expenditure also fell during this period, the decline reflected the contraction of the Council’s activities and the call-up of its staff during the wartime emergency. Both overall expenditure and salary costs recovered rapidly following the war, though in most years up to 1950 salary costs grew more slowly in real terms than expenditure as a whole. The sudden increase in salary costs in two years after the war may well have alarmed Haynes and the other leaders of the National Council, but it hardly reflected an excessive wage pressure on the Council. Indeed as a proportion of total spending, salaries remained below their pre-war level until 1951.

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<sup>5</sup> Ministry of Health, Social Workers, 17



The pattern in the case of the FWA was somewhat different. Though its staffing costs also fell in real terms and as a proportion of overall expenditure during the war, there were two main differences compared with the NCSS. The FWA's overall spending remained at its pre-war level throughout the war. The Association experienced some wage pressures during the immediate post-war years, and by 1948, its wages and salary bill was rising as a proportion of total expenditure. It remained considerably lower than it had been before the war, however.

Both organisations clearly experienced some pressure from rising wage and salary costs in the early 1950s reaching a peak in the case of the NCSS in 1950-1, before declining sharply in real terms. Overall NCSS spending also fell markedly during these years. The FWA's salary costs followed a similar pattern, peaking in 1949, before falling off. After 1950, salary costs fell sharply in real terms and as a proportion of total expenditure at a time when the FWA's overall spending was buoyant.

These figures help to explain the concerns expressed by voluntary organisations and their supporters in the later forties. The upsurge in salary expenditure may well have appeared as an inflation in costs in this area. From the perspective of the 18 years covered by these figures, this increase looks somewhat less dramatic than it appeared to contemporaries. What is more notable is the close relationship between salaries and total expenditure. These remained broadly constant during the 1940s and 1950s. Indeed rather than wages and salaries representing a rising cost during the 1950s, the FWA salary bill fell from a peak of 55 per cent of overall spending in 1948 to less than 30 per cent in 1955. Throughout the 1940s and early 1950s, indeed, the FWA's spending on salaries was lower in relative terms than it had been in the late 1930s. Although these figures confirm that wages and salaries were a major proportion of the spending of both organisations, they do not support the belief expressed by Haynes and others that voluntary organisations were overwhelmed by rising staff costs. The staffs of these two voluntary organisations do not appear to have participated in the growing prosperity of workers in other sectors of the British economy during this period. Between 1950 and 1960 the wages bill of the NCSS rose in real terms by 60 per cent, but average weekly earnings almost doubled in the same period.<sup>6</sup> Since there is no evidence that the NCSS reduced the number of people it employed during this period, the figures suggest that that the wages and salaries and salaries stagnated.

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<sup>6</sup> K. G. J. C. Knowles, 'Wages and Productivity', G. D. N. Worswick and P. H. Ady (eds.), The British Economy in the Nineteen-fifties, (Oxford: Clarendon Press, 1962), 536

The pattern of wages in the voluntary sector in the later 1940s showed two opposing tendencies. Pressures to increase wages certainly existed, but a countervailing ideological current helped to rein in staff costs. This had reasserted itself by the early 1950s and mitigated the post-war tendency for wages to rise. Two surveys carried out at the end of the war confirmed that salaries and wages in the voluntary sector were low. During 1946-7, Simey conducted a survey of the salaries and conditions of workers in voluntary social services under the auspices of the NCSS. This revealed the pattern of low wages and poor conditions of service that were endemic in the voluntary sector. His findings accorded substantially with those of Younghusband's parallel study for the Carnegie UK Trust, which also reported in 1947.<sup>7</sup>

Table 9.3 reproduces the results of Simey's survey of the salaries of 500 social workers. More than 90 per cent of those surveyed earned less than £400 per year, almost three-quarters less than £300, and a fifth less than £200 per year. Only five individuals earned more than £700. Younghusband's report confirmed Simey's findings. Starting salaries were "normally £200-250 over the whole field of social work" and the majority of social workers could expect to rise to about £350 per year. She noted that some chief officers of voluntary organisations received salaries of £1,000-£1,200 a year, but these were exceptional.<sup>8</sup> Simey believed matters had improved during the previous 15 years but that there remained "a great deal of leeway ... to be overtaken."<sup>9</sup>

Simey and Younghusband regarded these rates of pay as falling far short of those in cognate professions. In youth work, for example, Simey noted that although starting pay had risen from £90 a year before the war to about £250 this "would still compare unfavourably with that of a school teacher".<sup>10</sup> Younghusband thought it "deplorable that a trained social worker should start at the same salary as a good shorthand typist". Her sense of outrage was aggravated by the fact that the social worker was often expected to do "things which the shorthand typist in a large office would expect to delegate to the office girl." Opportunities for advancement were also limited: those who remained in case work could not expect to "do more

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<sup>7</sup> T. S. Simey, Salaries and Conditions of Social Workers, (London: NCSS, 1947); Eileen L. Younghusband, Report on the Employment and Training of Social Workers, (Edinburgh: Constable, 1947)

<sup>8</sup> Younghusband, Employment, 12

<sup>9</sup> Simey, Salaries, 45-6

<sup>10</sup> Simey, Salaries, 46



than double their salaries in the course of their working life.” The secret to getting on was to move into administration for it was “only where some ... degree of administrative responsibility is associated with professional skill that salaries begin to take wings.”<sup>11</sup>

Not all those employed in administration enjoyed the better pay that Younghusband thought went with a managerial position. Table 9.4 shows salary scales for NCSS clerical officers. The Council was committed to providing good pay and conditions for its staff, so these salary scales reflect the best rates for this class of employees.<sup>12</sup> Comparing the figures for 1946 with those provided by Simey indicates that these workers were paid at substantially lower rates than social workers. There were also significant regional differentials, as the two sets of figures given for 1951 indicate. The lowest paid central office staff earned almost twice as much as their regional counterparts. The differential was smaller in the case of senior grades, indeed a regional officer at the top of the Grade I was as much as £13 a year better off than the equivalent worker at headquarters.

The trend in clerical salaries was downwards. The figures show that salaries for almost all clerical grades failed to keep pace with rising prices or rising wages during this period. In the case of the lowest grade, grade III, they fell by as much as a third in real terms. On average, the value of the remuneration available to this group fell by around a fifth during these twelve years. Job security also eluded this group of employees and they were especially vulnerable when voluntary organisations had to make economies. In 1952, when the Council faced an urgent financial crisis requiring a reduction of its budget for 1952/3 by £15,000, it was “agreed that the chief cuts should be in clerical staff”.<sup>13</sup> It is impossible to say how far the figures in these tables reflect conditions across the whole range of voluntary organisations. They suggest, however, that neither social workers nor clerical staff experienced a rapid rise in living

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<sup>11</sup> Younghusband, Employment, 12-13

<sup>12</sup> One example of the NCSS’s commitment to the salaries and benefits of its staff was its payment of family allowances for workers with children to boost their income. The NCSS continued this practice even after the introduction of statutory family allowances. It resisted attempts to reduce or abolish these benefits even under pressure of its 1952 financial difficulties. The Finance and General Purposes Committee rejected a proposal to reduce family allowances for staff which some members argued was no longer justified since that the state’s contribution for second and third children was about to rise from 5 shillings to 8 shillings. NCSS Finance and General Purposes Committee, 22 April 1952, LMA/4016/IS/01/50(1)

<sup>13</sup> NCSS Finance and General Purposes Committee, 22 January 1952, LMA/4016/IS/01/50(1)

standards at the expense of contributors to voluntary social services during this period. The anxieties about increased staffing arose elsewhere.

### Countervailing tendencies

The vulnerability of clerical staff to cuts was made worse by the attitude of many members of the charitable public to staff costs in the voluntary sector and to paid employment in principle. In the case of charitable trusts, the Charity Commissioners policed administration costs, though somewhat inadequately. Pownell explained the procedures in his evidence to the Charitable Trusts Committee. The Commission received the accounts of around 70,000 charities annually. These were “examined in a general way” by the clerks in the Accounts Department, “to see if they disclose on the face of them any improper action on the part of the trustees.” The Commissioners might investigate trusts where the accounts showed that “the amount spent on the administration of the charity stood out as being excessive as compared with the amount spent on the objects of the charity.” As Pownell explained, this was an imprecise art. The great variety of property administered by charities and the kinds of services they provided made it difficult to ascertain a realistic level of administrative spending. An endowment whose principal was invested and provided a regular income for distribution required less administration than one whose income came from a row of houses, the rents of which had to be collected weekly and the properties maintained. Pownell hesitated to quote any definite percentage spent on administration that would provoke an investigation, though he noted that some trust deeds limited administration costs to five per cent.<sup>14</sup>

The dilatory approach of the Charity Commission did not lead to an explosion of salary costs within the voluntary sector as there a significant countervailing tendency operated to prevent such an explosion. Younghusband offered gender as the main explanations for the poor wages and conditions of social workers in this period. Looking back some twenty years later Younghusband characterised the 1950s as a period of continuing low pay which she attributed to the “legacy of social work as a middle-class, female occupation in voluntary organisations.”<sup>15</sup> In her 1947 report, she had commented on the assumption of a feminine

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<sup>14</sup> CT(50) 4th Meeting, 17-18, CAB124/138

<sup>15</sup> Eileen Younghusband, Social Work in Britain: 1950-1975, vol. 1, (London: George Allen & Unwin, 1978), 301



gender in social work. She pointedly used the feminine pronoun throughout, and observed that assumptions about women's work prevented improved pay and conditions within the voluntary sector. Management committees were able to deprive social workers of a decent living standard because "'she' ... was alleged to have no dependants to support and to be happy to work for pin money because a sense of vocation would be killed by a decent salary."<sup>16</sup>

Younghusband's acid comment on appeals to the sense of vocation to justify low wages connects her explanation with that of Simey. He noted "the frequency with which social work is regarded as its own reward."<sup>17</sup> Nevertheless, he felt that this social pressure was an inadequate explanation for the persistence of low salaries. The poverty of the employing organisations partly dictated low salaries, but the major influence, he believed, was supply and demand of labour. Too many people were prepared to accept "a salary merely sufficient to meet basic needs ... for the sake of the satisfaction which the work affords."<sup>18</sup> Part of the tenure on charitable property claimed by social workers and other employees in the voluntary sector was, like that of trustees and committee members, a claim to satisfactions of an immaterial character.

Employees were critical of the conditions that obtained in the voluntary sector and there were attempts to mobilise to change them. Echoing Younghusband's comments, an 'anonymous young social worker' argued that poor salaries undermined any sense of vocation and lamented the ethos that dictated that discussions of money were considered in poor taste. She earned less than those who attended the youth club that she administered. Unlike them, she could not afford 'the new look' leaving her an outsider and positively hindering her in her work with other young people.<sup>19</sup> Another correspondent complained that a friend of his, a supervisor of pools canvassers, had been delighted when informed that he earned more convinced that, because "all wages are, ultimately, paid for by the community" his higher wages proved that "[t]he community ... values his work more highly than it does mine."<sup>20</sup>

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<sup>16</sup> Younghusband, Employment, 9

<sup>17</sup> Simey, Salaries, 46

<sup>18</sup> Simey, Salaries, 46

<sup>19</sup> Anonymous Young Social Worker, 'Worthy of his hire', Social Service Quarterly, XXIII (3), Dec 1949-Feb 1950, 132-3

<sup>20</sup> E. L. Packer, 'Salaries – variations on a theme', Social Service Quarterly, XXIII (4), March-May 1950, 162

This resentment failed to cohere into anything approaching a trade union consciousness. There were objective difficulties. Endorsing the findings of Simey's enquiry, the National Council pondered how to proceed. Simey proposed the establishment of a national wage-bargaining system along the lines of Whitley Councils administered by a committee established under the auspices of the NCSS. As the Executive Committee noted "the functions of such a body could only be vested in the committee with the consent of the employing agencies on the one side and of the social workers generally on the other." This presented two difficulties. First, they believed "that to obtain the consent of the employing bodies would be a very long and difficult process, in view of the enormous number of separate agencies, and their diversity in size, importance and functions." It is indeed unlikely that many voluntary organisations would have consented at all to this diminution of their control over their organisations' resources. The difficulties on the other side of the equation were as great. Although some professional organisations of social workers did exist, "the vast majority of persons engaged in paid social work are unorganised, so that adequate representation of their circumstances and views would be very difficult."<sup>21</sup>

As important as a limiting factor in mobilising support for better pay and conditions as these technical difficulties were the sentiments of employees themselves. Although they might be increasingly vocal in their objection to the treatment they received, their identification of their role with the benefit of a wider social welfare, common throughout the voluntary sector in the 1950s, restricted their capacity to take effective action in support of their claim. An example of this was the British Federation of Social Workers. The BFSW, founded after the war to give a voice to social workers, was mainly concerned with the pay and conditions of social workers. This concern failed to develop into a trade union consciousness. When discussion of the salaries of social workers was at its most intense, in the late 1940s, for example, it claimed it had "always maintained that a certain standard of living is essential for professional social workers" but that this was an auxiliary to the more important aim of achieving "their ideals of service to the community". Decent pay and conditions were necessary if social workers were to carry out their role of being "interested, alert and stimulating members" of society.<sup>22</sup>

The Federation suffered a financial crisis in the late 1940s and this prompted a constitutional upheaval in which the Federation sought a new relationship with its members. Individual membership replaced a structure dominated by affiliated organisations. This new

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<sup>21</sup> NCSS Executive Committee, 9 October 1947, LMA/4016/IS/01/32(1)

<sup>22</sup> British Federation of Social Workers Quarterly News Sheet, October-December, 1949, 1



membership organisation did not mark any fundamental change in the objectives that the Federation set itself. It urged social workers to join in order to provide the Federation with a secure financial basis and in order to “unite all social workers for the mutual benefit of their work and the well-being of the community as a whole”.<sup>23</sup>

Professionalism and commitment to the voluntary ethos was, it transpired, more important than pay. Social workers were anxious to establish their credentials as a new profession and they sought, as have other newer occupations aspiring to professional status, to emulate the characteristics of traditional professions. They sought the “monopolisation of particular forms of expertise, the erection of social boundaries around them through entrance qualifications and extended training, and an ideology of public service and altruism”. This ideology entails a “claim to serve higher goals than mere economic self interest.” The danger in accepting this ‘trait model’ as a definition of professionalism is that it was supportive rather than subversive of the status quo, simply giving “tacit support to the views which those professions project of themselves to the public.” Its uncritical acceptance “obscure the middle-class nature of the codes of ethics and the ways in which the profession also act as agents of social control.”<sup>24</sup> Though social workers certainly did aspire to middle-class status, their commitment to this mode of pursuing it ensured that they were bereft of a strategy for securing the material benefits which announced it. The ‘new look’ remained beyond their means.

The debate about voluntary action may have given a further stimulus to this ethos by boosting the self-consciousness of those working within the sector. It inflated their sense of importance, and raised the possibility of employees developing trades union consciousness and of agitation for improvements in salaries and conditions within the sector. This stimulus, combined with increased recruitment of social workers by the state created conditions in which claims for improved pay and conditions might arise. This did not happen: the debate on voluntarism raised the consciousness of staff within the sector but it did so within narrow limits of the voluntary ethos.

Echoes of the tensions that professional aspirations could cause between paid social workers and voluntary supporters occasionally rose to the surface. They are hinted at in J. Macalister Brew’s contribution to the NCSS publication The Good Neighbour. Though short-

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<sup>23</sup> British Federation of Social Workers Quarterly News Sheet, July-September 1948, 3

<sup>24</sup> Pamela Abbott and Claire Wallace, ‘The Sociology of the Caring Professions: An Introduction’, Pamela Abbott and Claire Wallace (eds.), The Sociology of the Caring Professions, (London: The Falmer Press, 1990), 2

lived, The Good Neighbour was a serious attempt to popularise the work of the Council and extend its influence beyond the readership of Social Service Quarterly, whose target audience was professional social workers. It is, therefore, significant that Brew chose to confront the tensions between paid staff and voluntary workers. Brew saw these tensions as a barrier to the induction of new voluntary workers into the voluntary sector and his recommendations for dissolving them are instructive. Assuming the guise of a voluntary worker, Brew noted that volunteers were often confined to low status activities and in particular that they were excluded from involvement in casework. Setting volunteers to work licking stamps or rattling collecting tins in the rain, Brew assured potential volunteers who might be put off by the prospect of such routine tasks, arose “not from lack of appreciation of our offers, but from a desire to protect the work”. Brew counselled patience and a willingness to learn from the paid staff.<sup>25</sup> Brew, in other words, asked volunteers to defer to the superior knowledge and skill of the professional social workers. Professional wisdom, Brew hoped, trumped the moral virtue of the unpaid volunteer.

### Managerial voluntarism

If staffing costs and the general transformation of ‘social work’ and ‘social administration’ provided the foreground of the changing pattern of concerns to do with the professionalisation of the voluntary sector in the 1940s, it has tended to obscure an equally important development at the top of the professional hierarchy in the voluntary sector. This was the growing influence and authority of the professional managers of voluntary organisations. Professionalisation of management presented ~~represented~~ a more serious challenge to the voluntary ethos than did paid employment as such. By the middle of the twentieth century, voluntarism was often defined in terms of its method of management.

The dispute between Beveridge and Bourdillon on the standing of the Women’s Voluntary Service shows that it was the independence of their management structure rather than their reliance on labour time given free of charge which by the 1940s had come to distinguish voluntary organisations from other institutions. Even this element of voluntary

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<sup>25</sup> J. Macalister Brew, ‘On being a voluntary worker’, The Good Neighbour, II (2), March 1950, 28



control was tested by the rise of professional managers who had more knowledge, and therefore more effective control over their organisations' direction and activities.<sup>26</sup>

Like the tension between voluntary and professional workers, the increasing role of the professional manager occasionally rose to the surface. The advance of the professional manager at the expense of the voluntary committee member was positively welcomed by some. Harold King, in a combative editorial in Social Service Quarterly pointed out that although "the great voluntary societies still proliferate their voluntary committees ... in the more complicated circumstances of to-day they tend to be more completely in the hands of their (professional) officers". He believed that those with professional training had more to contribute than the amateur members of a committee. King asserted, "that the effective members of such committees tend to be retired social servants or even present-day professionals, "serving in another capacity"". <sup>27</sup> King's observation that retired professional social workers were among the most important members of management committees is important. King saw the future role of lay members of management committees as being confined to the margins of social service, rather than being at its centre.

King's prescription elicited a reply from A. M. Struthers, Honorary Secretary of the Scottish Council of Social Service, who condemned the "professional arrogance" of the officers, deprecating the secretary who was often able "to arrange for the kind of committee he would like to have". Struthers angrily rejected King's call for a "professional hierarchy" to replace management by voluntary committee in established services.<sup>28</sup> The angry tone of Struthers's riposte served merely to confirm the accuracy of King's description of the trend.

Struthers's Canute-like call for voluntary committee members to undertake more responsibility for the governance of their services clearly had little impact. Four years later Brian Rodgers returned to the theme of how committees could "exercise their proper functions

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<sup>26</sup> This issue of the professionalisation of management in the voluntary sector was also a gender issue. Social work was a female preserve while men increasingly dominated the distinct field of social administration. In the early twentieth century the female preserve of social work had been closely integrated with the discourse on social policy, not least because this discourse was conducted at a local level and at the intersection between (state) poor law provision and (voluntary) social work. Lewis, 'Women', Daunton (ed.), Charity, 219

<sup>27</sup> 'Editorial', Social Service Quarterly, XXIV (2), 1950, 50

<sup>28</sup> A. M. Struthers, 'The Volunteer Committee Member', Social Service Quarterly XXIV (3), Dec-Feb 1951, 126

of control” in a situation in which its members were “asked to supervise a process which they can only understand when it is explained to them by the person doing it.” Rodgers accepted that a looser supervisory role for committees was inevitable, though he wanted to reassert control, for if management committees “surrendered ... power to the personnel of the organisation then the whole constitutional plan of the organisation has gone awry, and it can no longer be regarded as a fully responsible body.”<sup>29</sup> Exactly how far this process had gone varied, but particularly in the larger national organisations, the balance of power had clearly tilted to the advantage of the permanent full time officials.

The influence of professional managers played an important role in determining the approach of voluntary organisations to the debate on voluntary social service during the 1940s and 1950s. The dominance of this group helps to explain the alacrity with which the NCSS joined the debate and the appeal of the disparate schemes for funding the voluntary organisations that emerged in the course of the debate. In particular, it helps to explain why the NCSS embraced the charities register introduced in 1960.

The ambiguity of the professional managers’ position and their identification with the organisations they administered helped to obscure the fact that they entertained a sectional interest in the future direction of voluntary social service. For managers of voluntary organisations cross-subsidisation of different activities was an essential “long-term strategy ... for financing the consumption of loss-making activities”.<sup>30</sup> This meant seeking out sources of finance to maintain an administration capable of pursuing the organisation’s mission on a wider front. Haynes shared with the managers of other voluntary organisations a preoccupation with finances. The managers’ problems with fundraising were fundamental to the development of the intellectual framework of voluntarism in the 1940s. In order to maintain the work of voluntary organisations it was necessary to secure funding that allowed for cross-subsidy between projects and of the administration. This put the managers of voluntary organisations in a double bind. On the one hand, administration was increasingly necessary in order to undertake the type of long-term commitments that charity organisation theory demanded. On

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<sup>29</sup> Brian Rodgers, ‘The Better Management of Voluntary Organisations’, Social Service Quarterly, XXVIII (3), Dec 1954-Feb 1955, 107-9

<sup>30</sup> Estelle James, ‘How Nonprofits Grow: A Model’, Susan Rose-Ackerman (ed.), The Economics of Nonprofit Institutions: Studies in Structure and Policy, (New York: University Press, 1986), 188



the other hand, the suspicion that professionalisation engendered made it difficult to attract donations to support administration.

Relentless competition with other organisations for the elusive charitable pound exacerbated this problem. The spontaneous generation of solutions to new social situations was, according to its supporters, the cardinal virtue of the voluntary sector but this virtue could seem to managers of voluntary organisations a salutary vice. As the comments of the Liverpool CSS attest, concern about the misuse of charitable property was not just the preserve of critics of charity, like Simey. Emily Kinnaird, doyenne of innumerable committees and a leading light in the Young Women's Christian Association since her youth, expressed concern in the 1920s at "the lamentable multiplication of societies" which she attributed to the fact that "scope is not given to the young to enter into the inner workings of societies already at work." She urged long-standing voluntary activists to follow the example of "older American secretaries" of making room for youth by standing aside in order not to "hinder a younger movement."<sup>31</sup>

Rivalry within the voluntary sector could lead some voluntarists to adopt apparently perverse positions. Right from the start of the debate on the future of voluntarism there were those who opposed any attempt to improve the finances of voluntary organisations. At the conference in October 1949 to obtain the views of voluntary organisations on the issues raised in the Lords debate on voluntary social service, a number delegates had opposed proposals to create Common Good Funds. New funding seemed a dubious blessing to existing voluntary organisations if it encouraged the entry of new competitors or boosted the funds of existing rivals. "Many speakers", Social Servant reported, "doubted whether there should be any attempts to 'raise' money ... pointing out that this could only be done by entering into competition with existing money-raising efforts."<sup>32</sup> L. R. Ferguson, Chairman, Association of Charity Officers, expressed similar concerns in his evidence to the Charitable Trusts Committee. The ACO brought together chief officers of 23 of the older charities. Ferguson was director of the Royal United Kingdom Beneficent Association. Other affiliates included the Distressed Gentlefolk's Aid Association and the Governesses' Benevolent Institution.<sup>33</sup> These organisations supported increased central funding for voluntary organisations but demanded that the money "SHOULD BE ADMINISTERED AS TO INCOME BY TRUSTEES SELECTED FROM AMONG MEN AND WOMEN EXPERIENCED IN THE

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<sup>31</sup> Emily Kinnaird, *Reminiscences*, (London: John Murray, 1925), 116

<sup>32</sup> Social Servant', 'Money Matters', *Social Service Quarterly*, XXIII(3), (1949-50), 100

<sup>33</sup> Ferguson to Nathan, 14/2/50, CAB124/151

WORK OF VOLUNTARY SOCIETIES.” The ACO wanted to secure a prior claim on any new funds calling for them to be “devoted to valid charitable objects, for the development of which voluntary bodies already exist, rather than to the establishment of new machinery for the purpose of exploring fresh fields.”<sup>34</sup>

The anarchy of relations between voluntary organisations in the 1940s was not very different from the situation which had prompted the forerunner of the NCSS, the COS, to attempt to regulate the competition between voluntary organisations that engendered an “atmosphere of sectarian rivalry and petty jealousy”.<sup>35</sup> For Haynes, unencumbered with the hostility to the state expressed by the leaders of the COS, the debate on the future of voluntary social service represented an opportunity to escape the straitjacket of voluntary funding. Cooperation between the NCSS and the state was already well advanced by the 1940s. The principle obstacle to its further expansion of NCSS and to the state incorporating more voluntary organisations in service delivery was not ideological. The state required some assurance of the quality of the organisations that undertook services and took public money. Regularising the administration of charitable status was one way for the government to obtain this assurance. For voluntary organisations, charitable status already provided a gateway to substantial tax benefits. The register of charities with its streamlined procedure for obtaining charitable status enhanced this privilege, but it also made possible a mutual embrace of voluntary organisations and the state.

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<sup>34</sup> Association of Charitable Officers. L. R. Ferguson , Chairman ACO, CAB124/151, 2 (upper case, in original)

<sup>35</sup> Prochaska, Voluntary Impulse, 69



## Chapter 10: Conclusion

The preceding chapters have examined the origins and progress of the political debate on the future of voluntary social service that began in the late 1940s and which led to the passing of the 1960 Charities Act. Particulars of this legislative outcome have been contrasted with proposals that emerged during the political debate and in the report of the Charitable Trusts Committee. In spite of the disappointment of many of the expectations that had been raised during the early stages of the debate, and in spite of opposition from some quarters to closer regulation of voluntary organisations, the NCSS embraced the Charities Act and assisted in the programme of registration begun by the Charity Commission in 1960. Chapters eight and nine considered some aspects of voluntary fundraising and the management of voluntary organisations in the 1940s and 1950s. There were, it was suggested, good underlying reasons for the stance the NCSS adopted and for other leading voluntary organisations acquiescing in the new regulatory regime. Although some in the voluntary sector nursed misgivings about the Act – the subject of registration of voluntary organisations was especially fraught – the NCSS faced no serious challenge to its role as the tribune of the voluntary sector.

It is now possible to reflect on some of the implications of this discussion. I propose to do this under three headings. First, the debate and its outcome ~~exposes~~ reveals that consensus is an inadequate framework for understanding the politics of the 1940s and 1950s, at least as far as policy towards the voluntary sector is concerned. This also has a bearing on the historiographical consensus concerning the relationship between the Charitable Trusts Committee and the Charities Act, 1960. The outcome of the debate and the acceptance of the dispensation contained in the 1960 Act have implications for our understanding of the character of the voluntary sector in the twentieth century. These I take up in the second section. Finally, I return to some of the issues posed in the introduction on the nature of the ‘intellectual framework’ of voluntarism.

## The consensus on voluntary social service in the 1940s and 1950s

The distance between the post-war debate on voluntary social service and the Charities Act was more than a matter of the passing of time. Some of the reforms proposed by Beveridge, supported by Samuel and taken up by George Haynes and the NCSS were eventually included in the recommendations of the Charitable Trusts Committee. The political environment had changed, however. Support for government planning that characterised the 1940s had created an illusion of cross-party agreement on the need to encourage voluntary social service. Labour and Conservatives expressed support for the establishment of national and local Common Good Funds. This consensus evaporated as methods of financing the funds came under review. The broad coalition of support for reform, which had gathered in the years immediately after the war, came up against both the opposition of existing charitable trusts and a Conservative government eager to revert to the posture it had adopted towards the voluntary sector in the 1930s. It was never likely that this government would countenance the radical overhaul of voluntary sector finance implicit in the package of measures submitted by the Committee. The expression of opposition to the Committee's proposals from within the voluntary sector relieved the pressure on the Conservatives to implement the recommendations in full.

In spite of some <sup>of</sup> their early successes in attracting publicity, the would-be champions of reform failed to achieve their primary objective of creating machinery to transfer resources from charitable endowments to voluntary organisations. Securing wide agreement that voluntary social service required extra resources was relatively easy, but the creation of a new central funding agency came up against both the resistance of the Treasury and the suspicion of some voluntary organisations. Once the Treasury had made it clear that no substantial injection of funding would be forthcoming from the bona vacantia, the reformers had two options: voluntary organisations could continue to rely on their traditional sources of support, which meant in effect increasing reliance on departmental funding, or the resources must be found from within the voluntary sector through a major reallocation of existing resources. The Labour Government with the support of Liberal in the House of Lords were disposed to consider the latter course, but enthusiasm for planning which had inspired Beveridge to urge



redistribution within the voluntary sector, was on the wane even before the first debate in the House of Lords.<sup>1</sup>

In spite of the erosion of public and political support for planning, the Charitable Trusts Committee adhered to this objective. Reform of the rules for changing the objects of trusts was a critical component of the Committee's recommendations. Relaxation of the *cy-près* doctrine was central to the Committee's proposals, for it was designed to release resources held by moribund charitable trusts and channel them into the voluntary sector. This was not an obscure technical matter. The Committee, supported by the NCSS came to see reform of the procedures for altering the terms of endowed charitable trusts as a mechanism for financing Common Good funds. The Conservative Government, which inherited the Charitable Trusts Committee in 1951, lacked enthusiasm for the project and never came under pressure to take action in this area. Although it was disengaged from the planners' grander schemes to revive voluntary social service, the registration of voluntary organisations did have a financial dimension and this made it a powerful influence on the future shape of voluntary social service.

The consensus on the future of voluntarism, which animated the first Lords' debate, represented a very narrowly based agreement. As soon as the argument came down to cases, as it did in the Charitable Trust Committee's report, consensus withered. The Lords, the Government and 'the public' generally agreed that voluntarism was 'a good thing'. The political establishment could agree that it required financial as well as moral support, at least in the short term. There was agreement on neither how the money was to be provided nor where it was to be found. The funding of the voluntary sector was a complicated matter, and all the available sources of funding raised issues of principle, all (including, as we have noted, the traditional sources) could be construed as morally objectionable. The Charitable Trust Committee's practical proposals for the funding of voluntary social service proved the shortcoming of the vague agreement on the value of voluntary action.

It was evident from the Committee's report that the target of the proposed reforms was neither the major voluntary organisations nor the large national endowments. The Committee singled out what it imagined to be a large array of small uneconomic and hitherto unnoticed

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<sup>1</sup> Chick argues that confidence in government planning had dissolved following the winter fuel crisis of 1947. If he is right, then the Beveridge, Samuel and Nathan were already out of step with the political mood during the Lords debate in 1949. Martin Chick, Industrial policy in Britain, 1945-1951: economic planning, nationalisation and the Labour governments, (Cambridge: University Press, 1998), 6



endowments languishing at a local level. The Committee hoped to resurrect these by re-asserting the public interest in their operations. Nevertheless, the mechanisms the Committee devised to reassert the public interest in these smaller charities had wider ramifications. The public interest in the operations of charities and voluntary organisations was not itself at issue. 'Publicness' was intrinsic to the legal definition of charity. What mattered to those who objected to the Committee's programme was how and by whom this public interest was to be given expression. The Committee's proposals for registration aimed to do more than improve the system of centralising information about charitable trusts, As a result, the Committee's proposals became controversial as some individual trustees, managers and committee members sought to defend themselves against what they saw as increased state intervention in the voluntary sector. This opposition was fleeting, however. The quarrel between Lidderdale and Horobin at Church House Westminster in February 1953 was the nearest the opposition came to derailing the advocates of reform. Horobin and his allies had no more lasting influence over the direction of policy than had Sir <sup>Robert</sup> Ernest Gower's tilting at the introduction of the National Health Service in 1948.

The scheme proposed by the committee, the opposition that it ignited, and the final form that registration assumed show that underneath the formal consensus among politicians there was conflict over the future of voluntary social service. In the debate on the future of voluntary social service in the 1940s, agreement rather than disagreement performed a rhetorical function. The protagonists relied on airy assertions of common ground in order to conduct the debate.

The consensus on the history of the voluntary sector in the 1940s and 1950s has been based on seeing the introduction of the welfare state as the primary determinant of the development of the voluntary sector in this period. Yet, economic planning in industrial policy had at least as much of an impact on the ideas of leading voluntarists as the nationalisation of a large slice of the existing voluntary sector. One important reason for this was that the providers of health and income maintenance were not voluntary services in any meaningful sense by the 1940s. Beveridge tried to conflate mutual insurance and voluntary social service but voluntarists themselves balked at the comparison. The remoteness of these institutions from control by their members rendered the comparison absurd. Both the Labour government and the NCSS saw Beveridge's comparison as a ruse designed to win sympathy for the commercial interests of the leading mutual insurance companies. An analogous situation existed in the health sector. By the 1940s, voluntary hospitals were voluntary in name only dominated by large, quasi-commercial enterprises more often financed on mutual principles than by voluntary



subscriptions. A more important reason for the durability of voluntarists' support for state intervention was the altered structure of the voluntary sector in the 1940s.

### **The 'statified' voluntary sector**

In the vocabulary employed by the political supporters of voluntary social service such as Beveridge and Samuel, the value of voluntary action was still held to be its role as guarantor of the primacy of civil society over the state. In practice, professional managers under the aegis of the state administered its major institutions. As a result, the language in which the moral content of charity had been discussed in the nineteenth century was transformed in the course of the twentieth. The discursive tradition within the voluntary sector that had emphasised that the value of social service accrued to the conscientious individual donor or volunteer was superseded. In the new discourse, almost imperceptibly, the role assigned to the donor was drained of moral content. The changed funding environment helped to drive this process. A new ideological construction of the donor was clearly necessary as donors became more like consumers than the investors they had been in the nineteenth century.

The professional managers of voluntary organisations occupied an increasingly influential position within the voluntary sector. The role of the professional managers led them to identify closely with the organisations they managed and this facilitated their assimilation to the voluntary management. This identification could never entirely suppress the difference between professional managers and voluntary committee members, but the distinction was blurred as more and more professional managers sat on voluntary committees. The ascendancy of the professional manager was not necessarily detrimental to the institutions of the voluntary sector: after a brief period of adjustment in the 1940s, voluntary social services continued to flourish in the 1950s and beyond.

Although voluntary organisations continued to grow, the emphasis of ideas that informed their operations shifted. The relationship between individual donors and individual objects that had lain at the heart of nineteenth century conceptions of voluntary action was essentially bilateral. In the twentieth century voluntary organisations interposed themselves into this bilateral relationship. The intellectual framework that informed voluntarism in the 1940s and later was a multilateral relationship between donors and voluntary organisations on one side and between voluntary organisations and objects on the other.

George Haynes played an important role in these developments in the 1940s. Haynes, the epitome of the voluntary sector manager, was a key figure in the bureaucratic layer that encased the voluntary sector, his achievement was to articulate a plausible division of labour between voluntary social service and state welfare within which a formal distinction between voluntary organisations and the state could be affirmed. Taking his cue from the legal doctrine of *cy-près*, Haynes's proposals to the Charitable Trust Committee stressed the importance of the general charitable intent expressed in a donation at the expense of the concrete means for its expression. Implicit in this privileging of the general charitable intent was the detachment of the donation from the donor. In Haynes's submission to the Committee, this separation was seen as applying primarily to charitable trusts. It was intended to operate to the advantage of voluntary organisations and was motivated on ethical and efficiency grounds. Haynes invoked the rescue of the general charitable intent from the mire of its worldly manifestation in order to justify the transfer of resources from, supposedly defunct, endowed charities to, implicitly vibrant, voluntary organisations.

The direct impact of registration on voluntary organisations should not be overestimated. It is true that voluntary organisations came under the purview of a single regulatory authority, for the Charity Commission was given "jurisdiction over virtually all charities, whatever their legal form", finally ending an important legal distinction between voluntary organisations and charitable trusts.<sup>2</sup> Lack of resources at the Commission meant, however, that the exercise of its new jurisdiction was rarely intrusive and, once the initial drive to register them was completed in 1965, the day-to-day impact of the register on the majority of individual voluntary organisations was largely theoretical. The obligation to register certainly had no discernible dampening effect on the growth of the voluntary sector. There was some symbolic importance in that the activities of voluntary organisations, which had previously been regulated through non-specific legislation such as company law and ad hoc enactments, were brought within the ambit of the regulatory system governed by the Charity Commission, but the immediate consequences of this were slight.

The simplicity and transparency of the new system of registration had clear advantages for voluntary organisations. It was a double-edged benefit, however, for it encouraged self-regulation of the voluntary sector. The register represented a gateway to financial benefit: but only for organisations and services that conformed to the definition of charity contained in existing legal precedents. This system of self-regulation determined the kinds of voluntary

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<sup>2</sup> Chesterman, *Charities*, 104



organisations that developed during the following thirty years and, inevitably, constrained the ability of voluntary organisations to provide an independent and critical response to social conditions. This development was implicit in the gradual assimilation of voluntary social service to charity law, which had proceeded at an irregular pace for three centuries. What was distinctive about the period preceding the passing of the Charities Act was that it was the conclusion of a political debate at the highest level and that, in spite of some opposition, the Act was embraced by many important national voluntary organisations, the NCSS being the most notable and the most influential.

Underpinning this response by major voluntary organisations lay important changes in the structure of the voluntary sector. The growing importance of professional managers in the voluntary social services was one of the most visible aspects of these changes. The pre-eminence of this group and the influence they exerted was symptomatic of wider changes in the economics of voluntary social service. The embracing of a closer relationship with the state was driven by the financial requirements of voluntary organisations. Managers had an incentive to pursue reliable income streams and the Charities Act replaced the informal system of registration with a straightforward administrative route to charitable status and the tax benefits it conferred. Charitable status became a gateway not only to tax advantages but also to grants in aid and other forms of central and local government funding. This released the managers of voluntary organisations from the obligation to pursue voluntary donations and subscriptions.

### **Spontaneity and reason**

The altered attitude of voluntary organisations to the state was not driven by a lack of clear thinking about the relationship of voluntary social service and the state. It flowed from the material circumstances of voluntary organisations. Ironically, the more organised voluntary social services became, the less appropriate the traditional theories of charity organisation appeared. The fostering of conscious long-term relationships between donors and objects of charity could be carried indirectly by means of organisations sustained by administrative machinery that had to be paid for. Traditional sources of funding could not meet the financial needs of this sort of machinery. The professional managers of voluntary organisations increasingly relied on an emotive appeal to individual donors and subscribers in order to gather the small amounts of money they received from this source. The tendency was to stress the

need to 'do something' in response to a social problems and to avoid an analysis that risked alienating an increasingly anonymous donor. This tendency was reinforced by the requirements of conforming to the legal definition of charity, which channelled voluntary work into defined fields.

The experience of the voluntary sector in the 1940s and 1950s suggests Harris's thesis cannot provide a complete explanation for the changing relationship between the voluntary sector and the state in the twentieth century. Her declinist argument substitutes a description of a symptom of <sup>social</sup> <sup>problem</sup> for the analysis of the underlying syndrome. That political thought became less concerned with the political concepts and discourse of an earlier period can hardly be denied. That the leading lights of the voluntary sector were administrative technicians like Haynes rather than trained academic philosophers like Bosanquet, is also evident from this study. The shrivelled intellectual framework within which mid-twentieth century voluntarists <sup>operated?</sup> was not simply a matter of intellectual laziness, as Harris seems to imply: it was a rational response to altered conditions. It grew out of the practice of voluntarists rather than arising from a conscious choice between rival political and social theories. Changes in the social constituency to which voluntary organisations had to appeal for financial support required broadcast arguments. This made the articulation of a thoroughgoing social analysis increasingly difficult. The appeals met with most success in gaining support from the charitable public were those that carried an immediate emotional punch.

Central to the ideology of voluntarism in the post-war period was the conviction that it was important to 'do something' when confronted with a social problem. In this intellectual framework, the 'feel' of a group of ideas was more important than the integrity of the individual concepts or their unity. The usurpation of the role of social enquiry and analysis by the impulse to do something as the core of voluntary social service seems to indicate a victory for the libertarian conception of voluntarism. This was not clear-cut, however. The creation of the welfare state failed to provoke hostility towards the state within the voluntary sector. There were isolated attempts to rouse opposition to the expansion of state services but these never gained the support of mainstream voluntary organisations. This muted reaction suggests that voluntary organisations did not see the new welfare dispensation as the menace to its existence portrayed by proponents of the libertarian thesis such as Prochaska. It is true that politicians like Beveridge and Samuel rehearsed the libertarian case for voluntary social services and warned that their extinction would lead to a totalitarian society, but these concerns were voiced for rhetorical effect. They were coined to make the case for greater cooperation between the state and voluntary organisations, not to launch a crusade against the state.



George Haynes, the leader of the NCSS was, as we have seen, positively sanguine in the face of the creation of the welfare state. Haynes's optimistic prognosis for the future of voluntary organisations belies the interpretation of the welfare state as an onslaught on voluntarism. The fact that those most intimately concerned with the administration of voluntary social service did not see the extension of state welfare provision as a threat raises doubts about the validity of Prochaska's contention that the state and voluntarism were fundamentally inimical. Ironically, Prochaska's idolising of voluntary organisations is not libertarian enough. The voluntary organisations of the twentieth century were increasingly conformist. This conformity was not achieved by repressive means; indeed the legal framework that produced it was actively sought by the leading voluntarists like George Haynes. Haynes and other professional management gave expression to the intellectual framework of social service. This projected something called 'society' as the principal beneficiary of voluntary social service, but society was little more than a rhetorical symbol. Haynes, as we have seen, shied away from giving too explicit a definition of society in his plans for the NCSS. In the absence of any coherent alternative theory of society, the beneficiary of the public good in voluntary action was, in practice, the state.

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**Table 8.1. Inland Revenue Estimates of Charity Income from various sources, 1935-1960**

(£,000,000)

Year	Schedule A	Schedule C	Schedule D	Total	Index of total charity income at constant £ (1935 = 100)
1935	16.4	7.1	19.2	42.8	100.0
1936	17.0	9.5	19.8	46.3	104.9
1937	17.0	9.7	19.8	46.6	100.0
1938	18.2	10.2	20.9	49.3	102.8
1939	18.5	10.2	20.8	49.5	100.2
1940	18.4	11.0	22.4	51.8	93.6
1941	18.5	10.1	22.8	51.4	84.1
1942	18.0	10.8	22.2	51.0	77.9
1943	18.1	10.8	22.2	51.1	74.7
1944	18.2	11.3	23.0	52.5	76.8
1945	18.2	11.7	24.0	54.0	75.7
1946	18.2	11.7	24.0	54.0	72.7
1947	18.8	12.0	24.7	55.5	70.7
1948	19.0	10.0	22.0	51.0	61.5
1949	19.0	10.0	20.0	49.0	57.1
1950	19.0	10.0	21.0	50.0	56.4
1951	19.0	10.0	21.0	50.0	51.3
1952	19.0	10.0	21.0	50.0	47.1
1953	19.0	10.0	21.0	50.0	45.8
1954	19.0	10.0	22.0	51.0	46.1
1955	19.0	10.0	22.0	51.0	43.8
1956	20.0	12.0	23.0	55.0	45.0
1957	21.0	17.0	26.0	64.0	50.6
1958	21.0	17.0	26.0	64.0	48.9
1959	21.0	18.0	27.0	66.0	50.4
1960	21.0	19.0	29.0	69.0	52.1
1961	21.0	20.0	40.0	81.0	59.2
1962	22.0	20.0	45.0	87.0	61.0
1963	22.0	20.0	50.0	92.0	63.2
1964	15.0	20.0	65.0	100.0	66.7
1965	1.0	20.0	80.0	101.0	64.3

Source: Reports of the Commissioners of Her Majesty's Inland Revenues 1935-65

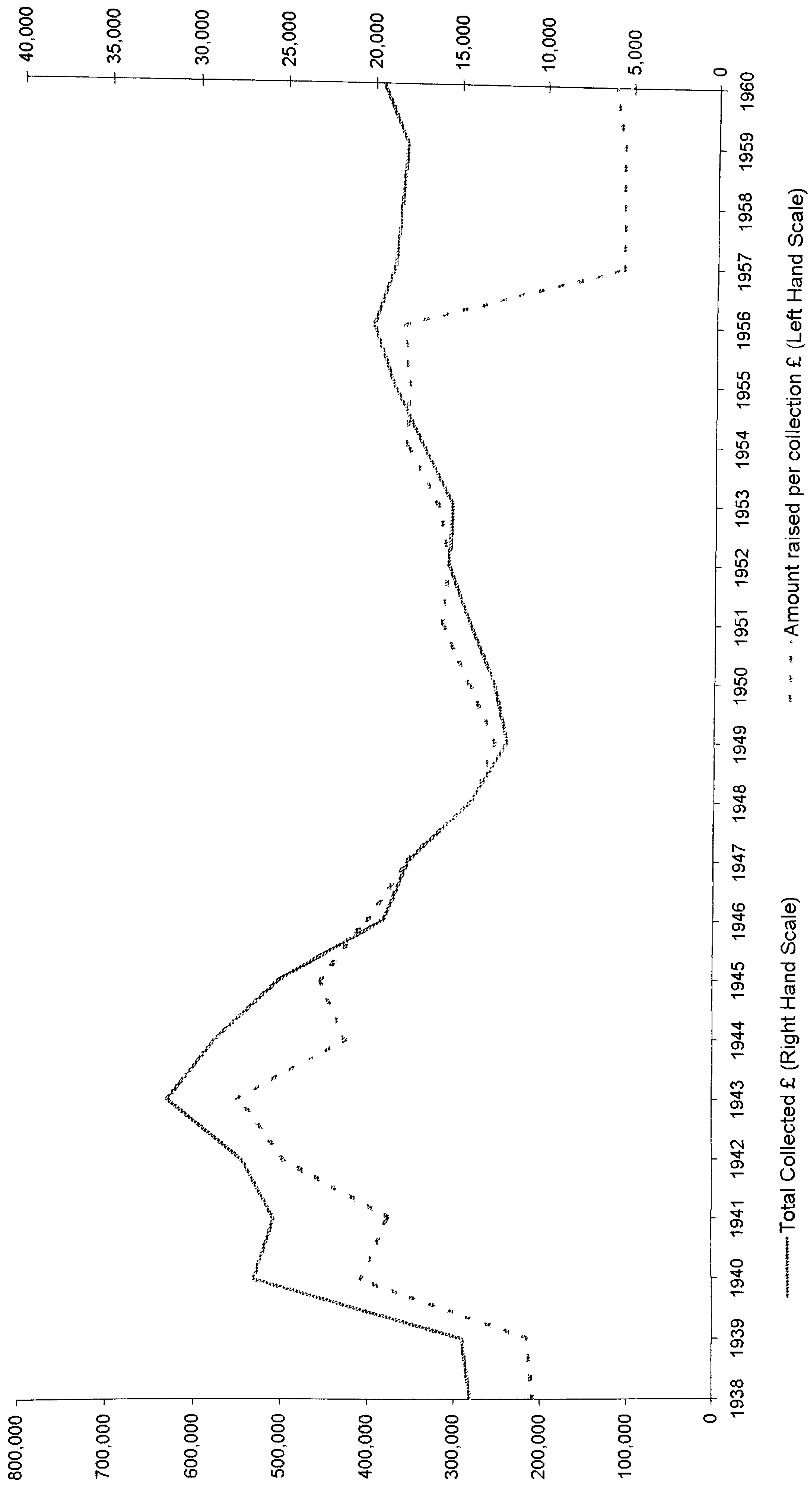
**Table 8.2. Charity Street Collections in Greater London 1938-60**

Year	Permits Granted Number	Total Collected £	Amount raised per collection £
1938	27	280,503	10,389
1939	27	290,810	10,771
1940	26	531,528	20,443
1941	27	509,525	18,871
1942	22	547,519	24,887
1943	23	633,596	27,548
1944	27	579,766	21,473
1945	22	505,409	22,973
1946	19	386,289	20,331
1947	20	357,295	17,865
1948	20	285,159	14,258
1949	19	243,647	12,824
1950	18	259,121	14,396
1951	18	287,794	15,989
1952	20	311,907	15,595
1953	19	308,910	16,258
1954	19	343,347	18,071
1955	21	377,746	17,988
1956	22	400,658	18,212
1957	69	376,653	5,459
1958	68	369,031	5,427
1959	66	362,378	5,491
1960	65	390,934	6,014

Source: Annual Charities Register and Digest 1939-61



Figure 8.1. Charity Street Collections in Greater London 1938-60 at current values



**Table 8.3 Results of Selected London Street Collections 1938-60**

Year	Royal British Legion	Combined Animal Welfare Charities Collection	Alexandra Rose Day Appeal	Total Street Collections
1938	N/A	N/A	N/A	280,503
1939	93,872	6,867	46,215	290,810
1940	N/A	N/A	N/A	531,528
1941	104,263	N/A	50,359	509,525
1942	106,253	N/A	52,740	547,519
1943	123,914	N/A	58,732	633,596
1944	112,859	N/A	54,358	579,766
1945	108,235	11,172	54,262	505,409
1946	107,746	10,785	51,740	386,289
1947	112,039	13,971	47,762	357,295
1948	105,018	15,408	29,013	285,159
1949	84,207	15,545	26,181	243,647
1950	95,788	17,938	31,698	259,121
1951	105,388	18,601	36,421	287,794
1952	106,313	20,572	41,336	311,907
1953	100,658	20,198	44,839	308,910
1954	102,728	22,221	46,071	343,347
1955	109,235	23,542	47,680	377,746
1956	114,588	24,398	49,401	400,658
1957	100,666	25,492	48,109	376,653
1958	96,179	23,789	44,592	369,031
1959	101,536	25,217	45,659	362,378
1960	105,198	24,178	44,512	390,934

Source: Annual Charities Register and Digest 1939-61



Table 8.4. Income of Certain London Charities 1939-52

Year	Number of Organisations Responding	Voluntary Income £	Legacies £	Total Declared Income of respondents £	Mean Voluntary Income £	Mean Income from Legacies £	Mean Total Income £
1939	1,095	5,467,785		11,884,378	4,993		10,853
1940							
1941	921	3,016,429	1,162,857	10,295,714	3,275	1,263	11,179
1942							
1943							
1944							
1945	751	4,595,836	973,668	10,988,365	6,120	1,296	14,632
1946							
1947							
1948	426	3,018,947	943,684	8,113,684	7,087	2,215	19,046
1949	337	2,158,109	858,668	8,004,575	6,404	2,548	23,752
1950	123	1,355,140	546,975	2,840,630	11,017	4,447	23,095
1951	95	700,851	382,445	1,925,213	7,377	4,026	20,265
1952	84	572,955	372,380	1,573,777	6,821	4,433	18,735

Source: Annual Charities Register and Digest 1939-52

**Table 9.1 National Council of Social Service: Salaries and Total Expenditure 1938-55**  
**Indexed for inflation**

Year	Salaries £	Index of Salary Expenditure (1938 = 100)	Total Expenditure	Index of Total Expenditure (1938 = 100)	Salaries as % total
1938	19,264	100	31,678	100	61%
1939	23,248	117	36,205	111	64%
1940	23,932	108	38,213	105	63%
1941	19,854	81	33,482	83	59%
1942	20,526	78	33,955	79	60%
1943	23,625	86	38,913	86	61%
1944	24,561	90	41,747	93	59%
1945	25,926	91	45,836	97	57%
1946	35,550	119	62,690	128	57%
1947	44,609	142	75,491	146	59%
1948	47,466	143	79,240	145	60%
1949	52,179	151	96,027	170	54%
1950	61,367	172	100,051	171	61%
1951	62,644	160	96,920	151	65%
1952	57,914	136	91,089	130	64%
1953	51,060	117	81,453	113	63%
1954	52,273	118	86,946	119	60%
1955	56,719	121	94,642	123	60%

Source: National Council of Social Service Annual Reports 1938-55



**Table 9.2. Charity Organisation Society/Family Welfare Association: Salaries and Total Expenditure 1938-55 Indexed for Inflation**

Year	Salaries at current prices £	Index 1938 = 100	Total Spending at current prices £	Index 1938 = 100	Salaries as % of Total
1938	11,042	100	18,187	100	61%
1939	12,065	106	20,219	108	60%
1940	11,767	93	21,859	104	54%
1941	12,277	87	23,207	100	53%
1942	13,293	88	25,165	101	53%
1943	14,890	95	26,879	104	55%
1944	14,916	95	27,658	107	54%
1945	14,641	89	29,018	107	50%
1946	17,827	104	34,987	124	51%
1947	21,266	118	40,056	135	53%
1948	24,645	129	44,870	143	55%
1949	30,028	152	58,982	181	51%
1950	19,788	97	45,882	137	43%
1951	N/A		N/A		
1952	27,812	114	47,379	118	59%
1953	22,379	89	53,168	129	42%
1954	21,285	84	53,123	127	40%
1955	21,335	80	60,860	138	35%

Source: Annual Reports of the Charity Organisation Society/Family Welfare Association 1938-55

N/A = Not Available

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Table 9.3 Salaries of Social Workers 1947, analysed by age and sex

Age Group	Number receiving salary in the range				Total of all ages
	20-29	30-39	40-49	50-59	
Annual Salary					
Under £100	2			2	4
£100-199	19	22	26	17	82
£200-299	57	88	76	28	253
£300-399	5	38	37	21	104
£400-499	1	5	12	8	27
£500-599		3	5	4	13
£600-699			6		7
£700-799				2	3
£800-999			1		1
£900 and over			1		1
TOTAL	84	156	164	82	505
Men	9	26	41	30	108
Women	75	130	123	52	397

Source: T. S. Simey, Salaries and Conditions of Social Workers, (London: NCSS, 1947), 26



**Table 9.4 National Council of Social Service: Salaries of Clerical Staff 1939-51**  
At current prices £

Year	1939	1945	1946	1949	1950	1951 (Regional)	1951 (Central)
Senior Starting					299		312
Senior Final					351		364
Grade I Starting	156	208	221		234	234	247
Grade I Final	230	260	260	286	312	238	325
Grade II Starting	104	130	143		156	156	169
Grade II Final	150	195	208		221	221	234
Grade III Starting	52	91	91		143	78	143
Grade III Final	130	130	143		156	143	169

Source: NCSS Finance and General Purposed Committee,  
23 April 1939, 26 March 1946, 1 April 1946, 28 March 1950, 27 November 1951, 25 September 1951

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