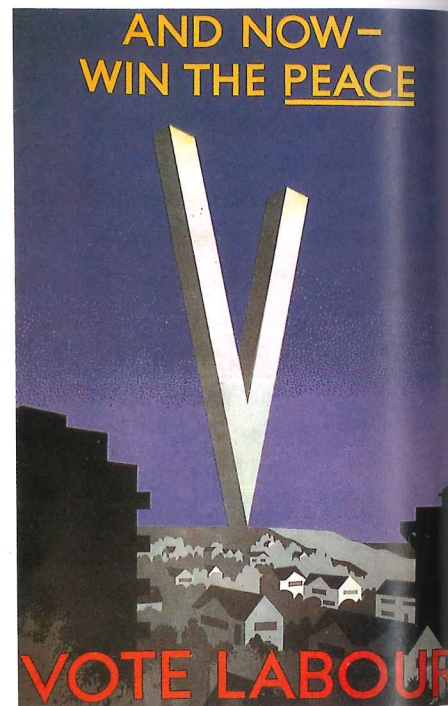


Chapter Sixty-Seven

UTOPIA COMES AND GOES

THE world had changed in 1945 far more than people realised. The middle classes naturally thought, as they had in 1918, that the end of the war would signal a return to the time before the war, to an age of servants and people accepting their place in a graduated social order. For the majority of the population there was no question of returning to such an ethos. Instead there was a determination to secure what had so far been denied them: full employment, adequate wages and increased social provision. The tide moreover was flowing that way, for the population had been led to believe throughout the war that peacetime would usher in a new and more just age. Political equality had been granted but social and economic equality had yet to come. The British people had in fact already experienced such equality during the war, under the aegis of the state, so that it was hardly surprising that no one questioned the state's ability to achieve it in more permanent form once the war was over. Government had solved problems during the war, so it could now continue to solve them in peacetime, with housing, health and employment at the top of everyone's agenda.

Already by 1945 the ground had been laid for that massive swing to the left which would bring the Labour party into power. Labour was viewed as the party which would carry through what people had been promised in Sir William Beveridge's 1942 Report, which was the blueprint for what we know as the Welfare State. Beveridge had been asked to produce a post-war plan for social welfare.



Labour poster for the General Election of 1945. The V for Victory hovers over suburbanised England.

Its foundation stone was to be the weekly insurance stamp which was to provide against unemployment, sickness and other contingencies. The Report included proposals for a national health service by placing everyone, again by way of the stamp, into an insurance scheme which would provide medical treatment free of charge. There were other far-reaching measures, such as family allowances and benefits on birth, death and marriage. The Beveridge Report, which came out in the depths of the war, was that rare thing, a government document which was a bestseller, fuelling a universal expectation that things would be different when the war came to an end.

A foretaste of just how different came in 1944 with the passing of the Education Act. Although not implemented until 1946, it raised the school leaving age to fifteen, with the Minister of Education having the discretion to raise it another year. Henceforward the state was bound to provide free education for everyone, education of a kind which was divided into three categories: primary, secondary and further. Everyone had the first and then, just after the age of eleven, there was a competitive examination. Those who passed it went on to the grammar schools for an academic training. Those who did not went to secondary modern schools, where the stress was on manual skills. The old fee-paying public schools and those which were called 'direct-grant' from government were left untouched. This Act was of fundamental importance for the future structure of British society, which was to be transformed within a generation into a meritocracy dependent on talent. What it also signalled was that education would become a perennial fixation with governments of whatever political persuasion. In a democratic age education formed the minds of potential voters, and ensured which party remained in power. Education was thus regarded as fair game for economic, political and social engineering, motivated by the unproven belief that education was the panacea for all ills.

All of this prepared the ground for May 1945, when the Labour Party rejected the offer of going to the country to prolong a national government in favour of an open election. On 5 July Labour swept to power, leaving the war leader, Churchill, devastated at the people's ingratitude. The feeling of a new start was emphasised by the fact that out of the four hundred Labour MPs over two hundred were first-timers. The Labour war-time ministers, Arthur Greenwood, Hugh Dalton, Ernest Bevin and Stafford Cripps, headed by Clement Attlee as Prime Minister, took over the government. Attlee, ostensibly a dull, taciturn little man, had an unrivalled knowledge of the workings of government. In addition he possessed the elusive quality of being able to hold together a party which attracted people of widely differing viewpoints, ranging from militant unionists to middle class intellectuals. For once the party was not only united on its objectives but also on the means to achieve them.

At the top of the list came full employment. In 1944 a White Paper had committed government to maintaining a high level of employment which in the wake of the Beveridge Report was seen to be the state's major policy priority. By 1948 there were a million less unemployed than there had been in 1938. That million was accounted for by 400,000 in the services and 600,000 in the civil service, for Labour's measures for social provision inevitably meant an escalation of bureaucracy. Full employment was to remain an article of belief for all governments until it began to be questioned in the middle of the 1970s. By then its negative aspects had come glaringly to light for it meant turning a blind eye to over-manning and permitting restrictive practices to multiply, both of which had serious effects on industry.

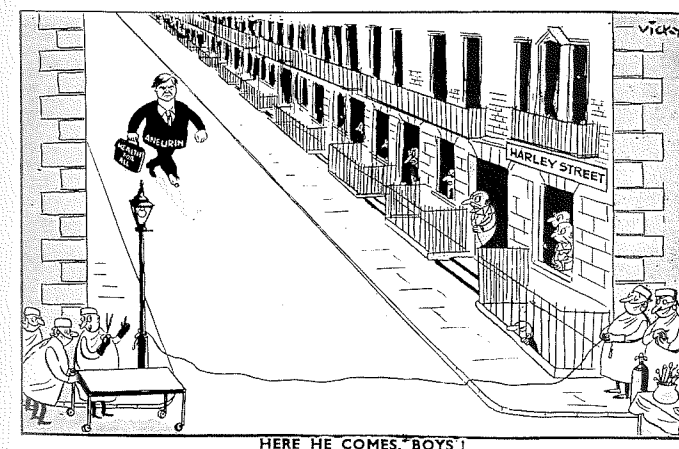
In the forefront of Labour's programme came the implementation of that central article of socialist faith, Clause 4, through nationalisation. This began in 1946 with the Bank of England and civil aviation. Neither presented a problem. Most capitalist countries had a state bank and no one then believed that civil aviation was viable without public subsidy. The following year came the railways and the mines, both of which had been state controlled during the war, nationalisation merely acknowledging a reality. The reality that was not acknowledged was that both industries were already ailing, even in the 1930s. Coal was well past its zenith not only because other countries had developed their own mines but also because it was shortly to be overtaken by oil as an energy source. The nationalisation got off to a very bad start. 1947, the winter that the new National Coal Board took over, was the worst winter for sixty years, but the mines were unable to deliver. Factories closed and homes were without light and heat. This was to set in motion in the mind of the public what was to become an ever-growing sense of grievance against state-run enterprises. The railways, too, were a mirage. They had enjoyed a renaissance during the war when petrol had been rationed, masking again a reality, that in the post-war era road transport would take over. So it was not long before the railways began to spiral downwards, becoming monuments to dirt and unreliability and a byword among the public for inefficiency.

Gas and electricity were nationalised in 1948, neither contentious, the same year that the National Health Service became operable. The National Health Act was passed in 1946, this time only with difficulty. The need for such social provision had been recognised for decades and indeed promised in the Beveridge Report. But the medical profession were aghast at the contents of the Minister of Health Aneurin Bevan's sweeping bill which took over all hospitals including voluntary ones, put general practitioners onto basic salaries, and introduced controls over the sale of practices. All hospital and specialist service, all care and treatment by local doctors

and dentists, was to be free. The British Medical Association resisted and in order to gain their co-operation Bevan was forced to concede the right of members of the profession to practise privately. If one single institution may be said to epitomise the Welfare State, the National Health Service was it. It was hugely beneficial to everyone and utterly unique, regarded by many as perhaps the single most enlightened piece of legislation of the century.

The government pressed on with its programme through into 1949, nationalising iron and steel, which again were declining industries. It was inevitable that the results were to prove unsatisfactory. The system devised for running these new state enterprises was by way of public corporations answerable to government. Within four years of Labour rule 20% of the economy was taken out of private hands and placed in those of the state. To socialists, nationalisation was a moral imperative, a magic wand to be waved with, it was believed, limitless powers of transformation. Alas, too little thought had been given to the practical implications, and the magic of the miracle-working wand was found to lack potency.

This was, however, a great reforming government, comparable with that which followed the Reform Bill of 1832. Its legislation set upon the stage the scenery, or rather permanent set, against which successive governments were to act for the next thirty years. The nationalisation programme went hand-in-hand with other equally significant pieces of legislation. The National Insurance Act of 1946 ensured that the entire population paid compulsory contributions in return for cash benefits covering old age, sickness, unemployment, widowhood, and other circumstances of deprivation, and introduced benefits for birth, marriage and death as promised by Beveridge. In 1948 the Criminal Justice Act virtually abolished flogging and attempted, but failed, to abolish hanging. In the same Act an extension to the legal aid



Harley Street doctors put up a trip wire as Aneurin Bevan, the architect of the National Health Service, approaches, in a cartoon by Vicky, *News Chronicle*, 7 August 1945.

system increased the divorce rate, a recognition of the shift from the centuries-old view that marriage was an institution only to be dissolved in exceptional circumstances. The Labour Party also further curtailed the power of the House of Lords, reducing their ability to delay a bill to a year. One more blow to privilege was to end all forms of plural voting, such as the second vote given to graduates, in favour of 'one man one vote'.

Not everything was so successful. Some two million homes had been devastated, gutted, or damaged in the war but the re-building programme failed to take off. In 1945 only three thousand new homes were built. The demand for houses inevitably accelerated the rape of the countryside, begun in the thirties, when already 60,000 acres of land a year were being swallowed up for building. After the war, that figure continued to go sharply upwards as the country found itself at the mercy of urban requirements as never before. The New Towns Act of 1946 created fourteen new towns between 1947 and 1950. These were formed by taking people out of the congested inner city areas of London and Glasgow and re-housing them. The government gave power to local authorities to designate development areas in the countryside and countered its spoliation by the creation of national parks, embracing Dartmoor, the Peak District, Snowdonia, the Lake District, and the North Yorkshire moors. Even what was called a 'green belt', a band of land which could not be built upon, was created to prevent London from becoming a solid built-up mass.

All of this change cost money, and that was where the problems quickly began to surface. Initially, it seemed that British industry after the war got off to a flying start, for its two main competitors, Japan and Germany, were suffering from the aftermath of war. For a few years British exports did well, but when its rivals returned to production in the fifties Britain's shortcomings began to emerge. Other countries were not only able to produce more, but the quality was far better. This was to present successive governments with a profound dilemma for an expensive social revolution had been carried through on borrowed money, on the assumption that any loans would quickly be repaid by a booming British economy, a boom which failed to materialise. In 1945 American Lend-Lease came to an end. Interest on the debts run up by Britain during the war ate up £73 million p.a. It was clear that the repayment of these debts – or sterling balances as they were called – would be a long-delayed process. To pay for the war foreign investments had to be sold off. It was reckoned that Britain needed to raise exports to 175% of their pre-war volume to cover the deficit that used to be covered by the income from those investments, known as invisible exports. To help the initial period of post-war recovery the United States lent Britain £1,100 million with the modest interest rate of 6%. But the loan had strings

attached to it, the most important one being that within a year, owners of sterling outside Britain could convert their currency if they so wished. In July 1947 that convertability clause came into operation. Foreign gold and currency reserves began to be withdrawn from Britain at such a rate that a month later convertability was suspended. By then the loan had been spent, thanks largely to the substantial rise in the cost of raw materials which followed the end of the war. What saved the British situation was the decision of the United States to aid the recovery of Europe. Under the Marshall Plan Britain received £700 million with no obligation to repay it. Nonetheless the reality of the situation was that American dominance of world trade and the financial markets had pushed Britain down into the role of a second class power. The devaluation of the pound from \$4.03 to \$2.80 recognised this new scheme of things. Although viewed with horror by the public as a bitter blow to prestige, in fact the move had beneficial economic effects. By 1950 the clouds were gathering thick and fast in what had once seemed the cloudless sky of the new Socialist Utopia. Following the sterling convertability crisis Sir Stafford Cripps became Chancellor of the Exchequer, ushering in an era of austerity with tight price controls, a wages freeze, cuts in imports, as well as continuing shortages and rationing. The Welfare State had been set up on borrowed money and its costs were soaring. By 1951 the National Health Service cost £365 million a year to run. American debts needed repaying and it gradually became clearer that principles would have to be sacrificed in order to meet the bills. Controversy about principles surfaced with the proposed introduction of prescription charges in what had been started as a free health service. By 1950 the government was already running out of steam but the very idea of charges opened wide the gap in the ranks between the utopians and the realists in a way which was to prove fatal.

In 1950 there was an election and Labour was returned but with only a narrow majority of six, which meant that no contentious legislation could be passed. Prescription charges were, however, introduced and Aneurin Bevan and Harold Wilson, a future Labour Prime Minister, resigned. Financially things began to get worse. War broke out between North and South Korea, and Britain, via the United Nations, was committed to supporting the United States' policy towards that war. Fear of the intentions of Russia contributed to escalating defence costs which rose to 14% of national income. Wage restraint came to an end and the unions began to strike for more money. In October 1951 Attlee called another election. The Conservatives mounted their campaign, working from an acceptance of the Welfare State but going on to call for the nation to be set free, free from rationing, never ending queues, restrictions and controls, let alone the utter drabness of it all. The

Conservatives came to power with a majority of seventeen and the great socialist experiment was at an end.

Every change brings its losers as well as its winners. In this one the majority won but those who lost were left with a deep feeling of bitterness and hostility towards the emergence of what they saw as an omnipotent state. The middle classes felt betrayed, subjected as they were to taunts by Labour politicians like Sir Hartley Shawcross who told them, 'We are the masters now.' Those who wished to return to a 1930s lifestyle did so by emigrating to Africa where they could find the servants which had vanished in the new Britain. But most of the middle classes stayed put. They consisted in the main of the literate clerical class which had sprung into existence in order to keep the books engendered by the Industrial Revolution. With the advent of free education, more people were around who could now do these tasks, an inescapable change which meant loss of status for the old guard. The middle classes also felt acutely the rise of the skilled manual worker, men at a premium in the post-war era, who could demand the same or more money as those who used to be their literate superiors.

Not every aspect of the Welfare State was bad news for the middle classes, for their ability to understand and cope with the paperwork of bureaucracy meant that they were quick to turn the system to their own advantage. But even that was a waning asset in the face of the greatest blow of all, the Education Act. In the past the middle classes who could not afford to send their children to public schools had paid modest fees to gain them a kind of exclusivity in the grammar schools. The Act abolished fee-paying and introduced entry by examination. Grammar schools now took in the brightest children regardless of their social background, and middle class children suddenly found themselves rubbing shoulders with those of the working class. Children who failed to reach the grammar school were assigned to the secondary school, in the eyes of the middle classes a stigma of failure.

These were not the only rumblings of discontent, for the Welfare State ushered in the era of 'Whitehall knows best'. Government restrictions undoubtedly inhibited the entrepreneur. He was faced with restrictions on raw materials, and with refusals to grant building licences, besides being subjected to detailed investigation into any proposed initiative. In this way the state instead of being seen to move the economy forward was seen to be holding it back.

We are still living with the consequences of 1945-51. Inevitably historians are divided in their conclusions. One group sees it as an era of unparalleled enlightenment, a supreme legislative achievement lifting the whole of society. In this scenario it can also be seen as inevitable, a culmination of events already set in train before 1939. But even among those who sing its praises there are reservations. In their

view its long term failure was because the Labour Party was not socialist enough and what was done was a kind of botched-up half-way house which could never be satisfactory, as indeed became very rapidly apparent. Others look back and see the creation of the Welfare State as ushering in a delusion built on debt, an expensive socialist experiment which only accelerated Britain's decline. The utopian dreams and visions its wand conjured up would fade as one by one everything vanished – the Empire and Commonwealth, the country's role as a world power, the genius which made Britain into an industrial giant. All would be as dust leaving a subliterate, unhealthy and institutionalised proletariat dependent on state hand-outs. But there was to be no turning back. Both the main political parties accepted the Welfare State as a point of departure for any government. Twenty-five years were to pass before anyone began to question its right to exist.

Aerial view of the Festival of Britain, 1951. Ostensibly to celebrate the centenary of the Great Exhibition of 1851, it offered people a vision of the Socialist Utopia to be, after years of war and austerity. The Dome of Discovery was the largest ever constructed but it was demolished along with the rest of the Festival by the incoming Tory government. The Royal Festival Hall alone remains today.

