

# AUSTERITY, AFFLUENCE AND DISCONTENT: BRITAIN, 1951-1979

## *Part 1: “Queuetopia” What were the main issues facing the people of Britain in the early 1950s?*



**Source 1:** Food rationing allowance for one person for one week in 1951<sup>1</sup>

<sup>1</sup><http://flashbak.com/the-rationing-years-in-britain-1939-1954-21011/>

### What were the main problems faced by the people of the UK at the beginning of the 1950s?

The Second World War ended in 1945 but its effects on the life of the people of the UK lasted for many years. The term **austerity** is used to describe government policy in post-war Britain. This refers to the restrictions that the government had to impose on what people could buy and on what the government could spend.

#### Reasons for austerity

- Britain had run up huge debts while fighting the war.
- Rationing had to continue and rebuilding made slow progress.
- There was a limited amount of materials available for rebuilding after the war.
- To pay off the debts Britain had to greatly reduce the import of materials from other countries and increase the export of materials and products to other countries.

#### Problems facing the UK at the beginning of the 1950s

- 1) Rationing
- 2) Housing
- 3) Welfare
- 4) The economy

#### 1) Rationing

**Rationing** of food, clothing, fuel and other commodities had been vital during the Second World War. This meant that these materials could be diverted for use in fighting the enemy. The UK was also very dependent on foreign imports. Government campaigns had encouraged people to 'Dig for Victory' and grow their own food, to 'Make Do and Mend' and repair worn clothing or broken furniture. Once the war was over, people expected that life would return to normal. In reality, rationing not only continued but was extended to a wider range of food and materials.

**Table 1: Items that were rationed during and immediately after the war**

Item	Year item was rationed	Year rationing ended
Petrol	1939 basic ration 1942 further limited 1945 basic ration restored	1948 reduced 1950 ended
Paper	1939	1954
Food (for example – butter, sugar, meat, tea, jam, biscuits, breakfast cereals, cheese, eggs, lard, milk, canned and dried fruit, soap, bread, potatoes)	1940 1946 (bread only) 1947 (potatoes only)	1948 bread 1950 canned meat and fish 1952 tea 1953 eggs, sweets and sugar 1954 rest of rationed foods
Clothing	1941	1949

The Conservative Party used people’s frustration with the continuation of rationing to help them win the 1951 election. Winston Churchill described living under rationing as being in “Queuetopia” because people had to queue to get their food rations. They also used the idea that there would be a potential return to rationing under Labour in their 1955 election campaign<sup>1</sup>. In some ways rationing was not as bad as it might seem. People with money could avoid restrictions by buying items on the **Black Market**. For the poorer people in society, a rationed diet and utility furniture were both far better than what they had before the war.<sup>2</sup>

## 2) Housing

By May 1941 alone, 43,000 people had been killed across the UK in German air raids and 1.3 million had been made homeless. By the end of the war 60,000 civilians had been killed and 100,000 seriously injured. While London had taken the worst of the German bombing, other cities were also affected – Coventry, Liverpool and Swansea<sup>3</sup> amongst them. Docks and factories had been destroyed as well as houses. Large areas of towns and cities were covered in ruins and rubble, and these bomb sites blighted urban landscapes.

Half a million British homes had been destroyed by German bombing and a further 3 million houses were very badly damaged. This was about a third of the total number of houses that had existed before the war. Not only did this mean many people had no permanent home to live in but it meant that both rent and house prices had become more and more expensive.

The wartime Prime Minister, Winston Churchill, had promised 750,000 new houses, but it was

<sup>2</sup> See the Daily Mail’s interpretation of this period of time with some useful photographs at <http://www.dailymail.co.uk/news/article-495096/Britain-1947-Poverty-queues-rationing-resilience.html>

<sup>3</sup> A short video clip about the Swansea Blitz can be seen at <http://www.bbc.co.uk/programmes/p00qfsdv>

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the Labour government, elected in 1945, that had the job of building more houses. The Labour Minister for Health, Aneurin Bevan, proposed a plan to build 200,000 houses a year, mostly council houses. People crowded into relatives' houses, squatted in ruins and deserted army camps or lived in tents. Some 38 million civilians had been forced to move house as a result of war damage or war work. It was a problem that everyone agreed needed to be solved urgently.<sup>4</sup>

The demand for houses was further increased by:

- the 11% rise in marriages because of couples who had postponed their marriages during the war, and relationships begun as men returned from abroad.
- the post-war baby boom – one million extra children being born between 1945 and 1950.
- the **demobilisation** of 4 million British servicemen between June 1945 and January 1947.
- divorces rising from 12,314 in 1944 (already double the 1939 figure) to 60,190 in 1947. Many marriages had been put under strain by the war as couples had been forced to live apart for years; men returned changed by their wartime experiences and women had become more used to living independent lives.
- the appalling condition of much of the poorest housing that had survived the bombing of the Second World War. For example, 400,000 houses in Scotland alone did not have indoor toilets in 1950.

The building process started slowly as most builders and tradesmen were still in the armed forces overseas until 1946. Building materials were rationed, and all new buildings had to be built under licence. This made sure that it was factories, schools and council houses which were being built, rather than dance halls and cinemas. A total of 55,400 houses were built in 1946, 140,000 in 1947 and 284,000 in 1948. Considerable progress was made by the use of 157,000 **prefabs**.<sup>5</sup> These were comfortable and long-lasting homes, often built by Italian and German prisoners of war. Thirteen different designs were available and each prefab came with internal plumbing and electricity. To many people who had lived in the cramped tiny tenements of pre-war Britain, prefabs seemed like palaces.

New laws were introduced to help improve the housing situation:

- In 1946, rent controls were introduced to protect tenants in houses rented from private landlords.
- The New Towns Act 1946<sup>6</sup> took pressure off existing towns and cities by designating the sites of a number of 'new towns' to be used to build large numbers of new houses for 50,000 people, with businesses and public services within easy walking distance. An example of a new town is Stevenage in England.<sup>7</sup>
- The Town and Country Planning Act 1947 encouraged local councils to draw up further plans for future housing developments and gave them more power to use compulsory purchase for land needed for development.

<sup>4</sup> The BBC remembers the Cardiff Blitz at <http://www.bbc.co.uk/news/uk-wales-11609989>

<sup>5</sup> A 1945 government film explaining the idea of prefabrication may be seen at <http://goo.gl/mGYFDF>

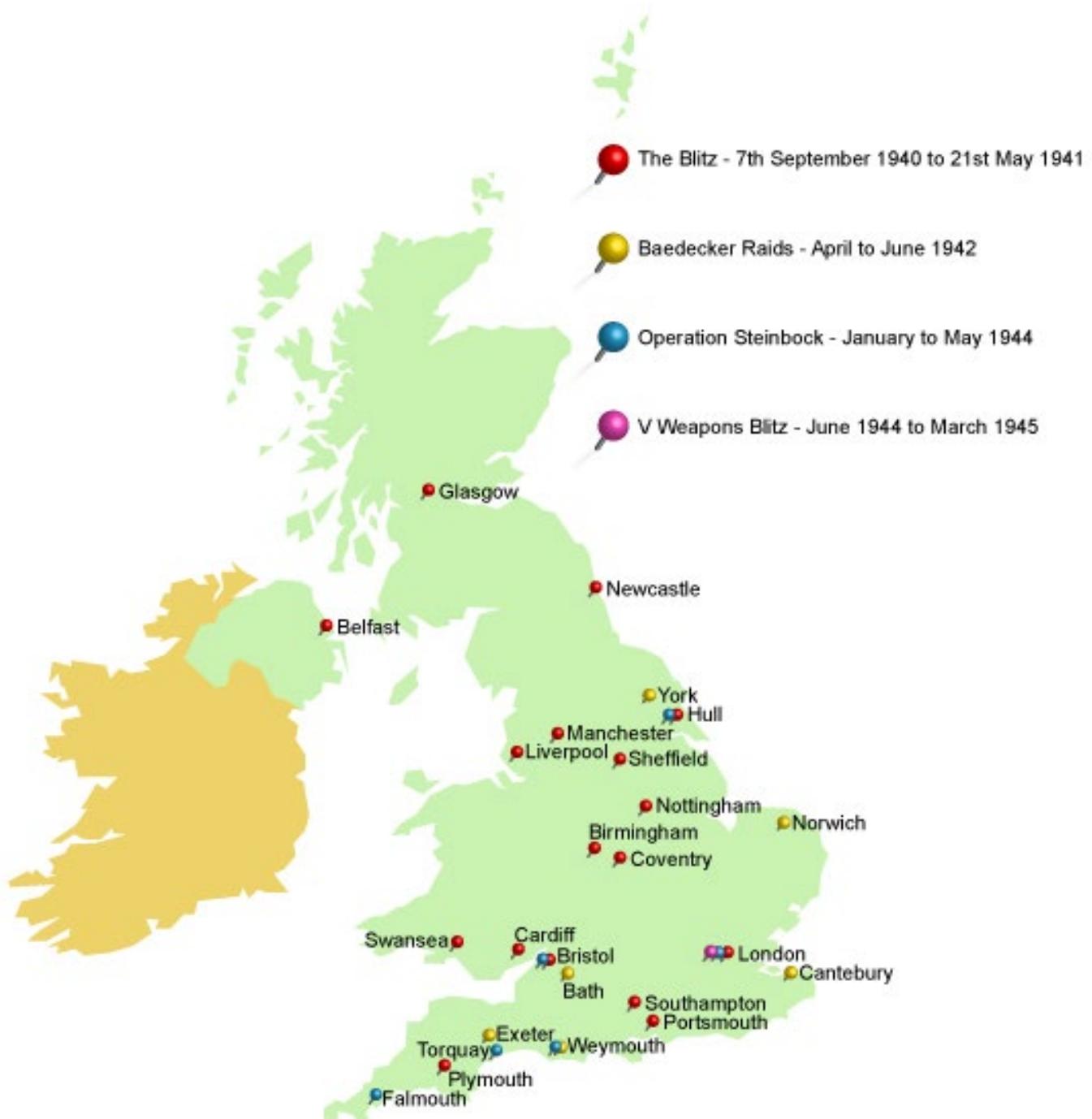
<sup>6</sup> A government promotion film to explain the concept of new towns may be seen at <https://youtu.be/iraX8Aznccg>

<sup>7</sup> A clip from a BBC programme about new towns focusing on Harlow may be seen at <http://goo.gl/Bd2g1Z>

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- The Housing Act 1949 removed many older restrictions on the types of houses that councils could build in order to encourage developments that would mix people from poorer and better-off backgrounds together; money was also provided to help landlords bring their properties up to modern standards.

### Map 1: Towns and cities damaged by major German bombing raids in the Second World War





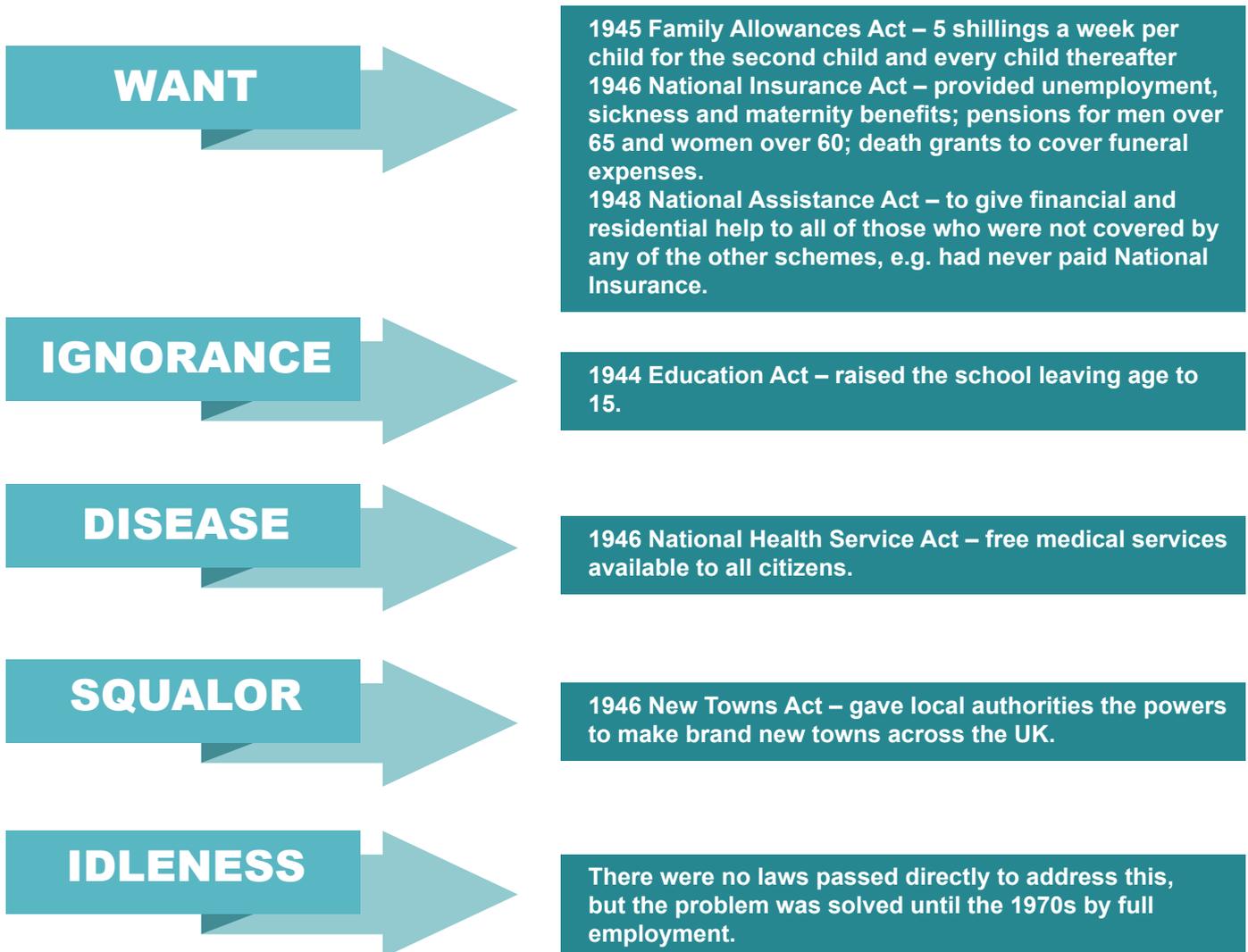
## 3) Welfare

During the war the coalition government decided that they would try to improve life for the British people after the war. Sir William Beveridge produced a report in 1942 that identified 'Five Giants' that needed to be addressed to improve life for the British people:

- **WANT** – the lack of the basic things needed to live, like food
- **IGNORANCE** – the lack of a proper education
- **DISEASE** – the lack of proper medical care for everyone
- **SQUALOR** – poor living conditions
- **IDLENESS** – not having a job.

Winston Churchill and the Conservatives were not keen on implementing most of Beveridge's recommendations, except for improving education. They dealt with this in the 1944 Education Act. Labour, on the other hand, campaigned in the election of 1945 with a promise to implement the rest of Beveridge's proposals. After they won the election, the new Labour government then set about passing laws to establish Beveridge's **Welfare State**.<sup>8</sup>

### The Welfare State – tackling Beveridge's Five Giants – legislation in place by 1951



<sup>8</sup> A government information film outlining the Welfare State may be seen at <https://youtu.be/KhuS5hLLuCQ>

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Government welfare schemes were nothing new. Old Age pensions and unemployment benefit, known as ‘the dole’, had been around before the Second World War. The difference with these new reforms was that they were **universal** and they would be there ‘from cradle to grave’, throughout their lives. In 1931 the government in power at that time had introduced a means test so that they could reduce the costs of benefits. This meant that people would only be paid when they could prove they had nothing else of value. This had caused terrible suffering. Labour said they wanted to create a ‘New Jerusalem’, a poetic expression describing the desire to create a better future. The new universal benefits, also referred to as social security, meant that people no longer needed to be afraid of being too poor to be able to live their lives.

### Case study: The National Health Service (NHS)<sup>9</sup>

The National Health Service began on the ‘Appointed Day’ – 5 July 1948. It gave all British citizens access to free medical care from GPs and dentists in their surgeries, and free hospital treatment when needed.<sup>10</sup> It had been a struggle to get it started. Firstly, the Conservatives had tried to prevent Aneurin Bevan’s National Health Service Bill from becoming law. When that failed, the British Medical Association, who represented the interests of doctors, threatened that they would not implement it. Many doctors were worried that they would lose a lot of money by losing their private practices and becoming salaried employees of the state. Bevan had to compromise and allow NHS doctors to do some private work as well. Bevan is said to have claimed that he “stuffed their mouths with gold”.<sup>11</sup> The system established in 1948 lasted unchanged until 1989.

There was an enormous early demand for free medical care. On 5 July 1948, the ‘Appointed Day’, doctors surgeries were overrun. The government had expected 50 million prescriptions to have been given out by 1951 but the actual figure was 227 million. Doctors had been writing 5 million prescriptions a month in 1947, and this had risen to 19 million a month by 1951. Critics complained about long queues of people waiting to see a dentist and about the five-month wait for glasses. They said that it showed that people were taking advantage of everything they could get for free. It was, however, more a reflection of just how medically neglected Britain had been before 1948. The number of patients on doctors’ registers rose to 30 million. The poorest people now rushed to receive treatment for conditions – hernias, cancers, toothache and ulcers, with which they had been living for years.

The NHS quickly became a source of national pride. Some 95% of people and 88% of doctors signed up straight away. A survey in 1956 found that 90% of the population thought the NHS was a good service, with 7% undecided and only 3% against it. In 1958, celebrating the NHS’s tenth anniversary, *The Times* newspaper said, “the nation has good reason to be proud of the Health Service”.

<sup>9</sup> The Nuffield Trust timeline of the NHS may be seen at <http://goo.gl/pV6m8W>

<sup>10</sup> BBC Class Clips on the origins of the NHS may be seen at <http://goo.gl/pPqqBR>

<sup>11</sup> An excellent documentary The NHS: A Difficult Beginning may be seen at <http://goo.gl/10vz9p>

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To help reduce costs, Labour introduced a 1 shilling (5 pence) prescription charge in 1951, and asked people to pay half of the cost of spectacles and false teeth, although pensioners, the poor and disabled people did not have to pay. It caused a rift in the Labour government as Aneurin Bevan, the Minister for Health, resigned in protest. He believed that the NHS should be free to everyone. In 1954 the Conservatives increased prescription charges to 2 shillings (10 pence).

### Did the Welfare State improve people's lives?

#### ISSUE : Did the Welfare State make people healthier after 1951?<sup>12</sup>

##### 1) Infant mortality [deaths of children before they reached the age of 1 year old]<sup>13</sup>

Year	Deaths per 1,000
1951	32
1956	25
1961	22
1966	20
1971	18
1977	16

**Maternal mortality** [the death of mothers in childbirth] was also reduced by 5/6ths during this period of time.

##### 2) Life expectancy [the average age at which people die]<sup>14</sup>

Year	Men	Women
1951	66	72
1961	68	74
1971	69	75
1977	70	76

Death rates dropped 28% between 1950s and the end of 1970s. As a result there was also an increase in the number of elderly people alive in the UK.

##### 3) Infectious diseases eliminated by free NHS vaccination programmes<sup>15</sup>

###### (a) Diphtheria cases

Year	Recorded cases
1951	800,000
1953	310,000
1956	30,000

<sup>12</sup> For a two part BBC programme that explains the impact of the NHS see Health Before the NHS part 1 Road to Recovery <https://goo.gl/SsGXid> and part 2 Medical Revolution at <https://goo.gl/XXddRF>

<sup>13, 14</sup> and <sup>15</sup> From page 88 of "Britain in the 20th Century World" by John Traynor and Eric Wilmot published by Nelson in 1994 ISBN 0174350899

## (b) Tuberculosis cases

Year	Recorded cases
1951	56,000
1956	41,000
1961	23,000
1966	18,000
1971	11,000

There were a number of infectious diseases that had killed or disabled people before the NHS was founded – smallpox, tuberculosis, polio, diphtheria, whooping cough, scarlet fever and measles were all reduced and almost eliminated by free NHS vaccination programmes in the 1950s and 1960s.

## ISSUE : Did the Welfare State end poverty after 1951?

“The poverty and unemployment which we came into existence to fight have been largely conquered” Labour Party conference chairman Barbara Castle in 1959.<sup>16</sup>

The third Rowntree survey on poverty in 1951 found that full employment and the new benefit services seemed to have made great advances in reducing real poverty for low income families when compared to the previous surveys in 1901 and 1936. The study of poverty in the city of York showed 31.1% of working-class families living in poverty in 1936 but only 2.8% in 1951. The percentage of the whole population of York living in poverty was 18% in 1936 but only 1.5% in 1951. Rowntree concluded that poorer people were not financially better off in 1951 but that their quality of life had been greatly improved by council houses and free NHS treatment.

In 1950s people and politicians had assumed nobody would be living in poverty by the 1960s. However...

- A study in 1954 showed that only 8% of the population were living in poverty but by 1960 this had risen to 15% as unemployment and sickness benefits, as well as pensions, lagged behind the rising cost of living.
- Published in 1965, “The Poor and the Poorest” 1965 by Richard Titmuss, Brian Abel-Smith and Peter Townsend<sup>17</sup> said that 7.5 million people were living in poverty. 2 million of these were children, half a million of those children were living in houses where the father was earning less than if he was just living on government benefits.
- In 1970 the Child Poverty Action Group said 3 million children were growing up in poverty
- A 1970 London School of Economics study showed that 1 in 5 homes in London below government’s definition of poverty
- Shelter, the charity that looks after homeless people, said that in the 1970s 7 - 10 million people were living in poverty, living on welfare handouts in poor quality council accommodation<sup>18</sup>

<sup>16</sup> From page 254 of “The Five Giants” by Nicholas Timmins published by Harper Collins in 2001 ISBN9780007102648

<sup>17</sup> From page 601 of “White Heat” by Dominic Sandbrook published by Abacus in 2006 ISBN 9780349118208

<sup>18</sup> From page 357 of “State of Emergency” by Dominic Sandbrook published by Penguin in 2011 ISBN 9780141032153

## Was the cost of the Welfare State too much?

### ISSUE : How much did the cost of the Welfare State increase after 1951?

#### 1) Changing Government expenditure on different areas of the Welfare State<sup>19</sup>

Government Expenditure on...	1955	1969
NHS	£445,500,000	£1,813,000,000
Family Allowances	£94,100,000	£348,000,000
Housing	£83,500,000	£1,118,000,000
National Insurance	£587,300,000	£2,442,000,000
Other services	£114,400,000	£3,821,000,000
Total	£1,324,800,000	£9,542,000,000

Government spending on benefits as a percentage of total government spending 1951 was 16%, but by 1979 it was 24%. Government spending on the NHS in 1951 was 9% of government spending and was 11% in 1979.<sup>20</sup>

#### 2) The real value of social security benefits, 1948-75 (1981 prices)<sup>21</sup>

	July 1948	April 1961	September 1971	November 1975
Unemployment benefit	£19.64	£26.88	£34.96	£36.47
Retirement pension	£19.64	£26.88	£34.96	£42.96
Supplementary benefit	£17.93	£25.31	£33.39	£35.10
Child support: three children	£17.60	£16.62	£15.36	£13.81

However, there were a number of economic and social changes between 1951 and 1979 that reduced the financial value of benefits -

- devaluation of the pound in the 1960s meant that the pound was not worth as much as it had been
- inflation in the 1970s which led to rapidly rising prices
- by the 1970s there were also new challenges that increased demand on welfare services –
- an increase in the number of people claiming pensions - there were 7 million retired people in 1951 but there were 9 million by 1979
- an increase in the number of disabled people as medical advances kept them alive for longer
- an increase in single parent families since the 1960s so children were growing up in families with just one income
- an increase in unemployment through the 1970s, especially in the north of England and areas of more traditional industries like manufacturing and mineral extraction

<sup>19</sup> From page 90 of "Britain in the 20th Century World" by John Traynor and Eric Wilmot published by Nelson in 1994 ISBN 0174350899

<sup>20</sup> From pages 11 and 13 of "Long-Term Trend in British Taxation and Spending" at <https://www.ifs.org.uk/bns/bn25.pdf>

<sup>21</sup> From [https://en.wikipedia.org/wiki/Welfare\\_state\\_in\\_the\\_United\\_Kingdom](https://en.wikipedia.org/wiki/Welfare_state_in_the_United_Kingdom)

### ISSUE : How did the UK government respond to the rising cost of the Welfare State after 1951?

After winning the election in 1951 the Conservatives continued with introduction of prescription charges, as well as charges for dental and eye treatments, but kept these charges at a low level. They continued the policies of social security and full employment, even keeping most of the nationalised industries, because they did not want to lose the support of working people.

The Welfare State demanded a heavy financial commitment between 1948 and 1958 to set it up. For example government spending on education doubled. Housing and education were spending priorities to begin with - not one single hospital was built in first ten years of NHS. By 1955 fourteen "new towns" all had houses and schools but none had hospitals.<sup>22</sup>

Throughout the 1950s the National Health Service budget continued to rise and some Conservative politicians were worried that a lot of this money was being wasted. The 1956 Guilleband report said the NHS was efficient and cost-effective. It also suggested there should be an increase in spending which led to the hospital building programme of the 1960s.<sup>23</sup> There was 137% increase in welfare spending 1959 to 1969, from both Conservative and Labour governments.<sup>24</sup>

Several attempts were made to improve the efficiency of the Welfare State -

- all state benefits came together under the new Department of Health and Social Security (DHSS) setup in 1968
- a simplified Supplementary Benefit intended for those who were not in full-time employment to make sure that no one fell below a minimum level of income
- a re-organisation of the NHS so it could work more closely with local government in 1974 and a new hospital building programme began in 1972 to replace smaller local hospitals with larger district ones to make services more efficient
- some limited cuts were made; for example in 1968 Labour ended free school milk for secondary children saving £8 million a year and in 1972 Conservative minister Margaret Thatcher did same to primary school milk saving far less money but resulting in her being given the nickname the "milk snatcher".

New benefits were also introduced to help out particular groups of people who were not covered by existing schemes -

- pensions to people who had retired before 1948 and who didn't qualify for the new state pension
- giving Christmas bonuses to the elderly
- pensions to widows aged 40 to 60
- allowances for the disabled, mobility allowance, invalid care allowance, a new invalidity pension
- a new earnings-related pension scheme for 12 million people not covered by a work scheme; this would be added on top of the existing state pension
- Child Benefit for all children to be paid to mother.

<sup>22</sup> From page 204 of "The Five Giants" by Nicholas Timmins published by Harper Collins in 2001 ISBN9780007102648

<sup>23</sup> From page 116 "Britain Since 1945" by Kenneth O Morgan published by OUP in 1992 ISBN 9780192802255

<sup>24</sup> From page 259 of "The Five Giants" by Nicholas Timmins published by Harper Collins in 2001 ISBN9780007102648

### **ISSUE : Why did people start to think that too much money was being spent on welfare after 1951?**

“Why work if you can get by without? Why save, if your savings are taxed away...?” Margaret Thatcher at the Conservative Party conference in 1978<sup>25</sup>

Increased spending on benefits meant increasing taxes to pay for them. This was not very popular not only a taxes continued to rise<sup>26</sup> but poorer people were being expected to pay more as well. Beveridge’s original idea was that a national health service would increase general health and fitness and therefore reduce absenteeism and increase productivity, and so it would pay for itself. This did not happen because he did not take into account change – rising unemployment, rising prices, improved medical technology, an ageing population, etc. – and how the Welfare State would need to adapt to give people what they needed.

By the 1970s there were still Conservatives who believed a lot of money spent on the Welfare State was wasted. There were frequent tabloid newspaper stories about people charging luxuries to the DHSS, about “dole queue scroungers”. There was very little evidence to suggest that this was actually true, although there was the 1977 Liverpool Crown Court case against Patrick Leavy who had been claiming benefits he was not entitled to. He said in court that he had gained £36,000 from his benefit fraud.<sup>27</sup>

There was increasing hostility to “scroungers and spongers” which was particularly strong amongst the elderly, which is one of the reasons why characters in television series like Alf Garnett in ‘In Sickness and in Health’ and Rupert Rigsby in ‘Rising Damp’ were so popular. By the late 1970s the public mood was turning towards the need for welfare cuts.<sup>28</sup>

### **ISSUE : Did the cost of the Welfare State damage the UK’s economic standing compared to other countries after 1951?**

From 1960 to 1976 the Welfare State’s share of GDP [Gross Domestic Product – the total amount of money a country makes in a year] rose from 11% to 20% resulting in higher taxes and huge government borrowing - £11 billion in 1975-6 alone. The welfare had only been worth 6% of GDP in 1946. Many politicians and members of the public thought that this cost was too high, and some began to argue that the UK’s economic difficulties in the 1970s were the result of spending too much on welfare.

In 1978 the UK spent 7.7% of its GDP on unemployment benefit, old age pensions, family allowance and sickness benefits. However, Belgium and Holland spent 14% of their GDP, France and Germany spent 12.5% of its GDP, Italy spent 10% of its GDP and the USA spent 8% of its GDP on welfare. This means that in 1978 UK welfare spending as a proportion of the amount of money the country made was lowest in the industrialised world.

<sup>25</sup> From page 354 of “The Five Giants” by Nicholas Timmins published by Harper Collins in 2001 ISBN9780007102648

<sup>26</sup> See a performance of George Harrison’s “Taxman” song about the burden of rising taxes at <https://goo.gl/DNpyVh>

<sup>27</sup> From page 350 of “The Five Giants” by Nicholas Timmins published by Harper Collins in 2001 ISBN9780007102648

<sup>28</sup> Page 372 of “Seasons in the Sun” by Dominic Sandbrook published by Penguin in 2013 ISBN 9780141032160

## 4) The economy

### Debt, aid and devalued currency

There was an enormous economic cost to pay for winning the war. Britain had lost 30% of its wealth as a result of fighting in the Second World War. The **National Debt** had risen from £500 million in 1939 to £3,500 million in 1945. The highest rate of income tax was increased to 50% and many government assets were sold off to try and help pay off some of this debt. War damage or involvement in the war effort meant that few industries had the means or materials to produce goods for export in 1945.

The USA had also stopped the **Lend-Lease** scheme as soon as the war was over in 1945. This meant that Britain now had to find and pay for all of its own materials instead of being given them by the USA. A total of \$3 billion of US aid was also paid to the UK government in 1948 as part of the **Marshall Plan**. There was a continuing dependence on support from the USA to help pay off war debts.

The consequence of all of this was increased austerity measures – further rationing and other restrictions such as limits on how much British currency could be taken abroad. Ministers hoped this would divert what resources there were to where they were needed and to reduce British dependence on imports. After a difficult winter in 1946–47 there were even more severe restrictions and shortages. The pound sterling (£) was also reduced in value compared to the dollar (\$) in 1949, dropping from \$4.03 to the pound to \$2.80 to the pound. It seemed a humiliating defeat at the time, but it improved Britain's exports by making British goods cheaper abroad.

### Nationalisation of industry by 1951

The **nationalisation of key industries** was a major policy of the Labour government that came to power in 1945. In a speech to Parliament in 1945, the government minister Herbert Morrison explained this as “to bring essential services under public ownership”. There are two extreme policies that governments can have towards industry:

- state controlled: where the state completely controls industry as it did in the USSR; or
- free market: where industry is left entirely alone by the government as it was in the USA.

The post-war Labour government, however, wanted to create a mixed economy. This meant that some industries were brought under government control and others were left free of government interference.

Public ownership of industries was not a new idea in the UK. Even before the war the government controlled the BBC, London Passenger Transport and the Central Electricity Board. Government interference in industry had already increased before 1945 to enable the country to fight the war more effectively. Labour had campaigned in the 1945 election to nationalise those key industries that they thought were inefficient and therefore failing to serve the nation. Labour said



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that nationalisation would lead to more co-ordination between key industries. This would enable the government to have integrated energy and transport policies. Many people believed that nationalisation would lead to full employment and a prosperous economy and, ultimately, to lower prices. The programme of nationalisation was intended to give improved status and conditions for the workers and compensation to the existing owners. A total of £2.7 billion was paid out in compensation.

### Industries that were nationalised by 1951

#### BANK OF ENGLAND (1946)

This was done to spread government influence through all banks but without having to control them directly. It meant that the government would be able to get money for investment.

#### CABLE AND WIRELESS (1947)

The government bought out the shares of the company that provided telecommunications across the Commonwealth. Many homes did not have their own telephones. The government now controlled all international radio and telegraph services.

#### COAL (1947)

Even the Conservatives admitted this was necessary to help a struggling industry. They created the National Coal Board but were worried that such a large industry of nearly 2,000 mines would not be easy to control centrally. Miners were very optimistic about how this would improve their lives, but they soon realised that little was likely to change as the nationalised coal industry was run by the same managers as before. Miners did quickly see improvements in their working conditions, although not in their pay.

#### ELECTRICITY (1947) and GAS (1948)

The Central Electricity Board already owned the pylons and powerlines for the government. 500 electricity companies now became 14 area electricity boards, despite a lot of opposition to this in parliament. It was hoped that this development would lead to standardising voltages and prices, and that the quarter of British homes with no electricity supply would be connected. Over 1,000 gas companies became 12 area gas boards and again priority was given to connecting up remote communities. The government was now able to organise gas and electricity supplies into an efficient national system.

#### CIVIL AVIATION (1946)

The British Overseas Airways Corporation (BOAC) already existed. British European Airways (BEA) and British South American Airways (BSAA) were created. It was not controversial as most MPs agreed that competition for passengers and routes would waste precious resources. It also allowed the government to give direct support to post-war expansion.

### TRANSPORT (1948)

This was to be controlled by the British Transport Commission. British Rail was created to take control of 52,000 miles of track with its aim to modernise the railways and make them profitable again. Long distance lorry drivers came under British Road Services. Bus services were not under the Commission's control as a result of Conservative opposition. The aim was to provide a co-ordinated transport policy that would serve everyone in the UK, even those living in remote areas.

### not take effect until 1951

Labour wanted to control these industries because they were so important to the economy. The Conservatives strongly objected to this as these industries were already efficient and should be left to the businessmen who already knew how to run them well. The Conservatives used their influence in the House of Lords to block iron and steel nationalisation which in turn meant that Labour had to pass the 1949 Parliament Act to reduce the power of the House of Lords. This was finally put into effect in 1951, but both iron and steel were privatised again in 1953 by Churchill's Conservative government.

By 1951 Labour's nationalisation programme was complete and one in ten people now worked for a newly nationalised industry. Coal output immediately increased and Cable and Wireless made very healthy profits. State control meant the electrification of the countryside, which private companies had considered not worth the expense. The government was able to keep prices down in these industries and improvements were made in working conditions and safety standards.

However, increasing taxation and rationing, along with the devalued pound, dented the popularity of the Labour government and would ultimately contribute to the Conservatives winning the 1951 election.

## The UK's industrial decline since 1951

In 1951 the UK at the forefront of economic and technological development following important breakthroughs it had made during its wartime research – the first jet air liner, the first nuclear power station, being a close second to USA in computing. The UK's factories worked flat out to produce cars, ships, buses, lorries, aircraft, electrical goods, clothes, chemicals and construction materials, half the working population was employed in manufacturing, there was virtually no unemployment and a quarter of all goods produced in the world were produced in the UK. In 1951 UK consumers would have not expected to be buying anything that was not made in the UK.<sup>29</sup>

However this situation could not continue. Other countries came forward to challenge for world market share, especially Germany in Europe and Japan in Asia.

<sup>29</sup> From "The Slow Death of British Industry" by Nicholas Comfort published by Biteback in 2013 ISBN 9781849544634

## 17 Austerity, Affluence and Discontent, 1951-1979: Part 1

**TABLE** : UK share of world manufacturing<sup>30</sup>

<b>Year</b>	<b>%</b>
1950	25.4
1954	20.5
1959	17.7
1964	14.2
1969	11.2
1974	8.8
1979	9.1

This was really a relative decline compared to other countries between 1965 and 1979. For example, the UK's share of world shipbuilding fell from 8% to 4% even though it was launching the same number of ships a year, its share of the world car market fell from 11% to 5% even though the number of cars produced a year had more than doubled, and its share of world steel production fell from 6% to 3% during this period even though it was producing 5 million tonnes a year more.<sup>31</sup>

**TABLE** : Worker productivity in manufacturing (average increase in production per hour worked)<sup>32</sup>

	<b>1960-1973</b>	<b>1973-1979</b>
UK	4.1%	1.0%
France	6.6%	4.4%
Germany	5.7%	4.2%

On the surface the UK seemed to be getting richer even though UK workers were producing less than workers in other countries. Gross Domestic Product (GDP) was growing at 3% a year - it had only grown 1.3% a year in 1930s). Between 1945 and 1974 workers real wages doubled. However there was decline when compared to the growth of other countries in the same period of time. Some historians have described this as “de-industrialisation” as the decline was most clear in traditional manufacturing industries like coal mining, shipbuilding and steel production.

<sup>30</sup> From page 77 of “Britain in the Modern World” by J.A. Cloake published by Oxford in 1994 ISBN 019913376x

<sup>31</sup> From page 698 of “Seasons in the Sun” by Dominic Sandbrook published by Penguin in 2012 ISBN 9780141032160

<sup>32</sup> From page 4 of “Empire to Europe” by Geoffrey Owen published in 2000 by Harper Collins ISBN 0006387500

## 18 Austerity, Affluence and Discontent, 1951-1979: Part 1

Historians have offered a number of reasons to explain the UK's industrial decline since 1951 -<sup>33</sup>

- Over-ambitious government spending policies instead of investing in industrial growth – nationalisation, the Welfare State, the Korean War all simultaneously in the late 1940s, early 1950s; there was also continued unrealistic spending on nuclear weapons
- Failure to invest and restructure the UK economy after the Second World War – the UK economy had hardly changed from Victorian times (coal, iron, steam locomotives, passenger liners, etc.); Labour and Conservative Prime Ministers promised modernisation but failed to deliver
- Failure to increase exports – shipbuilding collapsed because the UK was not building the types of ships customers wanted, the car industry was falling behind other countries as it could not produce cars in volume and as cheap as foreign competitors
- Excessive government intervention – protecting weak industries from competition by merging them while punishing successful businesses with high taxes and too many regulations
- Lack of technological education – schooling was too biased towards the arts and humanities; there had been a failure to introduce technical schools allowed by the 1944 Butler Education Act
- Poor productivity [the amount that workers make in a certain period of time] and growth rates compared to European and world competitors
- Power of trade unions [organisation that represented the workers in negotiations with employers] – workers were resistant to new technology and changes to working practices that might have threatened their jobs
- Delayed membership of the EEC (European Economic Community) and in 1972 when France, Germany and Italy had benefitted from membership since 1959
- “Stop-Go” [interest rises to cut spending, interest rate cuts to increase spending] economics of Conservative governments in the 1950s and 1960s encouraging spending but not investment
- 1970s instability – rising unemployment and inflation damaged UK's ability to make money, for example in 1976 the pound lost ¼ of its value against the dollar

Some historians have pointed out that the economic situation was not as bad as it seemed. For example

- “The annual growth rate of the UK economy between 1951 and 1973 was 2.8% much better than it had been in the decades before the Second World War
- There was low unemployment – at its highest it reached 1 million in the 1970s; between the wars it was never less than a million
- Living standards were rising – infant mortality was falling, wages were increasing, working hours were decreasing
- Membership of the EEC was only possible because of the stability and health of the UK economy and growth in trade with the EEC made up for losing the imperial and Commonwealth markets UK had relied on in 1951.

<sup>33</sup> From “Britain 1929 -1998” by Chris Rowe, published by Heinemann in 2004 ISBN 978-0-435327-38-5

### What was the post-war political consensus?

After the very divisive election of 1945 the Conservatives had tried to stall or obstruct as many of the Labour reforms as they could – the Welfare State, the NHS, nationalisation. As a result, in 1948 Labour had to reduce the power of the House of Lords in order to prevent Conservative peers from holding up what they considered to be urgently needed new laws.

From 1951 this position changed. The Conservatives accepted the need for a Welfare State and some nationalisation. The steel industry was the only business they returned to private ownership. They continued to work with trade unions to control wages and to use government powers over taxes and spending to control the economy. This continued into the 1970s and only really came to an end with the election of Margaret Thatcher's Conservative government in 1979.

This consensus is illustrated by how little difference there was between the main political parties. In general elections between 1950 and 1970 the average Conservative share of the vote was 46%, while the average Labour vote was 45.7%. Most voters were very loyal to a particular party and the outcome of elections was determined by a relatively small number of voters and could produce some surprise results. In 1955 Labour lost the general election but got 12 million votes – more than for their landslide win in 1945.<sup>34</sup> In 1954 Winston Churchill said "Party differences are now in practice mainly those of emphasis".<sup>35</sup> It became an issue of who could run the Welfare State and nationalised industries the best, not whether or not they should exist at all.

<sup>34</sup> Dominic Sandbrook, *Never Had It So Good* (London, 2005), page 50.

<sup>35</sup> Dominic Sandbrook, *Never Had It So Good* (London, 2005), page 65.

## Glossary

<b>austerity</b>	living without comfort and unnecessary things, with limited goods and money
<b>rationing</b>	limiting the amount that one person is allowed
<b>Black Market</b>	illegal trade in restricted goods
<b>council houses</b>	houses owned by local authorities but rented to families at an affordable rate
<b>demobilisation</b>	end of military service
<b>prefabs</b>	prefabricated buildings which were made in pieces in converted aircraft factories and could be quickly put together on site in a matter of hours
<b>Welfare State</b>	the government system of providing help for all people who needed it
<b>universal</b>	applied to everyone
<b>National Debt</b>	the amount the government owed
<b>Lend-Lease scheme</b>	giving weapons and supplies to countries allied to the USA
<b>Marshall Plan</b>	aimed to boost the rebuilding of western European economies to enable countries to begin trading with the USA again
<b>nationalisation of key industries</b>	bringing industries under direct control of the government
<b>the Commonwealth</b>	countries that were part of, or still had connections to, the British Empire
<b>poll</b>	based on public responses to questions often asked in the street by people working for the polling company
<b>consensus</b>	agreement between political parties

### Recommended materials

**VIDEO:**

Andrew Marr's History of Modern Britain:

Episode 1 – 'Advance Britannia' covers the years 1945 to 1955

### Acknowledgements

Source 1: © The Press Association

This resource is provided to support the teaching and learning of GCSE History. The materials provide an introduction to the main concepts of the topic and should be used in conjunction with other resources and sound classroom teaching.