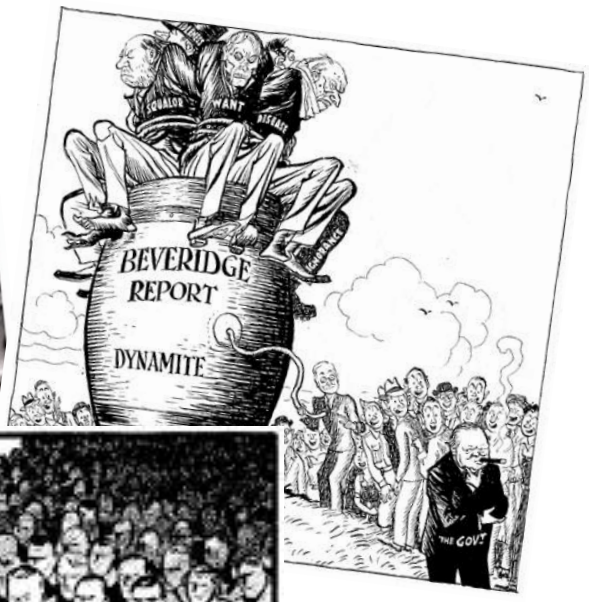
A Level History

Bridging Work Year 11 to Year 12

British History 1951-2007



ALL BEHIND YOU, WINSTON

NAME:_____

Instructions

Welcome to your A Level History course!

You must complete the activities in this booklet for the British History side of the course in preparation for the start of the course in September.

You will need to read the information provided in this booklet then complete the following activities.

You should bring all of this work to your first lesson of History in September to hand into your teacher.

Introduction to British History	
Learning Activity	**Completed**
1. Create a mind map to summarise the 'Impact of WWII on Britain'. **Branches should include:** - **Political Crisis** - **Coalition government** - **Economy** - **Society**	
2. Explain why Labour won the 1945 General Election. **Give three reasons and write in 3 clear PEE paragraphs.** **Give a conclusion that states the most important reason.**	
3. Create a person profile for each of the following individuals: - **Ernest Bevin** - **Aneurin Bevan** - **Herbert Morrison** - **Hugh Gaitskell** - **Winston Churchill** **Each one needs to include who they were, roles they had, key developments associated with them, main political beliefs.**	
4. a) Create a set of summary bullet points on the Beveridge Report. **b) Explain why the Beveridge Report was significant.**	
5. Create a mind map on the main Economic policies of the Labour government 1945-51.	
6. Create a timeline on the period 1945-1951 to show the main developments with a focus on economic issues. **Annotate your timeline to show key details for major developments.**	
7. Create a table to show the Successes/Challenges of the Labour governments 1945-51.	
8. "The Labour governments of 1945-51 changed Britain for the better." **How far do you agree?** **Produce a detailed essay plan for this question.** **Include a summary conclusion.**	

Background Information

The Wartime Coalition and Labour Government.

Why did Churchill replace Chamberlain as Prime Minister?

By May 1940 Britain faced the threat of invasion and was virtually standing alone in the fight against Nazism. **Two interconnected crises** were looming: the first was **military** – following the disastrous failure of the Norway campaign and the rapid advance of German forces through France. The second was **political** – because both the politicians and the people had lost faith in the British Prime Minister, Neville Chamberlain.

The Political Crisis

Vote of Confidence in Chamberlain

On 7th May 1940 the Labour and Liberal parties attacked Chamberlain and the National Government over the defeat in the Norway campaign. They were joined by Conservative critics of Chamberlain from the backbenches. Lloyd George denounced Chamberlain, stating 'there is nothing which can contribute more to victory than that he should sacrifice his office'. Chamberlain was criticised for the following:

- Appeasement
- Failing to secure a Russian alliance
- Not organising the economy for war
- Poor military organisation – army was inadequately supplied and prepared

The government survived a vote of no confidence but with a vastly reduced majority. It was clear that as Chamberlain did not have the full support of the House a new PM was needed.

Churchill as Prime Minister

On 10 May 1940, the same day as Churchill became Prime Minister, the German army attacked in Western Europe, quickly overrunning Holland, Belgium and Luxembourg and making advances towards France. By the end of May German armies were deep in northern France. The British Expeditionary Force was trapped on the Channel coast near Dunkirk and more than 300,000 men had to be evacuated by sea. With the fall of France imminent this meant that German forces were within 20 miles of the British coast. Apart from Empire support, thousands of miles away, Britain was alone.

THE WARTIME COALITION GOVERNMENT

MAY 1940 – MAY 1945

From May 1940 until his defeat in the general election of 1945, Winston Churchill led a coalition government that brought together politicians from all the leading parties. This coalition, a government of national unity, proved durable and effective, both in military strategy and in domestic affairs. Churchill called his coalition the 'National Government' not to be confused with the National Government (which excluded the Labour party) during the 1930s

Members of the Churchill Coalition Government 1940-45:

Original War Cabinet of 5 members (later extended)

- **Winston Churchill** – Prime Minister and Minister of Defence
- **Clement Attlee** –Labour Party Leader and Deputy Prime Minister
- **Arthur Greenwood** – Deputy leader of the Labour Party
- **Neville Chamberlain**, former Prime Minister
- **Lord Halifax** a loyal supporter of Chamberlain and appeasement whom many within the Tory party had preferred to Churchill. Later replaced as Foreign Secretary by **Anthony Eden**

During the course of the war also in prominent positions;

- **Ernest Bevin**, (Lab) former trade union leader –Minister for Labour
- **Herbert Morrison** (Lab) London council leader, put in charge of Ministry of Supply and then became Home Secretary
- Bevin and Morrison were both later promoted to the war cabinet although Greenwood was dropped.
- **Stafford Cripps** (Lab) former ambassador to Moscow was included after 1942 when USSR had joined the war on allied side.
- **Lord Beaverbrook** – Minister for Aircraft Production
- **Lord Woolton** – Minister of Food
- **Kingsley Wood –** Minister for Air until 1940 and Chancellor of the Exchequer 1940 – 43
- **John Anderson –** Home Secretary 1940 (hence Anderson shelters) later Chancellor of Exchequer.
- Churchill also brought in talented individuals from outside political parties. They included Lords Woolton and Beaverbrook and William Beveridge.

How the National Government worked together

Composition

Following Churchill's appointment, the new wartime coalition government appeared keen and dynamic. Government propagandists promoted the view that the political leadership was superb and that morale was high. It was intended that the new government was to be a partnership of equals - at least at the top - and leading Labour figures received important posts. However, Labour had only 16 ministerial posts in the new coalition and the Liberals 2, compared to the Tories 52, many of whom had served under Chamberlain.

As the war went on Labour's strength in the government increased. By 1945 Labour held 27 posts, mainly to do with the Home Front where it dominated economic and social affairs.
The experience of government and being in the public eye were eventually to be key factors in Labour's landslide election victory in 1945.

Consensus?

Churchill was not everyone's choice for Prime Minister. His reputation in 1940 was good as he had consistently opposed appeasement but had Lord Halifax not turned down the opportunity to stand for the premiership, Churchill may not have been chosen. Many expected Churchill to be a failure as Prime Minister and at least initially, his authority within the cabinet was insecure. There were those, even within the Conservatives, who considered him a die-hard imperialist and a warmonger. Undoubtedly, Churchill proved himself an indomitable war leader, noted for his inspirational oratory and tenacity.

Despite their apparent differences, Labour ministers were not prepared to break up the coalition government over these issues, adopting the sensible tactic of squeezing all that could be got from the coalition by way of reform before the next general election – even if this did mean compromising on some principles. Not all Labour members were so patient and there were several clashes with the government and within the Labour Party over government policy, especially related to health and welfare.

The Effect of the War upon Britain

THE WAR AND THE BRITISH ECONOMY

It ought to be noted though that at the beginning of the war Britain had a relatively poor economic base. Wartime economic performance was inevitably a reflection of that position. The long-term trend towards economic decline could not be halted because of the war and some would argue was only exacerbated by it. Much of British industry had antiquated machinery before the war and at the end of the war was in no position to replace it.

Government spending

Government expenditure rose from £1 billion in 1939 to £4 billion in 1941 and £6 billion in 1945 – at its peak around two-thirds of the national income. This solved the problem of unemployment, just as Keynes had always said it would. Indeed, with a stimulus to demand far greater than he had ever envisaged, the macroeconomic problem became one of inflation not unemployment. (When demand increases prices can rise.)

How did Britain finance the war?

Paying for the war was a major problem. The war cut earnings from exports and from overseas investments which had to be sold off. Britain's gold and dollar reserves were all spent by 1941 and the economy was heavily dependent upon American loans. In 1941, Congress agreed to allow President Roosevelt to go ahead with his scheme to aid the British war effort without actually involving the USA in the war. Britain was able to obtain weapons and equipment from American manufacturers via the American government who paid the suppliers, on the basis that Britain would repay the amount owed at the end of the war.

Economic Problems at the end of the war

Britain had won the war but at a great cost. The wartime coalition government should be given credit for successfully gearing the economy and industry to the needs of winning the war, but at the end of the war the economy was ill suited to peacetime trade.

- Britain's reserves of gold, dollars and overseas investments had been largely exhausted.

- At the end of the war huge debts had accumulated and Britain was nearly bankrupt. Britain was the world's largest debtor nation, debts having risen from £500 million to £3,500 million.
- 3.5 million homes had been destroyed whilst house building had virtually ceased.
- The United States had provided over 31 billion of dollars' worth of goods via the Lend Lease scheme, which had to be paid back at the end of the war.

THE IMPACT OF THE WAR ON SOCIETY

Whilst Churchill concerned himself with the "Grand Strategy" (i.e. winning the war) the Home Front was dominated by Labour's "Big Three", Attlee, Bevin and Morrison. As well as making an outstanding contribution to mobilisation and defence they were able to push their ideas on domestic policy. It was largely due to Labour influence and pressure that some important social legislation was passed even in wartime.

Emergency Medical Service

Fear of mass bombing led to the Emergency Hospital Scheme, giving the state greater control over hospitals as well as providing free treatment for bomb victims.

Rationing

Britain imported most of its food and all its oil by merchant ships which were threatened by German U-boats attempting to starve Britain into surrender. Rationing of food began in January 1940 with restricted availability of meat, butter, sugar and sweets. By 1941 meat, tea, margarine, cereals and cheeses, as well as tinned fish, meat and vegetables were only obtainable by presenting ration coupons. Supplies of milk and eggs were prioritised for children and pregnant/nursing mothers which meant they were in short supply for adults. A "Dig for Victory" campaign encouraged people to grow their own vegetables to be supplemented by home reared chickens and rabbits. With an allowance of 3000 calories per day, the wartime rations actually saw an improvement in diet for many in Britain.

With production turned to wartime requirements, consumer goods were relatively few and in 1941 rationing was brought in for clothes and household goods. People had to 'make do and mend' and clothes were restricted in style as well as quantity.

Beveridge's Five Giants: the cartoon shows Beveridge attacking Britain's social problems which it is hoped will be alleviated after the war.

The Beveridge Report

In 1942, Sir William Beveridge published his famous report on social policy, proposing a unification of existing welfare schemes, arousing great enthusiasm for reform. What Beveridge deliberately did in his official report, **Social Insurance and Allied**

Services, was to provide a comprehensive blueprint for post-war welfare policy. What he accidentally achieved was a tremendous impact granted by lucky timing, for his report was published in December 1942, within weeks of the victory at El Alamein, which so relieved British anxiety about the course of the war.
His report detailed radical programmes of reform designed to conquer the 'five giants' at the root of social problems:

1. **want** (poverty)
2. **ignorance** (lack of education)
3. **squalor** (poor housing and insanitary conditions)
4. **idleness** (unemployment)
5. **disease** (lack of healthcare)

This would be achieved through improved relations between state and individual. He argued for the introduction of family allowances, a national health service, a contributory programme of social insurance allowing **'cradle to the grave'** care and 'National Assistance' made available for those exempt from other benefits. Beveridge proposed a Ministry of Social Security to govern this.

Beveridge showed how poverty could be abolished through a comprehensive and integrated scheme of social insurance. To this he added a plan for child allowances; and he made two further assumptions, necessary to his scheme but **not** part of it. One was that a national health service would be created; the other that mass unemployment would not be permitted to recur. The Beveridge Report became an unexpected bestseller, selling over 600,000 copies and 19 out of 20 people had soon heard of the Beveridge report.

Although Labour ministers were strongly in favour of implementation of Beveridge's proposals, Churchill and the Conservatives were more hesitant. Churchill was again reluctant to spend Government time on subjects not connected to the war.

NB The Beveridge Report detailed welfare benefit reforms and assumed a National Health Service would be introduced. He did not set out the plans for the NHS.

Towards the welfare state?

Housing: Similarly, housing legislation was delayed until after the war with the exception of the **Town and Country Planning Act,** which sought to control new building projects.

Social Insurance: Beveridge's report detailed radical programmes of reform designed to conquer the 'five giants'; want, ignorance, squalor, idleness and disease, through improved relations between state and individual. His only tangible success was with family allowances. Churchill was reluctant to spend Government time on subjects not connected to the war. Beveridge's suggestions on social insurance were not implemented by 1945, although they did form the basis for Labour's 1946 Social Insurance Act.

Family Allowances: One aspect of Beveridge's social insurance suggestions was transformed by the coalition government into actual legislation. This was Family Allowances which became part of the 1945 Family Allowances Act. 5s was to be paid to every second and subsequent child and the benefit was to be paid directly to women.

Health: An Emergency Medical Service was established to organise the treatment of air-raid casualties through governmental employment of medical staff and control of both voluntary and public hospitals. This system further highlighted the need for reform.

A 1942 Commission of medical bodies proposed an NHS with no income limits, health centres, salaried GPs and a unified hospital system. Churchill attempted to delay decision-making by accepting the plan only in principle, in February 1943. Discussion continued between different groups, resulting in a Conservative White Paper in 1944 suggesting a unified health service and salaries for doctors. The suggestions also faced opposition from the BMA. With the electoral victory of Labour in 1945 responsibility for implementing an NHS passed to Aneurin Bevan, who after overcoming major obstacles eventually achieved the Health Service Bill of May 1946. **However, actual Health reform was only implemented by the Labour administration following this period and thus reform during the war was merely promoted and not actually implemented.**

Education: In terms of actual reform implemented in this period, education was the area of most change. War-related issues were paramount for the Board of Education at this time, with teacher shortages, evacuation and relocating schools from bomb-threatened areas causing particular concern. The introduction of army conscription led to recruits being gathered from all sectors of society, revealing the previously disguised problem of illiteracy. This all led to educational reform being given greater consideration, fuelled by Conservative MP R. A. Butler becoming president of the Board of Education and passing the **1944 Education Act (sometimes known as Butler's Education Act).** This led to the school leaving age being raised to fifteen, state school fees were abolished and new types of secondary schools introduced. University grants were increased and grants for religious schools initiated. The Act meant that all children had the opportunity of free secondary level education. Councils were given a time-limit of one year in which to reform their education system.

Impact on the Working Classes: In 1941, the Means Test was abolished and allowances were paid to families whose main breadwinner had joined the armed forces. The Emergency Medical Service was available to provide some civilian medical care (which would previously have been prohibitively expensive). As Minister for Labour, Bevin brought in minimum wage levels for workers in several low paid industries e.g. catering. Employees generally realised that after years of mass unemployment their labour was in great demand and this allowed a rise in worker's militancy. Although strikes were illegal, by 1941 there had been over 1000 with the government reluctant to apply harsh measures for fear of exacerbating the situation. Trade unions flourished with membership rising by 50% to over 9 million by 1947. Bevin was able to use his trade union experience to good effect to keep skilled men in the vital war industries.

The War and Reconstruction: How The War Helped The Labour Party

As the war progressed the public mood in favour of reform increased. By 1942, even Churchill saw the change in public opinion. Faith in the infallibility of those in charge had been dented by the evacuation of Dunkirk, turning public opinion against those responsible for the failings of the British military. This, combined with responsibility for appeasement, the pre-war social evils of mass unemployment and social deprivation amongst the urban working classes, recently highlighted by the revelations of conditions amongst evacuees meant that many turned against the Conservative party. Baldwin, Chamberlain and their associates became targeted as the "Guilty Men" which was the title of a critical work published by Michael Foot (later to become leader of the Labour Party).

Social changes during the war years encouraged reform and the shared experience of the war made Britain a more equal and socially aware society. Paradoxically, the war had in many ways raised standards, especially amongst the working classes. Health improved, partly as a result of wartime diet, free school meals, milk and orange juice. Increasing real incomes and the virtual elimination of unemployment encouraged “rising expectations”. The public came to expect a society based on continually improving standards of prosperity and welfare.

Before the war, many of the Labour party leaders were virtually unknown to the wider public. It had also been quite easy to attack Labour as being revolutionary socialists or as unpatriotic. After the work of men like Attlee and Bevin in the wartime coalition government ideas like this were plainly nonsense. Labour politicians had proved themselves to be reliable and effective, closely associated with a range of popular domestic policies. Labour also benefited from the legacies of the past. Memories of the Great Depression were still fresh in 1945 and as a result of the war people were more likely to accept government intervention and central planning. The idea of ‘never again’ was already deeply rooted long before Labour adopted it as a campaign slogan for the 1945 general election.

Churchill concerned himself with the “Grand Strategy” allowing the Home Front to be dominated by Labour’s Big Three – Attlee, Bevin and Morrison. It was through their lobbying that major social legislation such as abolition of the Means Test and the raising of pensions was achieved. MP Greenwood appointed William Beveridge to research social policy, resulting in the publication of the Beveridge Report in December 1942, recommending wide social reforms.

Despite tremendous enthusiasm for the report with sales of over 635,000 copies, the government’s reaction was hesitant. Labour ministers were strongly in favour with the Conservatives far less so, expressing concern about costs. The failure of the government to implement the Beveridge Report intensified the forces for change, which had been gathering strength since 1940. One result of this was that the government was now prepared to accept reform in principle in the areas of health and unemployment, most notably the idea of a free and comprehensive health service and the maintenance of a high level of employment after the war.

LABOUR IN POWER 1945 –51

Overview

The Labour Party won an historic landslide victory in 1945, surprising everyone who expected a patriotic country to return the war leader Churchill to power. This new socialist government implemented a series of reforms between 1945 and 1947 including passing legislation for a welfare state and nationalising key industries. The pace of reform slowed after 1947 and consolidation became the key word to define the Labour Party. To some this seemed the realistic policy for the Labour Party while to left wing critics it seemed a betrayal of socialism.

Why did Labour win the 1945 election?

Churchill's wartime coalition broke up in May and British politics reverted to a strongly partisan course. In the election held in the autumn of 1945, Labour won 393 seats against the Conservatives 213 and the Liberals' 12.

This was the first time that Labour had ever achieved an overall majority in Parliament and came as a major surprise, not least to the Conservatives, who had been banking on a vote of confidence in Churchill's leadership.

Reasons for the victory relate to expectations of the public that Labour would fulfil the promise of the Beveridge Report and concerns over Conservative record in government prior to the war> In contrast Labour MPs had proved their capability as part of the wartime coalition.

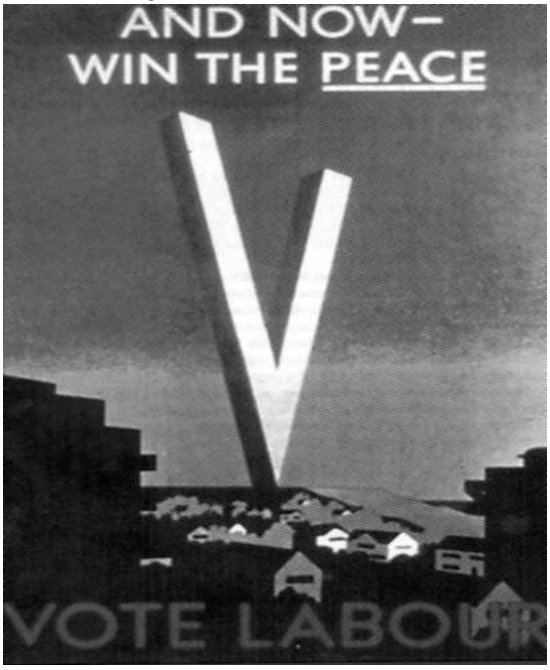
1. The inter-war years – the Conservative record in government

The Conservatives were associated with the high unemployment and poverty of the 1930s. The Labour party made use of this feeling and fought the 1945 election on the back of a 'Never Again' campaign. Labour's manifesto 'Let us Face the Future' stated that it was a 'Socialist Party, and proud of it' and intended to initiate change by implementing the recommendations in the Beveridge report. The prospect of guaranteed protection, against the worst that life could throw at them appealed to people from all sections of society. Added to this the Conservatives were associated with appeasement and were blamed for the poor state of Britain's defences when war broke out.

The Conservative MP Harold Macmillan judged that '**it was not Churchill who lost the 1945 election but the ghost of Neville Chamberlain'.**

2 The radicalising experience of war

It is argued that the British electorate had been radicalised as a result of the experience of war, which had acted as a catalyst for increasing expectations about social reform.



Total war measures appeared to level society by reducing various inequalities. The very rhetoric of total war, which stressed that people were, whatever their differences, 'all in it together', also promoted egalitarian attitudes. This was underpinned by the mixing of men and women from different backgrounds in the services, which aroused in the better off, an acute twinge of social conscience and a demand to step in and ameliorate social conditions.

Measures like evacuation and events like the Blitz were supposed to have promoted a greater sense of community between the classes. Many middle class people seeing the desperate state of inner city children (70% of children evacuated from Liverpool's infamous Scotland Road district were infected with lice) began to question the morality of mass unemployment.

Neville Chamberlain had commented '**I never knew such conditions existed, and I feel ashamed of having been so ignorant of my neighbours. For the rest of my life I will try to make amends by helping such people to live cleaner and healthier lives'.**

3 The political experience gained by Labour politicians

At the beginning of the war in 1939 Labour politicians were relatively inexperienced in government, but ministerial experience in the coalition government from 1940 raised the profile of many Labour politicians. Labour Ministers dominated home affairs, especially reconstruction planning for the future.

Clement Attlee served in the war cabinet for the duration of the war and was Deputy Prime Minister 1942-5.

Ernest Bevin served as Minister of Labour and National Service 1940-5

Herbert Morrison, former leader of London Council was the popular Home Secretary 1940-45

Stafford Cripps served as ambassador to the Soviet Union 1940-42 and as Minister of Aircraft Production 1942 – 45 amongst other cabinet roles.

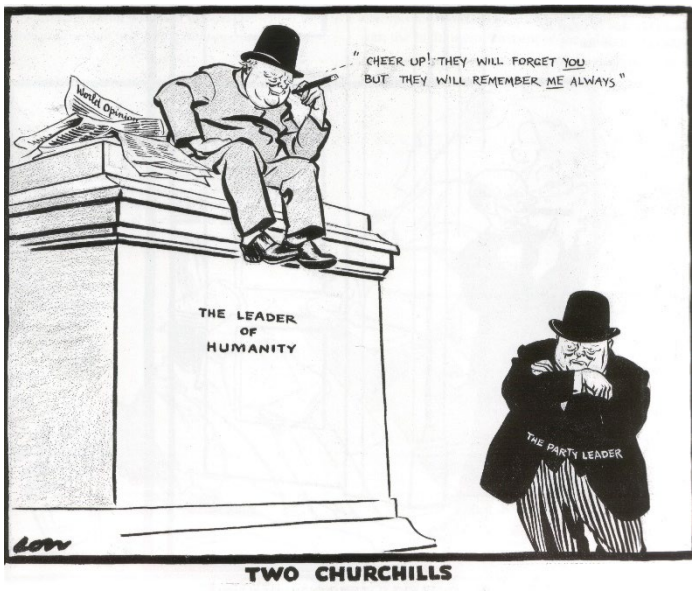
4 Labour's support of the Beveridge Report

The Beveridge report was seen as a blueprint for the welfare state in recommending a universal system of benefit entitlement to protect people from 'cradle to grave' and it is widely agreed that social reform and the creation of a better post war world were high on the agenda of most people. In Parliament the coalition government accepted the report in principle but insisted that they could accept 'no binding commitment'. Churchill and the Conservatives were decidedly lukewarm to the Beveridge Report. A popular view began to emerge after 1943 that Churchill was not fully committed to introducing the reforms already agreed in outline by the coalition government. He had said in a cabinet minute in 1943 that '**A dangerous optimism is growing up about the conditions it will be possible to establish after the war'**.

In contrast Labour seemed keener on the Beveridge Report and all but two Labour backbenchers voted for a motion in favour of the immediate implementation of the Report in full. Not a single Conservative supported them.

5 Changing International Politics

Labour had been damaged in the past because of associations with communism and links with the USSR . However, by 1941 the Soviet Union was Britain's ally and Stalin had been reincarnated as the friendly 'Uncle Joe' figure rather than the vicious dictator of the 1930s. The Red Army had been instrumental in defeating Germany and Labour now found itself benefiting from the association.



TWO CHURCHILLS

6 Churchill's Gestapo speech

The Conservatives also owed little to the eccentric campaign conducted by their leader. Lee argues that Churchill became a liability rather than their main asset. He made a major miscalculation about the mood of the electorate when he tried to create a frightening image of Labour by associating their mild brand of socialism with totalitarian regimes on the continent. In July 1945 he made a radio broadcast comparing Labour to the Gestapo (Hitler's secret police) and, many felt he was not only insulting their intelligence but that it was also a stab in the back of his trusted colleagues of yesterday. This speech shows that Churchill was unable to adjust his talents as war leader to the demands of political campaigning.

Labour In Power 1945 – 51

Who was important in the Labour government?

Clement Attlee (Prime Minister)

Attlee was a surprising leader of the Labour Party as it was generally assumed that when he came to power in the 1930s it was merely as a caretaker leader who would be replaced when a more suitable candidate was found. He was quiet and unassuming and lacked the air of power. Despite this he was a highly effective PM. He acted as the calm, impartial leader of a formidable and highly egotistical team. He gave full support to those ministers whose abilities he admired – whether on the left or the right. He has, however, been criticised for his lack of leadership in the two great crises of his administration: the economic crisis of mid-1947 and the bitter conflict between Gaitskell and Bevan over the health service charges in Gaitskell's budget in 1951.

Ernest Bevin (Foreign Secretary)

In many ways Bevin was the most powerful man in the government. This dominance sprang from his massive personality, his realism and shrewd intellect, and also from the vast powers he had exercised so successfully during the war as Minister of Labour in the Coalition government. But even more important was the fact that as a man of working class background and the outstanding trade union leader of his age, he represented and symbolised the power of organised Labour within the government.

Herbert Morrison (Lord President)

Morrison was essentially Deputy Prime Minister. He had been a very popular Home Secretary during the war, was an outstanding organiser and was the man behind Labour's manifesto and campaign in 1945. He was regarded as an intriguer by some colleagues, hence the

coolness of men like Bevin. He was intensely ambitious and had stood against Attlee for party leadership in 1935.
His role was to co-ordinate domestic policy, which meant that he was responsible through his Economic Committee for overall economic policy and planning. He also had to ensure the smooth passage through the House of Commons of government legislation, especially the nationalisation programme. He was also leader of the House of Commons and the grandfather of Peter Mandelson!

Sir Stafford Cripps (President of the Board of Trade and Chancellor of the Exchequer from 1947)

Cripps had been the idol of the left in the 1930s and his opposition to centrist party policy had led to his expulsion in 1939. During the war he was given a variety of jobs by Churchill and his reputation increased. He was able, efficient and a workaholic. He proved to be one of the most efficient members of the cabinet.

Hugh Dalton (Chancellor of the Exchequer 1945-47)

Dalton was an academic economist. He was one of the more belligerent and self-confident advocates of the governments' egalitarian policies. His career as Chancellor ended in 1947 when he leaked his budget to a journalist. His political career never really recovered.

Aneurin (Nye) Bevan (Minister for Health)

At 47 he was the youngest cabinet minister and was one of the few ministers from a true working class background (Welsh mining). He had spent the war years on the government backbenches sniping at Churchill and criticising the Labour ministers for their lack of socialist faith. He was a practical politician who wanted to get things done. It was a stroke of genius for Attlee to appoint Bevan to a ministerial office which turned out to be at the storm centre of Labour's welfare programme, where his real qualities as a socialist and a statesman could be revealed to the full.

The Welfare State - Building the 'New Jerusalem'

The creation of the Welfare State in Great Britain is rightly regarded as one of the greatest achievements of the Labour government. It meant that the state now assumed a major responsibility for the well being of its citizens in the fields of social security, health, housing and education. With the implementation of sweeping reforms, Labour idealists in 1945 believed they were going to 'build a new Jerusalem' in Britain, overcoming class divisions and ensuring fairness for all in a progressive modern society.

Beveridge's 'from the cradle to the grave' welfare proposals would form the basis of Labour legislation. Between 1945 and 1948 major economic, welfare and social reforms became law:

1946	National Health Service Act
	National Insurance Act
	Industrial Injuries Act
	New Towns Act
	Nationalisation of the Bank of England and Civil Aviation
1947	Coal industry nationalised
	Cable and wireless nationalised
	Town and Country Planning Act
1948	Nationalisation of railways, canals, road transport and electricity
	National Health Service begins
	National Assistance Act
	Gas nationalised
1949	200,000 new houses built
1950	Iron and steel nationalised

In addition, Labour also implemented the welfare reforms passed through Parliament during the war – the **1944 Education Act and the 1945 Family Allowances Act**. Labour succeeded in doing this even though the immediate post war years were times of severe financial crisis.

Social Security

The **National Insurance Act of 1946**, the government's main piece of legislation in the field of social security, was one of the foundation stones of the whole system. The Act followed the major proposals of the Beveridge Report. **In return for weekly National Insurance payments by employees and employers, the Act provided unemployment and sickness benefit, maternity grants, death grants, allowances for widows and orphans and old age pensions.**

This meant that one weekly insurance payment over a working life provided protection against sickness, unemployment, and old age. It also applied universally to **all paid employees**, and **most of the self-employed, and their dependants. Old Age Pensions too were to be paid immediately at the new rates (which were twice as high as the current pension**) rather than being phased in gradually as Beveridge had suggested.

Furthermore, the **National Assistance Act** provided a safety net for those who were not covered by existing legislation, or whose benefits were inadequate – though payments here were means tested the regulations were more generously applied – or those who could not fend for themselves. **The Act forced local authorities to provide accommodation for the homeless.**

The Industrial Injuries Act now made the state responsible for providing benefits arising from industrial injuries – formerly it had been employers. The benefits paid were substantially higher than those allowed under the ordinary National Insurance scheme.

The National Health Service

In 1948 Britain saw the 'the biggest single experiment in social service that the world had ever undertaken', the establishment of the **National Health Service**. It was the first comprehensive medical service that was **free to the entire population** and consequently not only improved health care but also created the backbone for avoiding the deprivation and destitution of the British people in the near future. The effects of WW2 and in particular the Blitz meant that Britain was left with an immense number of casualties and the disappointment and concern that there were not enough beds to provide for the severely wounded. Hospitals were facing serious financial problems and were still under a confusing structure of municipal (local authority control) and voluntary hospitals.

Bevan played a very significant part in battling against Cabinet and medical opposition to establish the NHS. However, the foundations for the establishment were already laid for him making it easier to build on what had already been proposed. The NHS did have its limitations. Apart from the concessions which Bevan had been obliged to make to the doctors, the NHS administration was complex and standards varied from region to region. There was a shortage of trained staff and some buildings were old fashioned and ill suited to purpose. There were only 10,000 dentists to cater for 47 million people. Local health centres were slow to develop. Even more importantly costs had been under estimated as the extent of ill health had not been assessed correctly. Yet this in itself was part of the NHS success. Over 187,000 prescriptions were issued in the first year alone, 8.5 million dental patients were treated and over 5 million pairs of spectacles were prescribed. Social groups such as mothers of large low income families now had access to free medical care and mortality rates dramatically improved.

Housing

Housing was another major problem that faced the Labour government. Owing to the war there were 700,000 fewer homes in Britain in 1945 than in 1939, and much of the housing stock was seriously damaged. But Labour's housing programme began badly. There were many reasons for this.

Housing - unwisely as it turned out – was the responsibility of the Ministry of Health and Nye Bevan, understandably enough, had neither the time nor the energy to devote as much attention to housing as to health. There were also **shortages of materials and lack of skilled labour** and therefore competition from industry for these scarce resources. The problems were worsened by the overlapping responsibilities created by Town and Country Planning legislation.

The **Town and Countryside Act** established the 'green belt' as a way to limit urban sprawl and marked the **beginning of environmental planning**. The **1946 New Towns Act** began the building of major new towns around London to house those bombed out, or in slum accommodation. The first was Stevenage in 1946.

Did the Labour government achieve the aims of the Beveridge Report?

By 1951, thanks largely to the commitment of the post-war Labour government, much had been done to fulfil the aims of Beveridge. A comprehensive and universal social insurance system had gone some way to eradicating 'want': the NHS had eliminated disease and full employment had ended the spectre of idleness. While some squalor and ignorance did remain it is fair to say that societal reform had occurred on a huge scale, as Beveridge had envisaged.

Want - Social Insurance

The core aim of the Beveridge Report was to provide a comprehensive social insurance system for post-war Britain, to support people from 'cradle to grave' via income security and it was intended to be a contributory scheme, which 'should not stifle incentive . . . it should leave room . . . for voluntary action by each individual to provide more than that for himself and family.' Thus, Beveridge planned a financially-supported Britain, eliminating poverty without destroying the economy and national work ethic. It was to improve upon the system introduced by the Liberal government in 1911, as the scheme would now also benefit the self-employed and their dependants. The realisation of Beveridge's ideas began early in 1945, with the Coalition government's adoption of the Family Allowances proposal.

The 1946 National Insurance Act was in fact more generous than Beveridge in his Report had suggested it be. Beveridge had outlined a general scheme where the state contributed only a sixth of the benefit cost, and the White Paper of 1944 had followed a similar direction. But, the cost of living had of course increased by 1946 and the new Act required higher payments in order to maintain a suitable quotient from the state to employers and their workers. The benefits provided generally followed the pitch of Beveridge's subsistence level, with a standard of £1.60 for a single person and £2.40 for a married couple.

Conversely, the pensions system set up under the Act exceeded the expectations of Beveridge's plan and amounted to more than double the sum which was previously received. Finally, the social security programme was completed in 1948 by the National Assistance Act, which, although means-tested, aided those who were insufficiently catered for by existing benefits. Additionally, the Industrial Injuries Act of 1948 transferred the responsibility of benefits from employers to the state, and these exceeded the payment given through the

normal insurance system, which materialised Beveridge's hope to provide insurance against the debilitating effects of industrial injuries.

Thus, it can be seen that on the whole, the giant of 'want' that Beveridge had sought to conquer had been all but eradicated through the application of his proposal for an income security system that began to be enacted by the Coalition government in 1944, and was completed and even exceeded by the Labour government in 1945-1951.

Disease – Health Service

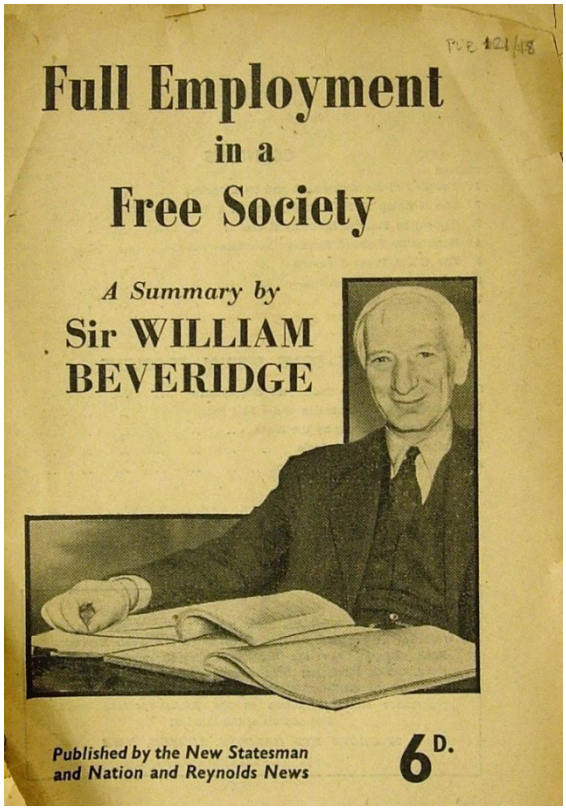
See section on NHS.

Idleness – full employment

Another aspect to Beveridge's Report was his concept of full employment, required in the eradication of 'idleness', on which he placed a relatively reserved estimate of 8%. Again, he did not produce a blueprint to combat unemployment, unlike his plans for developing social security. In 1944 the 'Employment Policy' White Paper saw all three parties commit to full employment and Keynesian methods to maintain it. It was, however, the Labour party who transformed this utopian ideal into a working reality. Through nationalisation and economic planning they were able to target structural unemployment and encourage the growth of industries in regions associated with high unemployment. The American loan facilitated this along with the nationalisation of Electricity, Gas and Inland Transport. Keynesian demand management replaced full economic planning following the economic crisis of 1947 which led to the acceptance at the UN in 1950 of full employment levels being placed at 3%, which in the end, was remarkably better than Beveridge had hoped.

Ignorance - Education

Additionally, while Beveridge had not explicitly mentioned education and housing as part of his Report, he did seek the eradication of 'ignorance and squalor'. In 1944, with the Butler Education Act under the Coalition Government, education was made entirely free and there was a definite separation made between primary and secondary schools, so that all children had the opportunity to reach university if they wished. Unfortunately, this system was inherently elitist and reinforced class bias. Thus, for many working class children ignorance continued until the birth of comprehensive education in the 1960s. Finally, school leaving age rose to 15 with the terms that it should be raised to 16 as soon as employment and the economy were steadied. However, it was not until Labour came to power that the leaving age of 15 was put into practice and it was not actually changed to 16 in this period.



Squalor - Housing

Housing, meanwhile, was another issue as 470,000 houses had been destroyed or damaged through the War, and all the Coalition had proposed was an unproductive Town and

Country Planning Bill, so Labour promised in its manifesto that it would 'proceed with a housing programme with the maximum practical speed until every family … [had] a good standard of accommodation.' Unfortunately, the party failed in this, having underestimated the number of new houses to be built, quoting a need for 750,000, when actually the need was much greater. From a peak year in 1948 when 230,000 dwellings of all types were built, the number fell in later years but overall, between 1945 and 1951, Labour built 1.5 million new houses, together with some half a million temporary homes. This was a commendable but insufficient amount.

The Economic Policies Of Labour 1945-51

1945 –47

What economic problems did Britain face in 1945?

The Second World War had left the British economy in tatters. Almost a quarter of her national wealth had been swallowed up to pay for the war, much of it in the form of overseas investments which normally helped to finance a substantial portion of the imports bill. The National Debt increased threefold, and British exports were down by two thirds compared with 1939. Indeed, the country had only been able to pay for the goods and services needed during the war as a result of the lavish aid provided by America under the Lend Lease programme. However, on 21 August, six days after Japanese surrender, President Truman ended Lend-Lease.

What did the Labour Party do?

Finance and Trade:

The American loan (The Anglo-American Financial and Trade Agreement)

Keynes was the chief negotiator in securing the American loan which both he and Dalton hoped would take the form of an interest free loan without strings attached. But owing to the unsympathetic mood of the American negotiators, this proved unattainable. The Americans proposed a loan of $3,750 million over 50 years at 2% interest, repayments to begin in 1951. Furthermore, Britain was obliged to allow sterling to become freely convertible to dollars one year after the agreement was ratified by the American Congress. Britain also had to dismantle the 1932 system of imperial preferences and open the Empire's markets to US goods. The acceptance of the American loan (topped up by a further $1,500 million from Canada on much more generous terms) gave Britain the necessary breathing space to enable her to begin the re-equipment of her industry and concentrate on building up export markets.

Rationing

Labour maintained and even intensified wartime rationing in order to limit imports and divert resources into exports. Living standards were held down so that production could go into exports to earn the much needed dollars. The financial and economic crises of 1947 meant that by 1948 rations were below the wartime average. Food rationing did not end completely until 1954!

Industry – creating the Mixed Economy

Nationalisation

With the securing of the American loan and the revival of trade and industry, the Labour government was now in a position to implement its plans for nationalisation and the welfare state.

Nationalisation had been a major plank in the Labour Party's programme since at least 1918, when the famous Clause Four of the new Constitution committed the party to 'the common ownership of the means of production, distribution, and exchange'. This aim was reiterated in later policy statements; and Labour's manifesto in 1945 contained a list of industries and utilities 'ripe and over ripe for public ownership.

Traditionally, this commitment to public ownership had been based on the socialist ideal that the needs of the community should replace the profit motive in major areas of the economy. However, it was also believed that public ownership would be more efficient and profitable than private enterprise.

The following industries and utilities were nationalised:

- The Bank of England (1946)
- Civil Aviation (1946)

- Coal (1947)
- Cable and Wireless (1947)
- Inland Transport (1948)
- Electricity (1948)
- Gas (1948)
- Iron & Steel (1951)

Was there any opposition to nationalisation?

There was little opposition to nationalisation – wartime experience had further familiarised the public with the notion of state control. Finally, it was not easy to oppose the nationalisation of industry like coal, given its admitted backwardness and its appalling record in labour relations.

Conservative resistance became more vigorous after 1947 when the party had recovered its nerve and Labour enthusiasm was beginning to wane. Most opposition was to the nationalisation of iron and steel; it took until 1951 to pass the Iron and Steel Bill.

Did nationalisation work?

By 1950 the Labour government had succeeded in taking into public ownership 20% of economic enterprises. More than two million workers were employed in nationalised industries, some 10% of the workforce. An impressive investment programme did much to increase the efficiency of the publicly owned utilities such as gas and electricity and supplies were expanded with electrification extended to more and more remote parts of the country. There was growth in civil aviation and in cable and wireless communications. In coalmining too, there were eventually major improvements in productivity and output as well as working conditions under the new National Coal Board after January 1947.

However, nationalisation was expensive. Private owners had to be compensated and this cost £2,700 million. At the time and since there are some who argue the money could have been better spent. Taxpayers had acquired seriously run down, unprofitable industries which would have to be run with subsidies such as the coalmines and the railways. The nationalised industries were not under workers' control and often had the same managers after nationalisation as they had before. Pay and conditions did not improve as much as had been hoped.

Building a new international economic system

Labour cooperated with the USA to build a new world economic order, based on the World Bank and the International Monetary Fund.

Foreign Policy

Withdrawing from (some) expensive foreign policy commitments:

In addition to the strains on the economy of introducing nationalisation and vast welfare and social reforms Britain's economy was heavily influenced by foreign and imperial commitments. Maintaining Britain's role as an imperial power meant huge expenditure on the armed forces, on overseas military bases and on the government of the colonies. Britain was drawn ever deeper into the Cold War between the USA and the USSR after 1945. Britain aided West Berlin in the 1948-9 airlift following a blockade by Stalin. Britain was also involved in the formation of NATO. One of the most significant events was the decision to embark upon a large-scale rearmament programme in 1951 in connection with the Korean War which led to an economic crisis.

In the winter crisis of 1947, Britain advised America that the British army could no longer afford to continue supporting Turkey and Greece against any communist threat and that Britain also intended to withdraw from Palestine. The Americans were shocked into action and responded with the Marshall Plan which pumped money into European countries to prevent the spread of communism.

Bevin also succeeded in making Britain the largest recipient of Marshall Aid money which began to come through in 1948 and played a crucial role in British economic recovery. In 1947 Britain withdrew from India and the subcontinent was partitioned into India and the separate nation of Pakistan. Again, this had a detrimental effect on British domestic objectives. Despite the opposition of many from the Labour left, Attlee and Bevin committed Britain to the expensive development of nuclear weapons, badly dividing the Labour party in the 1950s and 1960s.

Did the economy recover?

By 1946 industrial production was back to pre-war levels and exports had doubled, this remarkable progress was helped by Dalton's cheap money policy – industrialists and others could borrow at interest rates as low as two or three percent. The economic boom of the immediate post-war years meant that conditions of near full employment were retained. Apart from full employment, the working classes were also deliberately helped by Dalton's financial policies, which reduced their income tax (while increasing that of the rich) and continued food subsidies, as well as introducing generous subsidies for council housing.

1947: A Year of Crisis

Economic crisis

The dreadful winter of 1947 – the worst of the century – led to a fuel crisis, marked by declining coal production, low stocks and appalling problems of distribution of fuel, and electricity cuts for both industry and domestic use. As coal had not been sufficiently stockpiled, Cripps was forced to divert coal supplies from industry to the power stations. This resulted in much of industry having to temporarily shut down. The fuel crisis was followed by declining industrial production and heavy unemployment. In February unemployment had reached over two and a half million, about 15% of the workforce, though with an improvement in the weather, things began to get better by March.

All of this contributed to a balance of payments problem. The loss of production during the winter of 1947 led to a dramatic fall in exports to the value of £200 million, at a time when imports from the US were increasing rapidly, and owing to price rises, costing more. The gap could only be bridged by using dollars from the American loan; indeed, in the first half of the year about half of the American loan was used for just that purpose. In March Dalton warned the cabinet of the 'alarming rate' at which the loan was being exhausted. This economic crisis led to bickering and arguments among ministers (worsened also by divisions over India and iron and steel nationalisation) and shattered the morale of the Labour government.

The situation did not improve later in the year. For, **under the original terms of the American loan, convertibility of sterling was introduced on 15th July 1947, and as pounds were exchanged for dollars on the foreign exchanges, the outflow of dollars from Great Britain became an avalanche.** At that rate, as Dalton informed his colleagues, the whole American loan would be used up by October. In the end, steps were taken to staunch the drain of dollars by introducing emergency measures to cut imports. On 20th August (with American approval) **convertibility was suspended**. In November Dalton introduced a special budget which involved severe cuts in American imports and controls on government spending; even the small meat ration was further reduced. It was vital not to waste dollars so strict exchange controls were put in place to stop foreigners withdrawing their money from Britain and to limit any company or individual wishing to spend dollars abroad. As a result the immediate balance of payments crisis was overcome.

The political crisis

None of the ministers involved in the economic crisis emerged with much credit. The key figure in this crisis was Sir Stafford Cripps. Cripps' reputation had soared, owing to his energy and decisiveness at the Board of Trade, at the very moment when that of his most senior colleagues had plummeted. He believed a firm grip over the economy was needed and a strong leader required. His ultimate target was therefore the Prime Minister. At first Cripps approached Dalton and Morrison to get their support for a plan to replace Attlee with Bevin. Dalton strongly approved but it soon became clear that Bevin was too loyal to Attlee to be party to this plan. Nor was Morrison any more co-operative. He was prepared to act against Attlee but only to make himself Prime Minister.

Cripps therefore decided to go it alone. In September 1947 he met Attlee privately hoping to persuade him to go quietly. However, Cripps had seriously underestimated Attlee who turned the tables on him quickly. First Attlee pointed out that Bevin did not want to leave the Foreign Office, and then he made Cripps an offer he could not refuse: Minister of Economic Affairs, in effect an economic overlord with personal control of the British economy.

In November 1947 Dalton leaked the budget and Attlee had his excuse to get rid of him as Chancellor of the Exchequer. He was replaced by Cripps.

1948-51: Consolidation and Decline

The Cripps Era 1948-51

What did Cripps plan to do improve economic performance?

Cripps realised that only through increasing exports, especially to North America, could Britain hope to wipe out the deficit in her balance of payments and achieve a credit surplus. Shortages and restrictions had to be accepted for the sake of the export drive. Thus, Britain entered the 'Age of Austerity'.

How did Cripps carry out these plans?

Cripps relied more on the Keynesian notion of demand management that is, controlling consumer demand through financial methods. Hence, controls over industry were gradually relaxed and this culminated in 1949 in the famous 'bonfire of controls' carried out by Harold Wilson at the Board of Trade. Cripps tried to encourage industry through such devices as tax concessions for investment. To reduce industrial costs and control inflation Cripps introduced a policy of wage restraint in March 1948, and this was in the end supported by the TUC. To make it appear fairer, a one off wealth tax was included in the April budget. The formal policy of wage restraint lasted until 1950 when, owing to rising prices, the trade unions abandoned it. Overall, this policy must be counted as a success as between 1945 and 1951 average real wages (wage levels once inflation has been taken into account) rose by only 6%.

How successful was this policy?

For the first 18 months Cripps economic programme worked remarkably well, with increased output, rising exports and a sharp fall in the balance of payments deficit.

The drive for exports proved a great success. Exports in 1947 were 25% higher than the previous year, with a healthy increase in the North American market. **The deficit of £443 million in the balance of payment since 1947 was wiped out in early 1948, and was transformed by the end of that year into a surplus of £30 million.** By 1950 exports were 50% higher than in 1937. The motor vehicle industry was especially successful, almost doubling its pre-war peak production with most cars going for export. This was helped by the lack of competition from Germany and Japan which had both been more damaged than Britain by the war.

Who suffered from this policy?

The housewife suffered the most from this policy of **austerity**. Import controls limited both the quantity and the range of goods available. The financial and economic crisis of 1947 meant that by 1948 rations were below the wartime average. Clothes rationing remained until 1949. Rationing of most basic foodstuffs continued until 1950 and some items were not fully available

until 1954. In order to eke out a dwindling meat ration (and save dollars) the government tried to encourage the consumption of whale meat and the unknown, inedible fish, snoek.

The 1949 crisis

Devaluation and the dollar drain

By August 1949 there was a serious **drain on British gold and dollar reserves**. The lead was therefore taken by three younger members of the government: Hugh Gaitskell, Harold Wilson, and Douglas Jay. All three strongly supported devaluation as the only way in which economic progress could be maintained and the decline in the reserves halted. Though Cripps – together with Attlee and Bevin – was reluctant to reduce the value of the pound, he and his colleagues were eventually won round. The Labour movement too, fearful of the spectre of growing unemployment, also accepted the arguments in favour of devaluation.

At the end of August, therefore, a **30% devaluation of the pound was announced, and its value against the dollar fell from $4.03 to $2.80.** The immediate results proved satisfactory. The dollar drain was checked. Exports further increased, especially to North America, where British cars did particularly well. At the end of 1949 Britain's trade balance was once again in the black. By 1951 exports were 150% up on the 1938 figure.

Cuts in government spending

The mini crisis of 1949 gave Cripps the opportunity to get to grips with government spending, in what proved to be the last phase of his austerity programme. Cuts had already taken place in defence spending and imports under his predecessor, Hugh Dalton, but Cripps now had to reduce the mounting expenditure on the social services and especially the health service. It was this issue that led to fierce argument within the cabinet in early autumn. Bevan passionately opposed the projected policy of cuts. In the end, mainly out of deference to Bevan, a compromise was reached. Further cuts in defence spending were agreed; there was a cutback in housing and food subsidies were to be limited to a ceiling of £465 million. The Chancellor's suggestion of prescription charges as a means of raising extra revenue was dropped, though the principle of payment was in fact accepted by the Cabinet.

The 1950 General Election

This election was a low-key affair although public interest was intense as the high turnout of 84 % revealed. There was a swing of 2.6% against Labour, and the party ended up with a tiny overall majority, even though it polled over a million more votes than in 1945.

Labour	46.1% of vote	315 seats	13.3 million votes
Conservative	43.5%	298	12.5 million
Liberal	9.1%	9	2.6 million

1. Election Pledges

The problems for Labour lay within rather than outside the party. There was a clash over how to fight the election between 'consolidationists' and 'expansionists'. **The consolidationists**, led by Herbert Morrison, wished to fight the election on Labour's record over the past five years, emphasising full employment, the welfare state and economic recovery, and playing down nationalisation. In an attempt to appeal to the middle class voters he aimed at portraying Labour as a moderate, responsible, experienced party of government.

The expansionists, led by Bevan and supported by the Labour left, wished to emphasise Labour's continuing commitment to socialism, and this meant expanding nationalisation into new areas and pursuing policies which continued even more emphatically to favour the working classes. At the same time the attack on the Conservative party must be maintained

with vigour. Bevan referred to the Tories as ‘lower than vermin’ in a notorious speech and found this reference tarnished Labour’s new respectable image.

The Conservatives, on the other hand, had improved their organisation and image. They now accepted the Welfare State, the mixed economy and the commitment to full employment; though they attacked much of Labour’s nationalisation programme and the shortages and restrictions, which they saw as an accompaniment of socialism. The Conservative manifesto, ‘*This is the Road’*, reiterated the party’s commitment to the welfare state and the mixed economy and their opposition to socialist controls. They insisted they would de-nationalise road haulage and iron and steel.

2 The middle class vote

What stands out in 1950 is the solidarity of working class support for the Labour Party. This clearly reflected worker’s general satisfaction with Labour’s employment and welfare programme and the direction of its economic policies. It was the middle classes who were tiring of austerity, controls and high taxation; and for them the Tory cry of ‘set the people free’ had a seductive ring. It was their defection in 1950 that was the major reason for the loss of so many Labour seats. This was particularly true in the Home Counties and the suburban areas around London – where the swing against Labour was well above the national average.

3 Timing

Although the economy had improved greatly, the election was held in February 1950, before the full extent of the recovery was realized. As a result, many voters were still influenced by the 1949 devaluation, which was seen at the time as a national humiliation. If Attlee had waited a few more months public perceptions of the economy might have been different.

The Second Attlee Government 1950-51

The position of the Labour Party in 1950 was an unenviable one. The government had to work with a tiny majority and therefore lacked effective power and authority. It accepted that no new major legislation, such as the nationalisation proposals in its manifesto, could be introduced. All it could hope for was to cling to power and carry out its existing commitments until the right moment came to dissolve parliament and hold another election.

Luckily 1950 turned out to be a very good year economically. Output and exports were up dramatically; wages and prices remained fairly stable; and the revenue surplus of £229 million was so high that the government in fact suspended contributions from Marshall Aid.

The cost of the Korean War

Britain immediately came to the support of the USA when communist North Korea invaded South Korea in June 1950 (Bevan was the only cabinet minister opposed to this). In January 1951 the Cabinet agreed to the expenditure of an additional £4,700 million on the armed services over the next three years (once again with opposition from Bevan who was now Minister of Labour). In addition, conscription was to be increased from 18 months to 2 years. The man responsible for finding the money for this huge new military commitment was Hugh Gaitskell who, on the retirement of Sir Stafford Cripps, became Chancellor of the Exchequer.

Gaitskell vs. Bevan

Gaitskell was well aware of the damaging effect such a rearmament programme would have on the British economy and in particular on the flourishing export trade. Nevertheless, on political grounds – to maintain American support – he accepted the programme. In his budget in early 1951 Gaitskell came to the conclusion that the NHS must make a contribution to the

extra revenue needed, and proposed charges for dentures, spectacles, and a shilling for prescriptions. In this way the vexed question of health charges again came before the Cabinet.

Eventually only two ministers opposed Gaitskell's budget, Bevan and Harold Wilson. Attlee now came down definitely on the side of his Chancellor and reconciled himself to the loss of two important Cabinet Ministers. Bevan resigned from the government and was followed by Wilson and a junior minister John Freeman. This marked the first public split in the unity of Attlee's Labour Party.

1951 Economic crisis

By the summer of 1951 Britain was faced with another balance of payments problem. This was due to a marked rise in the cost of imports, particularly from Europe, worsened by America stock piling materials for rearmament, and by speculation against the pound. There was also the spin off from Gaitskell's budget, which led to rising prices and wages; and the deterioration in the export trade as a result of this and the beginnings of rearmament. The deficit in the gold and dollar reserves between July and September 1951 reached $638 million.

Gaitskell reacted vigorously to the economic downturn by appealing to the TUC for wage restraint and by introducing dividend limitations and other cuts. However, the trade deficit continued. He was criticised bitterly by the small group of MPs led by Wilson, Crossman, Foot and Mikardo - who had supported Bevan during the recent crisis, and who soon came to be known as the '**Bevanites'.**

At this juncture, in September, in the middle of a balance of payments crisis, and beset by complex problems in foreign and imperial policy, particularly in the Middle East, Attlee decided to call a general election for October 1951.

The 1951 General election

Kenneth Morgan argues that it is not remarkable that Labour duly lost the October 1951 election, but what is surprising is that the defeat was so very narrow.

Labour	295 seats	13.9 million votes
Conservatives	321 seats	13.7 million votes
Liberals	6 seats	0.7 million votes

1 Timing

Attlee's decision to hold a general election seems to have been primarily due to the fact that King George VI and Queen Elizabeth were shortly to make an extended tour of Australia and New Zealand; and it was regarded as constitutionally desirable that the king should be in the country while the election took place. Both Morrison and Gaitskell would have preferred a later date in order to allow time for the economy to improve. Indeed, Labour's position in September 1951 was not a very strong one as the 10% lead by the Conservatives in the opinion polls showed.

2 Election campaigns

In most ways the general election of 1951 was a re-run of the contest of 1950. The Conservative majority was only 15 seats, a result greeted with much joy on the left where a massacre had been expected. Consolidation and moderation were still the key themes of Labour's manifesto, although they did now offer support for comprehensive education. This time there were no references to nationalisation and even the word socialism failed to get a mention. The Conservatives stressed their commitment to full employment and the welfare state and freedom against socialist controls. They also sought to exploit divisions within the Labour Party arising out of Bevan's resignation.

3 Revival of the Conservative Party

The Conservatives were now a much better electoral prospect. Woolton had reorganised the party's electoral machine and began a great fundraising scheme and membership drive. They continued to oppose the nationalisation of iron and steel and road haulage but remained committed to supporting the NHS and the Welfare State as well as the other nationalised industries. They also pledged to build 300,000 new homes a year if elected – a very attractive promise as there was still a serious housing shortage and at its best Labour had only managed to build 200,000 a year.

4. Damage of internal party divisions

Some voters were disillusioned that Labour had agreed to impose prescription and dental charges (not actually implemented by Labour). There were open quarrels between Bevanites and Gaitskellites over the principle of a free health service and over rearmament. Bevan and his supporters felt that Attlee had developed too close a relationship with the Cold War policies of the United States. These open divisions damaged the party's election chances.

5 Austerity

Labour's associations with austerity continued to lose it support. The government was criticised for red tape and bureaucracy and high levels of taxation. Even though restrictions had eased many people still thought it time for a change. Labour had done the job it had set out to do in 1945. Many of Labour's leaders were old, some were ill and exhausted. Attlee, Bevin and Morrison had been in government since 1940 (although Churchill was 73).

How successful was Attlee's government?

To be able to fulfil its social aims, Attlee's government had to prove that Labour could handle political power, deal with economic problems and cope with the burden of imperial and foreign affairs. It was the first time a Labour government had lasted the full five years in office and with a working majority in Parliament.

The NHS which began in 1948 made free healthcare available to the British people with an immense improvement in health in the first few years after it was launched. Of course, some of the health improvements were also down to medical advances which controlled diseases such as TB and childhood infections. Other factors such as improved housing, sanitation, improved diet and availability of employment were also significant and Attlee's government can take considerable credit here also. The NHS rapidly gained public acclaim and became Labour's single most popular welfare reform. The medical profession who had opposed its conception came to be its staunchest defenders.

Most people were pleased with the range of new welfare benefits Labour introduced. However, poverty was not eradicated and benefit levels remained low and did not rise with inflation. Industrial injury claims were hard to prove where illnesses took years to develop and post war financial difficulties and material shortages prevented Labour from completely meeting the need for low cost housing.

Many historians argue that the real achievement of the Attlee years was not the provision of welfare benefits but the maintenance of full employment.

By 1951 Labour had gone a long way to achieving its goals. Attlee is regarded by historians such as Peter Hennessy as having been one of Britain's best Prime Minsters. This in itself is remarkable considering the dismissive way Attlee was judged by many (including Churchill and some Labour MPs) in 1945. But the post war government did not enjoy complete success and Attlee's legacy is still disputed.