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Post-War Britain

::: Personal Notes for Extra Reading :::

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Guidelines

This document is composed of personal notes on post-war Britain which correspond to the main focus of the Université Stendhal “Civilisation Britannique L1 S2” class. The aim of providing these is simply to help you revise and check over your own lecture notes from M. Tizot’s CM by providing a written version of some of the topics that may be treated in class. Following the CM assiduously remains, of course, your key priority as you prepare for your S2 exam. This material is not to be considered the sole source necessary to study for the exam: **it must not be memorised by heart and then reproduced in the exam.** Extra personal reading from alternative sources is also vital (e.g. *Les Clés de la Civilisation Britannique*, Blamont & Paquette; *British Political History 1914-1994*, Lee) in order to have a broader vision of the events discussed.

Post-war Britain : Timeline

1945-1951	Labour	Clement Attlee	Welfare State; Nationalisation; Indian independence
1951-1955	Conservative	Winston Churchill	End of rationing; “Butskellism”
1955-1957	Conservative	Anthony Eden	Suez Crisis
1957-1963	Conservative	Harold Macmillan	Decolonisation; Profumo
1963-1964	Conservative	↳ Alec Douglas-Home	
1964-1970	Labour	Harold Wilson	“Swinging sixties”; “British Disease”; “Troubles” in N. Ireland; “In Place of Strife”
1970-1974	Conservative	Edward Heath	UK joins EEC; “3-day week”; “U-turns”
1974-1976	Labour	Harold Wilson	1974 elections; Hung Parliament
1976-1979	Labour	↳ James Callaghan	“Winter of Discontent”
1979-1990	Conservative	Margaret Thatcher	“Thatcherism”; 3m unemployed; Falklands War; poll tax
1990-1997	Conservative	John Major	Maastricht treaty; IRA ceasefire
1997-2007	Labour	Tony Blair	“Third way”; Iraq War
2007-2010	Labour	↳ Gordon Brown	Financial Crisis

NOTES:

- The dates refer to the terms of office of Prime Ministers, not necessarily the dates of general elections. If a PM resigns or retires the new party leader becomes PM. New elections are not automatically held.
- General elections were held in: '45, '50, '51, '55, '59, '64, '66, '70, '74, '74, '79, '83, '87, '92, '97, '01, '05) **Blue** = Conservative victories; **Red** = Labour victories.
- “↳” Indicates when a change in Prime Minister (e.g. after a resignation) is followed by the new PM subsequently losing a general election as the party leader. You can therefore see that, for example, Harold Macmillan, was nominated Prime Minister as the new leader of the Conservative Party in 1957, and then won the election in 1959. On the other hand, Anthony Eden or Gordon Brown became PM but then subsequently lost an election.

1. Introduction

If we examine the timeline a number of important issues appear. We notice the presence of a clear two-party system in the UK with only the Labour party and the Conservative party in office for the second half of the 20th Century. The third party today, the Liberal Democrats, has never won an election or formed a government.

The regular alternation of Labour (traditionally considered as a left-of-centre party) and Conservative (right of centre) governments should not however make us think that the UK has been prone to political instability. The reason for this is that there have been key periods when the dominant parties have shared similar views on certain issues, meaning that changes in government have been accompanied by a sense of continuity, not rupture. At other times there have been, on the contrary, periods of radical change and innovation. Therefore we can separate the post-war era into periods of consensus and periods of reform. The first key period of reform is that of the Attlee Labour government which built on the initial social reforms set up by the “New Liberals” of the early 20th Century and which accorded a massive role to the state in terms of the economy and social services. The second key reform period is associated with Margaret Thatcher who had a radically different view of the state, whose power she sought to minimise in all areas of public life.

The principal period of consensus is approximately the 1940s-1970s and is described as the post-war or Keynesian consensus, since the two big parties had similar views about welfare provision, state intervention, state planning and the need to fight unemployment. A second period of neo-liberal consensus appears to exist today, since the “New” Labour government of Tony Blair openly accepts a vision of the economy (labour flexibility,

deregulation, the power of market forces, the need for private sector involvement) that is attributable to the Thatcher-era Conservatives.

In the class our objective is not simply to study politics for politics' sake. We shall always be trying to understand how politics affects society (people, ideas, individuals, the quality of life) and vice versa. In studying the UK we will inevitably see that much politics is dominated by questions of the economy and this will be particularly important in understanding both the causes and the effects of certain political decisions.

Finally, we shall notice that the question of the role of the state radically changes over the course of the 20th century but remains central: to improve the health, wealth and well-being of individuals should the state take the responsibility for planning and developing the economy, providing social services, protecting us from poverty, ensuring there is as little inequality as possible? Or will this ultimately make things worse? What are the consequences of making individuals responsible for their own success or failure, of liberalising markets, of asking the private sector to play a bigger role in public life?

The changes in the 20th Century must, however, be understood in light of the earlier context. Throughout the 19th Century, the dominant model of “poor relief”, or state aid to alleviate poverty and its effects, had been the Workhouse system, set up in the wake of the 1834 Poor Law Amendment Act. Since it was feared that public assistance, if it were too generous, would destabilise society and the economy (driving up wages as the lazy chose a life of idleness rather than earn a living through their own hard work), the Workhouse system was founded on the principle of “less eligibility” whereby the condition of the poor person seeking assistance, or “pauper”, had to be less favourable (“eligible”) than that of the lowest-paid worker. Thus the workhouse system provided assistance on the condition that the recipients suffered in return in three key ways : the loss of social status (being a “pauper” in the workhouse was associated with shame and humiliation) ; the loss of civic rights (paupers

could no longer vote) ; the loss of personal freedom (the workhouse was a closed residential institution, with aid in the form of food and shelter only given to those who lived within its walls. Those in the workhouse had to put up with a strict, austere, regimented lifestyle where men lived separate from women, families were dispersed, uniforms had to be worn, food was poor, and hard or repetitive work was demanded in exchange for this ‘assistance’).

By the early 20th Century key figures in the Liberal Party had become increasingly concerned with poverty and its effects, and began to promote social reform, with their brand of “social Liberalism” moving the provision of state aid away from the workhouse model. These “New Liberals” (the term marking a shift away from traditional 19th Century Liberalism with its focus on free-market economics) such as Lloyd George, Churchill and Asquith were not necessarily acting out of humanitarian compassion, and several pragmatic reasons for this shift can be given : the fear of revolutionary socialism taking hold among the poorer classes; the electoral danger represented by the new Labour Party (officially founded in 1906, but building on earlier parties and groupings that aimed to put working-class representatives in the House of Commons) which was attracting increasing numbers of working-class voters as the franchise was extended; the realisation during the Boer War that the strength of Britain’s Imperial army depended on the health of British subjects; new social awareness and scientific understanding of the inter-connection between disease and poverty; the need to maintain fit and healthy workers to maintain productivity in an economy dominated by hard physical labour.

Thus the Liberals between 1906 and 1911 were responsible for the first steps which would lead us to the modern Welfare State : the introduction of health checks and school meals to promote the health of children; a system of Old Age Pensions (1908) funded by general taxation to ensure that old people would not have to rely on the workhouse or on sympathetic family if they had no independent means; a contributory system of National

Insurance (1911) which meant that all workers would be obliged to pay into a state-organised and state-subsidised fund every week out of their wages, but which, providing they had made adequate contributions, would then give them the right to basic medical care (sick pay and access to a doctor) as well as a flat-rate unemployment benefit for a limited time (workers in certain industries only). This system of National Insurance, with its mandatory, flat-rate contributions and benefits (i.e. not graduated according to income) aimed at ensuring that families would not fall destitute in times of hardship (illness, unemployment) but also sought to ensure that the working man would return to paid employment as quickly as possible, and so return to providing for his family through his own hard work. Thus by the early 20th Century the beginnings of a system of state aid had appeared which broke with the stigma of the workhouse system, but which was still much more basic than the comprehensive, universal, generous system of state-provided services and benefits that we understand as a “Welfare State” in the modern sense.

2. Attlee and the Welfare State

The first period of change that we shall be looking at in detail is that of the 1940s in the UK, a time when Britain, like the rest of the world, was at war. The UK was led through WWII by the charismatic Conservative Prime Minister, Winston Churchill. However, it should be remembered that Churchill was not at the head of a Conservative administration, but a National government, a coalition of all the main political parties, who had agreed to set aside their ideological differences and work together in the interests of national unity. Thus Churchill's government contained not only Conservative politicians, but also a Liberal and key Labour politicians, who were given important ministerial posts. The country quickly became focused on the war effort, with military conscription, rationing, evacuation and government control of labour and industry all impacting on daily life.

Churchill was an inspirational wartime leader and his rousing speeches came to characterise British determination to fight the Nazi menace. When victory in Europe finally came in 1945, and the wartime coalition came apart, elections were called for later in the year. Many expected Churchill, quite naturally, to continue leading the country at the head of a Conservative government. However, the election held in July 1945, was a victory for the Labour party, led by Clement Attlee. The results were unequivocal :

Labour won 393 seats to the Conservatives' 213 and the Liberals' 12, representing, for the first time in their history, an absolute majority for the left-wing party.

The question that we must ask is why?

Many reasons can be given to explain came as a surprise defeat for Churchill.

It is certain that the main preoccupations of the population at this time were social – the key concerns, among both the general population and the soldiers returning to the UK from fighting abroad were matters like housing, health and social security. While Churchill

had been a popular wartime leader, the Conservative party, often named "The Tories", were assimilated with the years of hardship that had preceded the war. The Tories, were equated with the party of Big Business and the "hard-faced men" who ran the economy, while people's memories of the "hungry thirties" remained strong. There was a general consensus that there could be no return to the hard, unfair living conditions of the 1930s, particularly at a time when the country was so desirous of change. There was the memory of the how the end of WWI had not brought about any major improvements for the population, on the contrary. This time, the common efforts and sacrifices that the population (both military and civilians) had made, the hardship endured (loss of life, destruction of homes, evacuation, rationing), had to be for *something*. The result was that the end of the war brought with it the sense that people deserved a better future, that everyone should share in the rewards that came with victory.

All in all, with the increase in state planning in every aspect of public life during the war, the common efforts made and the desire for common, shared rewards, the UK had, almost unknowingly, moved leftwards during WWII. The mood was now more collectivist, preoccupied with social improvements that everyone should gain from, even if this meant that the state had to play a greater role in providing them.

However, Winston Churchill seemed to completely misjudge the mood of the country, as we can judge from his hysterical statements about the risk of the UK turning into a totalitarian, socialist state if Labour were to win, even predicting the arrival of a socialist "Gestapo". On the other hand, the Labour party was well suited to respond to this shift in opinion, being a party with an egalitarian view of society, a collectivist outlook, a focus on improving the lives and conditions of the working class majority. While the Conservatives had indicated that they would consider some of the social reforms desired by the population, the Labour party was more convincing as the party of social progress and clearly indicated that they would put in place reforms to transform Britain if elected.

The result was a Labour landslide (ie a monumental victory) which left the party with both a clear mandate from electors to reform the country and the parliamentary majority to pass the necessary legislation.

They had made it clear that they would set up a vast series of social reforms to implement what is known collectively as the Welfare State.

Perhaps the central element of this Welfare State, one of the largest in scale, the most popular, one of the most useful was the creation of a national health service. This was the major achievement of the Attlee government and the NHS remains to this day an institution that the British wish to protect.

- **1946 National Health Service Act (comes into effect in 1948)**

The objective was to provide **free, comprehensive** and **universal** health care for the population, including free dental and ophthalmic treatment, free medicine, free hospital stays, free consultation of doctors etc. The historic advantage for the population was the end to a system whereby the standard of health enjoyed had previously been directly related to income: where the rich could pay for proper health care, whereas the poor, without the means to pay in this way, would tend to avoid doctors except in emergencies and suffer from worse health as a result. Although some charitable or municipal hospitals had existed, providing free or low-cost care for the poor and less well-off, there was no certainty that this treatment would be available. And although some limited health insurance policies were available to provide health care for workers, the key fact was that quality health care was not something that everyone could expect for free before the creation of the NHS. On the other hand, the NHS was promoted with the slogan: "No more doctors' bills". Everyone, regardless of income, could now expect to be given the medical care necessary to improve the health of the population. In order to ensure that this free health care was universal, i.e. provided for

everyone, all across the country, it was felt that the state had to take over the responsibility of providing it. This was done so by nationalising the existing hospitals, and by taking the provision of family health care into state control, much to the regret of the key doctors' union, the British Medical Association (BMA) who fought a long campaign against the creation of the NHS on the grounds that it took freedom away from doctors.

Family doctors (GPs – General Practitioners) were not to become state employees however, but were allowed to retain a degree of autonomy by a system which gave them a small basic salary plus a "capitation fee" based on the number of patients who registered with them. Private health care was not abolished either, and from the outset patients had the choice of going to see a private doctor for a fee, or being treated, for free, by the NHS.

The idea of providing a universal service rather than a service for those without the means to pay for their health care has to be addressed. After all, now even the rich could get free health care, paid for by the state. The idea was that by ensuring a universal service, the NHS would be certain to provide a quality service for all (everyone contributed in terms of taxation, but everyone could get some immediate benefit from it) rather than just a service which focused on the poor. If only a certain section of the population benefited from such a service, it may have come under pressure from taxpayers, and little by little, provide nothing more than a minimum level of service for those in need.

A universal health service was also a break with the past, where the previous tradition of state-provided services had often been based on a "means test", ie. a way of designating those without the means to support themselves, which, for historical reasons, was associated with humiliation and shame.

For example, in the 19th century tradition of the "Poor Law" (Poor Law Amendment Act 1834), some limited aid (shelter, food and later medical care) had been made available to the poor on the express condition that those receiving state aid had to suffer worse conditions

than the lowliest worker who worked for a living: thus aid was provided only in a workhouse where the conditions were intentionally kept so bad that no-one would choose to go there. As another deterrent, people who had to rely on state aid were stripped off their freedom, their rights and their social status: being designated a "pauper" meant notably the loss of the right to vote.

In the 1930s, in a context of mass unemployment, certain benefits became available to the worst off in society, but this was dependent on a detailed examination of the household's finances by the state, often perceived as a humiliating intrusion of domestic privacy. This historical background helps explain why the tradition of the Poor Law and the means test were associated with shame and stigma in the UK and why the post-war Welfare State sought, at least initially, to provide, services for the entire population rather than focusing on the poor.

We have described how a collectivist mood borne out of WWII led to a leftwing Labour government being elected. More than the Conservatives, associated with the economic hardship of the 1930s, they were ready to give concrete expression to the desire for a better, fairer society by implementing a number of social reforms, known as the Welfare State.

In addition to the NHS, undoubtedly the central plank of the Welfare State, some of the main measures introduced were the following:

- **1945 Family Allowances Act** : a scheme which provided payment for families with children paid for out of general taxation
- **1946 National Insurance Act** : a wide-ranging system of Social Security was set up to ensure subsistence payments for those unable to work for a number of reasons. It created a fund for sickness, maternity, widows', unemployment benefit and old-age pensions. A certain number of National Insurance contributions had to be made before one was eligible.

The system ensured a "national minimum" revenue, but was based on a series of flat-rate contributions and flat-rate payments. Workers were to be encouraged to take up private insurance to make up for any loss in earnings.

- **1948 National Assistance Act** : this added to the previous act in that it provided 'supplementary benefit' for those who were not covered by the 1946 Act. It necessitated a 'means test'.
- **1946 Housing Act** : this act addressed the need for new housing in post-war Britain. Houses had been destroyed by bombing and there had already been a shortage of housing before the war. The 'baby boom' also placed an increased demand on existing housing. The act made local authorities responsible for the building of accessible 'council housing' to accommodate the working classes.
- **1946 New Towns Act** : this act foresaw the creation of a number of specifically planned 'New Towns' which would be rationally designed and built to provide modern housing and conveniences.
- **1944 Education Act** : this extension of the education system made secondary school free and compulsory until the age of 15, but maintained the selective 11-plus exam and the tripartite school system. It was conceived by the Conservative, Rab Butler, before the end of the war, but implemented by Labour.

What we see is the significant involvement of the state in planning, regulating and providing social services in order to ensure that the British population in general benefited from increased health, better education, affordable accommodation etc. This necessitated high public spending and large numbers of public sector employees, but this was felt to be a worthwhile price to pay if it improved the country's standard of living. For Labour, the State clearly had a positive and active role to play in broadening access to social services. The state could improve on market-based private provision (e.g. health) which had meant that quality services were only available for those with the means to pay.

Although the Labour Attlee government can justifiably be praised for having set up the Welfare State, all the more commendable given the UK's poor economic situation at the time, Labour cannot be given all the credit for the Welfare State. In short, the Welfare State was not purely a Labour idea. Rather, it built on ideas which had first been put into practice by the “New” Liberals under Asquith (from 1908 onwards) and whose extension all political parties had discussed during the war years (e.g. The 1944 Education Act was a piece of Conservative legislation) when the UK had been governed by a coalition government in the interest of national unity.

The most significant step in creating the modern Welfare State had been a report prepared by a civil servant, affiliated to the Liberal party, Sir William Beveridge. An expert on pensions and social security, Beveridge was asked by the government to plan for a future system of social welfare. The conclusions of his 1942 Report on **Social Insurance and Allied Services**, often known simply as the **Beveridge Report**, were instrumental in shaping the post-war Welfare State. It recommended an extension of social provision and benefits (a previous, limited system of social security had been set up by the Liberals, but this did not cover all workers or their families. The 1908 Old Age Pensions Act foresaw modest pensions

for those over 70. It was non-contributory and was thus to be financed by general taxation, giving rise to the “People’s Budget” of 1909 and the conflict with the House of Lords which culminated in the Parliament Act of 1911. The 1911 National Insurance Act was a contributory system of insurance for low-paid workers which provided them with sick pay, basic subsidised medical care and, in certain industries, unemployment benefit.)

Instead of simply focusing on poverty by providing financial aid in the form of welfare payments or "benefits" for those, say out of work or unable to work due to illness, the Beveridge Report aimed to attack a wider range of social ills. Described in the report as "five giant evils" these were named as Want (poverty), Illness, Idleness (inactivity), Ignorance and Squalor (poor housing). Future state provision of social services should aim to counter all of these by providing social security payments, but also by ensuring better health, housing and education and by trying to ensure full employment. The British Welfare State aimed to protect individuals “from the cradle to the grave”.

Although the Conservatives approved of these suggestions "in principle", there were some doubts about how eager they really were to put them into practice after the war. The Labour party, however, firmly declared in the 1945 election their desire to make this all a reality, and credit must go to them for keeping their promises once elected. As we can see, the Welfare State social reforms they applied in the late 1940s correspond exactly to the initial recommendations of the Beveridge Report.

3. Attlee and Nationalisation

The post-war Attlee government is also remembered for having nationalised large segments of the economy, which means that industries were bought by the state from the previous private owners. This very direct form of state intervention, as the state becomes the owner of around 20% of the British economy, and therefore the country's biggest employer, reminds us that the role of the state was not limited to the social sphere.

This programme of nationalisation covered key industries in all domains of the economy, notably energy production, transport, telecommunications, banking, iron and steel:

1946 Coal, Civil Aviation, Cable and Wireless, Bank of England

1947 Electricity, Gas, Transport

1949 Iron and Steel

The rationale for this is partly due to changing conceptions of the role of the state in the economy. While in the early twentieth century, economic liberalism and laissez-faire had been the orthodoxy, the war years had seen an increase in the role of the state in the economy. The state, under a coalition government, had planned, run and transformed industries in order to better organise the war effort. The economist John Maynard Keynes, appalled by the hardship that the 1930s recession had caused, had provided the theoretical justification for state intervention in times of economic crisis. (He had argued, contrary to economic liberalists, that it was the state's job to ensure that there remained a suitable level of consumer demand in a recession: this could be done by doing things like increasing state investments or

lowering taxes and interest rates.) One key objective of Keynesian economics is to try and ensure full employment. Contrary to a private owner, the state would be more able to sustain loss-making industries with large numbers of employees, and thus maintain high levels of employment, even in a context of economic difficulty. It should be remembered, however, that Keynes, even if his economic model provided a theoretical base for the Labour party's economic policy, was not a leftwing socialist. A member of the Liberal Party, he saw his economic theories not as a rejection of capitalism, but as a way of protecting it from its own excesses.

Another reason for the state to nationalise industry is that the British economy was in a pitiful state following the war. The UK immediately suffered from the end of wartime aid from the USA (called "lend-lease") and subsequently had to send John Maynard Keynes in person to the USA to negotiate a multi-million dollar loan to keep the British economy afloat. The money (\$3.75b) was to be paid back over the next 50 years with interest and the UK was to make its currency fully convertible with the dollar (making the dollar the predominant trading currency for international trade). The UK also depended heavily on American aid in the form of Marshall Plan payments made to help rebuild the economies of war-torn Western Europe. The UK economy remained very weak however: the Keynes loan was spent within a few years, while in 1949 sterling was devalued.

Not only had entire industries been transformed for war aims (producing aircraft, munitions, uniforms etc.) but markets had been lost. Domestic demand was low and important export markets had been disrupted by fighting. The mood was very much one of the need to rebuild the country, but for certain run-down industries, private investors simply could not or would not invest the sums needed to revitalise the economy. It was therefore naturally felt by Labour to be the role of the state to take control of the "commanding heights" of industry to ensure a planned economy, although this definitely did not mean a soviet-style model.

Privately-owned and public industry would co-exist in what was described as a "mixed economy".

There is also an ideological reason for nationalising which was particular to the Labour party. The Labour party (1906) grew out of the trade union movement at the beginning of the 20th century and, without ever being Communist in nature, had specified its leftwing ideals in the party's 1918 constitution. The fourth paragraph of this document (known as Clause IV) stated the following objective:

"To secure for the workers by hand or by brain the full fruits of their industry and the most equitable distribution thereof that may be possible upon the basis of **the common ownership of the means of production**, distribution and exchange, and the best obtainable system of popular administration and control of each industry or service"

Labour's rather vague commitment to "common ownership of the means of production" suggests the belief in public, i.e. state ownership, on principle, as opposed to private ownership. The objective in doing so was supposedly to improve conditions for the workers. It did not, however, mean that there would be industry where the workers were actually in control. Indeed, the Chancellor of the Exchequer, Sir Stafford Cripps, said: "I think it would be almost impossible to have worker-controlled industry in Britain, even if it were on the whole desirable."

Some industries simply changed hands from the private sector to the public sector, and were then run as "public corporations" with a large degree of autonomy, without changing things greatly for the employees. The coal industry was one example of considerable disaffection. The coal miners, who suffered extremely hard conditions and low wages, had been demanding nationalisation of their run-down industry for years. However, the mine

owners, who put up little resistance, were paid handsomely for their concerns while the initial management was often kept on in the new state-run industry. On the other hand, the actual mineworkers often felt there had been little practical improvement. Some considered that the owners of capital had been rewarded, rather than the miners themselves.

The case of iron and steel, an industry which was a much more profitable industry, met a different reaction. Significant resistance to nationalisation was put up by the owners, the House of Lords and the Conservative party and it took until 1951 for this to be put into effect (only after Labour had introduced another Parliament Act in 1949 to reduce the delaying powers of the Lords to 1 year). As soon as the Conservatives came back into power, it was de-nationalised again (1951). As we shall see, however, this was the exception, rather than the rule. The nationalisation programme set up by the Attlee government is vital in that it formed the basis of the mixed economy which was to be the dominant model in the UK for the next forty years or so.

4. Consensus and the “Conservative Decade”

The Conservatives were in power for a long period known as the "**Conservative decade**" during the 1950s and early 1960s. They ruled for 13 years although this period saw a number of Prime Ministers leave office prematurely. Winston Churchill who became PM in 1951 at the age of 77, retired because of old age at over 80 years old. Anthony Eden, the respected former Foreign Secretary, officially retired due to ill health after the fiasco of the Suez Crisis, and Harold Macmillan stepped down after illness in 1963, which was also the year of a famous sexual / political scandal known as the Profumo affair. It was discovered that the Secretary of State for war, John Profumo, had been having an affair with Christine Keeler, a model who was also having a relationship with a Russian military attaché.

The period was nevertheless one of Conservative domination. With each successive election (1951, 1955, 1959) they managed to increase their parliamentary majority: from 17 seats, to 58 seats and finally to 100. This series of election victories, each one more significant than the last, suggested a period in which the Conservatives had found policies that were both economically successful and popular with voters, giving rise to some Labour fears that the Conservatives were unbeatable.

The first question to address is therefore the nature of this success in domestic politics and the relationship between the Conservatives and Labour. A significant metaphor to help us understand this period was an article that appeared in **The Economist** in 1954 which described a politician named "Mr Butskell". Butskell did not exist, the name was a compound term formed by the contraction of the names of two actual politicians, one Labour and one Conservative. Both the Conservative, Rab **Butler**, and the Labour politician, Hugh Gaits**kill**, were at one time Chancellors of the Exchequer, and in creating this compound figure, The Economist was suggesting just how similar the two parties were in terms of domestic policies.

The consensus that appeared at this time was thus also given the name of **Butskellism**, and its main characteristics were the acceptance by the Conservatives of the Attlee-era reforms, namely the Welfare State and the mixed economy. An additional element was the Keynesian priority of maintaining full employment.

A number of examples of this **consensus** can be given. As far as the aims of the Welfare State are concerned the Conservatives are credited with having continued and expanded the Labour party's house building plans. The impressive figure of over 300,000 new houses a year is quoted for the years at the beginning of the 1950s, although it must be remembered that the Conservatives favoured private developments over local authority "council housing". While Winston Churchill is reported to have complained in private about the amount of money "squandered", i.e. wasted, on the NHS, in 1954 he publicly boasted that the Conservatives were spending more money on social services than any other government in history. The difference between the privately-voiced concerns and the public message can perhaps be explained as an illustration of political realism (or even cynicism). The public had quickly become attached to the NHS, which offered direct material improvements to everyday life and can be considered one of the central elements of the Welfare State. The suggestion is that it would have been politically unwise to try and limit the provision of NHS services. (This had nevertheless already been undertaken by Labour in 1951. Due to extreme financial difficulties they had had to introduce small payments for a number of services, e.g. the introduction of charges for spectacles and dental work, with a small payment being introduced a year later for medicines, known as prescription charges.) Due to its popularity, the NHS had become something of a "**sacred cow**", an institution to be respected and left alone.

The second example is economic. Despite a strong campaign against the principle of nationalisation in the 1950 election, the Conservatives only ever effected limited de-nationalisation once in office. Two industries where there had been initial resistance to state

control – iron and steel, road haulage – were put back into private ownership in 1953. But these were very much the exceptions, not the rule. The vast majority of the industries nationalised by Labour remained in public ownership, thus the principles of the **mixed economy** were also accepted by the Conservatives. They too believed, for example, in the need for an economy in which the state played an important and active role. They were even responsible for introducing socialist-style state planning in the form of the **NEDC**, the National Economic Development Council in 1962.

Another significant feature of this era was that it was one of apparent **affluence** for the British. Despite their social reforms, the Attlee government had been remembered as a period of austerity and continuing sacrifice in the form of continued, even increased, rationing. Attlee's Chancellor had, for example declared that the country's first priority was exports, the second, industry. Only in third place came "the needs, comforts and amenities of the family". There were also claims that Labour placed "guns before butter", i.e. that rearmament was given greater priority than citizens' everyday needs.

On the contrary, the Conservative period was associated with talk of a new "affluent" or "consumer society". The end to food rationing in 1954 announced a decade in which consumer durables such as washing machines and TVs became more widespread even among the less well-off, partly thanks to the easing of credit deals known as "hire-purchase agreements". In the 13 years of Conservative rule, car ownership went up 500% and the number of homes with a TV went from 4% to 91%. Although wages went up by 72%, prices of goods went up by only 45% over the same period (figures quoted in Lee, *Aspects of British Political History 1914-1995*). Thus rising prices did not mean a drop in spending power thanks to even higher wage rises. Inflation remained relatively low and unemployment, until the end of the 1950s, was also low. It was in this context of improving material wealth, that

Prime Minister Harold Macmillan made the well-known statement that "Most of our people have never had it so good".

What is less well known is that his apparently optimistic declaration was followed by the words, "... But will it last?". This has a prophetic value in that it can now be stated that the 50s and 60s were more a period of *apparent* affluence, rather than actual wealth. These boom years, for a number of reasons, actually were a form of "Indian summer" or a façade that masked the declining health of the British economy. One reason for making such a claim is that the economic dynamism enjoyed by Britons was more due to external factors (a generally booming global economy) than to any internal factors. In fact, the UK economy had a number of structural weaknesses and if the situation of the UK is looked at from an international perspective, the apparent success of the British economy is minimised by the fact that the UK was performing much less successfully than other developed countries, including France, Germany, Japan and the US. Thus, Britain's share of world trade fell over this period from 25% to 15%, while Germany's rose from 7% to 20% (figures quoted by Lee). The problem would only really become apparent in the 1960s, but already the "British disease" – the catch-all term that attempted to analyse the reasons for the UK's declining competitiveness – was affecting the economic health of the country. By 1962 unemployment had risen to 800,000 and strikes had started to become more frequent. Reasons for poor economic performance included such things as a lack of competitiveness of British firms in export markets, low labour productivity, a lack of investment, and thus of modernisation, in plant and machinery, and outdated managerial techniques. The blame was also often laid at the door of consumers who were said to buy too many imported goods and unions who were responsible for dominating workplaces and imposing restrictive working practices that hampered the attempts at modernisation.

Successive Conservative governments were also sometimes criticised for understanding little about how the economy really worked. The era was one of "**stop-go**" economic policies, where there were periods of sudden economic expansion that risked putting up inflation, alternating with drastic government attempts to cool the economy back down. For example, in 1952 Chancellor of the Exchequer Rab Butler feared inflation due to "excess demand" and thus raised bank interest rates in order to encourage people to save, rather than borrow and spend (STOP). Not only was the risk of inflation groundless, the economy actually looked like it was starting to slow down. The government then lowered income tax the next year to encourage spending again (GO). Ultimately, an underlying balance-of-payments problem (with the UK spending more money abroad than it received) was building up, which would complicate things for future governments, compounded by growing rates of inflation, unemployment and growing numbers of strikes.

The "Conservative decade" is thus important as an illustration of consensus on the home front and an important reminder of the structural weaknesses of the British economy. The poorly performing economy would play an important role as the first attacks on the consensus approach appeared in the late 1960s and early 1970s.