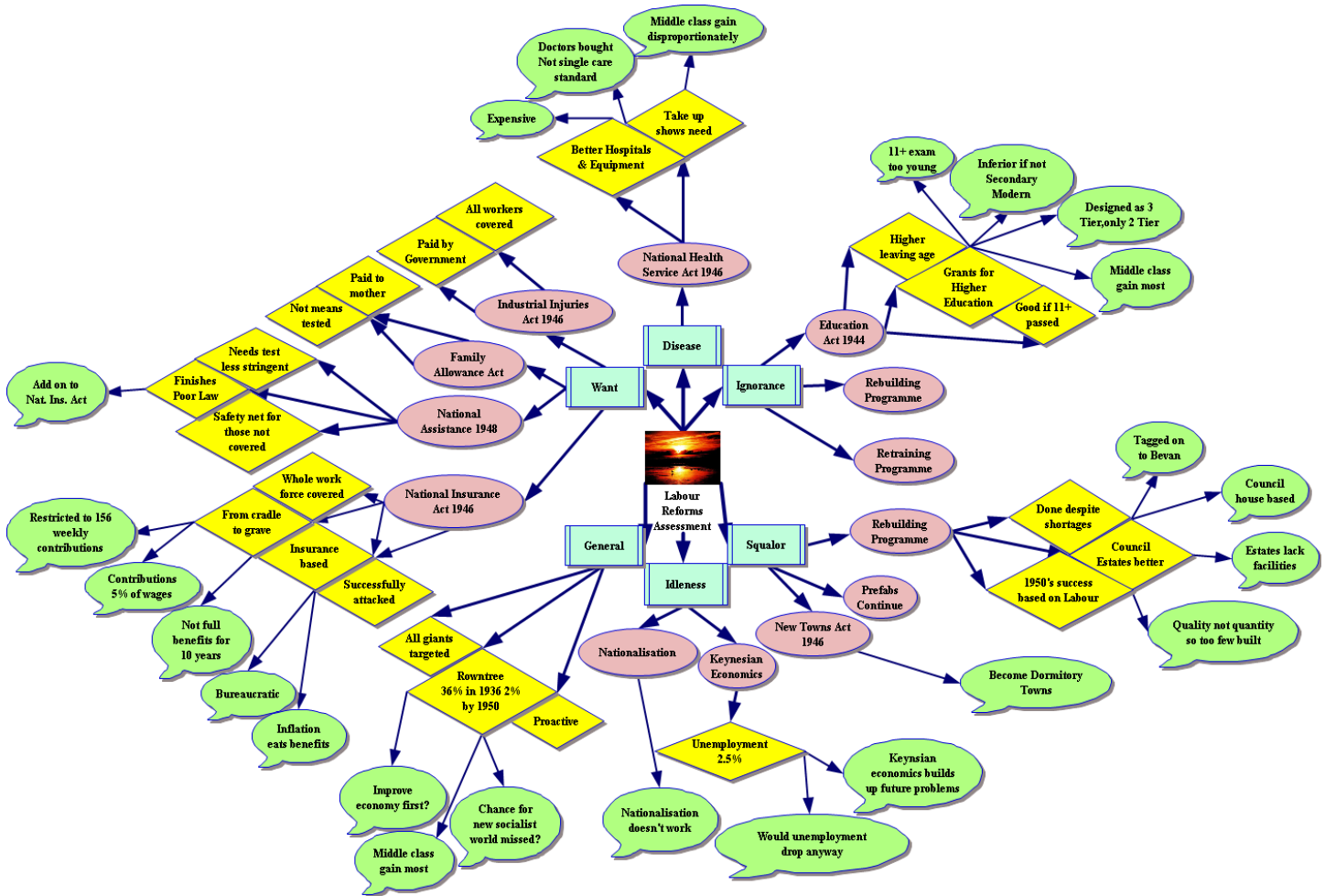


Labour Reforms Assessment



The Labour Government, 1945-1951

The Labour government of 1945 - 1951 put into operation a **welfare state** in which the government took responsibility for the wellbeing of its citizens and provided a safety net through which nobody should fall into poverty.

The only question you will be asked for this topic is "How successfully did the Labour government of 1945-1951 deal with the social problems facing Britain?"

A general Assessment of the Attlee Government.

- The Attlee government changed the face of Britain. Legislation reached the statute book confirming the establishment of both a national health service and a new system of social security, designed to provide protection for all "from the cradle to the grave".
- Few would deny that the Attlee government was amongst the most formative in modern British history.

- According to Kenneth Morgan, the Attlee government was "amongst the most effective of any British government since the passage of the 1832 Reform Act".
- Historians are agreed upon the importance of the post-war Labour government in shaping modern Britain. After a landslide election victory in 1945, the administration led by Clement Attlee presided over a series of far-reaching changes, including the introduction of the Welfare State.
- Within eighteen months Attlee's Cabinet had done more than any previous twentieth-century government to improve the lot of ordinary working people. For the majority of the population welfare reform after 1945 offered family allowances, free medical treatment, subsidised housing and educational opportunities on a scale not known before.
- Most of the party faithful were certainly satisfied with what had been achieved when Labour left office in 1951. For the young, free secondary education became a right for the first time; for the elderly, pensions approximated as never before to the level of a living income altogether over a million houses were built in the six years after the war. And with the establishment of the National Health Service, for the first time free treatment to hospital and general practitioner services were introduced.

The Welfare State

(A)

- Between 1945 and 1951, the Labour Government kept the promises they had made in their election manifesto, the most important being the creation of the "Welfare State". What Labour did between 1945 and 1948 was to use the proposals of the Beveridge Report to take the various limited inter-war "welfare" measures and make them universal. The "Welfare State" which it created provided benefits "from the cradle to the grave" for all its citizens. Beveridge identified five "giant evils"-want, disease, ignorance, squalor and idleness-which could be overcome by State action.

Want was to be ended by national insurance.

Disease was to be ended by a comprehensive health service.

Ignorance was to be ended by an effective education system.

Squalor was to be ended by slum clearance and re-housing.

Idleness was to be ended by guaranteed employment.

I. Want

A. National Insurance Act 1946

- (A). One of Labour's first priorities after returning to power was to ensure the passage into law of the 1946 National Insurance Act, piloted through the Commons by Welshman James Griffiths. The new measure was based on the principle of universality, in place of pre-war selectivity, and brought together for the first time a comprehensive range of benefits to provide insurance against sickness, unemployment and old age. Griffiths presented the reform as the "beginning of the establishment of the principle of a National Minimum Standard".
- (B). Under this Act a universal scheme of compulsory flat-rate contributions and of flat-rate benefits was administered from a new Ministry of National Insurance based in Newcastle, with local offices throughout the country. The insurance fund paid out benefits to those who were unemployed or ill, as well as maternity and death grants, old age pensions for women at 60 and men at 65 and widows' pensions.
- (C). James Griffiths National Insurance Act was passed in 1946. This provided for immediate increases to 26 shillings a week in both sickness and unemployment benefits, while extending the period over which such payments were made. Family allowances, maternity benefits and widows' benefits were also introduced in this year.

Terms

The Act extended the original 1911 National Insurance Act to cover all adults.

It put into operation a comprehensive National Health Service.

Compulsory contributory scheme for every worker and in return for weekly contributions gave sickness and unemployment benefit, old age pensions for women at 60 and men at 65, widows and orphans pensions, and maternity and death grants, all paid at a standard rate.

Rates of benefit were a basic rate of 26 shillings a week. A married man got 42 shillings and 7s 6d extra for a first child.

Retirement pensions paid at 42 shillings a week.

Successes

Want, or poverty, was seen as the main social problem to overcome and this Act was the foundation stone in the whole system of attack on it.

It was based on the Insurance idea of benefits in return for contributions.

It was comprehensive, compulsory and universal covering everything from 'the cradle to the grave'.

For the first time the whole work force was covered by a single system of insurance.

It produced the idea that the state had a responsibility to protect all its citizens.

It introduced a National minimum standard of subsistence (in theory).

Failures

Weekly contributions took up about 5% of average earnings.

People joining the scheme for the first time were not entitled to full pension benefits for 10 years.

Some argued that it did not go far enough as the benefit was restricted to those who made 156 weekly contributions therefore reducing the size of the safety net.

It took a large number of officials to administer it.

The pensions were still not enough to live on. By the time the new rates were introduced in 1948 their value had been reduced by inflation so pension levels remained below basic subsistence levels

Married women and a small section of self employed workers were not included in the scheme

B. National Assistance 1948

- The National Assistance Act of 1948 provided a safety net for those who fell through the net provided by the National Insurance Act.
- Those people not in work or who had not paid enough contributions to qualify for full benefit could apply for further assistance from National Assistance Boards.
- The applicants were means tested.
- The money for the extra assistance was provided by the government from taxation.
- Together with the National Insurance Act, this measure provided a whole new social security structure and really did provide a safety net through which no person should fall into serious poverty.

Terms

Based on a 'needs' test to back up the National Insurance scheme. Benefits provided by the government from taxation not local administration.

Successes

The Act provided a safety net for those who did not benefit from the National Insurance Act.

It finally buried Chadwick's 1834 Poor Law Act.

National Assistance Board set up with local NABs to help with local situations.

Needs test was less stringent than old means test.

It was an 'add on' to the National Insurance scheme. The fact that National Insurance and National Assistance were treated as separate systems undermined Beveridge's proposal of a single Ministry of Social Security.

Family Allowance Act

Small amount of money paid to all mothers of two or more children.

Not means tested.

Paid to the mother.

Successes Paid direct to the mother so less chance of being wasted.

Failures Pretty well universally accepted so no real failures.

Industrial Injuries Act 1946

- This act was a big improvement on previous legislation, under which it had been difficult and expensive for a man to prove that an injury or disability had been caused by his job. Now compensation was paid by the government, not individual employers, and all workers were covered.
- The Act provided compensation for injury or disability resulting from "accidents arising out of or in the course of employment".
- It was, following the Beveridge principle, compulsory and universal for all employed persons.

- The central fund from which payments would be drawn would be financed by equal contributions from employer, employee and the State. In 1946, the rate of contribution was 4d.
- The scheme thus made compensation for industrial injury a social service administered by the Ministry of National Insurance.

Successes

Big improvement on old Workmen's Compensation Act.

Government paid rather than employer so more chance of better compensation.

Accidents seen a responsibility of society not a private matter between employer and employee.

Universal and comprehensive

Benefits set at a higher rate (45s) than for ordinary sickness.

Failures

Nil - Pretty well universally accepted

II. Disease

National Health Service Act, 1946

- The National Health Service was inaugurated on 5th July 1948 and it was the finest achievement in social legislation in the history of Britain.
- The historian Peter Calvocoressi has claimed the NHS Act was "perhaps the most beneficial reform ever enacted in England".
- The Labour Government established the National Health Service, which for the first time introduced free treatment to hospital and general practitioner services. Bevan was bitterly opposed by the British Medical Association and by the Conservative opposition, which voted against the 1946 NHS act. But his achievement was beyond question. The health service was to be the most popular, and the most enduring, of Labour's welfare reforms.
- As Labour's Minister of Health from 1945, Aneurin Bevan drew up plans for a comprehensive health service virtually from scratch.

- Bevan decided to keep the basis of the old system, in that each general practitioner would have a "panel" of patients, but the payment of the doctors would change. Doctors would be paid a capitation fee for each patient on their panels, but now they would have a small annual salary as well, vital, Bevan thought, for young GPs trying to build up their practices.
- Members of the public could choose which GP they signed on with, and the doctors too would have a choice. GP's were not forced to work for the NHS: they could confine themselves to private patients or retain private in addition to NHS patients. Dental and ophthalmic services would also come under the system.
- Perhaps Bevan's most creative decision was that all hospitals should be nationalised. Bevan reasoned that only a unified system of hospitals could hope to produce common standards of health care. As with the GP's the hospital consultants could not be forced to work in NHS hospitals, and indeed there seemed a danger that they might set up private nursing homes of their own. To reduce the possibility of this, Bevan agreed that NHS consultants could also treat private patients and that they might do so in "pay beds" in the state's hospitals.
- Bevan's scheme met tremendously stubborn resistance from the British Medical Association, the professional body of GPs. There were fears that Bevan would interfere with clinical freedom and that doctors were being transformed into civil servants. GPs voted by large majorities against the minister's main provisions. The NHS bill became law in November 1946 but the service was not due to come into operation until July 1948, and for a long time it looked likely to be stillborn. Bevan showed a constructive ability to compromise and to assuage the fears of the doctors. In particular he insisted that if, after three years, the GP's were not satisfied with their payment of capitation fees plus salary, they could be paid by fees alone. Soon the GP's rejected the implacable opposition of the leaders of the BMA and joined the new service.
- The NHS was immediately popular, and there was a tremendous call for its services. Very few would today deny that the NHS was probably Labour's greatest achievement, much of the credit for which must go to Bevin.

Terms

Based on Lloyd George's health Insurance scheme of 1911.

A comprehensive, free, universal service directly financed by the state through general taxation was set up.

A unified system of hospitals could produce common standards of health care.

Hospitals were nationalized so there was only one state system.

Doctors not forced to work for the NHS. Paid a capitation fee for each NHS patient and an annual salary.

Successes

Leads to regeneration of hospitals with better equipment.

Take up of the services offered shows the previous lack of good health care.

Failures

The main failure was the cost. 7 million prescriptions a month rose to 13.5 million. Expenditure was 40% over budget in the first two years.

Leads to charging for some items therefore compromises the idea of free at the point of need.

Doctors bought off leads to private beds in NHS hospitals so two standards of care.

Middle classes gain disproportionately. Lower classes, especially after prescription charging still get an inferior service, but for a higher level of tax.

III. Ignorance

Rebuilding policy needed as 20% of schools destroyed during the war.

Emergency training scheme for new teachers.

Equality of opportunity for all British children.

A. Education Act 1944

In education, Labour was primarily concerned with implementing wartime plans, specifically Butler's 1944 Education Act therefore it was not passed by Labour but administered by them.

- This Act raised the school leaving age from 14 to 15 with all children getting free secondary education.
- Ellen Wilkinson, the Minister of Education, held the Cabinet to the agreed date of 1st April 1947 for the raising of the school leaving age to 15 by threat of resignation.
- On the whole Labour devoted its energies more to the practicalities of providing schools and teachers than to broad educational philosophy.

- In spite of mounting concern about the costs of reform, increased Treasury funds were still made available for education, notably to update school buildings suffering from war damage and years of neglect.
- "Prefab" classrooms were hastily built and 928 new primary schools were built between 1945 and 1950.
- The Emergency Training Scheme, of one rather than the customary two years' duration, turned out an extra 25,000 teachers in 1945-51. The educational system thereby coped with the extra places demanded by the raising of the leaving age.
- The 1944 Education Act made secondary education a reality for all. However it retained class divisions in education by preserving the mainly middle-class grammar schools and creating mainly working-class secondary moderns.
- There was also concern about the use of exams at an early age to categorise children.
- All children sat an exam at 11 (called the 11 plus exam), the results of which decided the type of secondary school a child went to. For those who passed the exam the system worked well. They went to senior secondary schools and were expected to stay on at school after 15, go to university or get jobs in management and the professions.
- Planned as a three tier system of Technical, Grammar and Secondary Modern schools, all of equal status.
- However, those children who failed the exam went to a junior secondary and were expected to leave school at 15 and go into unskilled jobs. By failing the 11 plus, thousands of children were trapped in a world of low expectations and inferior education.
- Only as it left office did Labour commit itself to the more egalitarian comprehensive system.

Successes

Higher leaving age helps children.

Higher education more available due to grants system.

Works well if the child passes the 11 plus exam.

Failures

Main failure was the 11 plus exam. Socially divisive and too early to judge a child.

Gives inferior opportunities to children in Secondary Modern schools.

Works out as a two tier system with Grammar schools getting better status and resources than Secondary Modern schools.

Middle class gains disproportionately as Grammar fees abolished.

IV. Squalor

A.

- The most radical policies of the Attlee government were associated with the Minister of Health, Aneurin Bevan. In an effort to favour working-class families, he shifted priorities in house building from the private to the local authority sector; four out of five houses constructed under the Attlee government were council properties. Altogether over a million houses were built in the six years after the war. Although there was frustration with the initial pace of reform, this was partly due to the priority accorded to establishing a National Health Service.

B.

- Bevan was also the minister in charge of housing. In this sphere he was less successful and for a time was considered a definite failure. Opinion polls showed that housing was the most important single priority for the electorate.
- Bevan's task was certainly enormous. About half a million houses had been destroyed or made uninhabitable during the war and as many as one third of all houses in Britain were in need of serious repair. Added to this, the immediate post-war years saw an unprecedented number of marriages and births. Never had more people been seeking houses, and never had there been greater competition for building materials that were in acutely short supply. Perhaps a separate Ministry of Housing should have been created.
- Progress at first was slow, but in the end much was achieved. Bevan channelled government subsidies through local authorities and insisted that only one privately built house could be erected for every four council houses, in order to direct limited resources to those most in need. In addition he ensured that new council houses were of a good standard and size—at least 1,000 square feet, compared with a pre-war average of 800.
- By 1951 several hundred thousand dwellings had been repaired or converted and 160,000 prefabricated houses had been constructed. Most important of all, just over one million new houses had been built. This was not as many as were needed, and no doubt more could have been built if standards had been lower, but it was a significant achievement none the less.
- Another reform relating to housing was the **New Towns Act of 1946** which created 14 new towns like Harlow and Crawley, healthy and pleasant places to live which people could

move to from the crowded slums of Victorian cities allowing these slums to be demolished. A **Town and Country Planning Act (1947)** gave local authorities greater responsibilities and powers to ensure that land was developed in the best interests of the community. The government also gave more protection to tenants in rented property from excessive rent rises.

Terms

Rebuilding programme started.

Prefabs continue to be built.

New Towns Act 1946

14 planned new towns built by 1951

Successes

Accomplished in spite of lack of skilled labour and building materials.

Council estates better than old tenements.

1950's success in building based on Labour work of 1945 – 1951.

Failures

Tagged on to Bevan's remit. If it was that important it deserved its own Ministry.

Building 4 council houses to 1 private house depresses private market and is more bureaucratic.

Concentrates on quality rather than quantity so too few built. 750,000 fewer houses than households by 1951.

Council estates lack facilities like shops, transport and cinemas.

New towns planned to have their own industry but become dormitory towns.

V. Idleness

The economy 1945 – 1951

After the war the British economy needed urgent reconstruction. Clause 4 of the **1918 Party Constitution** committed Labour to nationalization. Now was the time to put it into practice.

Nationalisation would give the government control over essential industries so they could make a contribution to economic reconstruction.

- 1946 Bank of England, civil aviation
- 1947 National Coal Board created, Cable & Wireless.
- 1948 Public Transport, electricity.
- 1949 Gas
- 1951 Iron and Steel.

20% of industry was nationalized, but they were the ones needing massive government investment. The profitable industries stayed private. Cripps (Board of Trade) accepted £1,263,000,000 of **Marshall Aid** to help recovery. He began a programme of "austerity" which included

- Continuation of rationing
- Rents, profits, interest rates and wages were strictly controlled
- Imports were restricted to raw materials and essential items.
- Sterling was devalued to help exports.

The programme succeeded in helping Britain to recover: industrial production had risen by 33% by 1951, but the full effects were not felt in time for the 1951 election.

A 1944 White paper committed the Government to "the maintenance of a high and stable level of employment after the war."

By 1946, unemployment was reduced to 2.5% in spite of problems caused by rationing, war damage, shortages of raw materials, war debts and the cost of the welfare state. This was partly due to government measures, the post war economic boom, and Marshall Plan financial help from America.

Stable levels of employment continued into the 1950s in spite of the 1949 30% devaluation of the pound, inflation and balance of payments problems.

Keynsian economics was adopted where full employment rather than profit was the main motive.

Nationalisation of key industries.

Successes

Brought unemployment down to 2.5%, better than anticipated.

Failures

Nationalisation did not improve wages or service to the public.

Can Labour take credit for low unemployment or would it have happened anyway due to the amount of post war work needing to be done?

Keynsian economics store up Balance of Payments problems and inflation problems for the future.

VI. General

Successes

All giants tackled by a new inexperienced government.

Pragmatic approach means that the principle held no matter which party was in power.
Final attack on Laissez Faire.

Proactive attacking the causes rather than the symptoms of poverty.
Universal, Insurance based, Compulsory, Integrated, Flat rate, subsistence level and not means tested.

All the giants tackled in spite of serious economic problems.

Rowntree survey shows York in 1936 with 36% poverty. Down to 2% by 1950.

Failures

Should Labour have targeted the economy before handing out benefits?

Chance missed for a new socialist society as all problems not wiped out?

Middle class gain disproportionately

Start of the Nanny State?