

## ***Scheme for a State Bonus* and the early roots of the basic income idea in the UK.**

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### **Abstract**

In recent years, the prospect of automation has triggered, as it did in the 1970's and 1980's, a wide discussion of the proposal to pay every one unconditionally and as of right a so-called 'Universal Basic Income'. In this paper I will discuss one of the earliest proposals of this kind. The pamphlet detailing the scheme was written by E. Mabel and Dennis Milner, originally presented in May 1918 at the War and Social Order Committee of the Yearly Meeting of the Society of Friends and later discussed by trade-unions and the Labour Party. It can be considered an early, if not the first modern and full blown basic income proposal. Modern, because 'land' does not play an important role in the argument – as it did in the works of Paine and Spence – and because of the intention to work through a comprehensive tax-benefit system. Full-blown, because it included a rudimentary attempt to cost the scheme and because it detailed to some extent its form of administration. In this paper I will detail the content and the origins of the Scheme, discuss its reception and point at how *Scheme for a State Bonus* may have been an important root of the notion of a social dividend as found in the writings of G.D.H. Cole or James Meade.

## Introduction

As in earlier decades, the prospect of automation and the fear of so-called technological unemployment or of widespread insecurity because of drastic changes in the job market triggered in recent years a wide discussion of the proposal to pay every one unconditionally and as of right a so-called 'Universal Basic Income'<sup>1</sup>.

In this paper I will discuss a proposal presented for the first time early in 1918<sup>2</sup>. The *Scheme for a State Bonus* - as the proposal was called - can be considered to be the first known modern and full blown basic income proposal. Modern, because 'land' or 'inheritance' did not play a crucial or even an important role in the argument, because the bonus would not be paid in kind and because of the intention to work through a comprehensive and inclusive tax-benefit system. Full-blown, because it included not only a rudimentary attempt to cost the scheme, it also detailed to a remarkable extent its form of administration. Consequently, the 'State Bonus League', set up in August 1918, can be considered the first organization set up with the specific aim to campaign for the introduction of a so-called basic income, i.e. a universal and unconditional amount of cash paid equally to all individually.

After describing the Scheme for a State Bonus as it was originally proposed and detailing what is known about its originator and the co-founder of League, the paper explores the potential origins of the State Bonus Scheme. Before answering the question why the State Bonus League started faltering around 1920, it looks at the reception of the Scheme. Finally, some comments are made on whether the League's efforts were completely ineffective and whether the idea of a State Bonus was completely lost for posterity.

### Section 1: The *Scheme for a State Bonus*

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<sup>1</sup> For the present state of the debate on basic income, see two recent reviews of the arguments: Philippe Van Parijs & Yannick Vanderborght, *Basic Income. A Radical Proposal for a Free Society*, Harvard University Press, 2017, and Guy Standing, *Basic Income: And How We Can Make It Happen*, Penguin Random House, 2017

<sup>2</sup> For an extensive rendering of the argument for a State Bonus in the writings of the co-founders of the League, see: Walter Van Trier, *Every One A King. An Investigation into the meaning and significance of the debate on basic incomes with special reference to three episodes from the British Inter-War experience*, PhD KU Leuven, 1995. The pamphlet, *Scheme for a State Bonus*, and except from a book of one of the co-founders of the League were included in: John Cunliffe & Guido Erreygers (eds), *The Origins of Universal Grants. An Anthology of Historical Writings on Basic Capital and Basic Income*, Palgrave, 2005

The core idea of the *Scheme for a State Bonus* was presented for the first time at a meeting of the War and Social Order Committee of the Yearly Meeting of the Society of Friends early in 1918<sup>3</sup>. After a thorough discussion at a next meeting, in May, it was decided to include the proposal in *The Next Step*<sup>4</sup>, a book containing the Committee's contribution to "trying to elucidate the problems of social reconstruction". In the meantime, in March 1918, an eight pages long pamphlet, detailing the Scheme, had been privately printed<sup>5</sup>. The author was Dennis Milner, B.Sc., A.C.G.I.; the title: *Scheme for A State Bonus. Economic Security for All*.

What did the *Scheme for a State Bonus*, actually, propose?

The central claim underwriting the proposal was that the State is "under obligation to provide a minimum of economic security to every individual member of the State" and that this could be accomplished most simply "by distributing equally among all persons some fixed percentage of the National Income, say 20%." The necessary money would be raised by a tax on all incomes (earned as well as unearned) and collected at source. "This would mean, in the case of all wages and salaries, that 4/5<sup>th</sup> would be paid in return for services rendered to employers or other persons, while the remaining 1/5<sup>th</sup> would be paid to the State to be distributed according to the primal needs of individuals, which are the same for all." This would allow to pay (in pre-war figures) a cash amount of 5 shilling per week per head for adults and 3/9 shilling per child<sup>6</sup>. As a result, "up to an income of £500 per annum, the average family would benefit, even during

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<sup>3</sup> Dating the event more precisely is difficult. A Circular Letter and News Sheet (May 1918, n°7) of the War and Social Order Committee, reporting on the meeting in May 1918 where it was thoroughly discusses mentions that "Dennis Milner's Scheme for a State Bonus for All ... already received consideration at an adjourned Committee Meeting held in London". No mention is made of the date of this adjourned meeting. The last full meeting of the Committee before the one in May was held on 4-7 January 1918 at Dalton Hall in Manchester.

<sup>4</sup> XXX, *The Next Step in Social and Reconstruction*. Being papers prepared for Meetings of the Committee on War and the Social Order (appointed by London Yearly Meeting of the Society of Friends) together with minutes recording the considered views of the Committee & a short bibliography, London, Headley Bros. Publishers, 1918, 104 p.

<sup>5</sup> The pamphlet was printed by the North England Newspaper Co. (Priestgate, Darlington), the same printer used by Headley Bros. Publishers, who a few months later *The Next Step* would publish.

<sup>6</sup> To put the 5 shilling proposed in the pamphlet in perspective one should consider that the Old Age Pension Act of 1908 proposed 5sh as a full pension for people with an income of less than £21 per year (or ca. 8 sh per week). In 1911, Bowley used 25 shilling per week for a family of five to decide whether wages were adequate or not. In 1913, Seebohm Rowntree used 21 shilling per week as a poverty line for a family of five. In later writings, Dennis Milner stressed that these figures are given for the sake of argument and depend on what 20% of National Income would allow to be paid. Ulterior publications propose 8 shilling or 10 shilling. In a play, written in 1920 together with Bertram Pickard, the implementation of the State Bonus allows the amount to be raised after one year from 10 shilling to 14 shilling because of productivity gains.

normal times of employment. This includes about 90-93% of the population of the United Kingdom.” “The distribution would be through the Post Offices in a similar way to the separation allowances, Old Age Pensions, etc., and need not involve personal inconveniences or expense to the State. In no case would the bonus be subject to income tax nor could it be legally mortgaged.”<sup>7</sup>

Compared to other reform proposals or existing relief measures, this proposal is based, according to Dennis Milner, on five new principles.

1. It is based on a **Definite Standard**, varying with National Production.
2. Being a **State Bonus** on Production, all will share in profits of improved production.
3. It is paid solely on the basis of **Primal Needs**, which are the same for all.
4. It is not paid in proportion to **Indigence** and as such it provides an additional inducement to thrift and lessens the inducement to malingering.
5. It recognizes that the State claims the right to make changes which may disorganise social arrangements, but insures that the State interference shall **not endanger life**.

Four short-term effects are expected to result from the implementation of the *State Bonus Scheme*: 1. the total abolition of ‘primary poverty’ as defined by B.S. Rowntree in *Poverty*, affecting directly only 10% of population but having a proportionate effect on much larger classes immediately above; 2. a reduction of the pauperising effects of all charitable institutions; 3. the development of a new feeling of stability and security throughout all classes, accompanied by a growing sense of unity of purpose, and all the educating effects which it involves; 4. a great reduction of the dangers and sufferings resulting from the Demobilisation.

As possible longer-term effects, Milner mentions, the release and growing expression of the higher and more spiritual forces, hitherto cramped by “want and the fear of want”; a gradual education into the principle of ‘Each for All’ because of the Profit Sharing element in the Scheme; dangerous, unhealthy, or otherwise undesirable trades or business will have to pay higher wages in order to attract labour, since unemployment will no longer involve starvation.

After presenting briefly the basic principles on which the Scheme rests and the effects claimed for it, the closing paragraph of the pamphlet stresses that, although it is impossible to appeal to all shades of opinion, “the scheme has not been worked out for the benefit of one class or another, and it is hoped that sufficient may have been said to indicate its value to all: To the economic failure – life, To the successful – a smoother life, To all – the removal of the reproach

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<sup>7</sup> D. Milner, *Scheme for a State Bonus*, p.5

of permitted poverty. In short, it makes men and women, rather than materials, the basis of Reconstruction.”<sup>8</sup>

When one year later, Bertram Pickard, a co-founder of the State Bonus League, tried to convey what Dennis Milner considered the essence of the State Bonus Proposal, he wrote as follows: “... in [the] opinion [of Mr. Milner] (...) the *right* of the individual to the Bonus should be safeguarded in every possible way. It must not be regarded in any shape or form as a dole. It must be deemed the monetary equivalent of the right to land, of the right to life and liberty, and must carry with it no taint of pauperism. That is why it must be paid to all alike, the rich, the poor, the deserving, the undeserving. It must be free of taxes. It must not be taken for debt before it has passed into the hands of the rightful owner. It must always be there to help a man when he is down on his luck. (...) In short, as Mr. Milner says, ‘it must be ours like the air and the sunshine.’”<sup>9</sup>

## **Section 2: Dennis Milner, Bertram Pickard and the State Bonus League**

Material on Dennis Milner, the originator of the State Bonus Scheme, is scarce. A book, written early in 1919 by Bertram Pickard, the co-founder of the State Bonus League, contains a four pages long biographical notice<sup>10</sup>. A less than one page short curriculum vitae written by Dennis Milner himself is included in a booklet published by the Bootham School Commemoration Scholarship Fund in 1930<sup>11</sup>. From this material, the following picture can be constructed.

Dennis Milner was born at Hartford Manor (Cheshire) in 1892 as the third son of Edward Milner and Rosa Stromeier. His father, Edward Milner, was the founder of Sankey White Lead Works in Warrington (later: Mersey White Lead Co.) In 1881, Edward Milner left Warrington to become one of the original directors<sup>12</sup> of Brunner, Mond & Company, the alkali producers. Edward Milner was also a country councillor for Cheshire and appears to have been well known for his business sagacity and his interest in matters educational. He died in 1902. Dennis’s mother, Rosa, was known for her work with the poor in Northwich. During the First World War, she was active in relief work, helping to provide clothes and other material for war refugees<sup>13</sup>.

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<sup>8</sup> D. Milner, *Scheme for a State Bonus*, p.8

<sup>9</sup> B. Pickard, *A Reasonable Revolution*, p.21

<sup>10</sup> Bertram Pickard, *A Reasonable Revolution*, pp.65-70. A shortened version of this biographical sketch appeared in the section on ‘Men and their Ideas’ in *The Pioneer*, December 15<sup>th</sup>, 1918.

<sup>11</sup> I owe this information to Elaine Phillips, Bootham trust Manager, who provided me with a copy of the curriculum.

<sup>12</sup> See also: COHEN, J.M., *The Life of Ludwig Mond*, London: Methuen & Co Ltd., 1956

<sup>13</sup> The family’s involvement in charity work is also illustrated by a circular letter in box 229 at the Library of the Friend’s Meeting House. The letter is dated February 25th 1901 and asks for financial support for one John

She died in 1947. The Milner family was of Quaker descent and had a relation going back centuries with Frandley Meeting<sup>14</sup>.

From 1904 till 1910 Dennis Milner went to Bootham School (York), a Quaker school, where he gained the position of 'Reeve' or senior boys prefect. Bootham School was also attended by his father and well-known for its strong reputation in fostering social service. After taking a Diploma of Associate of the City and Guilds Institute in Electricity (1912), a similar Diploma in Civil and Mechanical Engineering (1913) and a Second-class Honours B.Sc. at London University, he worked for a short period as an experimental engineer at Humphrey Pump Co. of Dudley Port, an engineering firm near Wolverhampton.

On November 18<sup>th</sup>, 1914, Dennis Milner married Evelyn Mabel Dymond, the youngest daughter of Charles Joseph and Margaret Harris Dymond. The marriage took place in the Friends' Meeting House in Newcastle-upon-Tyne. Shortly after the outbreak of the War Dennis Milner and his wife took up voluntary work and worked some months in YMCA tents and later at a Friends' War and Victims Relief Committee warehouse in London. From 1915 till 1918, Dennis worked as assistant engineer for Rowntree & Co. in York, where he took part in pacifist activities. The couple lived in New Earswick, the garden village set up by Joseph Rowntree in 1904. In 1918 both were listed as members of Friargate Meeting, York<sup>15</sup>.

On March 9, 1918, Dennis Milner left his job at Rowntree in order to devote all his time to the advocacy of the *Scheme for A State Bonus* he had presented a few weeks earlier for the first time to the War and Social Order Committee. According to Bertram Pickard, Milner's first move after leaving his job was to look for expert advice upon the economic aspects of the Scheme, interviewing several leading economists and seeking the opinion of "business men, social workers, feminists, Labour, and other sections of the community". The reaction was cautious, Pickard reports. "Whilst not finding complete agreement on all hands, he found such a general measure of recognition that the Scheme was fundamentally sound, both as regards its economics and sociology, that he was encouraged to go forward in the belief that the Scheme would rapidly

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Spence Hodgson, said to be an elocutionist and a teacher of reading and writing, experiencing more and more problems in finding schools willing to employ his skills. The letter mentions as one of the early contributors: Edward Milner. See also: Alan Lowe (2014, p.298) mentioning Mrs Milner from Hartford Manor as being very glad to receive all kinds of garments for the Belgian refugees.

<sup>14</sup> Leaving Warrington may have resulted from Edward Milner's acquaintance with John Crosfield (1832 – 1901), descendant of another large Quaker family and the first Chairman of Brunner, Mond and Company. Albert William Tangye, another Quaker and also a member of Frandley Meeting, became a Board member of Brunner, Mond and Company in 1919 (letter from Alan Taylor to Kevin Donnelly and to the author, 9/10/1991)

<sup>15</sup> Letter to the author from Geoffrey Hubbard, 9 December 1991

gather to itself a public opinion sufficiently strong to bring it within the range of practical politics."<sup>16</sup> (Pickard, 1919, p.67) These interviews provided the material to draft in May 1918 a second and final version of the pamphlet, twice the size of the first version and providing "a more adequate expression of his proposal".

Little is known about Milner after 1918. In 1920, he published a book, detailing the effects of an unconditional and universal bonus scheme on national output, getting several appreciative reviews in the press. But according to his curriculum, written in 1930 for the booklet published by the Bootham School Commemoration Scholarship Fund, he started to work in 1921 in the Technical Advisory Department for Lever Brothers (presently part of Unilever) at Port Sunlight; a job he left in 1922. With respect to the period between 1922 and 1930, when the curriculum was written, Milner is quite short: "Since 1922 ... I spent a year running a theatrical touring company with Eric Barber. Since when I have divided my attention between play-writing and inventing, without success in either field. In 1927, I had an opportunity to visit the USA for two years on American money, and decided that it was also an opportunity to take play-writing more seriously." In fact, the opportunity to visit the USA came about because Marion Milner<sup>17</sup>, his second wife which he married in 1926, was awarded a Laura Spelman Rockefeller Memorial Scholarship to attend Elton Mayo's seminars at Harvard Business School and observing the Hawthorne Experiment in 1927 and 1928.

Bertram Pickard was born in 1892 into a Quaker business family in Nottinghamshire. He was educated at Ackworth and, from 1906 till 1910, at Bootham School (York), where he was also a 'Reeve'. After leaving Bootham School, he did not go to university but worked for a time in the family's jam-making firm at Mansfield. In 1914, Pickard enrolled at Woodbroke to study Quaker history, but was forced to drop out because of a serious eye complaint that left him partially sighted. Despite his eye illness and a near fatal bout of typhoid, he attended in 1917, as so many Quakers, a tribunal to declare his opposition to the war. In 1920, his health fully restored and with the financial backing of his family, Bertram Pickard began his Quaker work within London Yearly Meeting, first with the Young Friends Movement and then from 1921 to 1926 as

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<sup>16</sup> Bertram Pickard, *A Reasonable Revolution*, p.67. In the biographical note appearing around the same time in *The Pioneer*, Bertram Pickard refers to Dennis Milner as 'wearing rose-coloured spectacles'.

<sup>17</sup> Milner's second wife was the famous psycho-analyst Marion Milner. In the preface of one of her books, *The Hands of the Living God*, she describes the activity of Dennis Milner while living in Boston as "writing plays". Brief impressions of her relationship with Dennis Milner are to be found in her first book based on autobiographical material and first published in 1934 under the name of Joanna Field, *A Life of One's Own* (1934). This book, as well as its sequel *An Experiment in Leisure* (1937) is dedicated to 'D.M.'. For her career and role as a psychoanalyst, see: Emma Letley, *Marion Milner. The Life*, Routledge, 2014. Marion Milner was the sister of Patrick Blackett, who was between 1923 and 1933 a Fellow of King's College, Cambridge, and was awarded the Nobel Prize in Physics in 1948.

the first full-time secretary of the Peace Committee. In 1926, Bertram Pickard accepted the invitation to become the Head of the Quaker International Centre at Geneva, a post he left in 1940. After the second World War and until his retirement in 1955, he joined the Secretariat of the United Nations in a new role as UN Liaison Officer with the NGOs located in Geneva<sup>18</sup>.

According to his own testimony<sup>19</sup>, Bertram Pickard joined forces with the Milners in July 1918. This led to the formal setting up of a State Bonus League in August 1918. For the rest of the year and the next year, Bertram Pickard would act as the main 'voice' of the League, writing numerous articles to newspapers and journals to explain and advocate the State Bonus Scheme.

How the co-operation between Pickard and the Milners came about is unclear. Being at Bootham School in the same period and both being Reeves, Dennis Milner and Bertram Pickard certainly knew each other. It is not improbable that they stayed in contact after leaving school. But it is equally probable that they only renewed contact during the war, both being involved in relief work and peace activities, or after Milner married Evelyn Mabel Dymond, who was a good friend of Bertram Pickard's only sister<sup>20</sup>. However, at the moment, no material substantiating any of these or other conjectures is available.

In August 1918, the State Bonus League was set up. A first branch was formed in Castleford, followed by several branches in the Mansfield Area.

An important event shortly after setting up the League was the announcement of General elections in October 1918. Although this took the League unprepared, it was decided that Dennis Milner would stand as an Independent Labour Party candidate for Barkston Ash, endorsing the program of the Labour Party but focusing in his speeches and at meetings on the State Bonus Scheme<sup>21</sup>. The result was disappointing. Milner got only 5,1% of the votes.

Published early in 1919, *A Reasonable Revolution* by Bertram Pickard intended to provide a fuller exposition of the State Bonus proposal than available in the Milner pamphlets or in the

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<sup>18</sup> Apart from a set of clippings of articles on State Bonus, provided recently by Allison Bush, Bertram Pickard's daughter, the archival material on Bertram Pickard starts only in 1929. For the information in this paragraph and Bertram Pickard's later role in the Peace Movement, I refer to: Waugh, Maureen (2002), Quakers, Peace and the League of Nations: The Role of Bertram Pickard, in: *Quaker Studies*, vol.6 n°1, pp.59-79

<sup>19</sup> B. Pickard, *A Reasonable Revolution*, p.67

<sup>20</sup> Information contained in a letter from dr. Allison Bush, daughter of Bertram Pickard, to the author.

<sup>21</sup> Newspapers reports of election meetings substantiate Milner focussing on State Bonus in his election campaign. See, amongst others: *Sheffield Daily Telegraph*, November 29<sup>th</sup>, 1918.



articles published earlier, mostly in Quaker journals. When treating, at the end of the book, the future prospects of the League, he acknowledged that the meagre election results made the work of propaganda more difficult, but stressed that they should not be considered that bad. One should take into consideration, he wrote, that Dennis Milner did not get any official backing from any political group, that throughout the constituency there was a very real interest shown in the State Bonus proposal and that very many who voted in opposite camps confessed themselves converts to the scheme. Moreover, Pickard counted 22 State Bonus League branches and saw the knowledge of and the interest in the Scheme growing daily all over the country. Especially, he wrote, the awakening appreciation of the merits of the Scheme in Labour circles is most encouraging. Hence his optimism about the future prospects of the League: "The early stages of any Movement are always the most difficult. Success in propaganda is cumulative in effect. The outlook is surely promising, and we feel that a Movement that has gone thus far in so short a time is destined to leave its mark upon contemporary thought."<sup>22</sup>

One year after setting up the State Bonus League, on 16-19 August 1919, its Headquarters was moved to London, 1 Victoria Street, and but because activity in the regions stayed necessary a National Organizer – "Mr William Miles with a long experience of the Workers' Educational Association and the Labour Movement" – was engaged, starting his work in Midlands.

Apart from articles in newspapers and journals, only two noticeable developments in the life and activities of the State Bonus League occurred in 1920.

One was the publication of a book by Dennis Milner, he finished writing in July 1920. *Higher Production by a Bonus on National Output. A Proposal for a Minimum Income for All Varying with National Productivity* focussed solely on how higher production could be realized by encouraging "the Human Activity element ... to the best advantage." The object of this treatise, Dennis Milner wrote, is to examine in some detail "the effects of the one particular scheme known as the Minimum Income proposal" on the amount of production through their effect "on the capability, willingness, number, and freedom of restrictions of those at work."<sup>23</sup> The central role ascribed to the proposal is that of being a system of 'National Profit Sharing'. Compared to the original formulation of the argument, *Higher Production by a Bonus on National Output* eliminated even more than in the second version of the pamphlet all speculations about ethics or justice. Most remarkably also, the term 'State Bonus' does not appear in the book at all, although the 'Proposal for a Minimum Income for All' is an exact copy of the Scheme advocated in the pamphlets written two years before.

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<sup>22</sup> B. Pickard, *A Reasonable Revolution*, p.70

<sup>23</sup> D. Milner, *Higher Production by a Bonus on National Output. A Proposal for a Minimum Income for All Varying with National Productivity*, p.10

The other was the submission of a resolution to adopt and include “the proposal for a National Minimum Income for All in the Labour Party programme” at the 20<sup>th</sup> Annual Conference, held in Scarborough in June 1920. The resolution was supported by 14 local Labour Party and Trades Councils and referred to a resolution, unanimously adopted the year before at the Southport Conference, to give careful consideration to the proposal. At the next Annual Conference, held in June 1921 at Brighton, the Executive of the Labour Party declared the Milner proposal unacceptable, based on the arguments contained in a Memorandum of the Advisory Committee on Trade Policy and Finance<sup>24</sup>.

### **Section 3: Where did Dennis Milner get the inspiration for the State Bonus?**

In the closing lines of a section portraying the State Bonus Scheme as expressing the fundamental principle that every human being has a moral right to the bare necessities of life as stated in the American Declaration of Independence, Bertram Pickard claims that despite the many schemes drawn up by social reformers, no one before ever came up with a Scheme comparable to it. Even if Alfred Russell Wallace<sup>25</sup> or George Bernard Shaw formulated some very interesting alternatives to the Poor Law, Pickard writes in *A Reasonable Revolution*, “... it has been left to Mr Milner to embody these ideas in a universal plan and suggest a minimum income, based upon primal needs, for every member of the community.”<sup>26</sup> A similar claim is made by Dennis Milner himself at the end of the sixth chapter of *Higher Production by a Bonus on National Output*: “... the Minimum Income is the first scheme to be proposed in which there is no advantage to the idler (there will be nothing to be gained by laziness, everything to be gained by working), because earnings will be entirely additional. Even the rate of taxation is fixed, so that double earnings mean double takings, whereas under a graduated tax double earnings do not bring a proportionate increase.”<sup>27</sup>

Although references to “the right to life and liberty” or to eradicating “want and, especially, the fear of want” or to “the release of spiritual and mental forces for higher things” abound in the writings of Milner and Pickard, this general outlook cannot account for the specific novelty they claim for the

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<sup>24</sup> Although the resolution referred to the proposal of a National Minimum Income for All, the Memorandum contained in the Report of the Twenty-First Annual Labour Party Conference consistently uses the term ‘State Bonus Scheme’ (pp.60-62).

<sup>25</sup> Alfred Russell Wallace (1823-1913) is probably best known - if remembered at all - for having evolved a theory of the origin of species through natural selection independently and at the same time as Darwin. He coined the phrases 'survival of the fittest' and 'equality of opportunity'. He was also very much interested in social problems and supported enthusiastically land nationalisation and women's suffrage. In this context he is referred to for his proposal to make easily available to the indigent or the unemployed a daily loaf of bread.

<sup>26</sup> B. Pickard, *A Reasonable Revolution*, p.20

<sup>27</sup> D. Milner, *Higher Production*, p.98

State Bonus Scheme. Indeed, at several occasions they acknowledge that this general view is nearly generally shared and accepted. Hence, the real novelty of Dennis Milner's proposal must reside in the actual device to be put in place.

### *A reworking of alternative relief schemes?*

From this one might conclude that the idea of a State Bonus originated in some sort of adaptation of existing or proposed relief measures. One might, for instance, think of Charles Booth's original Old Age Pensions for All, proposed in 1891. Or of a proposal in the 1880's made by Robert Blatchford, the later editor of the ILP-newspaper *The Clarion*, to tax all incomes above a certain level and use the proceeds for payments to the poor. Lifting the age or income limit would in both case, transform a conditional scheme – being either categorical or means-tested – in a universal and unconditional State Bonus.

This reading seems to accord with the way the power of the *State Bonus Scheme* is illustrated by Mrs. and Mr. Milner in the second and definitive version of the pamphlet. Whereas in the first version the claim that the state is under the obligation to provide a minimum of security to everyone was argued in terms of the duty "to abolish the economic bar to spiritual and mental development by establishing, for all alike, sufficient economic security to remove the plea of necessity", these explicit references to the "freedom to develop spiritually ... not [being] assured"<sup>28</sup> disappear nearly completely. Only at the very end of second version, countering the idea that there is moral value in poverty, the Milners refer to "ample evidence that those who live in 'want and the fear of want' are cramped in their spiritual outlook ..."<sup>29</sup>.

In the definitive version, the objective of the Scheme, which in itself does not change, is still "creating a new leaven of freedom and security". Yet, the argument is now based on the description of four social problems, exemplifying the extraordinary difficulties one encounters when trying to tackle them separately with piecemeal conditional or categorical reforms.

The *first example* concerns the treatment of children. Children cannot choose to whom they will be born, the Milners say, "so that we cannot hold them responsible for the success or failure of their fathers in earning money. Yet we know that the inequality of opportunity resulting from this cause is a grave menace to the health and development of the race, and leads directly to the suggestion that children are entitled to some 'pay', which is theirs, regardless of their parentage." (SB-II:4) This leads

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<sup>28</sup> D. Milner, *Scheme for A State Bonus. Economic Security for All*, p.1-2.

<sup>29</sup> E.M. & D. Milner, *Scheme for a State Bonus*, p.14

to the statement: "Children have the right to life irrespective of the earnings capacity of their parents." (SB-II:6)

The *second example* concerns the practice of paying the same wage for the same work. "... the employer can do no other, but, obviously, it is not an equitable arrangement. If wages are to take account of a man's family, and if the employer cannot make this allowance, it is necessary for some independent agent to take action. Something, therefore, very like a soldier's separation allowance (which already applies to about half the population) is required for all families." (SB-II:4) "Industry cannot equalise the burdens between single and married men, spinsters, widows, etc. Therefore, the Community must make some provision for everyone such as the soldier's separation allowance." (SB-II:6)

The *third example* expresses the idea that the community should help all alike, not only those who have failed to help themselves. "Civilisation has agreed that members of modern communities must not be allowed to starve, without a chance to earn at least food and shelter; thus we have in England a Poor Law system which guarantees physical life to all, though some die rather than accept the humiliating conditions which are imposed. In fact it is true that nearly all our charities, by insisting that those who receive help must first of all admit poverty, withhold help from the more deserving, who know they would not be benefited, in the long run, by a dole which marks them out as paupers. (...) ... if we give to those who are so poor they must confess it or die, we must be willing to give to all those who are not prepared to beg or prove their need publicly; the idler must not get more from his fellows than he who works or saves. But if we want to give help to the latter we must do it without questions and without poverty tests, namely, give equally to all." (SB-II:5)

The *fourth example* illustrates the claim that no one should be driven by the threat of destitution into accepting work which is underpaid, unhealthy, or even dangerous. Therefore, destitution must not exist. "Despite our belief that the competitive system rewards individuals in proportion to the services which they render, and presumably with some reference to the disagreeableness of the tasks undertaken, J.S. Mill had to admit, in 1852, that this principle only applied to the higher grades of employment, and that in the case of the very poor man the imminence of destitution caused him to accept exceedingly low wages for exceedingly disagreeable work. If the principle, of pay being proportional to the services rendered, broke down, it was because of the existence of classes of men who, when they sought employment, were either destitute or in immediate danger of destitution; they had therefore to accept what terms were offered them. In order to complete the working of this principle for everyone, it is only necessary to remove these classes, or, rather the destitution which they fear." (SB-II:5/6)

The Scheme for a State Bonus, the Milners claim, is an attempt to outline a method of dealing with the problem in a simple, direct, and yet comprehensive way: suitable for immediate legislation, yet making a fundamental change in our social relationships. (SB-II:4) All four cases discussed, although not "capable of being set right suddenly by material means", have a common economic factor lying at their root. Hence, setting this economic factor right is of the utmost importance. "[The State Bonus Scheme] strikes at the root of all problems, and by so doing enables men and women to set themselves right. It also allows all those improvements in housing, education and morals, which are so vitally important in their effect on the lives of those they benefit, to become permanent improvements. This scheme is not antagonistic to other methods of reform, but is essentially a first step: creating a new leaven of freedom and security which will permeate our whole social system, and thus give time for the proper consideration of detailed Reconstruction." (SB-II:4)

Yet, it is precisely the stress put by the advocates of the State Bonus League on what one might refer to as its 'holistic' or 'comprehensive' character that makes it difficult to see how the State Bonus Scheme could be the result of simply extending or restructuring existing or proposed relief schemes.

*Or something completely new?*

However, a different perspective on what may have inspired Dennis Milner to conceive of the State Bonus Scheme not as a new piecemeal relief measure, but as an equally new comprehensive solution to the Social Problem or as dealing with the problems of Reconstruction is cast by one sentence in the short biographical note at the end of Pickard's *A Reasonable Revolution*. The fragment reads as follows:

"... some three and a half years ago, **after reading Bellamy's 'Looking Backward', Dennis Milner first conceived of the germs of his Scheme for a State Bonus.** He himself now finds it difficult to say exactly how the idea came and expanded." (RR:66) (emphasis added, wvt.)

This quote contains two important pieces of information. If the timing is correct, it would place the original intuition somewhere in the middle of 1915. In other words, shortly after Dennis Milner married Evelyn Mabel Dymond, i.e. at a time when the couple may still have been involved in War Relief Service in London or when Dennis Milner just started to work at Rowntree, the couple having returned to York and living in New Earswick,. But more importantly, the quote also specifies where the inspiration for the State Bonus idea came from – reading *Looking Backward*, Edward Bellamy's utopian novel published in 1888.

*Looking Backward* is the story of Bostonian Julian West, falling into a hypnotic sleep in 1887 and waking up only 113 years later. What he sees is most astonishing. People not using money anymore

but carrying credit cards, listening to music through a centrally organized system of pipes, selecting their consumer goods in big shopping malls, functioning as catalogues, and getting them home delivered by central distribution agencies, using electric lighting - and many other things which one century later have become, indeed, matters of course.

More fundamentally, the structure of society and industry have changed dramatically. Production and distribution are centrally organized. Social reorganization rather than technical or industrial development has made for a life of abundance, eradicating all forms of waste. Equality of Status is a fact. Everyone gets an equal (and generous) yearly income credited to his or her bank account, regardless of occupation or the amount of work he or she does. Women work and have an equal share in national product (and a personal credit card). Work organisation is very hierarchical and bureaucratic. The labour force is organized in an army-like structure with conscription for everyone between 21 and 45 - the first three years of working life to be served in an unclassified labour army performing the rough and menial tasks, afterwards free choice of occupation is guaranteed.<sup>30</sup> A possibility of 'pre-pension' on a half-income at the age of thirty-three exists. Voting is a right reserved for those with experience, i.e. those older than 45. Competition and social struggle are replaced by social harmony and the religion of solidarity.

The book had a remarkable success, selling within the year a quarter of a million copies in the United States alone and becoming the best-selling novel of its time after 'Uncle Tom's Cabin' and 'Ben-Hur'. Erich Fromm once described it as one of the most remarkable books ever published in America and John Dewey listed it in 1935 as the second most influential book published since 1885 (after Marx's 'Das Kapital')<sup>31</sup>. A sequel - 'Equality' - was published in 1897. Moreover, the book was not only a literary success. It gave rise to an important social movement in the United States - 'Nationalism' - and the formation of Bellamy-clubs all over the world<sup>32</sup>.

Yet, Pickard's reference cannot but surprise because the societal model pictured in Bellamy's *Looking Backward* has at least one central feature that certainly not have appealed to the co-founders of the State Bonus League. The central and crucial difference between Bellamy's utopia and Milner's

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<sup>30</sup> Some of the features of Boston 2000, especially its straightforward equality of income, may seem to question its efficient working as an economic system. For a treatment of Bellamy's economic system, see: Franco Cugno, Mario Ferrero, Individual Incentives by Adjusting Work Hours: Bellamy's Egalitarian Economy, in: *Journal of Comparative Economics*, 1984, vol. 8, pp. 182-206.

<sup>31</sup> For a good and recent review of the influence of *Looking Backward*, see: Krishan Kumar's *Utopia & Anti-Utopia in Modern Times*, Oxford: Basil Blackwell, 1987. Worth reading is also Lewis Mumford's negatively inclined treatment of Bellamy in: *The Story of Utopias*, New York: The Viking Press, 1922, 1962.

<sup>32</sup> For the reception of Bellamy in Great-Britain, see: Kevin Manton, The British Nationalization of Labour Society and the place of Edward Bellamy's *Looking Backward* in the late Nineteenth-century Socialism and Radicalism, in: *History of Political Thought*, vol. 25 (2004) n°2, pp.325-347

underlying view of the world resides in their respective views on social control or in what we could call the specific disciplinary or organisational regimes of their respective societies.

This difference is clearly noted by Dennis Milner himself. Just after claiming novelty for principles on which the State Bonus, Milner adds: "... although readers of Edward Bellamy's *Looking Backward* will be interested to find that many of his claims are obtained without the revolution he foresaw, and without his elaborate organisation." (SB-I: 7)

This quote – which does not reappear in the definitive version of the pamphlet - does not only corroborate that *Looking Backward* played some role in Milner's intellectual development, but it also shows that Pickard's reference to Bellamy as the inspiration for the State Bonus could easily be misunderstood. Indeed, the quote details the two essential points which Milner sees as separating his Scheme from what is proposed by Bellamy.

The first point concerns the elaborated organisation of Boston 2000. Milner and Pickard embrace the State as the administrator of their Bonus, but do so reluctantly even mentioning that they would gladly accept it if someone came up with something better. Many of their arguments for the superiority of the State Bonus Scheme as compared to other possible instruments of social reform are precisely that State Bonus would need much less control, much less administration, much less centralisation. Their Scheme is constructed to give the most effective incentives in order for workers to do the best they can. Guaranteeing the right to life and securing the basis for a free personal development by the institution of a State Bonus, the working of the economy and industrial development are left to the market. At least, on the macro-level no other centre of economic control or industrial planning is envisaged, and on the micro-level no formal rule compels one to work. Not so with Bellamy. It suffices to point at the army-like structure of his labour force and at the conscription element to mark the difference. A telling detail in this respect is that in Boston 2000, far from giving incentives to make people work better, one is punished if not doing one's best<sup>33</sup>.

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<sup>33</sup> Coercion and conscription were two features of Boston 2000, Quakers certainly would certainly have objected to. A good expression of their view in these matters are the following lines from the Quaker Kenneth Boulding, commenting on remarks by Reinhold Niebuhr: "One must recognize that there are elements of coercion in any human relationship and in any society, and that it is extremely unlikely that a purely non-coercive society can be established among men. Nevertheless, I regard the lessening of coercion as one of the most fundamental long-run objectives of human organisation and one of the most profound moral tests by which any social movement is to be judged. No doubt I am prejudiced in this direction by my Quaker principles; but it seems to me also that this is a conclusion which necessarily follows from the theory of organisation and the ecological view of society, and that in this regard the insights of social science and of radical Christianity are in remarkable accord." (K. Boulding, *The Organisational Revolution. A Study in the Ethics of Economic Organisation.*, New York: Harper & Brothers Publishers, 1953, p.251)

The second point concerns the way the change of the societal structure is accomplished. In July 1919, when Milner presented his case to the readers of *The Ploughshare*,<sup>34</sup> the journal of the Socialist Quaker Society, he described the State Bonus Scheme as a "simple step in the application of human principles to the social problem". And, when he acknowledged that his scheme may come as a shock to many readers, the shocking element is "it frankly accepts the fact that the millennium when it comes will come an inch at a time."

"Shall we welcome or reject this particular inch? The problems confronting us are so immense that men's minds ask time to consider the deeper implications of social change. This scheme is not shown in its ultimate relation to life: it is argued rather as a temporary expedient while we refresh ourselves for another and deeper attack. Nor is there any attempt here to prove that the scheme really goes very far: time will show! Meanwhile some of us believe in our ignorance that it goes very far indeed and that when the theorists at last agree as to our ultimate aim in social change, they will emerge from their Conference room to find that the bonus has quietly eaten away the foundations of what is wrong in our present system and they must return to their Conference to lead us, as now, to an appreciation of distant ideals on which alone practical schemes may be founded."

The same message appears time and time again, Milner's and Pickard's writings. Mainly because of the urgency of the problems, the State Bonus as conceived as a practical scheme which does not depend on agreement about long-term ideal aims and as such moderate enough to unite people. State Bonus in the eyes of its main advocates is as a first step underwriting many other badly needed reforms. State Bonus is not a panacea, the co-founders of the State Bonus keep repeating. It is a first step, not a drastic and complete overhaul of society<sup>35</sup>; it is not a new utopia.

If neither the idea of revolutionary transformation nor the idea of an elaborate organisational framework appeal to Milner, which inspiration, if any, might he have got from reading *Looking Backward*?

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<sup>34</sup> Dennis Milner, The State Bonus Scheme. Arguments for a Simple Step Forward, in: *The Ploughshare*, p.155

<sup>35</sup> Compare the following fragment from the first version of the pamphlet: "[Drastic revolutionary change] has always attracted idealists, but owing to the vastness of the problem they are not yet agreed on the goal. They, however, at least seek fundamentals and the practical reformer is well advised to consider the points on which they agree. (...) The [State Bonus] Proposal outlined below is an attempt to provide something quicker, simpler, and more direct; something the most ignorant can appreciate at once, yet fundamentally sound, namely, by abolishing extreme poverty to create a new leaven of freedom permeating our social system. (...) It is essentially a first step capable of immediate adoption, yet so designed as to relieve the tension of existing conditions sufficiently to give time for proper consideration of the more comprehensive schemes of reconstruction." (SB-I: 4)



Presumably, the feature most strongly suggesting the possibility that reading Bellamy inspired Milner's State Bonus is the stress both put on 'economic security' as a fundamental and basic necessity. Not 'want' (which one could fight with measures like the Poor Law), but 'the fear of want' is the main problem.

A fragment from *Looking Backward*, expressing most clearly the importance of economic security, pictures Julian West, the central character of the tale, after his return to Boston 1887. Bewildered by the sight of poverty and wretchedness of his beloved city of old, he passes a man advertising a new life insurance scheme.

"The incident reminded me of the only device, pathetic in its admission of the universal need it so poorly supplied, which offered these tired and hunted men and women even a partial protection from uncertainty. By this means, those already well-to-do, I remembered, might purchase a precarious confidence that after their death their loved ones would not, for a while at least, be tramped under the feet of men. But this was all, and this was only for those who could pay well for it. What idea was possible to these wretched dwellers in the land of Ishmael, where every man's hand was against each and the hand of each against every other, *of true life insurance as I had seen it among the people of that dreamland, each of whom, by virtue merely of his membership in the national family, was guaranteed against need of any sort, by a policy underwritten by one hundred million fellow countrymen.*"<sup>36</sup> (italics added, wvt)

As mentioned above, the direct reference to *Looking Backward* in the first version of the pamphlet is removed from the second version. Yet, the conjecture that 'the true life insurance' existing in Boston 2000 is, indeed, the inspiration for the State Bonus as a device guaranteeing the right of life and liberty of all and at the same time providing a first step to the solution of the social Problem is sustained by two fragments of the second and definitive version of the Scheme.

When explaining why the contribution to finance the State Bonus should come from everyone – and not only from taxes levied only on incomes above a certain limit – the Milners write: "While this would not in any way reduce the absolute guarantee of life and liberty, it means that the Bonus would not come as a sudden net addition to wages; also it means that the transfer of money from rich to poor would be reduced to a minimum. (...) It is, in short, a very comprehensive insurance scheme. Therefore, as with other insurance schemes, the contributions must be from all, while the benefit would be most felt by those in need." (SB-II:8)

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<sup>36</sup> Edward Bellamy, *Looking Backward*, Harmondsworth: Pelican Books, p.224

Two pages later, just before treating the main effects of the Scheme, they reiterate: "It will be clear from the above that the proposal is really a simple and comprehensive insurance scheme, with continuous benefit, so that this sum from £400 million will not be transferred from rich to poor, but will be taken from people with fluctuating incomes (all of us) and given back to everyone as a regular fixed weekly payment. Like all insurance schemes the contribution will be from all, and the benefits will be most felt by people when they are in need." (SB-II p.10)

#### **Section 4: How was the Scheme for a State Bonus Received?**

Dennis Milner, E. Mabel Milner (née Dymond) as well as Bertram Pickard were born into families with long Quaker pedigrees. Reporting on the discussion of the State Bonus Scheme at the Meeting of the War and Social Order Committee in May 1918, the *Circular News and Letter* (May 1918 n°7) introduces the summary of the discussion, remarking that Dennis Milner did not intend his proposal "as a sop to Labour or anything of its kind" and "that he thought this scheme embodied in practical form the principles of the Society of Friends and of the Committee. He had wished to bring his concern before Friends in the first instance from a feeling of loyalty". Moreover, the earliest articles explaining it by Dennis Milner and Bertram Pickard appeared in Quaker journals. Hence, despite the fact that in the pamphlet or their books there is no explicit reference to Quakerism or the Society of Friends, the conclusion seems to follow quite naturally that this community constituted the natural constituency of the State Bonus Scheme.

Considering the reception of the Scheme by the Quakers, one should take into account that the Society of Friends itself was not really a homogenous body with regard to social questions. As a matter of fact, and although social concerns were not new to Quaker history, the end of the 19th century marked a crucial moment. The 1895 Manchester Conference of Friends was specially convened to address an urgent need for change and re-affirm what formed the basic creed of the Society. The change has been describe by one historian as that "from a tiny, isolated body of peculiar people into a theologically liberal, spiritually vital association of activists"<sup>37</sup>. One of the events, signalling this change of heart, was the setting up in 1898 of the (unofficial) Socialist Quaker Society, "enabling Friends who joined to dissociate themselves from capitalist norms and to hold up a vision of a more equitable, less class-ridden society which would have been familiar to the first Friends and the early Church."<sup>38</sup>

The *War and Social Order Committee of the Yearly Meeting of the Society of Friends* was set up in 1917. It was the successor of the *Friends' Social Union*, a prestigious body within the Society,

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<sup>37</sup> Thomas C. Kennedy, *British Quakerism 1860 – 1920: The Transformation of a Religious Community*, Oxford University Press, 2001

<sup>38</sup> T. Adams, *A Far-Seeing Vision*, Bedford, Quaker Socialist Society, s.d., pp. 2-3.

originating in 1904. The *Friends' Social Union* attracted many social reformists. Its organising secretary was Percy Alden<sup>39</sup>. Seebohm Rowntree, George Cadbury and J.W. Graham<sup>40</sup> were amongst its most influential members. Within the *Society of Friends* it was seen as representing the more philanthropic ail of the movement, whereas the more politically oriented reformists (or revolutionaries) had been organised through the *Socialist Quaker Society* with J.T. Harris acting as its secretary and chairperson. Influential members in its initial phase were S.G. Hobson, Edward Pease, Arthur Priestman, Mary O'Brien and Wilfred Wigham. Although ties were even closer in the latter case, both bodies had clear personal links with the Fabian Society and the Independent Labour Party.

The activities of the *War and Social Order Committee* consisted of regular meetings of a seminar-like format, discussing papers presented to them on topics related to the problem of Reconstruction. Minutes of these meetings were drafted and published in a (monthly) *Circular Letter and News Sheet*. Some of these minutes gained a more 'official' status as they were included in a book - *The Next Step* - and were selected for presentation at the *Yearly Meeting of the Society of Friends*.

One of the Committee's initial tasks had been to report, in June 1917, on a *Scheme of Christian Reconstruction* put forward by the *Interdenominational Conference of Social Service Unions*. The Scheme was an eight pages pamphlet drawn up by representatives - mostly clergymen - of different denominations. It contained a series of proposals for better housing, for the endowment of motherhood and for educational reforms, and insisted on a decent standard of living and the payment of a living wage as a matter of strict justice. However, after consideration the Scheme was reckoned to be biased.

"It was seen as to assume the continuance of the existing class division into employers and employed, to be founded on the dangerous doctrine of the stewardship of wealth and to offer a penniless man nothing more than the right to work for an employer. (...) ... the main objection was that the intention of the document was not sufficiently radical to merit its description as a 'scheme of reconstruction', the writers had not really envisaged the whole problem: the failure of the present system and its consequence was, international and industrial."

The answer to the *Interdenominational Conference* expressed the hope that the Churches would not commit themselves to any proposals which would stand in the way of ultimate reconstruction on ideal lines.

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<sup>39</sup> Percy Alden was one of the three Fabians elected in Parliament in 1906.

<sup>40</sup> J.W. Graham was the principal of Dalton Hall, University of Manchester.

How Dennis Milner got in contact with the *War and Social Order Committee* and why and by whom he was invited to present his *State Bonus Scheme* before it, is still a question to be answered. One possibility is that being one of the "correspondents in particular meetings, appointed by the Propaganda Sub-Committee"<sup>41</sup>, he might have discussed his State Bonus idea with one of the regular members of the Committee and as a result got invited. Yet it is clear that most of the other contributors to *The Next Step* were far more renowned than Milner. Moreover, his contribution stands out as being the only one proposing a very practical reform scheme.

The *Circular Letter and News Sheet* of May 1918 contains a report of Dennis Milner presenting his Scheme to the meeting of the *War and Social Order Committee*, summarizing the underlying principle as "that everyone has the right to life, and the object of the scheme was to secure bare existence to every member of the community. The scheme was not a mere palliative."

According to the minutes the subsequent discussion centred around four issues: 1. Is it bare existence with or without service one is talking about? Should labour and pay be separated? As a reply was brought up: "The fact that the finest work has often no economic value, and that many whose work was of value had gone under because they had not economic security ...". 2. Was the scheme too palliative or not? Was it not sufficiently drastic towards the abolition of the wage system? 3. What would be the effect of the scheme on wages? Is it good to give security without responsibility? "Some thought that the sense of security increases the feeling of responsibility, and in that way would be a good thing." 4. What about slacking? What causes slacking? "... protest against the use of the term as reproach against those who were often the victims of disease or other causes beyond their own control." It closes with the following general appraisal:

"On the whole it was felt that there were comparatively few whom such a scheme would harm; whilst the number of those who suffered under the present system was very much larger in proportion. In the majority of cases the relief from the fear of economic failure would be an incentive to a better life and would fill them with new hope. If there were no other improvements than in giving better economic conditions, that alone should provide the basis for higher things. The effect of the removal of the economic barriers to spiritual and mental development would be to release the spiritual and mental forces for higher things. Alternative schemes for attaining the same end were mentioned, such as the minimum wage, and the grant to mothers for their children; but Dennis Milner suggested that his scheme had the advantage of covering the whole ground at one step, whilst all other schemes were limited in application to certain classes only."

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<sup>41</sup> The 'Circular Letter and News Sheet' of January 1918 lists as one of correspondents: "York: Dennis Milner, New Earswick".

At the occasion of the Yearly Meeting of May 27<sup>th</sup>, Dennis Milner's *Scheme for a State Bonus for All* was amongst the ones suggested for general approval. But the Committee decided to submit only a minute, dealing with the question of Economic Self-Government<sup>42</sup>. However, when the *War and Social Order Committee* prepared his representatives for a next meeting of the *Committee of the Interdenominational Conference of Social Service Unions*, it asked them to put forward four items: first, the *Eight Foundations*, containing the points accepted by the Society of Friends as indicating an ideal, second, the minute on Economic-Self Government, approved by the Yearly Meeting earlier that year, third, the 'Quakers Employers Report', and fourth, Dennis Milner's *Scheme for a State Bonus for All*<sup>43</sup>.

With regard to the Society of Friends itself, at least, two further attempts were made by the co-founders of the League to present the State Bonus Proposal to other segments of the Quaker Community.

In January 1919, Bertram Pickard published an article, presenting the Scheme, in the *Friends' Quarterly Examiner* (vol. LII, pp. 36-42). Six months later, Milner published a similar article in *The Ploughshare* (July 1919, pp. 155-157)<sup>44</sup>.

Milner's article contains a straightforward and down-to-earth condensed presentation of the State Bonus Scheme. It states the actual proposal, explains why cash is preferable to kind - because "distribution in kind is not elastic and therefore involves much waste", counters the argument that slacking will be a major problem, details the effects on prices and production, and describes the practical details of the Scheme's administration. Despite the fact that *The Ploughshare* was the organ of the Socialist Quaker Society - and in that sense it catered for a very specific audience - nothing in the article shows that it is written for a specific audience. It could have been published in any other journal interested in social reform.

In this respect, Pickard's article is quite different. It is explicitly directed at a Quaker audience and argues forcefully why Friends should be interested in the Scheme. A first line of argument refers to a heated discussion, at the 1918 Yearly Meeting, between evolutionists, holding the view that "... our Present Social Order can be Christianised by gradual processes ..." and revolutionists, considering "... the present order to be so fundamentally unchristian that only by the rapid substitution of a new

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<sup>42</sup> *Circular Letter and News Sheet*, June 1918

<sup>43</sup> *Circular Letter and News Sheet*, August 1918

<sup>44</sup> *The Ploughshare* was Quaker monthly, linked for a time of its existence to the Socialist Quaker Society. From the second to the ninth issue of the fourth volume 1919, its subtitle was "A Quaker Organ for Social Revolution". Then, William Loftus Hare, the new editor changed the subtitle in: "A Journal of Hope", and cut the journal loose from the Socialist Quaker Society and even from the Society of Friends.

Order will the Social Problem be solved ...". It would be foolish, Pickard admits, to deny that the gulf between both methods is very real. Yet, he goes on, it would be equally foolish to deny the possibility of common ground for action. Practical unanimity is possible in the belief that the Social Problem is upon us: that a part solution is imperative if catastrophe is to be averted. The difference between the two views is merely that the revolutionist is determined that any part solution shall not take the form of a palliative, whereas the evolutionist is determined that reforms shall proceed sufficiently slowly to avoid serious disorganisation of the present social and industrial machinery.

A second line of argument refers to the Ideal upheld by the Society of Friends. Points of reform suggested by those principles are many, Pickard admits, e.g. sex laws, slums, drink, criminal system, sweating, destitution and the fear of destitution, strikes, lock-outs, or simple living, corporate worship, public service, equality of opportunity. Most, if not all of these needed reforms can be reached, according to Pickard, by providing one or more of the following: a modicum of economic security achieved for all, a more equitable security achieved for all, a greater equality of status, an increased national productivity, an improved education, a more faithful example both personal and corporate. The Scheme for a State Bonus might not offer a final solution, Pickard argues, but it does offer a part solution, removing the economic barriers standing in the way of so many reforms.

"If, then, a part solution is forthcoming which, whilst abolishing many of the admitted evils of the Present Social Order, is fundamentally sound and at the same time sufficiently partial to avoid dislocation of Industry, there is surely no obstacle to a union of effort." (FQE:36)

The article ends with a final plea: "Many times in the past our Society has been united by a common inspiration and has thrown its combined weight into the scale of Right. As a body we have acknowledged the injustice of the present Social Order and have acclaimed the ideal of full and free development for all. May it not be that this practical yet far reaching Scheme for securing to all the primal needs of life, points the way to a step along the path of Progress which we may take together." (FQE:42)

Pickard's article solicited a critical note the next issue of the *Friends' Quarterly Examiner*. Why, W.S. Rowntree wondered, do the advocates of Mr. Milner's scheme continue "to handicap it by two suggested methods - one of collection and one of distribution which are easily altered, and by no means essential to its principle, but which I am sure will not be adopted in practice."<sup>45</sup> The proposed way of collecting the money seems not only "...a most difficult, harassing and costly undertaking. (...)" "It also seems unnecessary, when it is admitted that most of this class will receive back more than

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<sup>45</sup> W.S. Rowntree, A Note on the Scheme for a State Bonus, in: *Friends' Quarterly Examiner*, vol.52 n°210, p.203

they pay. It would be much simpler to take the money, like Old Age Pensions out of the general Taxation of the country raised in any way considered the fairest, out of *surplus of wealth*, which is as sound an economic principle as *an equal percentage of all incomes from the poor widow to the millionaire.*" (emphasis in text, wvt.) With regard to distribution, Rowntree does not believe "that the country will recognise the necessity, at any rate in the first instance, of paying to single men and women a small grant totally insufficient to keep them, and which in most cases they could very well do without, though of course they could be included later if thought well. A much stronger appeal could, I think, be made to the nation if it were proposed to make a weekly family income under the scheme payable to, and at the disposal of the wife or mother for the family needs on similar lines to the separation allowances, which, notwithstanding some abuses, have been the economic salvation of the country, as we shall soon realise as and when they are discontinued."

One can be confident, Rowntree says, that these modifications would leave the scheme's advantages intact. Only the Profit-Sharing element would be lost, whereas the "... great additional advantages of the modified scheme are that it would largely solve for the present such urgent problems as the endowment of motherhood, the economic position of women and a maintenance allowance for children during an extended school life." (FQE:203)

In his reply, Pickard reiterates that Rowntree's three urgent needs are met very well by the original scheme. State Bonus empowers mothers to draw and spend the Bonus for her and her children under school-leaving age and although it is not paid for services rendered the financial effect is much the same. On top of this, State Bonus secures a minimum of liberty for single women. And, it helps the problem of maintenance. So, why alter the scheme if it brings no gains? Moreover, the Scheme would lose some of its important advantages. The suggestion of only taxing above a certain income levels makes it into a "class measure ... rather than a measure which aims by its universality to foster the communal sense." In addition, the danger exists that the new economic power conferred by the family endowment is too limited to effect a revolution in the distribution of wealth, which is a chief aim of the State Bonus. Failing in this respect means naturally failing in gaining support of Labour and is inadequate to meet the needs of the day. Finally, today, the world is really looking for some fundamental change in economic organisation, Pickard says.

"The competitive basis must yield place to a co-operative, and the initial state of true co-operation is surely that men and women shall be relieved of the fierce struggle for bare existence so that their minds and spirits may be free for nobler exercise. We may not be ready for a total divorcement of income from work; we almost certainly are not. But we are ready for a partial separation of income from ideas of work and worth. Ultimately the idea of service must replace the idea of reward, whilst need rather than work or worth must be the determining factor in income; and it is because the State Bonus Scheme would bring these principles to bear in a

limited form upon the present order of things that it is truly in line with the evolution of modern thought, and thus able to satisfy those forces which if balked of their rightful expression will certainly produce chaos."<sup>46</sup>

### *Labour Movement*

The *War and Social Order Committee* played a crucial role in introducing the State Bonus Scheme into sections of the Labour Movement. Many of the socially critical members of the Society of Friends were active militants in the different sections of the Labour Movement and, last but not least, in the official minute drawn after the discussion of the State Bonus Scheme and included in *The Next Step*<sup>47</sup>, the Committee itself recommended that another official body - the Industrial Committee - should present the Scheme to branches of the Labour Party and the Trade Unions.

As far as one can judge on the available material, much of the information about the State Bonus Scheme may have sipped in through the Independent Labour Party - which constituted as much as the local party structure before the constituency Labour Party was set up. Several indications point in this direction. The article by Bertram Pickard in *The Pioneer* (18 December 1918) mentions at the end that copies of the pamphlet can be got from ILP Offices in Leicester. Another of Pickard's articles (September 12, 1919) appeared in the *Labour Leader* - the ILP's semi-official newspaper. Later, on January 22, 1920, the same paper refers to Dennis Milner's articles on child endowment. On June 10 and 17, 1920, 'Work of the ILP' - the paper's section on the party's local activities - reports on a much appreciated visit to the Hull branch by W. Miles of the Minimum Income League, the former State Bonus League.

Yet, other channels certainly played a role. On June 4, 1920, Robert Blatchford's leading article in *The Clarion* was titled 'Another Blessed League'. It was prompted by a leaflet distributed in advance of the Labour Party Annual Conference to be held at Scarborough on June 22nd and discussed the State Bonus Scheme<sup>48</sup>. In all likelihood, the leaflet was meant to attend participants to the next Labour

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<sup>46</sup> B. Pickard, A Note on the Scheme for a State Bonus, in: *Friends' Quarterly Examiner*, vol.52 n°211, p.259

<sup>47</sup> XXX, *The Next Step in Social and Reconstruction*, p.98-99.

<sup>48</sup> According to Blatchford's article the leaflet was signed, amongst others, by Arthur Henderson, the Labour Party secretary, and the Scheme had been approved by the Trades Union Congress, held at Southport in 1919. The last point is also implied in the resolution discussed below. As yet I have not been able to find additional material and confirmation of these facts. See: R. BLATCHFORD, Another Blessed League, in: *The Clarion*, June 4, 1920, p.1. Blatchford treated the State bonus Scheme quite gently, but asked the same question as W.S. Rowntree: Why pay with one hand what you take with the other in the case of people having earnings above a certain level.



Party Conference to one of the resolutions to be discussed<sup>49</sup>. The resolution, supported by 14 local trades and labour councils, asked for the approval and the urgent adoption and inclusion of the State Bonus Scheme – referred to as ‘a National Minimum Income for All’ – in the Labour Party programme.

At the 1921 Annual Labour Party Conference, held at Brighton, it appeared that the Executive Committee had asked, even prior to the Scarborough Conference, the Advisory Committee on Trade Policy and Finance to examine Mr Dennis Milner's State Bonus Scheme. The Memorandum, submitted on it, was reproduced in the Conference Report and it was noted that it had "since been before the Executive and approved, and ... circulated to affiliated Societies for consideration."<sup>50</sup>

The criticism voiced in the Memorandum rest on three main points: "(1) The State Bonus Scheme is attempting to do the right thing in the wrong way. All that it raises would be better achieved by the bringing into force of the Labour Party's existing programme. (2) It takes no account of the peculiar problem of the Labour Party which has to fit its programme to three periods: (a) The present capitalist period; (b) The transitional period; (c) The ultimate period. (3) Substantially it proposes to raise money without any regard to ability to pay and to distribute it without any regard to need."

As is clear from these three preliminary remarks, the Labour Party Executive does not only take into account the intrinsic merits of the plan. Thirteen detailed points of criticism are listed after considering the general points. But to the writers of the Memorandum, equally important are the strategic or tactical concerns. We have to look forward, they write, to a time when the Labour party will either form a government, or will dictate the policy to another government. Therefore, it seems desirable not to bind the Party to the State bonus Scheme.

"To lay down a scheme so attractive as this is easier than bringing it into operation. The Labour Party would be expected to execute the scheme: whether it would be possible to collect and distribute hundreds of millions in this way without, as a preliminary, nationalising the chief industries, is very doubtful. In other words, it would appear suitable only for the transitional stage which we have not yet reached."<sup>51</sup>

Carrying out the existing programme will already run into a lot of obstacles, the writers of the Memorandum note, and it is not desirable to increase the problems "by an industrial disorganisation

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<sup>49</sup> The Labour Party, *Resolutions for the Twentieth Annual Conference, to be held at the Olympia, Scarborough, on Tuesday, June 22nd, 1920*, London, 1920, p. 24.

<sup>50</sup> The Labour Party, *Report of the Twenty-First Annual Conference, held in The Dome, Brighton*, London, 1921, p. 60.

<sup>51</sup> The Labour Party, *o.c.*, p. 60.

such as would follow on the State Bonus Scheme." Such a disorganisation would be an inevitable consequence because "the Labour Party would have to convert individuals to a new conception, namely, to the impossibility of making very large incomes." In the ultimate period this may eventually be done, the writers contend, but the coming period is not ultimate but transitional. Moreover, the Memorandum went on, the Labour Party Programme is already designed to tackle the same problems as the State Bonus Scheme.

"The Party is already committed to high wages, good housing, increased education, nationalisation, high unemployment insurance, widows' pensions, high and earlier old age pensions, sickness pensions, mothers' pensions, full and adequate provision for orphans. All this can be done in the transitional period without upsetting the machinery of production on which we subsist. It is quite conceivable that by the time many of the measures to which the Labour Party is committed have been brought into operation, the need for the State Bonus Scheme will have disappeared. The change will have been gradual, the disturbance will have been reduced; the growth of the communised state will have been cautious and therefore sound. A large measure of industrial amelioration will have been achieved instead of being sacrificed to the odium of possible failure."<sup>52</sup>

Though the Memorandum had started on a positive note, saying that the Scheme wanted to do the right thing. Yet, deemed obsolete because already covered by various measures included in the Labour Party Programme, reckoned to be politically inexpedient and causing great industrial disturbance, expected to be unmanageable financially and administratively, seen establishing a low standard of life, conflicting with the Labour Party's principles of graduation and discrimination in taxation, and taking no account of ability to pay nor of the need to receive – given all these problems, the overall judgement could not be other than extremely negative.

However, the most striking item on the long list of features discussed in the Memorandum is probably the one that is absent. Indeed, with hindsight and given the attention the topic is given whenever basic incomes is debated, it is absolutely remarkable, yes, even surprising, that in this long critical assessment of the State Bonus Scheme nothing whatsoever is said about the question of 'something for nothing'. In other words, the principle that the State Bonus Scheme would imply a regular payment to everyone and be unconditional on work seems not to have raised any objections at all<sup>53</sup>.

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<sup>52</sup> *ibid.*, p. 62.

<sup>53</sup> A possible reason is that paying 'something for nothing' in itself was not that important a concern for the Labour Party in first two decades of the 20<sup>th</sup> century. The Unemployment Bill brought before Parliament by Labour four times between 1907 and 1911 without a result gave concrete expression to the claim 'work or maintenance'. It accepted that government could not guarantee 'the right to work' but that it

## Section 5: Why did the League falter?

At the end of 1918, Bertram Pickard counted the existence of 22 branches of the League. Despite the disappointingly result of the 1918 elections, he still remained optimistic with respect to the future. Given that Dennis Milner did not get any official backing from any political group, that throughout the constituency there was a very real interest shown in the State Bonus proposals and that very many who voted in opposite camps confessed themselves converts to the scheme, getting only got 1035 (or 5,1%) of the votes should not be considered that bad, he wrote. Although after the election the work of propaganda became even more difficult, "the knowledge of and the interest in the Scheme is daily growing greater all over the country. It is encouraging that in Labour circles particularly there is an awakening appreciation of the merits of the Scheme." Pickard's final comments on the prospects of the State Bonus League illustrate his optimism very well. "The early stages of any Movement are always the most difficult. Success in propaganda is cumulative in effect. The outlook is surely promising, and we feel that a Movement that has gone thus far in so short a time is destined to leave its mark upon contemporary thought."<sup>54</sup>

When Prime Minister Lloyd-George, addressing The National Industrial Conference in 1919, stressed the necessity of "a scheme that will make it impossible that distress, at any rate, and pain, and hunger and famine, shall haunt the homes of the honest people ... and make every one feel that when prosperity comes everyone will have a share in the increased production", the State Bonus advocates may well have thought that it was their proposal he had in mind. Because getting rid of the 'fear of want' and at the same time securing that everyone could enjoy the benefits of increased production was exactly what their Scheme was expected to accomplish. For them, the State Bonus Scheme provided, as it was put by Bertram Pickard, "the key to Reconstruction".<sup>55</sup>

Nevertheless, this optimism proved unwarranted. After Pickard's book was published in early 1919 no real progress seems to have been made by the State Bonus Movement. There still appeared a book by Dennis Milner in 1920. As mentioned above, the proposal was even carried by several of the local Labour Party branches and a resolution about it submitted at the Annual Labour Party Conference, first in 1920 and a second time in 1921. In the same period, the *Scheme for a State*

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was in that case under the obligation to provide decent and humane maintenance for the unemployed. Or, as put by Skidelsky: "Its failure to provide work would be excusable: not so its failure to provide maintenance." (*Politicians and the Slump. The Labour Government of 1929-1931*, p.36)

<sup>54</sup> B. Pickard, *A Reasonable Revolution*, p.70

<sup>55</sup> Pickard, Bertram (1919), *State Bonus – The Key to Reconstruction*, in: *The Herald of the Star*, March 1919, pp.131-136

*Bonus* even gathered some interest abroad<sup>56</sup>. But hardly any newspaper coverage apart from reviews of Milner book appeared in 1920 and, with a scarce exception, none after 1921<sup>57</sup>. After this, no further trace of the League can be found. One can presume that it must have faltered soon after.

So why did the League falter and, probably even more intriguing, why was the experience so completely forgotten?<sup>58</sup>

The first and rather evident explanation for the break-up of the State Bonus League is the negative reaction by the Executive of the Labour Party. The Memorandum circulated at the occasion of the Brighton Conference in 1921 may well have been so devastating that it caused the demise of the State Bonus League or Minimum Income League. It may have robbed its adherents from any prospect of having their proposals given a proper consideration. Although the Labour Party attitude will certainly have played an important role, there are, however, three more factors that bear on this question.

Early in 1919, the State Bonus League launched an appeal<sup>59</sup> to donate money for the good cause, aiming at collecting in total £10,000. Next to a list of organisations and individuals people who had shown a sympathetic interest or even definitely agreed to the principles of the Scheme, the letter, signed by Dennis Milner, details the financial status of the League. From this it is clear that if the financial records are any indication of the state of health of an organisation the future, surely, did not look all that bright. The cash balance of the State Bonus League shows the old Mrs Milner to be the most, if not the only important donator. Of the 1301 pounds received by the League in 1918, she donated 500 pounds - and 728 pounds were paid by Dennis Milner to balance the account. A significant element in this respect may be that around 1920 the old Mrs Milner moved out of Hartford Manor, when the estate occupied by the family since 1881 was divided in lots and sold<sup>60</sup>.

A more important factor is in all likelihood that soon after the negative experiences with the elections and the negative decision of the Labour Party, the League lost both its intellectual leaders.

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<sup>56</sup> I owe this information to Guido Erreygers, who found articles about the State Bonus Scheme in newspapers in New-Zealand and Australia.

<sup>57</sup> One of the exceptions is Fletcher, G.C. (1922), A Remedy for Poverty. State Bonus Scheme Suggested, in: *Blackburn Times*, April 1922

<sup>58</sup> At the time (1990) when the Scheme for a State Bonus was rediscovered, only two recent books were found referring to it: John Finlay, *Social Credit: the English Origins* (1972) and John Macnicol, *The Movement for Family Allowances: 1918 – 1945* (1980)

<sup>59</sup> The letter is kept in the archives of the Friends' Library, London.

<sup>60</sup> [https://en.wikipedia.org/wiki/Hartford\\_Manor](https://en.wikipedia.org/wiki/Hartford_Manor)

Dennis Milner experienced some dramatic events in his personal life. After the couple had a first child stillborn, a second child was born in 1921. Shortly afterwards, the couple divorced<sup>61</sup>. Around the same time Dennis Milner started to work at Lever Bros. at Port Sunlight. In his curriculum, written in 1930, he wrote: "Since 1922 ... I spent a year running a theatrical touring company with Eric Barber. Since when I have divided my attentions between play-writing and inventing, without success in either field." He remarried in 1926<sup>62</sup> and at the end of September 1927 he went with his second wife to the United States where they stayed for two years. This series of events robbed him from his natural constituency - the Quaker community - who practically expelled him<sup>63</sup>.

Bertram Pickard, on the other hand, moved more and more into peace work and developed a closer connection with Quaker organisations. He became the first full-time secretary of the Peace Committee in 1921 and in 1926 moved to Geneva to organise the Friends' Meeting House.

In what sense these events in the personal history of the history of the co-founders of the State Bonus League resulted from the negative reactions towards their scheme is, of course, difficult to tell. Nevertheless, Milner's effective disconnection from the Quaker community may be one explanation for why no other members were readily available to take on the leading role in the League.<sup>64</sup>

Another important factor was that potential allies of the State Bonus Scheme developed their own 'sectional' movements. Supporters of the 'Living Wage', advocates of 'Minimum Wages' and the movement for a 'Family Endowment' could, indeed, have lined up with advocates of State Bonus in many respects. As things developed, shortly after 1920 both topics created very important

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<sup>61</sup> I owe this information to the late John Milner, Dennis Milner's son.

<sup>62</sup> According to John Milner, his father and mother most likely met through the *1917 Club*. The fact is significant as an indication of the intellectual and ideological environment Dennis Milner frequented. The name of the Club was meant to refer to the Russian Revolution, not the famous one in October, but the earlier one led by Kerensky. It was founded by Leonard Woolf and frequented by, amongst others, J.A. Hobson, Hugh Dalton, G.D.H. Cole, Aldous Huxley, H.G. Wells, Herbert Morrison, Ramsay MacDonald, E.D. Morel and E.M. Foster.

<sup>63</sup> In my search for information about Dennis Milner and Bertram Pickard I was immensely helped by the late Kevin Donnelly, who took the initiative to contact other Friends. Several reactions I got indicate this delinking of Dennis Milner from the Quaker community. Nobody seemed to know of him. One correspondent, though telling me that he knew the Milner family very well wrote that he never heard of a son named Dennis. The same correspondent pointed me in the direction of John Milner as "a far relative of Edward Milner" obviously not knowing that it was his grandson.

<sup>64</sup> Dennis Milner and Bertram Pickard seemed to have drifted apart. Bertram Pickard's daughter did never meet Dennis Milner nor did she have much information about him. Another indication is that Margaret Wilson, James Meade's wife, who knew Bertram Pickard and his family since the 1920s never heard of Dennis Milner. Neither did James Meade who knew Pickard since the 1930s.

audiences, but at the same time took some of the possible social energy away from the State Bonus cause. In a sense, one may find in here one of the main factors accounting for the relative ineffectiveness of basic incomes throughout history. Given that its 'totalitarian' scope prevents it from being implemented at once, the criticism of, for instance, the Labour Party Executive Committee that working through 'sectional' approaches is to be preferred might have sounded convincing to many people in principle favouring basic incomes.

However, probably the most important factor is still something else. Indeed, around the time the State Bonus League was at the height of its activities, another 'comprehensive' movement emerged from the ashes of the National Guilds League, i.e. the Social Credit Movement.

Several indications exist illustrating that the very constituency Milner and Pickard addressed was the same constituency getting interested in Social Credit writings from early 1919 onwards. I will limit myself to giving two examples evidencing this latter claim.

First, although it only provides circumstantial evidence, it may be indicative that one of the local Labour Party branches - the Richmond Division Labour Party and Trades Council - instrumental in bringing the State Bonus Scheme before the 1920 Annual Conference, filed on its own also a resolution on the subject of the communal control of credit-issue<sup>65</sup> - a typical theme of the later Social Credit Movement.

A second cluster of facts constitutes a more direct indication. Dennis Milner presented his Scheme for a State Bonus for All a first time at a meeting of the **War and Social Order Committee**. From the minutes of these meetings, it appears very clearly that from 1921 onwards the War and Social Order Committee became much interested in monetary theories and credit problems. For instance, a lecture school on Finance, organised by the Committee in November 1924, invited as lecturers: C. Marshall Hattersley, Frederick Soddy, and Major Douglas - three senior figures in the wider Social Credit Movement. Even more important, from the important leaders of the early Social Credit Movement many were Quakers or had a Quaker background. So, it is not unlikely that much of the energy and enthusiasm connected with the State Bonus Scheme, finally, ended up being directed towards the Social Credit Movement.

## **Section 6: Did the State Bonus idea got completely forgotten?**

The former sections illustrated sufficiently that the *State Bonus Scheme* did not go unnoticed. Indeed, in addition to being discussed in the Quaker Community and the Labour Movement, it was

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<sup>65</sup> The Labour Party, *Resolutions for the Twentieth Annual Conference, to be held at the Olympia, Scarborough, on Tuesday, June 22nd, 1920*, London, 1920., p. 24.

mentioned in a few scholarly books. In 1920, J.W. Graham, an influential Quaker, published a book on Ruskinian economics - *The Harvest of Ruskin*, London, Allen & Unwin - in which reference was made to a proposal "to whose advocacy my friend Mr. Dennis Milner and his wife are devoting their life."<sup>66</sup> (p.183) In the same year, Hugh Dalton<sup>67</sup> mentions the Milner scheme in his well-known book on the economics of inequality. Eleonor Rathbone's *The Disinherited Family*<sup>68</sup>, also originally published in 1920, carries a reference to the State Bonus Scheme. Later, Paul Douglas<sup>69</sup> - the well-known American labour economist and father of the Cobb-Douglas function - lists the State Bonus League as one of the four important schemes forming the background material for the debate on family allowances when it, finally, became an important topic in the 1920's in Great-Britain. Moreover, the Scheme had been reviewed in the 1919 volume of *The Economic Journal* by Clara Collett<sup>70</sup>, one of the earlier collaborators of Charles Booth, researching for his massive *The Life and Labour of the People of London*. The review described the economic sense of the proposal as near to nonsense, but pointed out that the sociology of the proposal was worthwhile contemplating even - or especially - for economists.

Probably, the most important role with respect to the long-term fate of the State Bonus Scheme is played by G.D.H. Cole, the first Chichele Professor in Social and Political Theory at Oxford, but long before that one of the intellectual leaders of the Guild Socialist Movement and, later, of the Fabian Society.

As mentioned above, the Appeal for £10,000 sent by Dennis Milner, on behalf of the State Bonus League, contained a list of persons "definitely agreeing to the Principles of the Scheme". One of the names in this list is G.D.H. Cole. Looking through Cole's work, one does indeed find traces of the State Bonus Scheme. In *Social Theory*, a book published in 1920, Cole refers to "The State Bonus Scheme, actively advocated by Mr Dennis Milner and his colleagues of the State Bonus League" as an advanced example of the *new* tendency to use taxation as a method of redistributing incomes within the community. Contrary to Milner's own interpretation of the Scheme as different from redistribution, Cole writes: "It is a definite proposal for a redistribution by the State, on a basis of

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<sup>66</sup> J.W. Graham, *The Harvest of Ruskin*, London, Allen & Unwin, 1920, p.183. A bit surprisingly, Graham refers not to the Scheme itself but to Pickard's *A Reasonable Revolution*.

<sup>67</sup> Hugh Dalton, (1920), *Some Aspects of the Inequality of Incomes in Modern Communities*, London: Routledge & Sons (4th impression with an appendix, 1935).

<sup>68</sup> Elizabeth Rathbone, *Family Allowances*. (A New Edition of 'The Disinherited Family' with Foreword by Gilbert Murray, an epilogue by Lord Beveridge and a new chapter on The Family Allowances Movement 1927-1948 by Eva M. Hubback.), London: George Allen and Unwin Ltd, 1949.

<sup>69</sup> Paul Douglas, The British Discussion of Family Endowment, in: *Journal of Social Forces*, 1924, vol. III n° 1, pp. 118-124. He also contributed a similar article to a Quaker journal - 'The American Friend'. Douglas' knowledge of the State Bonus Scheme may, therefore, be accounted for by Quaker connections.

<sup>70</sup> Clara Collett, Review of 'Scheme for a State Bonus', in: *The Economic Journal*, June 1919, pp. 241.

equality, of a considerable proportion of the communal income."<sup>71</sup> Nine years later, in a book sketching the outline of a new economic and social policy for Labour after the disastrous 1929 election results, Cole<sup>72</sup> refers again to State Bonus as one of the models for what he himself in later writings would call 'a social dividend', an equal cash amount paid as of right to all unconditionally.

G.D.H. Cole may be the main link through which the idea of a State Bonus lived on in British political and academic life and was, as it were, transmitted to the next generation, be it under the different guise of 'a social dividend', a term still used in the 1980s by British advocates of basic income.

One important link may have been the so-called 'Cole group', i.e. meetings in which Cole gathered young scholars and politicians and gave them imaginary ministerial posts for which they were expected to write policy memoranda. One of them was the later Nobel prize laureate, James Meade. One of the first papers Meade wrote in this context, in 1935, is an *Outline of an Economic Policy for Labour*<sup>73</sup>. In it Meade envisages the eventual introduction of a cash payment unconditionally to all, called a social dividend. From this first paper to the Agathotopian tales<sup>74</sup> at the end of his life, the idea of a social dividend is a continuous feature in James Meade's writings, most famously probably in his 1964 booklet, *Efficiency, Equality and the Ownership of Property*. Through James Meade the idea of a social dividend was passed on to Tony Atkinson. Atkinson's first book, *Poverty in Britain and the Reform of Social Security* (1969), grew out of a seminar on the topic James Meade asked him to give in Cambridge in 1969. In the introduction to *Public Economics in Action. The Basic Income/Flat Tax Proposal*, the published version of his 1989 Lindahl Lectures, Tony Atkinson writes that Meade continued to encourage him to take the idea seriously, "not least when I was a member of the Meade Committee on tax reform"<sup>75</sup>. Indeed, of the four reform proposals tested in the Chapter on

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<sup>71</sup> G.D.H. Cole, *Social Theory*, London, Methuen, 1920, p.85

<sup>72</sup> G.D.H. Cole, *The Next Ten Years in British Social and Economic Policy*, London, Macmillan, 1929. "I set about writing this book because, whether I liked it or not, I had been compelled by the movements of events to think out afresh my social and political creed", Cole wrote in the very first sentence of the preface.

<sup>73</sup> J. Meade, *Outline of an Economic Policy for Labour* (1935), in: S. Howson (ed), *The Collected Works of James Meade. Volume 1: Employment and Inflation*, London, Hyman, 1988,

<sup>74</sup> Meade's Agathotopian writings are, together with the 1964 booklet *Efficiency, Equality and the Ownership of Property*, collected in: James Meade, *Liberty, Equality and Efficiency. Apologia pro Agathotopia Mea*, London, Macmillan, 1993

<sup>75</sup> A.B. Atkinson, *Public Economics in Action. The Basic Income/Flat Tax Proposal*, Oxford, Clarendon Press, 1994



Social Security and Income Maintenance of the report of the Meade Committee three were of the social dividend variety, the fourth was called a 'new Beveridge' scheme<sup>76</sup>.

Moreover, although it may seem farfetched, one might even speculate as to whether Cole's social dividend did not, even if only slightly, influence actual policy-making through the making of the Beveridge report. At least seems to be the interpretation Cole himself gave to the unconditional and universal child benefit system that resulted from it.

In *The Means to Full Employment* Cole writes: "Social dividends' could, of course, be paid in the form of 'consumers' credits' out of State-created new money; ... **But 'social dividends' could also be paid, as it is proposed in the Beveridge report that children's allowances should be paid, out of the proceeds of general taxation.** I agree that it would be very difficult to do this on an adequate scale under the capitalist system."<sup>77</sup> (Emphasis added, wvt) In the 1954 edition of *Money* it is put it even more strongly: "Family allowances can be fairly regarded as a first instalment of such a policy [of social dividends, wvt]."<sup>78</sup>

Of course, these and other similar remarks do not prove that Cole's social dividend did in fact influence the content of the Beveridge report. Nevertheless, these remarks gain in significance if one remembers that Beveridge himself considered the idea of universal child benefits to be the only real innovation his Report contained and that it has been reported that Beveridge's views radicalised noticeably under the influence of his collaboration with G.D.H. Cole.<sup>79</sup>

However, as the following quote illustrates, no doubt is possible with respect to the fact that Cole considered the social dividend option as a clear extension of the programme contained in the Beveridge Report:

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<sup>76</sup> Institute of Fiscal Studies, *The Structure and Reform of Direct Taxation. Report of a Committee chaired by Professor J.E. Meade*, London, George Allen & Unwin, 1978,

<sup>77</sup> G.D.H. Cole, *The Means to Full Employment*, London, Victor Gollancz, 1943, p.162

<sup>78</sup> G.D.H. Cole, *Money, Trade and Investment*, London, Cassel, 1954, p.165

<sup>79</sup> Although in his Guild socialist period G.D.H. Cole had clashed several times with Beveridge when the latter was a secretary of the Board of Trade, in later years they would co-operate on several matters concerning employment policies and social security. When Beveridge was appointed in July 1940 as chairman of the Manpower Requirements committee of the Production Council much of the local fieldwork was done by G.D.H. Cole. When Beveridge started to work on his Social Security report he asked Cole to carry out a survey on the workers' attitudes to welfare. When the report was finished, Beveridge and Cole collaborated in setting up, in 1943, a Social Security League, pressing for the immediate implementation of the proposal. In the process of this collaboration, Beveridge is reported to have been radicalised under Cole's influence. For more detail on the Beveridge-Cole relationship, see J. Harris, *William Beveridge. A Biography.*, Oxford, Clarendon Press, 1977

“To some of my readers, speculations of this order [= contemplating the introduction of a social dividend payable as of right to all citizens as their shares in the common heritage, wvt.] will doubtless appear Utopian, and out of place in such a book as this. But is the idea of a 'social dividend' so far away from the spirit of that part of the post-war social programme the country is now debating in which the notions of comprehensive free medical service and comprehensive free education seem to be finding acceptance? If the State assumes the responsibility of seeing to it that all its citizens are to be given the chance of free health service and free education up to a secondary stage - if it is to go further, and to accept the implications of the Beveridge slogan 'Freedom from Want', what is there Utopian in suggesting that a share in the product of industry ought to accrue to every citizen as a money payment which he can spent freely, as well as in the form of certain freely provided services? It is a further step, I agree; but it is a step on a road on which we have already agreed to travel a good deal of the way.”<sup>80</sup>

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<sup>80</sup> G.D.H. Cole, *Money: its Present and Future*, London, Cassel, 1944, pp.147-148

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