

1945-51: Labour and the creation of the welfare state

From the shock victory of Labour at the 1945 general election, to the founding of the promised welfare state, Derek Brown trawls the archives and presents a potted history of the immediate postwar years.

Derek Brown

Wed 14 Mar 2001 15.30 GMT First published on Wed 14 Mar 2001 15.30 GMT

Introduction

The outcome of [the 1945 election](#) was more than a sensation. It was a political earthquake.

Less than 12 weeks earlier, [Winston Churchill](#) had announced the unconditional surrender of Nazi Germany. Churchill wanted his wartime coalition to continue until Japan too had been defeated, but was not unduly dismayed when his Labour ministers insisted that the country be offered a choice. The prime minister called the election for early July, confident that the British people would back the greatest hero of the hour. Of all Churchill's colossal misjudgments, that was probably the most egregious.

The voters wanted an end to wartime austerity, and no return to prewar economic depression. They wanted change. Three years earlier, in the darkest days of the war, they had been offered a tantalising glimpse of how things could be in the bright dawn of victory. The economist [William Beveridge](#) had synthesised the bravest visions of all important government departments into a single breathtaking view of the future.

The 1942 [Beveridge Report](#) spelled out a system of social insurance, covering every citizen regardless of income. It offered nothing less than a cradle-to-grave welfare state.

That was the great promise dangled before the British electorate in 1945. Though Churchill had presided over the planning for radical social reform, though he was a genuine hero of the masses - and though, ironically enough, the Tory manifesto pledges were not all that different from Labour's - the people did not trust him to deliver the brave new world of Beveridge.

There were other factors too. The Labour party had held office only twice before, in 1924 and in 1929-31, but during the war years its leadership had acquired both experience and trust. It now looked like a party of government.

Labour's promise to take over the commanding heights of the economy via nationalisation were anathema to committed Tories, but after nearly six years of wartime state direction of the economy it did not seem nearly so radical as it had before the war - or indeed as it seems now.

Then there was the military vote. Britain had millions of men and women in uniform in 1945, scattered over Europe, the far east, and elsewhere. They, more than any other section of the electorate, yearned for change and for a better civilian life. The military vote was overwhelmingly pro-Labour.

Many students of the 1945 election believe that a key role was played by the [Daily Mirror](#), then the biggest selling paper in Britain, and easily the most popular among the armed forces. On VE (Victory in Europe) Day, the Mirror published an immensely powerful cartoon by the brilliant [Philip Zec](#). It showed a battered, bandaged Allied soldier holding out to the reader a slip of paper marked Victory and Peace in Europe. Under the drawing was the caption "Here you are! Don't lose it again."

The same cartoon was published on the Mirror's front page on the morning of the most remarkable general election of the 20th century. But when the result was announced on July 26 - three weeks after polling day to allow military postal votes to be counted - it was clear that [postwar politics](#) had changed utterly.

With 47.7% of the vote, Labour secured a staggering 393 seats in the House of Commons. The Conservatives, with 39.7%, won just 210 seats. The Liberal party, which had governed the country less than quarter of a century earlier, was reduced to 9% of the vote, and just 12 seats. The new prime minister was Churchill's deputy in the war time coalition, [Clement Attlee](#).

On the first day of the new parliament, the massed ranks of Labour members bawled out the socialist anthem, the Red Flag. Tories everywhere were scandalised. (There is a splendid apocryphal story of a lady in a grand London hotel who was overheard exclaiming "Labour in power? The country will never stand for it!")

But stand for it they did, over the next six momentous years.

Clement Attlee

The new prime minister was not obviously cut out for the job. Painfully shy and reserved to the point of coldness, he had the appearance - and often the style - of a bank clerk. Churchill described him, cruelly, as "a sheep in sheep's clothing".

The son of a City solicitor, he was educated at Haileybury College - which specialised in turning out administrators for the British Raj - and at University College, Oxford. Attlee was so far from being a passionate ideologue that his wife Violet once casually observed: "Clem was never really a socialist, were you, darling? Well, not a rabid one."

Yet this essentially herbivorous exterior cloaked a steely determination, and a deepseated devotion to social justice first developed during his voluntary work in London's East End before the first world war. After distinguished service in that war, Attlee entered parliament in 1922, and served in the first two Labour governments. In 1931, he declined to join Ramsey Macdonald's national coalition, preferring to stay with the rump opposition. He became Labour leader in 1935.

Though many on the left opposed Labour participation in Churchill's wartime coalition (at least during the early years when Hitler was allied with the Soviet Union under Stalin), Attlee responded to the national crisis by guiding his party into the national government. He became Lord Privy Seal and, from 1942, deputy prime minister. He was 62 when he entered Downing Street.

Attlee's team

The great tide of new Labour MPs who entered the Commons in 1945 included some eager youngsters who were to make their mark on the party, and indeed the country. They included Denis Healey (who made an impassioned maiden speech urging world socialist revolution), Harold Wilson, Michael Foot, and James Callaghan. But the men Attlee leaned on were of course of [Labour's old guard](#). His principal props were [Ernest Bevin](#), a pragmatic trade unionist who had made his mark during the war as an energetic labour minister, Labour stalwart [Hugh Dalton](#), and [Stafford Cripps](#), an aloof intellectual (Churchill once remarked of him: "There but for the grace of God, goes God.").

The Attlee-Bevin alliance was particularly important in protecting the administration from some of its own hotter blooded members, who shared the young Healey's enthusiasm for revolution. Their most potent figurehead was [Aneurin Bevan](#), a fiery orator from the Welsh valleys, who constantly urged the government to embrace [radical reforms](#), and bitterly resisted any suggestion of pragmatic trimming of policy. Bevan eventually was to deal the Attlee administration a hammer

blow, when he resigned over the reintroduction of NHS prescription charges. For six years, though, his was the voice of radical Labour.

Nationalisation

"The Labour Party is a Socialist Party, and proud of it." The stark sentence is buried in the party's 1945 election manifesto, which promised that Labour would take control of the economy and in particular of the manufacturing industry. The manifesto pledged nationalisation of the Bank of England, the fuel and power industries, inland transport, and iron and steel. And with a majority of more than 150, the party could not be denied.

One by one the key industries of the postwar economy tumbled into the public sector, where they were subject to elaborate planning controls. For the most part the takeovers were highly popular; none more so than the nationalisation of the coalmines. Pit owners still employed a million men, many of them in dire and dangerous conditions. The new national coal board was seen as much as a humanitarian institution as an economic one.

Other nationalisation operations were regarded more cynically. No sooner had British Railways taken over the old regional semi-private networks than jokes began to circulate about unreliable, crowded trains, crumbling stations and that old standby of British comedy, the buffet sandwich.

After the initial euphoria of nationalisation, it wasn't long before doubts began to emerge. The state industries were smothered by bureaucracy and the demands of Labour's economic gurus, both amateur and professional. Their bolder ideas were often subsumed in [the delicate balance](#) between principle and pragmatism.

It became clear that the lumbering machinery of economic planning could not deliver what the voters had demanded and Labour had promised: full employment, secure jobs with fair wages, an end to wartime rationing and - above all perhaps - decent homes for all.

It has sometimes been argued that the Attlee government's main disadvantage was that Britain had been on the winning side in the war. British cities and industries had been bashed around by German air raids, but had not suffered the wholesale destruction which allowed the renaissance German economy to start from a clean sheet. More importantly, British economic class structures - and bitter enmities - survived the war unscathed, in contrast to those countries which had been traumatised by invasion and occupation (none more so than Germany) into rethinking their economic cultures.

But there were other obstacles in the path of Labour's would-be revolutionaries. The country, to put it brutally, was broke. It had poured its wealth into the war effort and in 1945 was groaning under a mountain of debt. It had pawned many of its most valuable assets, including a huge slice of overseas investments, to service that debt.

And even when the war was finally over, the victorious, impoverished British maintained vast numbers of men and resources tied up in an empire on which the sun was about to set. In Europe, Britain paid for a huge army of occupation in Germany. The dawn of the nuclear age, and British pride, demanded handsome investment in the new terrible weapons which would keep us allegedly a first class power. The disarmament, which some in the Labour party craved, proved illusory as - in Churchill's words again - an [iron curtain](#) descended across Europe, and the cold war began.

Speaking of cold, even the weather seemed at times to conspire against Labour. The winter of 1946-47 was one of the most severe ever recorded, causing widespread misery and disruption. One of the few truly cheering aspects of life was the imminent arrival of the Beveridge reforms.

The welfare state

The Attlee government is rightly seen as one of the great reformist administrations of the 20th century. It is a pleasant irony that the impetus for the more durable reforms came from outside the party.

The 1944 Education Act, which had introduced the concept of selection at 11 and compulsory free secondary education for all, was based on the work of a Tory, [Richard Austin 'Rab' Butler](#), who went on to conquer all but the tallest peak of British politics.

The introduction of the welfare state rested very largely on the work of two Liberal economists: [John Maynard Keynes](#), who argued the virtues of full employment and state stimulation of the economy, and William Beveridge.

Beveridge's ideas were culled from every nook and cranny of Whitehall. His formidable task was to put together a coherent plan for postwar social reconstruction. What he came up with extended hugely the framework of national insurance first put in place before the first world war by David Lloyd George. Every British citizen would be covered, regardless of income or lack of it. Those who lacked jobs and homes would be helped. Those who were sick, would be cured.

The [birth of the National Health Service](#) in July 1948 remains Labour's greatest monument. It was achieved only after two years of bitter resistance by the medical establishment, with consultants threatening strike action and the British Medical Association pouring out gloomy warnings about bureaucracy and expense.

Alas, those warnings proved to have more than a grain of truth, and the government was forced to retreat from its first grand vision of free, comprehensive health care for all. In the beginning, everything was provided: hospital accommodation, GP cover, medicine, dental care, and even spectacles. But with Britain showing few signs of economic take off, the budgetary burden was enormous. In 1951, chancellor of the exchequer Hugh Gaitskell was obliged to reintroduce charges for NHS false teeth and glasses. Aneurin Bevan, Harold Wilson and junior minister John Freeman stormed out of government, and Attlee's goose was cooked.

Foreign policy

Attlee's government took office in a world changing at bewildering speed. The war had forged new alliances, the greatest and most nebulous of all the United Nations. The USA and the USSR were undisputed superpowers; Britain and France deluded themselves that they were too.

In the far east, the embers of nationalism had been stirred into flame by the brutal advance and subsequent stubborn retreat of Japan. Britain's ignominious surrender of Singapore in 1941 had sent a clear signal to Asia that the days of European imperialism were numbered.

With hindsight it was a blessing for Britain, as well as for its vast numbers of subjects around the world, that Winston Churchill lost the 1945 election. The old warrior was, at heart, a Victorian romantic, hopelessly in thrall to the so called romance of empire. His antipathy to [India's independence struggle](#), in particular, was well established.

Attlee, on the other hand, recognised that the British Raj was doomed. He had been to Haileybury College, after all, and had paid an official visit to India in 1929. Even if the prime minister had harboured any illusions about Britain's duty to its 300m Indian subjects, he was constantly reminded by Washington that the US would not tolerate the continuance of empire. Wisely, he bowed to the inevitable, and prepared for withdrawal.

But even as it bade farewell, Britain was to visit two disasters on the subcontinent. One was Attlee's appointment of Lord Mountbatten as the last Viceroy. Conceited, impatient, and breathtakingly arrogant, he took to the grandeur and the raw power of the job with unholy relish.

Mountbatten decided that independence would come on August 1947, on the second anniversary of the day he had accepted the surrender of the Japanese in south-east Asia. Nothing was to stand in the way of this vainglory - not even the unresolved issue of Muslim demands for a separate state, and the gathering storm clouds of communal violence.

In a few summer weeks, colonial servants scribbled lines across the map of the mighty subcontinent, carving East and West Pakistan out of Mother India, and sparking a bloodbath so frightful that no one to this day knows exactly how many millions died. The holocaust even consumed [Mahatma Gandhi](#), the father of free India and of freedom movements everywhere, who was [assassinated](#) months after independence. Thus ended 300 years of history, and 90 years of Raj. King George VI would be the last British monarch to style himself emperor of India.

There was another colonial retreat, in a way just as disgraceful, on the extreme west of Asia. For just over a quarter of a century British administrators had tried, and on the whole failed, to make sense of their League of Nations (later United Nations) mandate to rule Palestine. They tried partition, appeasement, manipulation and bald coercion. Nothing helped assuage the bloody friction between the rising tide of Jewish immigrants and the native Palestinians.

The end of the second world war brought new waves of refugees from Nazi tyranny to the shores of the holy land, and the conflict became more unholy than ever. Washington was adamant that nothing should stand in the way of the establishment of Israel and when the mandate finally dribbled into the sands of history in May 1948, the new state was born, [fighting for its life](#).

Elsewhere, of course, Britain's imperial might remained intact. The Union flag still flew over huge tracts of Africa, whole archipelagos in the Caribbean and Pacific, jewels of Asia like Singapore and Hong Kong. But there was another much greater reality: British adherence to, and even dependence on, the patronage of the United States. We tagged along with Washington in the occupation of Germany and the establishment of Nato; we acquiesced in the new division of Europe between east and west; we willingly did our bit in the great airlift which saved west Berlin from the Soviet blockade of the late 1940s, and we sent our troops to [South Korea](#) to fight for the United Nations - under US direction - against China and the North.

At the insistence of Attlee and the Labour right, we developed our very own nuclear weapons and insisted that they kept us independent. In reality, the north Atlantic connection was the only one which ultimately mattered.

Conclusion

It is tempting to think of the Attlee years as an anti-climax. After the clamour of victory, the peace was a drab disappointment. And after all the fervent promises of a new dawn, British life remained to a large extent grey and grim. At times, food restrictions were even tighter than during the war - bread was rationed for the first time. Class enmities flourished; social and economic inequalities remained palpable. Here and there were little pockets of a new prosperity: television broadcasts were resumed, the first [Morris Minors](#) appeared, and British designers were working on the world's first commercial jet, the [De Havilland Comet](#). But of that great universal prosperity which seemed to glow from the 1945 manifestos, there was little sign.

And yet, and yet... Britain in the Attlee years changed more than under any other government, before or since. The welfare reforms, and to a lesser extent the great experiment of state control of industry, had a profound effect on the way the people saw themselves and their country. And what they saw, on the whole, was pleasing.

In 1950, after five exhausting years, it was inevitable that the great electoral tide of 1945 would be turned. But in the general election of that year the Labour vote dipped less than 2%, and it was only the vagaries of the first past the post system that saw the Tories gain 88 seats.

Still, Attlee remained in power, at the head of an increasingly fractious government rent by ideological divisions, and fatally wounded by the illness and withdrawal from public life of men like Cripps and Bevin. When the NHS prescription charge issue finally ripped the party apart, the prime minister was obliged to go to the country again in 1951.

Even then, Labour retained the faith of the people, gaining its highest ever share of the vote: 48.8%. Indeed, it was the closest any party came in the 20th century to achieving a popular majority mandate, but it was still not enough. The key turned out to be the Liberal vote, which suddenly evaporated, leaving the party with just 2.5% support and six MPs. The Conservatives ended up with fewer votes than Labour, but 26 more MPs. Winston Churchill was [back in Downing Street](#).