

# Conservative government welfare state: 1951-1964



## **Why did the Conservative government of 1951 to 1964 expand the Welfare State?**

### **Introduction**

The underlying consensus at the beginning of the 1950's, thanks to a growing sense of affluence, was that poverty was gradually being eliminated and levels of pre-war deprivation were something of the past that was reflected in a move towards fuller employment and the reallocation of resources directed towards the welfare state (see, for example, Rowntree and Lavers, 1951). There were, however doubts raised as to the reality of this optimism (Silver and Silver 1991: p. 148). Although post-war 1945 welfare provisions brought in by the Labour party may have led to the amelioration of poverty this, at the same time, had the affect of masking the fact that poverty was still a significant social problem (Titmus 1962; Macdonald 1963). Sections of the UK population thus still appeared to suffer from poverty (Harvey 1960). Interestingly, during the post-war Labour administration, the Conservative opposition voiced agreement with the inauguration of the welfare state because the Second World War had shown the benefits to be derived from collective effort. Such effort was subsequently reassigned to the organisation and planning of state bodies that helped promote opportunities throughout society (Silver and Silver 1991 p. 156). In this regard, when the Conservatives regained power in 1951, they were already predisposed to take a positive stance towards Attlee's welfare reforms not least because the Labour government had been quite moderate in its general outlook (Morgan 2000, p. 8). Moreover, immediately after the end of the Second World War the Conservatives had expected to be returned to power but the Labour party had instead been elected. This was thought to

be because the Conservatives were regarded as the party of war whereas Labour appeared to be better placed to deal with post-war social reconstruction.

### **The Conservative Period in Office and Attitudes to Welfare**

On coming to power in 1951, the Conservatives under Churchill (who retired in 1955) were expected to “roll back the welfare state” but, as a result of the post-war political consensus, were not inclined to reverse the welfare reforms of the previous Labour government. In fact, the Tories were keen to demonstrate that they were capable of administering the welfare state as well, if not better, than the Labour party (Lehmberg and Heyck 2002). This was despite those in the Conservative party, such as Thornycroft, who were against such a policy (Bridgen and Lowe 1998). Furthermore, the Tories continued to hold to the “one nation” ideal of Disraeli and Baldwin. Having said this, the Conservatives tended to allow state control to be ceded somewhat to the demands of a market economy causing a rupture to open up between the needs of welfare and economic imperatives. In this respect, they also denationalised the steel industry and road haulage system. And some changes to Labour policy were enacted with more of a bias towards private finance in certain sectors of welfare but all the Tory leaders of the period were keen to uphold social peace and, in this regard, the trade unions were treated with respect (More 2006, p. 164). Churchill, in particular, with memories of the trade union riots in 1910 and the General Strike in 1926, wished to rule over a harmonious land (Morgan 2000, p. 9). Eden (prime minister from 1955-1957) had also been a “one nation” politician who had previously stood down from Chamberlain's administration. Douglas-Home as

the last Conservative prime minister (1963-1964) of this administration also believed in non-confrontational politics.

The Conservative party's attitude to welfare from 1951 to 1964 has been referred to as a wet-dry cycle by Willetts (1992). The dry period is deemed to have occurred between 1951 and 1957 that involved containing the welfare state. In fact, housing expenditure actually increased from 1951 to 1954 yet welfare benefits hardly kept up with the inflation rate and means tested national assistance declined in value in comparison to earnings (Atkinson, 1969 p. 20). Moreover, spending on health care also came under restraint (Webster, 1996 p. 6). This may have been connected to problems with the UK's balance of trade in 1952. 1954, however, saw the end of austerity and rationing that was to lead the way to the "feel good" factor. Fortunately, international economic events began to weigh in Britain's favour in relation to the terms of trade that meant more could be spent on welfare projects without damaging the value of sterling (Porter, 1999). Churchill had tended to leave domestic affairs to the Chancellor of the Exchequer, R. A. Butler, who was keen to continue with the welfare policies of his Labour predecessor, Gaitskell, leading to what has been termed "Butskellism."

Churchill's successor, Anthony Eden, took a similar line in renouncing laissez-faire economics as the arbiter of social affairs (Lehmberg and Heyck 2002 p. 252). However, after 1957 and during the "wet period", Harold Macmillan's (prime minister from 1957 to 1963) "middle way" saw the welfare system again undergoing expansion. <sup>[1]</sup> This was reflected in the increasing prosperity of the country and the move towards full employment. It was during this period that the existing Chancellor of the Exchequer, Peter

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Thorneycroft, resigned in response to Macmillan's unwillingness to reduce public expenditure. Importantly, Macmillan, had already helped frame the Tory's policy on social reform during the 1930's, which was influenced by the high unemployment rate of this period, and was therefore disposed to continue with Butskellism and a managed economy. In this respect, Macmillan has been referred to as the quintessential moderate (Morgan 2000, p. 9). In fact, Macmillan seemed to have been successful in wooing many working class voters to the Conservative cause that was exemplified in the statement "you have never had it so good." Macmillan's policies therefore led to an increased acceptance of the need for a managed economy, full employment and the necessity of welfare.

The Tories were split by two opposing forces; one where national economic efficiency was to be enhanced as opposed to improvement in opportunities and living standards of those at the lower margins of society. This necessitated reduced taxation and incentives to promote individual enterprise and increased investment in housing and education to ensure an appropriate workforce. The question arose, however, as to what extent should the market or central government dictate the course of events. National efficiency was, at the time, regarded as crucial in order to prevent any further reduction in the UK's economic prowess. Yet raised public expenditure was deemed necessary to improve social assistance to those on lower incomes that would serve to narrow the continuing disparities in wealth. In response to the latter, the amount spent on welfare gradually increased during the Conservative term in office from 14% to approximately 16% of national income. The Hospital Plan of 1962 also saw a move towards

greater investment in the NHS and in 1959 insurance contributions became linked to earnings to provide the basis for a state pension. Most of these initiatives, however, were predicated on the idea of the “opportunity” state where the government provided the conditions allowing individuals to have greater opportunities and equality to succeed in society (More 2006, p. 165). In this way, Macmillan thus sought to balance the needs of the economy with a more just welfare system.

## **Conclusion**

The main reasons why the 1951-1964 Conservative government chose to continue with and, to some extent, improve the welfare state had to do with:

1. The previous experiences of key Tory politicians with the divisiveness relating to social issues of the pre-war years.
2. The coming to power of the Labour party after the end of the Second World War suggesting that the electorate was ready for a new start and wanted to rectify the social failings of the first half of the 20<sup>th</sup> century.
3. The Tories had seen the benefits of this policy and therefore wanted to continue with the system to realise a “one nation” objective.
4. The growing prosperity of the country together with almost full employment, especially during the latter part of the 1950's, meant that welfare was more affordable.
5. A realisation that poverty continued to be a problem in particular areas and social situations.
6. The recognition that social policies, especially in areas of health, education and social security, could benefit the economy.

7. The fact that Macmillan had been re-elected with an increased majority in 1959 was evidence that such a policy had been successful and should be extended.
8. The need for a “ middle way” to be struck between the needs of the economy and the demands relating to welfare and poverty.
9. A positive welfare policy created the conditions for an “ opportunity” state making the economy more dynamic and flexible.

Although Conservative policies had led to improvements in economic prosperity during their period in office, this was accompanied by as “ stop-go” economy that had led to the UK falling behind foreign competitors leading to the impression that forward looking ideas were in short supply. The coming to power in 1963 of the titled Douglas-Home only served to reinforce this impression and the Labour party were returned to power in 1964 with Harold Wilson as prime minister.

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**Footnotes**

[1] Macmillan's book "The Middle Way" published in 1938 – based on his experiences of mass unemployment in the north east of England – set out his political outlook that combined some market oriented principles with public control that helped secure a sustainable economy for the benefit of a greater swathe of the population.