The lectures for this academic year are a continuation of those that I gave last year on British political history in the Twentieth Century. At the end of last year, I reached the Second World War, and this set of lectures is on the post-War period. I thought it might be helpful to begin with a few general reflections on the post-War period as a whole.

The most obvious contrast with the first part of the series is that, in the second half, there are, fortunately, no great wars, and on the whole there is stability and continuity in British life, and, in particular, a continuity of the main political parties.

The first half of the century, the years before 1945, was marked by a replacement of the Liberals, as the main party of the left, by the Labour Party. This came to a crux in 1945, when the Labour Party won the first overall majority in its history, a landslide majority. Today, the same two major parties, the Conservatives and Labour, who were the major parties in 1945, are still the same major parties. The Liberals, in 1945, were very much a third party, and their successors, the Liberal Democrats, were also a third party today.

So, perhaps there has been much less change than some people imagine during the second half of the Twentieth Century. People always talk about a changing and volatile world, but perhaps there has been less change than imagined, and less change than in the first half of the century, marked by two World Wars. But, nonetheless, there have been great and undeniable changes, and to illustrate those, I will give two quotations from the 1940s, both of which will strike you as anachronistic today.

The first is from Winston Churchill in a speech at the Mansion House in 1942, in the middle of the War, when he said: “We mean to hold our own. I have not become the King’s First Minister in order to preside over liquidation of the British Empire.” Of course, the British Empire was liquidated fairly soon after he made that speech.

My second quotation is from the Labour Party’s Election Manifesto of 1945. It said: “The Labour Party is a socialist party and proud of it. Its ultimate purpose is the establishment of a Socialist Commonwealth of Great Britain.” Some people say that the present Leader of the Labour Party, Ed Miliband, has moved a bit to the left, but I you will certainly not find language of that kind in the next Labour Party Election Manifesto. But, at that time, socialism was thought to be the wave of the future, and in particular people thought that it was given a great push by the War.

Attlee, the Leader of the Labour Party from 1945, and Prime Minister from 1945 to ‘51, said during the War that: “Those who count progress only in terms of seats won and of the growth of the numbers of professed adherents of the Party miss the real significance of what has happened. The outstanding thing is not so much the growth in the strength of the forces which attack the citadel of capitalism, as in the loss of the outworks, the crumbling of the foundations, and the loss of morale of the garrison.” In other words, that people were not willing to defend what he called ‘capitalism’ in the 1940’s, in the confident way they had been in the 1920s and 1930s, and perhaps as they were to be again later on. But, at that time, he said that the ideological defence of capitalism is very weak and socialism was seemingly the wave of the future.

Now, what he meant by socialism was a new form of society based on the principle of nationalisation, which he called “common ownership”; the common ownership of the means of production, distribution and exchange, which was in Clause Four of the Labour Party Constitution until 1995, when Tony Blair removed it.

But more than that, it was not just a mechanical and institutional change that they were thinking of; it was this change but as a means to a change in the nature of society. It was ultimately aiming to create the “good society”; a society not based on acquisition and greed, but on the principle of fellowship; the supposed socialist principle of fellowship.

It is clear that both of Churchill's and Attlee's quotations are really very much of the past, and I think it would have been clear much earlier than today. I think if you had put those quotations to people in the mid-1960s, they would have thought they were rather old-fashioned.

It became very clear after the War that Britain was no longer an Imperial power. At the end of the War George Orwell said that the next ten years would show whether Britain remained a great power. Just after that ten years came the Suez Crisis of 1956, which showed that Britain could not act independently when opposed by the United States, and that Britain had therefore become a second-ranking power.

The Labour Party has also clearly abandoned its commitment to socialism, at least in the form in which Attlee put it forward. It faced a great problem, which, oddly enough, derived from the success of the Attlee Government. A measure of this success is that if you had said to people in the 1920’s and 30’s that Britain would soon
become a society in which there was full employment, as there was in the 1950s, that it would have a National Health Service which was free and open to everyone and universal, that it would have the welfare state, guaranteeing to everyone a social security minimum, so that hardly anyone would be in poverty, they would not have believed you. They would have said, if these things do come about, then that is utopia – that is absolutely marvellous! But the point is that, when it did come about in the 1950s and ’60s, people did not think it was utopia, and they wanted different sorts of things, and so the socialist ideal gradually came under criticism.

As I said, the socialist idea was not just mechanical, it was not just nationalisation, but the aim was to create a new form of society. I will give you another quotation, from a speech that Attlee made in the 1950 General Election campaign, in Falkirk, in Scotland: “I feel rather tired when I hear that you must only appeal to the incentives of profit. What got us through the War was unselfishness and an appeal to the highest instincts of mankind. What is getting us through in these difficult days is a far greater sense of responsibility, due to the fact that men and women feel they have a far greater stake in the country than they ever had before.” Again, I do not think that is the language you would hear from any leading politicians today; that they should forget about profit and incentives and rely on the principles of fellowship.

It is understandable, perhaps, in terms of all this - Britain no longer a great power, the socialist dream not come about – that some people should see the post-War period as a period of decline, certainly from the high hopes of the 1940s. I think one central theme, perhaps the central theme of the post-War period, is a decline of national self-confidence. This included a decline in confidence in British constitutions and in the parliamentary system, which seemed, in 1945, to have triumphed. Immediately after the War, most people thought that, whatever the hardships, Britain was better governed than any other country in the world, and that the way things were done in Britain was much better than the way they were done anywhere else. But that view gradually began to disappear and with the decline of Empire, Britain seemed to have lost its role in the world. In 1962, a former American Secretary of State, Dean Acheson, said that, “Britain has lost an empire and is looking for a role.”

One such role seemed obvious to many people at the time, but it has proved a highly contentious matter indeed, and it still is highly contentious – Britain’s role in Europe. The role for Britain in Europe is highly uncertain and difficult, and Europe was an issue which split both of the major parties: the Labour Party, in the 1980s, led to a breakaway in the Social Democrat Party, which then joined the Liberals; and the Conservatives were split from top to bottom on the issue in the 1990s. I think it is fair to say that the Conservatives are still split between those who think our role is in Europe and those, a larger number, who think it is not. It is interesting that there is a current demand for a referendum on whether we should stay in Europe or not, and one recent opinion poll said that 51% of British people thought we should leave the European Union. So, it is a highly contentious matter, but, in the 1960s, a lot of people who saw themselves as forward-looking said the replacement for Empire should be in Europe – we no longer have an Empire, but we can lead the Europeans perhaps and play an important role there. But it is fair to say that Britain still has not made up its mind, over a period of fifty years. It is just fifty years since Harold McMillan made the first application to join the European Community, as it then was, in August 1961. Over the fifty years, the country still has not made up its mind basically over whether it sees itself as being European or not.

But of course, the main reason why people think we have declined is economic. In a way, this is odd, because our post-War rate of growth was much higher than it was before the War. If you look at the years 1921 to ’39, growth was on average quite miserable: it was 1.1%. From 1948 to ’62, it was 1.9%, high not only by the inter-War standards but also by most historic British standards. And, of course, the post-War years have seen the growing spread of consumer affluence.

But when people speak of decline, they do not mean decline as compared with what Britain was like once, but decline in terms of comparisons with countries on the Continent, particularly Germany, and perhaps also Japan. The claim was that these countries were growing faster. You could perhaps argue that was inevitable, once they had recovered from the War, but perhaps there are certain features about those societies that allow them to grow faster, but which we lack. It is as if you are a pretty good one-mile runner and, last year, you could run the mile in 5.5 minutes, and this year, you can run the mile in 5 minutes. You might be pretty pleased. But then someone says to you, “Sixty years ago, Roger Bannister broke the four minute mile,” and that will make you miserable, because that is beyond you completely. The point I am trying to make is that there might be certain features about British society that mean we can never grow as much as the German and Japanese and we just make ourselves miserable if we compare ourselves with them, rather than what we used to do in the past. Those features of British society might be the very same features that make Britain a stable and reasonably happy country. As I think I mentioned when we discussed Lloyd George last year, Britain has put a lot of effort into securing conciliatory relations between the two sides of the industry and in society in general, and it may be that those factors prevent us having the dynamism, which would allow for a rapidly growing economy.

I think the post-War period divides reasonably into two main phases: the first is up to 1979, when Margaret Thatcher came to power. In this first period you have really an alternation between the Labour and Conservative Parties in Government, by contrast with the pre-1939 period, when the Conservatives were very dominant.

Then the second period begins in 1979 when you have 18 years of single Party Government, first with Margaret Thatcher and then with John Major. This is the longest period of single Party Government since the Napoleonic Wars. And then this was succeeded by the longest period of single Party Government by a left-wing majority.
However, more important than those simple kinds of mechanical change is the growing scepticism towards the role of the State. Although this is associated most strongly with Thatcher’s government, it actually dated from slightly before Margaret Thatcher came to power in 1979.

You can argue that one main theme of British politics, from 1900 until the mid-1970s, was an increasing confidence in the role of the State. If you look at 1900, the average British person, provided he or she kept out of the hands of the police and did not commit a crime, would have nothing whatever to do with the State – the State would not impinge: there was no health insurance, no unemployment insurance, nothing to connect you with the public authorities. But, gradually, all that changed: from the First World War, the Liberal reforms and so on.

This confidence in the role of the State was strengthened by the Second World War, with the wartime spirit of the nation all pulling together. This led to a strong sense of community and trust, with great support for the wartime leaders, like Churchill and Attlee, who had successfully led the country through dangerous times.

Of course, during the War, the State increased its powers enormously. For instance, in the economy, the market system was completely suspended, and the State decided the allocation of resources. People came to think that it had been effective and that planning was more effective than the market, and that we would do better if the State controlled industry as well. Then it was said the State should have responsibility to secure full employment, as we did not want to go back to the inter-War years of mass unemployment. The economist John Maynard Keynes had a lot of influence on all that, of course. Then people also said the market system was unfair, and it could not provide for social welfare, so the State should take over responsibility for social services, which should normally be free and financed out of taxation.

Again, I will give you a notorious quote that sums up the immediate post-War period, from a politician called Douglas Jay, who was an Economic Advisor to Attlee and then became a Labour MP and Minister. He wrote a book in 1947 called “The Socialist Case”, in which he said this: “In the case of nutrition and health, just as in the case of education, the gentleman in Whitehall really does know better what is good for people than the people know themselves.” In the hands of others, that came to be translated into “The man in Whitehall knows best,” and it was used against the Labour Party.

When people began to worry about the decline of the British economy, in the late-1950s – as I say, not that it was doing badly historically, but doing badly compared with other countries – they said that the natural answer to the problems we faced was to increase the power of the State, and this began with a Conservative Government. Harold McMillan’s Government introduced policy of planning in the 1960s, and incomes policy. Harold McMillan was very strongly influenced by his experience of the 1930s when he had been MP for Stockton, which was a very depressed area at that time, and so he wanted the State to play a larger role to ensure that the economy improved.

That was all continued by the Labour Governments, which succeeded them – Harold Wilson’s Government, and then Heath, and then Labour again, under Wilson and Callaghan, until 1979, when it collapsed in the Winter of Discontent. Since then, there has been some scepticism concerning the role of the State but it has not been pushed back to where it was before the State increased its powers. The welfare state still survives, and some of the assumptions that were there in 1945 still survive, but by no means all of them.

However, I think the main casualty of post-War ideological progress has been the idea of planning, which was so strongly supported in 1945. Even people in the Labour Party, on the left, now see planning as a part of the problem, not part of the solution. And so many people see the State as part of the problem and not part of the solution.

As I say, all this was very different in 1945 when the Labour Party won its first overall majority, and the Government was headed by Clement Attlee. There is a great enigma and paradox about Attlee because, in 2004, a group of academics in History and Political Science were asked to rate the Prime Ministers of the Twentieth Century, and the vast majority said that Attlee was the greatest Prime Minister of the century. His Government is often acclaimed as the success story of post-War Britain. But, there is a discrepancy between the massive changes, which the Attlee Government introduced, and the seemingly miniscule stature of the man who presided over it. Indeed, Attlee was elected Leader of the Labour Party in 1935 as a stopgap, only to remain leader for twenty years, the longest leader of any major political party in the Twentieth Century (the next is Margaret Thatcher, at fifteen years).

Attlee was born in 1883, in the Victorian age. He went to public school in Oxford, where he had, on the whole, an undistinguished career. His only achievement was to gain a half-blue at billiards. He was a strong Conservative and, as he said, Imperialist, but then, after taking his degree, he qualified as a solicitor, but he did what many students did in those days – he went to work in boys’ clubs in the East End. He said the sight of conditions in the East End turned him into a socialist because he did not think that the people he met there were in any sense inferior to the people he had grown up with, and yet the poor had a much harder life. He was a socialist of the left, and worked, in a fairly anonymous way, in these boys’ clubs.
Unlike many on the Left in 1914, he volunteered for the Army. Most people on the Left, at that time, were opposed to the First War. He, however, was not – he supported it. Indeed, he fought at Gallipoli, and he was always rather proud of his military career. During the inter-war years, he was generally known as Major Attlee – that was his title.

After the War, he was encouraged to go into politics, and he became Mayor of Stepney in 1919 and 1920, and then, in 1922, he was elected MP for Limehouse. He said that the aim of the Labour Party was to ensure that slums and poverty would be abolished. He said, “I took part in the Great War in the hope of securing lasting peace and a better life for all. We were promised that wars would end that, that men who fought in the War would be cared for, and unemployment, slums and poverty would be abolished.”

He had junior office in the first two Labour Governments, which were minority Governments. In the second one, he was, briefly, Postmaster General, when that Government collapsed and Ramsay MacDonald formed the National Government. As some of you may remember, that Election led to a landslide victory for the National Government and a landslide defeat for Labour, which had just 52 seats in the General Election of 1931. Indeed, almost all the major figures of the Labour Party, and all but one of the Cabinet, were defeated. The only Cabinet Minister left was George Lansbury, an elderly pacifist, who became Leader, and Attlee, simply because he had survived, became number two. Then, in 1935, when Lansbury retired, Attlee was appointed Leader, seemingly as a stopgap, but as I say, he lasted twenty years. Indeed, to return to my earlier point again, that Attlee’s twenty years in charge of the Labour Party outstrips Thatcher’s fifteen years in charge of the Conservatives, it should be remembered that Margaret Thatcher was thrown out in the end, whereas Attlee retired voluntarily and with his reputation high.

Now, when Attlee became Leader of the Labour Party, Hugh Dalton, another leading figure, said, rather sadly, “A little mouse shall lead them.”

Beatrice Webb, who heard him speak in 1940, said: “He looked and spoke like an insignificant elderly clerk, without distinction in the voice, manner or substance of his discourse. To realise that this little nonentity is the Parliamentary Leader of the Labour Party, and presumably the future Prime Minister, is pitiable.”

The same year, a newspaper magnate, Cecil King, described him as “of very limited intelligence and no personality”. “If you heard he was getting £6 a week in the service of the East Ham Corporation, one would be surprised he was earning so much.”

However, part of his appeal to the Labour Party was precisely that he was not charismatic. The Labour Party, with Ramsay MacDonald and the supposed betrayal of 1931, had had enough of charismatic leaders who thought they knew better than the Labour Party. They wanted someone who represented it, and, in that sense, Attlee did. He saw himself not as a Leader but as a mouthpiece of the Party. He said to the Party Conference in 1953, “I am only here to carry out your will.” And he said, “The great quality of the Prime Minister is being a good chairman, able to get others to work,” which was his great skill. He had a lot of very difficult people to work with, many of whom disliked each other intensely, but he held them together.

But, more than that, Attlee was seen as someone who understood the nature of working class life, and the Labour Party, as you will remember, was formed to give representation to the organised working class. It was not that he was from the working class – that did not matter – but that he had an experience of and sympathy with working class conditions which he had gained in the East End of London. Indeed, he had the strongest experience of the grassroots Labour and socialist politics of any Labour Leader and he understood the Labour Party very well. He said that the Labour Party had to be led from left of centre. It was typically unclear whether he meant left of centre of a political spectrum or left of centre of the Labour Party. But he always wanted Aneurin Bevan, who was on the left, to succeed him, but of course that did not happen.

As I say, his great strength was that he held together the Labour Party, but his great weakness was that, like so many of that generation of the Labour Party, he was rather ignorant of economics. Therefore, when there were economic crises, which beset that Labour Government quite frequently, he lost his authority and he was unable to give a lead.

The first economic crisis of the Labour Government, in 1947, was a crisis caused by trying to make the pound convertible, but this only led to an outflow of cash from the country and a rapid end to convertibility. Immediately following this there was an attempt to remove Attlee, and the replacement was going to be Ernest Bevin, the trade union leader, who was Foreign Secretary. Bevin could have become Leader of the Labour Party, and I think it might have been better possibly if he had, but he said he did not want to, on the rather patronising grounds that “The little man has never done me any harm.” So, Bevin remained where he was, and so did Attlee.

Now, Attlee was not just a cipher, it is fair to say. On a few crucial issues, he did make a lot of difference. The rapid withdrawal from India was largely his decision. That Britain should become an atomic power was largely his decision, with Bevin. And those who think that prime ministerial power is a recent invention should consider what Attlee, not normally thought of as a strong Prime Minister, conducted the issue of atomic power. He first set up a committee to consider whether we should become an atomic power, and the Economics Ministers said that we could not afford to do so, so he then set up another committee, from which they were excluded, and
this one said that we should become an economic power. Most of the Cabinet were not aware of this decision, and nor were MPs, until it was given in an answer to a parliamentary question about the defence estimates, as a kind of casual aside, that we were spending so much on developing an atomic bomb. When Attlee was later asked, after he had retired, why he did not tell his Cabinet Ministers about this decision, he said some of them were not fit to be trusted with secrets of that kind. So, prime ministerial leadership is not something new.

Attlee’s greatest weakness was that he could not inspire. His obituary in The Times, when he died in 1967, said: “Much of what he did was memorable, very little of what he said.” Perhaps that did not matter too much, because, oddly enough, in the Election that Labour lost in 1951, Labour actually got a higher vote than the Conservatives. This was partly a quirk of the electoral system, as the Labour Party got the highest vote in its history in 1951, when it lost the Election, and the second highest vote ever won by any British political party. The highest was won by John Major, another unheroic Leader, in 1992. They both got many more votes than Margaret Thatcher or Tony Blair.

The second in command of the Government, as I have implied, was Ernest Bevin, who had been the great trade union leader at the time of the General Strike. It was widely thought he would be Chancellor when Labour came to power, but instead he was made Foreign Secretary. Nevertheless, he had a large influence on the whole of the Government, and he made a very interesting comment when he was appointed Minister of Labour in Churchill’s Coalition Government in 1940: “Gladstone was at the Treasury for fifty years. I want to be at the Ministry of Labour for fifty years.” What he meant was that Gladstonian economics – being careful with money, if you like – had dominated Britain for fifty years, but he wanted his conception of the Labour movement and the trade unions to be there for fifty years. What he meant by that was that organised labour should be seen as part of the State, which should be consulted before measures were passed affecting its interests.

During the General Strike in the 1920s, Bevin said that labour was treated as just a factor of production by the Conservative Governments; that they would pass policies, they would not consult the trade unions, and people would be thrown out of work as a result, or put on difficult circumstances. He held that that should not happen again and that, in future, all Governments, whether Labour or Conservative, should have to consult the trade unions before taking actions, which affected them. In other words, the trade unions, after the 1920s, were moving away from the idea that they were somehow in opposition to the State – they were going to become part of the State. This was symbolised in the 1930s by the General Secretary of the trade Union Congress, Walter Citrine, a colleague of Bevin’s, accepting from the National Government a knighthood, which seemed to demonstrate that they were just as much a part of the State as people in business.

This idea of Bevin’s lasted until the Winter of Discontent in 1979. You may say it was carried out to a level of caricature, whereby the trade unions were not just consulted on matters on policy but claimed to have a veto on matters of policy. It could be claimed that it was as if the Trade Unions held that if Government did not do what they wanted, we would go on strike – they would use the strike weapon, which Bevin was very cautious about using. You may say the trade unions, in the end, destroyed that very strong position they had under Ernest Bevin, so they have lost that consultative arrangement, which existed till 1979 under Conservative as well as Labour Governments, but the public sector strikes in that year really destroyed that. One Labour supporter of the time said it was the public sector workers who put Margaret Thatcher into power, and she thanked them after that in her own individual way...

The third most significant member of the Government was Aneurin Bevan. Churchill always used to put the emphasis on the second syllable because he rather liked Bevin but did not like Bevan. Bevan was on the left of the Labour Party, the son of a miner, and he was the only leading Minister in the Attlee Government who had not been in the Wartime Coalition. He was given the key position of Minister of Health & Housing and he was the architect of the National Health Service.

Later on, there was a rise of a fourth character in the Government, who challenged Bevan, which was Hugh Gaitskell. Hugh Gaitskell had a very rapid promotion. He entered Parliament in 1945, at the age of 39. By the end of the Labour Government in 1951, he was Chancellor of the Exchequer and second man in the Government. He was a new type of figure in the Labour Party because he came from what you might call “the educated professional university classes”, the kind of people who now dominate both Parties, but the Labour Party perhaps in particular. He had been an Economics Don at London University before going into politics, and so he did not have the kind of background in the working class movement that the older leaders had. When Gaitskell became Chancellor in October 1950, Aneurin Bevan wrote a letter to Attlee protesting about the appointment, saying that Gaitskell had no roots in the labour movement – he was rootless, he did not understand, he had no experience of working class life, and therefore it was a bad appointment. This rivalry between Gaitskell and Bevan continued throughout their lives, and both of them died early, Bevan in 1960, Gaitskell in 1963. This played a large part in keeping Labour in opposition in the 1950s, and it reached a climax, in something I will describe later, in a battle over the National Health Service in 1951, over the seemingly trivial, but I think quite important, symbolic issue of whether you should introduce charges for false teeth and spectacles, and that led to the resignation of Bevan from the Government and in effect the break-up of the Labour Government.

Now, the Labour Party won the General Election in 1945 with a majority of 146, a great shock to many people, though there was just one opinion poll at that time, the Gallup opinion poll, and on the day of the Election, it gave
If you had followed opinion polls - the Gallup poll was introduced into Britain in 1937 - there would have been no doubt that the Labour Party was going to win the Election. They were 12% ahead in the opinion polls in February 1945, six months before the Election in July. In July, they were 6% ahead. Shortly after the publication of the Beveridge Report, in December 1942, they were 18% ahead, so they had an enormous lead. A lot of people, when writing about the Election, mention the way Churchill conducted the campaign - he made an extreme attack on the Labour Party, saying you could not introduce socialism without some form of Gestapo, which seemed rather odd when you had been working with these same Labour Party people in Government, and people did not think Attlee was very much like Hitler and Himmler, and so it came across as sounding rather foolish. But, there is no evidence that the Election campaign altered people’s minds at all. Indeed, you may argue that, without Churchill and the Conservatives could have done even worse, and I think the reason for what happened in the Election must be sought not in the campaign but what had happened before, in the growth of ideas of social responsibility and socialism.

In 1945 Attlee wrote to a Labour Party theorist that, “Although you are a theorist and I am only a working politician, I think that I give more and you give less attention to changes of conception than to legislative achievements. For instance, I have witnessed now the acceptance by all the leading politicians in this country and all the economists of any account of the conception of the utilisation of abundance. From 1931 and onwards, in the House, I and others pressed this. It was rejected with scorn. It is now accepted and important results flow from it. It colours all our discussions on home economic policy. There follows from this the doctrine of full employment. The acceptance of this, again, colours our whole conception of the post-War set-up in this country. You will appreciate that, in discussions with Cabinet colleagues not of our Party, the full acceptance of these conceptions concedes much of our case in advance.”

In other words, he said that the case for socialism had been made during the War, and emphasised by memories of what happened after the First War, the supposed betrayal. For him, the Second World War was a people’s war, followed by a people’s peace. The Attlee Government did, I believe, lay the foundations of what became a post-war settlement. It set the weather perhaps even up to today. Margaret Thatcher tried to undermine parts of it, but even she, in her memoirs, pays great tribute to Attlee, said he was a great radical patriot and she greatly admired him. But regardless, a lot of Attlee’s legacy still remains, and it was in this post-war period that the whole framework for the future was set up.

What was the settlement and how did it come about during the War? I mentioned the Beveridge Report a few moments ago, and that was absolutely crucial. It came out in December 1942, in the middle of the war. It had a huge sale: 100,000 copies were sold in the first month; an abridged edition sold 600,000 copies shortly afterwards. No Government document out-sold it until the Denning Report on the Profumo Affair in 1963.

Beatrice Webb predicted that this would be “a bomb thrown into the political arena”, and so it was, because it suggested widespread change. It was dismissed by the Conservatives, which can be considered to be Churchill’s crucial blunder. He dismissed it as “false hopes and airy visions of Utopia and El Dorado”. The Conservatives claimed that we could not afford it, and the Conservative Chancellor of the Exchequer, Sir Kingsley Wood said: “Many in this country have persuaded themselves that the cessation of hostilities will mark the opening of the Golden Age. Many were so persuaded last time also. However this may be, the time for declaring a dividend on the Golden Age is the time when these profits have been realised, in fact, not merely in imagination.” That idea might have been thought sensible in the 1920s and ‘30s, and you might think it sensible now – do not have these social advances until you can afford to pay for them – but that was not what people thought then. They saw it as a matter of their having been cheated at the end of the last war and so they wanted them now, and so people were worried that the Conservatives would stop the implementation of the Beveridge Report.

In February 1943, there was a Labour Backbench Motion, which the Government resisted, that the Beveridge Report should be put into immediate effect. 121 MPs voted for that amendment, which was against the Government. Of this, 97 Labour MPs voted for it, and only two Labour backbenchers out of the Government actually supported the Government, so the Labour Party as a whole voted for the immediate implementation of Beveridge. Interestingly enough, this was Lloyd George’s last vote in Parliament and he voted he too voted for this amendment. It was at this vote that I was say that Labour became the majority Party in the country – it understood the mood and desire of the people, the idea of social security for all, from the cradle to the grave.

Beveridge said there were five giants that had to be slain, and they were: want, disease, ignorance, squalor and idleness. His report was primarily dealing with want; disease would be dealt with by Nye Bevan’s Health Service;
squalor would be dealt with by the Labour Party’s programme in municipal housing; education was being dealt with by the 1944 White Paper of the Coalition Government, proposing universal secondary education for all; and idleness was also going to be dealt with by a doctrine of full employment.

Beveridge said that his plans had three assumptions built into them. The first was that, in the post-War period, we would have full employment, because, he said, his insurance system cannot insure against mass unemployment. We had seen that before, as those who were here at the lectures last year should remember, as the insurance system broke down with mass unemployment earlier in the century. There were hopes that were actually met, that unemployment could be kept below 3%. That was the doctrine of the White Paper on full employment in 1944, and in the immediate post-War years, it was much below that. Therefore, in practice, there was full employment, and that meant you could insure against other employment, which would be purely transitional, an interruption to earnings. So, because this could be insured against, anyone in that position would be benefited from the insurance fund.

The welfare state is sometimes caricatured as a kind of charter for malingerers, but Beveridge had no sympathy with that at all. He said that anyone who was not prepared to work should be sent to a compulsory re-training camp, and he said that young people who were not working should be given no benefit at all; that they should get trained and get a job. He was not the caricature of Santa Claus, as is sometimes thought. Indeed, in his own life, he was highly austere. He used to wake up, at six o’clock, to an icy bath, and he then did two hours work before breakfast. During the War, after his Report was issued, he became, for a brief time, a Liberal MP, from 1944-5, and was defeated in 1945, he then became Leader in the House of Lords of the Liberals, but he was not, in any way, if you like, a “softie”.

So, Beveridge’s first pre-supposition of his report was that there should be full employment. The second pre-supposition was that there should be family allowances. This was because poverty in large families could not be dealt with by insurance, and that would remove, he said, the most single important cause of poverty. This was introduced by the caretaker Conservative Government that succeeded the Coalition while they were preparing for an Election. In 1945, family allowances were introduced, and, significantly, these allowances were not means-tested, because, if they had been, the low-paid with large families would be better off out of work, unless the benefit rates were dangerously low. So, if you wanted decent benefits, they would not be means-tested.

The third pre-supposition of the Beveridge Report was that there should be a National Health Service. Beveridge thought that this would be particularly important because it would restore the sick to the labour market very rapidly – he said that was a hidden benefit of a National Health Service which does not show in the account books. In Beveridge’s view, the National Health Service should also not be based on insurance, but financed by the taxpayer.

So, these three areas are the pre-suppositions: full employment, family allowances funded by the taxpayer, and then a National Health Service funded by the taxpayer. Then, Beveridge said, all the remaining social security problems could be dealt with by national insurance, and in return for a single weekly contribution, you would receive a pension, sickness benefit, and unemployment benefit when you were unemployed, and that would apply to everyone – all wage earners, all the self-employed, and their families. So, it was a new unified system, which would cover everyone in the country, in place of the piecemeal patchwork. That this was to be financed not out of taxation but out of contributions was fundamental for Beveridge because he said that was a mark of citizenship. You may think this is optimistic, but he said, “Benefits in return for contributions rather than free allowances is what the people of Britain desire.” He said they do not want something for nothing, they want benefits in return for contributions, and the important thing is that it would be universal and not just for those in need. The majority of people who would get the benefits would not be in need, and that was fundamental for Beveridge because he said, if you are going to get the welfare state to work, you have to have a middle class constituency for it. He said, if it is just residual and applies just to the poor, there will be no political pressures to keep up the standards, but if it benefits everyone, you will have those standards, and so it is much easier to finance the welfare state if the middle classes are involved in it, if they receive the benefits for which they pay taxes.

Beveridge did admit that there would be some people who just could not work under the system, so you would have public assistance for those people, and that would be means-tested out of taxation. There would be a small number of people – what he called “inadequates” – who would not be able to work or help society, and that would be funded out of taxation, and therefore means-tested, but this was a residual element. He said to a delegation of trade unionists, “There are not many people who will not behave properly.” Again, you may think that was optimistic. “There are not many people who will not behave properly, but those who do not behave properly have got to be made to do so.” So, there would be a stigma attached, in those days, to getting what he called “public assistance”, and Beveridge thought that no irreducible class of the feckless and lazy people who didn’t want to work, independent of the “inadequates” – everyone, he thought, wanted to work.

The advantages of the system, as he put it forward, were huge. First, you end the degrading means test of the inter-War years, where you had to prove your income and whom you were co-habiting with and all the rest. Secondly, there was no supervision of individual behaviour – whether you genuinely seeking work or not. The only test was whether you had made your contribution. And insurance would be a part of citizenship. It would encourage work and saving. It was also an encouragement to voluntary action and thrift because people would
get more benefits from the compulsory ones if they saved and took out their own private social security
schemes, pension schemes or private sickness insurance, whatever it is – there would be more of that.

Now, all this was attacked from the right wing as going to lead to fecklessness and laziness, which Beveridge
had not wanted. One right-wing MP, A.P. Herbert, produced a jingle at the time the Beveridge Report came out:

Oh, won’t it be wonderful after the War,
There won’t be no rich and there won’t be no poor;
We’ll all get a pension, about 24,
and we won’t have to work if we find it a bore;
Oh, won’t it be wonderful after the War,
The beer will be better and quicker and more.
And there’s only one thing I would like to explore:
Why didn’t we have this old War before?!

But this is very unfair. Beveridge, I should say, hated the term “welfare state”. He never used it, did not like it.
He said it was not the Santa Claus state that gave out something for nothing. The phrase he liked was the
“social service state”, putting the emphasis on the social service side of it. He did not like “welfare state”,
because what he meant was that everyone should be a citizen, a bit like New Labour’s vision, in some ways.

The weaknesses of the system, even then, were quite striking. The first one was that it did not make proper
provision for women, because the vast majority of women were not in the labour market: seven-eighths of
married women at that time did not work, and so the benefit they got was based on their husband’s
contribution. The benefit for employed married women was lower than that for the men since the men provided
the home and more important that they should be provided for. But, most important of all, the single woman at
home, who would be caring for elderly relatives, of which there were a large number then, were not getting any
benefit at all, and they had to rely on public assistance. Nevertheless, one female Labour MP, Edith Summerskill,
said Beveridge was a new Magna Carta for women, on the grounds that it treated women equally but differently,
that married women were seen as part of the team, as it were, and the benefit was calculated in that way.

Secondly, Beveridge presumed full employment, which began to collapse in the 1970s. With less than full
employment, you could then be unemployed, through no fault of your own, for quite long periods, as had
happened in the inter-War years.

Thirdly, benefits, Beveridge said, should be above subsistence level, but they were being eroded gradually by
inflation. Gradually, as we all know, the pension came to be much lower than the subsistence level, and now,
there are about ten million people on means-tested relief, which Beveridge did not want, and the contributory
insurance idea is a useful fiction. In 1999, the Inland Revenue and the Contributions Agency merged, and
National Insurance is now just a kind of poll tax – it is not really any form of insurance. What we do now is to
fund, out of direct taxation, with a means test, targeting the poor, which is exactly what Beveridge did not want.

A further point is the greater resistance to high taxation in the post-War period. In 1945, taxation would be paid
by a married man with two children just above average earnings. Now, someone on 30% of average earnings is
paying income tax, so that more people are brought into taxation.

The current system is much more like the means-tested system that Beveridge sought to replace. It is a
paradox on the whole thing. Beveridge hated the phrase “welfare state” and he would have hated what we have
now: an entirely means-tested system whereby, for this reason, the system has become residual. It is a benefit
for the poor only who use it, so it does not have middle class support, and that is why there is much more of a
political constituency for spending on the Health Service and on education, which almost uses at some point in
their lives.

Beveridge, you may say, also made some very optimistic assumptions about human beings, and I think that is
the deepest change that has occurred since the 1940s. We had the Dunkirk spirit at that time – the end of
rationing, planning, the idea of service, solidarity – all that has gone away. One of the reasons why Nye Bevan
was so hostile to charges in the Health Service was he said it implied people were not using it responsibly. He
said, “Of course the British people will be responsible with the Health Service,” and that the only reason that
health expenditure had increased is the deficit from the 1930s, but you should not assume that people will use
the Health Service irresponsibly. In a lecture in 1950 to the Fabian Society, Nye Bevan said he wanted to create a
new kind of authoritarian society – and that shocked people – “...one where the authority of moral purpose is
freely undertaken” – that is what the Labour Party was about, that people, and particularly the working class – “can be motivated by something other than the capitalist incentives of fear and acquisition.” He said full employment would diminish fear, and austerity, because they were holding down consumption, with rationing and so on, would diminish the possibility of acquisition. “Capitalism,” he said, “breeds desire for instant gratification; socialism teaches people to strive for better things.” He said, “Look about you: absenteeism is down at work, production is up, we have got voluntary wage restraint.” He said that this meant that all these ideas in Beveridge can actually work. But, from the 1950s onwards, there was an emphasis on affluence and consumption, and a move away from the collective society, a move from the left to right, and society has moved rightwards since.

It is important to make it clear that there has been a movement to the right, fairly steadily I think, certainly up to Margaret Thatcher, then perhaps a slight reversal, but we have not gone back to Attlee.

And, as I said, the Labour Party just lost the Election in 1951 by a whisker, by 17 seats, but it got more votes than the Conservatives. It is now clear that any Government that won the 1951 Election would almost certainly win the Elections of the rest of 1950s, because you had a world boom, consumption boom, and so on.

Sometimes people talk about post-war consensus, but I want to put to you the proposition that, suppose the Labour Party had won in 1951, might we have moved in the direction that Attlee and Bevan foresaw, towards a different kind of society? In other words, might we have moved towards a Scandinavian direction and become a Scandinavian sort of social democracy – perhaps with higher rates of taxation, a greater role for the State, the public sector? Might Britain have become what Nye Bevan hoped it would become, a social democratic kind of laboratory? It seems to me a possibility...

I will just end with a comment Bevan made, rather sadly, at the end of his life. After Labour had lost the 1959 Election, the third one in a row, he said, “The British working class had its historic opportunity, but it missed it.” Is that part of the history of what might have happened in the post-war years. That turning to the Left, was it one which we almost took, or were we going not to take that turning anyway? In other words, were the assumptions of socialism, of Attlee and Bevan, just so contrary to human nature that they would never have been fulfilled and we would have moved in that market direction, whatever the result of the 1951 Election? Of course, that is an unanswerable question – which is why I ask it.

I will continue next time with the National Health Service and the other reforms and achievements of the Labour Government.

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