

THE STATE OF THE NATION

1945

After six tortuous years of all-out war victory was greeted with immense relief and joyous celebration. Unfortunately, few people were prepared for the sobering hangover that followed or for the time the headache would last. War had reduced the Country to destitution and near bankruptcy and saddled it with terrifyingly huge problems without the means of doing anything about them. For many months, conditions got worse, much worse before they got better.

The War took the lives of 60,000 civilians and left 100,000 seriously injured. It destroyed 500,000 houses and left 3 million more badly damaged. It took many public buildings including 20% of Schools. 240,000 military personnel were killed. Between 1945 and 1947 4 million were demobbed, many with no homes, no jobs and for some no families. Whilst there was an 11% rise in marriages there was also a tidal wave of divorce – the rate rocketed from 12,314 in 1944 to 60,190 in 1947. 3 million children also returned home from evacuation in 1945, 5000 were unable to trace their families. A further 1 million children were born between 1945 and 1950. Needless to say the housing situation was dire, exacerbated by the fact that a large number of inner city Victorian tenements lacked sanitation and were in a perilously dilapidated condition. In Scotland, for example, there were 400,000 houses which did not have indoor toilets. The problems were exacerbated by the fact that there was neither the finance, materials or labour to rebuild.

The situation with Industry was no less difficult. Bombing destroyed 12% of productive capacity and many industries suffered neglect and stagnation across the 6 long years of War. The country had also lost 2/3rds of its export trade along with the means of transporting goods. The merchant fleet was depleted by 177 vessels along with 2/3rds of naval craft. 55% of Britain's labour force were employed in war production – a large proportion being female operatives narrowly trained in particular production techniques. There was an immediate need to repurpose industry but not the skilled manpower to accomplish it until demobbing allowed. To add to the woes in 1946 there was a national shortage of coal forcing cotton mills and steel works to close and widespread power outages during one of the coldest winters on record. There was also industrial unrest amongst miners, Dock workers and Hauliers provoking a national plea for the country to pull together to overcome the odds.

In the immediate post-war period there was also a crisis in the supply of food, exacerbated by the need to feed the embattled populations of the defeated Axis countries. In 1939 70% of British food was imported (70% of cheese and sugar; 80% of fruit; 70% of cereals and fats and over 50% of meat and cattle feed). By 1945 this had reduced to less than 30% and was about to reduce still further. With little being produced for export and the end of the American Lease-Lend Scheme upon which Britain depended for its necessities and armaments, the country could not afford imports. A negative balance of payments would further drain the country of money it did not have. The situation was further exacerbated by

exceptional weather events during 1946 and 1947. An exceptionally wet summer ruined the wheat harvest in 1946; much of the stored potato crop was lost to frost in the cold winter of 1947; and floods killed 2 million sheep and damaged half a million acres of wheat in April. The situation was becoming critical.

The seeds of recovery were sown during the war with the publication of the Beveridge Report in 1942. It identified five areas to improve life for the British people:

Want: The lack of basic things needed to live like food.

Ignorance : The lack of a proper education

Disease: The lack of medical care for everyone

Squalor: Poor living conditions

Idleness: Having no job

It proposed a 'Cradle to Grave' Welfare State and a system of Social Security. It became the battle-ground for the 1945 General Election which led to a massive Labour majority and a mandate for revolutionary change. The Acts that followed provided a launch pad for transformation, the like of which the country had never before experienced.

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| 1945 | The Family Allowances Act providing 5 shillings per week for the 2 nd child and any additional other. |
| 1946 | National Health Service Act providing free universal health care |
| 1946 | National Insurance Act. For a flat rate contribution this provided a pension, sickness Benefit, unemployment benefit and funeral benefit. |
| 1946 | Coal Industry nationalisation through the creation of the National Coal Board. Bank of England nationalisation to spread government influence through all banks |
| 1946 | New Towns Act for the creation of 18 new towns in England, 5 in Scotland and 1 in Wales |
| 1947 | Agriculture Act to provide guaranteed prices for farmers |
| 1947 | Nationalisation of Electricity through the creation of a Central Electricity Board and 14 Area Electricity Boards. |
| 1947 | Nationalisation of Cable and Wireless |
| 1948 | National Assistance Act providing a safety net for anyone not otherwise covered. |

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| 1948 | Nationalisation of Rail, Water Transport and some Road haulage under the British Transport Commission |
| 1948 | Gas Act – 1064 privately owned and municipal gas companies merged into 12 Regional Gas Boards. |

Whilst this formidable legislative programme created an infrastructure for control it did not, in itself, stimulate development or solve the economic woes. For some years it was necessary to continue the control of demand by Rationing. This, perforce, became even more stringent during the late 40's as the economic screw tightened. In the short term relief came from a loan of \$5 billion negotiated with Canada and the U.S.A. in 1946, and a further injection of \$3.3 billion in 1948 as our share in the European-wide economic recovery package made available under the U.S. Marshal Plan. Regrettably, however, this was somewhat frittered away by the Labour Government in the support of the NHS, the new Social Security measures, in defence spending and on imports. Although some was used to kick-start a massive building campaign, little found its way into the modernisation, expansion and incentivisation of industry. In Germany, on the other hand, 19% of Marshal Plan monies were invested in rebuilding industry, Autobahns, modernisation of Railways and new plant and machines. In France and Italy they totally re-engineered their railway networks. In Britain the railways languished! Not surprisingly, therefore, with little growth in exports, by 1949 the British economy hit the bumpers leaving the Government with little alternative but to devalue the Pound. In September it was devalued by 30.5%!

The economy became the battleground of politicians for the next two years until the Conservatives wrested control under the premiership of Winston Churchill in 1951. Their platform was Keynesian – increased government spending and low taxation. With the surge of activity brought about by devaluation the economy soared. There was rapid growth and full employment. Incomes soon outpaced price increases and it was not long before Harold McMillan was declaring that “people had never had it do good”. In a few short years Britain almost became unrecognisable. By 1960 it was transformed!