

THE TREASURY IN THE EARLY-1960s: THE GREAT REAPPRAISAL

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A) The 'great reappraisal' from 1961

1. Growth promoting changes in public spending control (Public Expenditure Survey Committee, 1961) and to tax (e.g. C&E regulator 1961, Payroll regulator 61, short- then long-term CGT 1962/65, CT 1965, SET 1966)
2. Incomes policy to allow faster growth without higher inflation. Quid pro quo: tripartism.
3. Supply side innovation such as NEDC/NEDO/EDCs; Industrial Training Levy; redundancy pay, MinTech.

B) Dramatis personae:

- **Harold Macmillan:** Prime Minister, 1957-63 (Chancellor of the Exchequer, 1955-57).
- **Selwyn Lloyd:** Chancellor of the Exchequer 1960-62
- **Roy Harrod** (later Sir): Lecturer in Economics, Oxford, 1929-37, Nuffield College, Oxford, 1938-67 inc Prime Minister's Statistical Branch, 1940; Prime Minister's Office, 1940-2; Statistical Adviser to Admiralty, 1943-5.
- **Sir Frederick (Freddie) Bishop:** PPS to PM 1956-59; deputy sec: Cabinet 1959-61; etc..
- **Sir Frank Lee** (Later Lord Godbould): Colonial Office, 1926-40; to HMT, 1940; Treasury Delegation, Washington, 1944-6; Min. Supply, 1946; Perm. Sec.: Board of Trade, 1951-9; then Min. Food, 1959-61; Jnt Perm. Sec., Treasury, 1960-62.
- **Peter Vinter:** Min. of Economic Warfare, 1939; Cabinet Office, 1943; HMT, 1945-69 (Third Sec., 1965-69); Dep. Sec., Min. of Technology and DTI, 1969-73
- **Richard ('Otto') Clarke:** Mins. of Information, Economic Warfare, Supply, & Production 1939-45; joined HMT 1945 (2nd Perm. Sec 1962-6); principle author of Plowden Report on *Control of public expenditure* (July 1961) & architect of PESC; Perm Sec., Min. Tech., 1966-70.
- **Sir William Armstrong** (later Lord): Pvt Sec to Sir Edward (later Lord) Bridges, Sec. of War Cabinet, 1943-5; PPS to Ch.Exchq, 1949-53; Under-Sec, Treasury Overseas Finance, 1953-8; 3rd Sec, HMT, 1958-62; Jnt Perm. Sec., Treasury, 1962-4; Perm. Sec., DEA, 1964-8; Perm. Sec., CSD and Head of Home Civil Service, 1968-74.
- **Robert Hall**, (later Lord Roberthall): Min. Supply, 1939-46; Adviser, BoT, 1946-7; Director, Economic Section, 1947-53; Economic Adviser to HMG, 1953-61.
- **Sir Alec Cairncross:** Economic Adviser to HM Government, 1961-4; Head, GES, 1964-9.

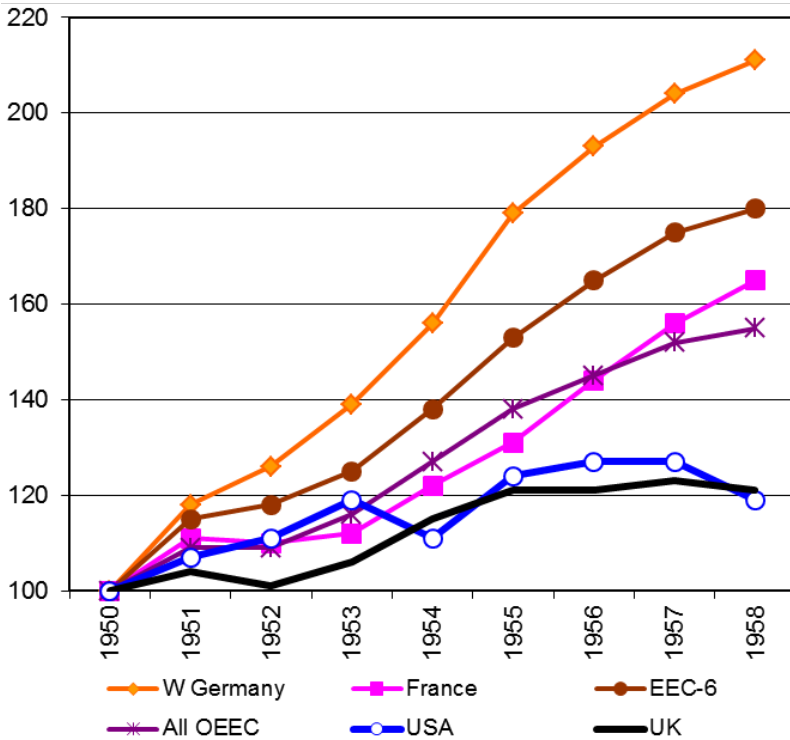
C) Post-war economic performance to 1960

	Year →	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960
1. GDP (% change)		3.5	3.1	2.8	0.4	3.9	4.3	3.1	1.0	1.8	0.4	4.4	5.4
2. Industrial production (% change)		6.7	6.8	3.2	-3.9	6.4	5.0	5.5	0.2	2.3	-0.9	4.9	7.0
3. Unemployment (%)		1.6	1.6	1.3	2.2	1.8	1.5	1.2	1.3	1.6	2.2	2.3	1.7
4. Retail price inflation (% annual change)		2.8	3.1	9.1	9.2	3.1	1.8	4.5	4.9	3.7	3	0.6	1.0
5. Wage rate growth (% annual change)		2.7	1.9	8.5	8.2	4.7	4.2	6.8	7.9	5.1	3.5	2.7	2.6
6. Balance of payments (current account, % GDP)		0.3	2.6	-2.3	1.4	1.2	0.9	-0.6	1.2	1.3	1.7	0.8	-0.8

Sources: 1. ONS ABMI; 2. ONS CKYW; 3. J. Denman and P. McDonald, 'Unemployment statistics from 1881 to the present day', *Labour Market Trends*, 104 (January 1996); 4 ONS CZBH; 5. Growth in basic weekly wage rates, *British Historical Statistics* (CUP, new edition, forthcoming); 6. ONS AA6H

D) Two drivers of change in 1961

1. Indices of Industrial Production (Source: OEEC 1959)



2. Annual growth of GNP per head of employed labour force

	% p.a.
Germany	5.1
Netherlands	3.8
Italy (1955-60)	3.5
France (1955-60)	3.3
Belgium	3.2
USA	2.1
UK	2.0
Canada	1.9

Source: T 311/131, 'Economic Growth: report of a working party of officials', May 1961. This report forwarded virtually unchanged to the Cabinet as memorandum CAB 129/105, 'Economic Growth & National Efficiency: report by officials to the Chancellor of the Exchequer', July 1961.

E) 'Golden age' growth in post-war historical perspective

Annual Growth of UK GDP 1949-2012

Source: Office for National Statistics, ABMI 2013

