The eclipse of 'elegant economy': post-war changes in attitudes to personal finance in Britain

Cohen, Martin

The copyright of this thesis rests with the author and no quotation from it or information derived from it may be published without the prior written consent of the author.

For additional information about this publication click this link.
http://qmro.qmul.ac.uk/jspui/handle/123456789/1891

Information about this research object was correct at the time of download; we occasionally make corrections to records, please therefore check the published record when citing. For more information contact scholarlycommunications@qmul.ac.uk
The Eclipse of "Elegant Economy"

Post-war Changes in Attitudes to Personal Finance in Britain

National Savings Poster c1942

Martin Cohen
Queen Mary, University of London
Doctor of Philosophy (Ph D)
October 2007
The Eclipse of 'Elegant Economy'

Declaration

I hereby declare that all the work presented in this thesis is my own.

Martin Cohen

Abstract

In Britain, almost all survivors of the Second World War found themselves in a stronger and more secure financial position than at its outbreak. Simultaneously they were confronted by a host of intrusive controls, rationing, shortages and ubiquitous reminders of conflict. Pride in victory was immense, yet there were few perceivable signs of reward for sacrifice. The resultant widespread disorientation belied pecuniary fortune and gave rise to many formidable dilemmas demanding financial decisions. The solution of a majority was thrift and avoidance of money spending, which cleared the conscience and provided peace of mind. A substantial minority, often equally disorientated, followed their natural inclinations to spend freely and benefit from or enjoy their new-found resources. The latter discovered themselves not only severely restricted by bare-shelved shops and emergency legislation but by social censure of conspicuous consumption. The remaining options open to them most commonly involved expenditure on the intangible and the inconspicuous.

Between 1945 and 1957, as austerity waned and greater opportunities returned for beneficial employment of private funds, attitudes appeared to evolve from despair into confidence. But austerity culture, embedded in the national mindset, took much longer to dispel than is popularly supposed and arguably has never been fully eradicated. The impact on British life of this gradual change is here highlighted by comparing and contrasting the relevant history of prior and subsequent periods.

This thesis focuses on theoretical, political and practical influences on all forms of employment of private means without differentiating between the material and ethereal, including saving and investment as forms of consumption. Reinterpreting Britain’s transformation from austerity to affluence from the perspective of personal finance demonstrates that it is an essential but hitherto ignored factor which adds significantly to the understanding of social history.
# 'The Eclipse of 'Elegant Economy' Content

## Acknowledgements

<table>
<thead>
<tr>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
</tr>
</tbody>
</table>

## Abbreviations

<table>
<thead>
<tr>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
</tr>
</tbody>
</table>

## Introduction

<table>
<thead>
<tr>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
</tr>
</tbody>
</table>

### Genesis

<table>
<thead>
<tr>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
</tr>
</tbody>
</table>

### Pocket History

<table>
<thead>
<tr>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
</tr>
</tbody>
</table>

### Structure and Chapter Content

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>'Elegant Economy' and Conspicuous Consumption</td>
<td>22</td>
</tr>
<tr>
<td>2</td>
<td>Fleeting Crescent</td>
<td>49</td>
</tr>
<tr>
<td>3</td>
<td>Petrified 'Capitalists'</td>
<td>76</td>
</tr>
<tr>
<td>4</td>
<td>Short Dawn</td>
<td>115</td>
</tr>
<tr>
<td>5</td>
<td>First Quartile</td>
<td>158</td>
</tr>
<tr>
<td>6</td>
<td>Dividend Seeking 'Socialists'</td>
<td>194</td>
</tr>
<tr>
<td>7</td>
<td>Spreading Shadow</td>
<td>224</td>
</tr>
<tr>
<td>8</td>
<td>Total Eclipse and Corona</td>
<td>270</td>
</tr>
<tr>
<td>9</td>
<td>Dilemmas of Post-War Capitalists</td>
<td>297</td>
</tr>
</tbody>
</table>

## Appendices

<table>
<thead>
<tr>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>304</td>
</tr>
</tbody>
</table>

### I. The Growth of Savings

<table>
<thead>
<tr>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>305</td>
</tr>
</tbody>
</table>

### II. Inflation Price Indices

<table>
<thead>
<tr>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>306</td>
</tr>
</tbody>
</table>

### III. Chancellors of the Exchequer and their Budget dates 1939-1957

<table>
<thead>
<tr>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>307</td>
</tr>
</tbody>
</table>

### IV. Rates of Estate Duty

<table>
<thead>
<tr>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>308</td>
</tr>
</tbody>
</table>

### V. House Price Index

<table>
<thead>
<tr>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>309</td>
</tr>
</tbody>
</table>

### VI. Bank Base Rates

<table>
<thead>
<tr>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>309</td>
</tr>
</tbody>
</table>

### VII. Life Assurance Company New Business 1938, 1946 and Increase 1945-46

<table>
<thead>
<tr>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>310</td>
</tr>
</tbody>
</table>

## Bibliography

<table>
<thead>
<tr>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>313</td>
</tr>
</tbody>
</table>

### Archival Sources

- Newspapers and Periodicals
- General References and Statistical Information
- Biographies, Diaries and Memoirs
- Oral History and Personal Interviews
- Filmography
- Primary Printed Sources
- Secondary Printed Sources
- Literary and Fictional Sources
- Internet Sources
- Theses and Papers
Acknowledgments

Firstly I would like to offer my sincerest thanks to my exemplary supervisor Dr Peter Catterall who, despite a massive programme of diverse commitments, for three years has unfailingly mustered the time and patience to provide the support, inspiration and encouragement without which this research could not have been completed. I have also to thank Peter’s father, Mr Alfred Catterall, for providing his helpful memories of the Korean War.

I am especially indebted to my mentor Dr Dan Todman for the huge amount of his precious time he has devoted to reading my drafts, for his invaluable comments and enthusiastic assistance.

Professor Peter Hennessy has earned my profound gratitude for his sustained interest and support, reading my work and offering a wealth of advice and encouragement far beyond the call of duty.

My sincerest thanks are also due to Dr Ross McKibbin at Oxford for so generously giving me so much of his time and for his reassurance of the merit of my thesis, to Professor Frank Trentmann at Birkbeck, and Dr Michael Heller at Queen Mary Business and Management School for their similarly helpful commentary.

This research has relied heavily on the co-operation of many archivists and librarians who have without exception gone out of their way to assist me. I would especially like to thank Mark Brooks at National Savings and Investments and Adrian Steel at the Royal Mail Archives for their time and patience in locating appropriate original documents, some never previously requested, and providing me with gratuitous copies. Others who have been exceptionally helpful and to whom I am sincerely grateful include Larysa Bolton at Barclays Bank archive at Wythenshawe, David Carter and Katherine Gale at the Prudential Group, Karen Sampson at Lloyds TSB, Gillian Lonergan at the National Co-operative Archives in Manchester, Gordon Taylor at the Salvation Army Heritage Centre and Marian Yamin at Royal Bank of Scotland Group Archives. My special thanks are due to the dedicated staff of the Mass-Observation Archives at the University of Sussex who never failed to offer me the most attentive assistance at any of my numerous visits.

I must also again thank those who allowed me to record personal interviews, particularly nonagenarian Hyman Kaye who retold his days as a ‘Man from the Pru’ with astonishing lucidity, John Hubbard, Mrs Barbara Young, and Ken Culley CBE, the former chief executive of the Portman Building society and ex-chairman of the Building Society Association. Also I must thank fellow Queen Mary research student Alycen Mitchell for her invaluable references to the significance of the art market and estate duty.

Finally there are no words of thanks sufficient for Diana who refers to herself as my amanuensis but is also my wife who has (sometimes) patiently suffered far too much of this thesis for the last three years.
### Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>BB/WEBS</td>
<td>Barclays Bank/Woolwich Equitable Building Society Group Archives</td>
</tr>
<tr>
<td>BSA</td>
<td>Building Society Association</td>
</tr>
<tr>
<td>BUPA</td>
<td>British United Provident Association</td>
</tr>
<tr>
<td>CIS</td>
<td>Co-operative Insurance Society</td>
</tr>
<tr>
<td>CPBS</td>
<td>Co-operative Permanent Building Society</td>
</tr>
<tr>
<td>CRS</td>
<td>Co-operative Retail Society</td>
</tr>
<tr>
<td>CWS</td>
<td>Co-operative Wholesale Society</td>
</tr>
<tr>
<td>DCB</td>
<td>Decimal Currency Board</td>
</tr>
<tr>
<td>DGAA</td>
<td>Distressed Gentlefolk's Aid Association</td>
</tr>
<tr>
<td>DNB</td>
<td>Oxford Dictionary of National Biography</td>
</tr>
<tr>
<td>GPO</td>
<td>General Post Office</td>
</tr>
<tr>
<td>HSBCGA</td>
<td>HSBG Group Archives</td>
</tr>
<tr>
<td>NCA</td>
<td>National Co-operative Archives</td>
</tr>
<tr>
<td>NHS</td>
<td>National Health Service</td>
</tr>
<tr>
<td>NSI</td>
<td>National Savings and Investments</td>
</tr>
<tr>
<td>NA</td>
<td>National Archives</td>
</tr>
<tr>
<td>NACMMI</td>
<td>National Advisory Committee of the Motor Manufacturing Industry</td>
</tr>
<tr>
<td>LTSB</td>
<td>Lloyds TSB Bank Archives</td>
</tr>
<tr>
<td>MO</td>
<td>Mass-Observation Archives</td>
</tr>
<tr>
<td>PGA</td>
<td>Prudential Group Archives</td>
</tr>
<tr>
<td>POSB</td>
<td>Post Office Savings Bank</td>
</tr>
<tr>
<td>PRO</td>
<td>Public Record Office</td>
</tr>
<tr>
<td>RBSGA</td>
<td>Royal Bank of Scotland Group Archives</td>
</tr>
<tr>
<td>RM</td>
<td>Royal Mail Archives</td>
</tr>
<tr>
<td>TSB</td>
<td>Trustee Savings Bank</td>
</tr>
<tr>
<td>SAHC</td>
<td>Salvation Army Heritage Centre</td>
</tr>
<tr>
<td>UDT</td>
<td>Unite Dominions Trust</td>
</tr>
<tr>
<td>WDC</td>
<td>War Damage Commission</td>
</tr>
</tbody>
</table>
Introduction

Consumption has been shown to be central to discussions of gender, to cultural critiques of luxury, the rise of the bourgeoisie, the development of the modern nation state, the emergence of political economy and the commercialised market place, the end of both aristocratic clientage and the moral economy and the development of modern subjectivities through the categorisation of individuals as consumers.

Matthew Hilton

In considering a theme for this thesis my initial intention was to find a route to further advance the argument that the most significant factor in the social history of post-war Britain was the dramatic rise of consumerism. It soon became apparent that no such discourse could have surpassed the work of those have so ably addressed and continue to explore the complexity of this bedrock of modern society. Among the most authoritative is Matthew Hilton, who in the citation above emphasized the significance and positive features of consumption with great eloquence. More often, commentary on consumption has been phrased in negative and disparaging terms since there is a long history, underpinned by national and religious tradition, of repudiation of its alleged inherent immorality. Alan Aldridge notes the antiquity of secular disavowal citing the authority of Aristotle who equated it with want of virtue when he stated: ‘Consumption delivers only pleasure, not happiness. But happiness, not pleasure, is the final goal of human life and only virtuous people can be happy’.

The most consistent object of censure has been ‘conspicuous consumption’, defined by the pioneer economist Thorstein Veblen (1857-1929) in 1899 as expenditure intended for no better purpose than the benefit of an audience. William Cobbett in similar spirit, on his Rural Rides through 1820s Britain had expressed the common objection to pretensions to gentility on encountering a farmhouse with ‘showy chairs and a sofa ... prints in gilt frames ... and some swinging bookshelves with novels and tracts ... show not warranted by the reality’. In more recent times Richard Hoggart

---

1 Hilton, Matthew, Consumerism in 20th Century Britain: The Search for a Historical Movement, (CUP, Cambridge, 2003), p. 6
2 Mark Abrams, Alan Aldridge, James Obelkevich, Steven Miles, Peter N. Stearns, Frank Trentmann etc. cited herein
3 Aldridge, Alan, Consumption, (CUP, Cambridge, 2003), p. 9
4 See Chapter 1, p 39; Veblen, Thorstein, The Theory of the Leisure Class: An Economic Study in Institutions, (George Allen and Unwin, London, 1924 (First published 1899)), p. 86
5 Cobbett, William, Rural Rides, (Penguin, Harmondsworth, 2001, (First Published 1830)), p. 185
has been equally dismissive. Among his many stinging attacks on the degeneracy of consumption, he mocks the concept that 'one buys the suggestion of education and elegance with the furniture'. Religious disapproval of overt extravagance has also incessantly been expressed by the preachers of Christianity who have adhered to the conviction that 'the love of money is the root of all evil' while extolling the moral rectitude of restraint and modest living. Elizabeth Gaskell, on the other hand, would show that the attempted avoidance of all conspicuous consumption, which she termed 'elegant economy', was not only close to impossible but an absurdity.

Whether they expressed a positive or negative view, commentators have seldom extended their deliberations beyond those forms of consumerism which involve expenditure on the material and the conspicuous. A review of the social developments of the twentieth century uninfluenced by such commentary will establish that far greater significance should be attached to disbursal of private financial resources on the non-material and the inconspicuous. These might include education, cultural pursuits, religion, sport, charity, healthcare, legal compliance and, above all, the human urge to maintain personal and family security. Employment of private finance for these purposes might evolve into stabilisation, self-confidence, creativity or fulfilment of ambition; arguably the characteristics of true affluence. Alternatively spending on intangibles such as gambling and hedonistic indulgence might degenerate into insatiable avarice, corruption, immorality or criminal leanings, which are arguably the antitheses of true affluence. Social history and its significance can thus be properly analysed only by considering the effects of the entire spectrum of consumerism without differentiating between the material and the non-material, and including the market for money itself (saving and investment) where the constituents of true affluence or its antithesis might be acquired.

My purpose in undertaking this research was not only to explore the manner in which individuals employed their private resources in the aftermath of war and its

---

7 *New Testament*, Timothy, 6:10
8 Gaskell, Elizabeth, *Cranford*, (Oxford World Classics, OUP Press, 1998 (First published 1853)), p. 3; See Chapter 1 p. 27
significance, but also for nostalgic reasons and to satisfy my curiosity about the attitudes and aspirations of British society in my parents' generation. I was born in 1939, and the period to be reviewed includes my formative years. Without discounting the inexactitude of memory, my own testimony is therefore unapologetically included as an essential primary source.

The piece of mundane oral history which follows may be considered the true genesis of this study. Its detail epitomises and illustrates some of the common attitudes and normalities of its time and can be viewed as a fitting background to the picture to be painted and the arguments to be advocated herein. At the age of eight I could not have personally witnessed the event described but am as sure as it is possible to be from memory, my parents' descriptions and from extant evidence that what I write is true. For me, as a child, it helped explain what I later understood to be meant by capitalism: a term which, when encountered in the Britain of the 1940s and 1950s often had unsavoury connotations. I nonetheless formed the opinion that in this country, at least, no other system could exist. With time this evolved into the recognition that the ingrained attitude of the British to their personal financial affairs has been a potent force in maintaining social stability and a largely successful defence against political extremism.

Towards the end of 1947 my father left his workplace, taking unpaid time off, time he believed that he could ill-afford, although his loss of earnings was probably no more than a few shillings. He walked a short distance to the local post office and by prior arrangement withdrew most, but not all, of his savings (about £600) from his Post Office Savings Bank (POSB) account; his only bank account. Because he was known from his habitual purchase of a weekly national insurance stamp and football pool postal order no formal identification was required other than presentation of his passbook. He secreted the bundles of one-pound notes (he believed five-pound notes to be suspect) inside his jacket, more because he did not wish to make a gratuitous display of wealth than for reasons of security. Robbery in a busy town was such a remote possibility that it probably hardly entered his head. When at home doors were

---

9 Bank of England Museum: Finally withdrawn in 1961, the large white five-pound notes were signed when spent for security purposes.
usually left unsecured, tradesmen left deliveries on doorsteps, and even cars were seldom locked until the late 1960s.

He then walked to a solicitor's office and signed the completion documents to purchase the three-bedroom semi-detached house he had rented through most of the war years. The agreed price was below the average market value of a similar property in a provincial town because stringent rent controls resulted in an uneconomic or negative net return to landlords, many of whom, unable to maintain their property, found that their only option was to sell to their tenants. My father understood that in joining the 26% of the population who then were owner-occupiers he was acquiring an asset of substance but was not anticipating capital appreciation. His primary concern was to provide a secure home for his family in the midst of a severe housing shortage.

On his way to the solicitors, he probably met and spoke to people he knew in the local community but would not have mentioned his propitious errand. He would not have wished it known that he was making so rash an investment and no doubt had a few reservations himself about the bottomless pit into which mounting maintenance costs might be drawn. As with the majority of houses, especially those which had been rented, repairs and decoration had been neglected through the war years and furniture was in need of replacement. In the period of austerity severe shortages of labour, building materials and furnishings rendered immediate attention to renovation almost impossible.

My father had not considered applying for a mortgage, not only because he probably would have been unable to satisfy the stringent conditions necessary to compete for the funds of a building society then bound by quota, but more importantly because the concept of debt of any kind was abhorrent to him. His attitude is precisely mirrored by the spirit of the numerous maxims exhorting financial caution which Peter Hennessy assiduously lists in his authoritative history of the post-war years, and

---

12 Ken Culley, former Building Society Association chairman, interview 30th August 2007
refers to as 'the domestic standbys of my childhood'. Contemporary recordings in the sound archives at both the British Library and Museum of London repeatedly stress an aversion to debt among the working and lower-middle-classes. Among others, a former bank manager evokes vivid memories of the strong influence of Shakespeare's wisdom so often quoted in post-war Britain: 'Neither a borrower nor a lender be: For a loan oft loses both itself and friend'.

Having completed his purchase my father found himself the owner-occupier of the unencumbered freehold interest in a larger-than-average semi-detached house, with a small sum remaining in the POSB, some National Savings certificates accumulated through the war years, the holder of a religiously paid endowment life-assurance policy, and without debt of any kind. Yet he would have considered incredulous any suggestion that he was affluent or well off, let alone a capitalist. At any time prior to commencing this study, had I have been asked about my father's financial position in the early post-war period I too would have sincerely pleaded poverty since I believed, as he undoubtedly did, that we were virtually living from hand to mouth. The sources of capital which contributed to his outright purchase were savings from intermittent wartime periods of higher earnings and long-awaited compensation for loss of his pre-war home and business effects to Hitler's bombers. The idea that he had benefited financially from the war would have been thought both offensive and absurd. My parents, like many of their generation, either unaware or unprepared to admit it, were experiencing a passive transition into a new middle-class age.

They lived in a middle-class street and now owned a middle-class house in which there was no central heating, washing machine, telephone, refrigerator, vacuum cleaner or television and no motor car stood outside, nor did my parents then entertain any serious thoughts of acquiring such things. All were in extremely short supply and the people we knew did not have them, nor did they openly crave them although their benefits were already being extolled via the press, radio and popular films. In the comparatively close-knit community in which we lived, like us as I now realise, many of our neighbours, irrespective of the limited availability and high prices, had the

14 British Library Sound Archives, C900/02589: Bank manager born 1929
15 William Shakespeare, Hamlet, Act III
16 Copies of documents below; Chapter 4 re War Damage Commission; pp. 149-150
means to acquire at least some of these supposed liberations from drudgery. In the reality of our parochial daily lives there was no call for the services of a telephone or a motor car and four hours per day of Reithian\textsuperscript{17} television, to be watched with curtains drawn, and subject to incessant interference was the last thing in the world we needed.

Of much greater importance was to acquire coal to build the open fire which would in the winter months bring evening cheer to the hearth of a single room. The concept of domestic central heating, which warmed empty rooms, was deprecated as near criminal waste. A terracotta milk cooler and a primitive meat safe satisfactorily served to store food in the absence of a refrigerator. Only those housewives who were, in my mother’s eyes, so lazy or uncaring that they did not manually sweep into the tightest corners of their rooms were reputed to use the contemptibly extravagant vacuum cleaner. In 1947 Sir Edward Beddington-Behrens’s proposal to manufacture American washing machines in Britain was rejected by fellow industrialists who believed that the annual market would not amount to more than a few thousand.\textsuperscript{18} Dishwashers, first patented in the USA in 1886 and available in England from at least 1923, had remained unheard of since being then condemned as ‘machines of doubtful value’ by *House and Garden*.\textsuperscript{19} Such things were for times to come.

In 1947 the overriding considerations for the average Briton and his family, be they affordable, practical or otherwise, were saving, economy, and the building of security for a brighter future. Many would come to comment and dispense wisdom about the renowned affluence of subsequent periods and attempt to measure it by the levels of consumption of the wonders of modernity. But it is arguable that my family and those like us, a gigantic and variegated middle class in waiting, were for a brief interval, far more affluent in terms of both financial reserves and accumulated stoicism than when, having acquired our elevated status by the accumulation of conspicuous assets, we

\textsuperscript{17} Seymour-Ure, Colin, *The British Press and Broadcasting Since 1945*, (Blackwell, Oxford, 1991), p. 6. Although Reith resigned as Director General of the BBC in 1938 radio programme content continued to be strongly influenced by his puritanical dogma, as did television broadcasting which recommenced in 1946.


also became burdened with onerous liabilities, continuously growing both in size and complexity.

Correspondence relating to my father’s claim made in the autumn of 1940, agreed in February 1944 under the War Damage Act 1943, and settled in July 1947. According to the remittance advice nothing had been received earlier.
Pocket History

It is evident that the historical role played by the pocket of the individual has never been directly confronted by either economists or historians. Economists are uncomfortable in the realm of personal finance, not only because their science is concerned principally with the wealth of nations but because one of its most basic tenets is that the value of money can only be measured by reference to time. To the economist the value of a commodity or service is equal to the cost of the time of the one or many who have, in the past, produced it by fashioning the earth’s bounty or by employing their manual or mental skills. When an economist becomes a consumer the value of a commodity or service he or she buys is then only equal to the benefit or pleasure to be derived, in the future, from its consumption, use, or ownership. Historians delving into scholarly aspects of consumerism prove similarly uncomfortable as their discipline is of course retrospective, while employment of personal finance is invariably anticipatory.

Although since the dawn of civilisation personal finance has been the motivating or defining force in almost every sphere of human activity it has rarely, if ever, been credited with the essential role it has played in the shaping of history. In particular, there appears to have been little or no appreciation of the historical significance of the passive or active evolution which incessantly takes place, and has always taken place, in the financial situation of every individual. This thesis makes a seminal attempt to redress these omissions and add to existing historical knowledge by considering how the attitudes to employment of money by people in all walks of British life changed as a result of the social and political upheaval caused by the Second World War.

Among the legacies of the war and its subsequent period of reconstruction and regeneration were full employment, rapid advances in technology and anticipation of a prosperous caring society. Such positive factors remained heavily masked by the inexorable spectre of hostility which pervaded daily life in the forms of enduring austerity, evidence of unrestored devastation and as yet unrelieved human suffering. These were set against a backdrop of a remarkable revival of Christian piety, as well

20 See Chapter 1, p. 42
as a return to anachronistic class divisions and inequality of opportunity. To all sectors of society, victory brought with it a deeply felt sense of patriotism and pride in national tradition in tandem with a variety of uncertain emotions. Fears and hopes for the future merged with nostalgia for the best of pre-war life and the dread of return to the worst.

Britain's post-war age of austerity (1945 to c1954) is well documented, but the financial decisions of the generation which suffered it and caused its subsequent metamorphosis into an age of affluence have not been directly subjected to scholarly analysis. Possibly this is due to an assumption that attitudes to personal finance varied little when rationing and restrictive controls dominated all spending and saving. To an extent that was the case, but on closer examination it is apparent that the decisions involved were multi-faceted and reflected many other aspects of the history of a nation experiencing extraordinary transitions.

In the unique atmosphere of the time, to many Britons, possibly the majority, restraint from expenditure on the tangible symbols of prosperity held greater significance than simply compliance with legislative controls. This reaction to austerity has long been recognised and often labelled 'high thinking and plain living'.21 Similarly the reaction of those who, unable or unwilling to curb their natural urges to indulge in material consumption and in its absence turned to non-material surrogates such as gambling, holidaymaking and popular entertainments, has been described as 'low thinking and high living'.

The claim that 'attitudes to personal finance' has never been explored as a historical theme in its own right does not imply that no attention has been paid to the factors and concepts discussed herein. Money related matters have always been of great interest, not only to economists and historians, but to every kind of academic and non-academic writer. There is a wealth of literature specifically devoted to, containing references to, or passing comment on topics covered in this thesis, but no published

---

source has been discovered which deals with disbursement of personal finance as its principal subject.

Among the works researched Ross McKibbin’s classic The Ideologies of Class and Classes and Cultures\(^2\) proved the clearest in their analysis of how financial standing has always determined class status and similar social issues. In reference to these matters, McKibbin has been drawn upon and cited by almost every subsequent writer on British social history. Among these, in his recent comprehensive study The Middle Class\(^3\) Lawrence James acknowledges the importance of wealth in determining peer group acceptability, but the financial matters to which he refers are seemingly treated as incidental detail to the far wider issues covered.

David Kynaston’s Austerity Britain 1945-1951\(^4\) is one of the latest works dealing with social aspects of post-war history. This six-hundred page volume employs a broad selection of oral history and other extant evidence to paint a vivid portrait of everyday life in post-war Britain, but few references to personal financial affairs are evident. Although Kynaston has consulted many of the primary sources appearing in the bibliography to this thesis he does not employ them in similar context.

Norman Longmate’s social history of the Second World War How We Lived Then\(^5\) contains one of the widest ranges of relevant personal finance related references among the published sources consulted. This thorough work was particularly valuable for its short chapter covering wartime National Savings and the advent of PAYE. It also contained a wealth of information essential to this thesis, including such subjects as wartime petrol rationing, sport, entertainment and gambling, but again these were incidental to the main theme of the author’s research which focuses on social issues.

---


\(^3\) James, Lawrence, The Middle Class: A History, (Little Brown, London, 2006)


\(^5\) Longmate, Norman, How We Lived Then: A History of Everyday Life During the Second World War, (Hutchinson, London, 1971) – Ch 31
The work which proved most instrumental in convincing me of the originality of my concept was Martin Daunton's *Just Taxes: The Politics of Taxation 1914-1979*.26 This is among the very few examples of a true history of British taxation and almost certainly the only one which addresses the subject in depth. It is however the work of an economic historian who explains the rationale of the evolution of taxes in Britain from the point of view of the governments which imposed them. At no point does Daunton consider taxes from the point of view of the individual taxpayer obligated to comply with the demands of a complex and ever-changing system and, as appropriate, take measures to avoid their undue encroachment on his or her financial situation and lifestyle.

Finally Matthew Hilton's fine work *Consumerism in Twentieth-Century Britain*,27 referred to in the comment on the genesis of this study above, can also be cited to demonstrate the novelty of approach. His book opens with the certainty that 'Consumption, consumerism, consuming, price and material culture are all crucial to our understandings of twentieth-century history'.28 Yet this lengthy and thoroughly researched work in their defence contains no satisfactory definition of those terms. Where do they begin and end? Do they include capital as well as revenue disbursements and expenditure on the ethereal as well as on the material? These questions are not directly addressed. Hilton argues that 'consumerism is like a kaleidoscope in the sense that its shape is never final and is always malleable yet unpredictable'.29 If that is the case then consumerism and related terms must be considered beyond flawless definition and no attempt will be made to define them here.

Instead it is to be contended that it is neither production nor publicity, but demand generated by individual expectancy30 which always creates the market for every form of consumption. In order to pursue that argument the definitions of both the market and of consumption are here extended to embrace every activity which might involve

---

29 Ibid, p. 12
30 The term 'expectancy' (as opposed to expectation) is employed through this thesis to emphasize its invariably unquantifiable nature when applied to consumption.
the employment of private revenue or capital, be it for the tangible or the ethereal. Although there is a common perception to the contrary, with the growth of affluence, the proportion of the individual or family budget spent on the material inevitably declines and simultaneously the proportion disbursed on the intangible and non-conspicuous escalates steeply. The acceleration of this transformation in emphasis will be argued to have been among the most significant social factors of the post-war period.
The Eclipse of 'Elegant Economy'

Structure and Chapter Content

I learn'd to love despair,
And thus when they appear'd at last,
And all my bonds aside were cast,
These heavy walls to me had grown
A hermitage – and all my own.

Lord Byron

This thesis, in essence, is structured to track the advancing shadow of conspicuous consumption through the mid-twentieth century as it gradually eclipses its antithesis 'elegant economy', defined in detail in the first chapter. Conspicuous consumption is described metaphorically as a dark shadow since it represents activity so often claimed to have less than moral associations. But plain living and high thinking too had sombre connotations. In 1945, the British, like Byron's prisoner of Chillon, had come to terms with a desperate situation and grown familiar with the rare unpretentious joys which had brought comfort through the long years of war. Freedom from the bounds of austerity might have been anticipated on declaration of peace but there was no outcry when the government made it clear that rationing and controls would be prolonged. Although there was evidently no immediate desire to cast out the love of despair, few would wish to dwell long in a hermitage, however great the comforts of its familiarity.

---

With the exception of chapter 6 which contains a case study the chapters are arranged in approximate chronological order.

Chapter 1 'Elegant Economy' and Conspicuous Consumption in addition to elucidating the concepts and historical commentary considers the mid-twentieth-century British mindset and its relationship to personal financial attitudes. As well as introducing the arguments which run through the thesis and some of the themes to be discussed, this chapter looks at the long history of secular and religious advocacy of the virtues of modesty in personal expenditure and the evolution of the paradox of thrift.

31 George Gordon, Lord Byron, The Prisoner of Chillon, (1816), ll. 374-378
Chapter 2 *Fleeting Crescent* summarises relevant interwar history, emphasising changing attitudes to personal finance brought about by the development of and responses to mass-information and mass-production. This chapter endeavours to show how widespread exposure to the benefits and pleasures of modernity made deep impressions which would not subsequently be eradicated by either war or austerity.

Chapter 3 *Petrified 'Capitalists'* describes how during the Second World War, with remarkably few exceptions, both combatants and non-combatants enhanced their personal capital but were able to neither appreciate nor enjoy their new-found fortune. In particular, income tax for the first time became a significant factor in the lives of the majority. Reactions to this and other personal financial impositions are discussed in the light of the massive growth in savings and investment during the years of conflict.

The following two chapters explore attitudes during the two Attlee Labour Governments' six years of power. Chapter 4 *Short Dawn* reveals how in the first three of those years, legal compliance, acceptance of austerity and personal restraint were far more common than the heavy gambling and black market dealings by which the era is often characterised. In the subsequent three years reviewed in Chapter 5 *First Quartile* public toleration of the constraints of austerity began to wear thin, but even the smallest concessions to conspicuous consumption revived a protracted paranoia that commercialism was intruding upon and destroying the fabric of British society. Among the range of topics considered in these chapters are financial attitudes to the national Budgets, housing and mortgages, hire-purchase, alternative credit, banking, education, charity, gambling, savings, investment, taxation, and the welfare state.

Chapter 6 *Dividend Seeking 'Socialists'* contains a short study of attitudes to and of the Co-operative movement. The Co-op was Britain's greatest beneficiary of the culture of austerity since its ideology reflected the prevailing mores, not only of its traditional working-class members but of an emerging new middle class. Uncompromising observance of the government policy of fair shares and the attraction of the dividend were perfectly suited to the mood of the times. More
remarkably, the movement demonstrated incredible foresight in its approach to management and retailing. In both fields it was years ahead of its ‘capitalist’ competitors until, as austerity waned, they began to offer greater choice, quality and value. This chapter also reviews the growth of the financial institutions associated with the Co-operative movement and their distinctive relationships with the British public.

Chapter 7 *Spreading Shadow* considers the first six years of Conservative government with some concentration on political events, in particular R. A. Butler’s five budgets, commercial developments and changes in lifestyle which caused Britons to rethink their attitudes to the use of money. The evolution from austerity to so-called affluence is shown to have been tentative and sometimes painful, but it is unquestionable that the period 1951 to 1957 was unprecedented in social change. While historians never fail to emphasise the ubiquitous rise of materialism in this period, this chapter reiterates and demonstrates that, realistically, non-material consumerism was of much greater significance to the majority.

Harold Macmillan’s celebrated statement in July 1957\(^\text{32}\) was made when the Conservatives had been in power for a similar period to the previous Labour administration. The Prime Minister’s remarks proved crucial to ensuring decisive victory in the general election two years later, since they so dramatically focused public attention on the positive features of conspicuous consumption. The Bedford speech thus arguably set the final seal on austerity and is employed as an appropriate end date for this study.

Chapter 8 *Total Eclipse and Corona* briefly reviews subsequent developments, arguing that the culture of ‘elegant economy’, although no longer in ubiquitous evidence, was never to be fully eradicated. The property boom of the early 1970s and decimalisation warrant particular attention since they are paradigmatic of the enduring attitudes of the British people.

Chapter 9 *Dilemmas of Post-War Capitalists* in addition to briefly summarising the essential arguments of the thesis reiterates some of the personal finance related dilemmas thrown up by post-war change. This concluding chapter reaffirms that, whether conspicuous or otherwise, consumerism is inexorable and has rarely proved other than socially beneficial.
Chapter 1

‘Elegant Economy’ and Conspicuous Consumption

Economy was always ‘elegant’ and money spending always ‘vulgar and ostentatious’.

Elizabeth Gaskell¹

That is what is wrong with the world at present. It scraps its obsolete steam engines and dynamos; but it won’t scrap its old prejudices and its old moralities and its old religions and its old political constitutions.

George Bernard Shaw²

On 26th July 1945 Clement Attlee, the son of a prosperous middle-class solicitor, in common with all male members of his family educated at Haileybury and Oxford,³ arrived at Buckingham Palace amidst enthusiastic applause to receive the prime-ministerial seals of office which had just been returned by Winston Churchill using his customary chauffeur-driven Rolls Royce.⁴ In total contrast, the new premier appeared with his wife at the wheel of their small pre-war Standard 10.⁵ Although certainly not planned by the unprepared victor of a landslide general election, Attlee’s characteristically overt self-deprecating modesty proved a masterpiece in public relations. In the aftermath of war it dramatically and precisely reflected the spirit of the majority of the British people.

Had Attlee in the early years of his term as Prime Minister (1945-51) paraphrased the celebrated utterance of his successor of a decade later⁶ and defined that spirit with a statement such as ‘most of our people have never been so good’, it is to be argued that he would have been stating the greater truism. At least, that is, with reference to the spirit of fortitude, patriotism, prudence and self-denial now so prevalent in the Britain Kenneth Morgan came to describe as ‘the very model of social control’.⁷ Even more

¹ Gaskell, (1998), p. 3
⁵ Standard Motor Club, www.standardmotorclub, The Standard 10 was produced between 1936 and 1940 but thereafter suspended until 1955
⁶ See Introduction p. 20 and Chapter 8, p. 272
truthfully, the new Prime Minister might have added that the financial position of most of our people had never been so good. In a period dominated by unremedied suffering, war devastation and austerity he could hardly have said anything of the kind. Among the things he did say was: 'this is no time for relaxation or soft thoughts on the joys of peace and victory ... we must not lose for a moment the sense of consciousness of urgency and crisis'.

His Labour Government would then go on to enact 'numerous changes of the control orders and an avalanche of new laws and regulations'. By mid 1950 it had brought into force the incredible total of '13,551 new statutory rules and orders or statutory instruments' which were to dampen all joys of peace and victory and test the goodness of the British people to the limit. Simultaneously those same people would be incessantly urged to thrift and frugality with even greater intensity than in the dark days of war, to support a government which would continue to deny them the opportunity to spend as they chose.

The extent to which the electorate had heeded, and continued to heed, their leaders' exhortations to place their dutiful trust in the nation was clearly illustrated by an impressive chart published in *National Savings* in 1952. In 1938 the total private investment in National Savings, (savings certificates, TSB, POSB and privately-held Defence Bonds) is shown at less than £1,500 million, equal to about half the sum in 'other forms of savings', (life assurance, building societies etc.). By 1949 the amount which its citizens had invested in the nation had risen fourfold to exceed £6,000 million and was now a third higher than the £4,500 million accumulated by the other repositories and mostly reinvested in the British government. During the 1940s few Britons could have failed to invest some part of their savings directly or indirectly in the nation. Their motive was faith in the rectitude of so doing and confidence in the government regardless of enemy action or economic crises.

---

8 NA.PRO: T/160/1270, National Savings advertisement
10 Appendix I - Royal Mail Archives (RM), POST 75/116 - *National Savings*, vol. 7.13, February 1952; Although not explicit from the annotation, the chart wholly relates to personal savings.
11 Mass-Observation Archives (MO): 57/2/A, National Savings leaflet *How to Buy, Hold, and Cash National Savings Certificates*, (1939) - National Savings Certificates were sold only to individuals.
12 Wellings, Fred, and Gibb, Alistair, *Bibliography of Banking Histories*, (A. Gibb, Kirkaldy,1997), The autonomous Trustee Savings Banks (TSB), obligated to invest solely in public sector debt, merged and floated a public company in 1986 before being acquired by Lloyds Bank in 1995, p. 6
Throughout the time when these massive deposits poured into the Treasury coffers, the bank rate remained constant at just 2%.\(^{13}\) National Savings intentionally never paid more than 3% interest\(^{14}\) but inflation, while erratic in pattern, was significant in total, rising about 50% through the war years.\(^{15}\) Hence the incentive to invest in Britain's defense could never have been anticipation of appreciable capital growth or enhancement of income. The security of the nation and the prospect of a stake in its peaceful future were all that wartime savers required. As one expressed it, 'If you are going to save, the Post Office is the best place, because the private concerns will crash first. If there is any money to be had, the government will have it'.\(^{16}\)

With the outbreak of war all house building ceased and the demand for new mortgages was brought to a standstill, causing a rapid upsurge in withdrawals from building society accounts. The Building Societies Association (BSA) immediately expressed grave concerns that its members would suffer severely from a wholesale transfer to National Savings. Urgent representations were made to the Treasury for permission to offer more inviting terms but were promptly rejected.\(^{17}\) The anxieties would transpire to be an overreaction and the BSA's exertions superfluous since with subsequent rapid escalation in wartime income-tax rates building society interest, which was tax-free, would become increasingly attractive to investors.\(^{18}\) Between 1940 and 1945 deposits gathered momentum in parallel with other forms of savings and the number of account holders grew by 45% - from 2,088,000 to 2,965,000.\(^{19}\) These savers were aware and content that the societies were required to retain the bulk of their funds in loans to assist the war effort and they too would be investing in Britain.

\(^{13}\) Appendix VI
\(^{16}\) MO, TC57 2A, 25th October 1939
\(^{17}\) Building Societies Association Archives (BSA): Minutes of Council Meetings, Entry 19th September 1939
\(^{18}\) See Chapter 4 re wartime taxation
\(^{19}\) National Savings and Investment Archives (NSI): *Report to the House of Commons of the Committee to Review National Savings*, under Sir Harry Page, (Page Report), (HMSO, 22nd June 1973), Table 14, p. 266
Recorded wartime savings related comments were consistent: 'I am much more careful ... spending less ... regarding the money as the government's'; 'I feel guilty if I spend'; 'We save more money, but only because the government have asked us to'; 'If my little helps, I'm glad to do it'; 'Now I consider the effects on shipping space of the purchases I make; I make no fetish of this consideration, but I do let it weigh when contemplating articles above five shillings.' This prevailing mindset was engendered by deeply ingrained senses of duty to King and country: the raw material upon which Winston Churchill had worked in his legendary wartime speeches. He and others created the indisputable belief that the unique god-given qualities of those born in these islands would guarantee restoration of peace and plenty for eternity. The actor and film director Leslie Howard (1893-1943), until his untimely death a popular and eloquent broadcaster, expounded the British character as '...the best there is in human nature [with] the qualities of courage, devotion to duty, kindliness, humour, cool headedness, balance, common sense, singleness of purpose ... and idealism.' Vain, arrogant and overstated as these sentiments now sound, in a proud united Britain confident of victory they stood unchallenged, in the face of ubiquitous belying evidence.

In the aftermath of the First World War there had prevailed deep-felt and demoralising anti-war sentiments, mourning the cream of a generation who had been all but wiped out, not only brutally but, as has been widely suggested, with inadequate cause. Eric Hobsbawm is convinced that 'most men who served in the First World War... came out of it as haters of war.' We are often reminded how in the years of depression and unemployment which followed 'the phrases 'homes for heroes to live in [and] the war to end wars' [had] aroused an exceptional bitterness'. The death-toll of the Second World War although numerically lower was none the less devastating, but its effects on post-war emotions were in general of a different hue. Ridding the world of the threat of Nazi oppression became in the eyes of the British people, not totally

---

20 MO: FR 1053, 'Savings Survey (Working Class)', November - December 1941, p. 10
21 Richards, Jeffrey, Films and British National Identity: From Dickens to Dad's Army, (Manchester University Press, Manchester, 1997), citing Leslie Howard, 'Shopkeepers & Poets', (Broadcast 14<sup>th</sup> and 15<sup>th</sup> October 1940), p. 15
unreasonably, their just and righteous triumph of good over evil and no opportunity was lost to encourage and exploit the feeling of heroic, but simultaneously self-deprecating satisfaction. The critic C. A. Lejeune reviewing ‘The Way to the Stars’ (1945), scripted by Terrance Rattigan, and arch-typical of the ‘stiff upper lip’ school of filmmaking, praised it with the words: ‘These people are real people; they do not make much of their private emotions’.24

For a decade or more the film industry, in common with the entire spectrum of political, commercial, literary and entertainment media created a plethora of imaginative variations on the theme of Saint George, not only slaying the fascist dragon, but doing so without flinching or deviating from the time-honoured rules of English chivalry. The gentlemanly patron saint usually appeared in RAF uniform, had an exaggerated Oxford accent, ‘ran rings round the humourless, ranting, dunderheaded Hun’,25 and never for a second lost his calm and composure. Via a succession of celibate, plain-living, stereotypes the cinema upheld the military tradition that ‘a nation is put in peril when its young men are corrupted by luxury’.26 Many popular films added no mean measure of imperial and patriotic heroism. Even the best of our allies lacked those unique qualities of finesse, dignity and modesty which had made the British the rightful masters of a mighty empire and the sole and decisive victors in the war.27 Few could have been unaware that that was hardly the case in a Britain of ration books, bombsites, and black market. Jeffrey Richards commented so aptly in this context that the cinema, then at the peak of its popularity,28 ‘deals in drama, dreams and myths’.29

So emotive was the fantasy that for a few years Britons as individuals often convinced themselves that they were not just the gallant executives of the destruction of a godless alien but the embodiment of a continuing virtuous spirit of glory. When the

24 Richards, (1997), citing The Observer, p. 87
25 Ibid, (re Night Train to Munich (1940)), p. 89
28 Ibid, 1946 attendances were a record 1,635 million at 4,709 cinemas, p. 148
29 Richards, (1997), p. 41
war ended *The Times* had no need to remind its readers that ‘the British rose to the full stature of their ancient greatness’. Many actually felt bound to behave, or be seen to behave, in a manner befitting that image of stoic restraint so lauded in the wartime broadcasts of Leslie Howard, George Orwell, J. B. Priestley and others offering discourses far more nationalistic than patriotic in tone.

That such arousing sentiment did not in general incite excessive xenophobia or social unrest, as had similar appeals to nationalism in Germany not so long before, can be argued, at least in part, to be due to attitudes to personal finance. A great number of British pockets were lined with the rightful spoils of victory yet untainted by the temptations of abject conspicuous consumption, a thing of the not too distant future. Meanwhile, regular church-going, thrift and self-help, things of the not too distant past, remained everywhere in evidence. For the dutiful and the industrious, there were lives, homes and British society to be rebuilt, and until they were there was neither the inclination nor the time to seek alternatives to self-denial. But as will be seen, Britain was not wholly peopled by the dutiful and the industrious.

Anthony Howard’s often quoted reference to the ‘greatest restoration of traditional social values since 1660’ was a reality. While the Restoration of the Monarchy then brought about a new spirit of seventeenth-century style patriotism and revival of noble status, in 1945 the restoration of peace many of the restored social values were closer to those practised in Elizabeth Gaskell’s satirical novel, *Cranford*. ‘There’, to complete the quotation at the head of this chapter, ‘economy was always ‘elegant’ and money spending always ‘vulgar and ostentatious’; a sort of sour-grapeism, which made us very peaceful and satisfied.’ Economising down to those necessities considered essential to the retention of social status was gently mocked as an inevitably futile attempt to resist all the temptations of consumption.

---

30 *The Times*, 8th May 1945  
32 Anthony Howard in Sissons and French, (1963), p. 31  
33 Howard probably had in mind revival of the pre-war class structure.  
34 Gaskell, (1998), p. 3
Mrs Gaskell could satirise the pretext of avoiding inessential expenditure as irrational, because what constitutes a necessity inevitably depends on the lifestyle of the individual. English contract law has long recognised this view and makes no distinction between conspicuous and any other form of consumption. In the most celebrated case pursuant to the Sale of Goods Act 1893 it was held that certain goods purchased, including eleven fancy waistcoats and other luxurious clothing, which most people would consider gross extravagance and intended for nothing other than to be conspicuous, were held to be ‘necessities suitable to the condition of life’ of a particular individual. Although an infant (under 21) at the time of the contracted sale, the defendant, referred to simply as Mr Inman, was held liable to pay his Savile Row tailor’s bill of £145 10s 3d (an enormous sum at the time) for ‘clothing suitable to a Cambridge undergraduate of the period’. The judge properly did not accept the relevance of whether or not the student’s consumption might be deemed conspicuous or of any other emotional or moral issue which could be attributed to that question.

To precisely define what is meant by consumption, or specifically which forms of it are conspicuous, proves an extremely formidable task. The distinguished historian Peter N. Stearns introducing his study of consumerism attempted a definitive interpretation, but one which can be seen to be highly flawed. The inadequacy of this and many similar definitions add considerable weight to the argument that the fruitless practice Mrs Gaskell described was the precise antithesis of conspicuous consumption. Stearns’s definition evidently excluded ethereal or non-conspicuous consumption when he claimed: ‘Consumerism describes a society in which people formulate their goals in life partly through acquiring goods that they clearly do not need for subsistence or for traditional display’. He makes the common error of confusing his moral distaste for extravagance, waste and greed with historical evidence. However desirable might be an alternative to the society Stearns describes, in reality it has never existed and could never exist. Mankind has acquired unneeded personal ornamentation since primitive times; well before the establishment of traditions. Nor are a person’s needs something which can be defined clearly.

---

35 Nash v Inman, 2KBI.CA, 1908
Elegant Economy' and Conspicuous Consumption

Examples, like the case of Mr Inman, of one man's needs being another's luxuries are legion. Christopher Berry devoted his lengthy and thoroughly researched work *The Idea of Luxury* to the inconclusive attempt to differentiate between luxury and necessity, citing in particular the anomalies governments have always encountered in defining luxuries for taxation purposes.³⁷ Stearns' definition is a paradox. Taken to its logical conclusion, each person in a society lacking the consumerism he defines, would constantly vary his or her diet daily to precisely equal the 'need' to replace expenditure of energy and change clothing with the 'need' dictated by the smallest variations in temperature. That would create an undoubtedly 'consumerist' society. What Stearns is saying is that a consumerist society is one prone to what he considers to be conspicuous extravagance and therefore its antithesis is one where people consciously attempt to avoid or conceal consumption, except when they themselves consider it socially acceptable as being needed or traditional; precisely as did the ladies of *Cranford*.

In post-war Britain the practice of 'elegant economy' was not limited to a few ladies in a quiet village endeavouring to establish their claims to gentility via ostensibly minimal consumption. Cullum Brown observes that 'Suburban ordinariness reached its apogee, enjoyed by older generations as the prize for enduring two world wars and a prolonged economic depression'.³⁸ Irrespective of generation, many of those enjoying ordinariness were, in reality, also enjoying the financial 'prize'. In some cases private wealth was being rapidly amassed on a substantial scale,³⁹ but amidst a war-torn environment inappropriate employment of this unfamiliar fortune often involved private tensions and embarrassment. A simultaneous return to Christian piety on a scale unprecedented for over a century⁴⁰ can be interpreted as both a cause and an effect of this disorientating situation. After the war 'traditional values of family, home and piety were suddenly back on the agenda'. Against the background of austerity,

---

Christianity experienced the greatest annual growth since the eighteenth century in membership, Sunday school enrolment, baptisms etc.\textsuperscript{41} The churches had not in living memory had such an opportunity to preach humility and self-denial. Financial prudence was next to godliness.

Post-war ‘sour-grapeism’ can also be understood to have been a form of private consolation for the frustrations of depressing times which might have been gained from pious satisfaction with self-denial. It was not the overt expression of embitterment or jealousy defined by the dictionary as: ‘when a person is heard to disparage something which it is suspected he would be glad to possess if he could’.\textsuperscript{42} Sour-grapeism was, in particular, a gesture of feigned independence in a Britain in economic crisis and reliant upon American aid for survival.

Beyond piety and private restraint, the British people remained unshaken in their conviction that they were triumphant victors, heirs to the riches of empire, and rightful beneficiaries of wealth-producing, although already waning, traditional industries. It was totally unacceptable that they should resort to charity and express gratitude to their transatlantic benefactors who had suffered no bomb shelters, blackouts nor blitz. In defiance of privately coveted pleasures and benefits, conspicuous consumption itself became an inferior and unwanted American import. More than a few publicly expressed their contempt. In 1946 George Orwell selectively abhorred ‘the brutal violence of American imports, with all their tawdry overtones of dance halls, movie palaces, cheap perfume, false names and stolen cars’.\textsuperscript{43}

Orwell is reputed to have been among the greatest thinkers of his time but his argument on this occasion is purely based on irrational nationalistic emotion and unoriginal in its concept, since fear that society might be undermined by personal extravagance and immodest lifestyle was far from new in the 1940s. Contrived, self-righteous and often hypocritical censure of pretentious employment of private wealth

\textsuperscript{41} Brown, (2001), pp. 172-173
\textsuperscript{42} \textit{Shorter Oxford English Dictionary}, (1973 ed)
1  'Elegant Economy' and Conspicuous Consumption

can be observed in Britain's ethical, legal and religious traditions over many centuries. In order to appreciate how these deep-rooted feelings resurfaced in the age of austerity it is necessary to review something of their history.

Overt display of riches has been denounced as sinful by the Christian church, at least since the 13\textsuperscript{th} century when Franciscan brothers first arrived in England preaching the virtues of poverty. Secular laws to regulate conspicuous consumption, in particular luxurious dress and dining, date from 1336 when those below the rank of ‘knight and his lady’ were banned from wearing furs and their meals restricted to two courses.\textsuperscript{44} Hugh Latimer in his famous sermon of 1548 claimed that ‘excessive pride in apparel is odious’, while in 1583 Phillip Stubbes attacked ‘the sinne of pride and excesse in apparel that induceth man to wickedness and sinne’.\textsuperscript{45} The twenty Sumptuary Acts passed through the reigns of Henry VIII and Elizabeth I were intended to restrict the ‘sumptuousness’ of dress, dining and other types of extravagance, not for reasons of religious or moral conviction but out of ‘fear for the impoverishment of the landed classes and loss of patrimony through extravagant consumption’.\textsuperscript{46} These limitations on private expenditure did not excuse the nobility from the obligations to always display appropriate insignia of rank and status and to pay taxes in accordance therewith.

Also dating from the first Elizabethan era, Puritanism was much in evidence in many parts of Britain. Puritans defined the superiority of their brand of Christianity with an excessive public display of abstention and frugality, but in practice evidently were little more than trouble-makers aiming disgrace any profanity they perceived in others. In 1591 the citizens of Rye became concerned about the appearance of a ‘smale sect of Purytanes, more holy in shewe than in dede’.\textsuperscript{47} The descendants of this sect would, for two centuries, leave a trail of human misery but their uncompromising and ruthless trading activities helped bring both themselves and the cinque port to wealth and prosperity. Having done so, following the ‘cultural revolution of the

\textsuperscript{44} Hunt, (1996), pp. 2, 3 and 299
\textsuperscript{45} Ibid, citing Latimer’s Sermon and Stubbes’ \textit{Anatomie of the Abuses in England}, p. 81
\textsuperscript{46} Ibid, pp. 29, 299, 309, and 314
eighteenth century ... they left the austerity and self-denial of small-town Puritanism behind'. Nonetheless, traces of the influence of similar puritanical doctrines of unwarranted display of modesty and self-denial can be detected in the British character to the present day.

At the beginning of the eighteenth century the political philosopher, poet and satirist Bernard de Mandeville (1670-1733) was among the first to comment upon the widespread insincerity in the commonly professed contempt for riches, observing that conspicuous conservation and frugality were 'virtues of dubious benefit to mankind'. He was also among the first to accept the principle that the trade promoted by extravagant expenditure produces many social advantages but as a true believer he simultaneously argued that the 'good/Christian society meant one where ease and comfort are not enjoyed and where power and plenty are absent'. De Mandeville's poem *The Fable of the Bees* illustrated his dilemma with such poignant lines as:-

*Luxury Employed a Million of the Poor*
*And Odious Pride a million more*
*Envy in itself, and vanity*
*Were ministers of industry*.

The sincerely religious De Mandeville had been influenced by the pioneer economist and hardened entrepreneur Nicholas Barbon (1637-1698), who had argued decisively that it is the 'wants of the mind, fashion and desire of novelties and things scarce that causeth trade'. In the twentieth century John Maynard Keynes (1883-1946) was still struggling to come to terms with the 'paradox of thrift' as he referred to De Mandeville's problem.
Status seeking via conspicuous modesty and economy had become a feature of Victorian England, popularly recognisable enough to be among the principal butts of Mrs Gaskell's best-selling gentle satire. *Cranford* is set in an era when Victorian moralists like Samuel Smiles, who in common with all of similar persuasion, before and since, came from a wealthy supportive family, were preaching self-denial and abstinence to the poor as the routes to 'self help'. Smiles himself was to become the subject of much, largely posthumous, derision for his hugely-popular works *Self Help* (1859) and *Thrift* (1875) among others, which extol the virtues of the frugal lifestyle.\(^{54}\)

The American social historian Gertrude Himmelfarb wrote that it is a myth that British Victorianism was 'ruthlessly materialistic' citing the 'enormous surge in social consciousness and philanthropic activity'.\(^{55}\) The materialism of the period was certainly not a myth; it was simply not on public display. Ralph Waldo Emerson wrote of a visit to England that 'there is no country in which so absolute homage is paid to wealth' and Hippolyte Taine was 'appalled by the ruthless money-worship'.\(^{56}\) These observations by distinguished occasional visitors to Britain would imply that the rich, while extolling the virtues of charity, did not consider it in their interests to conceal their wealth from their peers. There exists an inordinate amount of extant evidence of the incomparable private lifestyles of the rich and poor in Victorian Britain in both quality and quantity of material possessions. A visit to the Geffrye Museum in London devoted to the history of the English domestic interior, for example, will dispel any doubt about the contrast.\(^{57}\) An interpretation of Himmelfarb's thesis might be that while 19th century 'philanthropy and social consciousness' involved open display of charitable subscription and voluntary works in order to publicly imply self-denial and selflessness, it remained a social necessity to maintain the private material trappings and symbols of status. Yet the upper and middle classes openly professed Christianity and poverty was a virtue idealised by Christ himself. Samuel Butler (1835-1902) highlighted this Victorian social paradox in his incisive satire *Erewhon*

---

\(^{54}\) Matthew, H.C.G., 'Samuel Smiles, (1812-1904)', in *Oxford DNB*


\(^{56}\) Sampson, (1965), citing Emerson, p. 16

\(^{57}\) Geffrye Museum, Shoreditch, London
describing how the virtuous of his utopia, which he equates to England, went to great
lengths to be seen depositing worthless colourful notes in the 'Musical Banks'
(churches) while their legitimate financial transactions were inconspicuous and in a
currency of more practical hue.\footnote{Butler, Samuel, \textit{Erewhon or Over the Range}, (Signet Classics, New York, 1960, (First published 1872)), pp. 113-123}

Butler's parody, in particular, exposes the absurdity of those who endeavour to endow the possession of money itself with beneficial or pleasurable qualities.

Similar characteristics describe what is thought of as a miser. Although based on the excessive practitioner of parsimony, of whom there doubtless have always been more than a few in Britain, the true miser was probably never anything other than a mythical beast of Victorian fiction. In his youth Charles Dickens (1812-1870) writing \textit{Oliver Twist} (c1837) portrayed Fagin as a supposed stereotype living in squalor and deriving no benefit or pleasure whatsoever from his ill-gotten gains. Dickens's later creations are not given to quite such evil avarice. In his last completed novel, \textit{Our Mutual Friend} (1865) he appears to have perceived the myth and employs his trenchant wit to destroy it. The concept that the generous 'Golden Dustman', Mr Boffin, might acquire a library devoted to the lives of misers is relentlessly ridiculed.

Daniel Dancer, a protagonist in the nonsensical \textit{Merryweather's Lives and Anecdotes of Misers}, economised by '[warming] his dinner by sitting on it. [Dancer] stowed two thousand five hundred pounds in a dung heap in the cowshed' and other large sums in inappropriate and unsavoury hiding places.\footnote{Dickens, Charles, 'Our Mutual Friend' (1864), in \textit{Complete Works}, (Edito-Service S. A. Geneva, undated), Volume II, pp. 60, 77 and 78} Possibly the closest post-war comparison to misers were tax evaders and black marketeers who, like Fagin, could do nothing with their fugitive funds except place them in secret but often insecure hiding places or in some cases joylessly gamble or fritter them away. Nonetheless, there can be little doubt that some did manage to avoid detection and benefit from post-war illegal activity.

By the end of the nineteenth century and into the Edwardian era, it is evident that open demonstration of material wealth had reverted to being a greater mark of social status
than contrived modesty was evidence of virtue. Prior to the First World War acceptance of rigid class stratification intensified and middle and upper-class lifestyles demanded the display of financial substance via possessions and sartorial appearance as much as or even more than ever before.\(^6^0\) Class convention remained potent enough to prohibit the few among the lower classes or of lower-class origin who could afford to do so from publicly competing with their ‘betters’. A low-born aspirant to gentility would have required a strong will to break free from a life of false modesty; although the working classes, in general, appeared to take pride in the deliberate inferiority of so-called ‘decent’ dress well into the twentieth century.

There were those among the rich and aristocratic who chose to practise individualistic forms of public humility, purposefully dressing in shabby clothing and cultivating an unkempt appearance. Such ‘English eccentrics’ evidently went to some lengths to endure unduly comfortless lifestyles, but the rationale behind their self-deprecation is uncertain. Possibly it was a statement of protest at the ostentation of their peers, a fear of inciting envy of their wealth, or a show of Christian piety. Whatever their reasoning, eccentrics remained socially acceptable only while there was a common awareness of wealth implied by a title, family reputation, estates or other substantial possessions. On the other hand it is not inconceivable that their strange behaviour was sometimes financially motivated. The down-at-heel American hero of Mark Twain’s short story *The £1 Million Bank-Note* benefited enormously from the unique phenomenon of English eccentricity. Admired and respected as a ‘foreign crank who carries million-pound bills in his vest pocket’, he was soon hardly able to cope with the wealth forced upon him and finds himself ‘living like the rich and the great’. He was created a ‘living legend [by] the illustrated papers’ and became wealthy, simply because he was believed to be so.\(^6^1\) For all the improbability of the story, he would not have been alone in Britain in deriving his fortune from perceived eccentricity.


In contrast to the prior era, the 1920s are notoriously characterised by flamboyant extravagance among certain groups in the upper classes and *nouveaux riches*. Their opulent lifestyle soon became the subject of strong moral indignation in a now widely circulating popular press. In deference to an atmosphere dominated by a terrible legacy of war casualties, followed by economic slump and depression, many wealthy people did consciously choose to discreetly curb lavish entertainment and other forms of ostentatious consumption. It was a period in which unseemly display of wealth of any kind aroused strong feelings. In *Cider with Rosie*, Laurie Lee describes how soon after the First World War an émigré returning from ‘the Colonies’ was brutally murdered for excessive boasting of the money he had made and displaying contempt for his village contemporaries who still ‘slogged for the squire ... for a miserable twelve bob a week’.

Through the 1930s attitudes gradually changed during the comparatively brief interval of increasing availability of credit and growing general prosperity to be further discussed in the next chapter. These changes are often thought of as a seminal rebellion against the Victorian moral, religious and social conventions which lauded the virtues of unpretentiousness. As the decade progressed a trend towards wider acceptance of conspicuous consumption could be detected as a growing proportion of the population found themselves in a position to take advantage of greater opportunities to purchase homes and enter new markets for mass-produced so-called consumer goods.

There seems to be no more consensus of opinion on a precise definition of ‘consumer goods’ than of consumerism itself, except that they are usually considered to be material and for private use. While expenditure on these and similar essential commodities has always proved unavoidable for all above the poverty line, in a modern society the lion’s share of personal or family income is not and cannot be disbursed on these tangible acquisitions. The benefit which results from the majority of financial disbursements is intangible and inconspicuous: payment of taxes, insurance premiums, mortgage and loan interest, rents, utilities, charitable

---

63 See Chapter 2, re interwar mass-production
contribution, cultural pursuits, education, healthcare, entertainments, sport, gambling, savings and investment etc. The ratio of expenditure on the non-material to the material inevitably rises with the prosperity of the individual or family. The more affluent they become the smaller the proportion of their income and capital will normally be employed for material acquisition.

Still historians seemingly dismiss non-material expenditure as insignificant although it has undeniably for centuries progressively become more influential and essential to life in every type of community. Conversely consumerism in terms of tangible goods and mundane activities has been subjected to precise and detailed analysis not only by historians but by researchers in many other academic fields. While not disparaged and discussed where relevant, material items and commodities will be regarded here as of lesser significance. The consumption of tobacco, for example, has been studied in depth elsewhere64 but in the period under review it was so commonplace as to be intricate to the basic British budget. Smoking is therefore classed along with food, beverages, alcohol, clothing, cosmetics, hygiene and cleaning products etc. as material consumption and treated sparingly. It is further asserted that the significance of expenditure on so-called consumer durables has, in particular, often been over-emphasised and misplaced. If they are truly durable purchase often might take place no more than once or twice in a lifetime. The depreciation and maintenance costs of long-lasting items such as functional furnishings, refrigerators and television sets normally prove negligible while the acquisition of antique furniture and many other practical objects of value prove indistinguishable from investment.

The largest and most important single item of expenditure in the lifetime of an individual is usually the purchase of his or her home. While a house or flat is of course tangible and conspicuous, for twentieth-century Britons the investment factor in its acquisition came to override its significance in satisfying the basic need for shelter. Owner-occupation involves not only by far the most persistent inducement to attention to personal financial affairs, but might lead to change in social status and lifestyle. House purchase, its finance and its alternatives are therefore here to be to

---

considered non-conspicuous and intangible consumption and given particular attention since attitudes which evolved from post-war roots remain of great significance to the present day.

To any responsible individual, then, prioritising and budgeting for non-consumer outgoings has become increasingly of paramount importance. During the period of austerity when virtually all goods and services were in desperately short supply and everyone was constantly reminded of their duty to support the drive to reconstruct the economy, attitudes to financial disbursement took on unique emotional and moral dimensions. Saving and expenditure involved decisions which might reflect on the reputation of the individual or family. The payment due upon the weekly visit from the local representative of the National Savings Committee (at their peak numbering 185,000 with 7½ million members) had for many become a matter of close to religious significance. Sir Harold Mackintosh's dynamic wartime publicity drive was not above exploiting that phenomenon in a country returning to its Christian roots, by using such slogans as 'Join the Crusade' and 'Give Thanks by Saving'. The agents of the revered life insurance companies unfailingly called on millions each week offering 'home service' with pious reminders of the gravity of family responsibility. To miss the weekly subscription at the local pub's Christmas club, invariably invested in National Savings, constituted a letting down of the side that might weigh heavily on the conscience. Even those able to afford indulgence in the rare luxuries available also often thought long and hard about the evidence of suffering and deprivation all around them and chose saving over spending. How such personal dilemmas manifested themselves in the context of the times will be explored throughout this study.

---

65 National Savings and Investments Archives (NSI): Peak figures 1960, Leaflet dated 24th April 2003, Mark Brooks
66 See Chapter 3, p. 84 et seq.
67 NSI: See illustrations: 'Join the Crusade' (Frontispiece) and 'Thanksgiving Week' (c1946)
68 Prudential Group Archives, (PGA), see p. 100
Thanksgiving Weeks were held between 15th September and 8th December 1945; the last of Lord Mackintosh's special wartime promotional campaigns.69

Although other factors are often forwarded (birthright, education, lifestyle, traditions, speech, manners, taste, etc.) it is to be argued that the level of personal or family wealth by far outweighs all else as the principal determiner of class. Those who do not or cannot demonstrate financial means are rarely acceptable within any social group. As Veblen put it, 'the only practical means of impressing one's pecuniary ability on these unsympathetic observers one's neighbours, [i.e. ones peers] is an unremitting demonstration of ability to pay'.70 Albeit on different scales, similar tensions related to the acceptability of financial status to some extent inevitably affect all classes.

While the British class system defies precise definition, it is incontrovertible that until the early 1970s the social standing of the vast majority was crystal clear. But as has so ably been demonstrated by Richard Hoggart, Ross McKibbin and others, upward

---

69 See Chapter 3, p. 85
social mobility remained comparatively seldom aspired to and those perceived to be attempting it widely despised. Hoggart claims that imitators of the middle classes were regarded as traitors\textsuperscript{71} and undoubtedly that would have been especially so if their route was via conspicuous consumption. The findings of John H Goldthorpe et al, 'clearly show[ed]' how to the manual workers studied in their survey economic advancement was of 'paramount importance'.\textsuperscript{72} Goldthorpe also emphasised that such advancement did not tend to change social relationships but was leading to a diminution of the distinctiveness of the working class as a social entity.\textsuperscript{73} Assimilation with middle-class attitudes and way of life was neither found to be in progress nor a desired objective of the working classes in the early 1960s.\textsuperscript{74} It would seemingly follow, even in the light of the substantial evidence of wider distribution of financial resources, that that was less the case in the 1940s and 1950s. Yet in a Gallup Poll conducted in 1948 only 46% described themselves as working-class, 13% lower-middle class and 36% middle to upper-class.\textsuperscript{75} These results might imply that a majority by then envisaged their lifestyle outside that of the working class and, as Geoffrey Gorer concluded in 1955; large sections were then sharing middle-class values.\textsuperscript{76}

The attitude of the diminishing upper classes to their 'old' money, their estates and servants was one of feigned unawareness to post-war change. They fervently maintained to the last that it was vital to preserve anachronistic practices and standards. The Queen ceased honouring her commitment to receive debutantes in 1959\textsuperscript{77} but extravagant 'coming-out' balls continued until well into the 1970s. In 1964, the average cost of the banquets was estimated at £3,000\textsuperscript{78} but an elite few maintained that the grandeur of the aristocracy had to be preserved by marriage at any price. Realistically, participation in 'the season' had become affordable only by the

\textsuperscript{71} Hoggart, (1992), p. 78
\textsuperscript{73} Ibid, p. 9; Hoggart, (1957), p. 78
\textsuperscript{74} Ibid, p. 157
\textsuperscript{75} Lewis, Roy and Maude, Angus, \textit{The English Middle Classes}, (Alfred A Knopf, New York, 1950), p. 9
\textsuperscript{76} Richards, (1997), citing Gorer, p. 18
\textsuperscript{77} Sampson, (1965), p. 16
\textsuperscript{78} Todd, (1966), p. 14
aristocratic families that survived into the second half of the century and preserved
their heritage through financial prudence or involvement in commerce or industry.
Increasingly they found their choices were the world of once despised trade,
displaying family homes and personal possessions as historical curiosities, or
transforming private properties into public pleasure parks.

According to the historian Kitson Clark it had once been possible to 'buy' a place in
the upper echelons of society which had 'constantly been refreshed by wealth
acquired in commerce and industry'.\textsuperscript{79} But Ross McKibbin pointed out that
businessmen were absent from the interwar salons of society hostesses because they
were not interested in or did not have time for 'this kind of world'.\textsuperscript{80} They had, he
claimed, less desire or need to utilise their hard-won wealth to purchase social status
per se. Post-war, those who succeeded in business and industry would normally
prioritise the purchase of an affluent and sometimes opulent lifestyle, but upward
social mobility always retained its attractions. As faith in the omnipotence of state
welfare waned those with sufficient fortune turned increasingly to philanthropy; most
happily accepting the status enhancing honours and titles as well as the invitations
from the great and good which flowed from their generosity.

In the 19\textsuperscript{th} and early 20\textsuperscript{th} centuries the discernible upper-middle classes remained an
exclusive club. They, in essence, defined themselves by their standing in the 'non-
productive' professions: government, the armed forces, medicine, the law, the church,
merchant banking, academia, etc. With the passage of time their ranks were swollen
by the captains of industry and by the practitioners of new professional disciplines
created by unprecedented demand for diverse specialist skills. For these aspirants the
only ticket to acceptance by the 'upper echelons of society' remained the display of
substantial wealth usually accompanied by an affluent lifestyle.

The newly affluent worker might be defined as one who had been able to command
sufficient reward for semi-skilled or unskilled labour to aspire to some of the
trappings of modernity and accumulate a measure of capital through savings or equity

\textsuperscript{80} McKibbin (2000), p. 26
in the home he owned. Most falling within that definition never raised their aspirations beyond the traditional lifestyle of their class. In the north of England where the fear of poverty and unemployment tended to be greater than in the south there was a particular reluctance to yield to middle-class attitudes or to modernity. As has been observed where financial strength was attained it was rarely with the deliberate aim of absorption into the middle classes, although passively that often proved the effect. The more ambitious sons and daughters of working-class homes, however, in accepting desk-bound positions often came to accept the redundancy of the mores of the manual labourer and yielded to the lure of modernity.

The Labour Party and trade unions assumed loss of support would result from changing attitudes and endeavoured to oppose consumerism by romanticising the proud and positive features of working-class life: community spirit, camaraderie, pride in manual skills, family ties, etc. By 1957 these attempts to halt progress by evoking dated class symbols and partial myths was of little interest to a generation exposed to new technology and popular art. As Bernard Shaw's enlightened industrialist Andrew Undershaft\(^1\) had foretold half a century earlier, obsolete tradition would, with every scientific finding as well as with every artistic creation, come to bow before the expectancies of the individual. Neither the persistence of working-class tradition nor the growth of white-collar trades unions with blue-collar attitudes could prevent large sections of the post-war generation evolving or becoming absorbed into a new middle class defined by financial status. Thus in the period under review class distinctions remained clear-cut although poised for change and greater emphasis must be placed on similarities rather than differences. In at least one matter all classes are indistinguishable – they can never eliminate demand.

---

61 See citation at the head of this chapter
62 Elliot, (1962), p. 211
derived from its consumption, use or ownership. Vance Packard evidently believed that it was possible to change tastes and desires through aggressive advertising but presented a clear case to the contrary when arguing on ethical grounds against ‘selling to the subconscious’. But the subconscious can only be formed by past experience and that experience pre-creates the expectancies which are the bases of all demand. The advertiser or salesman has no choice but sell to the subconscious and Packard, of course, is unable to suggest any alternative method of salesmanship. Ernest Dichter argues extremely well for psychological expectancy when he states that it is up to the salesman to ‘sell me not a car but a positive philosophy of life’, and up to me ‘to prove that ... we are living in a world built on individual initiative’. English law has for centuries proclaimed its stern warning, caveat emptor: let the buyer beware, but for the consumer the overriding influence has for far longer been the more powerful and emotive concept, credat emptor: let the buyer believe.

For a highly a dramatic example of the difference between the real value of a physical object and its perceived romantic value, the legendary epitaph to the film The Maltese Falcon can be cited. When asked what was the crude and worthless ornament, over which fortunes had changed hands and lives had been shed, Humphrey Bogart famously responded ‘It’s the stuff that dreams are made of.’ For a more mundane example of ethereal consumption, where the value is intangible and often indefinite, protracted or postponed, we can look at the insurance premium. A payment is made out of faith that some unquantifiable financial compensation will be received at an indefinable future time, in the event of a theoretical and improbable loss. The premium is rewarded tangibly with nothing more than a few sheets of paper, worthless in themselves, but which can create comfort or security of enormous value in the mind of the policy-holder. All demand and consumption, however modest or seemingly practical, can be demonstrated to be similarly stimulated by subconscious desire and fantasy.

John Huston, Director, The Maltese Falcon, (1941): Sam Spade (Bogart) misquotes Shakespeare, ‘We are such stuff as dreams are made on’, (The Tempest, Act IV)
In subsequent chapters it is intended to explore how social and political pressures and events stimulated the patterns of demand which resulted in either spending or saving. In order to help clarify the complexities and diversities of these patterns, the anticipation of benefit or pleasure on disbursement of money can be divided into three categories. Demand can be motivated by emotions: including fear, hope, addiction, nostalgia, ambition, love, and hate; by conventions: including social and peer pressure, status seeking, class consciousness, religious and national tradition; or by romanticism: including images conveyed by literature, broadcasting, films, and other remote media as well as the inexorable oral legends, nursery rhymes and fairy tales which we all learn in childhood. The specific and sole objective of all forms of publicity and advertising is not to create new expectancies but to exploit pre-created desire. No advertisement can be effective unless it offers assurance that the personal expectancies of its time can and will be delivered. It is therefore an essential indicator of contemporary aspiration and some of the commercial publicity of the period will be considered and commented upon in later chapters.

All three classes of motivation for demand can be thought of as conspicuous or otherwise, because whether or not that is so is also in the mind of the consumer. The term ‘conspicuous consumption’ was coined by Veblen to refer to that consumption the aim of which is the satisfaction to be derived from audience reaction to, as he puts it, ‘demonstrating the possession of wealth [and as such is] a waste of time, effort or goods’. But as Christopher Berry explains it is not ‘pointless’ in that it can in some circumstances be a social necessity. Since Veblen’s audience, although it might be specific, is more usually uncertain or imaginary, it follows that conspicuous consumption is most frequently stimulated by conventional expectancy: the consumer’s belief that he or she is acquiring insignia respected by the society in which he or she lives. The object is to gain approval, recognition or establish reputation, most commonly within a peer group, through the ownership and display of these emblems of wealth, success or achievement. Purchases stimulated by emotional and romantic expectation are primarily for personal gratification and not usually

---

86 Veblen, (1924), p. 85
87 Berry, (1994), p. 30
consciously intended for the benefit of an audience, but that often transpires to be a secondary result. All forms of expenditure can therefore be stimulated by any one or any combination of the three.

Extreme poverty, where the motivation for the usage of money is base necessity leaving no scope for satisfaction of expectancies since the element of choice is totally eliminated, is intentionally given no prominence in this thesis. Expectancy is a relevant factor to all consumers irrespective of the depth of their pockets. Rowntree and Lavers's post-war research demonstrated that the number falling below their considered and defined absolute poverty line had, in York, fallen to less than \( \frac{1}{2}\% \) by 1949-1950.\(^8\) In 1950 Clement Attlee stated that 'real poverty has already been abolished'.\(^9\) Whether either was completely true is debateable, but for the vast majority in Britain some measure of choice in their use of even the smallest personal means was always available, as it had been for some centuries, albeit now bounded by austerity measures and controls.

A further integral element of this thesis is to re-examine from a historical perspective the conception, popular with economists of the period, that manufacturers and entrepreneurs influenced or even forced people to use their new-found prosperity to purchase that which they did not want or know that they needed. The most celebrated proponent of that theory is the American economist John Kenneth Galbraith. In his 1958 best-selling work *The Affluent Society* he proclaimed that it is 'obvious [that] production ... actively through advertising and related activities creates the wants it seeks to satisfy'.\(^9^0\) Nothing could be less obvious. What Galbraith, who went on to fiercely attack the advertising industry, much as Packard and later writers did,\(^9^1\) for what he perceived to be its adverse effect on the consumer's independence, failed to appreciate is that a producer has no alternative but to supply an ethereal market,
incessantly changing in size and shape and capable of self-destruction. That market can neither be created nor destroyed via advertising or by any other form of publicity.

Adam Smith referred to the ‘invisible hand’ which directs the individual concerned with his own gain or security ‘to promote an end which was no part of his intention’. That invisible hand is not the promoter or advertiser, but the market itself which unyieldingly raises or lowers its metaphorical thumb in acceptance or rejection of each product, physical or intangible, brought before it, and for every acceptance makes a thousand merciless rejections. That certain products are accepted is because they satisfy the market’s specific yet continuously evolving criteria and for no other reason. No producer worthy of the name would, in anticipation of being able to create demand through publicity, attempt to distribute a product aware of its unacceptability to the market, or produce beyond the scope and dimensions determined by experience or by market research. Would-be entrepreneurs who have tried, and there have been a great many, have without exception failed.

All that advertising and allied disciplines can aspire to achieve is a greater share of a proven market for a specific commodity than that of direct competitors. Advertisers are or should be aware that they cannot create a market in defiance of consumer rejection, whether rational or otherwise. J. H. Goldthorpe et al present a thorough denial of all similar claims, such as the position of the philosopher and social theorist Herbert Marcuse (1898-1975), that ‘affluent workers’ disburse their income in the satisfaction of ‘false needs’ which are ‘superimposed upon the individual’, including the presumably considered superfluous ‘needs to relax, have fun, to behave and consume in accordance with the advertisements’.

According to Marcuse and like-minded theorists, however strongly needs and desires are actually felt they do not arise freely but are the result of ‘manipulation and indoctrination’ by advertisements and mass publicity.

---

93 Goldthorpe et al., (1969), p. 16
That false premise was regularly argued for two decades and longer by J. B. Priestley, using the immense popular influence he had acquired as a result of his wartime BBC radio 'Postscript' talks. Priestley continually railed against what he called 'admass'; a contrived epithet reflecting his uncompromising distaste for all commercialism. To emphasise his disgust at the way he believed advertising was destroying the England he loved, he emotively linked it to the word 'mass'. As a writer and broadcaster, he should have known that to do so would not stand the test of reason. An advertisement is rarely capable of communicating with more than an individual reader, listener or viewer. People do not read advertisements or any other literature en masse any more than they listen to or watch broadcasts in large groups. The firebrand preacher or political demagogue, on the other hand, might manipulate and indoctrinate a mass meeting of hundreds or even thousands by directly appealing to negative factors, including prejudice, superstition, envy, fear, guilt, hate, or might go so far as to attempt mass-hypnosis. Not one of these options is open to the commercial advertiser, whose product will be given no quarter should it fail to answer the respondent's individual expectancy however seemingly convincing the rhetoric of the salesman. The findings of Goldthorpe and his fellow researchers, rather than the theories of Packard, Galbraith, Marcuse or Priestley, are thus supported by this study which maintains that every kind of expenditure is indisputably motivated by emotional, conventional or romantic demand.

Galbraith claimed in the late 1950s that: 'it is the increase in output in recent decades, not the redistribution of income which has brought great material increase in the well-being of the average person'. This is revealed to be an extreme oversimplification in the context of circumstances and attitudes of post-war Britain, which were not as dissimilar to those in Galbraith's America as is popularly supposed. The improvement in personal financial positions that emerged during the war and through the prolonged period of austerity and full employment, evolved slowly but surely over the subsequent decades into a feeling of freedom to demand greater choice. With

96 Galbraith, (1999), p. 79
97 Confirmed by an American citizen
prosperity came the self confidence to spend, not only on the output of industrial production, but on, cultural and many other non-material benefits. It was this confidence which created the well-being to which Galbraith refers. More notably, new financial resources bought the security of home-ownership, savings, life assurance and other investments even though in the period of austerity they were often acquired as reluctant substitutes for unavailable material comforts. The growth of individual confidence and security gave root to ever-widening opportunities for lifestyles that were fulfilled and creative beyond paid employment, which in turn created the phenomenon which can be defined as affluence.

What Galbraith and those of his persuasion appear to denote by that term is simply wider and greater distribution of conspicuous possessions. But that is not affluence. Affluence is a state of mind. It arises at the moment when the individual’s belief in his or her security becomes strong enough to allow saving to be thought of as an investment in the quest to exploit his or her full potential. That potential might, in some cases, involve no more than gathering the material trappings of wealth but equally it can be the catalyst to artistic and literary endeavour, academic achievement, philanthropy, social service, commercial enterprise and many other activities where personal ability or talent, however great or small, is voluntarily employed. While Galbraith’s view that the antithesis of affluence is not to be found in financial deficiency must be accepted, it primarily manifests itself in lack of personal confidence to invest in the future. Affluence is not created by industrial output, which can never do more than respond to the level of investment by the individual. Those, whether or not wealthy, who invent excuses for parsimony and do not accept the benefits of true affluence create for themselves in its stead a perpetual condition of austerity, as did those who in the post-war years, initially quite rationally, had found virtue in excessive restraint but continued to practise ‘elegant economy’ long after it had lost its significance.
There still lingers a sense of loss of respectability. We feel that the opportunity to buy with cash would be better and more straightforward. We never talk to anybody about our dealing with these clubs. Collectors call, and neighbours notice things like that, still we keep it to ourselves as much as possible.
Mass-Observation respondent 1939

The brief review presented in this chapter of changing attitudes to personal finance and expenditure between the wars is not intended to be comprehensive, but simply to highlight how the 1939-1945 war interrupted many developments and trends which resurfaced either revitalised or transformed in the post-war era.

Considered from the perspective of the late 1940s, the attitudes of the prior decade present an ambiguous and complex picture. The two Attlee Governments in their endeavours to perpetuate prudence and thrift exploited fears of a return to the worst financial suffering by which they characterised the pre-war conditions of working-class life. Asked why he thought people had turned against Churchill in 1945, Attlee famously replied: ‘they did not turn against him ... they remembered what happened in the thirties’.2 The Labour supporting Daily Herald criticised Conservative policies as being ‘the traditional methods, which between the wars gave us mass unemployment and widespread malnutrition, which enabled a minority to profit ... at the expense of the community’.3 In similar spirit, the Labour Party platform regularly reminded the electorate of the depression, general strike, inflation, unemployment, slum dwelling, oppressive employers and grasping landlords. Nothing was more calculated to win more votes than evoking memories of excesses of the notorious ‘means test’ to which the unemployed had been subjected for a derisory benefit and denied upon revelation of the smallest savings or assets of miniscule value.

2 Hennessy, (1992), p. 67
3 Daily Herald, 19th May 1945
In 1948, the Labour Party secretary Morgan Phillips instigated a publicity campaign intended to encourage support, once again by reviving pre-war financial nightmares. It recommended the electorate to ‘Ask Your Dad’. The origin of that phrase was identified as being the *Old Testament*, which urged the wise to ‘ask thy father’ to remind them of the blessings of a previous generation. This ill-advised propaganda badly backfired because in conditions of severe austerity, as one newspaper put it: ‘They should not have created a slogan which made people think’. The *Daily Mail* was particularly scathing in its criticism of the campaign, painting an exaggerated, although not entirely inaccurate picture of a pre-war Britain where ‘wage packets went much further’ and ‘a working man could have his own car - but not now’. Unlike the situation in the aftermath of the First World War, technical advancement had brought a taste of modernity largely unknown to the masses before 1914. No matter how ominous the reminders of the bitterness of the interwar years, that addictive flavour would not be vanquished by post-war political rhetoric.

Few survivors of the era have forgotten the horrific world of industry depicted so vividly in Charlie Chaplin’s *Modern Times*, with its wholly negative image of mass-production swallowing up the cherished traditions of working life with an insatiable appetite. Realistically, a much more positive view should be taken of the role of the interwar rise of mass-production. Harry Hopkins, while referring to post-war circumstances, succinctly summarised the processes which had commenced to have a strong influence on attitudes to personal finance by the late 1930s. ‘Social equality’, he wrote ‘was a potent idea, but it was technology, through mass-production and mass-distribution that clothed it’.

Mass-production had begun to relieve domestic burdens and enrich the lifestyle of every sector of the community. The electric light bulb, the vacuum cleaner, the gramophone, the motor car and many other labour-saving or gratifying domestic novelties were becoming increasingly affordable normalities. Developing technology

---

5 The Recorder, 23rd October 1948  
6 Daily Mail, 16th November 1948  
7 Charles Chaplin, writer and director, *Modern Times*, (1936)  
8 Hopkins, (1964), p. 388
also advanced intangible benefits, most obviously through the spread of popular culture by the new media of radio and cinema. Through mass-distribution and development of printing technology access to literature and knowledge attained new heights. Holidays and travel were brought to within the reach of millions by improving railways and other modes of transport. Office technology including the typewriter, adding machine, and punched-card machine facilitated popularisation of life and general insurance, secure saving banks, credit facilities and mortgages, enabling private financial activity on a scale previously unknown. By 1939 a substantial proportion of the population, possibly the majority, was in a position to benefit from, at least some, if not all of these pillars of modernity.

Although its intention was to be beneficial to all, the ascent of technology was often greeted with grave, and not always unfounded, suspicion. Too many of the unfamiliar mechanised domestic servants proved unequal to the tasks assigned to them. Disappointment with the inadequacy and inefficiency of the material innovations spawned by mass-production resulted in confusion and controversy. Those so extravagant as to indulge in the acquisition of such seemingly inordinately expensive luxuries were often viewed as ignorant nouveaux riches, mindless modernisers, or simply plain lazy; all frowned upon by the many who continued to extol and avidly cling to the Smilesian values and the Protestant work ethic.

Most of these dissenters, however reluctantly, would soon have little alternative but to reconsider and abandon their resistance to the temptations of modernity. The supply of household servants rapidly diminished when the demands of mass-production directly and indirectly began to create more attractive alternative forms of employment. Women still prepared to work as housemaids could expect more realistic reward. An older generation, once reliant on domestic help, thus turned to more practical and economical electric and gas powered appliances. A younger generation benefiting from better-paid employment, and finding credit more readily available, could not no longer regard employment of servants as a feasible option.

Throughout the thirties demand for the output of mass-production was increasingly influenced and encouraged by the persuasive powers of the cinema, mass-circulating
magazines, newspapers and, in defiance of its declared policy, the radio. On 14th November 1922, the non-profit-making British Broadcasting Company\(^9\) commenced transmitting a public service shaped by the 'moral vision' of 'austere Calvinist Scot' John Reith.\(^10\) Apart from restricting all programmes to content in accordance with that vision Reith banned any trace of commercialism, even to the mention of the name of a business enterprise or product. While he remained director general (until 1938) the bulk of air time was devoted to music, talks on literature, film and drama, adult education, and coverage of major sporting events. Sunday programmes were limited to religious matters and classical music. All broadcasting was strictly censored to comply with Reith's moral code. Children's Hour, which had commenced simultaneously with broadcasting, was the closest the BBC had come to a light-hearted programme until in 1933 the variety show Music Hall presented popular comedians and singers for the first time. Previously such entertainment, as well as drama which was occasionally given air time, was considered more suited to the live theatre.\(^11\) The first valve set radio in 1923 had cost as much as £17 10s and receivers remained very expensive until about 1930. Thereafter a mass-produced wireless set could be bought for five to six pounds (still a fortnight's wages for a well-paid worker), but prices did eventually reduce.\(^12\) While the official policy of the BBC, in common with the other media, was to present a classless image, it rarely ventured from the conventions to which it assumed a middle-class audience, able to afford a wireless set, aspired. While the radio and all pre-war mass media did nothing directly intended to soften the rigidity of class distinction, it is clear that they had considerable influence on transforming aspirations.

By 1939 all classes were listening to the BBC, watching British-made films and reading mass-distributed national newspapers and magazines all of which invariably portrayed the British middle-class lifestyle as the ultimate goal. This unanimous stance of the media inevitably could not have failed to have a strong influence on aspirations in private lifestyles. A significant proportion of the audience and

---

9 Crissell, Andrew, *An Introductory History of British Broadcasting*, (Routledge, London and New York, 1997), The BBC was granted a Royal Charter in 1927 when it was renamed The British Broadcasting Corporation, p. 22
10 Ibid, p. 13
11 Ibid, *Music Hall* ran until 1952, p. 34
12 Ibid, p. 17
readership was growing more prosperous and their demands to emulate the aspirations, tastes and styles advocated were responded to by a wide variety of new commercial enterprises. By exploiting the emergent sciences of mass-communication and mass-distribution retail trade also flourished and offered prospects for consumption as never before. Department and chain stores appeared in every town and city, presenting emporia of material delights which all might, at least in theory, enter undaunted by obligation or class consciousness. Price competition and ever-grander seasonal discount sales enabled even a modest budget to stretch to a new world of acquisition and sometimes luxury. Simultaneously entrepreneurs brought about impressive successes by responding to the non-material demands created by the media for holidays, travel, live theatre, entertainments, sports and leisure activities.

Marks and Spencer's spectacular expansion was achieved without placing a single advertisement for their wholly British wares manufactured to exacting quality specification. They had no need to. Reith might have been surprised (and no doubt displeased) to learn that his non-commercial radio, capable of evoking the imagination more than the cinema or even printed media, set and popularised British taste and fashion. Most of the programme content was news, talks, sport and later drama. Scriptwriters, presenters and commentators had no choice but to describe the protagonists' appearance, often in precise detail. Racing commentators, for example, invariable described the fashionably dressed spectators, especially if they included royalty. Such descriptions inevitably aroused interest and curiosity, and the press lost no opportunity to provide for the insatiable demand for greater information. The Chairman of the BBC told the Times in 1923, 'we want ... broadcasting [to become] an incentive to buy more newspapers'. But popular newspapers had to contain a great deal more than bland news reports. Marks and Spencer and their competitors only need provide the affordable means for all to live out the fantasies and aspirations created for their customers by the mass-communicators.

Nicholas, Siân, 'All the News that's Fit to Broadcast: The popular press versus the BBC 1922-45' in Catterall, P., Seymour-Ure, C. and Smith, A. eds., Northcliffe's Legacy: Aspects of the Popular Press, (Macmillan, Basingstoke, 2000). The press which relied on advertising revenue were relieved that the BBC would not compete in the market. p. 124
Among the imaginations most stirred were those of working-class youth. Young people became recognised as important consumers able to express specific demands that had to be satisfied. Once the inter-war generation began to benefit from more rewarding employment or their own involvement in emerging markets they acquired a taste, in David Fowler words, for 'invariably enjoying a standard of living higher than that of the rest of the family'.\(^{14}\) It is notable that Fowler simply states that the new generation's standards were higher. They were not yet different. Young people were not ready to confront convention and tastes did not change radically. Not until the late 1950s, would there be a large-scale movement towards a distinctive youth consumer culture which would openly rebel against class-bound and anachronistic tradition.

Commercial interests exploited, in particular, improved printing technology producing a proliferation of fast growing mass-circulation local and national newspapers, women's and other special interest journals. Even the compelling desire to read interesting and instructive advertising and publicity matter augmented many children's limited schooling (cigarette cards were a widely coveted source of knowledge). In excess of 80% of Britain's schoolchildren had, generally due to financial necessity, commenced work by their fourteenth birthday with few opportunities for further formal education.\(^{15}\) Arthur Mee\(^{16}\) published his unsurpassed weekly *Children's Newspaper* with the declared aim of instilling understanding into the next generation. His equally inspired *Children's Encyclopaedia*, originally issued in affordable fortnightly instalments (1908-1910), was re-edited and distributed numerous times between the wars. For both children and adults it was an essential source of knowledge and information. Reference, instructional, educational, popular and classical titles were, with progressive regularity, widely distributed in series or as collectable volumes via newspapers and periodicals. Many working-class readers were among those who bought the two million copies of H. G. Wells' *Outline of History*, as well as his *Science of Life and Work, Wealth and Happiness of Mankind*. Watt's Thinker's Library published one-shilling mass-market editions of the works of

---

\(^{16}\) Reynolds, K., 'Arthur Henry Mee (1875-1964)' in *Oxford DNB*
other serious writers. Mail-order book clubs, rooted in the 18th century when collective book-purchasing groups were formed to obtain economical access to literature, enjoyed a substantial revival. In the 20th century they expanded in number and circulation attracting a largely middle-class or specialist (e.g. Gollancz’s Left Book Club) readership. By the late 1930s the interest had significantly widened with the burgeoning of affordable mass-circulation clubs operated by Foyles and other commercial booksellers.

Imaginative enterprises like these achieved great advances towards the awakening of a generation to literature, to an understanding of the outside world and to greater desires within their own world. Simultaneously cinema newsreels visibly and dramatically impressed upon their audience that grave international political events were daily becoming more threatening to both its physical and financial security. As the decade approached its conclusion the heavy pressure on the accelerators of personal ambition, aspiration and acquisition would have to be lifted and reapplied to the brakes of caution and economy. Beneath the darkening clouds of war financial confidence became ever more difficult to sustain.

Among the most significant contributors to that interwar personal financial confidence had been the opportunity to acquire one of the newly-built houses which mushroomed at an unprecedented rate. In the late thirties each day had brought another stride forward in the regeneration of Britain’s towns and cities, but soon the impressive progress would be stopped dead in its tracks. Less than 10,000 houses under construction at the outbreak of war were completed, and thereafter for five long years all building of domestic (and commercial) property was totally suspended.

The remarkably high proportion of the four million houses completed between the wars which today remain standing and occupied is the clearest extant indicator of the level of growth in private prosperity. With an annual average of 334,405 completions between 1935 and 1938 construction of homes in England and Wales surpassed all

---

18 Byrne, Michael, The History and Contemporary Significance of Book Clubs, (Birmingham Library School Cooperative, 1978), pp. 1 and 8
19 Howlett, Peter, Fighting with Figures: A Statistical Digest of the Second World War, (Central Statistical Office, undated), Table 2.19, p. 33
records. The popular new houses of the 1930s were, by marked contrast to their predecessors and many of their post-war successors, designed to meet the conventional and romantic expectancies of their time. Architects responded with inspiration, creativity and resourcefulness to the demands of a generation enlightened by mass-communication and the quality of their output ascended to new heights. Internal toilets, bathrooms, water heaters, piped gas, electric wiring and lighting became standard features, but the open grate still remained the focal point of the living room. Central heating was not yet required. For those in the middle-income bracket new houses often were built with an integrated or separate garage; now an accepted practical necessity. Even the few blocks of flats built in urban areas often incorporated garages or parking spaces for residents’ cars. Annual registrations of new private vehicles steadily grew as the decade progressed, peaking at 320,239 in 1937. Motorcars were no longer the exclusive preserve of the rich. In 1939 motoring was described as having ‘become a central factor in the lifestyle of approximately one in five families’.

The planners of the profusion of inter-war urban and suburban estates soon came to appreciate the level of discontent with the drab soulless legacies of a once-admired Victorian romanticism, typified by barely habitable ‘back-to-back’ dwellings, whose soot-covered exteriors darkened the country’s industrial landscape. No tears were shed for the 342,940 homes demolished between 1930 and 1939 in slum-clearance programmes except perhaps by their owners. Landlords were compensated for nothing more than the value of the land reemployed by local authorities in favour of superior low-rent accommodation. Council housing accounted for no more than 28% (1,112,000) of the houses built between the wars. Of these two-thirds were family homes with three bedrooms, while flats, built mostly in London, accounted for less than 100,000. John Burnett believed that the great majority of council tenants approved of what was offered to them and that they took a pride in their new homes,
gardens and possessions.\textsuperscript{24} The popular legend that new tenants used their unfamiliar bath for storing coal was almost certainly a myth, possibly based on an isolated incident. Some accustomed to slum conditions, found a five-roomed house too expensive to heat and incidences of whole families huddled in a single room are recorded.\textsuperscript{25} But while the highly-subsidised council rents varied from place to place they usually proved well within the budget of an average-paid working-class family. In Sheffield in 1932 the rent for a three bedroomed council house was 10s 9d per week and for one with four bedrooms 12s 11d. While that was still more than double the amount many had been paying for their former slum dwellings only 7.3\% were paying more than a third of their income in rent.\textsuperscript{26}

Of the in excess of four million newly constructed houses in the ‘building boom’ between 1933 and 1938 almost three-quarters were built by private companies for sale to a new generation coveting owner-occupation and demanding modernity.\textsuperscript{27} Whether in town or country these new houses were adorned with features to suggest the finest of the English rural dwelling. ‘Stockbroker Tudor’ was not a style to be derided. ‘Every Englishman was, or felt he was, a disinherited country gentleman’\textsuperscript{28} and his romantic expectancies had to be met. The price of his house also had to be met.

The requirement for financial assistance by mostly first-time buyers led to the rapid expansion in the number of building societies disseminated throughout the land and of the volume of business they handled. Between 1930 and 1937 the annual amounts outstanding from private mortgages more than doubled. Whereas at the end of the First World War the total had been no more than £60 million, in those seven years it rose from an average of £316.3 million to £636.1 million.\textsuperscript{29} In aggregate building society mortgage advances between the wars would be £1,600 million.\textsuperscript{30} These figures not only reflected the demand for new homes brought about by growing levels of

\begin{itemize}
\item \textsuperscript{24} Ibid, p. 236
\item \textsuperscript{25} Ibid, p. 237
\item \textsuperscript{26} Ibid, p. 239
\item \textsuperscript{27} Ibid, p. 249
\item \textsuperscript{28} Ibid, p. 255
\item \textsuperscript{29} Bray, John F. L., ‘Small Savings’ in The Economic Journal, Vol. 50, No. 198/199 (Jun-Sep 1940), Table II, p. 204
\item \textsuperscript{30} Whitaker's Almanac, 1946, p. 579
\end{itemize}
prosperity, but proved a precursor to the perception of acquisition of bricks and mortar as the surest route to financial security.

As the property boom gathered pace so ingenious methods of financing house purchase began to make an appearance, in many cases financed by private builders themselves. One popular scheme was known as the ‘builder’s pool’, whereby a construction company would deposit an agreed sum with a building society, in order to insure it against default by the mortgagor of one of its houses. This device remained popular until 1937, when the case of *Borders versus Bradford Third Equitable Building Society* in effect ended its short yet often advantageous life. Counsel for Mrs Elsie Borders of West Wickham successfully argued that the ‘pool’ contravened the Building Society Acts and that her contract with the Bradford society was therefore invalid. It emerged that the builders, Morrell (Builders) Ltd, had misled her in their explanation of their arrangement with the mortgagee who were unable to repossess her house.31 Although the judge ruled that the builder’s collateral *per se* was not illegal, the BSA, immediately made representations to the government on behalf of its members for the law to be changed. The effect of the Building Societies Act 1939, which ensued as a direct result of this action, was to ensure that no builder’s pool would ever again be employed.32 The same Act provided for the protection of home buyers by placing the BSA’s own code of conduct on the statute book and barring the use of the same solicitor by both parties to a mortgage contract.33 These measures outweighed the significance of the demise of the builder’s pool and would transpire to be of great value to post-war buyers.

By 1938 a growing proportion among the 1.3 million borrowers now having taken advantage of the opportunity place a foot on the property ladder had evidently succeeded in satisfying lenders of a stable income from non-salaried employment. The Abbey Road Building Society (to be merged with the National Building Society to form the Abbey National on 1st January 1944) claimed that 37% of its borrowers were

wage earners. 34 Paul Johnson however points out that the 'mythology of building societies tells a glorious story of facilities advanced to ... working-class capitalists [but] between the wars [the societies] do not seem to have made a major appeal to workers of any description'. 35 Whatever the truth as to the societies' attitudes to wage-earning applicants, the upswing in home ownership can certainly be associated with their intense rivalry in publicising savings facilities. 36 Most of the depositors attracted would undoubtedly have been middle-class potential homebuyers, but it is equally probable that some more ambitious workers were tempted away from the trusted and familiar POSB and TSB. Of the houses built in the thirties, 49.1% were sold to the owner-occupiers who acquired 85.6% of the more expensive majority (those with an annual rating value exceeding £40). 37 By 1938 owner-occupation had escalated to 32% of Britain's total accommodation 38 and an ever-growing proportion of a new generation felt they could face the future with some equity capital to their names.

These potentially affluent homeowners had not only acquired an asset providing both accommodation and a measure of financial security, they also acquired a place for possessions previously either unavailable or priced beyond their reach. It must be reiterated that those who began to form what Ferdynand Zweig later termed 'the new acquisitive society' 39 were never primarily motivated by advertising or publicity instigated by commercial entrepreneurs. Throughout the thirties the rising output of film makers, radio producers and other mass-media publicists fired public imagination as never before. John Reith, among the most ardent opponents of commercialism, wrote in 1931: 'the BBC must lead, not follow its listeners' 40 and in that questionable policy it never wavered while he remained in control.

In reality, the advertising industry was in its infancy and most pre-war advertisements remained staid and low key. Although not unknown, the sciences of brand image creation, marketing and public relations were yet to be widely understood and

34 Burnett, (1993), p. 254
36 Crisp, (1998), Chapter 2, pp. 1 and 3
37 Daunton, (1987), pp. 72-74
38 Benson, John, Affluence and Authority: A Social History of 20th Century Britain, (Hodder Arnold, 2005), Owner-occupation would temporarily fall as a result of wartime destruction, Table 1.1, p. 5
employed. Only with the advent of commercial television, two decades later, was the study and employment of a psychological approach to the market developed to any sophisticated level.\textsuperscript{41} In the 1930s most advertisements offered little other than factual information about their product or its producer.

There were a few notably innovative and imaginative exceptions. Among the best remembered are the striking advertisements for Pear’s Soap and Guinness. The former for many years associated the work of the romantic painter John Everett Millais with a child’s bath-time fantasy, blinding the beholder to the reality that in a great many houses, especially older ones, there was no bathroom or water heating device.\textsuperscript{42} In all but the newly built and wealthiest homes bathing still involved boiling kettles and filling a tin tub, often to be shared by the whole family. The water was cold long before children had time to blow bubbles. The grim unwelcoming sawdust-floored public houses where most Guinness was consumed were also far removed from the delightful childhood images conjured up by the brightly-coloured cartoon zoo animals; so popular that the ubiquitous posters sometimes required no words of explanation. These and similar pioneering advertising campaigns were to prove simplistic prototypes for the ever more bizarre lateral associations which would later be used to fire the consumer’s imagination.

Although still most commonly based on Victorian romanticism, discerning taste as extolled by the popular media increasingly favoured the clean geometric lines of art deco. This distinctive style appealed strongly to the British, and the architecture and furniture which began to emulate it enjoyed a period of popularity until the war. Although heavily influenced by the European architects and designers of the Bauhaus (1919-1933) school like Le Corbusier and Gropius,\textsuperscript{43} contemporary design was more often associated in the public mind with the lifestyle depicted by American films and magazines. These featured images of clean, hygienic all-electric homes filled with practical comfortable furnishings, labour saving appliances, the obligatory telephone and a gleaming motor car parked in a private drive. In these homes dwelt healthy

\textsuperscript{41} Elliot, (1962), p. 210
\textsuperscript{42} Burnett, (1993), A fixed bath was required in new houses by the 1923 Housing Act. The 1924 Act required it be placed in a bathroom. p. 232
\textsuperscript{43} Crissell, (1997), (American architect Frank Lloyd Wright also had major influence in the Art Deco movement), p. 47
well-dressed people enjoying a prosperous and fulfilled existence. The concepts of modernity proved remarkably alike on both sides of the Atlantic, and the negative influence of American cinema has been greatly overemphasised. Film-makers, British and American, were aware that most of their audience came to the cinema as the most accessible means of escape from the problems, drudgery and colourlessness of everyday life. The audience too, fully appreciated that not only the projected paradise, but even the luxury of the centrally-heated ‘picture palace’ itself were illusions they could not easily emulate. It did not, of course, follow that no desires were implanted in British minds and until 1938 for those bold enough to summon the resources it became increasingly feasible to transform some of the images into reality.

Radio, the cinema, and all other mass-media created demand not simply for better homes and material possessions but desires to experience the romanticism of the world beyond these shores. Prior to the First World War leisure travel abroad been the exclusive preserve of the wealthiest. Companies like Thomas Cook, The Polytechnic Touring Association (Poly Tours), and The Workers’ Travel Association (founded 1922) responded enthusiastically to the growing aspirations of a much wider cross-section of the community. A French newspaper suggested in 1926 that ‘Cannes was full of the British unemployed who had spent their dole money on a trip to the Riviera’. The author Beverley Nichols, encountering British tourists there at about the same time, exclaimed: ‘Ye Gods, the people! Drunken, debauched, heartless, of an incredible vulgarity - swooping, screaming, racketing!’44 Just over 600,000 travelled to Europe in 1921 and 1922, and by 1936 continental tourism had jumped to a pre-war record of 1.4 million.45 In 1938 Poly Tours’ trips to the Rhine publicised Germany with its swastika flag as ‘The Land of Dreams Come True’ and Thomas Cook picturesquely commended its ‘art, life and music’.46 It is not known how many were attracted by such enticing images of the Nazi state but by then the yearn for European adventure had certainly begun to decline.

In the latter half of the thirties there had been a significant minority in the lower-middle and working classes in a position to pay for railway and cross-channel ferry links and venture to Europe and even some prepared to stretch their budget to a cruise to the USA or a more exotic destination. For the vast majority travel aspirations did not extend beyond the British Isles but, at least, they could have a holiday. Even before eleven million people benefited from the Holidays with Pay Act of 1938, excursions via railways, charabancs or in private vehicles, were well within the means of many wage-earners. In 1937 fifteen million people enjoyed a holiday away from home for a week or longer, with or without contributions from their employers. Home resorts could now offer a diversity of leisure entertainment that much of the working class had hitherto believed beyond its reach.

Responding to the rising popularity of seaside holidays, throughout the 1930s local authorities at resorts like Brighton, Blackpool, and Hastings made substantial investments in amenities and entertainment to attract visitors to fill their hotels and boarding houses. Holiday-making in Britain reached its apogee after Billy Butlin opened his first camp at Skegness in 1936. Thomas Cook rapidly imitated Butlin's formula at Prestatyn in North Wales where it opened its 'Chalet Village by the Sea'. This offered better quality and more comfortable facilities and although comparatively expensive was initially no less popular than its competitors. Unlike Butlins Cook's venture into the holiday camp market did not survive long in the post-war era.

Escalating demand, for all forms of modernity could have been transformed to reality only in a climate of changing attitudes to the use of personal finance. As more families acquired new homes to furnish, finance houses offering hire-purchase and other private loan facilities burgeoned. Unprecedented numbers in all walks of life were prepared to take advantage of the rising availability of formal financial arrangements. Montagu Norman, the innovative governor of the Bank of England from 1920 to 1944, endowed private borrowing with his personal seal of

---

49 Pimlott, (1976), pp. 244-245
50 Ibid, p. 248
51 Williamson, Philip, ‘Montagu Collet Norman, (1871-1950)’, in *Oxford DNB*
respectability in the early 1930s when he recognised the potential of the hire-purchase house, United Dominions Trust (UDT). Norman originally expressed his grave doubts but having appraised the company, became convinced that popularisation of personal credit would have a positive effect on the nation’s trade and economy. On behalf of the Bank, then still a privately owned enterprise, he publicly commended UDT’s product and financed it via the acquisition of a major shareholding. UDT would become the largest company of its kind in Britain and its outstanding success inspire the development of a variety of competitors in a growing market for innovative schemes to ease private acquisition of motor cars, motor cycles, furniture and many other consumer durables.

Neither hire purchase nor its supporters and critics were new in the 1930s. Arrangements involving payment by instalment were in evidence as far back as the pre-Christian era. Although disparaged in fine words by the orators and philosophers of ancient Greece, term payment plans continued to be the common bases of land transactions and later were similarly employed by the Romans. In the early nineteenth century, the writer and society hostess, Marguerite Gardiner, Countess of Blessington (1789-1849), became enamored with the novelty of a form of hire purchase. When in Paris, she hired ‘rich and fine furniture by the quarter, half or whole year’ with an arrangement to buy it at a price after deducting the cost of the year’s hire, and recommended that the usage of this ‘Aladdin’s lamp be adopted in all capitals’.

53 Ibid, p. 20
54 Ibid, pp. 20-21
Notwithstanding this high approbation from a member of the aristocracy, hire purchase would never completely free itself of its critics or its social stigma. In the 1890s it was condemned by the founder of the Salvation Army, William Booth, because ‘the decent poor man … is charged ten or twenty times the amount that would be a fair rate of interest [and] if he should fail in his payment the machine is seized and the money lost’. 55 Possibly he had in mind the sewing machine, which had long been stigmatized for being sold on extortionate terms to the most vulnerable. It is improbable that the American Singer Sewing Machine Company would have taken the draconian measures Booth suggests, but it did pioneer the offer of small deposit two-year credit plans to the tailors and seamstresses who scraped a living from the lowest-paid outwork from sweatshops. 56 The strong association with such destitution and desperation remained attached to payment by instalment for another half century and longer. Paul Johnson commented that ‘the writer’ who believed that ‘the inter-war

56 Harris et al., (1961), p. 21
growth of consumer credit had succeeded in removing the stigma hitherto attaching to hire purchase in many people’s minds ... was deceiving himself.\(^{57}\)

The stigma and general condemnation by moralists and religious groups for having ensnared people into unaffordable debt and the widespread abuse by unscrupulous exploiters who did just that, failed to halt the growing popularity of the habit of using hire purchase before the outbreak of war. In 1935 there were as many as twenty-four million hire-purchase agreements in force in Britain and seven million more were being entered into annually, many of them financed by retailers themselves. 80% of motor cars, 90% of sewing machines and 95% of wireless sets, gramophones and pianos were acquired on hire-purchase terms.\(^{58}\) In the furniture trade, according to Hire Purchase Journal, the proportion of sales by instalment in 1937 was 73% but losses due to bad debt represented less than 1%. The low incidence of default was attributed to the retailers offering terms only to known customers, whose creditworthiness they could judge and tailor their contracts accordingly.\(^{59}\)

Hire purchase was also openly resented among the middle classes, who feared it would enable working-class households to acquire inappropriate possessions hitherto considered their own preserve.\(^{60}\) Even in the late 1950s when Barclays Bank, in line with all its major competitors merging with similar companies, was acquiring a substantial interest in UDT, the bank’s chairman, A. W. Tuke, not for nothing known as the Iron Tuke, would express his stern disapproval and characteristically firmly distance himself from the ‘moral hazards’ of any form of hire purchase.\(^{61}\)

The accruing interest on hire-purchase agreements, in common with interest on all loans, was subject to income-tax relief and thus to interwar buyers of expensive items, in theory, an attractive and economical form of borrowing. In practice, interest relief was not a great attraction to hire purchase since it was, of course, of advantage only to those who actually paid income tax. These were comparatively few in number and would mostly have been among the more privileged who could, if need be, avail

---

58 Hire Trader's Guide and Record, XIV, No. 543, 1.4.1938
59 Hire Purchase Journal, February 1947, p. 6
60 Harris et al., (1961), p. 27
themselves of bank credit. A bank loan was negotiable and usually transpired more economical than hire purchase while the accruing interest was similarly available for tax relief.

The essential factors in determining the degree to which hire purchase was cost effective to the individual were the validity of the signed agreement and the probity of the finance house. Legal ownership did not pass to the hirer until the final payment was settled. Thus unscrupulous financiers might, and often did, repossess goods for non-payment of a single instalment. Ellen Wilkinson, the brilliant and energetic future education minister, alarmed that some six hundred borrowers were daily having their goods seized back in this way, brought the government’s attention to the urgent need to protect the rights of hirers and introduced a bill to codify the law. Similar legislation had first been called for as early as 1888, but it was half a century later in 1938 that Parliament finally passed the first Hire Purchase Act. While legal protection was instrumental in allowing greater numbers to enhance their lifestyles with greater peace of mind, hire purchase was not for everyone.

To the unemployed and lowest-paid workers there remained no choice but to resist the temptations of ‘easy terms’ and continue to budget their expenditure to the cash physically in their pocket. The more prudent and those unfamiliar with or unable to afford insurance earmarked what savings they could muster for contingencies like funeral and medical expenses or for a more specific goal. It was not uncommon for cash to be simply stowed away somewhere in the house thought safe. In the recent dramatic film Pierrepoint, Britain’s most famous hangman, Albert Pierrepoint (1905-1992) is portrayed as among the most moral and steadfast of men earning a modest living as a deliveryman. Yet he is seen placing in a tin box all the fees from his ‘secondary earnings’ which the state always paid in cash; one-and-a-half guineas and never more than £15 per execution. In that way, over the twenty years between 1931 and 1950 Pierrepoint saved sufficient to buy the public house which he and his wife ran until his death.

---

64 Adrian Shergold, Director, Pierrepoint, (2005)
Those among the pre-war working class prepared to trust a third party with their hard-earned cash often found it convenient to use one of the many varieties of local saving club to put aside money for new clothes, holidays, Christmas etc.\footnote{Hoggart, (1992), p. 133} In 1939 it was noted by a social survey that ‘nearly every shop in Lambeth runs a club of some sort ... this is a real help to mothers. They can choose the goods they want and are not forced to pay more than the ordinary cash price: [while in other shops] there is no choice and the goods are very expensive’.\footnote{Johnson (1985); citing report ‘Social Services in North Lambeth and Kennington’ (1939), p. 149} Moralisers constantly criticised these clubs as akin to the savings groups they claimed were run by publicans of doubtful repute, referring to an ‘invalid form of thrift’, ‘self-indulgence’, and ‘all a part of that widespread self-taxation of the working class’.\footnote{Ibid, citing M. Loane, Neighbours and Friends, (1910), p. 151} Nevertheless, the interwar working classes were certainly great savers.

Data produced by the statistician John Bray (at his own admission inexact) indicates that in the decade ended in 1937 ‘small’ savings and investment (by those with an annual income of under £250) grew by £1,661 million to £3,811 million. According to Bray the largest growth area was building-society deposits and share acquisition, which more than trebled from £211 million to over £672 million, while owners’ equity in mortgaged houses valued at under £1,000 grew fourfold from £92 million to £378 million.\footnote{Bray, (1940), Table I, p. 198 and notes pp. 199-204} The more serious working-class savers undoubtedly had homeownership within their sights

Every form of popular savings repository, including the POSB, the TSB, Building Societies, National Savings certificates, endowment life assurance, etc. without exception, was holding a great deal more of small investors’ funds in 1937 than a decade earlier, and Bray’s figures cannot take account of cash at home or in private savings clubs. His statistics indicating progressively larger deposits by so great a number of small investors, even allowing a wide margin for error, add significantly to the argument that before the outbreak of war widespread unemployment and other hardships had not stopped the financial position of many working-class people from achieving unprecedented strength. Most of these continued to believe resolutely in...
paying their way and whenever possible avoided debt. This ingrained sense of working-class pride in the superiority of cash settlement over credit is poignantly illustrated in the 1934 play *Love on the Dole*, when the hero’s father (evidently referring to a form of check trading) reprimands his son proclaiming ‘Ah’m shoving’ no millstone o’ weekly payments round my neck. What we can’t pay for cash down we’ll do b’out’.

The working classes had long been neither strangers to credit nor to the appreciation of the benefits of amassing equity capital. Charles Dickens writing in 1851 observed the ‘strange forethought’ of costermongers and fisherwomen, who in preference to using savings accounts, invested in and enjoyed wearing ‘great swab brooches [and] massive silver rings’ to be used as pawnshop pledges. As a later pawnbroker put it: ‘far from having feelings of shame in coming to my place they experience a kind of dignity, as proving they have something to pawn’. But by the eve of the Second World War the pawnshop, which provided the shortest-term credit of all (usually pledges were redeemed weekly on pay days), had been replaced by the availability of longer-term and theoretically more economical and respectable forms of credit. As the three brass balls became less and less in evidence the number of articles accepted in pledge in 1939 fell to just 23% of the total in 1928. The closed pawnshop doors led others to open and a plethora of working-class finance schemes appeared which, with the exception of mail-order catalogue clubs, would almost invariably offer less attractive terms than their predecessors.

The prospect of instant interest-free credit, requiring no pledge, attracted many to the so-called tallyman, who called door-to-door with samples of desirable products, accepting a small deposit and subsequently collecting instalments over a period determined at his own discretion. His profit came from charging inflated prices and

---

69 See below
70 Greenwood, Walter and Gow, Ronald, *Love on the Dole*, (1933), (Heinemann, 1986), (Play first published 1934), Act 1
72 Ibid, p. 116
73 Ibid, p. 159
74 See Chapter 7, p. 261
often from delivering goods of a quality inferior to the samples shown.\textsuperscript{75} Similarly notorious for disreputable practice, was ticket trading which would eventually give way to marginally more respectable check trading. The ‘ticket man’ offered an unsecured fixed-term loan in the form of a ticket with a face value which could be exchanged for goods (principally clothes) at certain shops, the proprietors of which were charged a discount deducted on its surrender. The prices at such shops, reflecting the discount, tended to be higher than those which sold only for cash. Neither tickets nor checks had to be spent immediately or in full. Thus the apparently low but realistically progressively punitive true rates of interest charged to the borrower became concealed beneath the heavy hand of the ticket man, who unfailingly called in person to extract his weekly instalments. Check trading, in addition to obscuring its true cost, in many cases also encouraged permanent indebtedness. This was achieved by working on the borrower’s fear of social stigma to ensure another check was taken immediately on settlement of the last (usually at twenty-week intervals). The dreaded alternatives threatened by the trader or his agent were to be seen using the pawnbroker, the moneylender or the often violent illegal loan shark; thought to be the last buffers against the humiliation of charity.\textsuperscript{76} Yet ticket and check collectors often were totally trusted by their clients. Melanie Tebbut was told by a former tallyman that ‘I used to let myself in with the key [left under the mat] and open the sideboard drawer and there was the money. This is the way it is done - it is complete confidence’.\textsuperscript{77}

Doubtless this mutual confidence helped inspire The Provident Clothing and Supply Company, which survives to the present day long since the leader in its field. This remarkable organisation was founded in 1881 in Bradford by the devout yet shrewd Methodist minister Joshua Waddilove, who claimed to be providing a ‘charitable’ self-help scheme to assist the ‘morally inadequate poor’ with their financial difficulties.\textsuperscript{78} Waddilove provided vouchers (or checks) which could only be exchanged for clothes or other practical necessities with the intention of preventing the recipients from spending their money on drink. The Provident check, in the early

\textsuperscript{75} Johnson, (1985), p. 153
\textsuperscript{76} Tebbutt, (1983), p. 180
\textsuperscript{77} Taylor, Avram, \textit{Working Class Credit and Community since 1918}, (Palgrave Macmillan, Basingstoke, 2002), citing Tebbutt, p. 119
\textsuperscript{78} Tebbutt, (1983), p. 187
post-war decades, would survive practically all its competitors and the company's reputation for fair dealing bring a respectable image to the trade. The 'Provi', became enormously popular and came to be regarded by those who believed themselves unable to afford an alternative as 'the poor man's banker'.

A strong mutual distrust existed between the poor and the established bankers who always claimed that their doors were open to all and no customer was turned away on grounds of poverty. In 1941 the Midland Bank assured the 'smallest depositor of a desire to meet his special requirements'. As late as 1950 Lloyds Bank considered it necessary to tell prospective customers that 'there is a false impression that banking is for the well-to-do. It is not.' That so few working-class people would venture into the daunting palatial halls of their local banks encouraged, sometimes trustworthy, but more frequently sharply-operated and inefficient small-scale finance entrepreneurs to burgeon and flourish with no formal outside control or supervision. Such enterprises exploited their customers' belief that their small business would not be welcomed elsewhere and that private access to the civil courts was beyond their means. In practice, these customers were, more often than not, right on both counts.

Bankers not only showed no recognition of the scope for mutual benefit from encouraging small customers but made no acknowledgment of the growing effect of technology on a changing society. As well as opening up opportunities for the development of commerce and industry, technological development had, slowly but surely, begun to infringe upon the requirement for manual labour and create white-collar employment. During the interwar years there was a threefold escalation in the number of jobs for clerical workers, due in no small degree to the demands of the banks themselves. The numbers involved in professional work also doubled from 744,000 in 1911 to 1,493,000 in 1939. Yet it was not until the 1960s that banks could be seen to be proactively seeking new business from potentially upwardly-mobile private customers.

---

80 MO: TC57/2/D, Midland Bank promotional booklet 1941
81 Lloyds TSB Archives (LTSB), Publicity Leaflet, ref 1678, 1950-1951, 'Banking for Beginners', February 1950
82 Burnett, (1993), p. 250
Traditionalist as bankers undoubtedly were, they cannot wholly be blamed for their reluctance to adapt to the requirements of an emergent class, which, as has been seen, had or was acquiring the means and aspiration to better homes, material comforts and financial security. While such people had the mental ability to understand life-assurance policies, mortgages, a variety of credit arrangements, and savings schemes, a surprisingly high proportion of the new clerical and skilled workers remained extremely conservative in their aspirations. The reluctance to change their working-class lifestyles, which included habitual attitudes to use of personal finance, proved hard to dislodge. Apart from the ever-present, if not yet fully appreciated, threat of the rise of Nazi Germany, a range of excuses and arguments were put forward for lack of active social or financial ambition. The most common was that those who aspired to 'bettering themselves' would be ridiculed as 'social climbers' or despised as 'class traitors'. Others feared that they might become isolated from their families and friends. Not all such reluctance was invalid, since potential employers of managerial or professional staff, as well as public institutions including the civil service, continued to obdurately protect their reputations by excluding those unable to produce evidence of appropriate family background and display acceptable middle-class attributes. Academic, professional or technical qualifications were almost invariably relegated to matters of lesser importance, irrelevancy or might even prove a positive disadvantage. A satirical guide for the post-war demobilised job applicant recommends, 'If you speak fluent French, Spanish and German having had residential qualifications in all three, just say 'been abroad'. Although the prospect of a cold-eyed personnel officer or a grandiose banking mausoleum was often too intimidating for working-class people it did not follow that they all lacked ambition to improve their financial position.

To some the route to fortune was not via the course of business, investment or employment, where they were heavily handicapped and had to overcome too many hurdles, but via the race course. When during the periods of mass unemployment in the 1920s men had turned to the bookmaker to ease their financial plight, often as a


last resort in a desperate situation, such small-scale gambling had met with the greatest dissent on religious and moral grounds. Canon Peter Green kept up a relentless campaign of severe criticism for four decades from the Edwardian era, while Labour Prime Minister, Ramsey MacDonald, described betting as a ‘class disease [which] had spawned downwards from the idle rich to the hard working poor’. Although gambling of all types became increasingly popular through the 1930s it would never approach the excessive scale to be witnessed in the post-war era.

Off-course ready-money betting had been illegal since the assent of the Betting Act 1853 but the street bookmaker and his runner had remained continuously in evidence in urban working-class areas. Apparently these entrepreneurs were ‘very generous and would often lend people money to purchase food’, although in view of the very illegality of their occupation it is clear that they were at the root of a great deal of pre-war criminality. Mark Clapson cites Graham Greene’s 1938 novel, Brighton Rock, as an authentic image of the racetrack violence (among other evils) which took place in the thirties. Generally harmless low-stake gambling had nonetheless long since been a national tradition in all classes of society and its critics, whether religiously, politically or socially motivated faced a fruitless mission. Joe Coral (1904-1996), a Polish immigrant, who by 1939 with over seventy agents had become one of the largest regional bookmakers in the country, attributed his outstanding success to his early recognition that it was an inbred characteristic of the English to ‘always back their fancy’. Gambling would prove the foremost institution in which, during the inter-war years, people of all classes might indulge in a form of escapism (usually) within their means, and refuse to accept or feign oblivion to the often unpalatable political and social changes taking place in the world.

---

86 See Chapter 5, p. 139 et seq.
87 Ibid, p. 108
88 Ibid, citing ‘Joe M’, 1930s interviewee, p. 51
89 Ibid, p. 8
90 Clapson, Mark, ‘Joseph Coral, formerly Kagalitsky (1904-1996)’ in Oxford DNB
91 Clapson, (1992), p. 54
Possibly for similar reasons, the heirs to wealth were reluctant to invest in labour-saving devices or other amenities of modern life which might clash with deep-rooted national tradition. They claimed that their preferred maintenance of domestic staff was not a status symbol but essential to preserving a great British traditional way of life.92 Sensitive to the tragedies of the First World War and the social deprivation in its aftermath, when they indulged in their customary social, sporting and cultural activities most nonetheless aimed be as unobtrusive and inconspicuous as possible. Men met in the expensive but discreet clubs of Pall Mall. When extravagant hunt balls, private banquets and the like were arranged they were for select guest lists shunning publicity beyond The Times social columns and the pages of The Tatler, then read almost exclusively by those of similar interests. Certainly the flaunting of interwar wealth is well documented, but there were even those with more recently acquired fortunes who avoided what the media had begun to refer to as 'playboy' lifestyles. Memories of the deeply despised ostentatious so-called war-profiteers of the early 1920s93 were not easily eradicated.

One way personal wealth might be publicised with some degree of dignity was via overt contribution to good causes, to which mass-communication was so great a boon. With growing media coverage and public interest, from the 1920s spectacular specially staged events, cinema and theatre premieres attended by the stars and celebrities of the day were regularly presented in support of charities. These and specially staged events never failed to raise huge sums form the rich and successful. In 1926 the BBC began broadcasting The Week's Good Cause. These appeals were far more successful in encouraging the donations of ordinary people than had ever been achieved when private audiences had been addressed personally by morally or religiously motivated fundraisers. The yield from a broadcast appeal was soon found to be in proportion to the popularity of the speaker. Radio presenters, film stars, actors and comedians were recruited to appeal on behalf of both religious and secular causes. In 1932 The Week's Good Cause raised £88,874 while in 1936, with the growth in the number of radios in homes and greater sophistication of performance, the total achieved was £186,144. In conditions of war, with daily news of the terrible plight of

93 McKibbin, (2000), p. 54
victims the speakers found less difficulty in pricking the public conscience. In 1940 direct donations reached £368,238.94

Invariably galvanised at least in some degree via mass-communication, the vast majority of charitable donations were and would continue to be anonymous or given with minimum publicity through bequests, or by beneficent institutions such as the Freemasons, City livery companies and the trusts set up by wealthy philanthropists or private sector companies. Few signs of pre-war public opposition to charity are evident and certainly none on the scale of that induced post-war by the advent of the welfare state.95 Exceptionally, scepticism had been expressed by early socialists like Beatrice and Sidney Webb and before them by the prolific social reformer Canon Barnett, who saw charity as sentimental and concealing the injustices of society. Bernard Shaw thought that 'he who gives money he has not earned is generous with other people's labour'. Oscar Wilde in his great essay *The Soul of Man under Socialism* wrote in 1891: 'It is immoral to use private property to alleviate the horrible evils that result from the institution of private property'.96 Such contrived and impractical wisdom made no impression on the attitudes of philanthropists, large or small. The realities of suffering and deprivation, which mass-communication made hard to ignore, increasingly influenced ingrained British convictions of the religious or moral rectitude of voluntary donation.

In summary, the foremost argument in this chapter has been that the most socially significant transformations in attitude to personal finance in the 1930s were rooted in the escalating rise of mass-communication. Mass-communication issued the first public invitations for many to enter some of the once barred gates to the private world of the few. It created unprecedented romantic and emotional expectancies which commerce and industry endeavoured to fulfil with mass-production and mass-distribution. Most responsive of all were house builders, who brought into reality a vision, albeit still blurred, of private wealth-enhancing owner-occupation on a scale previously unthought-of. The demand born of that vision was answered, in turn, with

94 Nightingale, Benedict, *Charities*, (Allen Lane, 1973), (Shaw as a humanitarian did in practice contribute to the alleviation of suffering), p. 111
95 See Chapter 5, pp. 176-177 and Chapter 7, pp. 245 et seq.
accelerating expansion and sophistication by building societies, hire-purchase companies and other houses of commerce. For a rising proportion of the working and lower-middle classes these proffered the keys to their own homes with comfortable furnishings, domestic appliances and motor cars and also enabled them to aspire to non-material benefits: holidays, travel, entertainments, sport, culture, education and healthcare. More significantly the rise of the financial institutions offered the unassailable security of savings accounts, investments, endowment policies and endorsements of dignity and confidence. For the first time a substantial proportion of a generation, although probably still a minority, might boast a capital asset. The romantic and emotional expectancies promoted by mass-communication had commenced a tentative transformation into a conventional expectancy of investment in the future. But there remained in all parts of Britain a great many who saw little of these positive signs of future affluence. The problems of long-term unemployment, deprivation and poverty were very far from solved.

The prosperity which would come to dominate post-war social history had clearly been conceived but would soon be rudely aborted by the outbreak of war. Many of those who possessed or were acquiring personal capital, whether small or large, by 1939 had become far more concerned with its conservation than with its pleasurable or beneficial disbursement. On the eve of battle the British people summoned up all the rationalised self-denial and reserve which they would claim had long been the enduring factor sustaining their national character. The sphere of 'elegant economy' which loomed large and immutable behind changing attitudes to personal finance would honour its steadfast promise of eternal security. A fleeting crescent of conspicuous consumption nonetheless had been clearly observed in the late 1930s to partially eclipse that sphere and leave a forewarning of the widespread personal tensions which were destined to resurface in the post-war years.
Chapter 3
Petrified ‘Capitalists’

We are wrestling not only against flesh and blood but against principles and powers – against the forces of darkness and the whole host of Hell. We must conquer to live ... That is why the National Savings movement is making a special drive this week in order to swell the ranks of the Savings Army at home.

Sir Kingsley Wood

As the 1930s drew to a close so increasing evidence of the imminence of the onset of war permeated ever more poignantly through all levels of society and exerted its influence over the financial situation of every individual and family. By few indeed was that influence viewed as positive or optimistic. As with all warfare, the Second World War extracted an immeasurable price from the population, combatants and non-combatants alike, in terms of trauma, pain and loss of life. It was small consolation that only a small minority found that their personal financial position had seriously deteriorated between September 1939 and May 1945. In reality, for most a significant improvement had taken place. This chapter will consider how and why so many personal financial positions had been enhanced in conditions of warfare.

In just a few months bridging 1938 and 1939 national rearmament and war preparation programmes reduced the total registered as both long-term and short-term unemployed by over 40% and with the outbreak of war so the rate of reduction rapidly gathered speed. By early 1941 unemployment, the most debilitating social factor of the prior two decades, was all but eliminated due to an unprecedented escalation in demand for labour caused by the need to replace those conscripted into military service or assigned to munitions production. Before the war had ended, from over 1.5 million in 1939, total unemployment would fall to less than 75,000. Desperate recruitment brought female workers of all classes into paid employment for the first time and, although pay policies were highly descrimimatory, enhanced the income of large numbers of households. People reaching retirement age felt duty bound to remain at their posts, while those enjoying retirement, if sufficiently fit, answered their nation’s call and returned to work. Many found themselves labouring through all

---

1 Times, 11th June 1940
2 Mitchell and Jones, (1971), ‘Total Numbers Registered as Unemployed’, p. 43
their waking hours to build Britain's defences; earning high overtime rates but left with scarce time to enjoy the contents of their bulging pay-packets. It was reported that some miners (and implicitly workers in other industries) were so overwhelmed by their new-found financial and job security that they 'took time off when they felt like it', recklessly ignoring the possible consequences of their actions at a time of national emergency. These must have been a very small minority, since all the evidence demonstrates that overwhelming majority were more than willing to simultaneously help strengthen both Britain's defences and their own financial resources by working for victory and investing all they could in a peaceful future.

There were, of course, those inclined to spend their enhanced income, but these would soon discover that the choices open to them were progressively reducing. In 1941 rationing was introduced on food, clothing and footwear and distribution of other domestic requisites reduced by the Limitation of Supplies Orders, cutting their availability to a fraction of pre-war demand. The production of bare essentials for the domestic market was restricted to selected companies licensed by the government. The number of licences it granted rapidly diminished and those remaining were severely qualified by standards and controls. In 1942 the first list of 'non-essentials' to be totally banned from production was published; among these were jewellery, metal toys, fancy goods, and a variety of household utensils. More lists would soon follow. Where other non-war-related industry was permitted to continue its depleted output was strictly for export. Imports were cut to an absolute minimum. Soon even the requirement for basic necessities was outstripping supply and prices began to rise.

Between 1938 and 1940 the earnings of male manual workers rose by 30% with the war's insatiable greed for labour. That coupled with the rising cost of living caused the inflation graph to swing sharply upwards. In the first year of the war the annual price index jumped from 3.1% to 17.2%, but with the stringent taxation measures and price controls imposed by the series of war Budgets discussed below inflation was

---

4 Zweiniger-Bargielowska, (2004), pp. 45-47
gradually brought under control. By the end of 1941 the index had dropped back to 11.2% and by 1944 was restored again to 3.1%.6

Sir John Simon, undeservedly now seldom remembered other than as a doyen of income tax law,7 who had been Chancellor of the Exchequer since May 19378 presented the first of his two war Budgets on 27th September 1939. Although doubtless restrained, the severity of his measures was unprecedented in its demands on the individual. The income-tax payment threshold and all personal reliefs were reduced. The standard rate, to which 6d (2½%) had been added just six months earlier, was increased with immediate effect by a further 1s 6d (7½%) to a record high of 7s (35%) in the pound and would rise by another 6d in the new financial year.9 The highest rate of surtax might now add a further 9s 6d (47½%) to the tax levied on the select few declaring incomes above £50,000. A new scale of estate duty imposed an additional 10% on larger estates10 and increased duties were levied on tobacco, alcohol and sugar.11 There was a war to be paid for and the British people would have to pay for it.

As were both of his determined attempts to meet the extraordinary economic demands of an emergency of unprecedented proportion, the first war Budget was a much more imaginative performance than Simon would ever receive credit for either at the time or subsequently.12 The reaction of a public still stunned by the declaration of war three weeks earlier was simultaneously deferential and pessimistic in tone.13 The popular press expressed few such sentiments. Under the banner headline ‘Now You Know There’s a War On’ the Daily Mirror, evidently forgetting that that was the case, described the Chancellor’s measures as ‘accentuating the tendency of business to come to a standstill’; while the Daily Mail spoke of the ‘dislocation of trade and industry’. Both of these mass-circulation newspapers, showing singular lack of

---

6 Appendix II
7 Simon was founder and editor-in-chief of Simon’s Income Tax (Butterworth, London, 1949 et seq.) and related manuals, still leading authorities for tax practitioners.
8 Appendix III
9 Times, 28th September 1939
10 Appendix IV: Estate Duty Rates
11 Times, 28th September 1939
13 MO: TC57/1/A, ‘The Budget, Money Matters and Household Budgetary 1939-1950’
perception of the interests of their many working-class readers, devoted the bulk of their Budget editorials to the expression of fears that rising taxes and the encouragement of thrift were disincentives to private enterprise. The 'editress' of a women’s magazine displayed a better grasp of the situation when she told Mass-Observation 'I'm sorry for the younger generation, they'll be chained for life to the debt from this war'. It would not be long before a cartoon in The Tatler would, with mock naivety, put a question which probably entered more than a few of the heads of those who had placed all their savings at the disposal of the nation: ‘If future generations will have to pay for the war, why tax us?’

Public opinion was, in general, remarkably supportive of Simon’s tough new measures and its judgment often more pragmatic than that of the press. One interviewee unquestionably spoke for the majority when he replied, ‘it hits us, but not so hard as German bombs and if it helps keep them away it will be worth it’. The term ‘insurance’ was so often employed by the many Mass-Observation respondents that it is apparent that a wartime tax payment had become thought of as a life assurance premium.

A press release from the POSB spoke of the number of gifts to the state ‘from people of very modest means [most of whom wished to remain anonymous] ... more

---

14 MO: TC57/1/B, Daily Mail and Daily Mirror, 29th September 1939
15 MO: TC57/1/A, 3rd October 1939
16 MO: TC57/1/A, 'First War Budget' (Interview in Daily Mirror)
indicative of a selfless desire than even those from wealthy persons'. Donations via
direct transfers or waived interest and dividends are recorded almost every month in
the bank’s war diary. These appear to have increased in size and number as the war
progressed and possibly they as became more affordable, e.g. in January 1940 there
were ‘seven gifts ranging from 1s to £1,000’ but in May 1945 241 people waived
interest totalling £971 as well as 2,673 dividends worth £9,561. The Chancellor too
was reported to be impressed by the ‘flow of humble gifts’ he received as voluntary
war contributions, but simultaneously admonished the ‘inexcusable extravagance’ of
all non-savers.

On 23rd April 1940 Simon presented his forth and final Budget speech. The Times
leader headline read precisely as it had done seven months earlier: ‘The War Budget’.
On another page the paper spoke of ‘gigantic figures’. The cost of the war was
growing by the day and more would be needed to satisfy its demands. The Chancellor
under pressure to find a novel way to extract the price from the private purse
responded with purchase tax, which he intended, just as once had been the intention
for income tax itself, to be a temporary source of war revenue. In practice it would
similarly transpire to be a permanent fixture until eventually replaced by Value Added
Tax in 1973. Purchase tax came into effect on 21st October 1940 by when Simon had
been appointed to the new post of Lord Chancellor in Churchill’s War Cabinet.

Meanwhile, in his 1940 Budget Simon had imposed yet heavier taxes on the
individual. The standard rate of income tax was now 7s 6d and the surtax threshold
lowered from £2,000 to £1,500. Again personal reliefs were reduced marginally.
Tobacco and alcohol were to be subjected to greater excise duty and even higher
telephone and postal charges were engaged to yield more revenue. Those relying on
investment income began to review their portfolios on finding that company dividends
were limited to 4% and that bonus share issues were prohibited. As the Chancellor had
certainly intended, the day after the Budget was a busy one at the stock exchanges.

17 RM: POST 56, 15/146, 17th October 1939
18 RM: POST 56 /146, War Diary: Month End Entries
19 MO: TC57/l/A ; Times, 28th September 1939
20 Times, 24th April 1940
22 Times, 13th May 1940
Both private and institutional capital was rapidly diverted into gilt-edged government securities, inspiring *The Times* City editor to the headline: 'A Gilt Edge Budget'.\(^{23}\)

Shortly afterwards a letter to the editor would accurately predict that 'the real Budget is, sad to say, still to come'.\(^{24}\)

Discouraging waste and spending while urging ever greater saving had been Simon's consistent themes, but he resisted the scheme being forcefully advocated by Keynes, for compulsory lending to the state.\(^{25}\) Among the many critics of his arguments was the POSB which, in a rare political statement, strongly supported the Chancellor's confidence that the British public would respond voluntarily.\(^{26}\) After two doses of such distasteful medicine, there could have been few among them unconcerned with personal economies and the scope for savings.

Concerned to 'conserve the current savings of the country exclusively for government purposes', immediately prior to his first war Budget in September 1939 Simon had gently prodded the Governor of the Bank of England to 'ask the co-operation of the bankers towards prompt restriction (the word 'refusal' is crossed out in his original letter) of all advances'; adding 'I am aware that I am imposing on them a responsibility which may embarrass them in their relations with their customers. But I am confident that I shall have their fullest co-operation and that any sacrifices involved will be cheerfully borne'.\(^{27}\) Just two days later, on the eve of Budget day, the Chancellor wrote again in more emphatic terms to impress upon the bankers that this was a long-term policy requiring their 'unremitting attention throughout the period of the war' and warning of the inflationary dangers of a 'diversion of resources towards non-essential trades'.\(^{28}\) Two days after that he reduced the bank rate from 3% to 2% to enable the defence contracting industry and other organisations involved in

---

\(^{23}\) *The Times*, 25\(^{th}\) April 1940

\(^{24}\) *The Times*, 30\(^{th}\) April 1940, Letter to the Editor from Manfred Emanuel

\(^{25}\) *The Times*, J. M. Keynes, 'Paying for the War', I 'The Control of Consumption'; II 'Compulsory Savings', 14\(^{th}\) and 15\(^{th}\) November 1939

\(^{26}\) RM: POST 56/146, *POSB War Diary*, Entries 14\(^{th}\) and 15\(^{th}\) November 1939

\(^{27}\) NA.PRO.T233/1396, 'Restriction of Bank Advances': Sir John Simon to Montagu Norman, 24\(^{th}\) September 1939

\(^{28}\) NA.PRO.T233/1396, Simon to Norman, 26\(^{th}\) September 1939
essential war work (but no one else) to borrow cheaply. At that low level the bank rate remained fixed for the next twelve years. 29

No formal legislation or additional directive was required to further encourage either the banks or their customers to comply with the Chancellor’s request. Nothing surpasses war as a cause of instability and uncertainty, the universally acknowledged greatest deterrents to borrowing and speculative investment. Simon therefore had good reason to place his confidence in the public seeking the safest harbour for their savings. The banks forthwith ceased to lend even to their wealthy private customers, who undaunted, continued to display their unyielding belief in these unassailable fortresses by adding to their deposits at an unprecedented rate. Businesses unable to acquire capital assets, and companies not wishing to pay taxable dividends to controlling directors, simply retained their profits at the bank. When the Chancellor compelled public companies to limit the profits disbursed to shareholders, much of their redundant cash reserves would swell their bank balances but, as was his hope, they invested much more in Defence Bonds.

The centralized records of 206 branches of the reputable William Deacon’s Bank, mostly situated in the North of England, provide a clear example to highlight the dramatic effect of compliance with the Bank of England’s directive. Typical was the Blackpool Church Street branch where in 1939 deposits had averaged £56,500 30 and advances £38,400 (68%). By 1943 average deposits had risen to £170,000 and lending had fallen to 10%; while in 1945 credit balances reached £255,000 against which just 4% was on loan. The records do not differentiate between personal and business accounts but some branches had actually reduced their advances to nil by 1943. The vast majority of the credit balances were retained on non-interest-bearing current accounts. With a permanent bank rate of 2% the interest paid on deposit accounts would have been negligible, yet the number of account holders showed a modest but consistent rise in every war year. This pattern is repeated throughout the records and

29 Appendix VI; Mitchell and Jones, (1971), p. 181
30 For today’s values multiply by about 40
all branches consistently returned profits. The only branch loss observed in the annual financial returns was just £143 at Manchester Moss Side in 1941.31

The records of all other banks would have painted similar pictures. The National Provincial, for example, in September 1939 held £275 million on current and deposit accounts and £140 million was outstanding from advances. In June 1946 total deposits had swollen to £605 million (including £385 million on current account) but debit balances had shrunk to £127 million.32 In 1945 The Economist reported that the aggregate profits of the seven principal banks had reached a new record at £9,285,000 (1944 £9,094,000).33 Every bank had remained profitable and returned dividends to shareholders throughout the war years.

Although demand for mortgages was minimal the insurance companies, friendly societies and building societies34 like the banks, ceased all lending. Much of their funds were, as has been seen, unavailable for the purpose after compliance with Treasury requirements for a substantial proportion to be invested in government loans. The building societies remained viable by continuing to accept deposits and collecting interest and capital repayments on existing mortgages. Remarkably these were, with very few exceptions, honoured throughout the war. The leading hire-purchase companies, boosted in the 1930s by the rise of motor-car mass-production, similarly survived on the diminishing returns from pre-war loans and by switching their depleted funds behind the war effort.35 Many smaller finance houses simply went out of business.

It is probably no coincidence that the bankruptcy courts, too, nearly went out of business. The Chancellor’s directive to the banks to cease lending was clearly influential in causing the cases of personal insolvency to rapidly diminish. The total number of receiving orders fell from 3,105 in 1938 to just 226 in 1944, while 1,663

32 RBSGA: NAT/1007/10 ‘National Provincial Bank: Abstract of Accounts’
33 The Economist, 12th January 1946, pp. 69-70
34 The numbers of once significant Friendly Societies diminished after the war with mergers and takeovers, and are classed here with insurance companies since the services they offered became almost indistinguishable.
35 Harris, et al., 1961, p. 30
deeds of arrangement were reduced down to just 20.\textsuperscript{36} Even those who were insolvent were evidently not so dishonest, or perhaps less likely to be brought to justice. Convictions for offences under the Bankruptcy Acts averaged fewer than seven per annum and in 1945 there were just two.\textsuperscript{37} More remarkably, the insolvency statistics did not speedily return to their prior levels\textsuperscript{38} when the courts again became fully staffed and post-war opportunities for borrowing, spending, business ventures and speculative investment were restored. Cases of bankruptcy did not again begin to approach 1938 levels until the mid 1960s, by which time popular consumption had overwhelmed the priority of saving.

As commented upon in Chapter 1, even at the height of Nazi aggression nothing inspired the confidence of the British saver more than the security of Britain itself. Not the natural urge to consume, the prospect of low investment income, or high taxes would deter the extraordinary success of the wartime National Savings movement. In 1939 its former president Sir Robert (later Lord) Kindersley\textsuperscript{39} was reappointed to head the National Savings Committee. His earnest broadcasts constantly appealed to patriotism and national pride employing phrases like: ‘If we spend our money in a greedy race for less and less ... so we become Hitler’s allies'\textsuperscript{40} and ‘Don’t let us play at sacrifice; let us get down to the real thing’.\textsuperscript{41} Although the report of a Mass-Observation survey claimed that their respondents felt the broadcasts ‘half-hearted’ and that they made ‘no profound impression’, it would not be long before the King would be congratulating Kindersley on raising the investments of small savers tenfold in eighteen months to reach £1,000 million.\textsuperscript{42} The British people were ready to volunteer for the National Savings Army.

To exploit that phenomenon to the limit the government turned to the dynamic publicity genius of the president of the Advertising Association (1942-46) Sir Harold (later Lord) Mackintosh, twenty years Kindersley’s junior. Mackintosh was a hugely

\textsuperscript{36} Report by the Inspector-General in Bankruptcy for the years 1939-1953, (HMSO - Board of Trade), pp. 4-5
\textsuperscript{37} Ibid, Table VI, p. 31
\textsuperscript{38} See Chapter 4, p. 127 and Chapter 7, p. 268
\textsuperscript{39} Orbell, John, ‘Robert Molesworth Kindersley (1871-1954)’, in Oxford DNB
\textsuperscript{40} MO: 57/2/B, National Savings Campaigns 1939-42, Broadcast 13\textsuperscript{th} August 1941
\textsuperscript{41} Ibid, 25\textsuperscript{th} September 1941
\textsuperscript{42} MO: 57/2/B, (Survey re Kindersley’s broadcasts); MO: 57/2/C, (Undated booklet), George VI message to Kindersley, October 1941
successful businessman, banker, devout Methodist and firm believer in the Smilesian virtues. Under his direction a National Savings group would appear in every parish in the land, run by everyone and anyone incapable of taking a more active role in the war, from children to octogenarians. Every schoolteacher would assertively ensure that no child in their class failed to buy a weekly savings stamp and almost 80,000 workplace groups were formed. In March 1943 the number of National Savings groups spread throughout the country peaked at 270,450.

Many workers authorised their management to deduct savings directly from their pay and some employers willingly added their own contributions to encourage them to do so. That did not deter the Solicitor General’s office, apparently fearing trade-union action, from raising numerous objections to such direct deductions on the grounds that they were ‘contrary to the Truck Act 1830’. This painstaking legal advice was ignored by all parties through almost three years of ensuing inter-departmental bureaucratic correspondence. The matter was finally resolved in October 1942, when following a remarkable display of co-operation and common sense by a TUC official, the Home Office finally committed to writing: ‘If Savings Certificates are paid for with the concurrence of the workers concerned it seems unlikely that its legality will be challenged’. The TUC in 1940 had strongly urged its members to ‘save to the utmost’ and thereafter would be among the most ardent supporters of National Savings.

As vice-president of the Committee under Kindersley, Mackintosh’s energy knew no bounds. His strategy, which never failed, was to introduce a sense of involvement in the war by imaginatively associating every event he organised with the funding of a specific armament. Somehow he found the resources to organise such inspiring spectacles as ‘War Savings Week’ (9th-15th June 1940), ‘War Weapons Weeks’

---

44 NSI: Mark Brooks, History and Development of National Savings and Investments (Leaflet 4th February 2004)
46 PRO: NA: LAB/10/415, Donald Somervell, Solicitor General’s Office to R.W.A. Speed, Treasury Solicitor’s Department, 11th December 1939
47 Ibid, E. Field, Home Office to E.J. Moores, Ministry of Production (Citing conversation with Smythe of the TUC)
48 MO: 57/2/C
(September 1940-October 1941), ‘Salute the Soldier Weeks’ (March-July 1944), in addition to the phenomenally successful ‘Wings for Victory Weeks’ (March-July 1943). The latter alone added £160 million to the savings of ordinary citizens when Mackintosh transformed London’s Trafalgar Square into a mock airfield complete with model fighter aircraft. Under his vibrant direction hardly a day passed without an impressive event taking place, bringing colour and enlivenment to war-torn towns and cities in every part of Britain. These much appreciated diversions from the horrors of conflict, involved everything from parades with circus elephants to concerts with original music commissioned from Eric Coates. Even Field Marshall Montgomery was persuaded to find time between commanding the army to tour the country in support of National Savings. From just over £500 million at the outbreak of war, by July 1945 the total due to POSB depositors had risen to £1,645 million. The number of savings accounts escalated in the same period by over eight million to 20,176,000. The wartime deposits in the TSB, of which Mackintosh was also vice-chairman, shot up from £252 million to £603 million. According to a contemporary writer the total ‘small savings’ raised by National Savings certificates, Defence Bonds and savings bank deposits between November 1939 and August 1945 was £3,651,869,779.

The POSB’s record of its depositors’ assumption of security is a particularly salient proof of public confidence in National Savings. Of almost twelve million ‘in the period of the crises in March to the end of September 1939’ only seventy enquired about the safety of their savings and among those ‘a number of the letters did not reveal much apprehension’. Successive governments would, beyond victory, continue to exploit this striking voluntary public endorsement of national security. Until all reasonable fears of conflict returning to its shores had been allayed, the British government would remain by far the most trusted custodian of its people’s savings.

49 Burton, (1999), p. 224
50 Longmate, (1971), pp. 382 - 384
51 RM: POST 56/146, Entries 31st October 1939 (First recorded total £547,383,000) and 31st July 1945
54 Home, (1947), p. 361; Appendix I
55 RM: POST56/146: Entry 30th September 1939
Not only were extraordinary amounts deposited in the long established POSB and TSB but large sections of the public were to place their capital at the nation's disposal for the war's duration, through specifically devised investments. When they simultaneously went on sale on 29th November 1939 Princess Elizabeth purchased the first new 3% Defence Bond (of four wartime issues) and Princess Margaret the first new 7th Issue National Savings Certificate.\textsuperscript{56} In just three weeks the combined receipts from the bonds and certificates totalled £34 million and all subsequent special war issues brought unfailing response, while deposits in the National Savings banks week by week continued to break all records. The National Savings certificate, the least convenient to cash, was and would long remain Britain's most popular savings medium.

There were of course sections of the community who lacked the means to save at all and were never to do so, but as the number falling below the poverty line or living on low pensions or small fixed incomes dropped away through the war so the percentage of savers rose.\textsuperscript{57} There is every indication that, whether sincerely so inclined, simply accepting the necessity of so doing, or shamed into it by peer pressure, they all saved to the limit of their ability. It was hard not to be a saver. Norman Longmate related the testimony of a Liverpool factory worker who was hounded from her local Post Office for daring to request the withdrawal of just three pounds during a 'Wings for Victory Week'.\textsuperscript{58} In a survey of savers in Coventry in November 1941 73% claimed that they were depositing as much as they possibly could.\textsuperscript{59}

Ross McKibbin accepts social researcher Charles Madge's conclusion that during the war years there was a 'conventional upper limit on expenditure which [working-class] people felt reluctant to exceed'. For that the evidence is overwhelming, but McKibbin's further suggestion that there 'tended to be a conventional upper limit on savings as well' which was determined by past experience especially of

\textsuperscript{56} RM: POST56/146: Entries 29th November and 15th December 1939
\textsuperscript{57} Rowntree and Lavers, (1951), 'Persons in poverty' in York fell from 17,185 in 1936 to 1,746 in 1950', p. 66
\textsuperscript{58} Longmate, (1971), p. 384
\textsuperscript{59} MO: TC57/3/A
unemployment, is less convincing.\footnote{McKibbin, (2000), p. 177; Madge, Charles, Wartime Patterns of Saving and Spending, (National Institute of Economic and Social Research, Cambridge, 1943), p. 43} In Madge’s analysed table of the reasons for wartime saving, the most popular was summarised as ‘for a rainy day’ and the second, an extension of the first, was as ‘specific preparation for post-war unemployment’.\footnote{Madge, (1943), p. 101} For all the publicity and official propaganda, ‘to help the war effort’ only takes third place; while unsurprisingly, since the shops contained so little worth buying, ‘in order to spend’ comes last of all. Fear of the dole queue was among the greatest inducements to both wartime and early post-war thrift. Probably, due to the restraints of convention and native reserve, individuals felt it unwise to reveal all they were saving and tended to convey the impression that there was an upper limit.

Madge had found it a struggle to obtain reliable information about personal thrift, noting against his 1943 survey that ‘there is a tendency to conceal some forms of saving ... from the questioner’.\footnote{Ibid, p. 1} He further commented on the difficulty of acquiring accurate figures of occasional investment by wealthier families which might have revealed large sums being deposited in banks. Here there was ‘correspondingly higher resistance’ and a ‘high factor of concealment’. ‘People are only prepared to disclose regular weekly savings’\footnote{Ibid, p. 42} he records. These revelations might imply that for lower wage earners saving was something to be proud of; an achievement that they were happy to talk about. Madge and his team particularly note their difficulty in finding anyone at all among working-class interviewees who was not a member of a savings group or club, or who indeed had not agreed to their employers making fixed deductions along with their income tax.

At the same time as Madge was undertaking his research, newspaper announcements placed by the Midland Bank were claiming that it was aware that ‘too many notes are still being hoarded’. The bank appealed to those with cash at home, in both their own interests and those of the state, to deposit their savings in the bank or invest in Defence Bonds.\footnote{NA.PRO: T/160/1270: ‘Ration Your Current Accounts’, 22nd October 1943} The innocent habit of saving by secreting cash in the house has been
shown to have been a common working-class practice. But now, larger scale cash hoarding had become widely associated with tax evasion and black-market activity. These possibly accounted, in part, for the growth of non-interest-earning current account deposits widely believed to be totally confidential and proof against legal or Inland Revenue investigation.

Wartime endorsement of thrift and frugality was not entirely based on fear and uncertainty, patriotic fervour, or even optimism that peace would bring early opportunities to spend. In February 1941 a Mass-Observation survey asked: ‘What do you think things are going to be like in London after the war as far as money is concerned?’ Only 21% were optimistic. Although one man was convinced that ‘There’ll be plenty of money’, the more typical response was ‘We shall all be broke’. That there would be an economic slump and a return to widespread unemployment, as there had been after the First World War, was almost universally viewed as a foregone conclusion. The national unemployment fund had been turned from a seemingly immutable pre-war deficit into a credit of £54.5 million but that was considered in no way adequate to cover, ‘the loss we may anticipate in the aftermath of war’. Although not precisely expressed in so many words, throughout Madge’s comprehensive records of the many interviews he carried out, the prevailing theme might be encapsulated in the sentiment: ‘I can hardly believe how well I am doing at the moment but of course it will not last’.

The exceptional numbers who, as Madge discovered, were also saving through life and endowment assurance, albeit in most cases via modest industrial policies, similarly bears out this conviction. In Glasgow 95% of families were paying regular premiums, in Slough 88%, while the lowest recorded was Bradford with 75%. Moreover many people were continuing to save in addition to honouring the interest and capital repayments on pre-war mortgages and hire-purchase agreements. Among the illustrations in Madge’s Wartime Patterns of Saving and Spending is a copy of the

---

65 See Chapter 2, p. 66
66 MO: TC57/1/C, 6th February 1941
67 Times, 8th April 1941
68 Madge, (1943), p. 45
savings bank account of a Glasgow engineer who was down to just £1 in 1939 but by May 1941 had amassed a total of £106.69.

Thus a generation of potential capitalists, for want of greater security amidst the dangers and uncertainties of violent conflict, chose to petrify their assets in the savings account, the endowment policy, the National Savings certificate, the Defence Bond or, in the case of a few prepared to take a small risk, the more ‘defensive’ of marketable securities. All of these, with the possible exception of the last, held little prospect of anything but negligible net income or modest increase in value. Against a background of an erratic but rising pattern of inflation, the real value of this frozen capital was slowly melting away. That deterred no one convinced by the slogan which so acutely encompassed all their government rhetoric: ‘The more you lend - The nearer the end’. National Savings indeed continued to break all records until the end.

This total fulfilment of Sir John Simon’s confidence that the British people would require no compulsory measures to lend all they could to their nation still yielded insufficient to feed the voracious appetite of an intensifying world war. Simon’s successor, Sir Kingsley Wood, did not keep the public waiting long before revealing the content of the ‘real’ Budget. Precisely three months after his predecessor’s last assault on the taxpayer’s pocket, on 23rd July 1940 he presented the third Budget in less than ten months. His speech left no one in any doubt that his measures were to be still regarded as ‘interim’ and just another foretaste of what might be expected. Although ‘Pay As You Earn’ (PAYE) was still no more than an item on the agenda of a committee headed by the brilliant (later Sir) Paul Chambers, Wood announced that it would now be compulsory for employers to deduct income tax as directed from salaries and wages. The Chancellor demanded that there must be ‘widespread and drastic reduction in personal expenditure’ and went on to announce what must have seemed an endless list of joyless measures to ensure that that would happen. The

69 Ibid, pp. 84-85
70 MO: TC57/2/A (National Savings Poster slogan)
71 See above
72 Times, 24th July 1940
standard rate of income tax was raised by a shilling in the pound to 8s 6d (42½%). All surtax rates were increased; the highest being extended to 9s 6d on incomes above £30,000 creating a combined imposition of 90%. Estate duty rates were again made more punitive and income-tax relief for life-assurance premiums reduced. Wood seemingly spread his tax-raising measures over every source of revenue he could think of, including reduction in personal reliefs, increasing taxes on alcohol, tobacco, entertainments, and finally the introduction of purchase tax. 33⅓% was to be added to the wholesale price of ‘luxuries and goods not immediately necessary’ and 16⅔% to most other non-food items, including adult clothing, many medicines, as well as books and publications.

The Times unrealistically commented that those on lower incomes would ‘escape very lightly’ because 80% of the items in the cost of living index would be exempt. One of these supposed escapees ‘on lower income’, a pensioner Mr Frank Hayes, wrote to the editor to inform him that he was sending £70 to the Chancellor of the Exchequer, equal to £1 for each year of his life and commending everyone to make a similar gift on their birthday. The newspaper does not record the level of response to this patriotic suggestion, but it is notable that it felt it worthy of publication.

When he returned to the despatch box to present his second and even more drastic Budget of 7th April 1941, the escalating inflation levels of the eighteen months since war began were much in Kingsley Wood’s thoughts. He was also more than aware that Britain was fighting, as he termed it, ‘the most expensive war in history’. In a simultaneous attack on these adversaries, the Chancellor then imposed upon the individual the most expensive taxation in British history. Reduction in the exemption limits and personal allowances elevated a further two million of the lowest paid to the status of taxpayer. The standard rate of income tax again leapt. Now it had reached a record high of 10s (50%) which, when combined with surtax, meant the highest band

---

74 Appendix IV
75 Times, 24th July 1940
76 Appendix II
77 Times, 8th April 1941
was taxed at 19s 6d (97½%). At that extortionate maximum aggregate it would remain for the next five years. 78

The new tax scheme extracted one-third of the estimated national income and ‘may fairly have been said to have reached the limit of what can be raised’. 79 But public borrowing was still the Treasury’s lifeblood and of the essence to the defence of the realm. Wood, unlike his predecessor, yielded to Keynes and introduced a form of personal loan to the nation from which there was to be no dissent. It was a move initially welcomed with enthusiasm by both the press and in parliament and also largely given a seal of approval by the public. Mass-Observation’s sample poll ‘unanimously praised compulsory saving’. 80 Extra income tax was to be levied by a significant immediate reduction in personal relief, to be repaid at an unspecified future date after the end of the war. Kindersley described the Budget as ‘rightly designed’ to demand ‘more drastic self-denial by us all’. 81 The self-denial involved in ‘post-war credits’ as the system which continued until 5th April 1946 would come to be termed, proved to be rather more than some of its early supporters bargained for. The Inland Revenue eked out repayments (directly into POSB accounts) 82 until 1973 and then only to those who survived the war and were assiduous enough to have retained all their necessary certificates intact until they reached their sixtieth birthday (fifty-five for women). 83 Twenty-five years after declaration of peace, that many post-war credits still remained unredeemed was condemned as a ‘dishonourable breach of faith’. 84 It had become one of the most emotive personal financial issues of its time.

In November 1941 a Mass-Observation survey found that more than 50% voiced no strong objection to paying more tax or to paying it for the first time. 85 Two months earlier it had surprisingly been observed that there were ‘far fewer completely disgruntled people’ than in prior surveys. Only 3% gave money as their ‘main

---

79 Times, 8th April 1941
80 MO: TC 57/1/A ‘Responses to the Budget’, 8th April 1941
81 Times, 8th April 1941
83 H. M. Revenue and Customs: www.hmrc.gov.uk/tax history (Finance Act 1941)
84 Longmate, (1971), pp. 377-378
85 MO: TC57/1/E, 11th November 1941
grumble'. There were complaints about shortages, especially of food, in the shops, but the only people seriously concerned about the cost of living were the elderly trying to survive alone on inadequate pensions. Most of the interviewees accepted that they were financially better off than ever before. At the same time a great many attested, with disapproval, to the abundance of contemporary anecdotal evidence of fortune-making by others. A personal war diary entry records disgust at meeting with ‘one of the heads of a large munitions factory in the Midlands on holiday in Norfolk [who said] that he hoped the war would last ten years.’ This story was typical of many implying that there were more than a few prepared to exploit the national defence measures and reap obscenely high rewards. But a Chancellor so resolute as Wood would allow the protagonist of the diary entry (if real) and those like him few further wartime opportunities to indulge in holidays or many of the other pleasures his enhanced income might have bought him.

When Kingsley Wood came to introduce his last two annual Budgets on 14th April 1942 and 12th April 1943 the ever-escalating cost of the war continued to dominate his every concern but even he could find no more to be wrung out from the public purse by direct taxation. All his emphasis would be moved to indirect taxation. It was essential to reduce the level of personal expenditure still further. Purchase tax, his last weapon to fight the rising cost of the war, was wielded with all the might that the diminutive Chancellor could muster. He first doubled the level to 66½% on twenty-six classes of ‘luxury item’ and the following year pushed it up to 100%. The worsening paper shortage meant that 33⅓% would be added to previously exempt forms of stationery. A series of substantial rises were applied to the levels of excise duties on alcohol. 4s 8d was added to the cost of a bottle of whiskey in 1942 and another 2s 4d in 1943 (the 7s addition alone would be about £14 today). Neither Budget would offer any appreciable relief from income tax.

On both occasions Wood added entertainment levies to the price of theatre tickets. Although virtually all theatres and cinemas had closed immediately on outbreak of war, within weeks some had reopened and most of the rest followed within months.

---

86 Ibid, 11th September 1941
87 MO: TC57/1/F, War Diary Entry, November 1941
88 Times, 15th April 1942 and 13th April 1943
The shortage of actors, musicians and stage equipment did not stop fine and well-attended performances being presented in deteriorating theatres throughout the land. Often these had to be limited to matinees to enable audiences to return home before blackout curfews but remained no less popular. Although the shows, plays and concerts were and continued to be lauded in the highest terms as essential wartime cultural diversions, to a besieged exchequer their popularity was simply another source of indirect taxation to be exploited. But the shows had to go on and to inspire the British people to victory with promises of a bright tomorrow and return to the halcyon days of peace.

In that brave spirit *Country Life* was published every week untroubled by the woes of the world. In 1943 its advertisers continued to extol the luxury motor cars they could neither produce nor deliver. Jensen confidently predicted the re-availability ‘after victory’ of the artists’ impressions of their beautiful sports cars, while Bentley poetically appealed to those who believed that ‘these are pleasures we shall know again’. The grand estate agents went on offering gracious homes to the rich, but admitted that the market was ‘dead’, due to the £100 limit expenditure for repairs and decoration. The leading antique and fine art houses, unabashed by conflict or controls, similarly continued to set forth the riches of ages before the discerning wealthy. An ‘increasing number of auctions’ was held, without exception reporting great demand for jewellery, gold and silver.

Faced with constant risks from bomb damage and physical casualty it seems surprising that anyone in Britain was prepared to purchase durable objects as investments. A collector who claimed to have lost over 10,000 rare books in an air raid, some worth hundreds of pounds, received just 1s 6d per volume as insurance compensation. Yet the general stoppage in production of all furnishings and decorative items ensured that the antique trade continued and prospered throughout the war with prices rising as demand outstripped supply. Precious furniture, crockery, cutlery, glassware etc. were brought out of retirement and re-employed for

---

90 *Country Life*, 16th April 1943
91 Ibid, 30th April 1943
92 *Antique Collector*, March/April 1945, p. 69
93 Ibid, January/February 1945, pp. 11 and 24
their original practical purposes. *Antique Collector* assured its readers that the commonly held view that the seller’s market was due mainly to exports to America was not justified, citing the reducing numbers of export licences and declared values. Judging from the number, size and content of their advertisements, all the leading British dealers certainly remained active in the war and its aftermath. The Sale Room columns of *The Times* regularly reported ‘keen bidding’ at Sotheby’s and Christies for all types of art and antiques; the bidding growing keener as an end to the war came into focus. In 1943 jewellery, in particular, was commanding high prices; sales in January and February yielded over £33,000 each, while there was substantial demand for furniture and precious carpets too. As the war drew to an end business at the fine art auction houses sprang back to life. Christie’s reported a record sale of jewellery in March 1945 producing £60,500, in July antique silver went under the hammer at £57,000 and in August old English furniture yielded another record £20,691.

Those daring enough to seize opportunities to invest in artworks and antiques would have acquired assets destined to be the source of substantial tax-free gains. That too would have applied to anyone acquiring homes or investment property, where their capital appreciation might have been even greater in the longer term. But such bold spirits in wartime were few and far between. All housing construction had ceased for the duration, few properties were on the market, and to insure against war risks was no longer economical. To buy would have involved encroachment upon private capital since borrowing was impossible. No one was left with anything approaching sufficient liquidity to buy even the cheapest house from their income sapped dry by Simon and Wood.

Like the latter, his successor Sir John Anderson appointed in September 1943, accepted that there was nothing more to be squeezed out of direct tax imposition. Although presented in an atmosphere of escalating confidence that victory was within sight, his annual Budgets in April 1944 and April 1945 did not add to income or surtax rates they ventured no more than minimal relief from any form of taxation.

---

94 *Times*, 29th January and 25th February 1943
95 *Times*, 8th March and 12th July 1945
96 *Antique Collector*, September/October 1945, p. 216
97 *The Banker*, April 1941, p. 27
98 Sabine, (1980), p. 142
Following both speeches, *The Times* especially congratulated the Chancellor for having established 'stability' and for having reached a point where 'Government expenditure was no longer growing faster than the yield from existing taxes'. That the credit for these achievements was attributable to Simon and Wood, particularly the latter, was hardly acknowledged by the press.

In his second Budget speech, presented just a few weeks before hostilities ceased, Anderson, not without expressing doubt, uttered muted hints that tax levels might be lowered in the foreseeable future. There was no outcry from those disappointed that it would not happen sooner. Few disagreed with the Chancellor when he now predicted a lengthy period of full employment with a little more conviction than had his predecessors. The British people were aware that the national debt had reached enormous proportions, that there were homes to be rebuilt, and that trade and industry urgently needed regeneration. Accepting the imposition of high taxation and taking steps to cope with it in conditions of full employment and escalating personal incomes had by now become an integral factor in people's lives. Realistically, for the majority, payment of tax was proving to be not as punitive as might be suggested by a cursory glance at the tax-rate tables. There was still virtually nothing on which to spend and a great deal to encourage economy.

Among the arguments forwarded in favour of compulsory national lending schemes which had resulted in post-war credits was that extortionate income-tax and surtax rates would significantly reduce the ability to save. That did not always prove the effect while rising tax levels fell short of the escalation in incomes, and personal expenditure remained limited by shortages and production controls. Private savings as a proportion of disposable income, according to leading economist Sir Alec Cairncross, astonishingly rose from 3½% in 1938 to in excess of 16% in 1944. The feasibility of these figures is confirmed by a Mass-Observation report, which reproduces a table indicating that in the tax year 1937/38 barely 1.8 million people were in receipt of net incomes (from all sources) after tax of between £250 and £500.

---

99 *Times, 26th* April 1944 and *25th* April 1945  
100 *Times, 25th* April 1945  
But by 1944/45 the number had more than trebled to 5.6 million.\textsuperscript{102} The ability to save had risen in proportion to this great expansion in middle-income tax-payers whose take-home pay was adequate, regardless of inflation,\textsuperscript{103} to provide a reasonable surplus after wartime living expenses which in most cases were unavoidably modest.

There was also a larger population to swell the number of savers. Between 1939 and 1945, with an accelerating birthrate, the total population of the United Kingdom grew by 1.3 million to 49 million.\textsuperscript{104} Whereas pre-war the total domestic workforce had been about 19¾ million in 1941 it averaged 22 million and at its peak in 1943 reached 26 million.\textsuperscript{105} Those serving in the armed forces and women’s auxiliary services progressively rose with conscription, from about 533,000 to a maximum of 5.6 million in the last few months prior to peace.\textsuperscript{106} Substantial numbers of civilians were seconded specifically to munitions work and the employers of others were required to change their basic activity to essential production. The remainder continued their civilian occupations much as they had done previously. Although that was often in circumstances which involved unwelcome compromises these seldom involved reduction in earnings.

Civilians found themselves in a position where they could hardly avoid benefiting from the demand for their services. The signature tune to the television series Dad’s Army would later expose the attitude of more than a few:-

\textit{Mr Brown goes off to town}

\textit{On the eight twenty-one}

\textit{But he comes home each evening}

\textit{And he’s ready with his gun.}\textsuperscript{107}

Mr Brown and those like him, ‘volunteers on military duty at times which will not interfere with their civil employment’,\textsuperscript{108} from a financial point of view could hardly

\begin{footnotesize}
\textsuperscript{102} MO: FR 3073, 1949 ‘National Income and Expenditure of the UK’
\textsuperscript{103} Appendix II
\textsuperscript{104} Cairncross, (1995), pp. 4, 38-39
\textsuperscript{105} Ibid, p. 9
\textsuperscript{107} Dad’s Army theme by Jimmy Perry, sung by Bud Flanagan, (1969)
\end{footnotesize}
fail to do well in town, particularly if they were senior executives or businessmen. But before considering how they might have done so, it must first be acknowledged that the voluntary unpaid service of the Home Guard was, in reality, far more demanding, stressful, and dangerous than implied by the satirical comedy.

War Office correspondence in 1940 filed under the misleading title ‘Home Guard Pay and Allowances’ records a debate at senior level, drawn out over several months, about provision of an expense allowance. It was eventually agreed to pay 1s 6d ‘tax free’ for 5 hours continuous service or ‘3s for 10 hours for an extra meal [which] cannot be claimed or used honestly for other purposes’, but air-raid wardens could claim up to 10s per day to cover ‘loss of civil earnings’. The tone of the correspondence is epitomized by an excruciatingly pompous letter, worthy of Captain Mainwaring himself, cut from ‘a local newspaper’ by an officer who clearly thought it of some merit. The letter, signed ‘Home Guard’ claimed that no one needed the compensation and the country would be better served if ‘they waived it in favour of the war effort’. The ‘tax-free’ compensation so grudgingly granted only after intervention from Anthony Eden, was a derisory reward for what he described as the Home Guard’s ‘important and increasingly important work’.

It is nonetheless true that ‘Mr. Brown’ probably was not unduly concerned about 1s 6d or even 3s. If an employee, he was not only almost certainly enjoying lucrative job security but was looking to find ways to relieve the ever-rising levels of taxation which were eating into his income. He might, for example, have been charging his firm’s expense account with the train fare to town while leaving the motor car they provided at home; incurring no income tax liability on either benefit. To combat the daunting rates employers began to offer their higher earning staff, in preference to taxable salaries, packages consisting of tax-free benefits-in-kind and other incentives. Some examples are listed by Ross McKibbin who confirms that ‘in 1940 companies

---

110 NA.PRO.WO/32/10019, 63A, August 1940, Cutting enclosed with letter from B.G. Harris, Army Audit Office, to S. Redman, War Office
111 NA.PRO.WO/32/10019, 12A, 8th July 1940, Eden to Kingsley Wood
112 His employer could not legally claim his home-to-work travel as a tax allowable expense.
The Eclipse of 'Elegant Economy'

3. Petrified 'Capitalists'

began to pay more senior employees in taxed income and 'perks', working-day holidays, life and medical insurance, pension contributions, assistance with children's education, subsidized mortgages and the 'company car'.\footnote{McKibbin, (2000), p. 63} For their tax-free status these and other benefits-in-kind relied on the case of \textit{Tenant v Smith}, decided as far back as 1892, when the judge, showing considerable lack of foresight, had proclaimed 'the thing sought to be taxed is not income unless it can be turned into money'. That case had decided that a house occupied rent free by an employee 'for the convenience of his employer' is not income.\footnote{Carter, Roger, N., Public lecture, \textit{The Taxpayer and the Treasury}, (Gee and Co, London, 1938), p. 4} Mr Brown could pocket all his perks with a clear conscience.

Alternatively had he been able to survive as the proprietor of a small or medium-sized business, he would have had opportunities to record healthy profits. From 1940 onwards it became increasingly difficult for retailers to satisfy the demands of customers, when government controls prohibited the import or manufacture of all non-essential items and rationed the limited supply of others. As soon as almost any type of restricted goods became available, which they did intermittently, queues formed and they were often sold out in minutes. In such circumstances, while most retailers tried to comply with the government's 'fair shares' policy, more than a few were tempted to violate the regulations and prioritise customers prepared to pay higher and sometimes excessive prices. Tradesmen, although severely hampered by lack of materials and labour, could name any price for the services they could offer. However it was earned a share of the profits or remuneration would sooner or later be claimed by His Majesty's Government.

It was not quite every taxpayer who fully shared leading tax counsel Milton Grundy's opinion that 'during the second war the payment of taxes came to be regarded as a patriotic duty'.\footnote{Grundy, Milton, \textit{Tax Problems and the Family Company}, (Sweet and Maxwell, London, 1956), p. 2} There is a huge psychological rift between purchasing an investment in a nation in crisis with some prospect of its realisation, albeit distant and at diminished value, and paying taxes and duties where there is no possible prospect of a cash return. At pre-war levels, the minority enjoying the highest incomes might have been more inclined to bite the bullet, take a straightforward approach and pay their
dues. ‘Legal avoidance’ had been an almost unknown phenomenon before Lloyd George coined the phrase when introducing supertax in 1909\textsuperscript{116} and was still not a widespread practice in 1939. That was soon to change. Unwittingly Simon and Wood, acting in the best interests of a country in desperate straits, had created the catalyst for the extensive growth of a ‘tax-avoidance industry’. Simon himself would exploit his authoritative knowledge through his post-war publications and Wood, had he lived, might well have returned to his solicitor’s practice\textsuperscript{117} (which survives to the present day) and found his unique talent for the law of taxation greatly in demand.

Both Simon and Wood would certainly have been aware of the most celebrated obiter dictum in all income tax law which begins: ‘No man in this country is under the smallest obligation, moral or otherwise, so to arrange his legal relations to his business or his property, as to enable the Inland Revenue to put the largest possible shovel into his stores’. In the war years, for many people the combination of new high income and new high taxation meant that the time had come to exercise the right the judge had prescribed. All might be ‘astute [in order to] prevent, so far as [they] honestly can, the depletion of [their] means by the Revenue’.\textsuperscript{118}

The prospect of increasingly potentially painful purges of their pockets by a pressurised Chancellor would prevail upon the attitudes of more than a few and provoke them into proactive tax planning. For those who might anticipate the highest incomes the most straightforward method of avoiding personal taxation was simply to waive or postpone remuneration and live on capital, capital gains, tax-paid interest from sums deposited in building societies (on which surtax was not imposed until 1952/53),\textsuperscript{119} or other investments with tax-free yields. The limit on dividends and ban on bonus issues imposed by the April 1940 Budget were obstacles to survival on capital yield but certainly not impenetrable barriers. As Oscar R Hobson the City editor of the News Chronicle explained to the ‘super-wealthy’ among his readership, ‘a man paying 19s 6d in the pound could for example sell £10,000 worth of 3% War

\textsuperscript{116} Tutt, Nigel, The History of Tax Avoidance, (Wisedene, London, 1989 (First published 1985)), A misleadingly entitled work about the highly sophisticated schemes of the 1970s and 1980s, p. viii
\textsuperscript{117} Peden, G.C., Sir (Howard) Kingsley Wood, Oxford DNB
\textsuperscript{118} Carter, (1938) citing Lord Clyde, Lord Justice General in 1928, p. 18
\textsuperscript{119} Daily Mail Tax Guide 1954/55, p. 6
Loan and spend the proceeds as income at a cost to himself of only £7 10s a year but at a loss to the state of £150 income tax and £142 10s surtax.\textsuperscript{120}

Thus legal tax-saving measures perhaps ironically transpired to be another way in which the private savings statistics were boosted, since they often necessitated substantial levels of retention of cash available to be withdrawn as income. Taxpayers who consulted accountants, tax counsel and other specialists might have found that their experience of tax avoidance and the advice they gave was less resourceful or imaginative than that which would become available post-war.\textsuperscript{121} Nonetheless, professional advice was progressively sought as the war took its toll of casualties\textsuperscript{122} and loss of labour to conscription enhanced demand on the home-front, leaving those with ability or initiative increasing scope to substantially enhance their taxable incomes.

Legal avoidance was not always the preferred defence against the arrival of an unstamped manila envelope marked OHMS containing a ruinous demand from The Collector of Taxes, who relieved His Majesty's Inspector of such unsavoury duties. In the latter war years and thereafter, the temptation to practice tax evasion was strongly induced by the failure of levels to abate at a time when opportunities for unrecorded secondary earnings, high business profits and black market activities were escalating.\textsuperscript{123} Of course there can be no way to accurately gauge the numbers deliberately practising either avoidance or evasion, or the amounts they should have paid, but some revealing data is available.

The yield from surtax never reached its estimate in any of the war years; in 1944/45 for example the receipts were £69 million against an anticipated £80 million.\textsuperscript{124} A table in the Mass-Observation files indicates that in 1938/39 about 12,000 individuals had been in receipt of net income after tax of between £4,000 and £6,000, while over

\textsuperscript{120} \textit{News Chronicle}, 2\textsuperscript{nd} April 1946
\textsuperscript{121} Tutt, (1985), introduction
\textsuperscript{122} Howlett, (c1996) p. vi, 'UK casualties in 1939-45 War' - Military deaths: 270,687; Civilian deaths: 63,635 (No figures have been found for the severely disabled)
\textsuperscript{123} See Chapter 4, p. 119
\textsuperscript{124} \textit{News Chronicle}, 2\textsuperscript{nd} April, 1946
7,000 were able to retain a greater sum. In the tax year 1945/46 the number in the former band had fallen to 840 and those retaining the highest post-tax income were now just 45 individuals. Commenting on the 60 individuals similarly placed in 1944/45, Oscar Hobson diplomatically pointed out that 'a good many rich people have by necessity or choice been living on capital'. A taxable income of about £26,000 would have been necessary in order to be left with £4,000 net; but to achieve a net income above £6,000 the amount declared would have been nearer £86,000 (perhaps £3 million today). In 1944/45 the number assessed to surtax in the United Kingdom totalled 134,209, among whom over 92,400 (69.8%) declared less than £4,000, while only 1,081 were assessed on over £20,000 and just 52 people in excess of £100,000. Perhaps the one indisputable fact that can be gleaned from these figures is that it was only a tiny minority who were really hit hard by the top rates of surtax. It should be emphasised that these basic statistics remain open to interpretation and undoubtedly conceal a vast web of both legal and illegal permutations.

The income tax and surtax legislation, the method by which taxpayers were assessed and the rules with which they were required to comply, had with each succeeding Finance Act become more complicated and irrational. Income tax was assessed under five ‘schedules’, nominated A to E. Schedule D was divided into six ‘cases’, which included the attempt (evidently based on Edwardian snobbism) to distinguish a trade from a profession; while Schedule E had three cases differentiating United Kingdom from foreign income. For many years even experienced professionals had difficulty in appreciating every nuance of the hair-splitting distinctions between the schedules and cases.

While it is beyond the scope of this study to attempt to explain the evolution of the apparently pointless formulae for assessment of business profits they are perhaps among the foremost exemplars of the weakness and the pliability of the system. Until 1996 sole traders and partnerships were assessed on a ‘previous year’ basis. That

---

125 MO: FR 3073; News Chronicle, 3rd April 1946
126 MO: FR 3073
127 News Chronicle, 5th April, 1946
meant that they were taxed on the profit earned in an accounting period which had ended in the prior tax year to 5th April. The choice of accounting period of any length up to twenty-three months was within the gift of the taxpayer who need volunteer no explanation for his decision. The especially complex rules for assessing opening and closing years under Schedule D provided multifarious opportunities from which the alert or well advised trader or professional might benefit. That was particularly so in the case of partnerships which could opt for ‘continuation’ or ‘cessation’ basis each time a partner joined or left the firm. By astutely timing changes a profitable partnership might minimise the liabilities of its partners for several years on end.130

The significant advantages in the use of privately controlled limited companies for personal tax benefit also continued largely unchecked until the Corporation Tax Act 1964. Although most of the methods of tax avoidance practised in the 1940s and 1950s have since been outlawed during the 1930s income-tax law had become a sieve of loopholes, and consolidation of the Finance Acts was long overdue. The necessity for revision had been recognised as far back as 1927, when Winston Churchill as Chancellor of the Exchequer set up an Income Tax Codification Committee under Lord (Hugh) Macmillan (1873-1952). Among the Committee’s terms of reference were to ‘prepare a Bill or Bills to codify the law [to be] intelligible to the taxpayer and promote uniformity and simplicity’. The Committee minuted 154 full meetings and held hundreds of drafting sub-committee meetings before its report was finally submitted in 1936. The distinguished tax authority Roger N. Carter commented in 1938 that if the layman expects that the results ‘will satisfy his desire for a short and simple code he is doomed to grievous disappointment’.131 Meanwhile, ultimate responsibility for taxation assessment still lay in the hands of non-professional General Commissioners (usually local businessmen) and even the function of His Majesty’s Inspector of Taxes did not receive formal legal status until 1942.132 A weighty consolidated Income Tax Act, which as Carter had predicted simplified nothing, would not appear on the statute book until 1952.

130 Partnerships per se were not assessed - the partners were assessed individually
131 Carter, (1938), pp. 18, 23 and 24
The government had set a formidable task in requiring the assessment and collection of taxes to be undertaken by an Inland Revenue with depleted staff and generally outdated resources. To demand that it also administer the most complex, yet weakest and most exploitable of taxation systems in wartime conditions was even more unreasonable. But the growth in total amounts collected must surely rank only second to the growth of National Savings as the most remarkable statistic of the war years related to personal finance. The extraordinary success in filling the national coffers was both an unsung heroic achievement by the Revenue and a remarkable tribute to the British people’s honesty and willingness to comply with the law. It also provides clear evidence that abuse could not have been as extensive as is often thought. Many, probably the majority, derived considerable private satisfaction from settlement of their tax liabilities and making a contribution to Britain’s defence and future prosperity. As John O’Shaughnessy, when writing on consumption, points out, ‘it often transpires that those who have originally been reluctant to pay feel pleased when they have done so’. 133 That is also generally true of taxpayers.

In 1937/38 only about 3.7 million people had been charged with income tax but by 1947/48 that number had risen almost fourfold to 14.5 million. 134 The annual net yield to the government also was four times its 1939 level of £336 million reaching £1,309 million in 1945. 135 The available data does not, unfortunately, separate the yield between personal and business taxation but an indication of the revenue paid by the employed may be gleaned from the total assessed under Schedule E. From £1,784 million in 1939 gross taxable earnings from employment (excluding service pay) jumped to £4,027 million in 1945. By contrast, the annual total assessed under Schedule D on business profits (including limited companies) in the same period rose only from £1,499 million to £2,051 million. 136 The greater total of assessed employment income was in no small measure attributable to the advent of PAYE on 6th April 1944. 137 This scheme, unprecedented or surpassed in its efficiency, ensured that the Inland Revenue became aware of all wages and salaries and that every

135 Mitchell and Jones, (1971), Public Finance 10, p. 172
136 Ibid, Public Finance 11, p. 173 (The profits of Limited Companies ceased to be taxed under Schedule D with the introduction of Corporation Tax in 1965)
137 Website, HM Revenue and Customs: www.hmrc.gov.uk/ tax history
legitimate employee in the land earning (initially) over £600 per annum, irrespective of position or status, from then onwards paid his or her just income tax.\footnote{Taxation, 12\textsuperscript{th} February 1944}

Whether or not the tax paid was felt to be just, it was still necessary to find employment for the proportion of net income which could not be spent. Not everyone deposited all their funds with National Savings or a similar secure savings repository. There were those prepared to be more adventurous. Speculative investment continued undaunted by hostilities and dealing in stocks and shares never lost its popularity. The London Stock Exchange, in deference to the outbreak of war, solemnly closed its doors on 1\textsuperscript{st} September 1939 and reopened them a week later to accommodate the outside trading which had started up immediately.\footnote{Michie, Ranald, C., \textit{The London Stock Exchange: A History}, (OUP, Oxford, 1999), p. 288} On 8\textsuperscript{th} September the Exchange returned to honouring its word as its bond and would never again find any political reason to interrupt its business.

The number of regular private investors had grown significantly after the First World War, when they had been calculated to be in excess of one million,\footnote{Ibid, p. 72} among whom the small minority with large private fortunes, as always, placed the overwhelming majority of transactions in both value and volume. There had been an apparent falling away due to the economic recession years of the 1920s and early 1930s but by 1939 there was a substantial revival in the total number of individual investors. The London Stock Exchange, not without its practical problems and setbacks, survived the war principally on dealings in international, institutional and government securities yet continued to ‘perceive the [smaller] provincial stock exchanges as its greatest threat’.\footnote{Ibid, p. 308} Implicitly the individual investor remained a significant factor since all the institutional and most large private investors dealt in London.

London Stock Exchange activity in general became less vigorous than pre-war due to the absence of members in the services and the daunting uncertainty of unfolding events. Private dealing in the shares of most quoted commercial and industrial companies, however, always remained active, but more than half the wartime
transactions, although numerically smaller, involved large-scale institutional trading in gilt-edge British Government stock in compliance with emergency regulation obligations. In normal circumstances new share or debenture issues tend to bring life to the market but the only reliefs from mundane dealings were occasional issues of government Defence Bonds aimed at institutions rather than individuals. Nevertheless, with one or two notable exceptions, all sectors of the market experienced appreciation in capital value in every year between 1939 and 1945 and the overall average rise in share prices over that period was 26.25%. Many companies, particularly those involved in war-related and finance industries, recorded remarkable and often record profits and their share values rose accordingly. It would follow that most of the active private wartime investors and speculators might have shown net gains, many of which were substantial, and all of which were free of income tax.

It is evident that in many ways the war helped buoy the market. In September 1940 the headline of the *Sunday Express* City column read ‘Investors Don’t Get the Jitters Anymore - Air Blitz Shows that British Investors are Tough’. The immediate reaction to the first destructive German bombs was considerable demand for shares in building material suppliers, although purchasing of War Loans, which had risen 15% since the September 1939 proved heavier still. With the benefit of hindsight it is not difficult to recognise the safest investment opportunities. They were of course the industries directly involved in munitions supply and others meeting the voracious indirect needs of a nation at war.

A retrospective *Alex* cartoon depicts a butcher advising his city-gent customer that ‘a few of you rich City types are going to have to start going short [of meat due to rationing]’ and receiving the response: ‘I went short on insurance stocks the day the first bombs fell - made myself a fortune!’ The cartoon drawn more than sixty years after the event is accurate in highlighting how forethought and quick reaction might have substantially augmented the capital of the bolder wartime speculator. Peattie and Taylor’s intention was to remind their more nostalgic readers that empirical evidence of enormous enhancement of personal financial situations via wartime stock-market

---

142 Ibid, Table 7.2, pp. 321-322
143 MO: TC57/1/B, *Sunday Express*, 15th September 1940
speculation was legion. Concrete evidence or reliable data, either is no longer extant or destined to remain long concealed since every stockbroker scrupulously respected the confidentiality of his clients' affairs. Capital gains tax would not be introduced until James Callaghan's 1965 Budget and thus there no formal records were maintained.

It would indeed have been possible to have made a fortune by selling insurance stocks short if Alex had been extremely sharp, but had he bought and held, he might well have done better in the long term. For example, on 1st September 1939 Prudential stood at 78s 9d and Sun Life at 73s 9d. The drop came during the week of 11th-15th September when they fell to 50s and 62s 6d respectively but by mid-October were back to 75s and 72s 6d respectively. As soon as war broke out all life assurance offices immediately ceased writing new business 'involving war risks at normal rates' and limited the cover on existing policies to the higher of premiums paid or surrender value.

The perils of war are invariably a boon to insurance companies. Nothing encourages their business more, nor creates the opportunity to adjust premiums on new policies upwards in accordance with actuarial calculations of intensified risk. Insurance was never subjected to any type of governmental price control, during or after the war, and all the leading companies survived and grew in strength. For the great houses whose prosperity was founded on selling life assurance to individuals it was largely 'business as usual' through the war. Without exception they remained as active and competitive

144 Economist, 2nd and 16th September, 21st October 1939
145 Ibid, 9th September 1939
as ever, undaunted by offices being destroyed by enemy action, losing staff to the forces, having to evacuate to the provinces and many other practical problems. In fact, as suggested above, business was to prove better than usual. The endowment policy was only second to National Savings as a popular investment. With more available income but bombs falling and escalating fears of impending disaster, the incentive for investing in a life assurance policy reverted to its true purpose: to provide for dependants in the event of death, while investment and saving were relegated to added bonuses. The leading companies reported steady annual increments in volume of business and profits from life assurance in all war years. They of course paid many claims for war-related fatalities but these never transpired sufficient to dent trading figures. Premium levels and policy terms for both general and life business in addition to being adjusted to reflect the heightened war risks reflected the rising costs of re-insurance. The Prudential’s Annual Report and Accounts for 1943 indicated, in essence, that its life assurance premium income was £15.8 million plus investment income of £4.5 million, from which it paid claims totalling £12 million.¹⁴⁶

Throughout the war the men and, for a while by necessity, the women from the Prudential, then by some margin Britain’s largest insurance company, unfailingly collected the weekly premiums from the homes of millions of their loyal endowment policy holders. These ‘ambassadors of thrift’ never failed to assert that a paid-up policy was the surest route to post-war prosperity and family security. For all such doorstep reassurance, all the insurance companies, daunted by uncertainty and high tax levels, adopted an extremely cautious policy in the bonuses paid to policyholders.¹⁴⁷ Added to the effects of inflation, that meant that endowment policies, in particular those classed as ‘industrial’, more often than not, proved poor investments.¹⁴⁸ Notwithstanding the reality of low returns, they remained cherished as the soundest form of saving, and few would be deterred from faithfully maintaining their premiums. In such treacherous times their family policy, above all else, offered the impregnable security for their dependants that it was their duty to provide. Also, in the absence of bank lending, borrowing from the equity value built up in a personal

¹⁴⁶ PGA: Box No. 273, 95th Annual Report
endowment policy was the only remaining practical way to raise short-term finance if need be. Although that partially defeated the policy-holder's object, to the insurance company equity was cast-iron security and they were therefore comfortable in committing themselves to granting personal loans. In 1948 the Prudential confirmed to its agents that the company would always be willing to offer up to 90% of the surrender value,\(^\text{149}\) as had been its practice for many years.

\[\text{The Ambassador of Thrift}\]

All the great life insurance offices had built up their vast fortunes on the back of the dangers of the workplace. In the absence of compensation beyond the Poor Laws the consequences of serious industrial injury had been the greatest dread of the workers of

\(^{149}\) PGA, Box 1326, Booklet, 'Ordinary Branch Training Course for New Agents', February 1948
Victorian and Edwardian Britain. The term ‘industrial’ became a euphemism in insurance parlance for the poorest social class who could afford only a few pence weekly for the meagre protection they might buy. Industrial policies were in the working-class tradition of insuring for a ‘decent’ burial and their cost often consumed up to ten per cent of the household budget.\(^{150}\) As they became more prosperous, these policyholders provided easy prey for those commission-conscious insurance representatives prepared to practise even mild emotional blackmail. An industrial policy (which paid nil or negligible sales commission) carried minimal nominal cover and rarely did anything remain from its proceeds for the benefit of dependants after paying funeral costs, while Lloyd George’s 1911 National Insurance Act covered neither the wives nor children of workers.\(^{151}\) If the policy lapsed it usually carried no right to surrender value or even cover to the extent of the premiums paid, although the Prudential boasted that they would usually grant a ‘free paid-up policy’ where premiums had been paid for five years.\(^{152}\) By the late 1930s the weakness of such basic cover had become more widely appreciated and with the prospect of war the number of new ‘ordinary’ endowment policies underwritten for greater sums began to escalate. The majority, who kept up their premiums for its duration, often under severe pressure, ended the war as owners of policies in which they might, even with mediocre appreciation, boast some equity capital; a condition which for many was unprecedented.

Having considered some of the ways in which the war-time civilian population enhanced its income and capital, the situation of those serving in the armed forces must also be reviewed. Although the income of professionals did not always reflect the general levels of wage rises, when staff were absent in the armed forces or seconded to munitions work, employers in both the private and public sectors continued to make up their full salaries, after deduction of service pay. The Building Society Association, for example, did not hesitate to pass a resolution to that effect immediately war was declared.\(^{153}\) Hyman Kaye, as a full-time employee of Prudential Insurance, had his full salary and increments paid while serving in the Royal Air


\(^{151}\) Rivett, Geoffrey, *From Cradle to Grave: 50 Year of NHS*, (King’s Fund Publishing, 1998), p. 1

\(^{152}\) PGA, *Prudential Bulletin*, May 1943

\(^{153}\) BSA, *Council Minute Book*, Entry 29th September 1939
Force throughout the war, although he did not immediately rejoin the company on demobilization.\textsuperscript{154} In a British Library oral-history recording, a senior Barclays Bank manager explained, that wartime recruits were always employed on a temporary basis so that the bank would not feel obligated to make up their pay, in accordance with its general policy for employees, in the event of conscription.\textsuperscript{155}

All insurance companies announced that, while in the military, policyholders would be safeguarded and there would be no forfeiture for non-payment of premiums.\textsuperscript{156} British servicemen with mortgages could arrange with the building society to have repayments and interest deferred or in some cases even written off for the period of service\textsuperscript{157} while others might arrange to make a minimal contribution, or pay nothing and have the arrears capitalised in the form of a new post-war advance. Such arrangements, which were always honoured, not only benefited the more affluent serviceman perhaps buying a suburban villa. The larger societies had, prior to the war, taken over a great many of the loans granted by local authorities under the Small Dwellings Acquisition Acts\textsuperscript{158} and were thus also able to assist less well-off servicemen buying more modest homes.

The common perception that the British serviceman was impoverished requires further examination. With no expenditure to find for food, clothing or accommodation the serviceman’s pay was wholly available for his personal needs, for entertainment, to help support his family, or to save. In 1944 a War Office paper set out the findings of a study on Army pay commencing by patriotically citing Thomas Hardy: ‘pay, though necessary, will be the least part of your reward’.\textsuperscript{159} This paper confirms that in August 1942 the lowest paid private received a minimum of 17s. 6d per week or, with proficiency pay 21s, rising to 29s 9d with three years’ increments, but a ‘sergeant tradesman’ could receive as much as 61s 3d.\textsuperscript{160} In addition, soldiers might be paid a range of supplements dependent on family situation or location. By early 1944 the

\footnotesize{\textsuperscript{154} Personal interview \textsuperscript{7\textsuperscript{th}} June 2005, Hyman Kaye, born 1912, (He rejoined two years later and became one of Prudential’s most successful agents)\
\textsuperscript{155} BB/WEBS, Oral History 725/11\
\textsuperscript{156} Economist, \textsuperscript{9\textsuperscript{th}} September 1939\
\textsuperscript{157} Ritchie, (1997), p. 76\
\textsuperscript{159} Ibid, Table I}
basic private's pay had increased to 21s or 24s 6d after six months, while a corporal received 40s 3d, and a warrant officer 91s. Also set out is a detailed weekly 'Budget of a Soldier' totalling 14s 9¾d, including 5d 'Army savings' and 2s 6d 'savings for leave'. The largest item is 4s 8¾d for cigarettes, although curiously no allowance is made for drinks. It would thus appear that all but perhaps the lowest ranks should have had adequate cash in their pockets and could add to their savings if they wished. Since military activity or action in war is almost inevitably intermittent men often had time on their hands. For those proficient at trades and already paid significantly more than the basic for their rank, and others prepared to work, there were many opportunities to use that time profitably. British servicemen, like civilians, were not exempt from having their consciences constantly pricked to curtail expenditure in the national interest. Some of the more prudent were prompted to invest in National Savings not only by patriotism but by native reserve and aversion to ostentation, accentuated as a reaction to the reputation of American servicemen.

Our armed forces, as legend has it, were not so much worse off than the big-spending 'overpaid' United States military personnel who first arrived in Britain in January 1942. The highest ranking American officers were paid considerably less than their British counterparts. A US general, for example, received the equivalent of £179 4s 3d per month, while the corresponding British rank commanded £247 12s 11d and many senior American officers made comparatively far greater financial sacrifices. By contrast, the lower ranks of the American forces were paid three or four times as much as their British allies of equivalent rank. That margin might have been reduced for skilled servicemen or those with families whose pay had been enhanced by regular rises in the child benefits to their wives. With three children the weekly benefit had by 1945 risen to £1 per week, which to the poorest was of some significance: being equal to about 20% of the average wage of a manual worker at the time. In addition over £318 million was distributed during the war years alone to British servicemen (mostly

161 Ibid, Note Signed W. L. Gorell Barnes, Secretary to the War Office, (20th March 1944)
162 Ibid, Table 3
163 Gardiner, Juliet, Over Here: The GIs in Wartime Britain, (Collins and Brown, London, 1992), p. 8
164 Ibid, p. 62
The Eclipse of 'Elegant Economy'

3. Petrified 'Capitalists'

'other ranks') in, usually tax-free, war-related pensions, grants and allowances other than gratuities payable on demobilisation.166

All American ranks received their pay monthly and in most cases having no prior experience of a foreign land or currency found it rapidly depleted. There is widespread empirical evidence that significant numbers resorted to borrowing from the weekly-paid British and other forces, as well as to black-market activity and other questionable means of supplementing their incomes, often for no better reason than simply to maintain the image of affluence ascribed to them.167 According to Paul Addison, the US forces were the principal suppliers of stolen goods to the black market.168 PX stores on American bases always managed to be better stocked than the NAAFI and thus more opportunities to buy (and presumably to steal) additional food and other goods were open to US servicemen, who generally had no concept of the British rationing system.169 It is not hard to conclude that enterprising British soldiers, as well as civilians, exploited this situation to their advantage. Later during the Korean War weekly-paid British soldiers similarly profitably extended credit to monthly-paid American personnel and ran a bar achieving profits of 150% even when charging less than American canteens.170 It was not only opportunist servicemen who found their higher-paid allies a lucrative source of income. A Plymouth woman tells of her surprise that so many Americans crammed into her small local church each Sunday and that their officers ensured that they made generous contributions: 'During their stay the pastor paid off over £1,000 of the church debt'.171

Whether or not combatants, with a few exceptions to be discussed below, all sectors of the community to a greater or lesser extent added to their savings and ended the war in a stronger financial position than at its outbreak. The overwhelming majority, it must be emphasised, achieved that position legally and often passively while serving their country and making heavy sacrifices. With the ending of hostilities many found themselves strangers in an abnormal and transformed Britain where all aspects of life

166 Howlett, (c1996), 'War Pensions, Grants and Allowances', 2.10, p. 24
167 Thomas, (2003), p. 222
168 Addison, (1985), p. 45
169 Longmate, Norman, The GIs: The Americans in Britain 1942 -1945, (Hutchinson, 1975), p. 199
170 Alfred Catterall (email 21st November 2005)
171 Longmate, (1975), p. 178
remained dominated by unpleasant reminders of the agonies of the recent past. Increasingly onerous austerity measures added to the gloomy scene in 1945 Britain. No great imagination is necessary to appreciate why so many were convinced that the unfamiliar cash in their pockets, balances at the post office, equity in their endowment policies and savings certificates were temporary or even illusory. The following chapters consider how they reacted to those circumstances.
[My parents] had drummed the idea of self-reliance into me so thoroughly that I believed dependence to be a fatal sin.

Margaret Drabble

Mr Bevan can be assured that, once they are given the chance, the people of this country will take steps to purchase their homes in as great numbers as ever. To boast that he has kept them hitherto from doing so stamps him as a dictator rather than a democrat.

Building Societies Gazette

Rosamund Stacey, the heroine of Margaret Drabble's novel The Millstone, justifying the psychological effects of war experience, recalls: ‘I was reared to believe that the endurance of privation is a virtue, and the result is that I believe it to this day’. In the years following the declaration of peace my father, who shared that belief, found himself in a financial position with which it was not easy to come to terms, and would be among the many who would never do so. He died in 1960, but others remained haunted by that mindset for decades. Richard Hoggart (born 1918), forty-five years after the war admits to his obsession with the petty economy instilled into him in his youth: ‘There is still, after all, behind every dealing with money and things, the fear and the hatred of waste’. Like the ingrained maxims of financial prudence recalled by Peter Hennessy, Hoggart remained compelled to conjure up the apophthegms of his upbringing. In middle age his greatest dread remained the inability to ‘meet bills as they fall due’ even though he knew he could pay them without difficulty.

In today's world those able to boast an unencumbered freehold house, a valuable life assurance policy, some cash reserves and being completely without debt can sustain no argument that they are enduring privation any more than they can argue that they are not the beneficiaries of a capitalist system. Still less would anyone similarly placed now make any deliberate attempt to avoid the acquisition of anything for which

---

1 Drabble, Margaret, The Millstone, (Penguin, Harmondsworth, 1981 (First Published 1965)), p. 9; (cited in Taylor, 1993)
2 Building Societies Gazette, May 1946, p. 159
4 Hennessy, (1992), pp. 307-308; See Chapter 1, p. 10
5 Hoggart, (1990), pp. 191-192
he or she felt the need and could reasonably afford to buy for cash or credit. Yet my father, typically of his generation, found such future normalities completely foreign to his practice of plainer living justified by higher thinking\(^6\) than from a retrospective viewpoint was in any way necessary. In the First World War, widespread financial conservation had been practised much in the same way as in the Second\(^7\) but there were two profound differences in attitudes in the aftermath of the latter. Firstly, in the face of interminable economic setbacks no repeat of the mass-unemployment and widespread poverty of those years were in evidence and secondly, the taste of prosperity experienced between the wars lingered on the British palates. Although that strong addiction to the pre-war dawning of modernity proved too potent to dispel, for a few years most, but not all, summoned the stoicism to resist its temptation. Harry Hopkins extended the often cited view of post-war normality, considered above, into a dilemma: ‘There existed, side by side, often overlapping in baffling fashion, an England of ‘plain living and high thinking’ and an England of ‘high living and distinctly low thinking’\(^8\). That was the complex pattern on the veneer. But this chapter argues that beneath that veneer were layers which, when revealed, add a dimension of historical significance to the enigma.

That ‘we were ... morally magnificent but economically bankrupt became brutally apparent when President Truman severed ... the lifeline of Lend-Lease\(^9\), was further rubbed in by the huge but still inadequate loans, with unacceptable conditions, negotiated by Keynes to replace Lend-lease, the system of American aid which had sustained the British war effort.\(^10\) No sooner had the ink dried on the documents of surrender than it also became apparent that reliance on the British Empire to fill the national coffers was all but redundant and in its stead stood only the far less palatable prospect of dependence on transatlantic goodwill. Arguably that revelation was among the catalysts which resulted in a mode for excessive private conservation, since it seemed the only way to make a deeply-felt, if futile, individual gesture in defiance of an inescapable situation. A Mass-Observation recorder phrased the position more eloquently, commenting that ‘the selfish set of attitudes revealed in pre-war studies

---

\(^6\) See Introduction, note 21, p. 14
\(^7\) Home, (1947), p. 356
\(^8\) Hopkins, (1964), p. 97
\(^9\) Hennessy, (1992), p. 94
gave way to a sense of purpose which went beyond self and immediate convenience'. Similar attitudes would be among the causes of the victory in the 1945 election of a party with socialist aspirations.

The reasons for the unpredicted outcome of that election are destined to remain the subject of complex and unresolved debate. Spectres of reversion to interwar injustices and nightmares of a revival of unemployment were juxtaposed with optimistic fantasies that a phoenix of universal prosperity might rise from the fires of slum demolition and the dust of bomb-site clearance to restore Britain to its once supreme status among the nations. Many of those who voted for the new government did so in the hope that a welfare state with its promise of care from the cradle to the grave would, in part, realise that dream.

Much is revealed about the existence of the 'sense of community and social purpose', which Hopkins considers the main reason for the Labour victory, by reviewing the essays written in March 1944 by servicemen of all ranks for the British Legion's 'Post-war Hopes' competition. While some expressed naïve and eccentric ideas, almost all emphasised their wish to see the 1942 Beveridge Report, with its welfare-state blueprint and celebrated promise to slay the 'five giants of want, disease, ignorance, squalor and idleness', fully implemented as their just reward for victory. There was no direct anticipation that Britain might become an affluent society, and interestingly, no mention of either immigration or emigration. One imaginative writer suggested that the British Legion be transformed into a type of building society employing capital from the 'huge NAAFI profits', to build houses and provide ex-servicemen with mortgages to buy them. There also remained those faithful to the legend that the sun would never set upon Britain's perpetual horn of plenty - its faithful Empire.

These hopeful essayists were not alone in continuing to cling to that romantic anachronism. Among its most vocally faithful was Lord Beaverbrook's *Daily Express*, then the largest circulating daily newspaper, the overriding policy of which was to

---

11 Hennessy, (1992), cited p. 78
12 Hopkins, (1964), p. 91
13 MO: TC40, 'Post-War Hopes'
perpetuate the myth that her deferential colonies were content to continue to remain forever the obedient servants of their mistress Britannia. Typical of that stance was a patronising leader headed ‘Thanks Empire’ which reminded austerity-suffering readers of their great possessions and lauded ‘our kinsmen overseas’ who have ‘rallied round to help out our rations’. The high-thinking Beaverbrook had himself written an entire page in The Daily Express a month earlier devoted to the benefits of the Empire to the ‘whole of the human race’. The patriotic press baron warned his readers that ‘if we divest ourselves of these assets, Britain and the Empire will fall in ruin and crumble in decay’. The same edition reports a ‘glut of guns’, supplied by servicemen returning from the Continent and revolvers being sold in Soho for five pounds. The previous day The Express had reported kerbside sales of German cameras at £100, gold sovereigns at black market prices and other questionable dealings by Canadian, Australian and British servicemen.

Against this background, on 23rd October 1945 the Chancellor of the Exchequer, Hugh Dalton, presented his first Budget. It appropriately offered a package of positive and responsible measures in deference to the electorate’s high expectations of a peacetime Labour administration. The most popular move, in what now had become a nation of income-tax payers, was the first reduction in the standard rate for eleven years. Although the rate had been just 5s 6d at the outbreak of war the cut by one shilling to 9s in the pound was greeted with delight. Increasing personal allowances, extending the lower rates and raising the exemption limits reduced the total low-income taxpayers by two million. Welcome too was the announcement that personal allowances would no longer be restricted to provide for now redundant ‘post-war credits’ and some extra cash would be in pay packets. A further benefit was the abolition of purchase tax on selected items including most forms of heating. Although the highest rates of surtax were increased (retaining the maximum aggregate with income tax at 19s 6d) and a tax on new motor cars was introduced, these measures were then of concern only to the very wealthiest and caused little public displeasure. The previous Chancellor Sir John Anderson was not alone on the Opposition benches in expressing his unreserved praise for the tax changes that he described as giving the

---

14 Daily Express, 17th October 1945
15 Ibid, 16th and 17th September 1945
16 Ibid, 24th October 1945
The optimism of Dalton and his supporters was soon to prove almost as unrealistic as Beaverbrook’s fantasy of the treasure house of Empire and as improbable as some of the wilder visions of the Post-War Hopes competitors. The next three years would come to be characterised as an extensive period of long waiting lists for housing, rationing and controls, queues for goods in short supply, and the ever-present black market. Of these, all but the last are well documented in widely-available sources (although reliable contemporary statistical data is rare), while primary evidence of the latter, due to its illegal connotations, is either concealed, destroyed or simply hearsay. Government enquiries, journalistic investigations, court records, press reports and empirical evidence are inevitably open to question as has been widely demonstrated by studies of black-market activity. What is abundantly clear is that, given the petty and harmless nature of most of the dealings described as black-market, neither the supposed perpetrators nor beneficiaries associated them with law-breaking or even in many cases appreciated their illegality. An eminent King’s Counsel, inspired by a Brains Trust debate on whether it was possible to live ‘a life of normal English freedom without breaking the law’, put pen to the practicalities: ‘The butcher gives an old customer more meat than she is entitled to because otherwise he cannot get rid of his expensive joints; is it in feminine human nature to say, ‘Cut off those offending five ounces or I will denounce you to the police?’

---

17 Times, 25th October 1945
18 New Statesman, 27th October 1945, p. 275
19 Times, 25th October 1945
20 Smithies, Zweiniger-Bargielowska, Thomas, Roodhouse, David Hughes ‘The Spivs’ in Sissons and French (1963), etc
Leonard Mosley’s opinion, also famously asserted by Lord Woolton, that ‘in Britain, and even in the nation’s capital a very few ever dabbled in it [the black market]’ is plausible only if he had in mind consistent and purposeful attempts to illegally profit on a substantial commercial basis. Those with initiative or entrepreneurial spirit who seized the prevailing opportunities of extraordinary times have often inaccurately and unfairly been described as black-marketeers or worse by the self-righteous, the envious and the hypocritical. The unique situation had created a host of perfectly legal routes to financial success via employment, business, and investment. Ex.servicemen and other post-war entrepreneurs who dealt in the substantial quantities of war surplus were often associated (occasionally with good reason) with dishonesty but trading in goods whose base supplier was the War Office was not illegal per se.

Businessmen who flaunted the inadequately policed surfeit of minor controls and regulations to supplement their profits were also thought of as black-market dealers and their wrongdoing censured. In his diary for Mass-Observation a partner in a prosperous Sheffield firm of accountants (born 1901) disdainfully records a meeting with a client in 1947: ‘This man ... a commercial buyer of carpets, having fulfilled his firm’s quota [under manufacturing control regulations] then personally classed himself as a new business to obtain a second quota and also ‘puts his main assistant down as a dealer and gets a third quota for him’. In normal times there are no quotas for the purchase of carpets. Although this dealer might have gained an advantage over his local competitors, if any, his certainly illegal violation of the regulations was otherwise victimless since the available carpets would have been distributed in the same area whoever bought them.

Since the summer of 1942 the Board of Trade had continually actively attempted to discourage all forms of material consumption with its celebrated slogan ‘Make do and Mend’. After the termination of conflict the cheerful potency of that catchphrase soon began to wear as thin as the fabric of Britain’s worn-out pre-war garments. Even the King appealed to the Prime Minister in the autumn of 1945: ‘We must all have

---

23 MO: Diaries 1939-65, No.5067, Entry 10th September 1947
24 Zweiniger-Bargielowska, (2004), p. 120
new clothes - my family is at its lowest ebb'\textsuperscript{25}. No one was exempted from the obligation to make do but many lacked the skills or the time to mend. Anyone capable of undertaking the simplest repair, service, or maintenance found themselves in desperate demand by the growing numbers prepared to employ them irrespective of the price. Small businessmen and tradesmen did not have to defy the law to flourish as never before. Their only limitations were continuing shortages of labour and materials. The temptation to earn easy money in such circumstances was hard to resist and even the most cultured, it seems, sometimes were not beyond prostituting their art. The distinguished artist Augustus John wrote bluntly to the wealthy politician Henry Channon, who he hardly knew: 'I do drawings of people for £100. How about it?'\textsuperscript{26}

Employees, and more than a few registered as unemployed, could exploit the abundance of spare-time work. Much of the fruits of such labour escaped the notice of an understaffed Inland Revenue operating two years in arrears,\textsuperscript{27} and therefore not all tradesmen felt it necessary to charge extortionate prices. Even when they did so payment was more often accompanied by gratitude than complaint. It has been observed that had there been excessive charging on the extensive scale popularly suggested then inflation would have soared to double figures or even out of control.\textsuperscript{28}

When that had occurred following the outbreak of war\textsuperscript{29} it was caused by unprecedented demand for labour not exploitation of shortages and controls, the teeth of which had yet to bite. Inflation did not soar, either at the end of the war or in the early post-war years when black-market activity was deemed at its apogee. The price index remained stable from 1943 to 1946, growing at an average of about 3.4% per annum. When it reached 7.4% in 1947 the rise was again more influenced by full-employment and high wage awards than excessive charging. By 1949 it had dropped back to 2.6%.\textsuperscript{30}

\textsuperscript{25} Howard, A., in Sissons and French, (1963), p. 25
\textsuperscript{26} James, Robert R., Chips: The Diaries of Sir Henry Channon, (Weidenfeld and Nicolson, London, 1967), p. 278
\textsuperscript{27} The Banker, June 1946, p. 148
\textsuperscript{28} Roodhouse, Mark, Public Virtues and Private Vices or Public Truths and Private Lies? Attitudes to Black Market Dealings in Britain, 1939-1945, Paper at Institute of Historical Research, 2\textsuperscript{nd} December 2004
\textsuperscript{29} See Chapter 3, p. 77
\textsuperscript{30} Appendix II
The prolonging of rationing and pervasive post-war shortages also led to widespread small-scale barter, technically in breach of emergency regulations and often considered black-market activity but incapable of having any effect on the price index. While the beneficiaries of such dealings sometimes justified them as compensation for war-time sacrifice, it is evident from the tone of contemporary accounts and reminiscences that they more often than not experienced soul searching in response to their faith in the rectitude of 'fair shares' and controlled prices. Every serious investigation has found that the vast majority of transactions popularly described as black market amounted to little more than trifling violations of the unreasonable number of petty and complex legalities, and were often resorted to out of necessity and sometimes desperation. As Churchill expressed it, in a not unrealistic exaggeration: 'Seven hundred thousand more officials ... have settled down upon us to administer twenty-five thousand regulations never before enforced in time of peace'.

Without exception the 325 people interviewed in a poll on crime, conducted in January 1948, claimed some knowledge of black market in their area. The items involved in the allegedly illicit transactions of which they were aware were invariably modest in both quantity and value. Anyone judged in any way to be disregarding the unworkable 'fair shares' regime was labeled a black marketeer. When detected the unfortunate were pounced upon by over-zealous officials, whose 'considered policy' was that rations were a maximum and 'should not be transferable by sale, barter or gift'. These vigilantes did not always receive more sympathy from the courts than did their victims. A magistrate at Old Street firmly reprimanded two clerks from the Ministry of Food who posed as traders and prosecuted a firm for exceeding the controlled price of 40lb of cucumber by just 8d, for 'ghastly amateur policework'.

---

31 Roodhouse, Mark, 'Public Morality and the Black Market in Britain' in Trentmann, Frank and Just, Flemming, eds, *Food and Conflict in Europe in the Age of Two World Wars*, (Palgrave Macmillan, 2006), pp. 244 and 253; Museum of London Sound Archives
32 Zweiniger-Bargielowska, Roodhouse, Smithies, etc
33 Zweiniger-Bargielowska, (2004), p. 229
34 Roodhouse, 2nd December 2004
35 Zweiniger-Bargielowska, (2004), Labour Party slogan, p. 2,
That did not prevent him from imposing the disproportionate fine of £5 with 15 guineas costs.\(^{37}\)

In the publicly high-thinking post-war atmosphere, penalties in successful prosecutions were almost always out of all proportion to the severity of the offence. A typical example was reported in the *Daily Mirror* in January 1946 when ‘a licensee who bought a clothing [ration] book from a man in his bar for £3 5s was fined £300’ (about £10,000 today). The fact that the police gave the culprit a first-class character report and that he had served in both wars as an officer failed to impress the court which placed him in custody until the fine was paid.\(^{38}\) As leading counsel C. K. Allen later observed ‘If you lose or are robbed of your clothing coupons, you can with great difficulty recover half the original number. Is it any wonder that people buy coupons in what is now an open market?’\(^{39}\) Yet wherever there was the slightest hint of black-market activity the press never passed up the opportunity to express righteous indignation, appeal to the British sense of fair play, and valiantly defend those supposedly deprived by evil profiteers luxuriating in illicit profits. *The Field*, a magazine not penned to appeal to those of slender means, reminded its readers ‘the average man or woman does not buy in the black market. It is much too expensive. Those who do are wealthy and greedy. ... Greed owns no loyalty’.\(^{40}\)

The number of serious court cases involving commercial black-market related fraud was arguably not exceptional when compared with either earlier or later periods but there were many cases of dealing in stolen goods and a few *causes célèbres* involving alleged large-scale illicit activity. The most publicized was the near farcical Lynskey Tribunal of 1948, which ignominiously failed to convict the loquacious ‘super-spiv’ Sidney Stanley but forced the resignation of a junior Board of Trade Minister, John Belcher, evidently for no more than accepting the gift of a suit.\(^{41}\) Cases of this kind were unique to the prevailing ambience of the era but criminality allegedly attributable to premeditated malevolence has been widely exaggerated. Paul Addison aptly quotes a Mr Franklyn reflecting a common justification for petty criminal

\(^{37}\) *Daily Express*, 5\(^{th}\) September 1945; See Chapter 8, p. 292 re guineas

\(^{38}\) *Daily Mirror*, 5\(^{th}\) January 1946

\(^{39}\) *Spectator*, 5\(^{th}\) November 1948

\(^{40}\) *The Field*, 14\(^{th}\) March 1946

offences. 'When timber did arrive it tended to disappear ... after six years of war ... they was entitled to these things. Never having had anything at all they didn't steal it as such. They made the best of what they saw'. Mr Franklyn's disappointment was shared by many who considered their just deserts as war victors had failed to materialise and similarly expressed their frustration with the halting progress, especially in house building activity, although usually only verbally.

Addison further refers to there being a thriving black market in petrol for the first three post-war years, when commercial users issued with worst-case-scenario allowances found themselves with a considerable surplus which 'often found its way into the tanks of private motorists'. In 1948, when black-market dealing in petrol was past its peak, motorists were accused by The Manchester Guardian of treating 'contempt for the law as almost a virtue' but even its zealous correspondent could estimate 'leakage' at never more than 3% in total. In the year following the ration increase in October 1946 police prosecutions for related offences fell to 1,583 - just 23% of the 6,852 brought in 1945. The basic allowance for private motoring was withdrawn for a second time in October 1947 but restored at a lower level in June 1948 which remained unchanged until petrol was finally de-rationed on 26th May 1950. A review of the report by a Committee of Inquiry to the Minister for Fuel and Power, the source for The Manchester Guardian article, highlights the tendency of black-market estimates to be unrealistic guesses. The highest assessment of illegal usage by an AA and RAC joint committee was 180 million gallons (over 27% of coupons issued to goods vehicles) in contrast to the lowest by the Ministry of Transport, which calculated that just 30 million gallons (4% of coupons) were appropriated for private motoring.

A rather different picture was painted by The Policy Holder which maintained that in January 1946 following the restoration of a basic 'non-essential' petrol ration 'there was no great rush to put [private] cars on to the road again' adding the miscalculated

---

42 Addison, (1985), p. 63
43 Ibid, p. 48
44 Manchester Guardian, 8th April 1948
45 NA.PRO. MFP, BS.69(6/26), Evasions of Petrol Rationing Control; Report of the Committee of Enquiry to H.T.N. Gaitskell, (Ministry of Fuel and Power, April 1948), p. 6
46 Ibid, p. 23
prediction that 'it is doubtful whether there will be any appreciable rush when petrol rationing ceases'. Immediate post-war private motoring had already returned for a tiny minority prepared to indulge in the luxury of one of the comparatively few over-priced second-hand cars available and its running costs. While the showrooms remained devoid of new models to excite their interest most potential motor-car buyers accepted that they would have to be patient. But acquiring a new car was not beyond the grasp of the determined and persevering.

An entry in the Sheffield accountant's Mass-Observation diary (referred to above), states in 1947 that one of his clients had ordered three new cars, presumably from different dealers. He had taken delivery of one and intended to lay up the other two until a year had expired from licensing the first, after which he was allowed to sell. Then, 'he should rake off enough profit out of the two he sells to pay for the [last] new one.' It seems improbable that this would have been a quick process. The oral history testimony of a young lady employed by a West End car dealer describes how she was bribed with nylon stockings and other gifts by men hoping simply to have their names added to the year-long waiting list for a Standard Vanguard, the first mass-produced post-war motor car, which was not on the general market until 1949.

The law-abiding majority went on struggling to find the elusive exit from the incessantly animated maze of regulations in which they were embroiled. For the now in excess of twelve million taxpayers and the multitudes with amassed savings this involved more assiduous attention to their personal financial affairs than they had ever previously dreamed necessary. Only a small minority arguably could be justified in excluding themselves from the conscious beneficiaries of what 'many observers of British society, especially on the left [have described as] the only significant period of income redistribution in modern times'. Full employment was among the most fundamental policies of the Attlee Government and it could boast the achievement of at least that objective with unqualified success. Yet it was a situation which few

---

47 The Policy Holder, 1st January 1946, p. 9
48 MO: Diary, 5067, Entry 10th September 1947
49 Museum of London Sound Archives: 96.25 (showroom assistant, born 1929)
50 See Chapter 3, p. 104
51 Rubinstein, W.D., Wealth and Inequality in Britain, (Faber, London and Boston, 1986), p. 78
anticipated would be permanent and the prudent prioritised consolidation of their own finances before placing their faith in the high-thinking economic reforms which the socialist administration held would maintain indefinite prosperity. Few recognized or would admit that they had reached a state of prosperity at all.

This study has involved listening to oral history recordings and speaking to people in different walks of life with direct or indirect links to the period under review. While most have been open and helpful in providing reminiscences of personal and family situations none would unreservedly acknowledge a comfortable financial position in the early post-war years. Even the daughter of a manifestly wealthy man described her family as then 'not having two pennies to rub together'. While that was, by any normal standards, almost certainly far from the case it is equally improbable that she was deliberately wishing to withhold the truth. Similar empirical research has revealed the strong tendency of the generation to expunge all but the ubiquitous hardships of the austerity years from its mind. Many now find it difficult to accept the evidence of the widespread personal financial stability and rapid post-war recovery supported by all reliable data and commentary.

Ross McKibbin claimed that the war ‘did have more serious consequences for the rich, and at least [until 1951] they were to be permanent’\textsuperscript{53} suggesting three reasons, all of which are worthy of review. In response to the first, the improbability that high rates of surtax significantly damaged the overall financial situation of any but the tiny minority who were ‘super-rich’ has been demonstrated in the previous chapter. Most of the wealthy were able to arrange their affairs so as to avoid potentially serious consequences and those who paid their taxes in full could usually afford to do so without difficulty. The second reason: ‘destruction or appropriation of assets ... held abroad’ might have wiped out the capital and income of those retaining all or the majority of their investments in hostile states, but again it is hard to accept that the number suffering serious consequences from such total misfortune was significant. Surely few rich Britons would have transferred all their wealth abroad and retained no realisable investments or assets of substance in the United Kingdom. Even where uninsured properties abroad were destroyed, at least the land value might, in less

\textsuperscript{53} McKibbin, (2000), p. 41
alienated areas, have been known to be recoverable and retained a measure of equity value. The third reason: ‘immobilisation of income due to exchange and expenditure controls’ seems to be more a temporary inconvenience shared by all than a cause of reduction in wealth, since immobilisation of income does not necessarily imply substantial diminution in its value. The restrictions on conversion of foreign currency and expenditure controls tended to encourage greater investment at home (if the income referred to arose in the United Kingdom). The reason that the proportion of personal wealth held by the top 10% of the population statistically declined from 56% in 1937-38 to 43% in 1945-46\(^{54}\) was the substantial growth in the capital of much larger numbers of the middle brackets, not an appreciable reduction of the wealth of the few in the very highest bracket.

Those in the very lowest bracket also managed to avoid serious consequences. A cursory review of the bankruptcy statistics in the post-war period characterised by risk-laden activities, among them innovative business ventures, stock-market investment, and heavy gambling, would imply that there was almost universal solvency and absence of substantial personal indebtedness. In 1949 receiving orders made under the Bankruptcy and Deeds of Arrangement Acts had risen from wartime lows\(^{55}\) but only to a total of 1,693, compared to 1938 when they had been almost three times higher at 4,708. The majority of insolvencies resulted from small business failures, while personal bankruptcies were almost negligible but included one clergyman, seven barristers and solicitors, and eight ‘bookmakers and other persons engaged in betting’.\(^{56}\) The total liabilities of these unfortunates, despite eleven years of inflation,\(^{57}\) were just £5.9 million compared to the £10.3 million owed by bankrupts in 1938. They would not again revert to that level until 1960 when the 3,068 insolvents remained well below the number of their pre-war peers. In 1967 they were still a select 4,189 although their combined indebtedness was now mountainous by comparison.\(^{58}\)

---

\(^{54}\) Ibid.

\(^{55}\) See Chapter 3, p. 84

\(^{56}\) Report by the Inspector-General in Bankruptcy for the Years 1939-1953, (HMSO - Board of Trade), pp. 26-29

\(^{57}\) Appendix II

\(^{58}\) Bankruptcy Report 1939-1953, pp. 4-5; Ibid 1966/67, p. 9
For all the evidence of solvency and the widespread situation, summarised by a contemporary economist as one in which 'the worker doesn't feel poor ... he has more money than before and his job is more secure'\textsuperscript{59} illegal or barely-legal financial exploitation of the poorest classes, a legacy of the pre-war impoverishment-fearing mindset, again raised its ugly head. The re-emergence of a spate of devious check trading\textsuperscript{60} proved a cause of great concern to private businessmen, particularly when after clothes rationing ended in March 1949 the strict control of profit margins on government standard 'utility' clothing was prolonged (until 1952).\textsuperscript{61} With the increasing promotion of 'easy credit' by questionable operators, shopkeepers serving the most disadvantaged sectors of the community found themselves obliged to trade at a loss or negligible profit after paying excessive discounts. Check traders' charges ranged between $\frac{7}{2}\%$ and 15\% of the amount spent and a criticism appearing in \textit{The Draper's Record} on 22\textsuperscript{nd} October 1949 claiming that 'something approaching a panic exists' among cheaper clothing retailers was brought to the attention of the Board of Trade. Among other problems identified, the trade journal exposed check club agents who were effectually blackmailing struggling shopkeepers, squeezing them for unwarranted concessions, and if denied would 'create difficulties'.\textsuperscript{62} These small retailers depended on check clubs to maintain turnover and dare not abandon them. Not only did they feel cheated themselves but complained that their customers also received a raw deal. The 'poundage' charged by the clubs was officially controlled at a maximum 5\%, but in practice they demanded more. Also unspent balances were unrecoverable which further inflated the true cost of check purchases.

Following calls for it to be banned or rigorously controlled, check trading remained the subject of intense surveillance by the Board of Trade for some time.\textsuperscript{63} Initially, understanding and sympathy for the retailers was expressed and the 'socially deplorable consequences of the tally business' heavily criticised, but it was not judged a proper matter for intervention. The official argument was that it fell outside the

\textsuperscript{59} Black, Lawrence and Pemberton, Hugh eds., \textit{An Affluent Society? Britain's Post-War 'Golden Age'}, (Ashgate Publishing, Aldershot, 2004), citing Clare Griffin of Manchester University (1950), p. 2

\textsuperscript{60} See Chapter 2, p. 69

\textsuperscript{61} Zweiniger-Bargiełowska, (2004), p. 95

\textsuperscript{62} NA.PRO.BT/94/471, 'Check Trading, Hire Purchase, Long-term Credit Sales etc'; W.C.H. Johnson, 'Control Checks to Stop Abuse' in \textit{Draper's Record}, 22\textsuperscript{nd} October 1949, pp. 33-34

\textsuperscript{63} Ibid, Lengthy correspondence culminating in letter of 20\textsuperscript{th} March 1951 from F.G. Richardson, Local Price Regulation Committee (London) to D. W. Marwick, Central Price Regulation Committee, (Commons question, Austin Albu, MP (Edmonton, Lab))
scope of the price control regulation legislation and that further controls 'would come very near to prescribing minimum prices receivable by the shopkeeper'. The matter was finally raised in the House of Commons in December 1950 but by then the Board claimed that they had further investigated the situation and, in something of a change of heart, surprisingly concluded that the overhead expenses of check traders were sufficient to justify their discount rates.

F. G. Richardson of the London Local Price Regulation Committee refused to let the matter drop, pointing out that those patronising check traders 'seldom complain because only rarely do they know what they are actually being charged'. Clearly he was well aware of the intimidation and blackmailing activity of collectors 'often not loath to make harsh use of the knowledge that many of their customers are buying 'on tick' without their husband's knowledge. They [the collectors and their employers] are in a particularly sheltered position ... from which the winds of enforcement should not be tempered'. For all Richardson's eloquence no direct amendments to existing legislation would follow, but withdrawal of price restrictions and easing of production control would eventually result in resistance from both shopkeepers and customers. Check trading, its abuses and excesses, would gradually reduce in significance, but not before more than a few had enhanced their fortunes from its promotion.

As considered in chapter 2, less-principled promoters had also enhanced their fortunes from abuses and excesses of financing hire-purchase agreements prior to the Act of 1938. By then the addictive usage of credit terms, in some sectors of the community, had begun to reach epidemic proportions. The insatiability of private motoring alone should have been sufficient to release an unending torrent of business for finance providers but few apart from the largest and most professional would survive the total drought caused by wartime lending and production restrictions. Post-war, business was tentative and there were many setbacks, but with time and rising demand the hire-purchase plan would, with increasing sophistication, transform itself back into the Aladdin's lamp of the affluent society; the magic of which would lose none of its potency until the meteoric rise of the credit card in the 1980s.

64 Ibid, P. A. Bean, Board of Trade to Marwick, 9th January 1951
65 Ibid, Richardson to Marwick, 20th March 1951
A paradigm of the pattern of development in the hire-purchase industry is provided by the essential history of Forward Trust. This small finance house expanded rapidly after it was floated as a public company in 1935 with advances totalling just £160,000. By 1939 it was exposed to £640,000 on active contracts, but by April 1945 the comparative figure had shrunk back to £203,000. As the government grudgingly eased restrictions on both manufacturing and credit there followed a prolonged and laborious period of post-war regeneration. Continuous and accelerating growth was facilitated after the Midland Bank recognised the company’s potential and provided long-term support. By 1954, when the bank finally acquired a controlling interest, Forward Trust had granted facilities of in excess of £2 million.66

In August 1944 Sir John Anderson had informed bankers that ‘it is desirable that unduly large advances should not be made for personal needs ...’ and provided a list of commercial purposes for which ‘generally speaking consent will be given after the war’. The Chancellor subsequently confirmed that hire-purchase companies should act consistently.67 Thus began a restricting credit squeeze which lasted until the early 1950s. The few vehicles financed by hire purchase in that period were almost all used, at least partially, for the essential purposes allowed. In 1946 there were 120,000 new private motor car registrations, of which just 2½% were bought on instalment terms, while in the following year 4,351 new and 35,860 second-hand were similarly financed. In 1948 the percentage of new vehicles bought on hire-purchase rose to about 5% of the 110,000 registered, but that still represented only 5,500 countrywide the majority of which were again for commercial use.68

Irrespective of the controls, the demand for private hire-purchase remained low in the early post-war years. While the most obvious reason was the absence of available motor cars, motor cycles and most other durable goods, the ingrained abhorrence of debt and improved financial positions meant that the few purchasers generally preferred to pay cash and could afford to do so. The restrictions on private credit hardly eased before February 1952 when, at last, new Board of Trade regulations

---

66 HSBC Group Archives, (HSBCGA): 0200/301, ‘History of Forward Trust Limited’
68 NA.PRO. BT/70/677, ‘Hire Purchase Contracts Effected in the UK’, Supplement to appendix A
came into effect and private customers could be freely offered hire-purchase facilities. In 1953 of the 386,000 new registrations those subject to a hire-purchase contract had reached 13.7%\textsuperscript{69} but credit terms were still attracting comparatively small numbers.

While they had lacked a market for private credit the banks and other lending institutions became progressively aware that there existed more individuals in post-war Britain with greater accumulated financial reserves than met the eye. These cash hoarders had to be educated to, at least, the primary function of a bank: to be a deposit taker and safe-keeper of funds. In 1947 the Midland Bank produced four short cinema films, one of which, \textit{Paper Money}, was a delightful cautionary tale of a street-corner newsvendor called Joe, whose cash savings of some four hundred pounds were stolen from the cardboard box which he, in legendary tradition, kept under his bed. But never mind! His ‘friends and relations’ with unheard-of generosity rallied round and made up most of his loss and now he had his coveted smart newsagents shop and banked with the ‘sympathetic’ Midland, which, according to Joe’s final proclamation, was ‘safe h’even from the h’atom bomb’.\textsuperscript{70} Of the four, only this script survived and no copies of the films are evidently extant but all were seemingly directed at the small man with a substantial amount of cash to bank. For their time the production budgets were extremely generous at £2,000 with an additional £14,000 each hazarded on distribution.\textsuperscript{71} Apparently these pioneering commercials, years ahead of their competitors and disseminated in cinemas throughout Britain for many months, justified the expense by attracting some of the new cash-rich customers they targeted.

The widespread concern with the security of large sums of cash, emerging beneficial state welfare legislation, full-employment and heightened opportunities for enhancement of income and capital, did not prevent there being some who, in the aftermath of war, were left in reduced financial circumstances. The 1947 report\textsuperscript{72} by the secretary of the Distressed Gentlefolk’s Aid Association (DGAA), a more professional and robust charity than its name might suggest, speaks of ‘the marked increase in applications for assistance in the prior two or three years’. Most of the

\textsuperscript{69} NA.PRO. BT/258/458, ‘Hire Purchase Motor Vehicles’, Appendix, Table 1A
\textsuperscript{70} HSBCGA: 0200/040; \textit{The Midland Venture}, October 1947, p 245
\textsuperscript{71} HSBCGA: 0200/040, 12\textsuperscript{th} May 1947, From Intelligence Department Manager to Sir Clarence Sadd, Vice Chairman of Midland Bank
\textsuperscript{72} MO: TC57/1/G, 9\textsuperscript{th} January 1947
people coming under the aegis of DGAA, the Family Welfare Association and similar benevolent organisations were those whose means had come down to little or no more than the inadequate 26s per week National Insurance pension. Typically they were women who had devoted their lives to the care of now deceased relatives and who as a result of wartime deaths or casualties were left penniless, alone and often in ill-health. Of grave concern to the association was that middle-class people in dire straits would neither approach them nor their friends and relations for assistance. Restrained by pride and convention from claiming even their legal rights to state benefits they ‘therefore died in extreme poverty and obscurity’.

The greatest problem was accommodation. As one Mass-Observation reporter put it, there was ‘the choice of either the Poor Law Institutions, which are a disgrace, or the river’. The decaying gentility would, in preference to either, eke out a miserable existence at a cheap boarding-house and devote the means at their disposal to maintaining the pretence of virtuous plain living, often for the benefit of an audience doing likewise. DGAA records numerous testimonials to similar anguish, some of which was in effect self-imposed due to deep-rooted class consciousness, as was the case with an extremely depressed ‘Mrs B’ aged 70 whose husband had died in 1941. To protect herself from bombing she abandoned their large country house for a small seaside hotel where she remained living on severely depleted investment income; unable even to afford the fare home. Subsequently her son and daughter-in-law had moved into her house but it neither occurred to them that she was unhappy with her current situation nor to offer her rent. ‘She for her part finds it embarrassing to ask [for rent or to return to her own home] since the family had always been well off’. ‘Embarrassing’ is here clearly a considerable understatement. In the pre-war time warp in which Mrs B lived upper-middle class convention would have rendered any such appeal unthinkable. Such needless distress induced by equally unnecessary financial difficulties was among the negative manifestations of the unscathed survival of Britain’s class structure and attestation to the myth of wartime classlessness.

---

72 Ibid
73 MO: TC57/l/I, DGAA, 49th Report, Year to 31st March 1946; Oxford University Computing Services: users.ox.ac.uk Poor Law Institutions (workhouses), founded in 1833 by Earl Grey, were intentionally harsh to discourage applicants. Abolished in 1948 on establishment of the NHS they were disbanded by the Hospital Management Boards but remained stigmatized for some years.
For those brought up to adhere to classbound tradition, which was nothing if not unyielding in its conventions, and convinced that social equality was neither desirable nor achievable, the advantages of modernity remained the subject of, often unfounded, scepticism and resistance. One notable exception was the domestic telephone. In 1946 it was reported that Major S. W. Digby complained in Parliament of being the ‘only person in my village with a telephone’ which people constantly asked to use, and demanded of the government that ‘a public telephone be placed in every village’.

The Conservative Member for Dorset West evidently envisaged no reason to request that more lines be made available to private homes. In the inter-war years the telephone had become, aside from business usage, elevated to a symbol of social status, almost exclusively confined to the middle and upper classes accustomed to making appointments. The working classes still normally visited friends and neighbours unannounced. In the mid 1950s Margaret Stacey claims that the upper classes were distinguished because ‘they own cars and have telephones’, noting, seemingly as an afterthought, ‘so too do many members of the middle classes’. That the working classes had neither the desire nor the means to own either went without saying.

In America the telephone, affordable and commonplace, had long been portrayed by films and other media as a basic domestic necessity used habitually by all classes and often for trivial purposes. In Britain, although exclusively supplied by the nationalised General Post Office (GPO) a private telephone was a luxury for the leisured the Labour Government was never to prioritise its mass distribution. Nothing was done to dispel the exaggeratedly expensive and middle-class image of the home telephone for fear of the cost of extending the network. Not until the end of the 1960s did the black receiver with its pierced metal finger dial become a common feature of a working-class household. In 1951 still only 1½ million households were connected to a manual telephone exchange and the GPO did not see fit to commence modernisation of its pre-war plant until 1954.

---

75 News Chronicle, 13th April 1946
77 Marwick, (2003), p. 91
grown to 450,000, of whom a third had been waiting for over three years.\(^{78}\) Given the number of wartime crises where rapid personal communication had proved so vital it is surprising that telephone applicants still represented such a small proportion of the population.

Among its remarkably few gestures towards the suppression of financial class distinction, one of Labour's early measures was to make some significant changes in the taxation of inherited wealth. For those who had amassed even the smallest capital, a punitive scale of wartime estate duty imposed tax on property valued at as little as £100.\(^{79}\) In his second Budget on 9\(^{th}\) April 1946 Dalton eased the concern of large numbers of smaller potential beneficiaries by revising the scale and raising the exemption allowance to £2,000. On the other hand, the rates for estates exceeding £12,500 were all increased, escalating to 75% on those exceeding £2 million.\(^{80}\) The Chancellor further extended the period it was necessary for the donor of a gift *inter vivos* to survive in order to escape duty, from three to five years.

The most beneficial effect of these moves was that most private houses of average size or less might, for the foreseeable future, pass from one generation to the next unencumbered. The average house price in 1946 was £1,459.\(^{81}\) Relieving private houses of that potential burden only served to strengthen the attraction of the magnet of owner-occupation in defiance of the government's policy of severely limiting private sector building, and providing local authority accommodation for rental only.

The new punitive rates at the top of the scale of estate duty had a more memorable effect. For the first time the doors to Britain's stately homes were unlocked to those prepared to pay for the privilege of entry. The Tenth Duke of Devonshire, one of the wealthiest men in the country, died on 26\(^{th}\) November 1950 just four months short of five years from the date he had transferred 97% of the Chatsworth estate to his family.\(^{82}\) They were thus presented with the formidable alternatives of finding 75% of

---


\(^{79}\) *Daily Mail Income Tax Guide 1946/47*, (Staples Press, St Albans, 1947); Appendix IV

\(^{80}\) *Times*, 10\(^{th}\) April 1946

\(^{81}\) Appendix V: House Prices

\(^{82}\) Hopkins, (1964), p. 181
the immense value in the palatial house, lands, and renowned collection of art treasures, selling up into almost certainly American hands, or raising the tax by opening the house as a serious commercial enterprise and becoming involved in other business ventures. In common with other aristocratic heirs the eleventh Duke chose the latter routes and eventually succeeded in settling his family liabilities and retaining possession of the great estate.

Dalton's 1946 spring Budget also abolished the excess profits tax imposed during the war; a move which was to prove an incentive to popularising private investment in securities. Although not due to take effect until 1st January 1947 the tax relief caused an immediate rise in the stock-market and aroused a wave of new public interest. The Investor's Chronicle immediately tried to dampen down the enthusiasm of would-be share speculators by warning of the longer-term effects of the Chancellor's increase in purchase tax on many luxury items. Manufacturing companies, rapidly selling out of their produce for home consumption, with or without purchase tax, were arguably a sound speculation but investors were reminded that this was a temporary situation and advised to stay with safe and familiar forms of saving. A National Savings advertisement in The Times supporting the conventional wisdom yet again reminded the patriotic that saving was a 'serious subject' and 'loose change' should not be 'frittered away' but used to 'help Britain and yourself'.

In awe of inflation and acutely aware of Britain's desperate need to produce and export, Dalton could offer only a shadow of the radical Budget with which he had exploited the post-war euphoria of the previous autumn. Yet he summoned up the resources to keep up the momentum, offered 'tit bits for everybody' and again filled his speech with promise. There were small additional reliefs at the lowest levels of income tax and some easing of the now permanent purchase tax on selected items. This time a less charitable Sir John Anderson complained that tax 'obtruded itself on every transaction and was a constant irritant' while criticising the Chancellor for his 'cynical indifference' to those paying above the lowest levels. Anderson received

---

83 The Investor's Chronicle and Money Market Review, 13th April 1946, pp. 573 and 576
84 Times, 9th April 1946
85 News Chronicle, 10th April 1946
86 Times, 10th April 1946
considerable support from the press for expressing the widely held view that high taxation was a disincentive to productive earning.\textsuperscript{87} Dalton, undaunted, was confident that people had learned to live with the rates and that reduction was unnecessary to further stimulate the national resolve to achieve reconstruction. He had thrown in a few popular concessions, including a reduction in tax on sport and theatre (not cinema) tickets. To preserve Britain's landscape for the benefit of all he announced a £50 million fund to acquire beauty spots for the National Trust (founded 1896) and similar organisations. For a war-weary people all these 'tit-bits' fell far short of the relief from austerity they needed. Until the shops could satisfy their natural urges to material acquisition and conspicuous consumption, a significant proportion of the population was tempted to turn to intangible surrogates.

National Savings publicity suggested in 1946, that saving was 'the way to better times'\textsuperscript{88} but for those with insufficient patience a more certain way was via the holiday and travel offers which filled the classified columns of the newspapers. Full employment had enabled the trade unions to collectively bargain for annual paid holidays of either 12 or 18 days (including bank holidays) for almost 12 million wage-earners.\textsuperscript{89} Most of these and many others too took any opportunity for a break which might provide even the briefest respite from austerity.

Shares in Butlin's holiday camp company rose from 51s 9d to 61s when they timed their announcement of record profits to coincide with the Budget. Improbable as it seems, there is considerable evidence that 'middle-class professionals including barristers' and even such figures as the Archbishop of York, regularly enjoyed the 'eggs, bacon and fresh peaches' in the communal dining halls of the seaside camps.\textsuperscript{90} Middle-class holidaymakers were prepared to accept discomforts in order to avail themselves of inclusively-priced food and drink rarely obtainable elsewhere. Economies of scale enabled Butlin's tightly-packed fully-occupied trestle tables to be set with a wider variety of more nourishing offerings than could bought at the local shops and restaurants. The regulations brought in at the beginning of the war still did

\textsuperscript{87} News Chronicle, 9\textsuperscript{th} April 1946
\textsuperscript{88} News Chronicle, Advert 5\textsuperscript{th} April 1946 etc
\textsuperscript{89} Pimlott, (1976), p. 236
\textsuperscript{90} Addison, (1985), pp. 116-117
not require the surrender of coupons for butter and sugar until a stay of five
consecutive nights was completed\textsuperscript{91} nor did the 5s restaurant meal limit apply.

Whether or not Butlin's was the choice, a great many could not resist the attraction of
temporary relief from the yoke of rationing after six stressful and mostly holidayless
years. Those resort hotels which survived or, freed from war requisition, had reopened
became 'deluged with applications' and were forced to send out 'full up' circulars for
the coming season.\textsuperscript{92} Some imposed limitations on length of stay\textsuperscript{93} while others, it is
claimed, employed such extreme devices as the 'conversion of billiard tables or baths
into beds and the segregation of the sexes by screening off parts of a bedroom'.\textsuperscript{94} In
April 1946 an article in \textit{The Times} reported that 'the urge to travel is sweeping
through this and other war-weary lands like an epidemic'.\textsuperscript{95} Although that was an
overstatement, since the 'epidemic' was generally contained within national borders,
the long-awaited holiday was certainly high on the personal agenda of non-material
post-war expenditure. Cheap flights and affordable package tours would not flood
onto the market until the early 1960s and foreign travel was in general for the rich and
adventurous few, but for all the controls and regulations it was not impossible.

The October 1947 issue of \textit{Modern Motoring and Travel} demonstrated that it was
feasible to indulge in the delights of both travel abroad and the private motor car, even
without a basic petrol ration or foreign currency allowance. Motoring enthusiasts
could take their pre-war or second-hand cars to countries where 'supplies of petrol
[were] unlimited'. Those willing to pay £50 per person might enjoy first-class
accommodation aboard a luxury liner while transporting their vehicles to Norway and
take part in a two-week rally stopping at 'the finest hotels'.\textsuperscript{96} In October 1946 the
foreign currency limit had been reduced from £100 to £75 per person, before being
suspended altogether in the winter of 1947-1948 for all tourist travel\textsuperscript{97} - except to the
Scandinavian countries.\textsuperscript{98}

\textsuperscript{91} \textit{Times}, 29\textsuperscript{th} December 1939
\textsuperscript{92} \textit{News Chronicle}, 23\textsuperscript{rd} February 1946
\textsuperscript{93} Ibid, 8\textsuperscript{th} April 1946
\textsuperscript{94} Pimlott, (1976), p. 223
\textsuperscript{95} Brendon, (1991), citing Stanley Adams in \textit{The Times}, p. 105
\textsuperscript{96} \textit{Modern Motoring and Travel}, October 1947, pp. 16-17
\textsuperscript{97} \textit{Times}, 6\textsuperscript{th} October 1954 (Chart p. 6)
\textsuperscript{98} \textit{Financial Times}, 'Sweden, Norway and Denmark remain unrestricted', 5\textsuperscript{th} November 1951
When Heathrow Airport opened on 1st January 1946 the very few passenger flights were extortionately expensive. Continental roads, railways and hotels remained in serious need of repair and refurbishment. Many tourist attractions had yet to be reopened. Travel abroad involved bureaucracy, frustrations and often no great comforts but all were worth enduring for the prospect of unrationed food. Thomas Cook announced that ‘thousands of requests are being received daily ... about travel ... and continental holidays’ and that they were unable to cope with the demand since so many of their trained staff were still in the forces. It was hoped to announce tours to Switzerland and other countries ‘in the near future’. Mass-Observation’s Sheffield diarist did, with some perseverance, succeed in booking a rail ferry holiday in Switzerland the following summer, but writes of the complications caused by unannounced changes in railway timetables and the tiresome form filling to obtain adequate currency: ‘what a difference from pre-war days!’ Once across the Channel his account changes its tone. Then the entries speak of dining on ‘excellent and abundant’ food, and at the ‘Food Office’ gratuitously being given ‘sheets of coupons enough for another fortnight’.

An equally popular surrogate for material consumption was the post-war gambling boom, the financial motivation for which is a complex and ambivalent subject. In December 1947 The Policy Holder lauded the rectitude of private investment in British Government Stocks by the ‘watchful, careful and thoughtful’ aiming at ‘fundamental security’ and chastened those who go in for ‘the usual gambling counters’, expressing relief that those who want ‘a flutter on change’ were few. While these words of wisdom were doubtlessly heeded by the conservative majority concerned with their personal and family security, there was certainly no dearth of gamblers in post-war Britain.

Professional football recommenced in earnest after six years of erratic performance and negligible public interest. With the return of regular fixtures the promoters of the

---

99 Ibid, 8th and 10th April 1946
100 MO: Diary 5076, Entries 22nd and 30th July 1947
101 Ibid, Entries 7th and 16th August 1947
102 The Policy Holder, 31st December 1947, p. 987
rejuvenated football pools, whose activity had been described as 'an undesirable factor' in wartime, once again began to despatch their coupons to millions of homes in each week of the season.\textsuperscript{103} ‘Doing the pools’ became Britain’s most popular pastime, outstripping attendance at football matches or even at the cinema. In the 1946-47 football season 136 million postal orders were cashed by the football-pool promoters\textsuperscript{104} but the sums staked, averaging between 2s 6d and 3s 4d per week,\textsuperscript{105} were modest and rarely unaffordable. In common with millions of others, my father unfailingly went through the conventional rituals on several days of the week. \textit{Sunday}: study newspaper match reports; \textit{Tuesday}: complete the coupon and its copy; \textit{Wednesday}: buy a postal order and despatch the coupon; \textit{Saturday}: check the results with the radio announcements. He never gambled in any other way nor, so far as I know, ever won a penny or really expected to. Although I am sure he entertained fantasies of how he would spend a large prize, if he spoke about them it would only be in the most unassuming terms. His attitude was echoed by Mass-Observation’s conclusion that gambling in general was only marginally associated with hopes of achieving a better personal lifestyle. Far more relevant to the contemporary gamblers was ‘the dispirited feeling that, though something can be done by the individual, it doesn’t amount to much’.\textsuperscript{106}

It is indicative of the diffusion of post-war personal financial strength that the amounts staked on other sports were immensely greater than on football pools. Mass-Observation’s survey in 1947 found that 49% claimed to have gambled on horses, 18% on dogs and 25% on card games.\textsuperscript{107} Card-game gambling in private, naturally accompanied by public moral indignation, received a short-lived revival of widespread popularity among all classes.\textsuperscript{108} The amount hazarded on the turn of cards behind closed doors cannot be estimated, but in 1947 it was calculated that about £400 million was spent on horse-race betting, although less than one million people attended the racecourses. In addition £300 million was staked at the greyhound tracks. Ten million completed football-pool coupons every week but in the whole season laid

\textsuperscript{103} Longmate, (1971), pp. 463-464
\textsuperscript{104} MO: FR 2560, ‘Mass Gambling’, Report Commissioned by the National League for Education against Gambling, January 1948, Table VII
\textsuperscript{105} Ibid, p. 22
\textsuperscript{106} Ibid, p. 270
\textsuperscript{107} Ibid, p. 22
\textsuperscript{108} Clapson, (1992), p.90
out just £70 million in total.\footnote{Addison, (1985), Source: Post-war statistical estimates by Mark Abrams, p. 124} Allowing a margin for error, it is clear that the sums staked personally by racing gamblers were not only up to ten times higher than those posted off with football-pool coupons, but were motivated by strong elements of conventional as well as emotional expectancy. Unlike the enormous prizes paid to a handful of lucky football pool winners, the most optimistic yield from the short odds offered by the illegal back-street bookmakers could have brought no appreciable benefit to the gambler’s lifestyle. To the working-class punter, that the bet itself and sum staked should be conspicuous within his peer group was as essential as the brief period of excitement it bought.

That winning was of less importance than to be seen as a ‘good sport’ undaunted by loss\footnote{Hoggart, (1992), p. 139} manifested itself in highly-overt ‘off-course’ betting\footnote{McKibbin, (2000), p. 372} which remained illegal (apart from credit betting with licensed turf accountants) until May 1961, when the first betting shops appeared.\footnote{Clapson, (1992), p.70} In March 1947 The Economist\footnote{The Economist, 29\textsuperscript{th} March 1947} claimed that in the previous year horseracing bets taken by illicit off-course bookmakers were about £351 million, which was a great deal higher than any pre-war annual estimate. Although the police tended to turn a blind eye the kerbside gambler was prepared to risk arrest and possibly heavy penalties for the negligible chance of a sizeable win, if it were paid at all. No evidence has been found of the covert operation or of demand for casinos, which were illegal apart from within a few licensed private clubs. It is also improbable that many British people visited continental resorts for no other reason than to hazard their currency allowance on the roulette wheel. There was plenty of scope to lose far more at home.

A bookmaker’s wife interviewed in 1947 told Mass-Observation ‘You’d be surprised if you knew how heavily and regularly the working man bets. It’s his kind of religion. It brings him some hope. He’s got no interest in religion. He knows that’s only a money-making racket. The parson’s getting a good living out of it - same as my chap gets out of his’.\footnote{MO: FR 2560, p. 59} If workers staked as much as she and the data above imply, her
husband would have been getting a much better living than most parsons, but it is noteworthy that she was fully aware that his punters were gambling with other motives than preoccupation with the prospect of financial gain.

At the other end of the social scale those among the upper and middle classes inclined to do so, might attend the horse-race courses where ready-money gambling was legal within the enclosures. Although the statistical evidence suggests some must have staked excessively high and reckless sums, these race-goers were in general even less concerned with enhancing their financial situation than the off-course gamblers. Their foremost reason for a day at the races was to enjoy a social occasion. Working-class people who also went were more usually there for a day out and ‘the fun of the fair’ rather than with any serious expectations of winning. In the period of austerity with its bare-shelved shops, gambling can be seen to have been no anticipated route to wealth. It was simply the frustrated conspicuous consumer’s most popular substitute. For some, always a minority, high-stake betting was a more serious matter.

The rundown dog-racing stadiums, where cash betting was legal, offered little sense of social occasion but attracted record attendances. In 1946 these exceeded 6.3 million at the larger tracks but the numbers gradually dwindled to 3.8 million by 1950. Among these hordes of spectators, according to Ferdynand Zweig’s survey in the late 1940s, some 25% were ‘people who do nothing but gamble at [greyhound] racecourses’. They were professional punters, whom he describes as mainly lonely bachelors, often ex-servicemen, who tended to shun the responsibility associated with more regular employment and with no family life. While Zweig is among the most respected of the sociologists of his time, it is hard to accept that his sample of 200 individuals accurately reflects the attitudes of more than a small fraction of Britain’s gamblers and a smaller fraction still of the adult population. Some ex-servicemen finding themselves disorientated on demobilisation endeavoured to survive for as long as possible on their gratuity and doubtless spent part of their time and money at the dog tracks. But as the falling attendances confirm, the career expectancy of the

---

115 Clapson, (1992) p. 128
117 Zweig, (1948), pp. 31-36
118 See below p. 152
"professional" gambler, as it invariably is, was short-lived. Zweig claims that the heavier losers were 'fairly well-off, from lower-middle and upper-working-class occupations, (including cash-rich small businessmen) treating the tracks as a hobby'. This group was evidently the largest, which supports the probability that their objective was to make gambling itself and the affordability of loss into conspicuous displays of financial success for the benefit of their peers, rather than attempts to win large sums which were ostensibly meaningless to them.

There is no sustainable evidence that gambling deteriorated into a vice or that losses were the direct cause of grievous hardship. The Royal Commission on Gambling in April 1949 found that it was 'as a factor in the economic life of the country or cause of crime of little significance'[^119] [and] its effects on social behaviour much exaggerated'. Mark Clapson cites evidence that gambling and saving were co-existent among the 'casual poor' and part of a strategy for self-help for those who could not bring themselves to conform to what George Orwell called 'Smilesian aspidistral standards'[^120]. In general among the conspicuous gambling fraternity an 'easy-come, easy-go' mentality prevailed or was cultivated to maintain a conventional appearance. The true financial beneficiaries of gambling were, of course, the pools promoters, employees in the industry they created, and the comparatively large numbers who exploited their talents as bookmakers, some of whom would go on to reap great reward. A few like William Hill and Joe Coral eventually would float their reputable 'entertainment' companies on the Stock Exchange. The only others to profit were the few large-scale pools winners, who almost always attempted to preserve their anonymity to avoid ostentation in the face of austerity.

Whether gambling was an escapist hobby at home, a serious attempt to accumulate capital or purely a social convention, many who indulged in it would certainly have preferred greater opportunity to use their stake money to more material purpose. Some were surely among the vast numbers who in November 1946 queued[^121] as they then queued for practically everything else, to glimpse the 6,000 un-priced marvels of original design, produced by 1,300 native firms at Scottish architect Basil Spence's

[^120]: Clapson, (1992), p. 64
[^121]: MO: TC26/2/A, Queue photographs
'Britain Can Make It' exhibition. Only between 5% and 10% of those interviewed outside the Victoria and Albert Museum had come with any serious intention of making a purchase, between 10% and 14% expressed a specific wish or plan to buy in the future, while the rest were there 'out of general or trade interest'. Hardly any of the innovative products of the all-British exhibitors were available in the local shops, which could offer small choice beyond 'utility' (plain and functional to government specification) clothing and furniture.

Perhaps the greatest significance of the exhibition was the universal approval of modernisation and of native design; a conviction which would again be affirmed five years later at the more spectacular Festival of Britain. Of 1,250 people interviewed by Mass-Observation on behalf of the recently established (1944) Council for Industrial Design, 'only 4.7% expressed disappointment'. While ignorant of the actual prices, only a negligible minority seemed to be seriously concerned that the coveted home improvements might be unaffordable. There were some convinced that such things would never be made available in Britain, but most typical was the practical view that, given the severity of the housing shortage, even if they could purchase new furnishings they would have nowhere to put them. These potential material consumers were resigned to patient anticipation of national economic recovery and the restoration of freedom of choice. They knew that would not come soon.

The immediate and pressing effect on their financial situation was not the unavailability of domestic products and other consumables restricted by controls. It was the severity of the housing crisis, brought about by enemy action and post-war demographic change. 475,000 houses had been totally destroyed or rendered uninhabitable by bombing. According to the War Damage Commission 'of approximately fourteen and a half million rateable hereditaments in Great Britain and Northern Ireland, about one in four, were notified ... as having sustained war...'

---

122 Hopkins, (1964), p. 51
123 MO: TC26/2/B and C: Questionnaires
124 See Chapter 7, p. 227
125 Marwick, (2003 (1982)), p. 35
damage’. Others had fallen into serious disrepair due to minor damage or simply deteriorated due to lack of maintenance. For a short period large numbers of the homeless resorted to squatting; over 46,000 became so desperate that they illegally occupied disused military camps. The post-war birth rate boom resulted in more young couples each day adding their names to lengthy housing lists. With the transformation of the industrial and commercial landscape, the only alternative open to large numbers was to relocate to areas where there were employment prospects but where accommodation was often extremely depleted. Clement Attlee’s government would prioritise and attempt to honour its sworn policy to address the housing problem.

William Beveridge’s plan for universal lifelong welfare advocated, among its far-reaching innovations, large scale building programmes by local authorities and development of ‘new towns’. Well-intentioned and ambitious as was the government’s determination to implement the plan it made a painfully slow start, seriously hampered by the prolonged demobilisation of adequate numbers of skilled, unskilled and trainee construction workers. In order to alleviate the crisis an incentive scheme was offered to 110,000 ‘Class B’ men [builders, miners, teachers etc.] to leave the forces out of turn, with supplementary benefits to equal the financial perquisites given to those serving their full term and demobilised under ‘Class A’. These received early payment for eight weeks paid leave, gratuities, post-war credits, overseas allowances etc. Such a generous package might have been a great inducement except that those who accepted it were obliged to take any job assigned to them and if they refused or left were liable to recall to the forces. The TUC quite reasonably pronounced those conditions unacceptable and found themselves in conflict with Field Marshal Montgomery, who was determined to maintain an adequate proportion of officers in the forces. Edmund Dell argued convincingly that both the shortage of labour and lack of finance to import material resources were the results of the huge cost of Ernest Bevin’s insistence on retaining British troops at strategic points.

128 Addison, (1985), pp. 65-68
129 Marwick, (2003), p. 27
130 *Daily Express*, 4th and 11th September 1945
throughout the world to strengthen his influence as Foreign Secretary. Nonetheless, it took just three weeks from the announcement of the offer to deal with this politicking and to withdraw the most arduous clauses for the urgently needed men.

The speeding up of the demobilisation programme, of course, increased the demand for housing. For a fortunate few, temporary relief from the agonising wait would soon begin to roll off rapidly assembled flow-lines in the form of the prefabricated dwellings originally proposed by Churchill in the 1942 King’s speech. The quality of the prefab belied its much mocked reputation and proved anything but temporary. Most remained occupied until the 1970s and a handful of stalwarts still occupy their ‘rabbit-hutch palaces’. Of the half million originally proposed only 156,667 were constructed, but those favoured with a key discovered that it unlocked the door to surroundings truly palatial by comparison with the grime and dark of their cramped pre-war tenancies. All prefabs boasted an internal toilet in a bathroom with hot water on tap, an electric cooker, a three-cubic-foot refrigerator, wall-mounted electric sockets, multi-fuel heaters, separate rooms for children, and a small private garden. All of these had been pre-war unaffordable luxuries and were post-war scarcities. As late as 1951 there was no fixed bath in 37% of British houses. The construction cost for an average prefab, estimated at £900, transpired to be £1,365 or 50% over budget but that was never passed on to the tenants and to most of them their new home was not only an improvement but an economy. Rents varied between estates, but in 1946 the average was 14s 2d per week including rates, out of a typical prefab family income of about £3. The rent in York for one with four bedrooms was still only 19s 9d per week in 1950.

The disappointing number of temporary dwellings completed made no discernable impression on the failed government targets, and it fell to Aneurin Bevan, as Minister

---

131 Dell, (2000), p. 139
132 Daily Express, 3rd October 1945
135 Stevenson, (2003), p. 103
137 Daily Express, 17th October 1945
138 Stevenson, (2003), p. 147
139 Rowntree and Lavers, (1951), p. 86
of Health with housing in his portfolio, to urgently redress the balance. His eloquent but confused rhetoric spoke of ‘re-creating the classless villages of the seventeenth and eighteenth century’, and of rapidly carrying out an ambitious programme of heavily-subsidised homes ‘for the working classes’ incorporating all the conveniences of modern living.² Bevan did all in his power, with considerable success, to improve the facilities, size and most essentially, the quality of the houses built by 1950, but even he could never claim to have achieved a classless council estate. When Labour left office it had 961,000 new permanent houses to its credit, in addition to the prefabs, and 338,000 adapted or restored homes, re-housing approximately five million individuals.³ Bevan always remained sceptical about private property investment and strongly averse to the emotive concept, encapsulated in Anthony Eden’s ambition that Britain should become a ‘property-owning democracy’.⁴ When in November 1946 the Health Minister confidently predicted that prices (owners’ investment value) would fall substantially once sufficient homes had been built, he was not alone in making that improbable forecast.

Two years later the Prudential Insurance Company was still instructing its trainees that ‘houses with vacant possession are fetching fantastic prices ... there is little doubt that many people buying their houses at the present time will eventually be faced with a substantial drop in value ... as and when the supply of new houses begins to catch up with the demand’.⁵ Thus Bevan’s unlikely prediction that demand would be fully met proved a palliative to the Prudential and other insurance companies, who saw it as an excuse to stay the flood of applications from their loyal policyholders for desperately needed mortgages.⁶ While they had long offered home loans in the normal course of business, the Prudential, in common with their competitors, remained highly sceptical about the security of private property. One of their senior salesmen related to me the strenuous efforts he had made to persuade his employers to assist his clients, their policyholders, to buy their own homes.⁷

---

³ The Economist, 10th November, 1951, p. 1,094
⁵ PGA: Box 1326, Booklet, ‘Ordinary Branch Training Course for New Agents’, February 1948
⁶ The Policy Holder, 8th January 1947, p. 23
⁷ Hyman Kaye, 7th June 2005
All major insurance companies provided mortgage facilities and would from the 1970s onward expand that arm of their business, but its post-war development was cautious and reluctant, eschewing direct involvement in the re-housing programme. Regardless of that reluctance and the insurance companies’ lending criteria being equally and often more demanding, their competition was resented by the building societies, who considered provision of mortgages to be their sole prerogative. The BSA expressed apprehension at the ‘awkwardness of sharing mortgage business with organisations ... whose methods of approach to the borrowers might not be in accord with best building society practice’.

Some societies, in a hollow threat, even claimed they would deprive the insurance industry of business by providing their own fire and accident cover. This paranoiac concern with competition was totally unnecessary. Their assets had grown substantially during the war and there were few properties on the market yet the societies did not have sufficient resources to satisfy the demand. The Halifax, by a considerable margin the largest, made 23,000 advances in 1946 averaging £749, compared to 1939 when they had granted 31,400 mortgages averaging £647.

The industry then consisted of a great number of small societies, most serving a single town or area and relying on local reputation alone to attract investors. Their managers often had no choice but to entertain lending applications only from those known to them personally.

Notwithstanding the dearth of mortgages, unrelieved demand for private houses forced prices to continue to rise. A frustrated Bevan repeatedly thundered that he would insist on government action but no price restrictive legislation ensued. He famously expressed his distrust of all aspects of the private housing sector and its financial supporters in the most emphatic and colourful language, describing building societies as ‘moneylenders’ impeding housing development by taking a ‘fat rake-off from the people’s homes’, and threatening to resign rather than allow speculative builders to drive up prices. Even more was he against private landlords who...
other people’s homes’ and reflected the ‘crippling interest charges’ of the building societies in their rents. 150

It was not building societies, who traditionally saw their function as helping the less fortunate to afford their own homes; 151 speculative builders, immobilised by licensing restrictions; or private landlords, with their hands tied by rent controls, who were driving up prices. It was the millions of people desperate to be re-housed at any cost. An estimated four million dwellings were needed immediately; a number equal to those built in the twenty-one years between the wars. 152 The monthly reports of January 1946 from estate agents around the country collated by The Estates Gazette confirm the enormity of the famine in houses for sale. There were practically none available to let either, because private landlords prohibited from imposing any reasonable rent increase over pre-war set levels, 153 could not make letting pay. One leading provincial agent reported that ‘the large majority of sales are effected by public auction: others by private treaty and take place so quickly that properties are usually on the market for only a matter of days’. Another claimed ‘we have no difficulty in disposing of houses of any age or condition. Prices are on average double 1939 values’. 154 A cartoon in John Bull shows two estate agents laughing hysterically at the expense of a customer so naïve that he ‘walks in bold as brass and asks for something detached with garden, about £900!’ Other reports complained that the hardening of prices was encouraged by the ending of the ‘much-criticised’ War-damage Contribution and the government’s continuing cheap-money policy. 155 None of this would detract Aneurin Bevan from his single-minded course; but for all his great endeavours average house prices rose by 50% between 1945 and 1951: from £1,459 to £2,115. 156

150 Building Society Gazette, January 1946, pp. 4 and 10
151 Ritchie, (1997), p. 79; Crisp, (1998), Ch. 4, p. 1
152 Building Societies’ Gazette, January 1946, p. 19
153 See introduction, p. 9
154 Estates Gazette, 5th January 1946, Fenn Wright, Essex; George Jackson, Hertfordshire; etc.
155 Ibid, p. 9; Appendix VI
156 Appendix V
Building land alone lingered unsold on the agents' books. A plethora of controls, licence and permit requirements rendered it virtually impossible for an individual to place an order to build. The readership of The Estates Gazette needed no reminding that 'Building licences, introduced in 1939 were continued by the post-war government in order to limit private building', especially since the Ministry of Health (under Bevan) in 1946 had asked local authorities to issue no more licences until further notice. Some local authorities, until then, in select cases had granted a few of the coveted permits. The undaunted prepared to hack their way through the jungle of bureaucracy in order to build or rebuild their own house might have acquired the necessary consent but having secured it, obtaining and organising labour and materials again involved, as one journalist put it, 'an adventure'.

The fortunate who survived the war with their property undamaged or adequately insured would soon find themselves on the certain road to enhancement of private capital. The unfortunate, who had fallen victim to the activities of the Luftwaffe,

---

158 Good Housekeeping, May 1947
159 Ibid
would soon find themselves on the uncertain road to compensation. The War Damage Act 1941 had ordered payment of compulsory contributions to be collected by the Inland Revenue as a tax levy, from both private and commercial property owners as insurance against damage to buildings, plant and machinery, business equipment, and household chattels.\textsuperscript{160} Set up by Sir Kingsley Wood, The War Damage Commission (WDC), which was later to partially restore my father's pre-war financial position,\textsuperscript{161} received no less than 4.7 million claims from individuals (as opposed to organisations) and would pay them almost £700 million of the £1,275 million disbursed during the two decades before being disbanded in 1962. By 1942 over 2½ million properties in Britain had suffered to some extent from enemy action. Of these it is estimated that 92% were dwelling houses.\textsuperscript{162} The majority of the claims were settled between 1946 and 1949; the smallest being disposed of rapidly, while settlement of the largest transpired to be a more protracted process.\textsuperscript{163}

Compensation was intended to reinstate the value of the damaged property as at 31\textsuperscript{st} March 1939 but it was impossible for the understaffed WDC to differentiate between war damage and prior deterioration, especially where total destruction had occurred. Claims made by building societies on behalf of their mortgagors or by reputable surveyors, for whom they proved an unanticipated source of income, were seldom questioned. The Woolwich reported that when backed by their society less than 1% of claims were disallowed.\textsuperscript{164} Following early bomb damage, a contemporary diarist recorded that 'one man put in a claim for £5,500 - I estimated the damage at £150 for stock and £80 for building.'\textsuperscript{165} The official chronicler of the WDC concluded, 'There was plainly ample scope for fraud at one end of the scale and for innocent mistake at the other and a variety of mixed possibilities in between'; but the number of prosecutions was negligible and resulted in just one prison sentence in over twenty years.\textsuperscript{166}

\begin{flushleft}
\textsuperscript{160} NA.PRO: IR 34/1362, 'Survey of the Organisation and Work of the WDC' \\
\textsuperscript{161} See 'Genesis'; Illustration I \\
\textsuperscript{162} Ibid, p. 21 \\
\textsuperscript{163} NA.PRO: IR 83/207, Clements, Appendices B and E. \\
\textsuperscript{164} Ritchie, (1997), p.72 \\
\textsuperscript{165} MO: Diary 5076, Entry 14\textsuperscript{th} January 1941 \\
\textsuperscript{166} NA.PRO, IR 83/207, Clements, p. 63
\end{flushleft}
Another initially unsought source of financial enhancement in the aftermath of war was the gratuities paid to all who served in the nation’s armed forces. Following union representations to the House of Commons, regular policemen, firemen, reservists and auxiliaries also became eligible for compensation if they had served over six months under Civil Defence conditions. Conscripted servicemen were unconditionally entitled to a gratuity package on demobilisation calculated on a complex scale based on rank, time served and family status. All grants and benefits were free of income tax as the government did not wish to be accused, in its own words, of ‘giving with one hand and taking back with the other’.

Paul Addison notes that an unmarried private with three years service received £83 and a married major with one child, £196. Had they completed five years service then their equivalent aggregated benefits, based on the published table (evidently Addison’s source), might have been as much as £121 and £324 respectively. The calculation was, in practice, more involved than these figures imply, since variations in pay rates within ranks had also to be taken into account. For the purpose of calculation ‘a major who joined the army in 1939 as a private [was to] be treated as if he had been a major for the whole war’. On refusing an offer of financial assistance, the hapless Major Pollock in Terrance Rattigan’s Separate Tables confesses ‘I only got [my commission] by a wangle - it wasn’t difficult at the beginning of the war’. He had no need of a loan. As a single major with five year’s service he would have received at least £292 tax free (in excess of £11,000 today).

On demobilisation servicemen were also offered a package of benefits in kind (clothing, travel vouchers etc) or their cash equivalent, and in some cases resettlement grants. The enterprising or ambitious could receive a further £150 as assistance in

---

167 NA.PRO, WO/45/19898, ‘Gratuities, Policemen/Firemen’ Originally denied but granted on 18th March 1945
168 NA.PRO, WO/32/10293, ‘Grants and Gratuities’
169 Addison, (1985), p. 23
170 Daily Herald etc, 7th February 1945, Table of ‘Gratuities for Release on 30th June 1945’
171 See Chapter 3, p. 111
172 NA.PRO, WO/32/12856, ‘War Gratuity and Post War Credits: Second World War policy’
174 Daily Herald, 7th February 1945
establishing a business, for university study or vocational training.\textsuperscript{175} In the event of
death in service, widows received gratuities and pensions based on scales rising
sharply with rank. These tended to greatly favour the families of men serving
overseas. The widow with one child of a private who died abroad was paid a pension
of £162 per annum, whereas the equivalent for a private who died in the United
Kingdom was £58 10s.\textsuperscript{176}

Neither their education nor military training prepared the mostly young people leaving
the forces for the unfamiliar financial situation in which they found themselves. At
least temporarily, their pockets were lined with more disposable cash than they had
ever previously known. Grounding in the disbursement of private finance, although
universally essential, is not a subject which, apart from the odd exception,\textsuperscript{177}
educationalists have ever considered appropriate to a school curriculum. In the 1940s
there were no newspaper columns or radio programmes exclusively devoted to advice
on personal savings and investment, and the only ready sources of this type of
information were the advertisements placed by financially orientated commercial
organisations.

Probably there was some interest in the National Provincial Bank's unusually
expansive announcement 'Hard Earned Money', which offered an 'experienced credit
information service [to] people in possession of moderate capital derived from war
savings, service gratuities and tax refunds'.\textsuperscript{178} These opportunities to benefit from free
counsel did not stop a large number of ex-servicemen from soon squandering away
their bounty. Mass-Observation's Sheffield diarist expressed his severe disapproval of
a friend's son who bought a car with his gratuity and now 'cannot pay his proper
board at home'.\textsuperscript{179} In the euphoria of post-war freedom many young men often found
it hard to resist the temptation to postpone the return to employment until forced to do
so.\textsuperscript{180} Among the most common ways in which they, and other non-employed
opportunists tried to supplement their capital was through petty black-market trading

\textsuperscript{175} Addison, (1985), p. 24
\textsuperscript{176} NA.PRO.WO/32/9817, 'Payment made after death 1940-1944', Example figures e1941
\textsuperscript{177} See Chapter 5, TSB's attempt to introduce 'Thrift' to school curricula, p. 171
\textsuperscript{178} Times, 1\textsuperscript{st} February 1945
\textsuperscript{179} MO: Diary 5076, Entry 2\textsuperscript{nd} June 1947
\textsuperscript{180} Addison, (1985), p. 23
in controlled goods or other items in short supply. Those who did so were contumeliously labelled ‘spivs’, but their shadowy and unconstructive lifestyle had nothing in common with the colourful characters later portrayed by George Cole, Arthur English and others who lampooned them.

Many ex-servicemen did, of course, seize the unique and generous government offers to have their education or training funded, while others established and often prospered from businesses or professional practice. Among those of lesser aspiration there were many who, having had their horizons broadened by wartime experience abroad, refused to return to the anachronistic declining industries of their native towns and relocated (usually southwards) to seek more rewarding employment in better conditions. Having secured a steady income there was every inducement to settle down to conventional family life, but opportunities to spend their ‘hard earned money’ in austerity bound shops remained severely limited. What could not be spent now would be needed later.

As during the war years, after National Savings the most popular form of investment continued to be the endowment assurance policy. In 1945, even before the nationwide sales forces of the insurance houses resumed their former strength, the level of underwriting had almost climbed back to its 1938 peak. Sales records for every type of life policy were broken. In 1947 The Banker confirmed that ‘demobilized men have found life assurance an obvious necessity at the beginning of an ordinary settled life, more particularly a family life, and most of them have not lacked the means - thanks to a fairly substantial forces gratuity and a fairly high earned income in civilian employment’. The table reproduced in Appendix VII indicates the extent to which the business of some sixty life offices had expanded by 1946 with comparisons to pre-war levels. In that year the new business of the Prudential, in net sums assured, is stated to have been £68 million compared to £28.3 million in 1938.
Since income tax was first imposed in 1799, successive governments had always tried to encourage life assurance by granting relief for premiums paid.\textsuperscript{185} The concession, now limited to 3s 6d in £1 (17\%\%) would remain unaltered until 1957, but as yet no appreciable tax incentive had been introduced to stimulate provision for private pensions. Any contribution made by an employer to fund a pension for his staff would, until 1952, be taxed as the income of the employee, while the self employed would not qualify for tax relief on pension contributions until 1956.\textsuperscript{186} Until then the prudent simultaneously provided for retirement, repaid their mortgages, and assured their lives via the medium of the endowment policy. Thus throughout the first three years of Britain under a socialist government, a large section of the population could watch the equity in their endowment policies grow in tandem with their homes, savings and investments while, apart from indulgence in the surrogates of conspicuous consumption, their accumulating funds could buy them small joy.

Austerity clung to every financial transaction like a blood-sucking parasite. When in November 1946 the Britain Can Make It Exhibition was opening its doors to fresh hopes and aspirations, Hugh Dalton had been in the House of Commons extolling the success of his export based economic programme and claiming that it had ‘succeeded beyond expectations and beyond estimate’.\textsuperscript{187} Such an encouraging announcement should not only have signalled that some of the exhibits would soon be available in the High Street shops but also heralded the destruction of a continuing evil of far more debilitating concern. Rationing was becoming less acceptable by the day. Its unpopularity had been particularly heightened that summer with the introduction of bread units. Bread rationing ‘entailed no hardship’\textsuperscript{188} but was widely considered unnecessary\textsuperscript{189} and ‘a protracted farce [when] thousands of bakers ignored the whole hocus-pocus and nearly every housewife despised and defied the law’.\textsuperscript{190} Any optimism that the confident Chancellor would bring rationing to an end transpired to be premature indeed. The impressive results of his export drive would prove no defence against the natural phenomena which in just a few months would exacerbate

\textsuperscript{185} Blake, David, \textit{Pension Schemes and Pension Funds in the United Kingdom}, (OUP, Oxford, 2003), p. 38
\textsuperscript{186} Ibid, p. 39
\textsuperscript{187} Hennessy, (1992), p. 214
\textsuperscript{188} Zweiniger-Bargielowska, (2004), pp. 214-218
\textsuperscript{189} Hennessy, (1992), p. 276
\textsuperscript{190} C. K. Allen, \textit{Spectator}, 5\textsuperscript{th} November 1948
Britain's economic problems beyond any reasonable forecast. The ration card would, for another seven years, remain an adjunct to the British purse as an unloved symbol of stoicism and public-spiritedness.

Never would that stoicism and public-spiritedness be more tested and not found wanting than through the abnormal snows and ice of the winter of 1947. On 24th February *The Daily Express* commanded its readers to comply at certain times with an unpoliceable total ban on all domestic fuel usage: 'On Your Honour'. 191 This caused genuine hardship particularly for the daytime housebound but its unpleasant obligation were with a few exceptions, meticulously honoured. Inability to work in freezing conditions, followed by destructive floods, resulted in deep dents in the, until then, positive employment, production and export graphs. The personal financial and social problems caused by these events would shine a spotlight on the nation's economic deficiency and cast a dark shadow over all prospects of an end to austerity.

It must be reiterated that the government's post-war continuance and broadening of the scope of controls was notable, not so much for its dissent and violations, as for the almost universal acceptance of its necessity, and the valiant attempts to find an honest path through the labyrinth of rules and regulations. Kenneth Morgan comes close to suggesting that rationing helped maintain the prevailing mode for the overt display of modest living ('elegant economy') when he comments that '... controls on personal consumption were invested with an aura of patriotism. The ration book was a badge of good citizenship, queuing for food a necessary privation. The government relied it seemed on promoting a kind of secular religion'. 192 Peter Hennessy considered that 'selling rationing to the people ... was the most successful government public relations exercise that [he] ever encountered'. 193 That was not so great an achievement, as it may seem, in a unique atmosphere where there was a strong Christian revival and the virtues of self-denial were everywhere being promoted.

---

191 *Daily Express*, 24th February 1947
192 Morgan, (1992), p. 67
That a gospel of fair shares\textsuperscript{194} should be successfully preached by a Labour Government may be deemed predictable. That so many, including long-standing opponents of the party and those turning from it, should in peacetime demonstrate voluntary restraint was indeed remarkable. Six years of uncertain peril and deep tensions had temporarily mesmerised both civilians and servicemen into passive acceptance of necessity. Mass-Observation's commentator on the British Legion's \textit{Post-war Hopes} entries\textsuperscript{195} had been struck by the fact that 'in all these essays there is no wish expressed to throw off war restrictions and discipline or to exercise any individual freedom or initiative. Few seem to desire a more adventurous life or one offering more scope'.\textsuperscript{196} These designs for a better Britain by men of all ranks were certainly created in good faith but seemingly reflected their personal low horizons at the time. Many opportunities for self advancement were, in practice, enthusiastically seized in the post-war years, but there simultaneously endured an overriding belief in the necessity of self-denial for survival and to support the weakened national economy.

That economy was struggling to recover from the additional wounds inflicted by nature when Hugh Dalton delivered his penultimate Budget on the 15\textsuperscript{th} April 1947. The Chancellor commenced on a positive note by arguing that the progress over the previous year was 'not a bad start for today's excursion' but for the consumer his message soon turned negative. Almost 50\% was added to the price of cigarettes, purchase tax on domestic heating and cooking appliances was restored to 66\% and stamp duties on share dealing and house purchase were doubled. Income tax reliefs were hardly discernable and the child allowance was restored only to its 1939 level of £60.\textsuperscript{197} Dalton rejected 'with regret' the introduction of a betting tax, nobly claiming that 'it would be ... not very difficult to tax the totes, horses, dogs and football pools ... but we stand for justice'.\textsuperscript{198} It was not the moment to tax Britain's most popular

\textsuperscript{194} Zweiniger-Bargielowska, (2004), The slogan of the 1939-45 Coalition Government \textit{Fair Shares} poster campaign continued to be used by the Labour Government, pp. 10-11
\textsuperscript{195} See above, p. 117
\textsuperscript{196} MO: FR 2220, March 1945
\textsuperscript{197} \textit{Times}, 16\textsuperscript{th} April 1947
\textsuperscript{198} \textit{Daily Express}, 16\textsuperscript{th} April 1947
respite from austerity. The *Daily Express* delivered a verdict of disappointment: the Budget had ‘failed to provide a stimulant to the unapplied energies of the people’.199

These unapplied energies were sapped not only by the ongoing effects of an arctic winter and lack of economic stimulant but the mounting burden of international debt the people were expected to bear. With no improvement in that situation, on 6th August 1947 the Prime Minister was compelled to announce a further programme of frustrating austerity measures. These involved severe limitations to the housing programme, major reductions in imports, especially of food and of timber for building, cuts in petrol rations, and limitations on hotel and restaurant dining. Attlee urged a nation at peace to fight on through ‘another Battle of Britain ... which could not be won by the few’.200

The first three years of Clement Attlee’s government were one continuous ‘battle of Britain’ fought on the economic front. The enemy was no longer Hitler but austerity. The nation had to be inspired to achieve another victory. Britannia was still the mother of her Empire and British heads in make-do and mended hats were still held high. The ascent of savings and investment continued apace, insolvency remained minimal and the promised welfare state to endow all with lifelong security was nearing fruition. Undiminished by the exported product of over-hastily revived industry, the debit balance on the nation’s account might have been multi-digited but no red ink was in evidence on private bank statements. Yet few felt or wished to be seen as prosperous. They needed no reminders of the formidable battle of Britain they were fighting or of the weapons they must use to fight it. All were aware that the best of British life had survived the war intact and its skin-deep cuts and bruises would soon heal. Stoically they continued to write their cheques and pay their cash for income tax and savings. Whether inspired by high or low thinking, the practice of ‘elegant economy’ would enjoy but a short dawn.

---

199 Ibid
200 *Times*, 7th August 1947
First Quartile

Retaining class ties with his kin will not assist the upwardly mobile individual to establish himself at a higher status level than that of his family of origin, and to achieve this will mean giving time to the cultivation of a new lifestyle and acquaintances.

John. H. Goldthorpe

In general the second half of the twentieth century has been characterised by social peace and by a prevailing affluence which, though not universally enjoyed, would have left earlier generations awestruck.

Dilwyn Porter

This chapter will, in essence, consider to what extent attitudes to personal finance were changed and to what extent the emotional, conventional and romantic expectancies of the British consumer were raised by political and social events during the three years before the election of a Conservative Government in 1951.

It was not until the latter years of the Labour administration that the first tentative signs of breakdown in the more pessimistic attitudes to post-war consumer expectancies became apparent. The emotions in the aftermath of all-encompassing conflict, influenced by nostalgia for pre-war life mixed with fears of return to war, deprivation or unemployment, began to give way to more optimistic images of peaceful modernisation and cultural development. These were brought into sharper focus by the blending of culture, technology, commercial and industrial enterprise, and political innovation. Conventional expectancies changed little. Traditional class distinctions and the roles of women, which had been relaxed out of nothing but dire necessity, hastily reverted to their former inflexible status. Kenneth Morgan hardly exaggerated when he wrote, ‘it was clear that the belief that the British class system dissolved or was basically modified during the war is a total myth’.

---

3 Morgan, (1992), p. 17
The Attlee Government, for all its left-wing rhetoric, was never to seriously consider abolition of the public and private quasi-public schools at which so many of its middle-class intellectual leaders had themselves been educated. Long after Labour left office these schools retained, among other inherent privileges, the taxation benefits of charitable status, 50% rating reliefs, and tax-free endowment income. Not a single Labour Member of Parliament supported an amendment to the 1944 Education Act which would have required all parents to send their children to local authority schools funded by the state. The overriding mission of the public schools was undeniably the perpetuation of class and gender discrimination but most Labour politicians and voters did not assertively urge legislation to their detriment. That these pillars of British tradition were sacrosanct, in the absence of a more satisfactory explanation, might be attributed to the romantic picture of public-school life painted in the plethora of best-selling school stories of the pre-war years; the most popular leisure reading matter for children and often adults of all classes. Until the late 1960s a foreigner coming across such literature might be forgiven for believing that no other type of educational establishment existed in Britain. Even those who had never knowingly set eyes on a public-schools boy accepted the normality of the unique British public school without question. Jeffrey Richards in an apt reference to public-school fiction observed that 'popular culture holds up a mirror to the mindset of the nation'.

My father, brought up in a working-class family, knew every detail of Frank Richards's (Charles Hamilton, 1876-1961) prolific output of 1,380 stories of the Greyfriars Remove he had read as a child in The Magnet and The Gem. For him these had no conscious class connotation but were an indelible image of a superior way of life in an England beyond his worldly experience. That the fees charged by real public schools made them inaccessible to the working classes was an irrelevancy, not only to my father and millions like him, but even to a socialist government. Ross McKibbin cites the example of enormous classless approbation for both the book and 1939 film of James Hilton’s Goodbye Mr Chips with its idyllic and sentimentalised scenes of

---

4 Todd, (1966), p. 21
6 Richards, Jeffrey, Happiest Days: The Public Schools in English Fiction, (Manchester University Press, Manchester, 1988), p. 1
7 Ibid, p. 269
public-school life. The 1969 re-make received no less acclaim and its images remained accepted by all as authentic. It is notable that when new editions were published in the post-war era, Richards’s works proved enduring best sellers. Britain without its public schools was as unimaginable as Britain without its monarchy, pomp-laden military tradition or medieval honours system. Even left-wing socialists appeared to be reluctant to interfere with a system which had produced so many great leaders in every sphere including their own.

Possibly the most significant fictional depiction of class and by implication, financial attitudes to education, is Roy Boulting’s 1948 film, *The Guinea Pig*. A boy from a working-class home, Jack Read, (Richard Attenborough) is sent to a tradition-bound public school as part of a government wartime experimental initiative. After an unpromising start, Jack rapidly develops upper-class tastes, mannerisms and speech, and becomes accepted by his stereotypical snobbish classmates. Following a bout of derision painfully administered on his first visit home he is reminded not to forget his old friends, but none are again heard of in the film. No mention is made of the transformed hero’s subsequent relationship with any working-class people apart from the school porter who he has learned to treat as an inferior, and his parents, who appear to have developed remarkably middle-class attitudes by the end of the story. The ‘experiment’ must be deemed a success, since it results in Jack’s grant of a scholarship to Cambridge; naturally in order to become a public-school teacher. Kitson Clark observed that if the public school-boy returned to his native place he was ‘no longer quite a native of it ... he spoke a different language’. That, it would seem, applied to all classes.

*The Guinea Pig* offers more social commentary than simply highlighting the anachronism of class attitudes; the Reads are not totally impoverished nor are they ignorant of the ways of the world. They are prepared to deny themselves every luxury, give up their precious free time, forego their savings and mortgage their small shop to pay for their son’s university education. Their one and only ambition, as was so common among those of their generation, is to secure for him the opportunities denied

---

10 Roy Boulting, writer and director, *The Guinea Pig* (1948)
11 Kitson Clark, (1950), p. 141
to them. Their attitude precisely matches that of my own parents and the parents of many of my contemporaries. One such, a retired international commercial accountant, from a family of limited means, recalled that his grandparents had been unable to maintain his mother at a private school although she had won a scholarship. That experience had made her determined to ensure that similar denial of opportunity would not be repeated, and worked to support her son through the five years while he earned ‘a pittance’ as an articled clerk.12

Post-war literature and films like *The Guinea Pig* and *Goodbye Mr Chips*, were, of course, melodramatic fantasies. But fictional public-school life continued to be and accepted as a factual utopia embracing the finest of British standards to which all might aspire regardless of financial considerations. Seemingly as if to demonstrate its full endorsement for these class-bound institutions, the Labour Government made not one amendment to the Butler Education Act 1944, which might have placed the slightest restriction on the right of parents to choose between private and state funded education.

It was not only the very wealthy who rejected state education. Many parents were prepared to make inordinate sacrifices in order to provide their children with what they believed might be a better start in life. Public and independently funded schools were not bound by the complex scheme of teacher’s salaries, known as the Burnham Scale, designed to do no more than keep pace with the retail price index.13 Further, such establishments could provide better academic and games facilities than schools constrained by state budgets. The best teachers were thus attracted not only by financial incentives but by the opportunity to teach uninhibited by the state system. The government never imposed any form of control on the levels of fees but schools were rarely able to provide sufficient places to meet the demand irrespective of their charges. With post-war financial prosperity there was no shortage of parents willing to pay and to prioritise the cost. Private education is among the clearest examples of non-material expenditure taking precedence over material consumption but one often ignored by consumerists.

12 John Hubbard (born 1930), 22nd August 2006
Free secondary education was via a three-tier system. The level of entry was determined by a test for children at the age of eleven, the results of which were irreversible except that a small number of brighter pupils were allowed a second attempt at age thirteen. In 1948 two spirited letters to *The Spectator* from an independent Member of Parliament in vain deplored the 'farcical preparation' of teachers for schools supposedly preparing the nation's children for the 'eleven-plus'. He complained of Ministry of Education advertisements offering women, between 21 and 35 with no formal qualifications, and subject to no examinations, intensive one-year teaching courses with free tuition, generous maintenance grants and out of pocket expenses to teach in primary schools.14 A retired teacher related to me how in 1951, having barely turned twenty-one, after completing a similar one-year course was considered 'fully qualified' and for a salary of six pounds per week placed in charge of fifty-two children. They were squeezed into a small classroom in an old and neglected building in Birmingham, with no indoor toilets and minimal educational or games facilities.15

Not all state preparatory education was so unsatisfactory. Some talented and dedicated teachers did overcome all the obstacles and give their pupils a head start with disproportionate eleven-plus success.16 All in my own 1950 state school eleven-plus class passed. This might suggest that other schools achieved no grammar school places at all, since nationwide over 75% of children failed or did not sit the examination. These children were offered no alternative except the 'secondary modern' where the education could barely be described as secondary and still less as modern. The post-war government, not entirely ignorant of the inequity of the system, set about constructing new school buildings but these would prove insufficient to even begin to alleviate the problem.17 Very few secondary modern students sat, or were encouraged to sit, ordinary level examinations and even in 1963 no more than 318

---

14 *The Spectator*, 3rd and 9th September 1948, Letters to the Editor from Sir E. Graham-Little MP (Ind. London University)
15 Barbara Young, (born 1931), 17th August 2006
16 There were no restrictions of choice. Supportive parents sought schools with the best reputation and record.
17 Barnett, (1986), pp. 201-233
nationwide were given the chance to attempt an advanced level paper.\footnote{Sampson, (1965), p. 194} 77\% of children of manual working-class families attended ‘non-selective’ (secondary modern) schools and just 9\% attended grammar schools.

A pass at eleven-plus was the state’s only ticket to a school which might offer any reasonable prospect of a child progressing to higher education or to an occupation or profession with potential for advancement. It is not surprising that supportive concerned parents felt compelled to forego their own needs in order to pay for private tuition to ensure that their children were successful.\footnote{Sandbrook, (2005), pp. 395-396} To less wealthy families this form of investment in a free grammar school education or funding to a private school might prove a great relief from a potentially heavy financial burden. Parents who lacked confidence in the local grammar school or whose children failed, as has been seen, often sacrificed a great deal more in order to secure a better education than the state could offer.

The Church had heavily influenced the thinking behind the 1944 Act\footnote{Barnett, (1986), p. 279} and the report on which it was based had emphasised, in Correlli Barnett’s words ‘the ideal of knightly Christian conduct’, which as he pointed out does not ‘necessarily make for the amassment of material riches, either in the individual or the nation’.\footnote{Ibid, pp. 286-287} Both, in practice, might have been enriched by reducing the emphasis of the system on classical education which devalued scientific and technical training. Ignoring the manifest acute shortage of trained people, the third tier in the system, the technical schools were allocated the lowest budgets and were the least in number. In many areas there was no technical school at all and attendance was never more than about 11\% in total\footnote{Goldthorpe et al., (1969), Table 17, p. 135}. Entry did not depend on the eleven-plus but on a special voluntary examination at age 12 or 13, and while general technical school educational standards edged above the secondary moderns, they were well below the grammar schools. Even the quality of technical training was often lacking. The availability of mostly service-trained technicians was far exceeded by demand, and competent men were...
often lured from the teaching profession with lucrative offers from industry and commerce.

'We prepare our boys for the factory' was the best commendation of his school that a local secondary modern headmaster could offer my horrified parents. This teacher, like many contemporary and subsequent educationalists, displayed an obdurate belief in the permanence of traditional industrial and commercial demand for unskilled labour. In the 1930s 'businessmen' showing an equal lack of forethought, in reference to proposals for additional state secondary schools, evidently had 'continuously' complained of the 'waste of money on education'. Now, according to Hopkins, they were pressing for it to be improved.

Irrespective of the level of education they had received, young people would soon discover that the best qualification for securing employment with worthwhile financial prospects was neither academic achievement nor technical training but 'who you know'. In 1958 of eighty-five members of the government, thirty-five were related to Harold Macmillan. Nepotism continued to be widely practised and the family background of an applicant for 'white-collar' employment never failed to be taken into account. In order to advance their sons' careers men were prepared to pay the substantial fees of the Pall Mall clubs or their provincial imitators in the hope of making the acquaintance of possible employers. As one commentator wrote in the late 1950s 'most [prospective managers] were 'fixed up' by fathers, family friends or golfing companions ... men came to regard membership of the Masons or similar organizations as a prudent act designed to benefit their offspring'. The most fortunate offspring of all were those born to the members of a far more exclusive and financially orientated club.

'When Hugh Peppiatt was articled to his father at Freshfields in 1953, he was not just training to be a solicitor, but already had his feet firmly on the ladder of a system

23 c1949 Family lore my parents never tired of repeating
25 Sandbrook, (2005), p. 74
which you could regard as pretty well assuring yourself of a lifetime’s job’.\textsuperscript{28} No one else could have been so qualified or stood an equal chance to become, as he did, the senior partner in one of the country’s largest legal firms. This ‘system,’ which remained predominant in the City of London until the 1970s, had just one redeeming feature, which could be summed up by the single word ‘trust’. For the privileged accepted into the ‘system’, the consequences of breach of trust were far more daunting than any of the disciplinary powers of the official supervisory bodies which (are supposed to) have superseded it. All Stock Exchange contracts were made orally and subsequently committed to paper allowing many fortunes to be made from, not yet fully outlawed, insider dealing (exploitation of information unavailable in the public domain). This was acceptable ‘provided it was kept quiet within the City’s elite’.\textsuperscript{29} There were virtually no cases of prosecuted fraud or white-collar crime as we understand these terms today. A banker, implicitly suggesting that transactions which would now be criminal offences were not uncommon, confirms that ‘the reason why people had their investment affairs managed by merchant bankers and stockbrokers was because they had better information’.\textsuperscript{30} Similar interviews include a sufficient number of references to the ‘elite’ covering-up or suppressing information to leave few doubts that less than professional practice was not unknown.

Paul Thompson and Cathy Courtney, commencing in 1990, carried out 125 City Lives interviews with people who entered the City between 1945 and 1970 and reached the top of their professions. Of those only six ‘did not enjoy the comforts of a middle-class household’\textsuperscript{31} and rarely did their success depend on formal qualification. Often they justified their positions with the self-righteous argument that anyone who succeeded outside ‘the system’ was certainly the beneficiary of illegal or sharp practice. Those with talent, initiative or imagination who managed to storm the gates of the City were often treated with even greater contempt. Yet some survived and a few, like Siegmund Warburg, went on to exceptional achievement and acceptance within the system.\textsuperscript{32}

\textsuperscript{28} Thompson, Interview No. 80, Hugh Peppiatt, p. 428
\textsuperscript{29} Thompson, (1997, pt 2), p. 434
\textsuperscript{30} Thompson, Interview No. 46, Peter Spira, Deputy Chairman of County NatWest, p. 434
\textsuperscript{31} Thompson, (1997, pt 1), p. 295
\textsuperscript{32} Ibid
Although a small number of such token membership cards were handed out to male outsiders of extraordinary ability, for as long as possible the City institutions doggedly denied women any form of work other than as typists, filing clerks or bookkeepers. All banks and other financially orientated companies required women to resign their jobs on marriage and totally barred married women from employment in any capacity. As one chairman of a merchant bank put it succinctly, 'women were totally disregarded'. In 1960 Anthony Sampson clearly envisaged nothing extraordinary or potentially offensive in writing of the accepted discrimination and belittling of women, even in City lunch breaks, '... they are kept well apart, and have giggling lunches at the teashops, while the men have their beer and steaks'.

Professions involving financial decision making were closed to women until well into the 1970s. At the Institute of Chartered Accountants’ intermediate examination which I sat in 1960, of about 1,600 candidates, women could be counted on the fingers of one hand and at the final two years later they were hardly more in evidence. The proportion entering any profession involving finance was no greater. Dealing with money retained a 'not-quite-nice' connotation, unsuitable for ladies. A Lloyd's underwriter recalls that 'it was quite inappropriate for women to subject themselves to the rough and tumble of the floor' where, as at the Stock Exchange, '[public] schoolboy pranks were part of the culture'. It was not until 1973 that the London Stock Exchange admitted its first female member. In 1951 the world of finance, as one commentator put it, 'remained, like Ancient Greece a world untroubled by gods or women'.

The Labour Government ignored the status of women, much in the same way as it left the public schools to continue leading the sons of Britain's wealthy along the well-trodden path to their places in the ruling classes. There was no reason to interfere with the long-ingrained and universally accepted role of the British woman. The fiction published in the addictive magazines and radio programmes like Woman's Hour,

33 Thompson, Interview no 98, Michael Verey, Chairman of Schroders, p. 431
34 Sampson, (1962 ed), p. 346
35 Thompson, (1997, pt 2); Interview no 27, Terrence Higgins, p. 432
36 London Stock Exchange: www.londonstockexchange/history
38 Elliot, (1962), pp. 209-210
Mrs Dale’s Diary and popular drama invariably promoted the creation of a conventional middle-class home to support her bread-winning husband and their family as every woman’s normal and appropriate role in life. Similarly the adult women appearing in popular children’s literature\textsuperscript{39} and the BBC’s Children’s Hour were portrayed in stereotyped middle-class situations. There was no detailed reference to female protagonists’ financial position, as there had been in Victorian novels, but even when depicted as not well off or in reduced circumstances, heroines invariably managed to aspire to middle-class conventions and standards.

These indisputable standards were the basis of the prevailing wisdom poured out in abundance by the advice columns of the ‘books’, as magazines like Woman and Woman’s Own were known. The leading six women’s journals circulated 10\% million copies weekly. Woman alone was devoured by 43\% of the country’s 20 million women over sixteen.\textsuperscript{40} None of these publications considered their readers to be unduly concerned with asserting unconventional rights or change of status, any more than they were with financial matters beyond those directly relevant to housekeeping. Evelyn Home the advice columnist of Woman wrote in 1951: ‘most women, once they have a family, are more contented doing better work in the home than they could find outside it’.\textsuperscript{41}

Before the close of the 1940s, for all the authoritative conservatism of the BBC and the women’s and children’s press, some hairline cracks could be detected on the surface of the iron masks of British class and gender convention. The middle class had begun to experience a crisis of identity. In January 1949 Mass-Observation, perceiving this tiny chink in the armour, undertook a survey in which it asked, ‘Middle Class - Why?’\textsuperscript{42} The replies to this question almost without exception accepted that the term ‘middle class’ meant those close to the top of the financial tree, although some excluded the post-war nouveaux riches. A typical response was: ‘the middle classes not only continue to exist but exert a prestige value out of all proportion with their powers as an economic group’. By contrast, a lesser number felt

\textsuperscript{39} Enid Blyton, A.A. Milne, E. Nesbit, Richmal Crompton, Joyce Lankaster Brisley etc.
\textsuperscript{40} Elliot, (1962), citing Margaret Rix in The Director, October 1958, pp. 209-210
\textsuperscript{41} Brown, (2001), p. 172
\textsuperscript{42} MO: FR 3073: ‘Middle Class, Why?’
that for financial reasons the middle-classes were ‘shrinking out of existence’ and saw the loss of capital investment as synonymous with loss of cultural standards and political influence. The traditionalists, who in the same breath lauded Victorian virtues and attainments, accepted that private financial strength was still the principal, if never the sole, determiner of class status. One Mass-Observation reporter expressed surprise at a respondent’s complaint that due to lack of income or ‘visible possessions’ middle-class people were finding themselves ‘arbitrarily displaced from the group they still felt they belonged to and whose mores they are still trying to develop and establish’. 43

It was acknowledged, perhaps by the more forward thinking, that the twentieth century had ‘yet to form a new class pattern’. Meanwhile, the nineteenth century model when ‘laissez-faire economics ensured middle-class supremacy [although] undeniably worn [was] by no means ready for the scrap heap’. While attempts to define the middle-class were predictably stereotyped; family background, culture, tastes, way of life, outlook etc, an identity crisis was repeatedly emphasised by reference to working-class people now being paid more than their middle-class neighbours. 44 There was also an underlying assumption that high earners would automatically aspire to higher class status, but that could not be properly put to the test until the last restraints of austerity had abated. Meanwhile, controls and rationing remained unabated.

Retailers continued to be severely hampered by recurring shortages. The unimaginative functional ‘utility’ goods, made to government specifications, they were obliged to offer were becoming less and less acceptable. Demand for greater quality and choice, which the shops were unable to supply, was growing each day. It is often claimed that the most potent catalyst to changing expectancies was the image of liberation and luxurious lifestyle depicted in films, radio programmes, magazines and publicity matter imported from America. Rarely do such claims prove on investigation to be other than exaggerated or sensationalised. The sweeping endorsement of the ‘Britain Can Make It’ 45 exhibits had demonstrated that British

43 Ibid
44 Ibid
45 See Chapter 4, pp. 142-143
taste was for its own quality and design. The Festival of Britain, the spectacular swansong of the Attlee administration, first conceived shortly after it took office,⁴⁶ would celebrate the nation's industrial and cultural accomplishments to even greater acclaim. Modernisation was approved by a people well able to distinguish it from Americanisation on which the blame for so many social ills were, and would continue to be, heaped. The overwhelming demand for and faith in the home product remained undiminished, whether or not it was available. More often than not the latter was the case.

The more pessimistic views expressed in 1946⁴⁷ about the tardiness with which desirable British-made goods would return to the shops would prove well founded. Significant reductions in controls and de-rationing did take place in 1948 (flour), 1949 (clothing) and again in 1950 (chocolate biscuits, petrol, soap, canned and dried fruit etc.) but most pillars of austerity and the barriers to modernisation still held firm when Labour left office. For all the swift and dynamic post-war resurgence of commerce and industry, the choices open to the consumer remained severely curtailed by export priorities. There were still insufficient incentives for the British to change their by now familiar habits of financial prudence and non-conspicuous expenditure. So they went on saving.

Harold Mackintosh's National Savings publicity machine had been allowed to lose none of its impetus in peacetime. With ever-greater emphasis, the export-strapped and defence-minded government remained relentless in its public advocacy of thrift and moderation. In such uncertain times the banks required little urging by the Treasury to maintain maximum constraint in their credit policies and comply with the decision of the British Banker's Association to cut advertising by 18% for twelve months, as 'a gesture to the Chancellor of the Exchequer'.⁴⁸ The efforts of building societies to attract savings⁴⁹ continued and were intensified. Their advertisements did not promise priority treatment for would-be mortgage applicants, but the myriads determined to become homeowners went on adding to their deposits in the hope that that might just

⁴⁶ News Chronicle, 'Greatest International Exhibition Ever in 1951', ⁴ᵗʰ April 1946
⁴⁷ MO: TC26/2/B-C: 'Questionnaires'
⁴⁹ Ken Culley, interview 30ᵗʰ August 2007
prove the case. Aneurin Bevan's hardened aversion to new private-sector house building and the inordinately delayed reparation of damage to older properties nonetheless continued to ensure that hopeful savers would long greatly outnumber the fortunate who were granted mortgages. *The Building Societies Gazette* lamented the 'lack of any tangible progress ... even towards a preliminary state in reconstruction'.

Insurance companies, with their reinforced armies of home service salesmen, continued to lose no opportunity to sell the security of an endowment policy to the cautious and family-minded. In every post-war year the Prudential's annual report not only reveals substantial growth in every area of activity but highlights the changing social scene through the pattern of life assurance sales. The 1945 income from *ordinary* life premiums had been £17.8 million or 59% of the revenue from *industrial* premiums (£30.2 million). Five years later ordinary business was attracting £32.5 million, equal to over 80% of the £40 million collected from the penny contributions paid by the poorest or least prudent. By 1956 ordinary policy premiums involving substantial cover and investment had overtaken the unrewarding industrial contributions, which continued to provide nothing more than the inadequate basic.

Those who continued to pay in to industrial policies were often the same people who put their trust in the most conservative of savings repositories: the autonomous Trustee Savings Banks, at their greatest strength in the north of England and Scotland. The Minutes of the TSB's Fife 'Youth and Adolescents Coordinating Committee' (YACC) record that its chairman James Campbell, had received consent from the Standing Committee of National Youth Organisations [for] the teaching [in schools] of personal finance, an expression preferred to the word thrift ... in the country's interest'. An earlier minute records that 'Council courses in secondary schools [evidently in the Fife area] will soon include instruction in 'Thrift' in the first three years of the course'. Whether or not that subject was ever formally entered on a school curriculum is not revealed, but the TSB certainly established post-war thrift clubs in a great many schools in Scotland and northern England and went to pains to ensure that their philosophy was instilled into children. The TSB's YACC minutes

---

50 *Building Societies Gazette*, January 1949, p. 35
51 PGA: Box 273, 'Annual Reports 1931-1956'
52 LTSB: TSB/A/2/3, Fife TSB Minutes, Entry 5th December 1947
53 Ibid, Entry 19th November 1947
also proudly index a formidable list of achievements in training leaders at YMCA, YWCA, Boys Brigade, Boy Scouts and various church youth organizations in the running of post-school-leaving savings groups.\footnote{Ibid, Entry 25h November 1948}

With 84 banks and over 1000 branches the TSBs’ foremost mission was the promotion of its overriding ideology: the virtue of thrift. In a pious conservative post-war atmosphere they experienced no resistance to their mission. 1949-1950 proved a record year. Collectively the banks were administering 4½ million accounts, almost exclusively representing the savings of the lesser privileged. The addition of 378,000 new depositors that year can be attributed to full employment in Scotland and the north of England and little proactive exertion was required to attract business. The interest rates were on a par with the POSB (2½%) and the only evident promotion was the ‘useful concession’, which allowed the withdrawal of up to £50 on demand at the investor’s own bank. Notwithstanding its extraordinary ability to attract depositors by its well-tried methods, TSB’s management expressed concern about the number of withdrawals due to ‘lessened propensity to save for the community as a whole’ and claimed to be ‘attacking this problem at its root - the savings habits of the weekly wage earner’.\footnote{NSI: \textit{National Savings}, (Vol. 7. No 6. 1950), pp. 12-13} The attack does not seen to have involved any imaginative advertising or incentive, but the TSBs undeniably continued to successfully maintain loyalty and entice new savers. It is difficult to explain the confidence in these, the most unadventurous among unadventurous savings banks but faith in their unassailable security was seemingly a manifestation of the ‘dour, unexciting, and intensely conservative mood’\footnote{Brown, (2001), p. 170} of those who believed themselves the poorest classes.

The events which arguably would have the greatest impact upon that mindset were the passing of the Social Security Acts forged to implement the spirit, if not the letter, of the visionary plan for which William Beveridge had received the nation’s acclaim in 1942. These Acts would sow the seeds which, in a decade, would cause a post-war desert to bloom into an affluent society. In 1946 the first and most significant laid the cornerstone of the welfare state; the National Health Service (NHS) which became
operative on 5th July 1948.\footnote{Gibbs, Edmund R., \textit{National Insurance and Social Service for Everyman}, (Pen-in-Hand Publishing, Oxford, 1948), p. 1} Never again would anyone in Britain need to dig deep to avoid the stigma of reliance on a charitable health organisation or a Poor Law hospital.\footnote{See Chapter 4, p. 133} No more would the means have to be found to pay for dignified medical treatment, for hospital care, or for prescribed medicines.

Arthur Marwick pointed out that after 1948, when 98% of pupils were provided daily with a free \(\frac{1}{2}\) pint of milk at school, the nation's children became stronger, taller and heavier than pre-war and that by 1950 infant mortality fell for the first time below 30 per 1000. Marwick is not alone in claiming that thanks to the rationed diet 'the nation as a whole was healthier and fitter than it had ever been before'.\footnote{Marwick, (2003), p. 49} True as these statements were, it did not follow that any section of the NHS would, then or in the future, want for employment. Unaffordable treatments and operations had been long neglected or postponed and the unattended debilitating long-term effects of wartime injury and stress continued to cause suffering and ill health. The NHS was indeed a godsend.

National health insurance was not new in 1948. The 1911 National Insurance Act\footnote{See Chapter 3, p. 110} had enabled those employed with incomes under £2 per week to be insured at a cost of 4d per week, their employers contributing 3d and the state a further 2d. The 9d covered most medical fees, hospital charges and medicines and paid 7s per week for up to fifteen weeks to those unable to work due to infirmary. The insurance did not cover any other class of worker, the unemployed, the non-employed or the wives and families of employees paying contributions. 'Undernourished children showed evidence of rickets until vitamin D supplements, provided by welfare clinics, controlled it' and 'patients expectations were not high'.\footnote{Rivett, (1998), pp. 1 and 2} Geoffrey Rivett described in graphic detail the appalling inter-war conditions under which general practitioners had to labour in administering healthcare to unreasonably high numbers of patients. Two-thirds of hospitals functioning after the war were erected before 1891, often
unhygienic, under-equipped and in poor repair as a result of longstanding financial problems.  

In certain circumstances treatment was obtainable without payment or insurance cover. There were doctors prepared to treat their poorest patients free or for a minimal charge at their own discretion, or who organized voluntary contribution schemes within their practice. Hospitals funded by philanthropists or public subscription also provided free care, but usually limited it to cases falling within the remit of their charter or constitution.

No conditions whatsoever applied to the NHS. The entire range of its facilities and services were available to all, irrespective of financial means or any other status, including whether or not National Insurance contributions had been paid. The travelling expenses incurred by a patient requiring specialised hospital treatment and their companion would be paid for by the state. Many treated the '4s 11d out of your weekly pay-packet' as a sound investment from which dividends might be, and indeed were, drawn down from day one. Charges were removed for every form of treatment, including some of a purely cosmetic nature, until then unthinkable expensive.

In theory, funds which the prudent had previously set aside as medical reserves, or the cost of their cancelled private health insurance or voluntary contributions to their doctor's practice could now be put to other purpose. But there were many who did not have that much faith in the NHS. In anticipation of the state service, British United Provident Association (BUPA) was launched in 1947 proclaiming that its mission was to 'preserve freedom of choice in health care'. The demand to exercise that freedom has continuously escalated until the present day. The establishment of similar private medical insurance schemes soon followed, and the insurance companies found their private health business enjoying simultaneous expansion. Annual 'sickness and

---

62 Ibid; Thane, (1982), pp.190-193  
63 British Medical Association: www.bma.org.uk  
64 Gibbs, (1948), pp. 55 and 57  
66 Website BUPA, www.bupa/uk history
accident' premiums paid to the Prudential trebled in the decade to 1956: from £334,800 to £1,098,000. ⁶⁷

Aneurin Bevan, whose untiring efforts had transformed Beveridge's vision of a free health service for all into a reality, claimed that 'if you succeeded in Britain in establishing the correct social climate where people valued things on the basis of need rather than sordid profitability then expenditure on the NHS would progressively moderate'. ⁶⁸ Bevan seems to have been remarkably naïve in his judgement of the wider British public. Many people's attitude to their own health immediately became one of 'expense is no object', once it had become public expense. If John Benson was being mildly cynical when he wrote that 'the establishment of the NHS unleashed a torrent of pent-up demand for medical care' ⁶⁹ he was reflecting a commonly expressed view but a poor evaluation. While from the outset it was undoubtedly abused and many failings transpired, the NHS has failed to provide vital assistance to those in genuine need in only a minute proportion of cases. That would prove to be the case with all social services.

The Industrial Injuries Act, which replaced the simultaneously repealed ineffectual Workmen's Compensation Acts (1925-1945), ⁷⁰ would help dispel much of the fear of impoverishment in the event of serious illness or loss of employment. Both the sick and unemployed could draw a basic 26s weekly, plus additional amounts for a wife, children and adult dependants. ⁷¹ The state also would pay, among other benefits, an enhanced maternity package of a £4 grant plus 36s per week for 13 weeks after the birth of a child, a death grant of £20 and a widow's pension of 36s per week. ⁷² These sums were, of course, inadequate to provide a realistic cushion against the worst onslaughts of financial deficiency, but they at least enabled the unemployed to draw appreciable assistance with greater dignity than ever before. The stigma of being seen at the 'labour exchange' nevertheless would take many years to die out, if indeed it has ever done so. There apparently existed a pre-war working-class tradition of

⁶⁷ PGA: Box 273, 'Annual Reports' and Boxes 279, 280, 286 'Board of Trade Returns'
⁶⁸ Addison, (1985) citing Donald (later Lord) Bruce, Bevan's Parliamentary Private Secretary, p. 110
⁶⁹ Benson, (2005), p. 56
⁷⁰ Gibbs (1948), p. 39
⁷¹ Ibid, Ch. 2, Table I, p. 15
⁷² Gibbs, (1948), p. 10; Co-operative News, 2nd February 1946
mistrust in anything offered by the government even causing some mothers to totally avoid NHS clinics and refuse to accept even free orange juice.\textsuperscript{73} It seems improbable that many mothers resisted for long but some men certainly remained too proud to queue for their legal entitlements for many years.

Further benefits brought by the Social Security Acts included long advocated ‘family allowances’ which put a few extra coins directly into mothers’ purses to provide a measure of financial independence, but the sums involved were by now too small to make the appreciable difference argued in the 1930s.\textsuperscript{74} An improved scale of benefits (26s per week for a single person and 42s for a married couple) offered more practical financial assistance to the elderly and permanently disabled. With a dearth of pension schemes of any kind, the widespread dread of poverty in old age, was alleviated but far from eliminated.

Although initially the cost of social security was not imposed by reference to income, every form of welfare legislation had its direct and indirect effects on the pockets of all but the wealthiest. Subject to a £10 penalty, all employed men were required to purchase a weekly National Insurance stamp from the Post Office for 9s 1d, to which their employer contributed 4s 2d. The employed women’s stamp was 7s 1d, with an employer’s contribution of 3s 3d. The self-employed paid a flat 6s 2d per week, with reduced rates for those under eighteen.\textsuperscript{75} The stamps were affixed to a card, which when full, was forwarded to the Ministry of National Insurance for its value to be credited as the individual’s contribution. Alternatively filled cards might be lodged with banks or insurance companies who were paid commission by the Ministry for acting as collection agents.

These strides towards a full welfare state might have been welcomed by practitioners of ‘elegant economy’ since they involved no money spending, permitted a degree of dignified self-indulgence and provided a pretext for curbing benevolence with a clear conscience. In August 1947 Mass-Observation prepared a file report entitled ‘Aspects of Charity’ which claimed ‘overwhelmingly’ that popular feelings against charity

\textsuperscript{73} Hoggart, (1992), p. 76
\textsuperscript{74} Thane, (1982), pp. 216-217
\textsuperscript{75} Ibid, Ch. I, Tables I and II, p. 9
derived from the belief that it was unwanted in a modern society 'at any rate in organised form' and that the state should be responsible for providing aid and relief from all suffering wherever required. The report notes that the commonest attitude to charity was that it was 'a bad thing in itself but until the state takes over all its present functions it will remain a necessary evil'. More than a third of the interviewees expressed their clear disapproval. A young housewife summed up the general mood: 'I think that the more one is called upon to give money for charity the worse the reflection on the social system. The one who receives loses his dignity and the one who gives has a false sense of superiority'. But only 5% were prepared to state unreservedly that they never supported any good cause. Among those who might qualify to receive assistance appreciative attitudes were found to be 'rare'. The majority complained about instances where charities had failed to help them or fallen short of their expectation.

The report further observed that interviewees often equated voluntary benevolence with the fulfilment of a basic tenet of Christianity. Unlike Judaism, Islam and Buddhism whose faithful are strictly obligated to donation, Christianity regards the giving of alms as the 'result of an act of free will and therefore a virtue'. Surprisingly, in view the national statistics, only just over 1% professed sincere religious belief. These were alone in the opinion that voluntary donation should be a duty to the community or to God. A commercial traveller claiming to be a devout Christian described charity as having become a 'forgotten virtue' due to 'our get-rich-quick' mentality. When asked about various forms of collection, such as raffles and the preponderance of flag days, the most common response was a direct or indirect allusion to 'blackmail'. Nuns who called door-to-door were viewed with particular disfavour and, together with the Salvation Army, considered the worst of emotional blackmailers. An artisan, with reference to the latter, commented angrily 'they've got millions invested in their Insurance [Company]; if you buy a policy from them you go straight to Heaven and if you take one out with an opposition company you go straight to Hell'.

---

76 MO: FR 2508, p. 8
77 Ibid
78 Nightingale, (1973), pp. 103-105
79 MO: FR 2508, p. 21; See Chapter 7, pp. 246-247
Ironically, underlying such views, expressed in the unique atmosphere of the age of austerity, were the infinitely stronger charitable instincts of the British people. In the 1940s few believed that they were in any position to give generously but most made some small gesture to avoid embarrassment and a subsequent bad conscience.\(^{80}\) Mass-Observation found that just 20% claimed to have responded to an advertisement or radio appeal, i.e. inconspicuously.\(^{81}\) A personal interviewee who bought National Savings stamps at school each week also told me that her mother ‘used to keep the Alexandra roses and poppies from one year to the next and get them out when it was the right day - she was that hard up.’\(^{82}\) Her contemporary dismissed charity as ‘a coin in the tin or whatever’.\(^{83}\) Both claimed to be middle class and both made it clear that their families had some modest, albeit sacrosanct, savings. For the charities, the widely held opinions in favour of the state taking over their functions proved an unfortunate setback, but not a disaster.

Heightened appreciation of the rectitude of voluntarily placing personal wealth at the disposal of those in need transpired to be an auspicious by-product of the fusion of developing mass-communication with the emergence of post-war popular capitalism.\(^{84}\) Not everyone, of course, became anything remotely approaching the usual concept of a capitalist, but as contemporary author H. Oliver Home argued, in the war years alone ‘it is a safe guess that the insured population more than doubled their capital’.\(^{85}\) For all the benefits it would yield to those fortunate individuals, to good causes and to the national economy, moralists expressing the prevailing wisdom always found the wider distribution of private capital a situation to be deplored.

Private capital breeds confidence, confidence breeds demand and demand breeds commercial enterprise. Throughout the period of austerity the believers in the culture of material self-denial which, as they saw it, was beneficial to both the individual and to the common good, lost no opportunity to display their disapproval of this inevitable

\(^{80}\) Nightingale, (1973), p. 114
\(^{81}\) MO: FR 2508, p. 8
\(^{82}\) Barbara Young, 17th August 2006
\(^{83}\) John Hubbard, 22nd June 2006
\(^{84}\) See Chapter 2, p.53 et seq and Chapter 7, p. 239 et seq.
\(^{85}\) Home, (1947), p. 362
sequence. Among the most influential and enduring advocates of that school of thought was J. B. Priestley. Priestley himself ‘made a lot of money in the thirties’ following the success of *The Good Companions* and lived in a highly privileged fashion, dividing his time between his manor house on the Isle of Wight and his Georgian townhouse in Hampstead. From the 1950s onwards, this most unreserved of self-publicists and self-proclaimed socialist re-intensified his long-laboured one-man campaign against his meaningless epithet ‘admass’ and its exaggerated and unsubstantiated evils. In particular, he was against ‘Americanisation’; although, on neither side of the Atlantic did his prejudices harm the sales of his works to adherents to his anachronistic fantasy of British superiority.

Priestley had no difficulty finding support for his stance against the supposed adverse impact of the American lifestyle on the fabric of English society. Similar views became extremely common when the greatly boosted post-war US economy enabled modernisation to be accelerated much earlier than in Britain. Central heating, the refrigerator, the telephone, bathrooms with showers, wide ranges of hygienic, sanitary and cosmetic products, ‘fun’ foods, modern motor cars and even coffee were all commonplace in America. The high-thinking plain-living Briton found every reason to despise these decadent luxuries. There would never be any place here for such vulgarity and ostentation.

Priestley unwittingly redefined Mrs Gaskell’s sour grapeism as ‘a battle being fought in the minds of the English between ‘admass ... and Englishness, ailing and impoverished, in no position to receive vast subsidies of dollars, francs, deutschmarks and the rest, for public relations and advertising campaigns’. He grudgingly admitted that ‘‘admass’ is better than starvation due to unemployment’ with the extraordinary and unexplained adjunct: ‘you have to be half-witted or half-drunk to endure it’. Advertisements are created to evoke the imagination, in exactly the same way as popular novels and plays. Priestley would seem to disparage the government he claimed to support, now dependent on public relations and publicity campaigns

---

86 British Library Sound Archives, F9728-F9729, Sylvia Goaman, (born 1924), daughter of J. B. Priestley, recorded 15th August 2001
87 See Chapter 1, pp. 46-47
88 Priestly rarely, if ever, referred to Britain
89 Priestley, (1973), p. 217
equally emotive as commercial advertising, to repay the 'dollars, francs and deutschmarks' it owed. The champion of the ordinary people would deny them what small joy they might have derived from the creativity in the posters and publicity, which brought at least some life and colour to the drab and austere Britain of Sir Stafford Cripps.

Cripps had been Minister of Economic Affairs for just six weeks when he was appointed Chancellor of the Exchequer on 13th November 1947. In common with Priestley, he left no one in any doubt that, in his opinion, brash consumerism and commercial activity were vulgar and ostentatious irrelevancies. He too was obsessed with the disgrace of dependence on American aid and was determined to remove that unsightly blot from the British landscape. There the similarities end. To associate Stafford Cripps with Priestley’s excesses would be to seriously misjudge his sincerity of character but it may be argued that he was equally culpable of hypocrisy. Although he came from a wealthy family background and had deliberately chosen the most lucrative branch of the legal profession to make a private fortune from patent and compensation claims, the depth of Cripps’s socialist conviction was only equalled by his naivety, his puritanical convictions, and his brilliant mind.

On 27th July 1910 a twenty-one year old Cripps recorded in his diary ‘I frankly admit that I am ambitious to make money and as such it is wrong, but surely you would not call a man a good man if he did not want any of these things’. The naivety of his advocacy of personal economies by others, with suggestions like: ‘I don’t agree to the men having extra money in their pay packets ... if a man puts up a good performance then he should be given a medal ... then everyone else would try to emulate him; revealed the respected but never-popular Cripps neither not to have, nor wish to have, the least understanding of the attitudes of the working class or of the power of financial incentive. He appears to have struggled to appreciate or justify the extent of even his own substantial wealth; once making the incredible statement ‘... if the

---

90 Financial Times, 14th November 1947, The office of Minister for Economic Affairs was abolished when Cripps was appointed Chancellor following Hugh Dalton’s resignation the previous day.
91 Marquand, David, ‘Sir Stafford Cripps’ in Sissons and French, (1963), p. 172
93 Hennessy, (1992), p. 341
money of all those richer than myself were given to all those poorer I should be a normal man’. His biographer Peter Clarke comments that ‘his concept of a ‘normal man’ is clearly beyond rescue, it is beyond ridicule’ but later observes that ‘his peculiar unworldliness licensed him to prosper from manoeuvres that in any other politician would naturally have been attributed to ruthless ambition’. Possibly that was the case, but no reference has been found to Cripps having been a private philanthropist nor does there seem to be any evidence that his famed asceticism extended to foregoing private capital.

While ‘probably never before in modern British history had a single individual in time of peace exerted a direct effect on such a diversity of individuals the making of austerity cannot be laid at Cripps’s door. The natural and economic catastrophes earlier in the year had resulted in Attlee’s announcement of a crisis plan in August 1947 and Hugh Dalton’s final supplementary Budget on 12th November had offered no further relief to the consumer or taxpayer. In a desperate attempt to attract revenues Dalton had doubled purchase tax rates on all non-utility goods to 33½%, raising the top band to 125% on supposed luxuries, while taxes on football pools and gambling were among further innovations which endorsed the continuation of austerity. Initially he had won muted parliamentary and public applause for reducing income-tax relief by 50% in a move to curb advertising expenditure, arguing that it was ‘a serious waste of money, labour and materials’. Even the ostensibly non-commercially minded Cripps soon saw the folly of that unhelpful imposition and reversing it was among his first acts on taking office.

Two days before Dalton’s farewell Budget, an advertisement for Johnnie Walker whisky (at the maximum fixed price) had anticipated the surprisingly over-optimistic press response with a message which sharply reflected the mood of the country: ‘Today may be austere, but it won’t last. Here’s looking forward to the age of plenty!’ Unlike the frowning Chancellor, appointed a few days later, most of the

---

94 Clarke, (2002), p. 6
95 Ibid, pp. 6 and 481
97 Financial Times, 13th November 1947
98 Ibid, 4th December 1947
99 Ibid, 10th November 1947
people of Britain had no desire to pore over the grim reading of the national economic statistics. No end was in sight to either the shortages of material things or to the distribution of what there was through a system of ‘fair shares’ which benefited no one.

What those prepared to pay for it could have without constraint, was their fair share or more of the mushrooming restoration of all that was brightest in popular commercial culture, entertainment and sport. The worn-out seats of pre-war cinemas, offering two feature films, newsreels and often live entertainment as well, were filled to capacity. The variety shows, where the stars of radio might be seen as well as heard, were enjoying a golden age in the patched up theatres of London and the provinces. The local repertory companies unfailingly presented a different comedy or tragedy each week to full houses. The bulbs had been replaced in the dazzling array of advertising signs which lit up Piccadilly Circus. The four great Lyons Corner Houses, with their selection of vast art-deco dining rooms, nightly entertained thousands at under 5s per head in the capital’s West End, while the live music of dance bands filled the air in crowded halls throughout the land. The voices of popular singers were again heard from the brittle shellac gramophone records revolving seventy-eight times per minute. Decaying Edwardian pubs, devoid of decent wine, food, jukeboxes or drugs, thronged with life. At shabby stadiums in every major town full seasons of football fixtures were completed. At even shabbier and dangerous tracks, speedway became Britain’s second most popular spectator sport with thirty-three teams competing in the three divisions of the National League. In 1948 the Duke of Edinburgh presented the championship trophy, but the following year was not among the 93,000 spectators at Wembley who saw England win the first three places in the World Final: a feat, like a later English victory at the same venue, never before achieved or since repeated. In summer, local parks basked in their fortnight of transformation into county cricket grounds with separate pavilions for gentlemen (amateurs) and players (professionals). The pre-war animated illuminations again radiated from the Blackpool and Southend promenades and record numbers took day excursions to enjoy these and other rapidly renovated seaside attractions.

All these intangible temporary divertissements from austerity had one essential factor in common: they were for most people comfortably within their means. No Chancellor of the Exchequer could forecast the end of austerity, but while it remained it would be a long way from totally joyless. The introductory words of Roy Harrod’s otherwise constructive contemporary criticism of the government’s economic policy and demand for an end to rationing: ‘A mood of great despondency has descended upon the people’, 101 fails to take account of the evidence of the enormous efforts being made to alleviate or overcome it.

Most forms of entertainment and sport were subject to neither rationing nor direct government controls and even when taxed remained, for people of all classes, an affordable respite from the negative aspects of life in the Britain of the late 1940s. Comparatively modest numbers bought tickets and travelled to Wembley Stadium to enjoy the low-key first post-war Olympic Games of 1948. It was the only way to do so. Televising the Olympics was the BBC’s most ambitious project since it recommenced part-time transmission on 7th June 1946 but it failed to trigger popular interest or demand. 102 Sets were priced beyond the reach of ordinary people and reception was limited, unreliable and often interrupted. The vast audiences at the local cinemas, on the other hand, could be constantly transported to the land of post-war material modernity for which they had sacrificed so much. Britain was still not that land. Its citizens continued to comply with Cripps’s controls and constrictions but their cheerful consent was continually contracting. Less and less did they appreciate why rations, rules and regulations should still be necessary and less and less did they care.

Both the legal and illegal means of absorbing the unpleasant effects of the growing complexities of austerity would involve initiative and ingenuity by people in all walks of life. Those with no desire to sleep in Butlin’s war-surplus Nissen huts but able to afford to eat at restaurants and hotels encountered few problems in allowing themselves indulgences denied by food rationing. On 1st June 1942 the government, as part of its fair shares initiative had set a limit of 5s on the price of a meal which,

101 Harrod, Roy, Are These Hardships Really Necessary?, (Rupert Hart-Davis, London, 1947), pp. 11 and 149
regardless of inflation, would not be altered until revoked on 2\textsuperscript{nd} May 1950, and then only because it was thought to be discouraging tourists.\textsuperscript{103} Catering establishments that made illegal returns of the meals served in order to boost their allocation of rationed foods proved 'a persistent problem'.\textsuperscript{104} Usually with the co-operation of the proprietors, any one of a number of barely legal devices might have been employed to ensure that restaurant diners ate their fill. The five-shilling limit could be exceeded by adding disproportionate charges for drinks and service\textsuperscript{105} or more commonly customers paid for one course and then changed tables to enjoy the rest of their meal on a separate bill. All such inconveniences or necessity to contravene the regulations could be simply avoided by crossing the Channel.

Successive Chancellors, well aware that the British tourist was now attracted to the Continent less by its tree-lined boulevards and alpine peaks than by the chance to sidestep rationing and controls,\textsuperscript{106} imposed severe limitations on currency allowances with the aim of curbing extended stays. In 1947 Dalton suspended the allowance altogether but it was restored the following year at just £35 per head by Cripps who raised it again to £50 in 1949.\textsuperscript{107} Abuse of the more generous business allocations was reputed to be common, as was making illegal reciprocal arrangements with foreigners coming to Britain. A Manchester Guardian report highlights how blatant violations of the controls could go unpunished. A company director won an appeal against a £100 fine for trying to take a considerable sum in currency out of the country with the simple defence that he 'put the bundle of notes in his pocket while in London and had forgotten it.'\textsuperscript{108} The flamboyant millionaire Sir Bernard Docker was only prosecuted in 1955 after years of blatant and highly publicised violations of the regulations.\textsuperscript{109} There was no shortage of British tourists at the dining tables of Europe.

Those unable to find the means, legally or otherwise, to travel abroad or to dine out in Britain needed no more than a newspaper report or cinema newsreel to bring home to

\begin{itemize}
  \item \textsuperscript{103} *Times*, 2\textsuperscript{nd} May 1950
  \item \textsuperscript{104} *Ibid*
  \item \textsuperscript{105} Zweiniger-Bargielowska, (2004), p. 167
  \item \textsuperscript{106} See Chapter 4, p. 138
  \item \textsuperscript{107} *Times*, 6\textsuperscript{th} October 1954, (chart, p. 6)
  \item \textsuperscript{108} *Manchester Guardian*, 8th March 1948
  \item \textsuperscript{109} PRO.NA: PREM/11/411 (The decision to prosecute was taken by the Chancellor, R.A. Butler personally in February 1955)
them that the citizens of other countries were not being subjected to the British brand of regulation. It is easy enough to appreciate why patience wore thin, why every step Cripps took seemed an excessive imposition, and why he acquired his reputation as the perpetuator of austerity. Although the Chancellor inherited many measures induced by the war and those introduced by Dalton, he cannot be acquitted of the charge of intensifying and extending them. Determined to drive up productivity with ‘pep-talk leaflets and putting you in the picture adverts and posters’ his attitude increasingly grated with those who believed peace to be synonymous with prosperity and possessed the reserves to improve their lifestyles if they were given the opportunity to do so. Housewives, straining their culinary skills to the limit to produce an appetising meal from the family rations did not wish to be advised that ‘by cooking two courses in the oven at the same time you can increase productivity in the home’. Under Cripps’s self-righteous tuition it became clear that high thinking and plain living can soon become extremely boring and tiresome.

In defiance of Crippsian austerity, material comforts could occasionally be seen in the shop windows. An advertisement for the men’s outfitters Austin Reed appearing in The Manchester Guardian in March 1948 contained the encouraging news that ‘it is years since we had such a fine selection [of overcoats, raincoats etc.] for you’. Perhaps that was just as well since on the same page the British people were once again urged to observe strict economies in fuel usage. The Ministry of Fuel and Power sternly warned them to ‘Watch Your Meters - Danger Hours for Electricity 8am to 10am and 4pm to 6pm’, advising that ‘a two bar electric fire needlessly switched on for only twenty minutes robs the country of one pound of coal urgently needed to bring recovery to all of us’. While generally complied with, these voluntary guidelines were more often ignored than had been the total bans in the treacherous winter of the previous year. Like many of Cripps’s attempts to combat personal inefficiency, waste, tax avoidance, violation of rationing and control laws, his well-intentioned measures more encouraged contempt than countered abuse. 1948 would prove a record year for dealings in stolen goods and currency offences, and in the following two years similar activity would show few signs of recession. The three year term of the

111 Manchester Guardian, 5th March 1948
irreproachable high-principled Chancellor was notable for being the peak, not only of austerity but of post-war black-market activity; particularly of the type which favoured the wealthier.

On 6th April 1948, a month after the announcement of domestic fuel economies, Sir Stafford Cripps introduced his first Budget. Possibly encouraged by the revival of popular culture, his most welcome move was the reduction of duties on tickets for theatres and live entertainment. While he cut the highest rate of purchase tax on 'luxury items' from 125% to 100%, he increased it on a wide range of more necessary domestic goods, particularly non-utility furniture and clothing. These had originally included children's clothing, but one week later the Chancellor changed his mind and provided for an exemption from the 33½% rate. According to The Manchester Guardian, 'as a grandfather he had little sympathy for the tax'. Characteristically concerned with the nation's morality, Cripps a teetotaller, added to the tax on alcohol (significantly on spirits) and doubled betting tax. At a time when the cult of gambling was at its apogee, the higher tax did nothing to discourage football pools or any form of legal betting, but almost certainly gave a boost to the illegal off-course bookmaking industry.

The outstanding feature of this Budget was the unprecedented step of imposing a retrospective 'once only special contribution' to income tax, taken it seems as a panic measure amidst fears of economic catastrophe and the supposed inadequacy of military defences. Those with total income exceeding £2,000 in the previous tax year, 1947/48, would pay two shillings in the pound on personal investment income exceeding £250, rising to ten shillings on income over £3,000. For those paying the highest combined rate (95%) that brought the maximum imposition up to 145%. The Conservative Party would naturally use that figure to attack the government's economic policy but the number actually assessed at the maximum rate would transpire to be negligible. It is highly improbable that any hardship was involved in paying the special contribution or that anyone encroached appreciably upon capital. More damaging was criticism of the principle of enacting legislation which effectually

113 Times, 7th April 1948
114 Manchester Guardian, 14th April 1948
115 Daily Mail Income Tax Guide 1949/50, p. 48
moved the previous year’s goalposts, but a letter to The Times later reminded readers that that was not unprecedented. Neville Chamberlain had introduced several retrospective measures intended to counter tax avoidance in his 1937 Budget.\textsuperscript{116}

In general, Cripps was congratulated by the press on the huge Budget surplus he had achieved. The Times referred to it as ‘a Budget to counter inflation’ but a well worded letter to The Manchester Guardian explained how high taxation is inflationary and no remedy for ‘high prices due to the costs of imported foods and raw materials, excessive profits of industry and inefficient production’.\textsuperscript{117} The Conservative MP for Blackpool North Toby Low saw the ‘capital levy’, as he termed the special contribution, as a danger to the incentive to save and argued that by delivering a ‘smack at the so-called rich classes [the Chancellor] had done himself a great disservice’.\textsuperscript{118} Given the general mood of apprehension in the country the small matter of the capital levy or special contribution, in practice, would make not the slightest impression on the incentive to save. In his first Budget Cripps, nonetheless, had done himself the disservice of establishing his reputation for ever as the champion of austerity,

Precisely one year later, on 6\textsuperscript{th} April 1949, Cripps was back at the despatch box to introduce his second Budget. This time he was more low-key but his theme was identical; austerity would not be relieved until exports brought Britain economic independence. Home produced goods would not be delivered to the British shops. Some small reductions in wine and spirit duties were proffered but once again gambling was targeted. While he did not add to the excessively high tobacco duties imposed by his predecessor, Cripps, perhaps in an eccentric attempt to discourage smoking, taxed matches and cigarette lighters. There were no changes in purchase tax but the controlled prices of some basic foods (meat, cheese and butter) were increased and subsidies limited on tea, sugar and other items. Postage and telephone charges were also raised. The Chancellor made no personal income-tax changes, except to

\textsuperscript{116} Times, 9\textsuperscript{th} May 1957: Letter to Editor from Eric Fletcher MP (Lab. Islington)
\textsuperscript{117} Manchester Guardian, 12\textsuperscript{th} April 1948: Letter to Editor from Harry Sacher (Director of Marks and Spencer)
\textsuperscript{118} Times, 9\textsuperscript{th} April 1948
totally exempt all National Insurance benefits; a cheap gift. Legal claimants were rarely taxpayers of significance.

Some Labour MPs described it as a ‘Tory Budget’,\textsuperscript{119} which seemingly was unreasonable since there were no concessions to direct taxation, but the detailed 1949 Finance Bill did contain a clause of potentially major advantage to individuals concerned with the enhancement of their capital. Cripps had yielded to the pressure long resisted by Dalton\textsuperscript{120} and removed the ban on bonus share issues. Every day from mid-May onwards more announcements could be found in the financial press of capital distributions by profitable companies and those with surplus reserves accumulated through the war years.\textsuperscript{121} For the next sixteen years stock exchange investors could build up their capital holdings from free issues and, if they chose, realise them as tax-free gains.

\textit{The Financial Times'} verdict was sympathetic to the Chancellor’s need to maintain tax at high levels to pay for social services and defence, but its Budget issue also carried an interesting report headlined ‘Full Employment in Bolton’. The feature claimed that in this northern industrial centre there were three or four vacancies for every worker and although a ‘cotton town’ it was ‘less vulnerable than it appears’ due to a diversity of buoyant local businesses.\textsuperscript{122} The barely concealed message to the Chancellor was that while Bolton, perhaps representative of many of Britain’s towns, was evidently not suffering financial austerity (although his TUC negotiated wage freeze was being observed), the shops were as lightly stocked as elsewhere and change was overdue. Cripps, unmoved by such discontent, maintained that his policy was ‘exports first, capital investment second and the needs and amenities of ordinary consumers last’.\textsuperscript{123}

With both his health and economic policies failing, the Chancellor attempted a string of almost desperate and sometimes remarkably unrealistic measures to restore the economy. These included the perfectly serious suggestion to the British Council of

\begin{itemize}
\item \textsuperscript{119} Ibid, 9\textsuperscript{th} April 1949
\item \textsuperscript{120} Ibid, 5\textsuperscript{th} May 1949; 17\textsuperscript{th} May 1947 re Dalton
\item \textsuperscript{121} Ibid, 1\textsuperscript{st} June 1949 et seq.; \textit{Financial Times} etc
\item \textsuperscript{122} \textit{Financial Times}, 7\textsuperscript{th} April 1949
\item \textsuperscript{123} Clarke, Peter and Toye, Richard, ‘Sir (Richard) Stafford Cripps (1889-1951)’, in \textit{Oxford DNB}
\end{itemize}
Creative Designs that they would be ‘helping the national effort considerably if they would co-operate in keeping the short skirt popular in Britain’.\(^{124}\) On 18\(^{th}\) September 1949 Cripps had no alternative but, as he saw it, to shamefacedly announce the devaluation of the pound from $4.03 to $2.80.\(^{125}\) In the event, that action for a brief period, proved positive to the economy; British exports became more attractive to America and American imports less attractive here. Devaluation seemed to be proving a key instrument towards achieving Cripps’s foremost objective, which was, as he had expressed it to the Cabinet in September 1948, ‘[to] cease to live on American charity, with all that this freedom implies for national self-respect and for our independent position in the world’.\(^{126}\) It was a sentiment which might unreservedly have been echoed by an approving British public, but in practice there would be no quick or easy road to its fulfilment.

Stafford Cripps was already coming under heavy pressure both from the Opposition and within his own Party when on 18\(^{th}\) April 1950 he presented his third and final Budget. He was by then seriously ill and would die just a year later on 21\(^{st}\) April 1951. On the one hand he appeared as naïve as ever, offering no explanation for his improbable prediction that 33\(\frac{1}{3}\)% purchase tax added to commercial fuel ‘should not lead to many additional applications for increases in fares.’\(^{127}\) On the other hand, he remained committed to his convictions and presented a farsighted Budget speech, which although offering no obvious relief from austerity per se, would break the ground for much needed reform. Cripps, for a second time, introduced retrospective legislation; clamping down on the device whereby surtax might be avoided on gifts by companies to high-paid executives under restrictive covenants. Although he doubled the ration for the following year, he increased the duty on petrol by a substantial 9d per gallon. Motoring was still for the rich.

Cripps’s final Budget is notable for two inspired forward-thinking announcements which would, for a great many, come to have a substantial effect on their future financial arrangements. The first was the formation of a committee to consider the

---


\(^{125}\) Marquand, in Sissons and French, (1963), p. 65

\(^{126}\) Clarke, (2002), p. 512

\(^{127}\) Times, 19\(^{th}\) April 1950
scope for income-tax relief on savings intended for old age, retirement or to provide for dependants. The increasingly valuable tax incentives to make contributions to pension plans would transpire, in years to come, to be among the most important factors in personal financial planning. The second announcement was of a programme to construct 200,000 houses per annum for three years. When the Conservatives came to power, large-scale home providing programmes would be prioritised and among the most outstanding social features of their first peacetime administration.

It is often forgotten, due to his predominant association with austerity, that throughout his term as Chancellor, Cripps always concentrated on the reduction of tax avoidance and in that set an important precedent for all his successors. His attempts to limit relief for expense accounts to essential business expenditure made an initial inroad but after he resigned the statute book still contained a proliferation of complex failings in the income-tax law. Low-rate or interest-free mortgages, company-owned homes and motor cars provided by employers were to remain untaxed benefits for many years. Among the most abused of tax inequities was relief for business advertising which embraced all forms of ‘entertainment’. The Inland Revenue accepted claims for anything from cigarettes supposedly distributed to customers to a country house, ostensibly for entertaining business associates but, in reality, an asset which would not normally qualify for tax relief acquired as a second home for the claimant.

Controlling company directors could plan the timing of payment of income tax almost to their own convenience. They were assessed on the remuneration voted in their company’s accounts for the period ending in the prior tax year to 5th April. That was often made up of a basic salary and a ‘bonus’, credited to them as if paid on the date they chose to vote it. In practice the bonus voted was equal to the total of amounts already drawn (often in unpolicable violation of the Companies Act) as and when required, grossed up to cover the tax thereon. That meant that in some cases controlling directors might pay their tax two years or more after they had received the income. More often they minimalised remuneration in favour of a dividend (paid gross) avoiding National Insurance contribution and deduction of PAYE. The tax on both would be assessed and paid, again up to two years later.
Pay As You Earn was and remains a misnomer. It should more accurately have been termed ‘pay as and when you are paid’, since that was the original intention and now is its effect, but which if emphasised earlier, might have reduced the level of abuse. Brilliant intellectual and dedicated socialist as he was, Cripps, in common with his successors of both parties for several decades, proved unable to rectify some of even the most basic failings in the system, which invariably favoured the most financially privileged.

With Cripps in mind, in his anti-inflation treatise One Man’s View merchant banker Walter Salomon wrote that ‘the attempt to govern by exhortation, homily and sermon [in order to] insinuate a sense of sin among the people for not working harder or for not wanting more pay ... has as much chance of succeeding as there is of persuading a hungry man not to eat a large meal put before him’. To Salomon Cripps usage of the ‘wage freeze [was] unjust ... to those who had earned increases’ and proved that ‘restraint’ did not work, while his ‘price freezes’ were even more futile. 128 With reference to the Chancellor’s ‘budgeting for surplus’ he wrote: ‘Some of the money sucked into the coffers of the Exchequer may have represented private spending, but a large part merely eroded private saving whilst the crippling level of tax to yield the surplus ensured that an adequate level of private saving was impossible’. 129 While this represented a commonly perceived overview of Cripps’s record it contains little truth. The wage freeze, in defiance of well publicised trade union opposition, was generally accepted by workers and the levels of their savings did not fall. When Sir Stafford Cripps resigned due to his terminal illness he left financial prudence alive and well in Britain.

With the purchase of each ticket for the cinema, dance-hall or sporting event, each gramophone record and each holiday during the Cripps era, so the self-confidence of the British people strengthened a fraction, the future looked a fraction brighter and austerity looked a fraction less grim. Austerity had served its purpose; it had grown stale and smelled of an unpleasant past. It was ready to be discarded. But this was to be no quick or straightforward process.

129 Ibid, p. 41
In June 1950 the Korean War necessitated a three-year £3.4 billion rearmament programme just at the moment when people were anticipating a general rise in the standard of living as the logical outcome of de-rationing. They were preparing for the final ‘bonfire of controls’ that the President of the Board of Trade, Harold Wilson had promised a year earlier when Clement Attlee warned that ‘the relief we had all been waiting for might not now appear’. Inflation immediately soared by almost 7% and the shelf life of rancid austerity was be extended beyond the change of government. The pessimists who since 1945 had constantly predicted a return to war, once again self-righteously took up arms at their Post Office counters and National Savings deposits soared to record levels. Yet the sports stadiums, theatres, dance halls, and cinemas remained full and Butlin’s profits went on rising.

Leslie Illingworth, *Punch*, October 1950

---

130 *Times*, 23rd March 1949
131 Hopkins, (1964), pp. 260-262
132 Appendix II
133 Cairncross, (1995), p. 4
Such was the situation inherited by the last Chancellor to hold office before the Labour Government fell from power. Hugh Gaitskell was appointed on 19th October 1950 and made his only Budget speech on 10th April 1951. The measures he introduced were hardly calculated to win the popular vote at the forthcoming general election. As Illingworth so sharply emphasises in the cartoon above, Gaitskell would do even less to relieve austerity than had Cripps. The taxpayer would continue to be milked. The new Chancellor had nothing to offer either the consumer or the saver. He envisaged that his task was to ‘ensure a swift and smooth transfer of resources from providing for consumption to providing for defence and exports’. Purchase tax on motor cars, wireless sets, television sets and most electric domestic appliances was doubled from 33½% to 66½%. Taxes were increased on cinema tickets, petrol, and greyhound racing entry, but certain ‘necessary’ items were exempted from purchase tax and old age pensions rose marginally. Sixpence in the pound was added to the three rates of income tax. The standard rate was raised to 9s 6d (47½%) in the pound, just 2½% below the record level imposed by Kingsley Wood in 1941/42 in the depths of war. Even capital investment by industry was discouraged by suspending the initial allowances on plant and machinery and industrial buildings, and by increasing profits tax from 30% to 50%. Most sensitive of all to the private purse, the future Labour leader imposed a charge of about half the scale fee on NHS dentures and spectacles and a one shilling prescription charge. The consequential resignations of Bevan and Wilson in effect would bring down the Labour Government.

A week before the Budget the Federation of British Industry had put forward the ‘formidable case against purchase tax and utility schemes’, both of which it saw as serious obstacles to expansion of exports. Few Britons were able to afford so much purchase tax, and standardised utility goods were of too low quality to attract overseas customers. Gaitskell totally ignored this rational argument. A Times leader emphasised the inequity in the Chancellor’s claim to support the profit motive, while justifying the necessity of the substantial increase in profits tax, ‘in an economy three-quarters of which is run by private enterprise’. Yet the evident requirement for a

134 Times, 8th April 1941
135 Ibid, 11th April 1951
136 Ibid, 5th April 1951
137 Ibid, 13th April 1951
The massive defence programme, which the additional taxes were intended to fund, met with an astonishing degree of public and parliamentary understanding and approval. Churchill, as Leader of the Opposition, considered Gaitskell’s Budget an ‘honest attempt to solve the problems’\textsuperscript{138} while \textit{The Daily Mirror} described his post-Budget broadcast as ‘the clearest and most straightforward explanation any Chancellor has given the country’.\textsuperscript{139} No one was left in any doubt that austerity was not yet over.

The economist J. C. R. Dow has pointed out that ‘Sir Stafford Cripps despite his name for austerity ... in fact reduced taxes affecting consumption in each of his three Budgets’.\textsuperscript{140} Partially accurate as that was, in the wake of Gaitskell’s Budget, few consumers in Britain might have been wholly convinced that Cripps had offered them a great deal. When Labour left office in 1951, rationing and shortages continued to dominate concerns with personal finance at all levels, yet new signs of life in every branch of commercial activity had begun to produce tentative changes. Production and imports for the home market had marginally increased and the shops were becoming better stocked. Inflation had been kept under reasonable control; cumulatively rising by about 35\% in the six Labour years, compared to 50\% in the six war years.\textsuperscript{141} The National Health Service and new welfare benefits were in place. The housing problem had been partially alleviated. Above all, there remained full employment and solvency. The Labour Government, through interminable setbacks, had achieved some thaw in the lingering icicles of austerity. Personal spending and saving decisions were becoming less intense. The war-related reasons for avoiding or concealing expenditure were becoming blurred by the advancing shadow of conspicuous consumption which had completed no more than the first quartile of its eclipse of ‘elegant economy’.

\textsuperscript{138} Ibid, 11\textsuperscript{th} April 1951
\textsuperscript{139} \textit{Daily Mirror}, 11\textsuperscript{th} April 1951
\textsuperscript{140} Clarke, (2002), citing Dow, p. 508
\textsuperscript{141} Cairncross, (1995), p. 61
Chapter 6

Dividend Seeking ‘Socialists’

Oh I do, [believe in socialism] with all my heart. And every day I thank my stars that others don’t and allow people like you and me to live in such extraordinary privilege.

Joseph Heller

This chapter makes a diversion from chronological order to introduce a short study of the attitudes to and of the Co-operative movement which, during the period under review, enticed almost one third of the adult population of Great Britain to ‘Co-operate’ and share in a dream of prosperity for the masses. The age and culture of austerity created an ideal environment for the special style of Co-operative trading to both flourish and be exploited. The agricultural, industrial, retail, service and financial enterprises, under the aegis of the Co-operative Union reached their zenith and collectively created, with the exception of public utilities, the nation’s largest business and industrial organisation. According to Arnold Bonner, the movement’s leading historian, with 1948 sales at £463 million and share capital of almost £100 million it had become ‘one of the biggest [businesses] in the world’.

Among the problems encountered by such a large and multi-faceted organisation was that its structure and nomenclature became complex and confusing (The Co-operative Wholesale Retail Society existed for many years). It is therefore proposed here to employ the universally understood contraction ‘Co-op’ to define the movement in general.

The Co-op was founded on the most worthy of socialist or at least socially conscious principles, but in its manifestation was to develop into a driving force on the road to individual capitalism. The capitalist uses money to beget money, as does the Co-op member for whom the smallest purchase involves a step towards the accumulation of

---

2 National Co-operative Archives (NCA), Co-operative News, 28th December 1946
a shareholding in a local society with its many and varied business interests. Throughout the years of war and austerity the local Co-operative Societies would continue to declare and each quarter pay dividends to their members based on the combined profits of all their diverse commercial activities: the greater the expenditure, the greater the shareholding, the greater the share of dividend. The more prosperous Co-op member, who might be among the higher spenders, could afford to leave his or her proportionate dividends undrawn to accumulate ever greater shareholdings. That capital often grew faster than had it been in any other equally secure form of contemporary savings repository or investment. Patronising the working-class Co-op in the unique conditions of post-war Britain proved the most convenient and profitable opportunity for many middle-class housewives to display modest financial prudence. The attraction of the Co-op dividend, in practice, was much embellished by rationing and price controls, since competitors bound by the same regulations could rarely better its prices, service or quality. Where retail prices were controlled, wholesale prices were not. The Co-op, as its own wholesaler and often its own producer as well, thus had a considerable commercial advantage over almost all other retailers and service providers. It was a situation which many within the movement could not resist exploiting to the full, often at the expense of its ideological aims. Before considering how they did so and to what end, it is necessary to briefly look at the history of 'Co-operation'.

It is claimed that the self-made industrialist and philanthropist Robert Owen (1771-1858), 'never cared for the wealth he knew so well how to make'. His outstanding personal success in the ruthless world of business did not prevent him from conceiving a belief in the moral superiority of 'co-operation' over 'competition'. That belief alone proved to be the seed from which the great Co-operative movement would grow.\(^4\) Owen's vision provided the inspiration for Dr William King in 1844 to found 'a self-supporting home colony of united interests' to be achieved through 'self-employment and retail trade'. It was King who initiated the concept of paying a dividend in proportion to expenditure at a Co-operative store after paying fixed-rate interest on members' capital.\(^5\) In 1879 Arnold Toynbee and his colleagues introduced

\(^5\) Ibid, p. 37
a wider ideology into the movement, advocating education as 'life's necessity for Co-operation' and advising the societies to educate their members 'generally, in their own principles and in those of economic science'.

No one would dispute that Owen, King and the other founding fathers of 'Co-operation', in a Victorian age, were motivated by the most commendable ambitions to promote the interests of 'a severely oppressed working class'. Their sincere goal was to encourage active interest and participation in societies, serving and educating the poor and underprivileged for the common good. But by the end of the century the movement was said to have 'largely excluded the poorest'; its stores [were] rarely situated in poorer districts [and] required a membership fee of up to £1, which the poorest could not afford.

Precisely a century after King had established his embryo Co-operative society, those commentating upon a massively expanded movement embracing numerous aspects of commerce and industry would see its original objectives as neither achieved nor redundant. Yet these commentators had become aware that 'in a moneyed sense ... the British people are far from being impoverished. All the figures show that ... whether they relate to saving certificates, defence bonds or to bank deposits ... very substantial increases have taken place'.

Paul Johnson summarised the post-war situation more bluntly: 'the members were more interested in money than social development'.

Through the age of austerity, with a few exceptions, members, or co-operators, as the movement referred to its dividend-drawing customers, were no longer severely oppressed. The majority were indeed far more concerned with their individual financial affairs than in actively promoting the altruistic governing principles laid down by the rules of the Rochdale Pioneers Society in the previous century. These in essence promoted self-help, self-responsibility, democracy, equality, and solidarity. The public advocacy of such virtues would nonetheless remain the stalwart of many the Co-op's austerity suffering members.

---

6 Bonner, (1961), p. 119
7 Thane, (1982), p. 31
In 1947 the editor of *The Producer: The Co-operative Trade Journal* informed his readers that the ‘the middle-classes are now the new poor, and the accumulation of the ‘divi’ now often means more to them than to the comparatively prosperous artisan’. The same editorial went on to strongly assert that in order to meet the expectations of a society where the ‘submerged tenth no longer exists,’ future success demanded offering the ‘discriminating shopper’ better service and better value for money.\(^\text{11}\) This prophetic message seemingly had already been taken on board, since a Mass-Observation survey just a month later records that the most popular reason for Co-operative shopping was claimed to be, not the dividend, but ‘good and fair service’.\(^\text{12}\) According to the report, the general feeling was that Co-op shops would comply rigidly with ‘fair shares’, rationing and control regulations, and therefore serve their customers more honestly than did many of their competitors.

That conclusion appears inconsistent with the general tone of the surveyors’ notes on the comments of the respondent, which record many complaints, most commonly about the prices. Co-operative policy was evidently to always charge the maximum retail price for rationed and price-controlled foods - at least until April 1948. A *Co-operative News* headline then boldly proclaimed: ‘Price Cut Zero Hour, when hundreds of Co-ops will reduce prices below those set by the Ministry of Food - The first large-scale voluntary campaign of action against inflation’.\(^\text{13}\) Why this ideological movement had not sooner voluntarily joined the vanguard of inflation fighters if it were in the interests of its members so to do, is not addressed in the article. There is no hint that the true motive for discounting prices might have been an attempt to remain competitive when new retailers were opening up and established ones were regrouping and starting to breathe life into a market long drained by conflict and gripped by austerity. The *Co-operative History* website proudly includes the final abolition of resale price maintenance in 1964 among its ‘milestone events’,\(^\text{14}\) but that date equally can be said to mark the point of commencement of greatest

---

\(^{11}\) *The Producer*, July 1947, p. 1  
\(^{12}\) MO: FR 2510/2460: ‘People and the Co-op’, August 1947, p. 4  
\(^{13}\) *Co-operative News*, 24\textsuperscript{th} April 1948  
\(^{14}\) Co-op Online, www.cooponline/milestones
deceleration in its most forceful thrust into the market place. For the Co-op it was the last milestone at the end of the road from austerity.

The 1947 Mass-Observation survey was carried out at a time when membership was at its peak, and the bulk of working-class people were widely believed to be sympathetic towards socialist ideals. The Co-op’s political arm was the most powerful independent bulwark of the Labour Party in office and the sponsor to many of its parliamentary candidates and members, yet it was found that just 3% of those interviewed professed any knowledge or understanding of the ideology of ‘Co-operation’.\(^\text{15}\) Almost all of the so-called Co-operators interviewed were unhesitating in claiming that their association with the Co-op was ‘entirely financially motivated’. Even those few concerned with the political and ethical principles of Co-operation spoke of their desire to receive a dividend. As one of the more idealistic minded shareholders put it ‘you see some of the profit that’s what I like ... why should the owners get it all?’\(^\text{16}\) Other respondents described as ‘artisan-class’ complained paradoxically that the Co-op charged more where there was no fixed price and that when pitted against the movement’s massive resources, ‘the little man doesn’t stand a chance’.\(^\text{17}\) In their view, on the one hand, the Co-op was exploiting its customers and on the other, creating unfair competition, both (if true) in contradiction to its perceived public image and the avowed basic principles of Co-operation. The mission of the Co-op’s was stated to encourage personal betterment via ‘self-employment’ but there appears to be no evidence of concern or sympathy for the plight of any artisan or trader outside of its employ.

Notwithstanding the criticisms general satisfaction with the Co-op was described as ‘striking’: 67% were pleased with the dividend they received and all saw shopping at the Co-op as an easy method of saving. Just 9% claimed to belong to non-trading Cooperative organisations, ‘all of which were financially orientated’: the clothing club, coal club, insurance club, provident club, sick club etc. The Mass-Observation surveyors commented upon their difficulty in locating anyone at all who took an

\(^{15}\) MO: FR 2510/2460: p. 4

\(^{16}\) Ibid, p. 4

\(^{17}\) Ibid, p. 6
active part in any educational, social, political or cultural organisation affiliated to a society.\textsuperscript{18} In the Co-op's extensive press, publicity for the non-commercial activities which were intrinsic to the movement's philosophy was also conspicuous by its sparse coverage. Yet awareness of the general apathy gave no small measure of concern. The movement's publicists time and again warned of the threat it posed, especially to the fundamental principle of democratic involvement in ownership and control. In December 1948 \textit{Co-operative News}, commenting on the Mass-Observation findings, argued that the reason that members were losing interest was because the movement, with 1,070 societies, had grown too big and unwieldy. In another feature in the same issue the National President of the Men's Guild claimed that the educational committees were the movement's 'greatest asset in fighting apathy'.\textsuperscript{19} The writer cites 'provision of education' as one of the 'Eight Principles of the Rochdale Pioneers' which form the basis of Co-operative ideology, but seems unaware that statistically, the proportion of members and employees for whom free educational programmes were provided was all but negligible.

The education available was mostly thinly disguised ideological indoctrination and it is hardly surprising that there was no great interest. The official guidance urged the societies to impress upon members that 'a class in Co-operation is more important than choral or dramatic activities'. In practice, the greater part of the non-ideological classes on offer consisted of 'cultural activity groups' which emphasised sports and recreation, often including choirs and amateur dramatics. The rest were largely 'short lecture courses' also seemingly concentrating on little else but the aims and precepts of Co-operation. In 1950-51, with a membership exceeding 10 million, the total receiving instruction was 25,200. These included 6,796 involved in spare time 'cultural activity groups' and 13,706 employees (of about half a million) whose 'education' was in fact job-related training.\textsuperscript{20}

Ten years later, while enormous expansion had taken place, few signs of change in the attitude of members to the non-commercial aims and activities of the movement could

\textsuperscript{18} MO: FR 2510/2460, pp. 10-11
\textsuperscript{19} \textit{Co-operative News}, 18\textsuperscript{th} December 1948, pp. 3 and 11
\textsuperscript{20} Bonner (1961), p. 289
be detected. Only one of 204 respondents to a 1958 survey had ‘joined for political reasons’, while in 1960 just 1.41% voted in board elections.\textsuperscript{21} Democratic ownership had become a virtual myth. As Lawrence Black pointed out ‘local management was (and probably had been for decades) largely inbred’.\textsuperscript{22} To the average member the Co-op had become no more than another trader competing in a ruthless market for his or her business. With the ending of austerity, even the dividend, diminishing with reducing profits, lost its lustre and faded beyond the shadow of the treasure chest of coveted gifts and garish luxuries promised by its competitors’ trading stamps and similar shopping incentives, which remained in vogue for a decade and longer.

Attitudes to private expenditure in the mid 1960s thus were a far cry from those fifteen or twenty years earlier. Then the priorities of the diligent but less affluent British housewife had not only involved considerable skills in moulding the family budget to the inequities and inconsistencies of rationing, price controls and shortages, but also finding secure and convenient methods of economising and saving. There had been no more rewarding way to simultaneously approach these problems than patronage of the Co-op. Its unique comprehensive range of retail outlets and ancillary services had expanded dramatically through periods of unemployment and social deprivation between the wars. The movement’s ‘anti-capitalist’ principles had then enjoyed their greatest popular support. Its proudest boast was that it was ‘run for and by ordinary people [for whom] all customers can vote’\textsuperscript{23} but there is slim evidence that the Co-op ever prioritised or demonstrated concern for the needs of the poorer sectors of the community. Even in the thirties and war years the movement thrived on new-found wealth in the working-class market. Post-war, it indulged in energetic and efficient commercial activity to serve its money-minded Co-operators as enthusiastically as any of the emergent ‘capitalist’ competitors it aimed to ultimately displace.

When reporting a record-breaking ‘rush of Christmas trade’ in 1945, \textit{Co-operative News} related the sensational story that ‘Portsea Island’s fashion store had to be closed

\textsuperscript{21} MO: FR 2510/2460
\textsuperscript{22} Black and Pemberton eds., (2004), p. 96
\textsuperscript{23} NCA: S 22, Propaganda films: \textit{Its All Yours} and \textit{It’s Up to You}, (1955)
for short periods to regulate traffic [and such brisk business proves that] goodwill has returned to the world’. Co-operative shoppers, as with everyone else in Britain, of course had good reason, in so far as rationing and controls made it worth their while to do so, to break into their savings to celebrate that first peacetime Christmas. It would have been surprising if Co-op stores, as with other retailers, at last able to offer a minimally wider choice to those making do and mending, had not been happy with their volume of sales. But the Co-op press and its management, who never lost an opportunity to laud their own commercial success or to display near contempt for their competitors, did not stop at that. To them the clamour to buy more desperately needed necessities than festive frivolities, was conclusive evidence that the great British public did not wish to trade other than with the Co-op and that it was in their best interests to do so. ‘An open letter to Mr Attlee’ was immediately published demanding that ‘in order to be a more formidable opponent to all other forms of trading’ the Co-operative Wholesale Society should be nationalised and become ‘a public monopoly, like a public utility’. The precise wording of the Prime Minister’s response was evidently not published, but there can be no doubt that it was negative and characteristically minimalist.

Over-zealous trading with a public depressed by austerity also posed dilemmas within the ethically and socially conscious Co-op, the resolution of which on occasion clashed with ideology. Co-operative News argued that a movement which ‘owns licensed premises and manufactures cigarettes is not there to inspire puritanism but to provide a service’. Smoking was ‘an evil or stupid thing and those who do it should contribute to a more worthy cause such as the expansion of the Co-operative Movement’ i.e. by not receiving a dividend on their tobacco purchases. In a nation of smokers that proved a high-thinking ideal the Co-op could not afford to implemented.

Even the principle of the dividend itself became a matter of debate among those ‘choice men and women who have the Owen outlook and temperament’ as one such

---

24 NCA: Co-operative News, 19th January 1946
25 Ibid, 26th January 1946
26 Ibid, 5th January 1946
The Enripse of 'Elegant Economy' 202

6. Dividend Seeking 'Socialists'

stalwart journalist referred to Co-operators. This writer, who claimed to take 'pride in the pioneers', shamefacedly admitted that, 'vitality and punch did not develop until the individual member found that Co-operation returned him a profit'.27 His article is strikingly juxtaposed with the headline 'A Notable Year in Pictures'28 above a montage of images celebrating the opening of new department stores, cinemas, holiday centres, etc. established or acquired in 1945. For all the rhetoric in the Co-operative press, where the movement was invariably presented as primarily concerned with political ideology and social welfare, and repeated emphasis was placed on the 'non-profit motive', not one picture of the 'Notable Year', which saw the ending of the Second World War, is of a non-commercial nature or depicts a hint of the ubiquitous devastation and suffering in the country.

The proclamation of commercial success remained a consistently recurring Co-op theme in the early post-war years. Under the banner 'Co-operative trading cuts the cost of living', a 1948 advertisement informs the public that 'in 1947 nearly £35 million was returned to ... nine million members in their quest for savings ... tangible evidence of the non-profit motive'.29 This convenient but barely convincing reconciliation of the non-profit motive with the attraction of dividends was intended to justify the Co-op's remarkably astute entrepreneurial spirit. Its approach to efficient business management was aspiring to professionalism often decades ahead of its time. The speaker at a weekend school in 1947 impressed upon managerial trainees the need to 'copy the capitalists' and aim for 'greater specialisation, standardisation, and coordination between production and distribution ... Forty years ago 7% of a working class budget was spent on other than basic necessities, now it has grown to 60%'.30 The management would, for the next decade, know no bounds in its determination to direct that 60% to the Co-op tills.

That the movement was among the earliest and keenest exploiters of post-war prosperity is particularly highlighted by the spectacular development of the Co-operative Wholesale Society (CWS). The invaluable contribution made by CWS to

27 Ibid, Stewart, D.W., 'What is Left if the Dividend Goes?', p. 2
28 Ibid, p. 3
29 Manchester Guardian, 3rd March 1948
Britain's self-sufficiency in food production both throughout the war and during the period of austerity should never be discounted. The continuously expanding production and procurement of the extensive range of foodstuffs, clothing and household requisites by nationwide Co-operative farms, factories and warehouses formed an extremely impressive record. Throughout the war and thereafter a wide variety of exclusive products often bearing 'own brand' labels were distributed via the retail and service outlets of the local societies. Although the Board of Trade rejected more ambitious building schemes in areas transpiring to have full employment the CWS accomplished the remarkable feat of establishing thirty-six major new plants between the end of the war and November 1946.31

Among the outstanding examples of CWS commercial foresight was its chain of retail pharmacies, initially established in February 1945 by a syndicate of fifty-one societies and named National Co-operative Chemists. This enterprise anticipated the enormous opportunity to take support the NHS, the flagship of the Labour Government's welfare policy, which it went on to do, regularly chronicling its commercial successes in the movement's press.32 Within two years the combined turnover exceeded £1 million and a central pharmaceutical warehouse had been established in Manchester.33 By 1953 National Co-operative Chemists, with 724 shops and a turnover of just over £13 million was claiming that it was a serious challenger to the market leader, Boots,34 who by then had 1,313 outlets with a turnover of about £55 million. Although that included goods and services other than pharmaceutical, the Co-op pharmacies were never destined to pose a serious threat to the firm whose name was to consumers synonymous with the British chemist.

Notwithstanding this attempt to competitively exploit the market created by the NHS, it must be acknowledged that throughout the years of austerity all the evidence implies that Co-operative businesses did maintain an almost unblemished reputation for honouring 'fair shares', not inflating prices of goods in short supply and generally

31 Richardson, (1977), p. 177
32 The Producer, 1946-1951
34 NCA: Co-operative Consumer, Summer 1953
being better stocked than their competitors. Equally significantly, aspiration to better management, throughout and beyond the 1940s, resulted in the maintenance of a lead in the quality of retail service.

As early as 1941 the newly created CWS Film Unit produced a remarkable training film. Using professional actors and direction, it contrasted the outdated standards and methods of the traditional British family grocer with contemporary Co-op management concepts, some of which would not become general retail practice for a generation or longer. This film, *Behind the Counter*, in addition to commending (although not yet stressing) the surprisingly innovative theory of hygiene in the food shop, urges staff to keep physically fit, take a pride in their appearance and to be courteous to all customers. The benefits of a simplistic stock-control system, something of a break-through in store procedure, are explained and demonstrated. Staff training techniques instil thorough product knowledge, encourage visits to CWS factories and farms, and explain selling 'from the customer's angle', with tips such as 'sell the largest sizes - they are nearly always accepted'. While 'self service' was not unknown and had been adopted by some Co-operative societies prior to the war, no reference was made to it in this film, which convincingly argues for personal salesmanship and quality of service.

In practice the Co-op stores risked forfeiture of the familiar courteous touches, so effectively advocated in *Behind the Counter* and still expected by customers of all classes as a matter of course, in favour of modern staff saving methods. The self-service store transpired to be the most revolutionary, imaginative and successful development in post-war retailing and a field in which the Co-op would lead all its 'capitalist' competitors for almost two decades. By 1950 the societies' retail divisions were operating over six hundred or ninety percent of all the self-service shops in the country. Other store operators and independent retailers needed no convincing that the new style of trading was cost efficient but, prior to the advent of the supermarket in the mid 1950s, most stayed wary of such a radical break with convention. Customers had long established invaluable rapport with assistants; they trusted shopkeepers' advice and knowledge; they were accustomed to home delivery; and they saw no

---

35 NCA: S24: George Wynn, director and producer, *Behind the Counter*, (1941)
benefit in change. To the Co-op, by contrast, dispensing with sales staff was an economical, exciting and effective marketing tool which emphasised its competitive price policy. Between 1945 and 1950, a period of continuous expansion, the total number of employees fell from an average of 327,962 to 277,099.\textsuperscript{36} It is uncertain to what extent the reduction achieved was attributable to the introduction of self-service, against increased efficiency or mechanisation in CWS production and other non-retail activities, but the new method clearly played a significant part. By 1959 the Co-op was trading from some 4,500 self-service grocery stores out of a total of 6,400 in the whole of the market.\textsuperscript{37}

In the late 1940s and early 1950s new and refurbished Co-op stores were opened across the country with a mission to devour the trade of both the long-established stalwarts and the mushrooming newcomers of the High Street.\textsuperscript{38} At first these modern post-war outlets were as imaginatively presented, well stocked and efficient as their competitors and would attract a rising proportion of middle-class customers, some of whom retained their loyalty for years beyond austerity. As early as August 1947 Mass-Observation had estimated that 12% of Co-op customers interviewed in four predominately working-class areas of London were middle-class.\textsuperscript{39} These, in common with the vast majority of members, were neither concerned with the socially conscious ideology of Co-operation nor with theoretical non-profit motives. To them the Co-op dividend was a practical and often lucrative form of economy and investment. As one clearly comfortably off housewife interviewed by Mass-Observation put it: 'since we are members of CWS we receive a dividend of 2s 2d in the pound on anything lying there ... each quarter'.\textsuperscript{40} She was being credited with almost 11% of her total shopping bill and, since the dividends were not immediately withdrawn, was receiving quarterly compounded interest thereon; all of which, as \textit{The Producer} reassured its readers, was income-tax free.\textsuperscript{41} This family of above average spenders might have been amassing a significant sum.

\textsuperscript{36} NCA: \textit{Co-operative Statistics}, (Published annually by Co-operative Union), 1958
\textsuperscript{37} Bonner, (1961), pp. 248-249
\textsuperscript{38} Ibid, p. 247
\textsuperscript{39} MO: FR 2510/2460
\textsuperscript{40} MO: TC/57/1/A: (c1949) (CWS did not pay dividends — she would have been referring to her local society)
\textsuperscript{41} NCA: \textit{The Producer}, April 1946
The dividend rates varied across the country depending on the profits of the local society, but in 1947 were usually in excess of one shilling for every pound spent. The average in England was between 1s 6d and 2s 6d, while in Scotland the amounts paid were rarely less than 2s 6d (12½%) and in many cases over 3s (15%). The smaller and more remote societies tended to declare and pay the highest. Members at Falkirk, Bo’ness received 3s 7½d or just over 18% in 1947. At times when the top tax rate stood at 97½%, the dividend when added to other tax-free income from Co-op shareholdings (undrawn dividends) and associated bank or building society deposits, was an easily accumulated source of revenue for people who, at other times, might have actively eschewed any association with the movement.

It is extremely rare that those who seek easy money enjoy sustained success. By 1958 attraction of the Co-op dividend had fallen sharply. The membership, numerically close to its peak, was now standing at 12,594,186 but spread unevenly among 918 societies, 57% of which had less than 5,000 members. With reducing support from members as customers and mounting overheads dividends above two shillings in the pound were less in evidence and most societies could barely manage one shilling.

With the ending of food rationing and its requirement for personal registration with a named retailer, less and less did the Co-operator see any reason to retain unyielding loyalty to the movement which claimed him or her as its part owner. The British High Street was being transformed by the bright facades of temples to consumption overflowing with choice. Tesco’s high-piled low-priced supermarkets, Woolworth’s all-embracing stores, Marks and Spencer’s halls of affordable quality, and many others were seducing the newly affluent working classes away from a Co-op fatigued by its post-war exertions.

Throughout the era of austerity the loyalty of the working class had, in effect, been taken for granted and no threat of its loss was perceived from boosting business by catering for the more prosperous customer. Post-war publicity, promoting the

---

43 NCA: Co-operative Statistics, (1958)
44 Zweiniger-Bargielowska, (2004), p. 15
extensive produce of the CWS and the amalgam of diverse Co-op services, had appeared in abundance in the movement’s press and elsewhere. These advertisements, especially those for clothing, were almost invariably illustrated with fine line drawings depicting manifestly middle-class people in characteristically comfortable surroundings, accompanied by assurances that the ‘highest quality’ could be delivered (although the smaller print often apologised for ‘short supply’ or ‘limited stocks’). The belief which had so obviously inspired all of these images was that an affluent working-class would unquestioningly aspire to emulation of the pre-war lifestyle and standards of British gentility.

In marked contrast, the unreserved support of the press editorial juxtaposed with such advertisements, favours little else but the hackneyed socialist policies of the era. In January 1946 Co-operative News gave prominence to a resolution of the Co-operative Society National Committee welcoming the Labour Government’s programme: ‘particularly those proposals which will establish public ownership’.45 The Producer put the case for ‘worker-co-operative power’, argued the moral merits of permanent price controls, and strongly supported the long-term maintenance of rationing.46

Just a few months later that same publication would complain that ‘Co-operators have special reason to dislike [purchase] tax ... Not only have we become the Nation’s largest tax gatherer but to add insult to injury we have to calculate and pay dividends on a turnover inflated by the tax we have gathered’.47 This not only is an ill-considered attack on the policies of the socialist government, which both the journal and the movement as a whole supported so earnestly but is misleading to the members. The level of dividend did not depend on turnover but on profit, or to use the Co-op’s preferred term ‘surplus’, which was unaffected by purchase tax collected and paid to HM Customs and Excise in the same amount. Those members spending most on taxable items, i.e. the more affluent upon whom business depended, would have benefited from larger dividends, but that is left obscure.

45 Co-operative News, 5th January 1946
46 The Producer, 13th July 1946
47 Ibid, 11th January 1947
An indication of the extent of post-war financial prosperity among Co-operators may be gleaned from a report of the Co-operative Travel Service published in *The Producer*. This spoke of now being able to fulfil ‘a large number of requests for accommodation on ships going to many parts of the world’ and accepting reservations for Australia, New Zealand, Canada and USA ‘subject to a few simple conditions’. No reasons for the inquiries are stated, but emigration to the countries mentioned, all of which then were enjoying living standards much higher than in Britain, was becoming increasingly popular. Some of the bookings might have been for that purpose but most probably were for private travel and the avoidance of austerity, rather than (improbably) for business reasons. In March 1946 few working-class people were deemed to give any serious thought to such exotic luxuries as world travel, or to travel at all.

Earlier still, in January of that year, their hotel operator Travco had reminded austerity-suffering Co-operators preferring to spend their holidays in Britain that ‘demand within the movement is by no means restricted to the cheaper kind of hotel’. They were announcing the acquisition of several properties including ‘the eighty bedroom country house, Lincombe Hall Hotel, Torquay [Britain’s then most fashionable seaside resort] ... set in five acres with suites, ballroom, central heating, palm court, tennis courts, etc’. The newly acquired luxury retreat, members were informed, will ‘open all year round [and] be one of the most popular’. Two weeks later another facility for the prosperous Co-operator was proudly reported: the purchase of the 120 room Grand Hotel, Glasgow, to be refurbished ‘on post modern lines’.

Still further evidence of the belief in the untapped widespread financial strength among the membership is provided by an advertisement for the Co-operative Bank appearing regularly during 1948 in *The Producer*; nothing if not the champion of Co-operative support for the working class. The bank informed potential customers that it

---

48 *The Producer*, March 1946, p. 32
49 Hoggart, (1992), p. 62
50 Pimlott, (1976), Travco Hotels, formed in 1939, was controlled jointly by CWS and Workers Travel Association. p. 235
51 *Co-operative News*, 19th January 1946
52 Ibid, 2nd February 1946
‘would relieve [them] of the trouble of paying insurance premiums, subscriptions, school fees, building society payments, etc’ and went on to offer services including banker’s orders, travellers’ cheques, and buying and selling marketable securities.\(^{53}\)

The bank’s conviction that members’ personal resources were far from meagre is further endorsed by another of its regular announcements in *Co-operative News*, which explained that ‘the increasing preoccupation of the state with the individual in the field of taxation, deferred pay and family allowances makes a banking account more than ever desirable’.\(^{54}\)

Cursory analysis of similar recurring publicity and editorial appearing in the Co-operative press at this period leaves no room for doubt that, not only the bank, but all facets of the movement possessed few misgivings about the sizeable means of a large number of its members. Moreover it saw no wrong in attempting to exploit them to the limit, ostensibly in the interests of all Co-operators. In retrospect, it would seem inappropriate that overt advocacy of such priorities could appear under the aegis of a movement whose foremost aim was to support the interests of the underprivileged in a nation devastated by war damage and bound by rationing and controls. Something of the history of the three major financial arms affiliated to the Co-op: its bank, building society and insurance company, must be thus pursued in order to explore the reasons for belief in the post-war financial strength of the membership and attitudes to its exploitation.

The Co-operative Bank was established in 1872 as the deposit taker for the funds of the local societies and would over time expand its activities and customer base in tandem with the wider movement. Its growth was assured by the foundation and development of the manufacturing and agricultural organisations under the banner of the CWS, whose accounts and assets greatly expanded the bank’s reserves. From 1912 onwards most leading trades unions employed the Co-operative as their principal bankers, while the growing Co-operative Insurance Society (CIS) contributed substantial sums to the bank’s resources. Through the first half of the twentieth century, local authorities coming under Labour control also began to transfer their

\(^{53}\) NCA: *The Producer*, Advertisement appearing regularly in 1948

\(^{54}\) NCA: *Co-operative News*, Advertisement from 5\(^{th}\) January 1946, p. 2
accounts, while slowly but surely outside business and private accounts were attracted from competitors.

In 1924 the bank claimed that it was operating a total of 18,700 accounts, among the holders of which, numerically the largest category was thought to be society officials in well-paid jobs. Remarkably, in just over a decade of widespread poverty, particularly in the north of England where the Co-op was largely administered, the bank had built up a solid base for its interwar development of a comprehensive banking service, which would begin to cater for all types of customer. In common with all British banks, the Co-operative was greatly strengthened during the Second World War. Its assets were enhanced from £114 million in 1939 to £259 million in 1946; the majority of which remained invested for the duration in War Bonds and other national loans in compliance with Treasury regulations.

The number of post-war customers has not been ascertained, but the bank remained comparatively compact and unburdened by the nationwide branch networks, huge staff levels and high overheads of its leading competitors. It was therefore well placed to better their services. While the 1945-1951 Labour Governments were in power over a hundred local councils transferred their accounts, and 'so favourable were the terms and facilities offered by the Co-operative Bank that in some places it even received Conservative support'. When challenged in 1947 only 4% of personal customers claimed that they used the bank as a matter of principle or because they agreed with the ideological or political aims of the Co-operative movement. It would follow that these private account holders were in general satisfied with the terms and services provided. Although through the years of austerity the bank’s growth and development were primarily in parallel with the rapid expansion of the local Co-op societies its escalation in business must be equally credited with efficiency and competitiveness. By the beginning of the 1970s, when it became independent of the Co-operative

---

55 Ibid
56 NCA: 334.2 COO: Story of the CWS Bank, (Centenary Issue, 1963)
57 Richardson, (1977), p. 178
58 MO: FR 2510/2460: August 1947, p. 8
Union (embracing the CWS, all affiliated bodies and all local societies) the bank was operating over 200,000 accounts.\textsuperscript{59}

The Co-operative Bank was in a unique position to gauge the growth in wealth of the membership and assist the general proactive policy of exploiting it. Because its underlying strength was dependent on the commercial, industrial and financial support of the wider movement it was committed to a policy of reciprocal assistance. No bank can, of course, survive without observing total professional standards of customer confidentiality, but if nothing else statistical data within its domain might prove invaluable to the trading management. The Co-operative Bank had access to levels of financial demand and developing patterns of activity in almost every commercial sector. It was aware of amounts being saved in Co-op dividends, invested in savings accounts, life assurance premiums, National Savings certificates and, with growing prosperity, marketable securities purchased through its branches.

This exceptional position enabled the Co-operative bank not only to benefit the wider movement but to be among the earliest pioneers in the field of popular banking. It was among the first to discover and attempt to drag a thriving market from the stagnant pool of decomposing post-war money. Its publicity did not embroider their message. Advertisements of the type referred to above were aimed at attracting the general public, regardless of association with the movement and disseminated well beyond the internal press. Until the late 1960s the pages of the quality press continued to be discreetly adorned with the armorial crests of the ‘big five’ banks above grudging tombstone clichés; symbols of security and steadfastness but simultaneously unmistakeable signs that their noble portals were barred to those of lesser means. Co-operative Bank advertisements, by contrast, instructed those unaccustomed to banking that ‘with a cheque book one needs no longer to carry large sums of money’\textsuperscript{60} and that they could receive assistance in placing stock market investments with ‘advice freely given’.\textsuperscript{61} Not for another decade would this simplistic, open and pragmatic approach

\textsuperscript{60} Advertisement in \textit{Co-operative News}, 13\textsuperscript{th} July 1946
\textsuperscript{61} Ibid, 6\textsuperscript{th} July 1946
to the hardly tapped emergent market be emulated by the Co-operative Bank's grand competitors.

As early as 1946 the Co-operative Permanent Building Society (CPBS) also did not flinch from proclaiming the no-nonsense message, 'invest your money ... ease of withdrawal when necessary and good interest, free of income tax'. At the beginning of that year the CPBS had boldly taken the initiative in attempting to assist the revival of house buying by cutting its long maintained lending rate from 5% to 4% for new mortgages and 4½% for existing. Shining this tiny speck of light at the end of a gloomy tunnel in a stagnant house market was a move immediately emulated by every other building society, but alleviation was minimal and these modest rates would remain unchanged for the next six years.

The CPBS's resourceful president, Harry Score, was well aware that survival was wholly dependent on attracting savings and not mortgage advances when a Labour administration, with resolute Co-operative support, was actively discouraging private ownership. Score's idealistic vision of 'full liaison between state, local authorities and building societies' advocated the antithesis of the government's housing policy. His entreaties would make no impression on Aneurin Bevan, in whose eyes all building societies were 'part of a Conservative plot to hinder socialist tendencies'.

Score's vigorous approach to marketing saving with the CPBS proved almost as much a minefield as his unsuccessful efforts to encourage home ownership. Attempting to entice members to reinvest their dividend-earning shareholdings by offering appreciably better terms than the local Co-op societies was not an option. Promises of priority mortgage assistance for savers when there were so few houses to buy and no sign of change also would have had a hollow ring. Yet so desperate was the demand for homes that, whether or not influenced by Score, it would not be long before there was an escalation in the movement of members' savings, not only to their own CPBS but to the competing 'capitalist' societies. This growing transfer of loyalties would

---

62 Ibid, 12th October 1946 - et seq
64 Cassell, Michael, Inside Nationwide: Hundred Years of Co-operation, (Nationwide Building Society, 1984), pp. 64
result in formidable internal tensions and an ongoing ideological dilemma both for the CPBS and the Co-operative Union. It was a problem destined never to be resolved. Score continuously endeavoured to assuage the situation, going to great lengths to encourage representatives from all branches of the movement to join the society’s board, but for all his good intentions there transpired ‘twenty years of suspicion, doubts and fears’ until eventually ‘the very roots from which the society had grown were to be chopped away’. 65

Those very roots can be traced to the eight man committee of the London Guild of Co-operators, who in 1884 founded the original CPBS, appalled by the condition of members’ homes and in the unreserved belief in owner-occupation. The building society’s history is one of continuous tension between the resolve to support and benefit the most disadvantaged and the fervent spirit of commercial enterprise. In 1931 the CPBS allocated the vast sum of £28,000 to a promotional drive on a scale rarely, if ever, preceded by any building society. In that year the society advanced more than £3.5 million to over 6,000 borrowers. Among the novel concepts which induced that remarkable result was the offer of loans in addition to the original advance for ‘maintenance, modernisation and improvements’. It was the first instance of second mortgages for home extension or reparation being publicly marketed. 66 The CPBS policy of concentration on small loans (few exceeded £1,000) and encouraging the secondary security of the ‘builder’s pool’ would assist many lower-paid wage earners to become first-time buyers. 67 By 1938, with thirty-two branches, CPBS had doubled its total lending to in excess of £7 million. 68

After the war conditions of full employment, low interest rates and general investment mindedness inevitably revived the popularity of working-class owner-occupation even in the face of Aneurin Bevan’s formidable opposition. In common with all building societies, despite the tensions outlined above, for the CPBS the years 1945 to 1951 were a period of significant if erratic expansion. Mortgage advances in the first year of peace rose from £5.3 million to over £11.4 million and would go on to exceed £14

65 Cassell, (1984), pp. 63-66
66 Ibid, pp. 10 and 45-46
67 See Chapter 2, p. 58
68 Cassell, (1984), pp. 52 and 140
million in both the years 1947 and 1948. Although public sector construction fell far short of demand mortgage provision could make no advance on pre-war levels, partly due to lack of access to funds but more to the absence of private sector building. In 1950 the total number of borrowers from all the building societies was 1,508,000; just 5,000 more than it had been ten years earlier. The pitiful level of housing on the market still could in no way relieve the demand for owner-occupation.

The CPBS did not distinguish itself from the rest of the building society industry by concealing its delight at the return of a Conservative Government which supported private ownership and was committed to increasing the availability of homes. The new Housing Minister, Harold Macmillan, took uncompromising measures to achieve national targets but concentrated the bulk of his efforts on the expansion of local authority stocks. When in 1953 total completions exceeded the government’s most optimistic forecast to reach 319,000, only 64,000 were built by the private sector.

Construction of houses for sale only began to tentatively gather speed with the long overdue alleviation of building licensing controls. By pursuing a vigorous strategy of attracting private savings, including those previously invested with local Co-operative societies the CPBS, not without setbacks, increased its annual advances to £30.2 million in 1958. By then it was growing faster than of most of its rivals and thereafter, as did they, it went on expanding in almost every subsequent year. The growth rate of the CPBS accelerated as it loosened and detached its restricting bonds from the main movement.

There was no cutting of apron strings by the Co-operative Insurance Society (CIS). Originally established in 1918 it would prove the most successful financial institution operated under the Co-op banner and the most persistent supporter of the movement as a whole. In 1946 the CIS, according to a table printed in The Banker, had been

---

69 Ibid, p. 140
71 See Chapter 4, pp. 145 et seq.
72 Cassell, (1984), p. 69
73 Ibid, pp. 69-72; See Chapter 7, p. 257
74 Ibid, p.72 and p.140
about the seventh most active life assurance provider but still attracted less than a third of the Prudential's £68 million in new premium income. The second largest insurer, the U.K. Provident, had income of £29.4 million exceeding the Co-op society's receipts of £16.4 million that year by over 75%. The CIS would claim, in 1948, to be the 'third largest of the British offices transacting industrial and ordinary life assurance, with premium income in 1947 of £19,430,000'. Irrespective of that possible exaggeration, the Co-operative Insurance Society was now permanently established among the leaders and destined to remain a major force in the industry.

Like all other insurance companies the CIS had grown its vast assets on the back of industrial life assurance premiums collected by its agents from among the poorest homes in the country. In the early twentieth century this universally trusted form of personal security had enjoyed a reputation for 'fixed premiums, air of stability, apparent efficiency of operation and professional collecting services unadulterated with social embellishments [which] contrasted favourably with friendly societies'. But after being the subject of several pre-war parliamentary Committees of Inquiry industrial assurance came to be increasingly publicly vilified by those of all political persuasions on the grounds of social injustice. In 1946 the CIS chairman, Aneurin Davis, in his annual report announcing the traditional comparatively derisory bonus for the industrial section, which had added the substantial contribution of £3.4 million to the Society's profits, saw no wrong in enthusiastically welcoming National Insurance on the grounds that it enabled 'workers to enter into [industrial] contracts with greater confidence'.

At about the same time, while also welcoming the new death grants and widows' pensions in the Social Security Bill, *Co-operative News* expressed the hope that 'the public will be sensible enough to take the surrender values on millions of superfluous [industrial] policies' and suggested that agents be 'compensated to keep them off the

---

75 Appendix VII  
76 NCA: Advertisement in *The Co-operative Congress Report*, 1948  
77 See Chapter 3, pp. 109-110  
Five years later in 1951, workers addictively paying their sixpence every week, still often did not even know which company was underwriting their policy; 'all they knew was that they were in Mr Jones's club'. Through the 1950s industrial life assurance would be slowly suffocated to an unmourned demise by the larger and more realistic levels of cover provided by ordinary endowment policies; promoted with as much vitality by the CIS as any of its competitors.

The post-war development, business and management of CIS was much in the mode of insurance companies in general and need not be considered in detail here. In 1949, ignoring the pro-public ownership stance of Co-operative socialist politics, it joined the hard-fought battle against nationalisation as resolutely as any capitalist company. Having successfully defended its independence from state control, the CIS, unlike the bank and building society, thereafter chose to strengthen its bonds with the wider Co-operative movement and evidently suffered fewer setbacks from ideological tensions as a result. In 1946 it began providing all senior Co-operative officials with gratuitous personal accident insurance and would go on to add pension schemes and other forms of insurance, either free or at favourable rates, to employee's packages. By 1958 the insurance society had almost trebled its premium income to £47.7 million and four years later had completed the construction of a contemporary skyscraper bearing the CIS logo. The first and most prominent post-war commercial development in central Manchester would, perhaps symbolically, dwarf its neighbour the Victorian head office of its comparatively poor relation, the Co-operative Union.

While the CIS had been instrumental in financing much of the growth of the movement's building and development in the 1940s and 1950s, it thereafter pursued an increasingly cautious policy in providing mortgages and loans to the local societies. Many of their older premises were left in need of repair and refurbishment and created the uninviting dowdy and dated image so often associated with the Co-op

---

81 Garnet, (1968), p. 293
82 See Chapter 5, p.170
83 Co-operative News, 6th July 1946
84 Bonner, (1961), p. 262
85 Garnet, (1968), p. 292
of the time. Much of the credit for the survival of many of the activities of the local societies and the CWS itself was nonetheless due to the financial support of the CIS. The insurance society remained a well-managed and efficient organisation, continuously extending its range of life and general products. With the revival of the private house market, undaunted by ideology or competition CPBS went on to offer an increasing number of mortgages and achieve extraordinary success in meeting the challenge of escalating demand for innovative endowment cover.

In contrast to many of the Co-op's diverse retail and service businesses, the Co-operative Bank, the CIS and the CPBS all survived, albeit in restructured and modernised forms, and continued to thrive and expand their activities. All three would establish themselves and remain among the leaders in their fields. A multi-branched independent Co-operative Bank separated from the general movement in 1971 by Act of Parliament and although it has never entered the league of the 'big four' can be numbered among Britain's more prominent retail banks. Co-operative Insurance Services voted 'Britain's best insurer' in 2004, with 4.7 million customers paying £2 billion in premiums, is the parent company to Co-operative Financial Services and is still the financial mainstay of today's movement. By 1954 the CPBS had amassed assets exceeding £100 million while closely involved with the still buoyant and well supported Co-op. In the 1960s, the former manager of its Southend branch told me, association with the tarnished Co-op image had became so embarrassing that he was expected to deny any financial links if questioned by prospective customers. To everyone's relief, after many mergers and acquisitions the CPBS was renamed The Nationwide in 1970 and having substantially distanced itself from the general movement, now claims to be the 'largest building society in the world'.

Hire purchase was a sphere of financial activity in which the Co-op became involved with great reluctance but which would cause another conflict of ideologies. In the 21st of their unbending 'Rules' the Rochdale Pioneers, had assertively stated that selling on credit was against the fundamental principals of Co-operation. Subsequent

86 See Richard Crossman's comments below
87 Fairlamb and Ireland, (1981), p. 201
88 Telephone discussion 11th September 2007 (Identity non-disclosure requested)
89 Cassell, (1984), p. 72
adherents to their ideology were equally convinced that ‘the credit system in this country is only second in its demoralising effect to the drinking customs of the people’. 90 In the 1930s when working-class existence became increasingly dependent on credit, 91 the Co-op, in common with other retailers, found its very survival depended upon the setting aside of these high-minded principles. 92

Aware of the improbability of any post-war change in that situation, in July 1947 an article in The Producer put the case for ‘planned’ hire purchase, pointing out that ‘the Co-operative member, who is in general a decent sort, should not be penalised by his own society if he prefers furnishing his home by means of hire purchase instead of cash down’. 93 In the more competitive markets which developed in the 1950s ‘many co-operators came to believe that if consumers were intent on credit trade it would be better if undertaken by their own organisations and so under their own control and free from profit making and consequent exploitation’. 94

That proved the case, and by 1950 most of the retail societies had at least cautiously ventured into the bureaucratically regulated waters of hire purchase. In that year the Co-operative Union entered into discussions and correspondence with the Board of Trade in an endeavour to be permitted to incorporate a service charge into a single agreement involving different classes of goods. The Board then divided hire-purchase transactions into three classes: ‘service charge prohibited’, ‘regulated charge’ and ‘unregulated charge’; none of which could be combined with another. 95 If a customer bought ‘mixed goods’, two or three separate agreements were necessary, involving additional work and inconvenience. This was a particular problem for the Co-operative department stores which offered a discount of either 12½% or 15% of their service charges to customers completing hire-purchase agreements without arrears. 96 Those buying ‘service charge prohibited’ goods could therefore not benefit from the

91 See Chapter 2, p. 68 et seq.
92 McKibbin, (1990), p. 117
93 The Producer, July 1947, p. 3
95 NA.PRO: BT/94/152: Board of Trade response to Philips Furnishing Stores Ltd to Local Price Control Committee, 15th March 1948
96 NA.PRO. BT/64/565: ‘Hire Purchase and Credit Sale Orders - Discussions and Correspondence with Co-operative Union and other Co-operative Branches’
incentive. Agreements over five pounds also required a sixpenny stamp which was an annoyance to buyers of 'mixed' goods who had to pay for two or three stamps. The Board of Trade declined the Co-op's ardent representations for concessions, just as they had those of other traders, but that would prove a small setback in the, albeit hesitant, conversion to credit trading.

Lawrence Black argued that 'doggedly clinging to the tradition of cash only resulted in hire purchase being involved in a much smaller proportion of the Co-op's business by comparison with that of its competitors'. In 1954 a special report, favourable to hire-purchase trading, drawn up by the Advisory Technical Panel of the Co-operative Dry-Goods Trade concluded that 'societies which have not so far provided such facilities should take steps [to do so]'. Co-op policy in general ignored this formal edict and continued to avoid credit terms wherever possible and as Black perceived, this reluctance to bow to customer demand was among the reasons for loss of trade to competitors from the 1960s onwards.

Another problem faced within a complex and not always efficiently run organisation, with an enormous almost entirely cash turnover, was the temptation to fraud and embezzlement. There are more than a few hints at the covering-up of internal dishonesty, but evidence of wrongdoing or serious criticism of Co-op executives is sparsely recorded. With a small number of exceptions the extant records, publications, newspapers, books and other documents in the National Co-operative Archives are the work of employees and officials or commissioned from within the movement, and their commentary seldom does other than extol the virtues of their paymasters. But in January 1948 Co-operative News did print some 'angry criticism' of a report the previous month describing how a sales representative of a large soap and detergent group placed one hundred one-pound notes (over £4,000 today) on a grocery manager's desk. This was a 'bonus' for exceeding the target set by the salesman's 'background boys' and 'no receipt was given or asked for'. It is made clear that the 'angry criticism' was not directed at the manager's acceptance of a bribe but was

---

addressed to the editor for ‘the considerable harm that he had caused to Co-op grocery managers and buyers’ by publicising the unedited facts.\textsuperscript{99}

A full discussion of the decline and survival of the Co-op is beyond the scope of this thesis since the events involved mostly took place in latter years, but apart from the reasons already mentioned - failure to move with the times, apathy of the membership, and overwhelming competition, one recurrent response to verbal enquiries referred to ‘infighting’. While this topic has not been researched further, that it was the inevitable result of tension between those officers preoccupied with ideological non-profit motives and those prioritising competitive enterprise in a changing marketplace. In local societies where the ‘boards of directors [were] elected from [and by] a ‘restricted circle’ of employees, guildswomen and socialists’\textsuperscript{100} it is not difficult to envisage how such friction might have been created.

Probably due in equal measure to internal discord and opposition to indulgence in ‘capitalist’ style aggressive commerciality, societies reverted to their traditional image of purveyors of low-priced lesser quality goods and services intended to meet the demands of a working-class market. Realistically that market was diminishing. The years of austerity had proven for the Co-op a period of spectacular development. At its peak it had amassed thirteen million members\textsuperscript{101} most of whom were or had been regular active customers. With declining dividend levels and rising availability and choice of freely produced and imported merchandise elsewhere, by the late 1950s middle-class and affluent working-class members had deserted the Co-op’s 30,000 retail outlets and service units. Few formally resigned their membership but share and loan capital (undrawn dividends) dropped from £302 million in 1950 to £170 million by 1971. When giving evidence to the Page Committee, the Co-operative Bank attributed this lack of interest in dividends to the greater attractions National Savings and other savings media could offer, but its request for preferential tax treatment met with no sympathy.\textsuperscript{102}

\textsuperscript{99} Co-operative News, 18\textsuperscript{th} January 1948
\textsuperscript{100} Black and Pemberton, eds., (2004), p. 94
\textsuperscript{101} Co-op Online, www.cooponline/milestones
\textsuperscript{102} NSI: Page Report, (1973), p. 267
Apart from in the most deprived areas, the ideological functions of Co-operative societies were becoming anachronisms, but seemingly they often refused to acknowledge or recognise such changes. Perhaps the most extraordinary example of clinging to the fantasy that the average member was a dedicated socialist idealist was *Co-operative Home Magazine*. This small monthly, much like its hugely popular contemporary competitors, was ostensibly designed to appeal to women with middle-class aspirations and contained articles on 'how to grow pelargonium', 'how to choose furniture', cookery, knitting, travel, short stories etc. Juxtaposed with an advertisement for Co-op own-brand fish and meat pastes, a not atypical editorial informs its housewife readers that 'the analytical student of world affairs will discover [that] many of the conflicts which we are passing through today are the outward sign of the fundamental yearning of the human spirit, searching for a higher way of life'. 103

Such practical domestic offerings and the calm and positive picture painted by its press in general did not mask the reality that the Co-op was failing to respond to changing expectancies. It was perceived by its customers as old-fashioned and offering cheap and shoddy goods at expensive prices104 and there was no appreciation of or interest in its ideology. The 1958 report of the three-year commission, headed by socialist theorist Richard Crossman, was almost entirely negative, describing the 'buildings, atmosphere and managers [as] dreary and uninspiring'. 105

*The Co-operative Official* advocated closing 'smaller and older branches where trade cannot justify the wages bill' and warned those societies which had recently over-enthusiastically opened 'new emporiums' that they 'may find themselves early candidates for the CRS ambulance service'. 106 The Co-op, once the leader in the field of self-service and supermarkets, in 1950 running 90% of the country's outlets, was by 1968 down to less than a quarter. In a Britain of growing affluence it was unable to compete with the rise of the innovative and enterprising supermarket operators and the efficiency and professionalism of experienced retailers. The middle classes had never really liked the Co-op's style of trading even when they had used their facilities

103 *Co-operative Home Magazine*, July 1954, p. 1
105 Ibid, p. 95
106 *The Co-operative Official*, Jan 1958, p. 11
out of expediency. The movement was not unaware of its shortcomings or its stagnation but was yet unable to devise any effective solutions. From the end of the 1960s Co-op manufacturing, service organisations and retail shops, while remaining viable in some trades and demographic areas, all by degrees reduced their level of activity. The dividend-drawing membership reduced to a fraction of its post-war peak, but Co-operative enterprises remain leaders in agriculture, pharmacies, undertakers and travel agents, as well as retaining some 6% of the national grocery trade.

In the years examined in this thesis is concerned, the British Co-operative movement can be argued to have been both the most open and assertive voice in favour of the austerity culture of 'elegant economy' and its greatest exploiter. A retired official writing in 1958 summed up the personal financial philosophy of the typical Co-operator of the 1940s and early 1950s when reiterating the advice of 'several years back' from another 'well-known official' on how to accumulate 'a tidy sum':

'Don't do anything so extravagantly foolish as to own a car unless you can put its running and maintenance on the firm's expense account. Live simply, look twice at every penny, spend nothing unnecessarily and do not frequent places where there is temptation to do so. Invest wisely and pay much attention to this, and learn, or get to know from someone how to avoid, not evade - an important distinction - income tax'.

The argument of this retired official is not old-fashioned advocacy of thrift and self help but a bitter attack on the lack of adequate redistribution of national income. Its style in places imitates a 'folksy' northern dialect to comfort those unable to make money because they 'are not made that way'. The writer does not reveal whether or not he is satisfied with his own financial situation but conveys the impression that as a true follower of the 'Co-operative faith in which we discover the secret of administration success' his years of honest service as a Co-op official have been sufficient reward in themselves.

107 MO: FR 2510/2460: pp. 2 and 5  
In the latter of that 'retired official's' active years, as has been demonstrated, the Co-operative did all it could to try to ensure that its countrywide outlets were places where there was 'every temptation to spend'. The extent to which such expenditure was essential was often dictated by government policy and the sincere Co-operator could, in good conscience, simultaneously pursue altruism and private financial security through diligent Co-op shopping and patronage of the associated financial organisations. With the advent of increasing affluence, attitudes of members changed in much the same way as did those of others. The dividends, diminished by the capital demands and overheads of an unwieldy movement, were no longer attractive to middle-class or even to many working-class consumers. Members loyalty soon evaporated once outside competitors were offering wider choice, better service, and higher quality at attractive prices. No one takes into account their views on the merits of capitalism or socialism when spending their own money. The nineteenth century attempts by the Christian socialists, Ruskin, Maurice, Kingsley and others, to defy the iron law of competition,\(^{111}\) were now forgotten. The Co-operative service and retail outlets, so recently the most dynamic and successful in exploiting the controls of the era of austerity, would flounder in the uncontrolled markets of the era of affluence. Conspicuous consumption did not sit so well with Co-operation as had 'elegant economy'.

\(^{111}\) Kitson Clark, (1950), p. 155
Something monstrous and indefinable was growing in strength, something hostile to his accent and taste in clothes and modest directorship and ambitions for his sons and redbrick house at Purley with its back-garden tennis court. Kingsley Amis

This chapter will review the changes in attitudes to use of personal finance in the six years from the return of a Conservative Government in 1951 until Harold Macmillan's celebrated speech at Bedford on 20th July 1957. It takes only a minimal study of the history of the decade and a little thought unprejudiced by later commentary, to appreciate that the characterisation of the 1950s by E. P. Thompson as 'the slavery of the human soul to material trivia' is an unnecessarily emotive and highly exaggerated generalisation. As Dominic Sandbrook argues of the era 1957-1964, immediately following that considered in this chapter, it is clearly demonstrable that 'far from being a period of unprecedented intensity [it] revealed a fundamental continuity with older periods'.

As the decade progressed so the ghost of austerity was laid to rest at a funereal pace simultaneously with a prolonged but certain escalation in meeting growing demand for housing, consumer products, services and investment and credit facilities. The attitudes of a young post-war generation towards saving and spending became less and less influenced by images of wartime and pre-war experience. Class distinction too could be observed to lose a modicum of its rigidity. The ever-increasing accessibility of technically innovative domestic appliances and home entertainments, the most influential being of course television, began to transform attitudes to social status and patterns of employment of personal finance. To more than a few, like the protagonist in I Spy Strangers cited above, the nightmare loomed ever-more vividly that their expensively acquired badges of middle-class superiority might lose their potency. They became convinced that their financial and social attainments were

3 Sandbrook, (2005), p. xvii
becoming devalued to a point where they felt compelled to retaliate against those who they now viewed with trepidation as the ‘moneyed classes’. For some that involved prejudiced and unwarranted criticism of anything perceived as conspicuous consumption, while others reacted by continuing to practise no longer necessary self-denial in order to demonstrate that they were able to resist the temptations of ‘material trivia’. For these, the over-cautious, the addicted and the snobs, the indications that a generally affluent society might soon emerge presented new and difficult dilemmas.

In the Britain of 1951 evidence that financial strength existed among its population was well camouflaged. The contrast between private affluence and public depression in dilapidated towns remained marked and widespread. Since 1939 law-abiding citizens, in effect, had had many of their basic financial decisions made for them, influenced or restrained by governmental economic policy. Those whose resources might allow them to prioritise long-term security, cultural development or material extravagance still found their choices limited and disproportionately restricted by the lingering effects of war and austerity. Inhibited by social or religious conscience, many could not yet bring themselves to yield to the burgeoning temptations of abject consumerism and endeavoured to keep their enhanced prosperity as inconspicuous as possible. Others had more practical priorities.

One was to ensure that there were adequate coins to feed the gas and electric meters and another to arrange with the coal merchant to spread deliveries and payments throughout the year. Few yet considered deserting the cherished open fire, so grimy and laborious that even working and lower-middle-class families would find enough cash to pay a charwoman to at least clear and re-lay their grates. The acquisition of smokeless fuel burning stoves or central heating was postponed until there was no option. The wealthy or more resistant to change continued to employ maids and other full-time or residential domestic servants nursing the illusion that they were still practical necessities in their Victorian or Edwardian houses. In 1931 almost every family with an annual income exceeding £400 had employed one or more servants, of whom as many as half a million were residential. No immediate post-war statistics

---

5 McKibbin, (1998), p. 61
have been found, but according to the 1951 national census the number of private homes with resident domestic staff was recorded as 1.2%.  

Mass-Observation’s research recorded that one in twenty middle-class housewives had a full-time domestic servant (not necessarily resident) in 1949. There were recurring complaints about the problems and cost of employing competent cleaners. A stockbroker’s wife commented bitterly: ‘I pay a woman two-and-six per hour and do the work myself’. Yet only 13% claimed to want a vacuum cleaner. Nine out of ten used laundries, about which many were critical of the prices and inefficiency (shrinking was a common problem), but only 23% expressed the desire for a washing machine. These attitudes to domestic management precisely match those of my parents who in general mistrusted and frowned upon labour-saving devices. Although they both were then employed in manual work and certainly never considered themselves other than working class or even in a comfortable financial position, a charwoman requiring supervision regularly called once or twice per week. My mother religiously used the local laundry home delivery service, which consumed valuable time in making up the weekly list, neatly packing the washing in the box provided, and rechecking it when it was returned. She believed that that constituted good housekeeping.

Throughout 1947, in the editorial of the popular magazine Good Housekeeping there is hardly a mention of washing machines, central heating, refrigerators, dishwashers, or electric irons. Not a single advertisement appears featuring any of them. A lone insertion promoting the Electrolux vacuum cleaner seems almost inappropriate to its surroundings. The confident two-year guarantee, its sole commendation, would probably have been met with scepticism. Even had vacuum cleaners and other electric household appliances been readily accessible and trusted, their employment would have presented practical difficulties. Most pre-war homes lacked either adequate wiring or electrical connections and some older houses were still completely without power. Others had only DC electricity, which demanded adaptors to accommodate

---

6 Burnett, (1993), p. 280
7 MO: FR 3161, ‘The London Middle-class Housewife and her Housekeeping Expenditure’, September 1949
8 Good Housekeeping, (Jan-Dec 1947)
post-war AC appliances. Houses contained few power sockets and those that there were varied in size and shape demanding an assortment of plugs to fit them. The labour-saving benefits of the vacuum cleaner were particularly restricted since, in each room, the light bulb had to be removed to use the socket. Carpet cleaning had to be completed in daylight hours, as did clothes ironing. Hence owners of older properties prioritised investment in electrical rewiring before considering more conspicuous forms of modernisation or acquisition. This work often had to be postponed until well into the fifties since skilled labour and materials remained in scarce and prohibitively expensive. Proud housewives continued to extol the supremacy of manual domestic chores. In 1951 the war-time blackouts may have long since been torn into cleaning rags, but they had not reached the end of their useful lives.

If, as Dominic Sandbrook asserts, in 1956 daily life remained 'a struggle against three foes: darkness, cold and dirt', how much more arduous then had that struggle been five years earlier? Yet one luminous and unblemished star did shine above the dark abyss and promise a brighter, warmer and cleaner future. From the bomb sites of London arose a spectacle of the most colourful, imaginative and progressive in British contemporary design, culture and technology. Of all the innovative exhibits at the Festival of Britain those which stimulated the greatest hopes, among the greatest number were the providers of light, heat and cleanliness, which might combat 'darkness, cold and dirt'. There was no need to venture far from the South Bank for proof that these were among the most urgent of social evils that the new Conservative Government, beset with economic problems, and returned to power on a minority popular mandate and tiny parliamentary majority, had no option but to address.

One of the most authentic portraits of the darker, colder and dirtier scenes in urban Britain that could not have failed to escape the notice of Winston Churchill as he drove through the dismal streets of London on his return to Downing Street was shown on the cinema screen in 2004. Mike Leigh's Vera Drake is set in 1951 and presents an unprecedented insight into an unpleasant reality of life in the capital; the

---

9 Sandbrook, (2005), p. 98
10 Mike Leigh, director, Vera Drake, (2004)
back-street abortionist. More significantly the film encapsulates, with exceptional accuracy, via meticulous attention to detail and a series of vignettes, the social attitudes and aspirations of working-class, aspiring middle-class, upper middle-class and professional-class contemporaries. The film not only acutely contrasts the austerity and disadvantages of the working class with the social benefits and physical comforts of the rich, but also with the legal privileges which class-based wealth might purchase.

Vera, without charge, fills a gap in the work of the NHS in the belief that she is providing a social service and moral kindness to the unfortunate who lack the resources to circumvent the law. Her home is the picture of austerity but it is evident that she and her family do not lack adequate financial means. She has three regular cleaning jobs and her husband is employed in his sympathetic brother’s car-repair business. Their son is a shop assistant supplementing his income with petty deals in the guise of a part-time spiv.

Vera’s affluent and enterprising brother-in-law, whose workshop evidently employing just her husband is housed in a gloomy railway arch, resists his young wife’s entreaties to buy a television set for ‘only thirty pounds’ (perhaps £1,000 today). It is not because he cannot afford it, but because he clearly finds her overt materialistic aspirations embarrassing. She is the voice and vision of the future; the epitome of the new conspicuous consumer then so frowned upon as the indicator of the moral decline into the ‘materialism’ to which many in the Labour Party ascribed its waning support. \(^{11}\) Her inappropriate fashionable scarlet coat, sharply accentuating the drabness of her sister-in-law’s colourless home, is worn only to receive Vera’s compliments, which are dutifully offered without a hint of avarice.

The attitudes and social scene depicted in Vera Drake’s London are markedly different to the much more complex picture presented by Margaret Stacey in her proclaimed study of the provincial English town in the mid to late 1950s. Stacey’s observations and commentary on Banbury almost precisely match my memories of the Colchester where I grew up in the 1940s and 1950s. Her references to largely

\(^{11}\) Black, (2003), cites a sequence of disapproving Labour attitudes to materialism, p. 15 et seq.
unspoken or unacknowledged, yet obvious and clear-cut class definitions are particularly incisive. Near neighbours who saw each other daily lived in totally different social worlds.

Stacey mentions the adverse and sometimes sharp reaction she received to her attempts to question the strength of people's religious beliefs. It was simply 'not done' to ask. Her respondents did not visualise professing membership of a faith as a social necessity\(^\text{12}\) and thought the question irrelevant to the research. With perseverance she ascertained that 94% were adherents to 'the six main [Christian] religious denominations'. On the other hand, this painstaking survey apparently involved no attempt to question anyone's financial position, which certainly did reflect their social standing and was surely not only relevant but essential. Was it even more 'not done' to question financial attitudes than degree of faith? Possibly Stacey took for granted that English reserve would prohibit open discussion of such personal matters and, in general, that might have been true, but had she pursued the questioning her findings might have been enriched. As has been seen Charles Madge and his Mass-Observation team had no qualms in the 1940s about asking direct money-related questions and even though they were sometimes suspicious of the answers, their reports add valuable insight into contemporary social attitudes.\(^\text{13}\)

Margaret Stacey's one apparent reference to personal finance is a sentence acknowledging that in determining class 'factors like occupation and income are important'. Being accepted within a 'set', she claims, was the all important determining factor.\(^\text{14}\) In the late 1940s and early 1950s that assertion was close to reality. The exclusive mutually supportive 'county set' was easily recognisable since its members were uniform in taste, behaviour, speech and attitude. Occasional failure to adhere to traditional conventions was nonetheless far less a hindrance to acceptance than evidence of inability to 'pay your way'. By the late 1950s, as a great many other references to this study have confirmed, displays of success via the material symbols of affluence were reverting to their role as essential indicators of social status. While

\(^{12}\) Stacey, (1970), pp. 58 and 72  
\(^{13}\) MO: TC57; Madge (1943); See Chapter 3, p. 88  
perceived wealth was never the sole determinant of class, it was always the primary qualification for entry into ‘a set’. By the early 1960s the concept that ‘you are what you own’ (or do not own) and therefore perceived to be worth financially, was as significant as much as at any time in history, in defining the social divide.

Few understood this better than the ageing and experienced new Prime Minister. By contrast with most of the contemporary leaders of the Labour Party, the unquestionably upper-class Winston Churchill had considerable personal knowledge of debt and financial problems. Due to his lifelong habits of self-indulgence and gambling he was rescued from bankruptcy more than once by gifts from generous friends. Upon taking office for the second time Churchill, who could by then well afford it, immediately accepted a 30% token reduction in his prime-ministerial salary while the remuneration of his ministers in his government, probably also without undue pain, was reduced by 20%. Just three years later in 1954, however, he was strongly arguing the unpopular case, on behalf of members of Parliament of all parties, for rises in salaries which he clearly appreciated might be much needed.

Churchill neither inherited nor married wealth. Although his father had died leaving seventy-six thousand pounds, his mother squandered most of her inheritance and, when he married, his wife was in straitened circumstances due to her parents’ recent acrimonious divorce. The future Prime Minister was compelled to seek his own fortune and turned to journalism and writing to finance his career in politics. He soon became acutely conscious of the status-enhancing benefits of flaunting wealth and bought the great estate at Chartwell in Kent that his wife Clementine always hated, with privately borrowed money. To Churchill it was less a home than a venue for the lavish entertainment of statesmen and other leading figures of his day. His subsequent career proved probably the most celebrated and consistent exemplar of the maxim ‘nothing succeeds like success’. Winston Churchill had no misgivings about the inherent lack of virtue in conspicuous consumption. After the war he was thought to
have become the highest paid writer of his day and it might be said that the greatest of his multifarious talents was the ability to enjoy his fortune to the full. Austerity was not at all to the new Prime Minister's personal taste nor was it in keeping with his political philosophy.

On 27th October 1951, even before his predecessor had vacated Downing Street, Churchill, having won the general election by just seventeen seats, summoned a surprised R. A. Butler to his second home in London and offered him the position of Chancellor of the Exchequer. Butler could not have left that meeting with any doubt in his mind that his new office carried with it the onerous responsibility to end austerity at the first opportunity. It is to the much-criticised Chancellor's credit that that was achieved during his ministry.

The Conservative Party's election platform had claimed that 'austerity was largely a consequence of mismanagement by Labour', but any illusions that either Churchill or Butler might have harboured of swiftly sweeping it away with their new brooms were for the time being frustrated. The country was suffering the most acute balance of payments crisis since the war. The new Chancellor had no choice other than to continue the policies of his predecessor and would have had no sustainable defence against an accusation of 'Butskellism', a term later unfairly employed against him by a critical press. As Edmund Dell put it, retaining power with such a small majority left the new government with 'little room for radical change or for radical disturbance of the existing policy'. Immediate de-nationalisation of most of the industries taken over by Labour was not an option, nor could the burden of high taxation be quickly relieved. The obstacles involved not just the enormous budgetary deficit due to an excessively expensive defence programme, but to declining foreign trade and progressive evidence of regression in Britain's traditional wealth-producing industries.

20 Addison, Paul, 'Sir Winston Leonard Spencer Churchill (1874-1965)' in Oxford DNB
26 Leach, R., ed., p. 7/68/23: Gaitskell had increased the Standard Rate to 9s 6d in £1 in 1951/52
The spindles and looms of the cotton spinning and weaving mills, on which so many in northern towns relied for their wages, had begun to fall idle. Competitors abroad were forging ahead while Britain failed to modernise, but weighty international economic priorities left the new Chancellor with few openings to support tired or redundant industries and their dependants. Austerity was to stay put and, for the time being, no one could avoid it.

In December 1950 those minded to enjoy the fruits (sometimes literally) of their post-war fortune by escaping abroad found their foreign travel allowance which Gaitskell had eased to £100 after two years at £50 reduced twice in two months: first back to £50 in November 1951 and then down to a mere £25 per head on 29th January 1952. Prospective foreign travellers were more constrained by the Conservatives than they had been under Labour. There would be no improvement in the situation until March 1953 when the allowance was raised, first to £40 and then £50 in November before returning to £100 in October 1954. Currency restrictions would not be finally lifted until 1st November 1959.

On 11th March 1952, less than five months after his appointment, against a background of a continuing credit squeeze, high inflation (9½%), and an electorate becoming daily less enamoured with austerity, R. A. Butler presented his first Budget. Its object, according to The Manchester Guardian was to 'restore a sense of reality to our personal as well as to our national accounts'. The tools employed for this restoration were a complex package of measures that affected everyone’s pocket. ‘No longer justified’ subsidies were removed, resulting in increases in the price of every basic foodstuff. A substantial 7½d was added to the price of a gallon of petrol. The bank rate was restored to its 4% pre-war level from 2½%, and the standard income-tax rate and surtax levels were retained at their near record highs. There would be no let up in credit restrictions and, for good measure, the Chancellor threw in an additional

---

27 Manchester Guardian, 1st January 1952
29 Times, 19th December 1950
31 Times, 24th March 1953, 30th October 1953, 6th October 1954 and 20th October 1959
32 Appendix II
33 Manchester Guardian, 12th March 1952
tax on the price of sports tickets. All that he could offer on the positive side were some small tax concessions and increases in pensions and family allowances. The immediate response was a heavy fall in share prices. Few consumers could have then visualised this first Conservative Budget as a stepping stone on the path to the end of austerity. But three days later the Board of Trade did announce the repeal of 118 control orders and the discontinuance of the Utility scheme (to be replaced by the British Standards ‘Kite Mark’).34

The building societies marginally raised mortgage interest charges, a move they had resisted when Butler had added ½% to the bank rate a few weeks after taking office.35 The benefit to the nation’s army of savers from a rate now augmented by a full 2% was evidently thought so inappreciable that the press found no reason to mention it. Hire-purchase houses, already hard hit by restrictions introduced a month earlier stoically claimed that the interest rise would have ‘only a small effect’.36 Given the much publicised severity of the economic problems the new government had inherited, the consensus of opinion was that the electorate had been ‘let off lightly’.37 With the exception of The Daily Herald which labelled it a ‘bad and unjust Budget’ when voicing TUC fears of unemployment,38 every other national newspaper in some form echoed the Daily Mail headline: ‘A Brilliant Budget’.39

Thirteen months later, these seemingly improbable accolades proved well founded. R. A. Butler’s ‘incentive Budget’, as he termed it, of 14th April 1953 was heralded not just as brilliant but as a ‘triumph’.40 This time the reasons for celebration were much more obvious. Inflation, now running at about 2%, had been brought under control.41 Due largely to a foreseeable conclusion to the costly Korean War and the Chancellor’s policy of retrenchment the balance of payments position had improved. The unpopular excess profits levy was removed resulting in an immediate jump in stock exchange prices. Sixpence was taken off all levels of income tax, putting cash into the pockets

34 Telegraph, 14th March 1952
35 Appendix VI
36 News Chronicle, 12th March 1952
37 Dell, (1997), p. 182
38 Daily Herald, 12th March 1952
39 Daily Mail, 12th March 1952
40 Times, 15th April 1953
41 Appendix II
of the ever-growing number of Britain's taxpayers. All purchase tax rates were cut by a quarter, reducing the prices of many consumer commodities, in particular motor cars.

Motor cars were more readily available than they had been in the previous year when the home market had been limited to just 60,000 private vehicles and the tax cut made an immediate impact. An advertisement for Lancaster (Daimler) headed 'Thank You Mr Butler' informed those considering the acquisition of a luxury limousine that they might save £353, while The Daily Telegraph issued a table showing the reduction in the prices of all makes from a Bentley (new price £4,392) down by £431, to a Ford Anglia (£445) down by £44. Britain could briefly cling to its tottering perch at the top of the table of European car producing countries.

There was hardly a word of criticism from the press. The immutable Labour Daily Herald, although the country would not go to the polls for more than two years, could do no better than the churlish epithet 'election Budget'. Even Herbert Morrison from the Opposition front bench was heard to congratulate the Chancellor as many as three times. Only the residents of the Scilly Isles had cause for complaint: no longer were they living in a tax haven. Interestingly The Glasgow Herald was alone in picking up that Butler had failed to elaborate on a remark made early in his speech relating to housing policy, in which he said 'private enterprise must play a bigger part and relieve the Exchequer'. Possibly, as the paper suggested, that meant there might be a better administered housing subsidy to assist landlords in the maintenance of rent-controlled properties (a serious problem in Glasgow). Alternatively, it may have contained a none-too-subtle hint to his cabinet colleague and rival, Harold Macmillan, that his record breaking house-building programme was straining the public purse.

---

42 Pelling, (1997), p. 31
43 Trinity College Cambridge, Wren Library, Papers of RA Butler, RAB L34.1, 'Personal Press Cuttings': Times and Daily Telegraph: 15th April 1953
44 Church, Roy, The Rise and Decline of the British Motor Industry, (Macmillan, Basingstoke and London, 1994), Figure 5.1, 'Motor Vehicle Production by Country, 1945-77'
45 Daily Herald, 15th March 1953
46 RAB L34.1: News Chronicle, 15th April 1953
47 Ibid, Glasgow Herald, 15th April 1953
48 Howard, (1987), p. 194
Aneurin Bevan, who pondered for a while before finding something to complain about, brought up the by now stale question of American aid, which he described as ‘humiliating’. The Chancellor ‘caustically’ reminded him that when Gaitskell had held office he had accepted three times as much.\textsuperscript{49} Bevan, choosing to ignore the put down, received a more sympathetic reception for his amusing comment that the new income-tax concession whereby authors might spread a lump-sum advance back over two years and subsequent royalties over three, would be of considerably more benefit to Churchill than to himself.\textsuperscript{50} It is surprising that he did not also mention another Budget concession whereby, under certain conditions, chattels of importance to the nation’s heritage might be accepted in payment of estate duty, which undoubtedly would have been far less beneficial to Bevan’s comparatively modest estate than to that of more than one member of the government.

For the British people, concerned neither with tax on their royalties or the preservation of their national treasures Butler’s remarkable second Budget would prove a turning point in their attitude to personal finance. Rationing, soon to be a thing of the past, was no longer the dominant factor. For all social classes new expectancies inspired by both the evident improvements in the economy and ubiquitous burgeoning of dynamic commercial enterprise began to be fulfilled. With the escalation in consumer and investment confidence, checked and balanced by a rising bank rate,\textsuperscript{51} inflation rates fell back to 1.9% at the end of 1954 from the high of 9.5% caused by the defence spending in 1951.\textsuperscript{52} Private saving and investment might have become slightly more attractive but increasing the cost of borrowing would prove a short-sighted Treasury policy. Its practical effect was to impair and slow down the progress of industrial and commercial revitalisation. To the consumer the cost of ending austerity would prove high indeed.

Near full employment continued unabated. By 1955 the numbers registered as unemployed had fallen to levels not witnessed since the war years.\textsuperscript{53} Although the

\textsuperscript{49} RAB L34.II: \textit{Daily Mail}, 21\textsuperscript{st} April 1953
\textsuperscript{50} RAB L34.I: \textit{Financial Times}, 15\textsuperscript{th} April 1953
\textsuperscript{51} Appendix VI (The Bank Rate rose subject to fluctuations to 7% in September 1957)
\textsuperscript{52} Appendix II
\textsuperscript{53} Mitchell and Jones, (1971), Total unemployed: 1955: 232,200 - 1956: 257,000, p. 43
rising interest rates were mildly daunting, gradually the will to spend was gathering momentum. No longer were the only active markets the surrogates of conspicuous consumption: gambling, holidays, public entertainments, sport etc. Consumer interest was refocused on more readily available material products and on investment in homes. As Lawrence Black comments, in the ‘1950s affluence began to break down and liberalise Victorian social norms, expand popular choice and encourage a degree of individualism’. 54

W. D. Rubinstein claimed that according to ‘all the available data’ the ending of austerity, as opposed to creating greater inequality in income distribution, showed ‘a steady continuation, perhaps at a slower pace, of the general trend towards income equality’. 55 While that may have been in some degree over-optimistic, a number of tentative indicators had emerged that social barriers were starting to creak. For the first time it was publicly acknowledged that personal financial situations and decisions were of equal and realistically of greater day-to-day concern to the individual than social acceptability.

The daily radio programme, *The Archers*, which commenced broadcasting in 1950, presented a convincing picture of a socially mixed rural community. It proved a major departure from the popular programme it replaced, *Mrs Dale's Diary*, which had always resolutely adhered to the precise middle-class attitudes and conventions later epitomised in Margaret Stacey's *Banbury*. *The Archers* enticed an audience comprising all classes and sectors of society by breaking its predecessor's mould and presenting a refreshing realism. The ongoing plot incorporated topical agricultural information and practical advice on diverse human problems, making no attempt to camouflage the personal financial factors and tensions underlying the drama. In 1952 the script was rapidly revised on Budget day to introduce elucidation and comment on the changes which affected the fictitious English country family and their neighbours. 56 Budget day 1953 would certainly have resulted in another session of

---

54 Black, (2003), p. 38
55 Rubinstein, (1986), p. 79
56 *Daily Mail*, 12th March 1952
instant creativity when the measures outlined above had an even greater effect on the
daily lives and interests of listeners to *The Archers*, whether rural or urban.

It is improbable that the scriptwriters found cause to rush back to the studio to update
the evening broadcast one year later. When R. A. Butler presented his third Budget on
6th April 1954 his demeanour was not as it had been on the two previous occasions.
There was no beaming smile to mask the awesome responsibilities he faced. Severely
restrained by a series of inflationary wage settlements, the Chancellor could muster
nothing from the Exchequer to encourage either the taxpayer or the consumer. He
accompanied his sole meagre concession, a belated speeding up of repayments of
post-war credits, with the vain hope that the handful of prospective recipients would
‘not spend it unless their need is really urgent, but put it into National Savings’. *The
Times* leader was more emphatic: ‘he would give nothing to those who were in any
way likely to spend what they were given’. It was, as the Chancellor himself
described it, a ‘carry on’ Budget.

Building societies carried on increasing the numbers of mortgages to private property
buyers, life assurance companies carried on making record sales, and the rise of
consumption carried on becoming more conspicuous. Three months later, on 4th July
1954, butter, cooking fats, cheese, meat and bacon were the final items to be de-
rationed. The last ration books would help fuel open fires, the smoke from which
would carry on blackening the buildings of British towns and cities for another
decade. Above all, attitudes to personal finance would carry on becoming more
liberal, just as they had after Butler’s ‘incentive Budget’ of April 1953.

Less than three months after the Chancellor’s optimistic statement, on 2nd June 1953
the Coronation of Queen Elizabeth II had taken place. The reaction to that unique
occasion proved in no uncertain manner that it was the precise catalyst the fully-

---

58 *Times*, 7th April 1954
59 BBC, www.bbc.co.uk
60 NA.PRO. POWE/14/487: Some city-centre smokeless zones were introduced in 1950 and the first
Clean Air Act was passed on 19th December 1952. The Beaver Report (November 1954) urged use of
smokeless fuels but these were expensive and many people resisted converting open fires until the late
1960s.
employed British people needed, even if only for a day, to put the age of austerity behind them. The BBC's most ambitious project to date conveyed black and white images of this colourful occasion to 56% of the adult population, about 27½ million people.\footnote{Marwick, (2003), p. 79} As many as possible crowded into every room containing one of the nation's six million television sets.\footnote{Emmett, B. P., ‘The Television Audience in the United Kingdom’ in The Journal of the Royal Statistical Society: Series A (General), Vol.119, No 3. 1956, Table 1: At the end of 1952 there were estimated 5.25 million television owners and at the end of 1953 8.16 million, p. 286} On a bank holiday the whirr and buzz of industry was silenced; there was no traffic on the roads; there was no interference to obscure any detail of the message to the nation conveyed by the majestic images. The pious patriotic pronouncements of the commentators portrayed the unassailable illusion that the sovereignty of Britain and the Commonwealth were, and would forever remain, alive and well.

For some that assertion and the accession of a youthful monarch may have heralded the virtuous spirit of a new Elizabethan age, but for many more it heralded a new age of consumer expectancies; not least among them television itself. The medium, on one day, had so dramatically proven its mastery of mass-communication that there could have remained few still unconvinced of its value. No longer were out-of-date newsreels seen at occasional visits to the cinema the only means to visually experience the momentous events of the times. Now they might be vividly witnessed every day of the year in the comfort of your own living room for no more than the £2 (unaltered since 1946) price of a combined annual radio and television licence.\footnote{History of the UK Radio Licence, www.radiolicence.org.uk - A radio licence had been 10s since 1922 but was raised to £1 in June 1946} Just four years earlier television had been all but rejected\footnote{MO: FR 3106: ‘Mass-Observation Television Panel’ (April 1949),} but the new evidence proved too persuasive to resist.

The time had come to start liquidating some of the accumulated capital, still earning precious little interest in war savings, or to venture into the realms of borrowing or hire purchase and acquire the coveted but expensive television set. So many did just that, that in less than three years the BBC, with an audience expanded beyond all imaginings, would find itself with even more popular rival commercial channels,
whose foremost mission was to be and to remain dedicated to the promotion of consumption; conspicuous and otherwise. The approximately 80,000 primitive sets which at the end of 1948 had received blurred and interrupted transmissions in the London area alone, in just seven years had engendered 14,925,000 screens (equal to 39.8% of the entire adult population) affordably disseminated throughout the United Kingdom.65

It was perhaps as well that there were so many sets on which to watch the unfolding of events of April 1955 since the national press, suffering a twenty-six day stoppage, was unable to report them. Most people learned the detail of R. A. Butler's penultimate Budget of 19th April from television or radio news broadcasts (the strike ended the following day), just as they had heard of the resignation of Winston Churchill on the 5th April, his succession by Anthony Eden, and the announcement which immediately followed of a general election to be held on 26th May 1955.66

The Chancellor, concealing the personal tragedy of the recent loss of his wife and undoubted misgivings about his future under Eden, in a flurry of optimism in the mould of his acclaimed 1953 performance, presented what he described as a 'Budget for liberation'.67 Possibly he was simply emphasizing his party's much-maligned new slogan, 'Conservative freedom works', but it would be more generous to suggest that he had sensed the growth of liberation in the attitude of the electorate towards spending and saving. Whatever the case, the newspapers reporting two days late, widely judged the Budget, as did the Opposition, nothing but an exercise in electioneering.

The taxpayer, in some measure, felt better off as the standard rate of income tax was reduced by 6d to 8s 6d (42½%) while other rates were lowered and the exemption thresholds raised to the benefit of the lowest earners. Purchase tax was cut by 25% on certain household textiles in belated recognition of the plight of the Lancashire and Northern Ireland industries and the Chancellor concluded by announcing his

---

65 Emmett, (1956), Table 1, p. 286
67 RAB, L48: Manchester Guardian, 21st April 1955
anticipation of a healthy surplus.\textsuperscript{68} This time there were no cries of ‘brilliant’ or ‘triumph’. If indeed it was intended to be an electioneering Budget it may be deemed a success. The Conservatives would win with their majority extended to sixty, but Butler’s success as Chancellor survived no longer than the minor rush of speculators who created a brief post-Budget Stock Exchange ‘boomlet’.\textsuperscript{69} The verdict on the Budget was that it was ‘totally inappropriate to the economic circumstances’.\textsuperscript{70}

The hapless Butler received scant sympathy from Eden for his supposed inadequate measures to restore confidence in the pound and far less from the Labour Opposition and the press for his misconstrued phase ‘we must not drop back into easy evenings with port wine and over-ripe pheasant’.\textsuperscript{71} Just a few days earlier, on 18\textsuperscript{th} October 1955, the Chancellor had used the expression when speaking at the Lord Mayor’s banquet about ‘insufficient restraint at home’ and urging that ‘this restraint must be intensified’.\textsuperscript{72} Butler almost certainly practiced what he preached. Although wealthy he lived modestly and taught his family the value of money. His daughter, Sarah then aged about thirteen,\textsuperscript{73} brought a few shillings of her pocket money each week to my mother’s small shop in Halstead, near the Butlers’ home at Stanstead Hall, to pay for her own clothes.

It was an exhausted Chancellor, who on 26\textsuperscript{th} October 1955 rose to introduce a supplementary Budget to an unreceptive House of Commons. It was essential to maintain the value of sterling in weakening international markets, to combat inflation, to decrease imports and to increase exports. Only through reduction in consumer expenditure might all these be accomplished. R. A Butler’s fifth and final speech again offered a belated inadequate measure of assistance to the cotton industry and there were no rises in direct taxation. Apart from these there was nothing which could be expected to be in any way popular. 20\% was added to purchase tax and 5\% to tax on distributed profits. The housing subsidy was abolished and most criticised of all,

\begin{itemize}
\item \textsuperscript{68} \textit{Times}, 21\textsuperscript{st} April 1955
\item \textsuperscript{69} RAB, L48: \textit{Financial Times} and \textit{Daily Sketch}, 21\textsuperscript{st} April 1955
\item \textsuperscript{70} Dell, (1997), p. 200
\item \textsuperscript{71} Howard, (1987), p. 217
\item \textsuperscript{72} \textit{Times}, 5\textsuperscript{th} October 1955
\end{itemize}
checks on expenditure by local authorities, mostly on house building programmes, were to be enforced.\textsuperscript{74} The Opposition were scathing and two Conservative members voted against the rises in purchase tax. Emotive complaints were voiced about the insensitivity of increasing retail prices on the eve of the festive season.\textsuperscript{75} On 20\textsuperscript{th} December 1955 R.A. Butler was replaced at the Treasury by the ambitious former Housing Minister, Harold Macmillan.

Macmillan, whose primary political interest was foreign affairs, was never comfortable during his one year term as Chancellor of the Exchequer.\textsuperscript{76} His single Budget on 17\textsuperscript{th} April 1956 was, in essence, nondescript but that was overcome by his customary theatrical flair and a unique announcement to ensure that it would be an occasion never to be forgotten. There was nothing in his speech to make an appreciable difference to the income-tax or surtax payer. There were no additions to or reliefs from purchase tax of concern to the consumer. The increased revenue that he aimed to collect was a negligible £28 million exceeding his trivial concessions by just £8 million.

Even the one small concession which, in the long run, would transpire to be the most important and potentially far-reaching measure in the Budget aroused virtually no comment. Macmillan announced a limited income-tax relief on contributions to retirement annuities for the self-employed. This would transpire to be a precursor to a series of developments which would extend the scope of retirement annuity reliefs and create the incentive for a vast expansion in the number of private pension plans contributed to by individuals. Stafford Cripps had in 1950 instigated an investigation into tax relief for pension premiums\textsuperscript{77} but this was the first move towards what would become one of the foremost factors in personal tax planning. The potential significance of the small concession evidently was anticipated neither the by Chancellor nor the press.

\textsuperscript{74} \textit{Times}, 27\textsuperscript{th} October 1955
\textsuperscript{75} Ibid
\textsuperscript{76} Appendix III
\textsuperscript{77} See Chapter 5, p. 189
To both this was principally a ‘savings Budget’ and Macmillan commenced by announcing the concession, long advocated by Lord Mackintosh, that the first £15 of savings bank interest should be tax free. This apparently popular move, which was no longer sufficient to be of appreciable benefit to anyone, was reported to have received a ‘crescendo of cheers’. That was as nothing compared to the reaction to the revelation of the extraordinary savings project which would overshadow all other events of Budget day and for some time in its wake. As *The Times* put it ‘he could not have wished for a greater flutter of mingled astonishment, delight and shocked uneasiness’ from his introduction of the premium bond.\(^{78}\)

Harold Wilson, adding his own touch of drama to the debate with his famous response that it seemed that Britain’s strength now ‘depended on the proceeds of a squalid little raffle’, suggested with heavy-handed humour that the Conservative Party would fight the next election on the slogan ‘Honest Charlie always pays’.\(^{79}\) Somewhat ironically, since they like so many savings-related innovations had been inspired by the deeply religious Lord Mackintosh,\(^{80}\) premium bonds excited no small measure of opposition from the Church and other moralists. Donald Coggan, then Bishop of Bradford, claimed that ‘already in England betting is a major curse. What the country needs is not an incentive to the spirit of gambling but an incentive to honest hard work’. The Bishop of Birmingham, Dr J. L. Wilson, thought that ‘such a policy ... is a reflection of the weakness of our times’, while a letter from Sheffield bearing a number of signatories preached that ‘The Christian believes that the principle of ‘something for nothing’ is of the nature of sin’.\(^{81}\)

Publicly, Macmillan defended what would prove to be the most popular ever peacetime inducement to savings (23 million people owned premium bonds in 2004\(^{82}\)) against the charges of gambling on the grounds that the sum invested could never be lost. The original first prize of £1,000 was really quite modest. It would have been less

\(^{78}\) *Times*, 18\(^{th}\) April 1956, p. 10
\(^{79}\) Ibid, 19\(^{th}\) April 1956
\(^{80}\) Inman, R. F., Harold Vincent Mackintosh (1891-1964), *Oxford DNB*
\(^{81}\) *Times*, 19\(^{th}\) and 21\(^{st}\) April 1956
\(^{82}\) NSI: Brooks, (2004)
than half the average price of a house (£2,280 in 1956). A spokesman for Copes football Pools thought the prizes insufficient to ‘really compete with our business at all’. Privately, perhaps inspired by a letter from the general secretary of the National Sunday School Union informing him that ‘a state-sponsored system of gambling must set the seal of approval to an evil which makes for moral slackness’, the reluctant Chancellor confided some pertinent lines to his diary:

*Oh that there might in England be*
*A duty on Hypocrisy!
*A tax on Humbug; an excise
*On solemn plausibilities!*

Henry Luttrell

Harold Macmillan, possibly apprehensive of his own assessment, made no attempt to introduce such potentially lucrative measures before leaving the Treasury to take up the office of Prime Minister.

Against a background of a strengthened economy, the 1957 annual Budget was presented on 9th April by Macmillan’s confident new Chancellor, Peter Thorneycroft. It offered a mixed package of generally optimistic moves and helped set the scene for the far reaching changes in consumer attitudes so often claimed to date from the summer of that year. Dramatically cutting the price of petrol by 1s per gallon would prove a compelling inducement to motor-car acquisition. Reductions in the rates of purchase tax on furniture and other household requirements could not have but encouraged spending in a Britain where many were still ‘making do’ with pre-war essentials. Thorneycroft was well aware of the anticipation of higher standards of living and that failure to deliver them would increasingly mean losing the trained, the competent, and the financially upwardly-mobile to more affluent countries. Probably his extension of child allowances until the completion of full-time education, as well

---

83 Appendix V
84 *Times*, 19th April 1956
85 Ibid
as a mild incentive to encourage further education, was a seminal attempt to address the growing problem of the ‘brain drain’. James Griffith for the Opposition condemned it as a ‘middle-class Budget’ but it did contain at least one concession which would be popular with all classes: the long-overdue removal of entertainment duty on live theatre and sport.\(^{87}\)

The Chancellor could not have failed to be aware of the meteoric rise in television viewing and of the necessity to support the commercial interests of live entertainment and other leisure activities suffering this unprecedented competition. Financial incentive was an essential factor in the initiation of the celebrated youth culture of the late fifties involving the rise of pop music, satire and provocative ‘new wave’ plays. The transpiring exaggerated criticism of the allegedly morally destructive effects of the extravagance of a generation excited by such entertainment was almost invariably unfounded, and sometimes little short of ridiculous. The Bishop of Woolwich wrote to \textit{The Times} on the subject of ‘Rock 'n Roll’: ‘The hypnotic rhythm and the wild gestures have a maddening effect on a rhythm-loving age-group and the result of its impact is the relaxing of self-control’.\(^{88}\) Realistically, young people were induced to do little other than buy more gramophone records and become more innovative and individualistic in dress. Although juvenile crime did double between 1955 and 1959,\(^{89}\) the causes were complex and there is no sustainable evidence that changing patterns of consumption or popular culture were significant contributory factors.

It is impossible to demonstrate that any form of consumption \textit{per se} has ever had an appreciable bearing upon standards of behaviour, morality or religious observance. In particular, there is no correlation between the rise of affluence and the decline in churchgoing. At the beginning of the 1950s, according to Arthur Marwick, 11\% of women and 7\% of men were regular churchgoers; 45\% attended once or twice a year, while 40\% did not attend at all.\(^{90}\) There was, in fact, a considerable religious revival

---

\(^{87}\) \textit{Times; Financial Times}, 10\(^{th}\) April 1957  
\(^{88}\) \textit{Times}, 14\(^{th}\) September 1956  
\(^{89}\) Sandbrook, (2005), p. 418  
\(^{90}\) Marwick, (2003), p. 80
after the war. In the fifties Church of England membership rose by 24%\(^{91}\) although habitual congregants never amounted to more than 10% of the population. In the mid fifties the crusades of the American evangelist Billy Graham attracted huge numbers back to the church\(^{92}\) but his hypnotic effect was short lived. In the 1960s the additional worshippers of the prior decade had almost all vanished\(^{93}\) but not simply due the allure of high living. Financial support by large numbers of individuals for either church or charity\(^{94}\) had never been sufficient to enable any great significance to be attributed to the small number who might have relinquished their contributions in favour of self-indulgence. It did not follow from the reduction in church attendance that Christian teaching ceased to be influential in encouraging self-denial, conspicuous modestly and the virtue of charity. Private voluntary contribution, inspired by both religious and secular motives, even when they were most deprecated, always played a positive role in British lives.

Among Britain's best known and most conspicuously active charities, for almost a century, had been the Salvation Army. A Mass-Observation survey in May 1946 reported that 74% commented favourably on the sympathy, practicality, and religious sincerity of the organisation while only 2% were 'very critical'; their main complaint being that they found the 'music and religion irritating'.\(^{95}\) Salvation Army members habitually continued to make countywide collections in public houses and at street-corner concerts ostensibly to fund the Army's wide range of often undervalued assistance for the less privileged. Realistically, their greater purpose was the promotion of its evangelistic message.\(^{96}\) The yield from the spare change proffered would have been a drop in the ocean to the budget required to support the sizeable organisation and wide range of social services it undertook. While it always allocated a comparatively high budget to publicity and appeals, the Salvation Army always amassed the bulk of its funding from private sources; donations and bequests from wealthy philanthropic patrons, the profits of its private bank and, most remunerative

---


\(^{92}\) Brown, (2001), p. 173

\(^{93}\) Garnet and Weight (2004) p. 88

\(^{94}\) See Chapter 4, pp. 175 et seq.

\(^{95}\) MO: FR 2387, 'Attitudes to the Salvation Army', pp. 10-11

\(^{96}\) Salvation Army Heritage Centre (SAHC): Minutes of Publicity Council Meeting, 31st October 1945
of all, its insurance company. The Salvation Army Insurance Company was founded in 1892 with the mission of ‘raising of funds substantial, continuous and increasing for the support of our great Salvation Army’, which might have been hard-pressed to survive the post-war years had that support not been forthcoming.

Records at the Salvation Army Heritage Centre confirm the decline in enthusiasm for personal charitable donation discussed in chapter 5. Whereas the 1944 annual broadcast appeal by Mrs Beatrice Eden, wife of the future Prime Minister, had raised the substantial sum of £8,343, in 1951 irrespective of the inflation of the intervening years, a similar appeal by Richard Dimbleby, the BBC’s most successful fundraiser, yielded less than £3,000. The reduction was ascribed by the Salvation Army not so much to a lessening in sympathy for war victims, the sick and ailing, or those suffering poverty, but to the rise of the welfare state and the widely-held contemporary view that it would or should render charity redundant. Frank Prochaska notes the regrettable problems for charities in adapting to ‘the complex and compromising world of state social provision’ when it was assumed that with cradle to grave state benefits, donation had become ‘unnecessary and inconsequential’. Charities were no longer newsworthy and, according to charity historian David Owen, the voluntary sector had become a ‘junior partner in the welfare firm’. It must be re-emphasised that such opinions and the set-backs that they certainly caused did nothing to deter those prone to benevolence who proudly persisted in their vibrant unpaid work. The foundation of many formidable charitable institutions can be traced to the post-war aspirations of that dedicated minority: among others MIND (1946), War on Want (1951) and The Samaritans (1953).

At the present time, after sixty years of a comprehensive welfare state when the argument that many charities should be redundant is more sustainable than in the post-

---

97 War Cry, 5th January, 1935, p. 2
98 Appendix II
99 Nightingale, (1973), p.118
100 SAHC: Minutes of Publicity Council Meeting, 22nd February 1951
101 SAHC: Gordon Taylor, archivist; See Chapter 5, pp. 175-176
war years, willing voluntary response to every worthy cause promoted by the media through national appeal days, sponsored events, disaster funds and in many other ways has grown out of all proportion even to affluence itself. The rise in mass-communication, in particular through the graphic illustration of television, has brought with it an unprecedented understanding of and sympathy for the plight of others. In 2005-06 of the £8.9 billion (90 times greater than in 1969)\textsuperscript{105} which was donated to charities, 40% went to medical research and 20% to overseas aid\textsuperscript{106} to relieve suffering generally beyond the personal experience of the donors. More positive opinions of and support for charity can be observed to have developed from the late 1950s concurrently with growth of financial confidence and waning compulsion to save. The proliferation of present day gratuitous generosity is probably the most positive development in British attitudes to personal finance in the second half of the twentieth century. Disdain and apathy has been transformed into unmatched generosity.

In the avowed spirit of the organisation, far from creating despair, the post-war antipathy to charity made the Salvation Army even more determined to promote its endeavours. It was well ahead of many of its commercial contemporaries in mastering and exploiting emerging techniques of mass marketing and publicity. Lloyds Bank’s annual pre-war advertising expenditure had never exceeded £20,500 and was reduced to an annual average of less than £12,000 in wartime, rising to £24,000 in 1945-46.\textsuperscript{107} In that year, the publicity budget of the Salvation Army, wealthy but a financial dwarf by comparison, was as much as £20,000. As early as 1945 this non-commercial purveyor of religion and charitable benevolence was regularly making films to promote its work and planning a major production for the Festival of Britain six years hence.\textsuperscript{108} It is remarkable that an organisation concerned primarily with spiritual matters should so precede the great commercial institutions in its appreciation of the necessity for proactive marketing in the changing spiritual world of the twentieth

\textsuperscript{105} Nightingale, (1973), p. 99; Halsey and Webb, (2000), The income of all charities in England and Wales was estimated at £42.5 million in 1934), p. 589


\textsuperscript{107} LTSB: HO/GM/Adv/2, 1678, ‘Advertising 1931-72’, Minutes of Advertising Committee, Entry 21\textsuperscript{a} April 1947

\textsuperscript{108} SAHC: Minutes of Publicity Council Meetings, 31\textsuperscript{a} October 1945
century. In the secular world of the bankers, whose *raison d’être* was profit from business, advertising was still thought demeaning to their reputation for integrity. Crossing the threshold into the common marketplace was delayed until inevitable.

Lloyds Bank did not consider the use of films for promotional purposes until 1962 and then expressed doubts that an annual budget of £25,000 could be used.\footnote{LTSB: HO/GM/Adv/2, Entry 17\textsuperscript{th} June 1966} Six years later a memorandum to the Deputy Chief General Manager stated ‘We still have in mind the production of a film’. Another fifteen months passed before, in July 1969, a further memorandum informed the board that a sixty-second advertising film for showing at cinemas was ‘nearing completion’ and a second was in course of preparation. Twelve months later the board would learn that the first two Lloyds Bank commercials had been well received in 200 cinemas since the beginning of the year.\footnote{LTSB: 1678, Advertising 1931-72, ‘Memoranda from Advertising Committee to Board’, 19\textsuperscript{th} April 1968, 18\textsuperscript{th} July 1969 and 31\textsuperscript{st} July 1970}

A review of Lloyds’s and other bank publicity in the 1950s is particularly pertinent to an appreciation of the then prevailing attitudes to personal expenditure. One widely placed 1955 advertisement promoting foreign travel services commences: ‘You would not begin a journey across Britain by loading your car with enough petrol for the whole trip’. From today’s perspective we might ask what inspired Lloyds Bank to equate the security of the traveller’s cheque, cashable where and when required, with making unnecessary refuelling stops? The risk involved in carrying cash when abroad is considerable, while the chance of the theft or loss of a tank of petrol while driving across Britain is virtually non-existent. Bank advertising often took the arrogant approach that those lacking an account could have no concept of the management of their financial affairs (hence £ for the learner’s L). They would needlessly still buy small quantities at a time, just as they had at the peak of austerity. Petrol rationing had ended five years earlier.
You would not begin a journey across Britain by loading your car with enough petrol for the whole trip. The same applies to your cash requirements. The experienced traveller knows that Lloyds Bank Travellers' Cheques enable him to 'fill-up financially' as he goes. They can be cashed at any of the 1,700 offices of Lloyds Bank and, if need be, at the branches of almost all other British banks, and they are accepted by many hotels and stores.

Lloyds Bank Travellers' Cheques can be obtained in units of £2, £5, £10 and £20, from any branch of the Bank and represent one of the most convenient ways of carrying travel money anywhere in the world.

*L* Ask at any branch of Lloyds Bank for details of these facilities.

**LLOYDS BANK TRAVELLERS' CHEQUES**

Banks, in common with building societies, were with good reason, wholeheartedly convinced that their traditional and proven methods were beyond reproach. A customer was expected to, and in practice usually did, build up a relationship of mutual trust and respect with his manager which allowed him to openly, fully and honestly discuss all his financial affairs. Once that trust had been established the manager could furnish his customer with credit facilities as required without excessive bureaucracy and provide a range of investment and financial advice undaunted by threat of legal action. Unprofessional and hazardous as that imperfect system now sounds, it worked well and most bank managers did offer practical assistance and genuinely valuable counselling based on a complete understanding of their customers’

---

111 Ken Culley, interview 30th August 2007
affairs. With expansion, internal reorganisation and mechanisation, banks would slowly and reluctantly lose the benefits of the personal touch. These changing policies created increasing problems for the banks' advertising agents who were faced with the formidable task of convincing prospective new customers that overall efficiency was preferable to the type of service which they had once taken for granted.

Also during the 1950s banks began to appreciate that there were many married and even unmarried women requiring accounts in their own names. This should hardly have come as a revelation since it was customary for women not only to pay the shopping bills but to control the entire household budget. Working-class wives, especially, needed a firm grasp on financial matters. It was they who queued at the gas, electricity and water board offices, and at the Town Hall rating office to pay in cash while their husbands were at work, and it was they too who paid the tradesmen, the rent, National Savings contributions, credit instalments and insurance premiums when the collectors called at the door.112

Middle-class men, often assuming their wives' financial illiteracy and without their involvement, settled bills by cheque through the post. A respectable married man was expected to generate the income that supported his family and was assumed to control its disbursement. Where a wife contributed to the household budget, either from work or private means, it was a humiliation to be concealed from friends, neighbours, and local suppliers. Inability to support a household was considered a shameful admission of failure. When a wife's employment became a financial necessity husbands would, from my own experience, try to pass it off as an insignificant leisure interest. In the early 1970s it was still rare for men, middle or working-class, to encourage their wives to take up paid employment. Most 'did not like the idea' because they thought that there was 'enough to do at home' and that work would conflict with it.113

Nearly half of the middle-class housewives interviewed in the Mass-Observation survey of September 1949 revealed that they were fully aware of the cost of all they

112 PGA: Prudential Bulletin, January 1948, p. 5; H. Kaye, 7th June 2005
paid for themselves, but often ‘could give no estimate of their annual expenditure on heating and lighting [because] my husband looks after that sort of thing’. 114 Where a married man had a bank account his wife usually did not. Contemporary bank advertisements condescendingly implied that that was due to middle-class women having no understanding whatsoever of the function of a bank. Typical of their approach is the Lloyds Bank advertisement, ‘Then you won’t require my husband’s signature?’ in which a smartly-dressed lady evidently finds it most revealing and reassuring to learn that ‘the day has gone when husbands regarded their wives as chattels’ and that her own transactions will be ‘treated with inviolable confidence’.

The attitude of bankers to the ability of the working-class to responsibly operate bank accounts was even more patronising than it was to middle-class women. It could

114 MO: FR 3161
hardly have escaped the banks' notice that the incomes of well-paid workers were approaching or even overtaking those of a growing proportion of their traditional customers. The Midland, then by far the most prolific advertiser with a 1956 budget of £156,000, more than double that of National Provincial (£76,000) or Barclays (£74,000)\(^{115}\) came out firmly against the idea of expenditure on advertising to attract wage earners. Their Business Development Committee, having concluded that such a campaign would require to be launched with 'definite tangible inducements', cautiously passed a resolution to set up a committee 'with best brains' to look at attracting the accounts of workers in the light of an inter-bank agreement not to offer free banking terms.\(^{116}\)

Even less were the banks yet ready to encourage borrowing. Due to a series of credit squeezes demanded by the Treasury it would not be until the mid 1960s that the ratio of lending to deposits would return to its 1939 level. Lending patterns varied a great deal but in 1960 were still well short of their pre-war peak. While the detailed branch reports of William Deacon's Bank may not necessarily reflect the situation at all other banks, two examples can be cited as illustrations of the continuing reluctance to lend and probably to borrow. In 1960 Blackpool Church Street was lending just 8.3% of its deposits, as against 67.96% in 1939, and Blackburn 16.6% against 48.69%. As the decade progressed and credit restrictions eased the lending ratios and profits of both these and other William Deacon branches firmed substantially.\(^{117}\)

Even when the Treasury loosened its chains, the banks continued to observe their time-honoured golden rule which Ogden Nash expressed so astutely: 'Never lend money to anyone unless they [can prove they] don't need it'\(^{118}\) and remained highly selective, not only in their attitude to prospective borrowers but to the security they might offer. Private property was frowned upon; the preference was a charge on readily realisable investments like equity in an endowment policy, savings certificates, gilt-edged or blue-chip stocks and shares. The latter frequently carried a higher risk of

---

\(^{115}\) HSBCG: 0200/102 'Second Report of the Business Development Committee', February 1957

\(^{116}\) Ibid 'First Report of the Business Development Committee', October 1956

\(^{117}\) RBSG: WD/377/3, William Deacon's Bank, 'Particulars of Branches'; See Chapter 3, p. 84

\(^{118}\) Nash, Ogden, 'Bankers are Just Like Anybody Else, Except Richer' in Collected Verse from 1929 On, (Dent, London, 1961), p. 158
depreciation than property but, although an exceptionally rare occurrence, banks like building societies, feared nothing more than the adverse publicity which might surround the repossession of a customer's home. Private lettings or commercial property investments were usually judged unduly speculative and vulnerable. The overriding factor in granting facilities was never a numerical approach to the calculation of financial strength but the manager's judgment of his customer, which if favourable enough, might mean that even the need for security could be dispensed with.

Although the demand for credit was the acknowledged most common reason for a new customer to open an account and lending at interest was always a principal source of revenue, no advertisement would ever fully clarify a bank's loan policy. No bank ever formally published a scale of charges. Usually a discretionary sum reflecting the manager's opinion of how the account had been administered would appear each half year on a barely legible machine produced, hand-typed or, in smaller branches still handwritten, statement. It was often impractical to take into account the number of transactions, the supposed basis of calculation; to do so might have involved hours of laborious and uneconomical manual counting. Reconciliation of charges with usage of the bank was usually impossible and in the absence of computers the complex calculation of overdraft interest on an active account was often simply a 'guesstimate'. If questioned, the interest and charges could be settled by quiet negotiation in the manager's office. In 1947, Mass-Observation's accountant diarist recorded winning 'quite an argument' with a bank manager over the method of charging interest on one of his client's accounts.¹¹⁹ He might well have found himself championing his clients in similar fashion for the coming two decades.

Arithmetical errors rarely occurred because, however long it took, no clerk was allowed to leave his branch, even if it meant staying into the small hours, until the day's transactions were agreed, literally to the last penny. A lecture I attended in about 1959 entitled 'A Banker Looks at Accounts' created a lasting impression since the meticulous approach of banks towards individual transactions then seemed so completely at odds with the revealed general perfunctory approach to the

¹¹⁹ MO: Diary 5076, Entry, 25th September 1947
disbursement of their customers' funds. The lecturer, a senior executive of the Midland Bank, asserted that a manager's personal judgment of a customer's character was infinitely more relevant and reliable as a lending criterion than his financial records, tactlessly implying to an audience of aspirant accountants that accounts, which he seemed to hardly comprehend at all, were all but irrelevant and ignored. Not long before, the son of a 'prominent banker' had written to The Times that his father 'deprecated the modern system by which practically any customer who could deposit the necessary security was able to secure a loan without regard to personal considerations'.

Francis Holford, a senior City commercial accountant, recalled that as late as 1967 'the bank manager didn't see the firm's accounts. They [the partners in his firm] were in business as individuals, unlimited liability, and they thought that was good enough for anybody who wanted to assess the creditworthiness of the company'.

Building societies, a uniquely British institution, also selected their borrowers with perfunctory interest in their proven creditworthiness and arguably with undue reliance on a survey valuation, which applicants paid for but never saw. In countries such as the USA, which have never had buildings societies, the amount of a loan was determined, not by its intended use, but according to a thorough assessment of the applicant's 'net worth'. The price, valuation or state of repair of the property to be mortgaged was of secondary significance compared to the pre-eminent concern of a mortgagee: the borrower's ability to maintain repayments. British mortgage providers could be either extremely flexible or totally inflexible in their interpretation of either or both the survey valuation and the applicant's financial status. Their decision was dependent on their current quota of lending funds, since building societies then had no access to wholesale money markets. The process of securing a mortgage was a prolonged and painful masquerade, the conclusion of which was determined by the quota remaining available at the branch and the manager-customer relationship. Irrational and harrowing as the system was (and, in a different format, still is), the

---

120 Times, 1st September 1958, Letter to the Editor from H.C.C. Batten
121 Thompson, P., (1997, part 1), City Lives Interview no 67, Francis Holford on joining Rudolf Wolff, p. 300
122 Ken Culley, interview 30th August 2007
123 Ibid
British were never discouraged, and the popularity of private property investment has continued to escalate unabated. In 1951 the demand was everywhere in evidence, but houses for sale remained few and far between.

In the words of Paul Addison: ‘When the Conservatives came to office they gave full rein to private enterprise and encouraged building not only by the local authorities but by private builders as well ... and the production of houses did increase’.124 Nearly 2½ million new houses were built in the 1950s, and regardless of the ever-present nightmare of legal and financial bureaucracy owner-occupation reached 42.3% by 1961.125 Englishmen who aspired to a home that would be their castle moved their savings from the banks or National Savings to the building societies. The societies not only had begun to offer marginally better rates of tax-free interest, but the commonly held belief that they prioritised depositors’ (‘shareholders’ was the preferred term) mortgage applications had become slightly more plausible. While they paid lip service to reciprocal loyalty, in practice, all that a well-favoured applicant need do to secure an almost instant mortgage offer was to be seen to invest a nominal sum, sometimes just for a matter of days.126 No mercy was shown to any applicant unable to raise an adequate deposit, whose references were unsatisfactory or who was simply judged unsound and refused for undisclosed reasons. These methods, although often brutal undoubtedly worked, since default or repossession were almost unheard of; but as one writer put it, ‘the journey leading to the final destination, the purchase of a house, was a formidable pilgrim’s progress of almost overwhelming obstacles’.127

While a remarkable number of more prudent workers managed to overcome these obstacles, wage-earners were and would remain for some time, severely handicapped in the mortgage stakes; if for no other reason than the improbability of them being known to the local society. Applicants unable to prove long-term regular employment or income, or having the slightest blemish on their moral or legal record, (divorce, job dismissal, minor conviction, County Court judgment etc.) were disqualified without

124 Addison, (1985), p. 62
126 Ken Culley, interview 30th August 2007
appeal. Those who crossed the finishing line were rewarded with an increase in their PAYE code number for income-tax relief on their annual mortgage interest and the possibly more valuable award of full deduction in their assessment to surtax.\textsuperscript{128} If they covered their mortgage or chose to repay it with an endowment life assurance policy, the premiums too were subject to partial income-tax relief.

Owner-occupiers also found themselves subject to, albeit no longer onerous, Schedule A income tax, since a home was then regarded as a taxable benefit. This tax was based on the rateable value (notional rent) of the house, but no revaluation had been carried out since before the war, hence the 1950 values were considerably understated. Schedule A was abolished in 1963, but interest paid on home loans continued to be relieved in full until 1974/75, irrespective of the size of mortgage. Thereafter, relief was limited to interest on £25,000 (£30,000 from 1983/84) and from 1990/91 reduced to standard rate before being completely withdrawn on 5\textsuperscript{th} April 2000.\textsuperscript{129} Until then, successive governments of both parties had made substantial contributions towards the purchase of almost all private houses.

Before the end of the 1950s those who had moved into the highly subsidised but unpurchasable houses rented from local authorities found themselves no longer either occupying palaces for the people or dwelling in the classless village communities of Aneurin Bevan's dreams. Some of the older council estates, in a remarkably short time, had begun to deteriorate into soulless segregated areas. In the newer ones, not only had the quality of building standards fallen but living space had contracted.\textsuperscript{130} Few tenants, short of winning the football pools, would have a realistic opportunity to escape into the private sector. They were assumed to be grateful to have a low-rent roof over their heads, irrespective of how well or badly that roof was constructed:

When Harold Macmillan was appointed Minister of Housing in October 1951 his brief from Churchill had been to 'build houses for the people'.\textsuperscript{131} To Macmillan that meant quantity not quality. The number of local authority managed homes completed

\textsuperscript{128} *Daily Mail Tax Guide*, 1946/47 et seq
\textsuperscript{129} HM Revenue & Customs, www.hmrc.gov.uk/library
\textsuperscript{130} Burnett, (1993), p. 300
\textsuperscript{131} Catterall, ed., (2004 ed), Entry 28\textsuperscript{th} October 1951, p. 113
between 1951 and 1955 would not be surpassed in any comparable period, although as \textit{The Economist} explained, that record was not achieved from a standing start. When Labour left office the number of houses under construction was rapidly rising but the new government would take credit for their completion. The same article noted that ‘Dr Dalton ... shouldered the unpopularity of seeming to lower standards and Mr Macmillan can take advantage of the change without the opprobrium of having initiated it’.132

When in 1952 Macmillan abolished the war-measure building licences which had so severely restricted private construction he referred ambiguously to a ‘housing policy, which will have regard to the desire of many people to own their own homes [being applied] with common sense’.133 Private sector building thus remained constrained and with it the housing market. Average prices hovered at just over £2,000 throughout the five years of Macmillan’s ministry, before beginning a slow and erratic fifteen-year climb to the boom years of the 1970s.134

The Housing Minister, determined to achieve completion targets at all costs, placed his rivalry with the Chancellor R. A. Butler before either the interests of those in need of homes or of the economy in general. Macmillan particularly reveals his ruthless competitive spirit in a vicious exchange recorded in his 1952 diary: ‘Butler wants to cut the housing programme ... When the Cabinet supports me ... he turns and says ‘I’ll cut your steel and timber’. ‘When I say ‘All right I’ll build with less timber and steel’, then he takes another twist and says, ‘All right I’ll cut your money’’.135 Deteriorating quality warrants no mention in Macmillan’s private musings, but at least twenty-four entries record his almost childlike delight on receiving returns which show completion numbers creeping up on and eventually surpassing his magic target of 300,000 per annum.136 In February 1954 he wrote ‘319,779 [the total for 1953] - Even the \textit{Times} calls it ‘the Minister of Housing’s triumph’’.137 While that brought him self-satisfaction and personal political capital, many serious social problems would be later

\begin{footnotes}

132 \textit{The Economist}, 10th November 1951, p.1094  
133 Daunt, (1987), p. 78  
134 Appendix II  
136 Ibid, Entries between 15th December 1951 and 29th September 1954, pp. 123-357  
137 Ibid, Entry 6th February 1954, p. 290
\end{footnotes}
attributed to the cheapened, heartless and over-crowded estates of the 1950s. He cannot, of course, be held responsible for the even more anti-social high-rise constructions of the subsequent era but Macmillan saw no reason to provide anything too grand for the masses. He betrayed his evident opinion of his fellow Britons, unworthy of pearls before swine, when he wrote: 'eighty years of compulsory education have produced an electorate that is practically illiterate'. These same illiterates supported the great publishing house to which the next Prime Minister owed his personal fortune.

Martin Daunton argued that local authorities were less hesitant to sell than tenants were reluctant to buy. Given that when freeholds were offered the price was heavily discounted from market value and usually affordable, it is surprising that demand was not greater. Daunton gives no specific reasons for the reluctance to accept, but as has been seen, council tenants were not alone in being deterred from applying for finance by the attitudes to wage-earners of mortgage providers who, for all their public rhetoric, often refused them outright without explanation. Local authorities, in practice, tended to discourage sales, since it was simpler to manage complete estates without the inconvenience of dissenting private owners. Although the Housing Act 1957 did clarify the terms under which tenants could purchase their homes from local authorities the rate of take-up failed to accelerate. Following the re-election of a Labour Government in 1964 virtually all council house sales were, in any case, barred until Margaret Thatcher's Conservative Government passed The Housing Act 1980 and gave tenants the absolute right to buy.

The success of Macmillan's housing programmes meant that, with a growing number of people with homes to furnish, the demand for personal credit rocketed in the 1950s. The temptation to lower the curtain on abstention from personal debt had begun to prove too strong to resist. Salary and wage levels were higher, interest rates were still

---

139 Catterall, ed., (2004), Entry 2nd October 1951, p. 104
140 Daunton, (1987), p. 79
141 Ibid, pp. 31 and 131
142 Ibid, p. 79
modest and almost full and secure employment endured. In addition to household furnishings and appliances, expenditure on motor cars and motorcycles increased dramatically from £94 million in 1950 to reach £325 million in 1957. The ownership of a private vehicle, more than any other form of conspicuous consumption, now met and set the conventions of social status.

In 1950 Britain had been the world's greatest motor-car exporter but by 1956 the industry was struggling to stay abreast of the German manufacturers, edging ahead not only in output but in technology and design. In an attempt to compete, creative new British models were launched onto a home market buoyed by heightened awareness of the practical uses and prestige enhancing qualities of an affordable vehicle. Those induced to buy would have no difficulty in obtaining sympathetic assistance from a choice of burgeoning and thriving finance companies, now often run by motor dealers themselves. With the re-emergence of hire-purchase, for the post-war generation in many cases a novelty, predictably came disapprobation from their elders for making excursions 'into the alluring but unhealthy Never-Never Land'. Cautionary tales like the book and film *Live Now Pay Later* continued to expose the revival of some of the pre-war sharp practices now allegedly defying the Hire Purchase Acts. In 1956 the popular press was forced to abandon an investigative campaign against the 'great scandal of hire purchase' due to lack of evidence. *The Times* pointed out how easy it was to sidestep the law with the simple device of 'hire without purchase'. All warnings and censure would prove cries in the wilderness, unheard against the clamour for credit. The long-locked casket holding the Aladdin's lamp of modernisation was reopened. Lord Mackintosh, realistically, had to explain to a delegate at the National Savings annual assembly advocating 'saving over credit' that much of British industry was now geared to hire purchase. It had come to stay and without it there would be an enormous unemployment problem.

---

143 Williamson, (1990), Between 1948 and 1957 unemployment benefit claimants rose only from 1.2% to 2.1%, p. 99
144 Ibid
146 Times, 1st September 1958, Letter to the Editor from C. K. Allen
148 Harris et al., (1961), p. 25
149 Times, 28th August 1956
150 Business Credit, July 1954
By the end of the 1950s, as with television and electrical appliances, so the luxury status of the motor car had begun its evolution into a basic requisite of everyday life and credit purchase had become an acceptable normality. In 1952 just 14,048 (7.9%) new private vehicles of 180,000 registered had been acquired with hire-purchase contracts. The following year the number almost doubled to 26,486 but that was still only 9.1% of sales.\(^{151}\) By 1954 with a substantial boost in home-market production and more readily available finance, of 386,000 new registrations 52,800 (13.7%)\(^{152}\) were subject to hire-purchase agreements. More significantly the purchase of 253,463 second-hand cars was similarly financed, compared to 90,587 two years earlier.\(^{153}\) This rapid surge in borrowers was galvanised further by the removal of all restrictions on hire-purchase terms in July 1954: a euphoric situation destined to survive just seven months.\(^{154}\) Yet hire purchase itself was another sphere of industry where Britain was lagging behind its competitors. In France one third of all motor cars sales were by now subject to credit term contracts.\(^{155}\)

Apart from the not totally exorcised British aversion to debt and wariness of dubious providers of finance, the spread of hire purchase continued to be obstructed by a string of legal regulations. The government was aiming to increase money supply and control inflation, but the result of its measures was a decade of loss of momentum in demand for motor cars and consumer durables, punctuated by upturns in sales as and when restraints were relaxed or removed.\(^{156}\) Between February 1952 and June 1962 there were no fewer than twelve changes to the levels of minimum deposit and limitations of repayment period for both private and commercial vehicles. In 1960 a meeting of the leading figures in the motor industry, including the head of Ford, Sir Patrick Hennessy and Lord Rootes, resolved to strongly forewarn the Board of Trade of the urgency to encourage home sales in an ailing export market. Apprehensive of the strength of foreign competition, they commented that ‘a relaxation of hire-

\(^{151}\) NA.PRO: BT/70/677; Hire Purchase Journal, February 1954, p. 12
\(^{152}\) NA.PRO. BT/258/458: ‘Ministry of Transport New Registrations of Private Cars and Percentage on Hire Purchase Agreements 1946-1954’, ‘Hire-Purchase Contracts Effected in the UK’, Tables 1 and 1(A)
\(^{153}\) NA.PRO. BT/70/677, ‘Supplement to Appendix A’
\(^{154}\) Harris et al., (1961), p. 299
\(^{155}\) Business Credit, March 1954
purchase restrictions would be little more than a palliative’ but exerted all the pressure they could muster for government action. ¹⁵⁷ In January 1961 the maximum repayment period was extended to three years, and all controls were finally repealed the following year.

For those not yet aspiring to the acquisition of a motor car or other substantial purchases appropriate to hire-purchase finance, the most socially acceptable form of term payment was the ‘mail-order club’. Mail order had been a feature of working-class life from the nineteenth century but had almost disappeared in the war years with factory requisitioning, import limitations and manufacturing controls. As an increasing range of much needed clothing and domestic products once again became available, the ‘big five catalogue companies’ (Empire Stores, Freemans, Grattan Warehouses, Littlewoods and Great Universal Stores (Kays)) were revitalised and their activities snowballed at an astonishing pace. To these enterprising organisations must be attributed the achievement of bringing untainted and rarely criticised credit to the masses.

The greatest innovator in the field was John Moores (1896-1993) who from the humblest of origins became a multi-millionaire with the establishment of Littlewoods Football Pools, and later its mail-order arm and nationwide chain of retail stores. In 1932 he and his brother Cecil, inspired by marketing theorist Max Rittenburg ¹⁵⁸ and the success of the Sears Roebuck and Montgomery Ward mail-order clubs in America, sent out 20,000 letters to their football-pool investors (as they were always termed). Just seventeen ‘twenty-week clubs’ resulted from the first mailing. From that unpromising start, by 1958 Littlewoods’ mail-order division reached a turnover exceeding £50 million and had over 10,000 employees. It is worth mentioning that Moores, for all his fabulous wealth, never forgot his deprived upbringing, avoided all conspicuous consumption, and was firmly ‘against all ostentation’. ¹⁵⁹

¹⁵⁷ NA.PRO. BT/213/111: ‘Changes and rates H. P. Restrictions’, (Discussion at NACMMI meetings, May and December 1960)
¹⁵⁸ Coopey, Richard, O’Connell, Sean, and Porter, Dilwyn, Mail Order Retailing in Britain: A Business and Social History, (OUP, Oxford, 2005), p. 95
The Economist reported that between 1950 and 1959 mail-order sales had expanded by about 15%; twice as fast those of conventional retail outlets.¹⁶⁰ The 1961 census unofficially estimated that one million people, almost all of them women, were commission-earning agents,¹⁶¹ while by the end of the decade it was thought there were as many as 2½ million.¹⁶² Dilwyn Porter describes this simple unsecured form of credit as 'especially attractive to the upwardly-mobile working class who had turned their backs on the tallyman'.¹⁶³ The final and welcome demise of tally trading and a substantial reduction in check trading were direct results of the rise of the home-shopping catalogue. The mail-order club demanded no security, required no proof of status, ostensibly charged no interest, and most attractive of all, involved no contact with a bank or finance house. Originally these benefits to the customer were not intended as unique marketing propositions; they were devices to avoid the legal complexities relating to married women and credit, but such precautions soon became redundant.

There were a small number of professionals who made a living as agents, some employing sub-agents, but the overwhelming majority of mail-order club organisers were individuals simply working on their own account. The women were much more concerned with the social benefits of an excuse to visit friends and neighbours than the 4s to 7s per week they derived on average for what appears to be an incredible amount of work.¹⁶⁴ Peter Fattorini the grandson of the founder of Empire Stores recalled his father saying that 'it was amazing how the mail-order business carried on when basically a group of people who had no formal business education ... a lot of them with not much education anyway ... took credit decisions, collected the money, filled in the paperwork for you ...'¹⁶⁵ Not only did they do all that, but the local representatives proved the most effective of unpaid debt collectors, since 'only the toughest of customers would delay payments to an agent whom they were likely to

¹⁶⁰ The Economist, 27th February 1960
¹⁶⁴ Coopey et al, (2003), p. 120
¹⁶⁵ Ibid, p. 119
encounter every day'. The club agents, like their contemporary bank managers, used no method to assess their members' creditworthiness other than their personal knowledge and judgment of the individual.

The prices in the heavy catalogues that all agents carried from house to house were rarely discounted from similar goods in the shops, but the convenience and benefit of an unconditional interest-free instalment plan invariably outweighed cost saving concerns. The mail-order houses would through the 1950s extend ever greater credit, encouraging schemes to enable additional orders to be financed while prior instalments remained outstanding. Such arrangements, far from causing financial difficulties, bought the continuous loyalty of group members; often for many years.

To its promoters mail-order trading proved extremely profitable, since not only were their overheads lower than the high-street stores but profit margins were generally higher by virtue of economies of scale and charges to manufacturers and distributors for featuring their products in the catalogues. Littlewoods' mail-order clubs were described in 1936 as 'a wonderful business actuated by the highest ideals of philanthropy ... except of course to the retail trader, who pays local rates but whose customers are being urged to set up shop without capital ... to make profits without risk'. Although there was more than a grain of truth in that statement, there is no evidence that mail-order clubs at any time posed a serious threat to traditional retailers.

To working people in post-war Britain the benefits of home shopping were essentially practical as most could normally visit the shops only on Saturdays, and not always then. The law, until repealed by the Sunday Trading Act 1994, prohibited practically all retailing on the Sabbath. The mail-order club enabled workers, unconcerned by shop hours, to inspect the glossy images of between eleven and twelve thousand

---

166 Coopey et al, (1999), p. 270
167 Coopey et al, (2005), citing Credit World, February 1936, p. 37
desirable items at their leisure in the comfort of their sitting rooms. The agents conveniently called to collect the weekly instalments, delivered purchases free and took them back if unsatisfactory. These services were of particular benefit to country dwellers and inhabitants of the post-war council estates often situated some distance from a convenient shopping centre. Added to these factors the basic honesty, professionalism and efficiency, particularly of the ‘big five’, enabled their industry to enjoy continuous expansion until the end of the 1960s. By then their clubs accounted for 48% of all instalment credit sales in the retail sector. In 1969 the mail-order companies could boast that they were placing credit of £448 million at the disposal of group members, yet their combined turnover never represented more than 4% of the national retail total. Since the 1970s the appeal of the home shopping catalogue has been slowly eroded by the increasing availability of other forms of credit, together with the disintegration of family life and close-knit working-class communities. The sector, nonetheless, remained buoyant retaining about 3% of Britain’s total retail sales in the 1990s.

At the other end of the social scale, the 1950s brought an escalation in a type of intentionally conspicuous credit to which no shame was attached and like mail order excited no disapproval on moral grounds. On the contrary, ‘having an account’ with one of the more prestigious retail stores such as Harrods, Maples, Selfridges, Marshall and Snelgrove or their provincial equivalents became a conventional successor to the proud British aristocratic tradition of unreasonably delaying payment to tradesmen. Being extended often exorbitantly expensive credit terms by these highly reputable houses of commerce, which by degrees replaced the personal family grocer, tailor, joiner and silversmith, became a sought-after status symbol for the middle-classes to openly boast. Perhaps the highest accolade of all was to be seen to be indebted to Fortnum and Mason.

It has been observed that while in the 1930s Montagu Norman’s Bank of England endowed hire purchase with respectability and caused it to rapidly flourish it remained

---

170 Ibid, pp. 270-271
an anathema to the leading banks.\textsuperscript{172} By the end of the 1950s they could no longer avoid acceptance of this now essential component of the British lifestyle. The five leading banks would all, almost simultaneously acquire, merge, or form close associations with major hire-purchase houses: Barclays with UDT, Westminster with Mercantile Credit, Lloyds with Bowmaker, National Provincial with North Central Finance, while in September 1958, Midland Bank and its associated Clydesdale Bank acquired the controlling interest in Forward Trust.\textsuperscript{173} By June 1958, amidst fierce competition, hire-purchase debt in Britain reached £293 million.\textsuperscript{174} The total number of contracts for private new and secondhand motor cars alone had ballooned from about 76,000 in 1950 to over 886,000 in 1958.\textsuperscript{175}

Labour politicians time and again expressed their moral disapproval of the extravagant acquisition of supposed material luxuries by ‘ordinary people’ and there was widespread irritation in the party with what was understood by the epithet ‘affluent society’. Aneurin Bevan was disgusted by ‘virtual affluence - based not on economic achievement but ‘on the never-never’, on homes mortgaged to the hilt and buying domestic equipment and gadgets of all sorts on the hire-purchase system ... a brash materialism shot through with fear’.\textsuperscript{176} In Lawrence Black’s words: ‘socialists were hostile to hire purchase, consumerism, commercial television, advertising and American mass culture, since their values were so far from those on which they anticipated socialism might be built’.\textsuperscript{177} Black observed how the revival of a moral tone and ethical language in the 1950s Labour Party often expressed strong criticism of consumerism. This was invariably directed against what both Bevan and Gaitskell dismissed as ‘gadgets’\textsuperscript{178} but not at saving, investment or even accumulation of private capital. Non-material expenditure was rarely criticised. Kathie Myers claimed that according to an ‘explanation’ given by Marx useful things are those ‘without the social gloss’ and necessary things are ‘untainted by style, fashion, taste, or social

\textsuperscript{172} See Chapter 2, p. 63
\textsuperscript{173} HSBCGA: 0200/301; See Chapter 4, pp. 129 et seq.
\textsuperscript{174} Maskell, R. E., \textit{The HP and Instalment Habit}, (Melbourne Law Book Company, London and Australia, 1964), pp. 23-24
\textsuperscript{175} Harris et al, (1961), p. 235
\textsuperscript{176} Aneurin Bevan, ‘Whither Labour Now’ in \textit{Tribune}, 19\textsuperscript{th} September 1952
\textsuperscript{177} Black, (2003), p. 13
\textsuperscript{178} Ibid, pp. 12 and 26
value. Only money itself can fully match these criteria for ‘useful or necessary things’, since a great many ethereal things like culture and education have ‘social value’. In the atmosphere of austerity Britain, similar confused anti-consumerist attitudes met with considerable assent from stalwarts of socialist idealism. According to Ramsey MacDonald the party always ‘welcome[d] the puritanism which protects the [Labour] movement against rascals’.180

In their private lives, socialist politicians were quite as conservative as their opponents in prioritising the protection of the often not insignificant capital to which they were either born, had accumulated in prior occupations or had acquired through the rewards and perquisites of office. Neither Aneurin Bevan nor Hugh Gaitskell could any more escape the label ‘champagne socialist’ (in Bevan’s case ‘Bollinger Bolshevik’ as Churchill’s parliamentary private secretary famously described him)181 than could many of their contemporaries on the Labour benches. Bevan, forgetting MacDonald and many of his own former pronouncements, confessed to not having a ‘scrap of puritan guilt’ about his affluent lifestyle, while Gaitskell, from a wealthy upper-middle-class background, was well known for his enjoyment of high society.182

The rule for 1950s socialists, it seems, was that it was acceptable to be wealthy so long as ‘Americanisation’ was avoided. This and similar terms were Labour euphemisms for modernisation, deprecated in the spirit not only of puritanism but of sour-grapeism. The worst American import of all was the broadcast advertisement, abhorred by socialists and non-socialists alike. Lord Reith likened commercial television to the intrusion of a ‘maggot ... into the body of England’183 and compared it to the ‘introduction of smallpox, the black death and bubonic plague’; while Lord Esher called it ‘a descent into a planned and premeditated orgy of vulgarity’.184 In 1955 Gaitskell, wholeheartedly supporting these views, expressed his disapproval of ‘the growing ownership of cars, televisions, and washing-machines [as a] growing

179 Myers, (1986), p. 11
180 Black, (2003), p. 37
183 James, (2006), p. 431
Americanisation of outlook' and in 1959 Bevan scorned the affluent as 'thoroughly Americanised'. The former Health Minister was by then leading the life of an English country gentleman on the farm which he had bought in 1954 for £9,000, well over four times the average house price, and modernised at considerable expense.

Within a few years a new generation of all political persuasions would come to appreciate that much of the modern 'American' image, particularly in the fields of hygiene and domestic standards (showers and central heating were almost unknown in British homes and refrigerators were still a rarity), was something not to despise but to emulate, to improve upon and selectively adapt to the demands of an affluent British market. American films, art, music and especially literature (Steinbeck, Mailer, Bellow, Miller and many others) were of a quality which British culture could no longer surpass.

In mid 1957 Britain was yet to be termed an 'affluent society'. The first edition of J. K. Galbraith's much-publicised work of that emotive title (principally considering the USA) would not be published in the United Kingdom until the following year. But few in these islands required a foreign economist to tell them that the age of austerity had now passed. The general strike, the means test, the Second World War and the ration book were taught in history lessons, and the shelves of the mushrooming supermarkets groaned beneath the weight of products sometimes rarely seen in a generation. Homes, motor cars, domestic appliances and the finance to acquire them daily became more accessible.

More people than ever could take comfort in the security of realisable assets but more people than ever also bore the burden of debt. Legal insolvency nonetheless, still remained extremely uncommon. In 1957 there were 2,061 Receiving Orders under the Bankruptcy Acts compared to 3,105 in 1938. More remarkably in view of the inflation of the intervening nineteen years, the debtors' net liabilities totalled less than £4 million compared to the pre-war aggregate of £5.1 million. Further, there were just

---

185 Black, (2003), p. 87
186 See Appendix V
313 Deeds of Arrangement compared to 3,105 in 1938.\textsuperscript{188} These figures in some small measure support Macmillan’s reference to a ‘state of prosperity such as we have never had ... in the history of this country’ while warning with his next breath that this paradise might soon be lost.\textsuperscript{189}

It is widely believed that that warning fell upon deaf ears but for all the prolonged clamour of the press it was heard clearly enough by those who thought that they were living in neither an independent nor secure Britain. The now minority of that persuasion might have convincingly argued that every symbol of private prosperity was countered by another indicating that British production, services and standards of living were failing to keep pace with international competitors. But even some of the doubters began to abandon ‘elegant economy’ in the face of the transformed attitudes of the majority encouraged by new expectancies of modernity. Later social commentators invariably contrasted the remaining decades of the twentieth century with the era of austerity by reference to the rise of conspicuous consumption. It had been brought permanently into the public arena by a privately conservative Conservative Prime Minister and endowed with respectability, the essential quality by which the dramatically swollen middle classes distinguished themselves from their social inferiors.\textsuperscript{190}

Historians rarely characterise the decade following Macmillan’s Bedford speech by reference to respectability, but by reference to its antitheses: youth, sexual and consumer ‘revolutions’. These supposedly undesirable phenomena were originally viewed equally negatively and with trepidation as potential destroyers of the fabric of society, but with time would be argued to have had social significance out of all proportion to reality. Dominic Sandbrook’s work \textit{Never Had It So Good} refreshingly demonstrates that realistically these ‘revolutions’ had small relevance to the daily lives of the general population. In essence, the most important social developments experienced in the late 1950s and early 1960s were to be the gradual rise of the white-collar worker, the unconscious expansion of the middle classes and the still uncertain

\textsuperscript{188} Inspector General in Bankruptcy’s Report, (1960), Table 1, p. 8
\textsuperscript{189} Sandbrook, (2005), p. 75
\textsuperscript{190} Ibid, p. 33
advance of affluence. The spreading shadow of conspicuous consumption had yet to totally eclipse the sphere of ‘elegant economy’.
It is pathetic to see an elderly rich businessman, who from work and worry in youth has become dyspeptic, so that he can only eat dry toast and drink only water, while his careless guests feast the joys of wealth, which he had anticipated throughout long laborious years, elude him and his only pleasure is the use of financial power to compel his sons to submit in turn to similar futile drudgery.

Bertrand Russell

A natural eclipse of the sun by the moon is a fleeting moment. Both spheres are in perpetual motion. They move on, and neither the fortitude nor the wit of mankind can lure them back to admire the instant of total concealment and its bright corona. But self-denial and sour-grapeism are not natural phenomena. Nature does not allow them to be practised in perpetuity. Mankind, since the dawn of natural reason, has striven to make his life as comfortable as circumstances will allow: to build the safest shelter; to hunt and gather the most palatable food; to make the most practical clothing; to seek the most attractive bodily adornment. Mankind is a social animal but also a competitive animal. These are natural phenomena, and conspicuous consumption is a natural phenomenon.

Describing Britain in the late 1950s and early 1960s Arthur Marwick claimed that 'it would be wrong to exaggerate the changes in everyday life ... But it would be fair to say there was a new hedonism abroad in the land; that life was lived with greater gusto than ever it had been since the evangelicals set their stamp upon the mores of the middle class'. In accord with Marwick most of the literature, both fact and fiction, commenting on the period would imply that Elizabeth Gaskell's parsimonious sour grapeism, by the end of 1957, had finally become and was destined to remain, totally eclipsed by the vulgarities and ostentation of conspicuous consumption. That was certainly the trend, but the tradition of firmly keeping 'the pound in your pocket or

1 NSI: Bertrand Russell in National Savings, Vol 6, No 12, (1949), p. 6
2 Russell, Bertrand, Authority and the Individual: The Reith Lectures 1948-49, (George Allen and Unwin, London, 1949), ‘Competition has been, ever since the origin of Man, the spur to most serious activities’, p. 5
3 Marwick, (2003), p. 122
purse or bank account remained more vibrant than might have been detected from following the mass media which was each day growing more influential in the inducement to materialism. Yet selective self-denial on ethical grounds remained too deeply rooted within the British psyche to change quite as quickly as some of the more creative of later commentators would wish to imply. Eric Hobsbawm described the Britain of the 1960s as encountering ‘a profound and in many ways sudden, moral and cultural revolution; a dramatic transformation of the conventions of social and personal behaviour [generated by] affluence and prosperity’. If applied to the majority, this and similar images are an unsustainable exaggeration. It would be more than another decade before the entangled knots in austerity born culture and its institutions would come unravelled, and then not completely.

But one ill-considered theatrical phrase, invariably misquoted out of its 1957 context, would have an impact on personal hopes and aspirations greater than any since the master oratory of Winston Churchill in the Second World War. Harold Macmillan intended to forewarn those who had ‘never had it so good’ of how inflation might voraciously eat away the bread on their affluent tables, but his words of caution would be interpreted as a prime-ministerial blessing before a banquet of consumerism. Ironically the rate of inflation which had been steadily, but far from disastrously, rising between 1954 and 1956 (from 1.9% to 4.7%) thereafter would actually fall back and be reduced to just 0.9% at the end of the decade. Attitudes to personal finance had become almost unrecognisable from those evident in 1951 when a Conservative government had returned to power in an atmosphere of dispirited austerity, with inflation at its post-war peak and the Festival of Britain providing a singular over-optimistic glimpse of a brighter future.

It is particularly destructive to the popular image of a 1950s dominated by consumer revolution and easing of purse strings to note that personal savings, as a percentage of disposable income, rose significantly throughout the decade. In 1951, although

---

4 *Times*, 24th November 1967 (Harold Wilson with reference to the devaluation of the pound from $2.80 to $2.40 on 19th November 1967)  
6 See Chapter 1, fn. 6, p. 20  
7 Appendix II (Inflation rose again in the 1960s)  
8 Appendix II
National Savings had once again been promoted with the greatest vigour in a desperate attempt to support rearmament, the ratio had fallen to 1.6%. By 1956 it had risen to 5.5%. Then, possibly in response to Macmillan’s speech, it fell back marginally in 1958 and 1959 but in the following year people saved 7.4% of their earnings, and in 1961 savings peaked at 8.9%. Later, the Page Committee, albeit not entirely accurately, would observe that ‘the savings ratios are broadly consistent with the rate of growth of income’. The consumer revolutionaries of the Macmillan era were as savings minded as the previous generation.

In his private diary the Prime Minister makes few direct references to his legendary remark at Bedford other than the singular misjudgement: ‘I think it [the press comment] helped steady things a bit’. He might not have been entirely surprised by the output of the humorists who pounced on the so-uncharacteristic phraseology from one who posed as the most conservative of English gentlemen. In his private life Macmillan reputedly did not show much interest in the pleasures of consumption. He ‘did not own a television, [and] had no taste for fine wines’, yet he was realistic enough to fully appreciate the futility of the unnecessary modest lifestyle. On one occasion he had lamented, affecting personal disapproval of such practice, that there would have been a reversion to ‘plain living and high thinking’ had R. A. Butler become Prime Minister. It is not impossible that Macmillan’s most celebrated utterance deliberately mocked ‘elegant economy’ in order to arouse the conspicuous consumerism which is often said to have helped him win the next general election. The joke in the unintended dual meaning per se might have soon been forgotten had not the unforgettable words impacted so hard on the folly of pious self-denial which so many still practised.

The extent to which Macmillan was instrumental in changing personal expectancies cannot be accurately measured, but an indication might be gleaned from a glance at some contemporary data. In 1957 British shoppers were spending £1,004 million on

---

9 NSI: Page Report, (1973), Figures from Table 7: ‘The Personal Savings Ratio’, p. 15
10 Catterall, P. ed., Macmillan Diaries, Prime Minister and After 1957-66, (Macmillan, forthcoming), Entry 26th July 1957
11 Catterall, ed., (2003), p. xvii,
12 Sandbrook, (2005), p. 71
13 Marwick, (2003), citing one of many versions, p. 85
durable goods, while three years later the total had escalated by over 45% to £1,465 million.\(^\text{14}\) Between September 1957 and November 1959 the number of households with a refrigerator increased by 58% and motor-car ownership grew by 25%.\(^\text{15}\) The Prime Minister had sent a signal to anyone remaining unaware that it was time to forget austerity culture. As a recent Chancellor of the Exchequer, he knew that if the British economy and standards of living were to advance and thrive, then excessive thrift had to be placed with the negative memorabilia of the Second World War, and the positive technological and social benefits it bequeathed had to be exploited and enjoyed. By the late 1950s Britain was struggling to maintain its position in the gruelling race for export markets, but buoyant home markets could support industry and produce revenue for the Treasury, directly via purchase tax and indirectly through incentive to greater production and taxable earnings. It was later observed that due to increasing competition from abroad, ‘in the 1960s and 1970s every major British industry, with the exception of retailing ... could point to a failure of the sales side’.\(^\text{16}\)

A few weeks after the Bedford speech the Prime Minister expressed his concerns about the ‘terrible press’ he was receiving; confiding to his diary, ‘... nothing is right ... I think this reflects the tremendously high standard of comfort and well-being of the people. When things are really difficult, even the press does not complain very much’.\(^\text{17}\) His reaction to the press, his extraordinary faith in its tolerance of things ‘really difficult’, and his description of the ‘well-being of the people’ all might suggest that he was quite aware of, and secretly satisfied with, the changes in attitudes to personal finance he had caused.

For the stalwarts who stoically refused to yield to the temptations of consumerism, the Prime Minister’s conservatism was not unmasked by the confidence of his oratory. To quote Sandbrook’s apt phraseology: ‘not for nothing did Macmillan’s shapeless cardigans acquire a minor following in the last years of the decade’.\(^\text{18}\) For the majority the wisdom which finally penetrated was akin to that cited at the head of this chapter, which Bertrand Russell had dispensed a few years earlier when the editor of *National

---

\(^{15}\) *Financial Times*, 9\(^{th}\) December 1959  
\(^{16}\) Pagnamenta and Overy, (1984), p. 273  
\(^{17}\) Catterall, ed., (forthcoming), Entry 9\(^{th}\) August 1957  
\(^{18}\) Sandbrook, (2005), p. 60
Savings, evidently ill-advisedly, turned to him to help promote thrift. Money was there to be employed and enjoyed while it was possible to do so. Macmillan’s anti-inflation message was abundantly clear: thrift, frugality and procrastination in potentially inflationary times were simply uneconomical and fruitless. The trappings of modernity were no longer greener grass in a prohibited field, but yours now for the completion of a hire-purchase application form at the department store or car showroom. The reasons for cheering the plain-living Attlees in their modest Standard 10 at the end of the war had been consigned to the history book. A great philosopher had endowed the pleasures and benefits of consumption with profound reason and a conservative Prime Minister had pronounced them socially acceptable.

Whether or not Macmillan’s message was involuntary is open to argument, but what is certain is that a post-war generation with new expectancies had emerged and neither the Prime Minister nor anyone else could have failed to be aware of its presence. The attitudes and priorities of younger people were no longer either dominated by pre-war, war-time or even immediate post-war experiences. Not for them were the perceived virtues in saving to support the defence of the realm or displaying the ‘unique’ British qualities of reserve, stoicism and restraint supposedly so decisive in the two world wars. American forces flaunting their unmerited wealth were no longer a physical reminder of Britain’s continuing dependency on their government’s generosity. Post-war patriotism did not enter into the equation for the numbers joining the ‘brain drain’ to enhance their earnings abroad and, more importantly, to add to their spending power after tax. In 1957 a scientist in Canada was paid two-and-a-half times as much as his British counterpart and was left after tax with four times more to save or spend.19 Was there any reason to stay?

The majority were, in fact, prepared to stay and seek their fortune in Britain but were no longer interested in the nation’s mortgages to foreign powers but in their own mortgage to the building society. The only reminders that their country had once held faith in her mighty Empire as a perpetual horn of plenty were statues of forgotten colonial heroes which survived as unwanted adornments to the city streets. Britain was independent and held the promise of a prosperous future from which all would

19 Financial Times, 27th February 1957: Letter to the Editor from F. T. Salomon
benefit. Harold Macmillan himself had said so immediately upon taking office. His prime ministerial broadcast on 17\textsuperscript{th} January 1957, in an attempt to overshadow the Suez crisis, contained his confident edict: 'so do not let us have any more defeatist talk of second-class powers or of dreadful things to come'.\textsuperscript{20} Not everyone, particularly the older generation, was so easily convinced. In 1960 it was found that although just 13\% of the British people thought 'things were getting worse' only 34\% were prepared to publicly confirm that their standard of living was improving.\textsuperscript{21}

The world of commercial enterprise also, at first reacted with caution to Macmillan's questionable optimism, but would not take long to discover that there was new fortune untold in the hitherto barely tapped market of the post-war generation. Social researcher Mark Abrams claimed that 90\% of the population aged between 15 and 24 were working-class\textsuperscript{22} but while their number had fallen significantly since the 1920s (from 17.5\% in 1921 to 13.1\% in 1961)\textsuperscript{23} their spending power had soared out of all recognition. These youthful consumers demanded more novel and superior leisure products than ever before, and now, due to the marked decline in youth unemployment, higher wages and greater access to credit, were in an unprecedented position to pay for them. In response, the technology of home entertainment was rapidly developed. Gramophones, records, radios, television sets and tape recorders offering better quality sound and vision were becoming more plentiful and economical. Young people could afford such material luxuries even after defraying the costs of their essential needs such as fashionable clothing and intangible priorities including dances, cinemas, pop concerts, sport, outings, holidays and other entertainments. Authors, playwrights, journalists, composers, musicians, performers, impresarios, sports promoters, film, radio and television producers and directors, clothing designers, industrial and graphic designers and artists of every discipline all strained their creative abilities to new limits to satisfy their youthful and enthusiastic audience. Never before had professional arts been so well patronised, and never before had their output been so exciting or imaginative. The personal expectancies of

\textsuperscript{20} Sandbrook, (2005), p. 72
\textsuperscript{21} Porter in Tiratsoo, (1997), p. 121
\textsuperscript{22} Fowler, (1995), citing Mark Abrams' pamphlet The Teenage Consumer (1959), p. 93
\textsuperscript{23} Ibid, Table 4.1, p. 181
the post-war generation rose not only to an unprecedented level but sometimes in unprecedented directions.

Coffee bars, where froth billowed from Achille Gaggia's Heath Robinson-like invention, acquired a cult status attracting thousand of young people who had often previously never seen, let alone tasted, coffee. 24 In such temples to youth culture new genres of popular music would drown all conversation and leave the adherents of the unfamiliar beverage to enrich their expectancies through admiration of the innovative design in the dress of both genders and in the décor of the establishment itself. In 1959 a Ministry of Education report, echoing the precise sentiments expressed by the middle-aged since at least the 13th century, 25 concluded that 'a particularly strong imagination is needed by anyone over 35 ... by middle-class parents as well as by working-class parents ... to understand the true quality of the lives of this generation'. 26

The marketing, public relations and advertising industries developing simultaneously, in response to the emergent youth markets, began to evolve highly professional and sophisticated techniques designed to channel young people's earnings into their clients' bank accounts. Their creative output would seldom again fail, lucidly or obscurely, to artistically associate every product with the romanticised image of the adventurous modern lifestyle and the brighter more fulfilled future portrayed by the art of the mass-media. In turn, the development of the sciences of mass-communication and mass-production would rapidly gather speed, fuelled by the revenue gushing in abundance from the pumps of commercial publicity.

For all the prodigious undeniable evidence that they were employing and encouraging every branch of art and science on a scale never before dreamed of, commerce and advertising continued to have their sworn enemies. These were particularly vocal among those adhering to what they perceived as pure socialist ethics. One American

24 Sandbrook (2005), p. 132 (Coffee was never rationed but unobtainable during the war and rarely found in working-class homes before the 1960s)
academic argued: ‘Ethical and puritan objections disabled the left in the face of the
commercialisation of popular culture and distanced it from many workers’. 27 For
socialists, ‘never having so much did not necessarily mean never having had it so
good’ 28 but such attitudes simply transpired to be a major cause of waning support for
the Labour Party throughout the 1950s and early 1960s.

Just a year prior to his death, Aneurin Bevan, at the 1959 Labour Party Conference
employed every fibre of his oratorical genius in a final appeal for a renaissance of
plain living. Few converts from its practice among those whose welfare he had
championed so ably would be persuaded by his legendary judgment that ‘this so-
called affluent society is an ugly society still. It is a vulgar society. It is a meretricious
society. It is a society in which priorities have gone all wrong’. 29 Among those who
would have certainly agreed with Bevan was J. B. Priestley, who in the 1950s again
revived his anti-Americanisation stance and produced more diatribes against the evils
of commerce. He too would now find a dearth of support for his already dated and
offensive argument that the British would ‘cheerfully exchange their last glimpse of
freedom for a new car, a refrigerator, or a fourteen inch television screen’. 30

Priestley and Bevan could not have been more wrong. Their beloved British people no
longer had reason to fruitlessly yearn for the classless picture-book fiction of
Goldsmith’s Deserted Village. Expectancies had changed and were destined to change
further. Commerce and industry had no alternative but to react to native demand for
the real and the accessible by employing creative ingenuity and developing
technology in tandem. There was no need to tell the British people to ‘Buy British’. A
number of highly-publicised American and other imports, particularly food and drink
products, of course proved extraordinarily popular but many, certainly the majority,
were soon rejected simply because they were not to the British taste.

27 Black, (2003), citing Chris Waters, British Socialists and the Politics of Popular Culture 1884-1914,
(1990), p. 8
28 Ibid, p. 111
29 Ibid, p. 125
30 Priestley, J. B., ‘Our new Society’ in Thoughts in the Wilderness, (Harper and Brothers, New York,
1957), p. 122
A striking example is the Hershey chocolate bar brought over in abundance by American servicemen during the war but found totally unacceptable to the British, or indeed any European palate. The hugely successful Hershey Corporation had, and continues to have, the means to advertise abroad, possibly on the scale of Coca-Cola, but never has wasted its resources on promoting its product outside of the United States. The Coca-Cola Company, on the other hand, prospers for no other reason than because there exists a specific international taste for its product. That was proven beyond any remaining doubt when 'a change of flavour in 1984 resulted in one of the biggest marketing disasters in the world'.\(^{31}\) Another American import was the monster chromium emblazoned motor car which helped congest the neglected roads of 1960s Britain attracting more interest from comedians than buyers. Their brilliant colours faded away together with so many labels on the enticements to conspicuous consumption, which adorned retail shelves for a while before being returned unwanted. The, as yet small, encroachment on the City of London by representatives of the New World’s rich and powerful financial institutions provided further evidence of British rejection of its style of commercialism. The American *modus operandi* was neither understood nor trusted, which was hardly surprising when Britons were only just being awakened to the ethereal benefits offered by their local bankers.

Influenced by an ever-more enterprising advertising industry and the looming threat of real competition, all the British banks, insurance companies and other finance houses came to appreciate that creative publicity was essential to enhancing their share of a market growing daily with public demand. The bland announcements, so long the hallmarks of financial probity and discretion, would yield to appeals to changing, conventional, emotional and finally to romantic expectancies. Banks at last began to summon the imagination to express credit in the image of the experiences of well-being and physical benefits it might buy. In 1958 the staid Midland Bank began distributing intentionally attractive and interesting full-coloured literature no longer ‘severely factual in tone’.\(^{32}\) Its London branches offered complimentary illustrated guides to tourists which, although peppered with information about currency exchange

---

\(^{31}\) BBC News: [www.news.bbc.co.uk](http://www.news.bbc.co.uk)

\(^{32}\) HSBCG: 0200/040a, Booklet, ‘Presenting the Midland Bank’ (c1958)
and convenient branches, represented an important breakthrough in the attempt to communicate with a wider public.

A further innovation was the ‘mobile’ branch which the Midland, in common with its competitors, used as stands at exhibitions, agricultural shows and events around the country. The popular reception of these colourful converted caravans helped the banks to appreciate that ‘every branch office is an advertisement’. The ‘big five’ all began attempting to sell the individuality of their identical services with colourful and attractive ‘point-of-sale’ posters, display cards and brochures. Among other novelties designed to interest customers was the ‘gift cheque’. The gift cheque was a marketing concept apparently based on an American tradition of ‘elaborately disguising [a gift of money] to make it more acceptable’. Highly dubious as that premise was, the decorated chequebooks were rapidly duplicated, widely disbursed and enjoyed a prolonged period of remarkable popularity among the customers of all banks. Like so many marketing contrivances, the gift cheque, would gradually fade away with the bright colours of the unconvincing chocolate-box pictures which more obscured than disguised the sums entered over them - possibly the true determiners of acceptability.

Finance houses, considering themselves the equal of professionals, then prohibited by their governing bodies from any form of advertising, for some years remained tentative about venturing into the uncharted trade-polluted waters of commercial television. Although eventually to be numbered among the media’s more prolific advertisers, it was not until the late 1960s that the banks and building societies finally veered away from their modest budget cinema films and presented themselves before the masses in their own homes. While in 1960 the clearing banks had spent in aggregate just £800,000 on all forms of publicity, by 1980, as competition for credit services (and by then credit cards) became more intense, their combined budget rose
to £17.8 million, of which 48.4% was spent on television commercials.36 The National Provincial and Westminster Banks merged in 1968 to form the National Westminster leaving a ‘big four’ to actively compete for the new mass market.

The banks had for some years operated an anti-television cartel with the aim of preventing a promotion war, but which they eventually abandoned in favour of a joint national advertising campaign.37 With the growing popularity of personal banking, that campaign which promoted the supposed benefits of having a ‘bank manager in your cupboard’ was generally met with cynicism from customers. The commercials were particularly resented by the managers themselves, who were decreasingly in any position to match the implied image.38 The timing of these ill-considered advertisements ironically can be seen to have coincided with the commencement of a protracted process whereby the lending discretion of local managers was gradually eroded, and the practical benefits of individual customer relationship slowly devoured by centralisation and economies of scale.

The advent of commercial television on 22nd September 195539 established beyond doubt that no advertisement for a bank or indeed any mundane product or service would hold the viewer’s attention other than by its association, however remote, with an interesting, amusing or romantic image. Television advertising, as opposed to programme content, was no exception to the rule that publicity can never be the creator of a new market. A commercial however well made, creative or entertaining and however often shown, was no guarantee of product acceptance. The chart success of its music and launching the career of actor Terrance Brook, were unable to rescue the clever and emotive Never Alone with a Strand campaign (1959) from disastrous failure and it remains a classic illustration of the impossibility of successfully thrusting a product onto an unreceptive public.40

37 Stafford, (1982), p. 18
38 My own National Westminster Bank manager often expressed his contempt at the time.
40 Henry, (1986), pp. 442-443
Among the taboos of a BBC still dominated by Reith’s intolerant rules to be discarded by commercial television was exploitation of the fascination with monetary voyeurism which, like sexual voyeurism, has since biblical times attracted both its private adherents and public dissenters. From the outset ‘giveaway shows’ like *Double Your Money* would regularly crowd the schedules of the independent channels and were never to lose their popularity. These programmes were constantly condemned as being akin to gambling; yet the element of chance was eliminated with the selection of the contestants and neither they nor the transfixed audience had one penny at stake. The answers to inane questions were often spelt out so that the viewer might gasp at the award of a glittering prize or sum of money. This stage-managed reaction was claimed to be the root of greed and avarice, but not an iota of sustainable evidence was ever produced to support that assertion.

People delight in the fantasy of ‘easy money’ much in the same way as they do in the effortless spectacular successes of James Bond’s heroism and romantic adventures but seldom attempt to emulate them. Such programmes as *Who Wants to be a Millionaire* survive today (as does James Bond) for precisely those reasons. They work on the imagination of the viewer and encourage the expectancies and aspirations upon which both commerce and culture flourish and thrive. Hughie Green, the popular presenter of *Double Your Money*, was being uncharacteristically modest when in response to his critics he asked Peter Hennessy: ‘Do people want more culture? I very much doubt it’. Romanticism is both an essential component of culture and the principal motivation for endeavour and enterprise. Richard Hoggart writes scholastically of ‘the nature of interest in money itself ... what that money can buy (not necessarily for you) and so in what those purchases can signify’. Hoggart cites Arnold Bennett to whom material objects and their value ‘were poetic, luminous, vibrating with suggestions of luxury, of a glamour and a freedom ... not merely vulgar and ostentatious’.

On the next page of Hennessy’s *Having It So Good* appears a graph illustrating ‘the impact of television’ which indicates that between 1954 and 1962 books issued at

---

41 Hennessy, (2006), p. 536
42 Hoggart, (1990), pp. 190-191
public libraries rose in almost exact proportion to general advertising expenditure.\textsuperscript{43} Although only a tiny proportion of that would have been spent on publicising books, had the graph been extended to the 1980s and beyond, the use of public libraries would have shown a downswing, but the book-buying line would have soared above the page. While the advent of expenditure on popular culture in the second half of the twentieth century has been far more conspicuous and celebrated, the prodigious burgeoning in the number, quality and size of bookshops, more recently supplemented by equally astonishing levels of internet sales of literature of all kinds, is too often overlooked. The position is similar for classical and serious music, which although it enjoys only a small share of the market, has never ceased to escalate in size and in the diversity of choice it offers.

The impact of more popular television programmes was among the most potent causes of the 1960s consumer boom. It is an exaggeration to claim that that was immediately accompanied by a true credit boom, but the level of demand involved in Marwick’s ‘hedonism and gusto’,\textsuperscript{44} which the new media played a part in creating, could only have been achieved with growing confidence to borrow. The leading banks, for all their scepticism, came to accept the uncharacteristic view expressed by the Church of Scotland in 1957 that hire purchase was ‘not veiled moneylending but beneficial to society; not only was it superior to gambling but regular payments encouraged planning of domestic economy’.\textsuperscript{45} That doctrine boldly defied the ingrained moral convention demanding that those desiring to tread the paths of modernity should avoid the hazards of credit, but more and more would it come to be accepted.

Throughout the 1960s attention was continuously focused, by moral critics of both materialism and easing of credit, on the contrast with the age of austerity upon which Harold Macmillan had so resolutely lowered the flag. Mounting debt eventually aroused sufficient concern to force the issue into the public arena and become the subject of a special governmental Committee of Enquiry. The Committee’s report concluded that ‘on balance, consumer credit is beneficial since it makes a useful

\textsuperscript{43} Hennessy, (2006), p. 537
\textsuperscript{44} Marwick, (2003), p.122; note 3 above
\textsuperscript{45} Harris, et al, (1961), p. 28
contribution to the living standards and the economic and social well-being of the majority of the British people". It was rationally pointed out by the chairman, Lord Crowther, that "it is too difficult to devise administrative and legal measures for protecting the few who borrow unwisely without depriving the much larger numbers of consumers, who do use credit wisely, of its considerable benefits".

Hardly had the Crowther Committee on Consumer Credit thus bestowed its official blessing when a decade of exceptionally high inflation began rendering the postponement of purchasing on credit terms, regardless of still rising interest rates, increasingly uneconomical. The development of information technology simultaneously gathered momentum and provided the means for banks and finance companies to efficiently control vast numbers of individual accounts. Computerisation would spawn a plethora of innovative hire-purchase, lease-purchase and other credit schemes finally culminating in the omnipotent plastic card. As Sir Gordon Borrie, then Director General of Fair Trading, so correctly reasoned in 1986 when warning of the social problems of the excessive use of credit, "neither computers nor any other device or precaution would ever be able to eliminate the minority who will abuse it". The closing years of the twentieth century would witness the evolution of a 'credit boom' on a scale which Macmillan, Crowther or Borrie could never have envisaged.

Had an accurate forecast of the future scale, not only of borrowing, but of popular banking been made in the late 1950s or 1960s it would have been believed by no one. Banks, building societies and other finance houses stubbornly refused to move with the times, not only in their approach to modern publicity but in their attitude to class definition. It was not until 1958 that the Midland Bank ventured to publicly announce that "social changes have brought many a working-man's income to where he ought to have a bank account". While that was clearly the case neither the working man nor

---

47 Borrie, (1986), p. 3
48 Ibid, p. 6
49 Ibid, p. 8
50 Hopkins, (1964), citing Midland Bank Chairman, Lord Monkton, p. 420
the banks seemed to be able to visualise precisely to what use that account might be put.

Sections of the Truck Acts, the first of which was passed in 1831, prohibiting wages from being paid other than in cash, were to remain on the statute books until finally repealed in 1991. It was not until January 1960 that payment by cheque finally became legal, and then only subject to the agreement of the wage earner. Even in the light of this long-overdue legislation the now expansion-minded Midland Bank, along with its competitors, concluded that there was little to be gained from actively encouraging lower-paid employees to open accounts. Their main argument was that workers do not favour change. Among other reasons for their reticence, as advanced in a high-level report commissioned by the Midland’s board of directors, were that ‘many would not willingly have their pay credited to an account which their wife might see’ and that they ‘might cash a cheque at a shop and disclose to the shopkeeper how much they were earning’. The same lengthy and thoroughly researched report expresses fears that branches would be unable to cope with working men wishing to cash cheques in their lunch hour on pay days and suggests that sub-offices be set up on the premises of larger plants specifically for the purpose.

Although the bank’s researchers could not have been unaware that by the 1960s wage earners were also homeowners with mortgages, hire-purchase accounts, investments, endowment policies and involvement in numerous other financial transactions and arrangements, the report makes no suggestion that they might ever wish or be persuaded to do other than convert their cheques into cash immediately on receipt and make no other use of their account. A later memorandum to the report makes the suggestion that employers should be persuaded to ‘maintain a cash float with which to cash their employees’ cheques’. Exactly how that might facilitate the practicalities of paydays for the employer or employee, let alone benefit the bank, is left unclear by this remarkable afterthought.

51 The Payment of Wages Act 1971 first allowed payment by cheque without formal employee consent. 52 HSBCGA: 0200/148, ‘Report to the Chief General Manager’, 5th June 1959 53 Ibid, Memorandum dated 11th February 1960
In August 1958, immediately prior to acquiring a controlling interest in the hire-purchase company Forward Trust, the Midland Bank, in the comfort of its more familiar market, promoted a novel credit scheme. This offered customers unsecured loans up to £500 in order ‘to attract mainly England’s middle class which tends to abhor hire purchase as such’. The intention of this marketing concept was to be a weapon against supposed growing finance-house competition. Evidently it was so innovative and imaginative that it was immediately emulated with enthusiasm by all the other leading banks. Well-intentioned as the promotion was, in practice its outcome was not what its creators had envisaged. Soon hire-purchase companies were complaining that bank managers approached for a reference would go directly to the customer and invite him to take up the offer of a personal loan. Other managers declined to respond to the request and referred the applicant to the bank’s own associated finance company.

This unsecured small loan scheme, abused as it was, from today’s viewpoint appears decidedly unremarkable but it can be viewed as having been the unheralded start of one of the most significant changes in the attitude of banks to private advances. It was possibly the first true exemplar of what would become described as a ‘retail financial product’ to be publicly promoted by the High Street banks. Traditionally, apart from the overdraft facilities usually granted to business customers and to a few individuals of substantial means, a bank loan meant precisely what it said. It was a sum of money advanced at interest which was debited to a loan account periodically. The balance was due for settlement at the end of the agreed term, but might be partially or fully repaid in any amounts earlier to the borrower’s convenience. If not settled at the due date, the term might be extended or replaced with a new advance. Unless specific security was to be charged, a formal agreement was often dispensed with. The banker’s handshake with a trusted customer was a seldom abused bond. No one could afford a bad reputation at the bank.

54 Maskell, (1964), p. 23
55 Harris, et al, (1961), citing The Financial Times, 13th February 1959, p. 120; Hire Trading, Summer 1960
By the 1970s the simple bank loan had become a forgotten thing of the past. A lending 'product' was now normally subject to monthly repayments with interest calculated and charged in accordance with fixed terms, invariably involving a signed standardised contract and a formal charge against proven security. Among the more popular early products was the 'budget' account. This allowed credit to be extended for twelve months or longer to any item of expenditure irrespective of its nature through a single account. Repayment including the cost and fixed charges for the account itself was effected by transfer of an agreed sum each month from a current account. Budget accounts could prove extremely economical and practical if administered with care, but gradually became redundant with the greater convenience of credit cards and instalment schemes offered by utility companies and retail stores.

Apart from the revolution in popular banking, the most significant personal finance related event of the 1960s was the growth in private house purchase, which finally surpassed pre-war levels. The subsequent decades would prove beyond reasonable doubt the truth of Michael Heseltine's later statement: 'There is in this country a deeply ingrained desire for home ownership ... It reflects the wishes of the people, ensures the wide spread of wealth through society [and] enables people to accrue wealth for their children'.\(^\text{56}\) In 1960 the building societies advanced a record 326,125 new mortgages and by 1961 owner-occupation had reached 42.3%.\(^\text{57}\) The 'property-owning democracy' Anthony Eden had advocated in 1946\(^\text{58}\) appeared to be closing in on reality. By 1970 49% of homes were occupied by their owner and by 1983 arguably Eden's prophesy had been fulfilled when the proportion passed 60% of the national housing stock.\(^\text{59}\) As the barriers to finance were gradually dismantled, not without endless setbacks and agony, the towns and cities of Britain filled with homeowners from every walk of life.

In 1986 The BSA claimed that 'thirty percent of young people aged under 25 own their own homes, a higher percentage than in any other large industrial country'.\(^\text{60}\) The

---

\(^{56}\) Michael Heseltine, *Hansard*, 15\textsuperscript{th} January 1980, col. 1445, p. 70

\(^{57}\) Porter, in Tiratsoo, (1997), p.120

\(^{58}\) See Chapter 4, p. 146

\(^{59}\) Burnett, (1993), p. 318

\(^{60}\) Borrie, (1986), p. 9
Association simultaneously expressed its grave reservations about that state of affairs but equally it can be seen as a tribute to the confidence and integrity of British youth that so many were prepared to enter into long-term financial commitments and be concerned with their future security. The new generation was more likely to invest their spare cash in premium bonds or a building society than to gamble on football pools, greyhounds or horses as did their parents. In the early 1970s when prices were rocketing and people of all ages were stretching their resources to the limit to place a foot on the property ladder, but were still saving on average over 8.5% of their disposable income compared to 1.6% in 1950.61

In 1957 the average price of a house had stood at £2,33062 and a steady rise continued until 1971, roughly in line with inflation, but with the simultaneous growth of prosperity the underlying demand for home ownership was also quietly escalating. With the return of Edward Heath's Conservative Government (19th June 1970 - 4th March 1974), almost without warning, the smouldering market ignited and erupted into a storm of activity. Neither the political nor the economic ambience of that administration would seem, in retrospect, in any way conducive to the degree of self-confidence demanded by heavy mortgage commitment. It is a time remembered for endless trade union conflict, the infamous three-day week, tragedy in Northern Ireland, and entry into the European Community surrounded by controversy and pessimism. The inflation rate in 1971 reached 8.6%, apart from a brief period in 1951, its highest since the early war years. The bank rate remained high and rising, peaking at the record level of 13% in November 1973.63 Yet average house prices, which had taken over a decade to double and reach £4,975 in 1970, leapt up to £7,374 in 1972; an increase of 33.8%.64 In 1973 there was an even more dramatic jump of 36.2%. Buyers raced to the offices of any estate agent with just one property on offer (most had none at all) or queued all night at building sites in order to, with no questions asked, sign a binding contract at any price. Builders, unprepared for such an explosion in the market, were swamped by demand. At times no house or flat, in the south of England and in all but the most depressed areas of the north, would stay on the market

61 NSI, Page Report, (1973), Table 7, p. 15
62 Appendix V
63 Appendix VI
64 Appendix V
for more than a few hours. Most were sold for the asking price or above. The average price redoubled in less than three years reaching £9,942 in 1973. A former Labour Member of Parliament, Alan Brown, was reported to have committed suicide when his palatial home sold for £107,000 was sold on by the buyer for £215,000 in less than three months.

There is no one simple reason why this unique upsurge in demand took place. Gerald Ely of *The Times* suggested that it was a combination of many factors: disillusionment with stock market investment, more readily obtainable mortgages and loans and the ‘traditional allure [of] bricks and mortar’. He also referred to the pressure on those not owning a house to acquire some freehold stake ‘before it is too late’. All these reasons are valid, but there were others. It was evident that long-term high inflation could not be stemmed. All who could do so withheld their properties from the market, sat back and daily reassessed their equity as it grew before their eyes. The benefit of exemption for owner-occupied property from capital gains tax, still in its formative years, forcefully struck home as opportunities abounded for selling at unanticipated profits. More people than ever were paying higher rates of income tax and mortgage interest relief could still substantially ease the cost of repayments.

Another contributor to the 1972-1973 property boom was an emergent proliferation of speculators, large and small, who found resourceful ways to buy up whatever came on the market and immediately sell on at a substantial margin. The phenomenon of the ‘professional home mover’ also appeared with the unique opportunity to make an almost effortless tax-free fortune. The profits of property dealing companies were still subjected to lower taxation than the earned income of individuals. It was not only the South African adventures of the corrupt entrepreneur, Tiny Rowland, that Edward Heath had in mind in 1973, when he coined the phrase, ‘the unacceptable face of capitalism’. To Heath’s credit, his government had largely clamped down on the worst excesses of domestic property exploitation before being voted out of office.

---

65 Appendix V
66 *Daily Mail*, 11th January 1972
67 *Times*, 31st December 1971
68 Leach, R., ed., Surtax ended in 1972/73 to be replaced by a unified (higher rates) system, p. 7/68.22
Before concluding this final chapter, the history and significance of one further deep-rooted eccentricity of the British must be discussed. Attachment to the national currency itself was a fundamental factor in determining post-war attitudes to personal finance and a prevalent topic of debate in 1957.

When on 15\textsuperscript{th} February 1971 (‘D Day’) Britain finally yielded to decimalisation, after over 350 years of debate, no machine had yet been devised which was able to directly either multiply or divide pounds, shillings and pence. The early programmers, who attempted to adapt the currency to the few digital processors in commercial use in the 1960s, experienced all the problems foretold by the computer pioneer Charles Babbage in his work, *On the Economy of Machinery and Manufacturers*, as long ago as 1832.\textsuperscript{69}

Babbage was far from the first to commend decimalisation. The earliest recorded was Robert Norton in 1608, a distinguished soldier and scholar whose work included *Dismo: The Art of Tenths or Decimal Arithmetic*, while other early advocates included the architect Christopher Wren.\textsuperscript{70} W.E. Gladstone, dissatisfied with the ‘evidence as to sense of feeling in the country\textsuperscript{71} following criticism from foreign traders at the 1851 Great Exhibition, set up a Royal Commission on Decimal Coinage, which sat for 3½ years (1855-1859). Its report concluded that it must ‘be considered as an experiment of very dubious result accompanied beyond all question by many serious transitional difficulties’.\textsuperscript{72} There the matter was formally rested until 1926 when Winston Churchill as Chancellor of the Exchequer rejected out of hand another proposal for change, as did Baldwin in 1931, Chamberlain in 1937, Anderson in 1944 and Butler in 1952.\textsuperscript{73}

Finally in January 1962 Selwyn Lloyd appointed a committee headed by The Earl of Halsbury to ‘consider arguments for and against decimalisation’. Fifty-seven meetings were held, fiercely debating whether a 10s unit was preferable to retaining the pound

\textsuperscript{69} Ibid, p. 5
\textsuperscript{70} Moore, N. E. A., *The Decimalisation of Britain’s Currency*, (HM Stationery Office, 1973), pp. 3-4
\textsuperscript{71} Ibid, A Royal Commission on Weights and Measures had recommended decimalisation in 1842, pp. 5-7
\textsuperscript{72} Ibid, pp.10-13
\textsuperscript{73} Ibid, p. 23
sterling. After eighteen months the committee's favourable report devoted nine of
fifteen chapters to the choice of system. 74 Reginald Maudling, who had by then
succeeded Lloyd as Chancellor, summarily dismissed Halsbury's findings arguing
that: 'The costs and benefits of decimalisation must be weighed against those of the
many projects which we have for modernizing Britain'.

Every imaginable argument, however unsustainable, was advanced in order to oppose
or postpone this urgent, logical and inevitable development. Decimal coinage was
unpatriotic. Older people would never be able to cope. The costs of conversion
(particularly of slot machines) would be prohibitive. It was a licence for traders to
cheat their customers. It would cause uncontrollable inflation. These were not merely
the emotive reactions of a public ignorant of economics. The following are a selection
of the negative comments made by directors of the Bank of England when debating a
report on decimalisation researched by the Association of Chambers of Commerce in
1960. 75

'... at a loss to understand how it would simplify education'.

'... cannot think that the present system has offered any hindrance to trade or will do
so in future'.

'... the majority of the public would not be sufficiently interested in the question to
understand or give approval for a change'.

'... from the prestige angle there might well be an advantage in being the sole
remaining independent territory in possession of the pound'.

The Treasury Financial Controller Sir Otto Niemeyer, made the extraordinary
comment: 'I see many conveniences in a multiple of 12 and am not sure that a change
would not, however illogically, lead to a scaling up of conventional prices, tips etc'.

The argument of those directors in favour of decimalisation was simply that the UK
could not afford 'the risk of being left in splendid isolation'. Not one mentioned any
practical benefit. 76

74 Ibid, pp. 26-27
75 Bank of England Archive, G14/31, Memorandum: Committee of Treasury, initialled by Deputy
Governor L. K. O'Brien, 4th November 1960
76 Bank of England Archive, C21/4, Meeting 24th July 1970
The Decimal Currency Board (DCB) finally appointed by James Callaghan spent five years (1966-1971) of intensive endeavour to prepare the public for the change which its chairman, Lord (Bill) Fiske claimed would be a ‘non event’. In the middle of a 41 day postal strike, resulting in a slowdown of all commercial activity, so it proved. Yet the British consumer society would go on clinging to its pound notes, florins, shillings, and sixpenny coins to the death. It would be twenty-four years after the arrival of decimal coinage before the last of the cherished shillings and pence finally disappeared from circulation.

Prior to decimalisation banks, accountants, and commercial organizations had long relied upon the comptometer operator capable of high-speed mental conversion. One London oral history interviewee, employed by a City firm in the 1940s and 1950s, claims that ‘stockbrokers could multiply £.s.d. in their heads’ (the only others reputed capable of that incredible feat were bookmakers’ clerks). She worked her comptometer by touch and relied on her ability to mentally convert each of the 240 combinations of pence to their nearest decimal equivalent. As with all operators, the skill had been learned by rote which, discounting the necessary speed, is not quite as arduous as it sounds. The conversion tables, published by all the newspapers for weeks before and after ‘D Day’, could have been easily mastered and of course they were, but it was not in the nature of the British public to accept the change so easily. The ‘Anti-Decimal League’ went on urging people to ‘think £.s.d.’

A sharp witted correspondent of the Financial Times reminded the British that they had long since benefited from American inability to understand ‘our deliberately obscure currency’. But since the 1967 devaluation there had been $2.40 to £1 and every American visitor knew that one US cent thus equalled 1d: ‘The effect of this on our taxi drivers, waiters, porters etc. not to speak of the balance of payments has been disastrous.’ Although Britain was the last major nation to convert to a decimal

---

77 Times, 13th January 1971
78 Financial Times, 10th February 1971
79 Bank of England Museum: The first decimal coins were issued in 1968. The 2s florin (10p), the last £.s.d. coin, ceased to be legal tender in 1992.
80 Museum of London, Oral History Sound Archives, 96.28
81 Moore, p. 216
82 Financial Times, Letter to the Editor from P. D. Potter, 8th February 1971
8. Total Eclipse and Corona

currency, many envisaged it as another step towards the dreaded Americanisation. That too was a hollow theory. Thomas Jefferson changed the American currency system in 1792 but no other form of metrification had since taken place on either side of the Atlantic.

The most persistent anti-decimalisation argument was that inflation was the direct result of exploitation by so-called ‘decimal diddlers’. This term appeared in both Sun and Daily Mirror headlines, but neither reported any concrete evidence, referring vaguely to cafés, pubs and fish and chip shops. The most comprehensive of many surveys was undertaken by the Evening Standard, which demonstrated that the average cost of a stock list of food items actually fell in the five weeks bridging ‘D Day’. The shilling (5p) and sixpence (2½p) converted conveniently into the new coinage while inexact conversions provided only minute scope for benefit (1s 7d equalled 7.917p rounded up to 8p). Popular prices ending in 19s 1d were rounded down to 99p, saving the customer almost 2d. Most shops, in any case, maintained a dual-labelling system for many months. The 2.6% rise in the general price index 1971 was a trend far more readily associated with rising property prices than with ‘decimal diddlers’.

The Decimal Currency Act 1970 did deal one ‘diddle’ a due deathblow. It outlawed the tradition of charging fees in guineas which licensed professionals to charge an extra 5% by evoking the dignity of a bygone age (the guinea coin ceased to circulate in 1816). It was fitting that the same Act should also end the life of the equally absurd system by which one pound sterling was divided into twenty shillings, made up of twelve pennies, each divided into four worthless farthings. Claiming superiority for this British peculiarity can be seen as the last gesture of sour grapeism which could be mustered. The pointless time-wasting complexity involved in every £.s.d. transaction would die its lingering death, concurrently with the self-denial in avoidance of

---

81 Moore, (1973), p. 4
84 Ibid, p. 204
85 Ibid, p. 214
86 Appendix II
87 Bank of England Museum: The farthing minted until 1956 ceased to be legal tender in 1960
spending and borrowing which had been such an essential support in the post-war years.

It is beyond the scope of this study to comment on the continuing history of every facet of disbursement of personal finance beyond 1957 but it is relevant to summarise the most significant changes in the latter half of the century. Apart from in a few years of recession in the early 1990s, domestic property prices continued to rise in every year and are now more than one hundred times higher than at the end of the war.88 The owner-occupied home has remained the nation’s favourite savings medium and those who would never borrow for any other purpose are prepared to invest in a mortgage. The endowment life assurance policy continued for some years to enjoy great popularity as an effective method of saving, to repay a mortgage and ensure that dependants would not be burdened with debt in the event of death. In particular the with-profits policy was popularised as a means of accumulating capital in excess of the sum assured or mortgage repayment on maturity. From the 1960s insurance companies began to widen the scope of their life business by introducing a bewildering array of new plans but in 1970 100% income tax relief became available on many retirement annuity premiums, particularly for the self-employed.89 Thereafter sales of endowment policies, which had once been the mainstay of the insurance industry, began to wane and in their stead many thousands of private pension and annuity plans would be sold. Pension-linked mortgages not only proved more tax efficient and better investments but with the reduction of risk due to growth in property values homeowners felt less inclined to support their liabilities with life cover.

Saving through building societies has never lost its popularity. The myth that savers are given priority in mortgage applications has been perpetuated but few doubt the security of the societies. There have been no failures in the building society sector since the 1950s and some have been transformed into banks. The POSB lost ground to its competitors and closed its doors for ever in 2004. National Savings separated from the Post Office on 1st October 1969 and re-branded itself as National Savings and

88 Appendix V
89 Blake, (2003), p. 40
Investments. It has enjoyed enormous success ever since due to the unwavering public confidence in the security of every British government, however unpopular. Currently investing more than £63 billion on behalf of 30 million savers, it has grown into a dynamic organisation thriving on the issue of savings certificates, investment bonds and the ever-popular premium bonds. Private investment in both government securities and marketable stocks and shares has continuously grown with general affluence. The use of hire purchase has declined and been replaced by other forms of credit and is now almost exclusively confined to the purchase of motor vehicles. Debt of every kind has rocketed out of all proportion with easing of regulations and a market flooded with credit cards. While cases of personal insolvency and at times mortgage repossessions have become great by comparison with the minute numbers in the 1940s and 1950s they have rarely affected more than a small minority of individuals.

Legal compliance and non-material expenditure other than for savings or investment has taken on ever greater significance. Britain has remained among the highest taxed nations in the world but emphasis has shifted from the direct to the indirect. Value Added Tax (VAT) replaced purchase tax in 1973, first at a standard rate of 10% which was soon raised to 17½% where it has since remained. National Insurance contributions, which few have ever regarded as other than additional income tax, have continued to rise and become a greater burden to both employers and employees. Council tax replaced the rating system after the much-criticised poll tax was abandoned. Apart from those mentioned the proliferation of stamp duties, licences, road taxes, travel taxes, compulsory insurances and many other impositions has continued to expand and ensure that legal compliance features in the personal budget of every Briton.

Expenditure on medical insurance and private medicine has risen dramatically with the mistrust resulting from endless reports of failings, inefficiency and abuse of the National Health Service, which invariably discount all evidence of its overwhelming success rate. With rising crime and accidents increasing numbers are prepared to pay for home and personal insurance protection. Expenditure on private education has

continued to be a priority for middle-class families, since state schools retain an often undeserved image of inferiority to private and public schools. Without exception the British have increased the proportion of their income spent on telephones, communications and basic utilities. Per capita they also have become amongst the largest contributors to charity in the world. Expenditure on gambling continues and has risen, but the most popular form of non-conspicuous betting has shifted from football pools to the national lottery. Although betting shops, concentrating on horse and dog racing remain much in evidence, gambling has probably lost much of its appeal as a substitute for conspicuous consumption. From the late 1950s air travel grew in popularity and foreign tourism became increasingly economical and a normal expectancy of all classes. Almost everyone now takes one or more holidays per annum and the proportion of the personal budget spent on leisure activities has continuously escalated.

In the latter half of the twentieth century disbursement of personal finance on the inconspicuous can thus be seen to have risen out of all proportion to expenditure on the conspicuous. The significance of conspicuous consumption in satisfying conventional demand, possibly sometime in the 1970s reached an apogee but thereafter seemingly began to diminish. Houses, motor cars, domestic appliances, fashionable clothing, expensive jewellery and other former conspicuous luxuries have in recent years lost much, but of course not all, of their value as symbols of status. Less and less is social standing, success or even wealth gauged in others simply by their evident material possessions - which may or may not be paid for. Expenditure to satisfy personal emotional and romantic expectancies of a secure, fulfilled, pleasurable or exciting modern lifestyle has continuously increased with the broadening of educational opportunities, the unstoppable rise of technology and the creativity of the mass-media. For the majority there is no sustainable alternative but to yield to both conspicuous and non-conspicuous consumption and to their resolute companion indebtedness, which for many has become inexorable. The extent to which the wheel has turned, in relation to British attitudes to personal finance since the universal abhorrence of debt in the post-war era\textsuperscript{91} was vividly illustrated in 1990 by John Major who, when Chancellor of the Exchequer, observed: ‘Give the Germans

\textsuperscript{91} See Introduction, pp. 9-10
five deutschmarks and they will save it but give the British five pounds and they will borrow twenty-five pounds and spend it.\(^{92}\) Conspicuous consumption has totally eclipsed 'elegant economy' and its now impotent corona begun to fade into oblivion.

The preceding chapters have demonstrated that between the years 1945 and 1957 British attitudes to personal finance were dominated by a variety of dilemmas created by changing expectancies. Immediately after the end of the Second World War it became abundantly clear that, although achieved through strength of national character and heavy sacrifice, victory for Britain was to be rewarded not by glory but by demotion in international prestige and seemingly endless economic crises which affected the pockets of all its citizens. A proud people were determined not to humbly succumb to these unpalatable truths. Equally their government was resolved to restore national prestige, but its endeavours to revive the economy by prolonging austerity served only to deepen the despair which the individual felt impotent to oppose.

With few exceptions that same individual emerged from conflict in a stronger financial position than he or she had previously experienced. This new-found fortune proved a voiceless platform from which to protest disappointment and desperation, either by practising self-denial or as much self-indulgence as was permitted by the bounds of austerity legislation, and sometimes beyond those bounds. For those who chose the former it was a ‘form of sour grapeism which made [them] peaceful and satisfied’. Those who chose the latter similarly targeted peace of mind and personal satisfaction, but to the prevalent ingrained national mindset their route was, at least, ‘vulgar and ostentatious’.¹

Many tried to repress deep-felt yearnings for an improbable revival of their memories of the best of pre-war Britain but, often simultaneously, harboured over-optimistic hopes that Clement Attlee’s vision of a New Jerusalem might be soon built. Personal expenditure decisions became confused and difficult as constant reminders of the dire need to achieve national economic recovery attached a dimension of guilt to every

¹ Gaskell, (1998), p. 3
financial transaction. Desires to exploit the self confidence which in normal times follows attainment of personal prosperity conflicted with conscience-ridden endeavours to suppress conspicuous consumption. As was inevitable, such attempts at unwarranted economy mostly proved short lived. It was impossible to overcome the urge to consume since all forms of consumption, as has been demonstrated, are stimulated by the desires of the mind from which no one can break free. These desires have been categorised here as emotional, conventional and romantic. In post-war Britain each encompassed dilemmas unique to their time.

British emotions often craved the revival of a spirit of enterprise which had, for an unprecedented proportion of the population, enlightened the interwar years by bringing access to the benefits and pleasures of mass-production and modernity to within their grasp. The restoration of that spirit transpired to be a prolonged and halting process. Widespread anxiety that there might be a recurrence of economic recession and with it large-scale unemployment, or that there might be another outbreak of war, induced an overriding dilemma. To prioritise the purchase of protection from these pessimistic prospects through savings, life assurance or other securities, or to live for the moment and enjoy what excitement or temporary escape from austerity money could buy.

An equally emotive dilemma was engendered by the advent of welfare legislation which promised to alleviate or eradicate all ills. To employ private funds for perceived personal needs or to aid suffering for which there was yet no state provision, when welfare from cradle to grave would eliminate all virtue from charity. For all the confident government promises, conscience often proved too strong to resist and many, even if sometimes apprehensively, continued to contribute to good causes or work in the voluntary sector. Others, doubting the efficiency or effectiveness of state care, chose to purchase insurance policies and private medical plans, or simply set aside their funds for a rainy day.
Constant governmental and peer pressure to save and invest for a nation dependent on transatlantic goodwill and determined to export to balance the economy posed private dilemmas which challenged decisions involving conventional expenditure. Could social or professional status be maintained without conspicuous consumption? Could the image of British superiority as war victors be similarly so sustained? Was it morally appropriate to spend lavishly on traditional or religious celebrations: birthdays, weddings, achievements, Christmas etc., while devastation and suffering remained unremedied?

Expenditure stimulated by romantic expectancies often involved the most difficult dilemmas for the post-war conscience. Sincere high thinkers and plain livers judged such expenditure an obstacle to national recovery, selfish, unnecessary or simply extravagance. The Christian faithful believed self-indulgence immoral. But science, technology and culture developing in parallel continued to weave their combined spells on the public imagination. Since the 1930s not only films but radio and the printed media had reached out to a literate audience on an unprecedented scale. Never before had so many romantic images filled so many heads and broadened so many horizons. The advertising industries had begun to employ ever more professional artists of every discipline to exploit the public imagination.

Since romantic expectancy proves the hardest to resist, in the post-war golden age of cinema, it is remarkable that so many chose to avoid emulation of its enticing images of the new and idyllic lifestyle. Even before the Second World War had ended films began to depict the heroic victory of unique British superiority, classless camaraderie, restraint and stoicism in the face of peril. All wished to see themselves in those heroic images. Although myths as transparent as the celluloid through which they were projected, they helped satisfy the romantic desires of a public suffering drab war-weary reality. These films competed not just with the imported glamour of Hollywood, but with home produced programmes broadcast via clearer radios, records played on improving gramophones, fiction read in glossier magazines, affordable paperback literature, and much more. All of these bombarded the imagination with the
delights and practicalities of modernity, gleaming like crocks of gold at the end of the rainbow.

Private consciences and national controls were not the only barriers to turning romanticism into reality. No sooner had peace been declared than the situation satirised by J. M. Barrie in *The Admirable Crichton* was in evidence throughout the land. Like the instant restoration from temporary role reversal when the recently marooned aristocratic family and their servants again stepped onto British soil, so inequality of opportunity and social privilege were immediately revealed to have survived the war unscathed. Although general acceptance of this revival of rigid class distinction would survive at least three further decades, by the end of the 1950s signs of softening were detectable. There was increasing awareness that a new middle class with access to material possessions and financial security might soon constitute the majority and destroy the fabric of the time-honoured social order.

Geoffrey Gorer claimed that in the early 1950s the English character might be epitomised by the statement ‘my manner, my gestures, my attitude towards money are all class-typed’. To Gorer, class and pecuniary mindset were inseparable. The unthinkable prospect of loss of the war had the short-lived effect of unifying a British society for centuries split asunder by the perpetuators of social distinctions, and in latter times to a lesser degree by class-conscious political parties. With the return of peace both did their utmost, not without initial success, to remould society to their convictions but failed to take account of the extent to which they were being challenged by profoundly changing attitudes in the employment of personal finance. These have been shown to be complex, by no means always consistent or obvious, but an unfailing social force. As the dilemmas of austerity were gradually overcome overt ‘elegant economy’ would lose its prior potency as a symbol of social status - but conspicuous consumption would never do so.

---

When Thorstein Veblen defined conspicuous consumption at the turn of the 20th century the ‘audience’ for whom he said it was intended was real and attentive. Appearance and possessions were evidence to be examined, judged and subjected to unmerciful verdict upon reputation and social acceptability. In the age of clothing coupons few changes had yet taken place and physical status symbols continued to matter. For those few years Britons faced the testing dilemma of how to comply with the obligation to be seen wearing austerity on their patched sleeves while remaining conscious of the significance of appearance and possession. The decisions which emerged were sometimes rational and sometimes irrational, but many did involve genuine and constructive self-denial. Everyone feared the loss of financial resources, large or small, and all might be embarrassed by their inappropriate usage or display. Those who made pragmatic sacrifices and waived or postponed reward often later reaped the benefits of capital appreciation. It was that appreciated capital which with time yielded the independence, security and confidence that this study has demonstrated to be the ingredients of true affluence and, where attained, became a source of pride not embarrassment.

It has been argued here that the British, including many who subscribed to socialism and even the few who embraced communism, unwittingly became a nation of minor capitalists. For the individual private capital bought an essential freedom of choice; the choice to spend or to save as he or she saw fit. That cherished freedom was among the reasons why Britain generally remained politically stable. The response to radicals and extremists was that Britons had fought hard, on and off the battlefields, for the right to live and disburse their personal income and capital unencumbered by state regulation. It was a right which few would relinquish for political convictions, however strongly held.

The post-war governments concerned to maintain social stability in conditions of uncertainty, might have been minded of the words of the founder of the Building
Society Association Sir Harold Bellman:4 ‘The thrifty man is seldom or never an extremist agitator. To him revolution is an anathema’.5 At the other end of the political spectrum the Marxist David Harvey similarly accepted that ‘a worker mortgaged up to the hilt is a pillar of social stability’.6 Later when Britain was claimed by a Times publicist to be developing into a nation of small property investors rather than simply a property-owning democracy, it was, he believed ‘unlikely to become a nation of socialist radicals and collective subversives. It is not even likely to take left-inclined intellectuals very seriously’.7

By 1957 the paradox of thrift, although unsolved, was becoming far less of a dilemma than ever before. Thrift no longer dominated lifestyle nor was it a cardinal virtue. Luxury was no longer so odious. The post-war surge in religious conviction was waning. Each day it became more apparent that money-spending rather than ‘elegant economy’ held the key to success both for the nation and for the individual. Consumerism of all kinds was becoming respectable. These were trends set to continue. People in all walks of life were opening private bank accounts demanding continuous maintenance and decisions in the use of their money. Payment of income tax and other direct taxation had now become an ongoing factor in the lives of the majority. Hire purchase, mortgages, life assurance, investment and other financial matters also were increasingly intruding on everyday existence, constantly becoming more complex and demanding of attention.

Attitudes to personal finance have thus been demonstrated to be inherent to the appreciation of social history and this thesis has emphasized the importance of this largely ignored principle by focusing on the unique conditions prevailing in Britain after the Second World War. It has also shown, by comparing it with its antithesis, that resistance to and disparagement of conspicuous consumption in an attempt to

4 Shakespeare, Geoffrey, ‘Sir (Charles) Harold Bellman, (1886-1963)’ in Oxford DNB
6 Daunton, (1987), citing David Harvey, Labour, Capital and Class Struggle, 1977, p. 71
stem the rise of affluence would inevitably prove fruitless. It has established that expenditure on the non-material was of far greater social significance than materialism ever was. Although it has not been possible to precisely define consumerism it has been demonstrated that only by including all forms of saving and spending within its bounds can its significance be fully expounded.

With the ending of austerity an independent and prosperous British people had evolved into a nation whose lifeblood appeared to be circulated by conspicuous consumption, the positive repercussions of which had begun to overwhelm the negative. Realistically, the far greater influence on the transformation to affluence was consumerism of an intangible and non-conspicuous nature. Through the age of austerity this provided the superstructure which supported and encouraged a people who at heart were striving, as they are to the present day, for a truly affluent society.
THE GROWTH OF SAVINGS
(amounts outstanding at end of year)

£
0
1,000
2,000
3,000
4,000
5,000
6,000

NATIONAL SAVINGS

OTHER FORMS OF SAVINGS

1. Figures of net of interest. The 1949 figure is based on half-yearly figures.
2. Profit and loss of both issues.
3. Figures of net of interest. Later than 1949 are not available.
4. Life Assurance companies include the Life Assurance companies listed in the UK (excluding the Building Societies).
5. Other Savings, Loans, etc. includes mainly other Registered Provident Societies.
### Inflation – Price Indices

<table>
<thead>
<tr>
<th>Year</th>
<th>Price Index</th>
<th>Value of the Pound</th>
<th>Change in Prices on Year Before</th>
</tr>
</thead>
<tbody>
<tr>
<td>1930</td>
<td>17.0</td>
<td>588</td>
<td>2.8</td>
</tr>
<tr>
<td>1931</td>
<td>16.3</td>
<td>614</td>
<td>4.3</td>
</tr>
<tr>
<td>1932</td>
<td>15.9</td>
<td>630</td>
<td>2.6</td>
</tr>
<tr>
<td>1933</td>
<td>15.5</td>
<td>644</td>
<td>2.1</td>
</tr>
<tr>
<td>1934</td>
<td>15.5</td>
<td>644</td>
<td>0.0</td>
</tr>
<tr>
<td>1935</td>
<td>15.6</td>
<td>640</td>
<td>0.7</td>
</tr>
<tr>
<td>1936</td>
<td>15.8</td>
<td>635</td>
<td>0.7</td>
</tr>
<tr>
<td>1937</td>
<td>16.3</td>
<td>614</td>
<td>3.4</td>
</tr>
<tr>
<td>1938</td>
<td>16.5</td>
<td>605</td>
<td>1.6</td>
</tr>
<tr>
<td>1939</td>
<td>17.1</td>
<td>586</td>
<td>3.1</td>
</tr>
<tr>
<td>1940</td>
<td>20.0</td>
<td>500</td>
<td>17.2</td>
</tr>
<tr>
<td>1941</td>
<td>22.2</td>
<td>450</td>
<td>11.2</td>
</tr>
<tr>
<td>1942</td>
<td>23.9</td>
<td>418</td>
<td>7.5</td>
</tr>
<tr>
<td>1943</td>
<td>24.8</td>
<td>403</td>
<td>3.7</td>
</tr>
<tr>
<td>1944</td>
<td>25.5</td>
<td>391</td>
<td>3.1</td>
</tr>
<tr>
<td>1945</td>
<td>26.4</td>
<td>379</td>
<td>3.2</td>
</tr>
<tr>
<td>1946</td>
<td>27.3</td>
<td>367</td>
<td>3.5</td>
</tr>
<tr>
<td>1947</td>
<td>29.3</td>
<td>341</td>
<td>7.4</td>
</tr>
<tr>
<td>1948</td>
<td>31.2</td>
<td>320</td>
<td>6.6</td>
</tr>
<tr>
<td>1949</td>
<td>32.0</td>
<td>312</td>
<td>2.6</td>
</tr>
<tr>
<td>1950</td>
<td>32.9</td>
<td>304</td>
<td>2.8</td>
</tr>
<tr>
<td>1951</td>
<td>36.1</td>
<td>277</td>
<td>9.5</td>
</tr>
<tr>
<td>1952</td>
<td>38.0</td>
<td>263</td>
<td>5.3</td>
</tr>
<tr>
<td>1953</td>
<td>38.8</td>
<td>258</td>
<td>2.2</td>
</tr>
<tr>
<td>1954</td>
<td>39.5</td>
<td>253</td>
<td>1.9</td>
</tr>
<tr>
<td>1955</td>
<td>40.9</td>
<td>244</td>
<td>3.5</td>
</tr>
<tr>
<td>1956</td>
<td>42.9</td>
<td>233</td>
<td>4.7</td>
</tr>
<tr>
<td>1957</td>
<td>44.3</td>
<td>226</td>
<td>3.3</td>
</tr>
<tr>
<td>1958</td>
<td>45.5</td>
<td>220</td>
<td>2.7</td>
</tr>
<tr>
<td>1959</td>
<td>45.9</td>
<td>218</td>
<td>0.9</td>
</tr>
<tr>
<td>1960</td>
<td>46.4</td>
<td>216</td>
<td>1.1</td>
</tr>
<tr>
<td>1961</td>
<td>47.7</td>
<td>210</td>
<td>2.9</td>
</tr>
<tr>
<td>1962</td>
<td>49.4</td>
<td>202</td>
<td>3.6</td>
</tr>
<tr>
<td>1963</td>
<td>50.3</td>
<td>199</td>
<td>1.8</td>
</tr>
<tr>
<td>1964</td>
<td>52.1</td>
<td>192</td>
<td>3.5</td>
</tr>
<tr>
<td>1965</td>
<td>54.6</td>
<td>183</td>
<td>4.9</td>
</tr>
<tr>
<td>1966</td>
<td>56.7</td>
<td>176</td>
<td>3.8</td>
</tr>
<tr>
<td>1967</td>
<td>58.2</td>
<td>172</td>
<td>2.6</td>
</tr>
<tr>
<td>1968</td>
<td>61.0</td>
<td>164</td>
<td>4.7</td>
</tr>
<tr>
<td>1969</td>
<td>64.4</td>
<td>155</td>
<td>5.6</td>
</tr>
<tr>
<td>1970</td>
<td>68.2</td>
<td>147</td>
<td>5.9</td>
</tr>
<tr>
<td>1971</td>
<td>74.0</td>
<td>135</td>
<td>8.6</td>
</tr>
</tbody>
</table>
### Inflation – Price Indices

<table>
<thead>
<tr>
<th>Price Index 1974 = 100</th>
<th>Value of the Pound 1974 = £100</th>
<th>Change in Prices on Year Before</th>
</tr>
</thead>
<tbody>
<tr>
<td>1974</td>
<td>100.0</td>
<td>100</td>
</tr>
<tr>
<td>1975</td>
<td>124.2</td>
<td>80</td>
</tr>
<tr>
<td>1976</td>
<td>144.8</td>
<td>69</td>
</tr>
<tr>
<td>1977</td>
<td>167.7</td>
<td>60</td>
</tr>
<tr>
<td>1978</td>
<td>181.7</td>
<td>55</td>
</tr>
<tr>
<td>1979</td>
<td>206.0</td>
<td>49</td>
</tr>
<tr>
<td>1980</td>
<td>243.0</td>
<td>41</td>
</tr>
</tbody>
</table>
Chancellors of the Exchequer and their Budget dates: 1939 -1957

Sir John Allesbrook Simon (1873-1954) Conservative 28th May 1937 – 12th May 1940

(26th April 1938)
(25th April 1939)
27th September 1939
23rd April 1940

Sir Howard Kingsley Wood (1891-1943) Conservative 12th May 1940 – 24th September 1943

23rd July 1940
7th April 1941
11th April 1942
12th April 1943

Sir John Anderson (1882 -1958) National 24th September 1943 – 26th July 1945

25th April 1944
24th April 1945


23rd October 1945
9th April 1946
15th April 1947
12th November 1947


6th April 1948
6th April 1949
18th April 1950

Hugh Todd Naylor Gaitskell (1906 -1963) Labour 19th October 1950 – 26th October 1951

10th April 1951


11th March 1952
14th April 1953
6th April 1954
19th April 1955
25th October 1955


17th April 1956


9th April 1957
## RATES OF ESTATE DUTY

<table>
<thead>
<tr>
<th>Total Estate</th>
<th>Rate of Duty</th>
<th>Total Estate</th>
<th>Rate of Duty</th>
<th>Total Estate</th>
<th>Rate of Duty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not Exceeding</td>
<td>£ 100</td>
<td>Exceeding</td>
<td>£ 100</td>
<td>Exceeding</td>
<td>£ 100</td>
</tr>
<tr>
<td>£</td>
<td>£ 500</td>
<td>£ 2,000</td>
<td>£ 7,500</td>
<td>£ 7,500</td>
<td>£ 2,000</td>
</tr>
<tr>
<td>£ 500</td>
<td>£ 1,000</td>
<td>£ 3,000</td>
<td>£ 10,000</td>
<td>£ 10,000</td>
<td>£ 3,000</td>
</tr>
<tr>
<td>£ 1,000</td>
<td>£ 5,000</td>
<td>£ 5,000</td>
<td>£ 14,000</td>
<td>£ 14,000</td>
<td>£ 5,000</td>
</tr>
<tr>
<td>£ 5,000</td>
<td>£ 10,000</td>
<td>£ 7,500</td>
<td>£ 21,000</td>
<td>£ 21,000</td>
<td>£ 7,500</td>
</tr>
<tr>
<td>£ 10,000</td>
<td>£ 12,500</td>
<td>£ 12,500</td>
<td>£ 30,000</td>
<td>£ 30,000</td>
<td>£ 12,500</td>
</tr>
<tr>
<td>£ 12,500</td>
<td>£ 15,000</td>
<td>£ 15,000</td>
<td>£ 40,000</td>
<td>£ 40,000</td>
<td>£ 15,000</td>
</tr>
<tr>
<td>£ 15,000</td>
<td>£ 18,000</td>
<td>£ 20,000</td>
<td>£ 50,000</td>
<td>£ 50,000</td>
<td>£ 20,000</td>
</tr>
<tr>
<td>£ 18,000</td>
<td>£ 21,000</td>
<td>£ 25,000</td>
<td>£ 60,000</td>
<td>£ 60,000</td>
<td>£ 25,000</td>
</tr>
<tr>
<td>£ 21,000</td>
<td>£ 25,000</td>
<td>£ 25,000</td>
<td>£ 75,000</td>
<td>£ 75,000</td>
<td>£ 25,000</td>
</tr>
<tr>
<td>£ 25,000</td>
<td>£ 30,000</td>
<td>£ 30,000</td>
<td>£ 100,000</td>
<td>£ 100,000</td>
<td>£ 30,000</td>
</tr>
<tr>
<td>£ 30,000</td>
<td>£ 35,000</td>
<td>£ 35,000</td>
<td>£ 150,000</td>
<td>£ 150,000</td>
<td>£ 35,000</td>
</tr>
<tr>
<td>£ 35,000</td>
<td>£ 40,000</td>
<td>£ 40,000</td>
<td>£ 200,000</td>
<td>£ 200,000</td>
<td>£ 40,000</td>
</tr>
<tr>
<td>£ 40,000</td>
<td>£ 45,000</td>
<td>£ 45,000</td>
<td>£ 250,000</td>
<td>£ 250,000</td>
<td>£ 45,000</td>
</tr>
<tr>
<td>£ 45,000</td>
<td>£ 50,000</td>
<td>£ 50,000</td>
<td>£ 300,000</td>
<td>£ 300,000</td>
<td>£ 50,000</td>
</tr>
<tr>
<td>£ 50,000</td>
<td>£ 55,000</td>
<td>£ 60,000</td>
<td>£ 500,000</td>
<td>£ 500,000</td>
<td>£ 60,000</td>
</tr>
<tr>
<td>£ 55,000</td>
<td>£ 65,000</td>
<td>£ 60,000</td>
<td>£ 750,000</td>
<td>£ 750,000</td>
<td>£ 65,000</td>
</tr>
<tr>
<td>£ 65,000</td>
<td>£ 75,000</td>
<td>£ 75,000</td>
<td>£ 1,000,000</td>
<td>£ 1,000,000</td>
<td>£ 75,000</td>
</tr>
<tr>
<td>£ 75,000</td>
<td>£ 85,000</td>
<td>£ 100,000</td>
<td>£ 1,500,000</td>
<td>£ 1,500,000</td>
<td>£ 100,000</td>
</tr>
<tr>
<td>£ 85,000</td>
<td>£ 100,000</td>
<td>£ 150,000</td>
<td>£ 2,000,000</td>
<td>£ 2,000,000</td>
<td>£ 150,000</td>
</tr>
<tr>
<td>£ 100,000</td>
<td>£ 120,000</td>
<td>£ 150,000</td>
<td>£ 2,500,000</td>
<td>£ 2,500,000</td>
<td>£ 150,000</td>
</tr>
<tr>
<td>£ 120,000</td>
<td>£ 150,000</td>
<td>£ 200,000</td>
<td>£ 3,000,000</td>
<td>£ 3,000,000</td>
<td>£ 200,000</td>
</tr>
<tr>
<td>£ 150,000</td>
<td>£ 200,000</td>
<td>£ 200,000</td>
<td>£ 3,500,000</td>
<td>£ 3,500,000</td>
<td>£ 200,000</td>
</tr>
<tr>
<td>£ 200,000</td>
<td>£ 250,000</td>
<td>£ 250,000</td>
<td>£ 4,000,000</td>
<td>£ 4,000,000</td>
<td>£ 250,000</td>
</tr>
<tr>
<td>£ 250,000</td>
<td>£ 300,000</td>
<td>£ 300,000</td>
<td>£ 4,500,000</td>
<td>£ 4,500,000</td>
<td>£ 300,000</td>
</tr>
<tr>
<td>£ 300,000</td>
<td>£ 400,000</td>
<td>£ 500,000</td>
<td>£ 5,000,000</td>
<td>£ 5,000,000</td>
<td>£ 500,000</td>
</tr>
<tr>
<td>£ 400,000</td>
<td>£ 500,000</td>
<td>£ 750,000</td>
<td>£ 6,000,000</td>
<td>£ 6,000,000</td>
<td>£ 750,000</td>
</tr>
<tr>
<td>£ 500,000</td>
<td>£ 600,000</td>
<td>£ 1,000,000</td>
<td>£ 7,500,000</td>
<td>£ 7,500,000</td>
<td>£ 1,000,000</td>
</tr>
<tr>
<td>£ 600,000</td>
<td>£ 800,000</td>
<td>£ 1,500,000</td>
<td>£ 1,000,000</td>
<td>£ 1,000,000</td>
<td>£ 1,500,000</td>
</tr>
<tr>
<td>£ 800,000</td>
<td>£ 1,000,000</td>
<td>£ 2,000,000</td>
<td>£ 1,500,000</td>
<td>£ 1,500,000</td>
<td>£ 2,000,000</td>
</tr>
<tr>
<td>£ 1,000,000</td>
<td>£ 1,250,000</td>
<td>£ 2,000,000</td>
<td>£ 2,000,000</td>
<td>£ 2,000,000</td>
<td>£ 2,500,000</td>
</tr>
<tr>
<td>£ 1,250,000</td>
<td>£ 1,500,000</td>
<td>£ 3,000,000</td>
<td>£ 3,000,000</td>
<td>£ 3,000,000</td>
<td>£ 3,500,000</td>
</tr>
<tr>
<td>£ 1,500,000</td>
<td>£ 2,000,000</td>
<td>£ 4,000,000</td>
<td>£ 4,000,000</td>
<td>£ 4,000,000</td>
<td>£ 4,500,000</td>
</tr>
<tr>
<td>£ 2,000,000</td>
<td>£ 65</td>
<td>£ 2,000,000</td>
<td>£ 75</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Daily Mail Tax Guides
<table>
<thead>
<tr>
<th>Year</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td>1930</td>
<td>590</td>
</tr>
<tr>
<td>1931</td>
<td>600</td>
</tr>
<tr>
<td>1932</td>
<td>540</td>
</tr>
<tr>
<td>1933</td>
<td>530</td>
</tr>
<tr>
<td>1934</td>
<td>515</td>
</tr>
<tr>
<td>1935</td>
<td>530</td>
</tr>
<tr>
<td>1936</td>
<td>550</td>
</tr>
<tr>
<td>1937</td>
<td>540</td>
</tr>
<tr>
<td>1938</td>
<td>545</td>
</tr>
<tr>
<td>1939 to 1945</td>
<td>-</td>
</tr>
<tr>
<td>1946</td>
<td>1,459</td>
</tr>
<tr>
<td>1947</td>
<td>1,824</td>
</tr>
<tr>
<td>1948</td>
<td>1,751</td>
</tr>
<tr>
<td>1949</td>
<td>1,911</td>
</tr>
<tr>
<td>1950</td>
<td>1,940</td>
</tr>
<tr>
<td>1951</td>
<td>2,115</td>
</tr>
<tr>
<td>1952</td>
<td>2,028</td>
</tr>
<tr>
<td>1953</td>
<td>2,006</td>
</tr>
<tr>
<td>1954</td>
<td>1,970</td>
</tr>
<tr>
<td>1955</td>
<td>2,064</td>
</tr>
<tr>
<td>1956</td>
<td>2,280</td>
</tr>
<tr>
<td>1957</td>
<td>2,330</td>
</tr>
<tr>
<td>1958</td>
<td>2,390</td>
</tr>
<tr>
<td>1959</td>
<td>2,410</td>
</tr>
<tr>
<td>1960</td>
<td>2,530</td>
</tr>
<tr>
<td>1961</td>
<td>2,770</td>
</tr>
<tr>
<td>1962</td>
<td>2,950</td>
</tr>
<tr>
<td>1963</td>
<td>3,160</td>
</tr>
<tr>
<td>1964</td>
<td>3,360</td>
</tr>
<tr>
<td>1965</td>
<td>3,660</td>
</tr>
<tr>
<td>1966</td>
<td>3,840</td>
</tr>
<tr>
<td>1967</td>
<td>4,050</td>
</tr>
<tr>
<td>1968</td>
<td>4,344</td>
</tr>
<tr>
<td>1969</td>
<td>4,640</td>
</tr>
<tr>
<td>1970</td>
<td>4,975</td>
</tr>
<tr>
<td>1971</td>
<td>5,632</td>
</tr>
<tr>
<td>1972</td>
<td>7,374</td>
</tr>
<tr>
<td>1973</td>
<td>9,942</td>
</tr>
<tr>
<td>1974</td>
<td>10,990</td>
</tr>
<tr>
<td>1975</td>
<td>11,787</td>
</tr>
<tr>
<td>1976</td>
<td>12,704</td>
</tr>
<tr>
<td>1977</td>
<td>13,650</td>
</tr>
<tr>
<td>1978</td>
<td>15,594</td>
</tr>
<tr>
<td>1979</td>
<td>19,925</td>
</tr>
<tr>
<td>1980</td>
<td>23,596</td>
</tr>
</tbody>
</table>

Source: OFFICE OF DEPUTY PRIME MINISTER
www.communities.gov.uk/index
### BANK BASE RATES

The rates, shown as percentages, include the base rate and minimum lending rate.

<table>
<thead>
<tr>
<th>From</th>
<th>Rate %</th>
</tr>
</thead>
<tbody>
<tr>
<td>24th August 1939</td>
<td>4</td>
</tr>
<tr>
<td>28th September 1939</td>
<td>3</td>
</tr>
<tr>
<td>26th October 1939</td>
<td>2</td>
</tr>
<tr>
<td>8th November 1951</td>
<td>2½</td>
</tr>
<tr>
<td>11th March 1952</td>
<td>4</td>
</tr>
<tr>
<td>17th September 1953</td>
<td>3½</td>
</tr>
<tr>
<td>13th May 1954</td>
<td>3</td>
</tr>
<tr>
<td>27th January 1955</td>
<td>3½</td>
</tr>
<tr>
<td>24th February 1955</td>
<td>4½</td>
</tr>
<tr>
<td>16th February 1956</td>
<td>5½</td>
</tr>
<tr>
<td>7th February 1957</td>
<td>5</td>
</tr>
<tr>
<td>19th September 1957</td>
<td>7</td>
</tr>
<tr>
<td>20th March 1958</td>
<td>6</td>
</tr>
<tr>
<td>22nd May 1958</td>
<td>5½</td>
</tr>
<tr>
<td>19th June 1958</td>
<td>5</td>
</tr>
<tr>
<td>14th August 1958</td>
<td>4½</td>
</tr>
<tr>
<td>20th November 1958</td>
<td>4</td>
</tr>
<tr>
<td>21st January 1960</td>
<td>5</td>
</tr>
<tr>
<td>23rd June 1960</td>
<td>6</td>
</tr>
<tr>
<td>27th October 1960</td>
<td>5½</td>
</tr>
<tr>
<td>8th December 1960</td>
<td>5</td>
</tr>
<tr>
<td>25th July 1961</td>
<td>7</td>
</tr>
<tr>
<td>5th October 1961</td>
<td>6½</td>
</tr>
<tr>
<td>2nd November 1961</td>
<td>6</td>
</tr>
<tr>
<td>8th March 1962</td>
<td>5½</td>
</tr>
<tr>
<td>22nd March 1962</td>
<td>5</td>
</tr>
<tr>
<td>26th April 1962</td>
<td>4½</td>
</tr>
<tr>
<td>3rd January 1963</td>
<td>4</td>
</tr>
<tr>
<td>27th February 1964</td>
<td>5</td>
</tr>
<tr>
<td>23rd November 1964</td>
<td>7</td>
</tr>
<tr>
<td>3rd June 1965</td>
<td>6</td>
</tr>
<tr>
<td>14th July 1966</td>
<td>7</td>
</tr>
<tr>
<td>26th January 1967</td>
<td>6½</td>
</tr>
<tr>
<td>16th March 1967</td>
<td>6</td>
</tr>
<tr>
<td>4th May 1967</td>
<td>5½</td>
</tr>
<tr>
<td>19th October 1967</td>
<td>6</td>
</tr>
<tr>
<td>9th November 1967</td>
<td>6½</td>
</tr>
<tr>
<td>18th November 1967</td>
<td>8</td>
</tr>
<tr>
<td>21st March 1968</td>
<td>7½</td>
</tr>
<tr>
<td>19th September 1968</td>
<td>7</td>
</tr>
<tr>
<td>27th February 1969</td>
<td>8</td>
</tr>
<tr>
<td>5th March 1970</td>
<td>7½</td>
</tr>
<tr>
<td>15th April 1970</td>
<td>7</td>
</tr>
<tr>
<td>1st April 1971</td>
<td>6</td>
</tr>
<tr>
<td>2nd September 1971</td>
<td>5</td>
</tr>
<tr>
<td>22nd June 1972</td>
<td>6</td>
</tr>
<tr>
<td>13th October 1972</td>
<td>7½</td>
</tr>
<tr>
<td>27th October 1972</td>
<td>7½</td>
</tr>
</tbody>
</table>

### LIFE ASSURANCE COMPANIES - NEW (ORDINARY BRANCH) BUSINESS

**£'000**

<table>
<thead>
<tr>
<th>Net Sums Assured</th>
<th>1938</th>
<th>1946</th>
<th>Increase 1945 to 1946</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alliance</td>
<td>4,205</td>
<td>3,960</td>
<td>2,200</td>
</tr>
<tr>
<td>Atlas</td>
<td>4,043</td>
<td>3,870</td>
<td>1,579</td>
</tr>
<tr>
<td>Beacon</td>
<td>1,291</td>
<td>2,675</td>
<td>1,625</td>
</tr>
<tr>
<td>Britannic</td>
<td>3,423</td>
<td>6,904</td>
<td>3,338</td>
</tr>
<tr>
<td>British Equitable</td>
<td>871</td>
<td>809</td>
<td>346</td>
</tr>
<tr>
<td>Caledonian</td>
<td>2,103</td>
<td>2,158</td>
<td>953</td>
</tr>
<tr>
<td>Clerical, Medical, General</td>
<td>2,733</td>
<td>3,431</td>
<td>2,267</td>
</tr>
<tr>
<td>Colonial Mutual (UK only)</td>
<td>2,786</td>
<td>4,500</td>
<td>2,086</td>
</tr>
<tr>
<td>Commercial Union</td>
<td>5,991</td>
<td>9,882</td>
<td>4,194</td>
</tr>
<tr>
<td>Con. Life (Great Britain)</td>
<td>1,475</td>
<td>2,660</td>
<td>1,282</td>
</tr>
<tr>
<td>Co-operative</td>
<td>3,275</td>
<td>16,385</td>
<td>8,110</td>
</tr>
<tr>
<td>Crusader</td>
<td>691</td>
<td>1,849</td>
<td>1,158</td>
</tr>
<tr>
<td>Eagle Star</td>
<td>10,313</td>
<td>20,701</td>
<td>4,453</td>
</tr>
<tr>
<td>Equitable Life</td>
<td>2,029</td>
<td>3,823</td>
<td>1,794</td>
</tr>
<tr>
<td>Equity &amp; Law</td>
<td>3,513</td>
<td>1,706</td>
<td>658</td>
</tr>
<tr>
<td>Friends' Provident &amp; Cent.</td>
<td>2,655</td>
<td>3,949</td>
<td>1,294</td>
</tr>
<tr>
<td>General Life</td>
<td>2,611</td>
<td>2,147</td>
<td>1,073</td>
</tr>
<tr>
<td>Gresham Life</td>
<td>3,815</td>
<td>6,090</td>
<td>1,900</td>
</tr>
<tr>
<td>Guardian</td>
<td>1,719</td>
<td>2,694</td>
<td>1,139</td>
</tr>
<tr>
<td>Ideal Life</td>
<td>181</td>
<td>321</td>
<td>119</td>
</tr>
<tr>
<td>Law Union &amp; Rock</td>
<td>2,811</td>
<td>3,396</td>
<td>1,492</td>
</tr>
<tr>
<td>Legal &amp; General</td>
<td>16,565</td>
<td>21,604</td>
<td>10,952</td>
</tr>
<tr>
<td>Life Assoc. of Scotland</td>
<td>1,721</td>
<td>2,385</td>
<td>1,683</td>
</tr>
<tr>
<td>Liverpool London &amp; Globe</td>
<td>2,851</td>
<td>4,038</td>
<td>2,187</td>
</tr>
<tr>
<td>Liverpool Victoria</td>
<td>3,572</td>
<td>5,004</td>
<td>2,596</td>
</tr>
<tr>
<td>London Assurance</td>
<td>2,679</td>
<td>3,717</td>
<td>1,438</td>
</tr>
<tr>
<td>London &amp; Scottish</td>
<td>1,588</td>
<td>1,157</td>
<td>448</td>
</tr>
<tr>
<td>Manfrs. Life (UK only)</td>
<td>1,105</td>
<td>2,411</td>
<td>889</td>
</tr>
<tr>
<td>Marine &amp; General</td>
<td>564</td>
<td>1,024</td>
<td>460</td>
</tr>
<tr>
<td>National Farmers'</td>
<td>676</td>
<td>2,180</td>
<td>1,506</td>
</tr>
<tr>
<td>National Mutual Life</td>
<td>1,082</td>
<td>1,242</td>
<td>561</td>
</tr>
<tr>
<td>Nat.Mut. of Australasia (total)</td>
<td>11,427</td>
<td>20,440</td>
<td>7,270</td>
</tr>
<tr>
<td>National Provident</td>
<td>2,047</td>
<td>2,601</td>
<td>1,473</td>
</tr>
<tr>
<td>North British &amp; Mercantile</td>
<td>5,327</td>
<td>5,921</td>
<td>2,822</td>
</tr>
<tr>
<td>Northern</td>
<td>1,781</td>
<td>2,850</td>
<td>1,069</td>
</tr>
<tr>
<td>Norwich Union Life</td>
<td>11,756</td>
<td>23,000</td>
<td>11,244</td>
</tr>
<tr>
<td>Pearl</td>
<td>8,231</td>
<td>14,488</td>
<td>6,257</td>
</tr>
<tr>
<td>Prudential (ex. Group)</td>
<td>28,325</td>
<td>68,000</td>
<td>40,000</td>
</tr>
<tr>
<td>Refuge</td>
<td>7,895</td>
<td>11,500</td>
<td>3,504</td>
</tr>
</tbody>
</table>

Source: *The Banker*  
March 1947
### LIFE ASSURANCE COMPANIES - NEW (ORDINARY BRANCH) BUSINESS

<table>
<thead>
<tr>
<th>Net Sums Assured</th>
<th>1938</th>
<th>1946</th>
<th>Increase 1945 to 1946</th>
</tr>
</thead>
<tbody>
<tr>
<td>Royal</td>
<td>5,177</td>
<td>7,560</td>
<td>3,555</td>
</tr>
<tr>
<td>Royal Exchange</td>
<td>4,359</td>
<td>4,191</td>
<td>2,002</td>
</tr>
<tr>
<td>Royal London</td>
<td>5,526</td>
<td>7,743</td>
<td>3,860</td>
</tr>
<tr>
<td>Scottish Amicable</td>
<td>2,131</td>
<td>3,478</td>
<td>2,040</td>
</tr>
<tr>
<td>Scottish Life</td>
<td>2,317</td>
<td>3,028</td>
<td>2,186</td>
</tr>
<tr>
<td>Scottish Provident</td>
<td>3,159</td>
<td>3,886</td>
<td>2,356</td>
</tr>
<tr>
<td>Scottish Temperance</td>
<td>1,575</td>
<td>1,428</td>
<td>638</td>
</tr>
<tr>
<td>Scottish Union &amp; Nat.</td>
<td>2,539</td>
<td>1,800</td>
<td>854</td>
</tr>
<tr>
<td>Scottish Widows'</td>
<td>5,241</td>
<td>6,945</td>
<td>3,906</td>
</tr>
<tr>
<td>Standard Life</td>
<td>6,466</td>
<td>8,666</td>
<td>4,709</td>
</tr>
<tr>
<td>Sun Life</td>
<td>21,660</td>
<td>29,400</td>
<td>15,344</td>
</tr>
<tr>
<td>UK Provident</td>
<td>5,116</td>
<td>4,281</td>
<td>2,054</td>
</tr>
<tr>
<td>University Life</td>
<td>340</td>
<td>186</td>
<td>109</td>
</tr>
<tr>
<td>Wesleyan &amp; General</td>
<td>1,498</td>
<td>3,164</td>
<td>1,649</td>
</tr>
<tr>
<td>Yorkshire</td>
<td>3,030</td>
<td>4,000</td>
<td>2,139</td>
</tr>
</tbody>
</table>

Source: *The Banker*

March 1947
BIBLIOGRAPHY

Archival Sources and Libraries

Bank of England Archives, Library and Museum, City of London
Barclays Bank/Woolwich Equitable Building Society Group Archives, Wythenshawe - (BB/WEBS)
British Library - Newspaper Library, Colindale, London - Sound Archives and Social Science Collection, St Pancras, London
Building Societies Association Archives, Savile Row, London - (BSA)
HSBC Group Archives, Canary Wharf, London - (HSBCGA)
Institute of Chartered Accountants Library and Archives, City of London
Institute of Taxation Collection, Maughan Library, Chancery Lane, London
Lloyds TSB Bank Archives, Southwark, London, - (LTSB)
London Stock Exchange Archives, Guildhall Library, City of London
Mass-Observation Archives, (MO), University of Sussex, Lewes
Museum of London, Sound and General Archives, City of London
National Archives, Public Record Office, Kew, London - (NA.PRO)

Records created by:
Board of Trade (BT)
Home Office (HO)
Inland Revenue (IR)
Labour and Employment Departments (LAB)
Ministry of Power (POWE)
National Savings Committee (NSC)
Office of the Deputy Prime Minister (ODPM)
Prime Minister's Office (PREM)
Treasury (T)
War Office (WO)

National Co-operative Archives, Holyoake House, Manchester - (NCA)
National Savings and Investments Archives, Kensington, London - (NSI)
Wren Library, Trinity College Cambridge
Prudential Group Archives, Holborn Bars and City of London - (PGA)
Royal Bank of Scotland Group Archives, Islington, London - (RBSG)
Royal Institute of British Architects Library and Archives, Portland Place, London
Royal Mail Archives, Mount Pleasant, London - (RM),
Salvation Army Heritage Centre Archives, Denmark Hill, London - (SAHC)
Newspapers and Periodicals

Newspapers

Daily Express
Daily Herald
Daily Mail
Daily Mirror
Daily Sketch
Daily Telegraph
Financial Times
Glasgow Herald
Manchester Guardian
News Chronicle
Recorder
Sunday Express
Times

Periodicals

The Antique Dealer
The Banker
The Building Societies Gazette
Business Credit
The Connoisseur
Co-operative Consumer
Co-operative Home Magazine
Co-operative News
The Co-operative Official
Country Life
Credit World
Drapers' Record
The Economist
The Estates Gazette
The Field
Good Housekeeping
Hire Purchase Journal
Investor's Chronicle and Money Market Review
John Bull
The Lady
The Midland Venture
Modern Motoring and Travel
National Savings
New Statesman
The Policy Holder
The Producer- The Co-operative Trade Journal
Prudential Bulletin
The Spectator
The Tatler
Taxation
Tribune
War Cry
General References and Statistical Information


*Co-operative Statistics*, (Published annually by the Co-operative Union)


Howlett, Peter, *Fighting with Figures: A Statistical Digest of the Second World War*, (Central Statistical Office, undated)


*Report by the Inspector-General in Bankruptcy for the years 1939-1953*, (HMSO - Board of Trade)


General References and Statistical Information – continued:


Staples, Ronald, ed., *Daily Mail Income Tax Guide* (Staples Press, St Albans) (Published Annually, 1938/39 et seq.)


Biographies, Diaries and Memoirs

Published Biography


Clement Richard Attlee, First Earl Attlee (1883-1967) - R. C. Whiting

Aneurin Bevan, (1897-1960) - Dai Smith

Sir (Charles) Harold Bellman, (1886-1963) - Geoffrey Shakespeare

Lord Randolph Henry Spencer Churchill (1849-1895) - Roland Quinault

Sir Winston Leonard Spencer Churchill (1874-1965) - Paul Addison

Joseph Coral, (formerly Kagalitsky) (1904-1996) - Mark Clapson

Sir (Richard) Stafford Cripps (1889-1952) - Peter Clarke and Richard Toye

Hugh Todd Naylor Gaitskell (1906-1963) - Brian Brivati

Robert Molesworth Kindersley (1871-1954) - John Orbell,

Harold Vincent Mackintosh, Viscount Mackintosh of Halifax (1891-1964) - Robert F. Inman
Biographies, Diaries and Memoirs


Arthur Henry Mee (1875-1964) - K. Reynolds
Montagu Collet Norman, (1871-1950) - Philip Williamson
John Charles Walsham Reith, First Baron Reith (1889-1971) - I. McIntyre
(Archibald) Noel Skelton, (1880-1935) - Philip Williamson
Samuel Smiles, (1812-1904) - H.C.G. Matthew
Anthony William Tuke, (1897-1975) - Margaret Ackill
Sir (Howard) Kingsley Wood, (1881-1943) - G. C. Peden

Autobiography


Cobbett, William, Rural Rides, (Penguin, Harmondsworth, 2001, (First Published 1830))


Diaries


Catterall, Peter, ed., Macmillan Diaries, Prime Minister and After 1957-66, (Macmillan, forthcoming)

Oral History and Recorded Personal Interviews

Oral History

Barclays Group Archives

*Oral History 725/1*

British Library Sound Archives

Christie Davies Collection C1069

 Two Barclays Bank Managers 1967/68, C1069/08
 Clerk to Magistrates Court 1968, C1069/02


 Money C953/11
 House and Home C953/02
 Beliefs and Fears C953/15

Millennium Memory Bank

 C900/050586 Bank Manager and Fraud Investigator
 C900/02589 Bank Manager
 C900/11128 Trade Unionist
 C900/15066 Telephone Engineer
 C900/14608 Chartered Surveyor

General

 *F9728-F9729, Sylvia Goaman, daughter of J B Priestley (born 1924)*

Museum of London Sound Archives

*Named individuals*

  96-35
  92-114
  96-28
  96-31
  93-34
  93-134

Recorded Personal Interviews

Ken Culley CBE
John Hubbard
Hyman Kaye
Barbara Young
Filmography


Boulting, Roy, writer and director, *The Guinea Pig*, (1948)

Chaplin, Charles, writer and director, *Modern Times*, (1936)

Huston, John, director, *The Maltese Falcon*, (1941)

Gilbert, Lewis director, *The Admirable Crichton*, (1957) (Based on play by J. M. Barrie (1918))


Wynn, George, director and producer, *Behind the Counter*, National Co-operative Archive, (1941)
Primary Printed Sources

Allen, C.K., 'The Pinpricked Life' in *The Spectator*, 5th November 1948


Harris, Ralph, Naylor, Margo and Seldon, Arthur, *Hire Purchase in a Free Society*, (Published for the Institute of Economic Affairs, Hutchinson, London, 1961 (First edition 1958))


Little, Leo T., ‘Life Assurance After the War’ in *The Banker*, LXXIX, No 246, July 1946


Madge, Charles, *Wartime Patterns of Saving and Spending*, (National Institute of Economic and Social Research, Cambridge, 1943)
Marcuse, Herbert, *One-Dimensional Man*, (Beacon Press, Boston, Mass. 1991 (First published 1964))

Maskell, R. E., *The HP and Instalment Habit*, (Melbourne Law Book Company, London and Australia, 1964)


Stewart, D.W., ‘What is Left if the Dividend Goes?’ in *Co-operative News*, (5th January 1946)

Tillitt, M. H., ‘Army-Navy Pay Tops Most Civilians’ in *Barron’s National Business and Financial Weekly*, 24<sup>th</sup> April 1944


Willmott, Peter and Young, Michael, *Family and Class in a London Suburb*, (Nel Mentor, London, 1976 (First Published 1960))

Secondary Printed Sources


Byrne, Michael, *The History and Contemporary Significance of Book Clubs*, (Birmingham Library School Cooperative, 1978)


Cassell, Michael, *Inside Nationwide: One Hundred Years of Co-operation*, (Nationwide Building Society, 1984)

Catterall, Peter and Obelkevich, James, *Understanding Post-War British Society*, (Routledge, London, 1994)


Gardiner, Juliet, *Over Here: The GIs in Wartime Britain*, (Collins and Brown, London, 1992)


Gordon, Charles, *The Cedar Story: The Night the City was Saved*, (Sinclair-Stevenson, London, 1993)


Longmate, Norman, *The GIs: The Americans in Britain 1942-1945*, (Hutchinson, 1975)


Richards, Jeffrey, *Happiest Days: The Public Schools in English Fiction*, (Manchester University Press, Manchester, 1988)

Richards, Jeffrey, *Films and British National Identity: From Dickens to Dad’s Army*, (Manchester University Press, Manchester, 1997)


Ritchie, Berry, *We’re With the Woolwich 1847-1997: The Story of the Woolwich Building Society*, (James and James, London, 1997)

Rivett, Geoffrey, *From Cradle to Grave: 50 Year of NHS*, (King’s Fund Publishing, 1998)


Rubinstein, W.D., *Wealth and Inequality in Britain*, (Faber and Faber, London and Boston, 1986)


Trentmann, Frank and Just, Flemming eds., *Food and Conflict in Europe in the Age of the Two World Wars*, (Palgrave Macmillan, Basingstoke, 2006)


Literary and Fictional Sources

Butler, Samuel, *Erewhon or Over the Range*, (Signet Classics, New York, 1960, (First published 1872))

Dickens, Charles, *Complete Works*, (Edito-Service S.A. Geneva, undated)

Drabble, Margaret, *The Millstone*, (Penguin, Harmondsworth, 1981 (First published 1965))

Gaskell, Elizabeth, *Cranford*, (Oxford World Classics, OUP, 1998 (First published 1853))


Lee, Laurie, *Cider with Rosie*, (Penguin, Harmondsworth 1962 (First published 1959))


Internet sources

BBC: www.bbc.co.uk
British Medical Association: www.bma.org.uk
BUPA: www.bupa.uk
Co-Op Online: www.cooponline
History of Economic Thought: www.cepa.newsschool.edu
History of the UK Radio Licence: www.radiolicence.org.uk
HM Revenue & Customs: www.hmrc.gov.uk
National Council for Voluntary Organisations: www.ncvo-vol.org.uk
Office of the Deputy Prime Minister: (ODMP): www.communities.gov.uk
Oxford University Computing Services: www.users.ox.ac.uk
Standard Motor Club: www.standardmotorclub.org.uk
Theses and Papers


