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THE STUDY OF POLITICS AS A VOCATION

The myth of Mr Butskell: the politics of British economic policy, 1950–1955. By Scott Kelly. Aldershot: Ashgate, 2002. Pp. viii + 248. ISBN 0-7546-0604-X. £42.50.

The Labour party and taxation: party identity and political purpose in twentieth-century Britain. By Richard Whiting. Cambridge: Cambridge University Press, 2000. Pp. xii + 294. ISBN 0-521-57160-X. £45.00.

British social policy since 1945. Second edition. By Howard Glennerster. Oxford: Blackwell, 1995, 2000. Pp. xii + 260. ISBN 0-631-22022-4. £15.99.

Governance, industry and labour markets in Britain and France: the modernising state in the mid-twentieth century. Edited by Noel Whiteside and Robert Salais. London and New York: Routledge, 1998. Pp. xi + 295. ISBN 0-415-15733-1. £45.00.

The final result of political action often, no, even regularly, stands in completely inadequate and often even paradoxical relation to its original meaning.

Max Weber, *Politics as a Vocation* (1918–19)

Hugh Gaitskell (Labour chancellor of the exchequer, 1950–1) remarked in 1957 that 'professional politicians, when they have been in the job for any length of time, are not well fitted for really deep thinking, partly because they have no time for it and partly because the very practice of their art involves them in continual simplification'.[1] This candid observation has important implications for the study of how past politicians formulated policy. The books under review all deal with differing aspects of British (and also, in one case, French) economic and social policy in the twentieth century. They all show, to varying degrees, that parties, governments, and other political actors have proffered apparently simplistic and muddled solutions to important problems. But was this because of intellectual deficiency on their part, or was it an inevitable consequence of the exercise of what Rab Butler, Gaitskell's Conservative successor, famously called 'the art of the possible'?

Butler and Gaitskell were twinned, in a 1954 article in the *Economist*, in the composite figure of 'Mr Butskell'. In what Scott Kelly suggests is the dominant 'consensualist' view of post-Second World War British politics, Mr Butskell represents the view that there was a fundamental continuity in policy between the men's early 1950s chancellorships, particularly through the commitment to maintain full employment via Keynesian demand management. Kelly concludes that 'Mr Butskell never really existed … the divergence between Gaitskell's vision of a controlled economy and Butler's of a free one represented a fundamental disagreement over the aims and methods of economic policy' (p. 226). This is a respectable point of view, which carries a fair amount of conviction. After all, both men

[1] Hugh Gaitskell, *The challenge of co-existence* (London, 1957), p. 7.

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themselves rejected the term 'Butskellism'. Butler noted in his memoirs that 'Both of us, it is true, spoke the language of Keynesianism. But we spoke it with different accents and with a differing emphasis.'[2] And they did indeed have significantly different attitudes to sterling convertibility, physical economic controls, and monetary policy.

Kelly's argument is not, however, very original. As long ago as 1979, Gaitskell's biographer Philip Williams attacked 'the "Butskellite" myth'. Some subsequent writers also voiced doubts about the term; and in 1994, Neil Rollings published a seminal article in *Twentieth Century British History* developing the anti-Butskellism case yet more strongly.[3] There thus appears scant justification for Kelly's claim that 'the overwhelming evidence that no consensus existed has come to be ignored' (p. 2). Although he makes one passing reference to 'attacks by revisionist historians' on the idea of consensus, Kelly does not make clear that he is considerably indebted to the work of these historians, and, in particular, that of Rollings. Two of the latter's articles (including the one mentioned above) are to be found in the bibliography, and one of his book chapters (on Labour's attitude to economic controls) is cited in the endnotes. Oddly, though, Rollings is only mentioned in the text once (p. 92) – in order to record a minor point of disagreement.

It is fair to say, however, that Kelly does extend the scope of his work beyond the areas on which previous writers have concentrated the bulk of their analysis. He looks briefly at agricultural policy and, more extensively, at trade issues. He is certainly right that thinking on trade during this period has tended to receive little attention. His overall argument, as elsewhere, is that the Conservative accession to power was marked by a sharp break in policy. By his own account, though, 'The conversion of the Conservatives from the Party of Imperial Preference to that of free trade' (p. 171) only occurred after 1951. At any rate, also on his own showing, it was not Butler who made the running on this issue. Moreover, the Attlee government's attitude to international economic questions had been ambiguous. It had signed up to the General Agreement on Tariffs and Trade (GATT), an important liberalizing measure, whilst simultaneously preserving (in a limited form) the preference system and other restrictive policies. The ambiguity was demonstrated by Gaitskell's negotiation with US representatives of the form of the European Payments Union (EPU) – despite his initial entertainment of profound doubts about the whole idea. He did secure some significant concessions from the Americans, but Kelly's suggestion that he successfully countered 'the forces driving towards multilateralism' within the EPU negotiations (p. 229) is a clear exaggeration. In the words of Robert Triffin, the man who devised the initial scheme, the EPU 'loosened overnight the stranglehold of bilateralism on intra-European Trade and Payments, and … paved the way toward the resumption of multilateral trade and currency convertibility.'[4]

In his conclusion, Kelly emphasizes 'the value of taking what politicians say in public seriously', and suggests that historians should look more closely at parliamentary debates and public speeches as well as archival records (p. 231). One is obliged to agree wholeheartedly. This does, though, raise the question of how to deal with these sources, which we need to take seriously but not at face value. Politicians are virtually bound on public occasions not merely to simplify their own views, but to emphasize as much as possible their

[2] Lord Butler, *The art of the possible: the memoirs of Lord Butler* (London, 1971), p. 160.

[3] Neil Rollings, 'Poor Mr Butskell: a short life wrecked by schizophrenia?', *Twentieth Century British History*, 5 (1994), pp. 183–205.

[4] Robert Triffin, *Europe and the money muddle: from bilateralism to near-convertibility, 1947–1956* (New Haven, 1957), p. 208.

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differences with their opponents. This is not to say that such views are not, in some sense, genuinely held. But ideology develops as much from the vicissitudes of the party struggle as from rational intellectual processes. This makes it difficult to judge the degree to which Labour and Tory leaders were, for political purposes, disguising areas of agreement between them. Kelly does not really acknowledge or tackle these problems. Nevertheless, it is to be hoped that his book will form pretty much the last word on this particular controversy. Now that Mr Butskell has been shot, poisoned, stabbed, strangled, and buried under the ice, let the debate move on, before someone else digs him up and tries to kill him again.

Richard Whiting, in his valuable study, notes that 'taxation, even in its details, is so powerfully connected with ultimate political values that it could be not divorced from the party struggle' (p. 1). He identifies two distinct arguments that Labour employed in relation to tax. One was about the need for 'greater equality' – i.e. redistribution – and the other was about the requirement for 'fairness' – i.e. the need to treat income from different sources on an equitable basis by preventing tax avoidance. The two were, of course, intimately connected, but they were not, Whiting emphasizes, the same thing: 'The superimposition of one tax strategy upon another has certainly caused the party problems' (p. 3). After the Second World War, he argues, the attempt to make the reach of the tax system more comprehensive (or 'fairer') consumed an unanticipated amount of reforming energy, whilst failing to deliver the greater equality that the party expected.

There were, of course, a series of additional complications. Labour not only had to use the tax system to raise the revenue necessary to pay for its welfare and other programmes, but it also wanted to use it as a means of regulating the economy. It had to try to do all this without alienating the electorate (at a time when more and more voters were being drawn into the income tax system) or the City. The voters themselves, who were increasingly wary of tax rises, were not easy to please. Labour Party focus group studies in 1996 revealed that people were sceptical about higher taxes on those earning over £100,000 a year, even if the money was used to fund a middle-income tax cut from which they themselves would benefit. Creating a tax regime that was both economically successful and politically palatable (to core supporters as well as waverers) was a tall order.

Moreover, proposals that were technically elegant could run up against the instincts of the politicians. Whiting demonstrates this in relation to Nicholas Kaldor's promotion of an expenditure tax in the 1950s. This was to be a tax assessed on income, minus saving, plus dis-saving from capital, a calculation that was considered to be a better proxy than income alone for an individual's spending power and hence their taxable capacity. Douglas Jay MP, a close ally of Gaitskell, noted that this was 'in many ways the ideal tax, since it encourages and rewards saving, and discourages spending out of capital'.[5] Yet it was Jay who was primarily responsible for Labour's rejection of the idea, to the annoyance of the party's economic advisers, who regarded any such opposition as irrational. Jay pointed out to the Fabian Society's taxation group that ordinary people liked to have their tax payments behind them when they thought of spending, not still ahead of them. Whiting quotes David Worswick, one of the economists present, as saying: 'When an MP invokes the British working man or the people, the professional economist has no comeback' (p. 137). The idea died. Whiting sees this as a defining moment, as Labour was now condemned to pursue its aims through an administratively burdensome 'shopping list' of separate taxes. Nevertheless, one feels a certain amount of sympathy with the politicians' concerns in

[5] Douglas Jay, 'Labour and tax reform', *British Tax Review* (1957), pp. 16–23, at p. 20.

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this instance. Kaldor's 1966 brainchild, the selective employment tax (SET), was not considered sufficiently from the political point of view, proved unpopular, and did not survive for long.

Political actions and attitudes that seem, from the economist's point of view, to be conservative, simplistic, anti-intellectual, and opportunistic are thus not always such a bad thing. Whiting's recognition of the salience of the party struggle indicates that he perhaps appreciates this. He writes that although his book 'is a record of few achievements, it should not be regarded as a study in failure' (p. 273). This is because although Labour's efforts to devise new taxes and to use the existing ones more effectively were unsuccessful, the party's core principle of progressive taxation 'went largely unchallenged for much of the century' (p. 269). Nevertheless, the overall picture he paints is a little too dismal. In some areas, Labour is due more credit than he is prepared to give – for example in the field of North Sea taxation, which gets only a passing mention. Another slightly disappointing aspect of the book is that, subtitle notwithstanding, it really only deals with the 1906–79 period, albeit with a brief epilogue on New Labour. These minor complaints aside, this book is one that virtually everybody interested in the history of Labour's economic policy will want to read. Whiting guides the reader through the complexities of tax policy with aplomb, and his judgements are thought-provoking.

Debates about tax have naturally been closely connected with those about the welfare state. Howard Glennerster's useful survey of post-1945 social policy casts some interesting light on the intersection. The book is a revised and updated version of a work first published in 1995, a new final chapter 'New labour, new century' having been added. It is part of the Institute of Contemporary British History's series *Making Contemporary Britain*. The series is aimed mainly at students, and its purpose is less to break new ground than to survey the existing state of knowledge. Glennerster meets his brief admirably.

His opening two chapters, dealing respectively with 'Origins and Myths' of the British welfare state, and with the contribution of William Beveridge, are especially effective. He ruthlessly dissects some of the absurdities that arose from Beveridge's determination that social security should be paid for through national insurance rather than through income tax. 'At the heart of Beveridge's thinking was a contradictory struggle between his deep desire to cover everything and everyone and his choice of method, contributory insurance through employment' (p. 26). Groups not in the workforce (including large numbers of women) would not to be able to contribute and would thus not receive automatic entitlements. In time of need, they would have to fall back on means-tested national assistance benefits instead.

Glennerster further notes that national insurance was a tax by another name – and a regressive one at that – and asks why it should have been necessary to have a system for collecting revenue separate from the ordinary tax system. He points out that, during the war, the experts of the treasury and the economic section of the cabinet secretariat wondered likewise. If the insurance fund showed a surplus, they suggested, there would be a demand for increased social benefits to be paid from it; but if it showed a deficit, the treasury would be called upon to make good the shortfall. Furthermore, it was illogical that the costs of the national health service should fall upon the fund, but not those of education or family allowances. Practical considerations dictated departure from purely rational principles, however. Glennerster quotes John Maynard Keynes as follows: 'I agree in theory that employees' and employers' contributions are inferior to a charge on general taxes. On the other hand, it seems to me essential to retain them, at any rate in the first

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stages of the new scheme, in order that the additional charges on the Budget may not look altogether too formidable' (p. 29). Beveridge's contributory principle thus had the useful political function of disguising the true scope of taxation.

Glennerster offers what he calls a 'perfectly simple' interpretation of the developments of the 1940s and subsequent decades: 'It is that the institutions of the Welfare State were genuinely popular with the mass of the electorate of all classes for most of our period and it was this which both brought it into being and sustained it' (p. 11). This, though, raises the question of *why* they were popular, which does not admit of any particularly straightforward answer. It is not immediately obvious why voters should have prioritized their liking for receiving social benefits over their dislike of paying tax; whilst at the same time, generally, preferring Conservative governments. Undoubtedly, popular feeling placed important constraints on governments' abilities to implement apparently logical social policy solutions. One key instance highlighted by Glennerster is rent control. In a continuation of wartime measures, the Attlee government kept private rents artificially low, giving landlords little incentive to make properties available. Conservative attempts at decontrol were, given electoral sensitivities, inevitably limited (and in important respects botched). The number of private landlord dwellings in England and Wales was virtually cut in half between 1953 and 1971 (p. 78). This outcome would seem, on the face of it, to have run against the long-term interests of the private tenant class who supported rent control and whom it was designed to protect.

Glennerster also provides sound treatment of race relations policy, although his coverage is mainly restricted to the 1950s and 1960s. Labour politicians, having earlier made seemingly highly principled attacks on Conservative immigration laws, implemented their own racist laws after 1964. As a sop to their leftwing supporters, and perhaps to their own consciences, they coupled these with largely ineffective anti-discriminatory race relations acts. It must be said, however, that they were subject to self-delusion, rather than active racist sentiment (which of course they abhorred!). Equally, they were by no means totally in thrall to populist sentiment. If they had been, the Wilson government would never have undertaken homosexual law reform and abolished capital punishment. Glennerster discusses the former thoroughly in a useful chapter on 'Morality, family and the state', but the latter gets only a passing mention. Naturally, with a work of this nature, it is difficult to please all readers. The failure to discuss penal policy in more depth, though, does appear to be a significant flaw. Perhaps this will be corrected in the next edition. In all, Glennerster's book will be a valuable addition to many university libraries, and it is to be hoped that it will find a wide readership.

Noel Whiteside and Robert Salais's edited collection reminds us that difficulties in producing 'rational' political solutions to economic and social problems have not been restricted to Britain. One should not, perhaps, need to state this fact, but the traditional self-deprecatory tendency in the writing of British economic history has frequently obscured it. A lurking belief in the axiom of British inferiority is present, perhaps, even in this generally sensible and worthwhile volume. While the editors stress that their analysis cannot be interpreted as a blanket criticism of British policies, the overall drift of their introduction is that French collectivism promoted 'modernization', and hence economic growth, far more successfully than did the British 'voluntarist' tradition. Not all of the thirteen chapters seem, however, to bear this out fully.

To begin with, one notes the similarities, as much as the differences, of the two countries' experiences. Michel Magairaz's opening chapter, 'Companies under public control in

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France, 1900–1950', provides some of the material for the comparison. In France, as in Britain, the somewhat patchy introduction of state control during the First World War was followed by the instinct to return to normalcy – albeit with the role of the state increased to some degree. Both countries' governments made efforts to promote rationalization in the 1920s. The French were somewhat quicker to undertake nationalizations, an 'illusory policy of "transport co-ordination"' being followed by a late 1930s state takeover of the railways when they proved unprofitable (p. 38). But, as in Britain after 1945, nationalizations were concentrated in the transport and energy sectors. The post-war *Trente Glorieuses* paralleled the British so-called 'golden age' of affluence. This is not to play down the significant differences of culture, economic structure, and policy outcomes that did exist. It is merely to note that claims of exceptionalism (whether British or French) need to be treated with caution.

Similarly, it is necessary to tread carefully when seeking to attribute Britain's economic problems to the failure to emulate foreign models sufficiently. Chapters by Nick Tiratsoo and Jonathan Zeitlin cast differing light on this issue, through the lens of 'Americanization'. As Tiratsoo shows, the Attlee government can hardly be convicted of lack of interest in American productivity-enhancing methods, and in industrial 'modernization' more generally. The key figure was Sir Stafford Cripps (president of the Board of Trade, 1945–7, and chancellor of the exchequer, 1947–50). Efficiency was his obsession – understandably, given Britain's dire economic situation. He helped sponsor the Anglo-American Productivity Council (AACP), which took employers, managers, and workers on study tours of the USA. The participants returned enthusiastic, but the practical consequences of the productivity drive that followed were limited. Tiratsoo concludes:

> Most of the government's policies were both well constructed and appropriate. … On the other hand, convincing the balance of employers to change proved far from easy. British business had emerged from the war in offensive mood and meant to re-create a 'free' private enterprise system at all costs. The public remained uninterested. Labour could, therefore, only persuade and exhort.
>
> (p. 69)

Zeitlin's arguments, however, suggest that things were not so simple. He agrees that the government pushed Americanization, but is less certain about its benefits. Whereas Tiratsoo focuses on management issues, Zeitlin concentrates on efforts to get British industry to adopt US-style mass production methods. (To this degree, their respective chapters do not contradict one another directly.) He argues that British businessmen and engineers were well aware of the potential advantages of mass production, but that many were equally aware of the difficulties of imposing standard designs on varied export markets and of relying too much on a narrow range of products under rapidly changing competitive conditions. In a forceful conclusion, he notes that British firms did, after the mid-1950s, change their working practices. 'Far from reviving its competitive fortunes, however, this putative Americanization of British engineering was associated instead with a rapid loss of market share both abroad and at home, resulting in a steep decline of domestic production and employment' (p. 119). This note of scepticism is highly refreshing.

Another interesting contrast is between Keith Burgess's contribution, on the technical training of youth in Britain, and Françoise Birck's chapter, on the training of engineers in Lorraine between 1890 and 1956. Burgess notes that earlier interpretations of the interwar period as one of 'missed opportunities' in terms of innovative policy-making fail to do justice to the efforts of the Board of Education. He shows that the Board of Education

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successfully intervened to improve the state of training in the West Midlands, although this was a long and exhausting process, and was not replicated elsewhere. He argues that

> the Board's difficulties were not rooted in any lack of determination on its part nor in subordination to an anti-industrial or anti-technological ideology. Rather, they sprang, first, from the reluctance of industrial and commercial interests to support its claims to scarce resources and, second, from its relative impotence in relation both to the local authorities and other central government departments. (p. 150)

Birck's chapter indicates the drawbacks that greater success might have brought, however. During the interwar years, the Lorraine technical institutes appeared to be producing engineers at an excessive rate. Significant numbers of their graduates found themselves jobless, and many ex-students had to accept employment bearing little relationship to the levels of their qualifications. The book contains several other valuable contributions, notably Simon Deakin's on British employment contracts, and Philippe-Jean Hesse on French social security. It is to be regretted, however, that – apart from the introduction – none of the chapters deals with France and Britain in parallel.

Together with the other works under review, the volume highlights not only how hard it is for politicians and officials to formulate and implement 'rational' policies, but also that rationality is only one of a number of criteria by which policies need to be judged. When judging politicians' policies it is important to remember that MPs represent not only the interests of their constituents, but also their desires. And experience teaches us that many people have desires that conflict, often quite strongly, with their ostensible interests. There are of course some areas where voters may, as it were, legitimately prefer non-rational solutions. Politicians and civil servants cannot always presume to know best, even – perhaps especially – when it comes to the spending of public money. There are some areas, however, where the prejudices of the voters ought not to be pandered to in any circumstances. Racial discrimination is an obvious example.

Overall, though, perhaps we need to broaden our concept of political rationality. It is, of course, important that we should evaluate the logical consistency of political programmes and actions, but a mere 'marks out of ten' approach is not enough. We need to take into account the instrumental value of politicians' stated principles. It is not that ideas are *merely* weapons in the battle for office; but even ideas that are sincerely held end up being used as weapons in that battle, and to some degree adapted for that purpose. Nor should we necessarily regret this. If it is desirable that politicians have ideals, it is also desirable that they try to make the policies that encapsulate them appeal to as wide a constituency as possible. This process involves compromise and some necessary imprecision; it is carried out on the basis of imperfect information; and it involves instinct as well as reason. Therefore, politicians' descriptions of what they will ideally do cannot correspond completely with reality, or even, absolutely, with their own intentions. As Gaitskell suggested, then, politicians' continual simplification and lack of deep thinking is to a great extent inevitable. This being the case, we should recognize also the inevitability that muddled outcomes will often result. To adapt some words of Max Weber, only those who in the face of this can say 'In spite of all!' have the calling for the study of politics.

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