

Briefly outline the basis for the consensus politics of the 1950s and 1960s. Why did the consensus break down?

The consensus politics of the 1950s and 1960s were not characterised by an absence of competition between the parties, an absence of distinction between them by the voters, nor simply by the absence of a revolutionary alternative. Instead it represented a broad agreement on a consultative style of government and a set of parameters within which specific party policies could be defined.

The style of government employed, regardless of the party in power, was one of institutionalised consultation between the government and all major economic actors, including the trade unions. Middlemas (1979) speaks of a 'continuous contract' whereby economic interests became governing institutions, and the priority for government was harmonising the wishes of major groups in civil society, rather than imposing a particular set of policies on them. The difference between this style and that of the post-1979 Conservative government is stark.

As for the range of policies put forward, it has been argued that these did not vary greatly from the foundations of Attlee's 'post-war settlement'. Middlemas claims that:

*"The year 1945...began a period of twenty years when nearly all the deep objectives of the state - in economic planning, social welfare, harmony and the avoidance of crises - seemed to have been achieved"*

Firstly, a mixed economy was seen as ideal, with public ownership of basic utilities and economic guidelines for private businesses. This involved a lot of compromise for both parties; Labour tried to abolish Clause Four of their constitution (the commitment to nationalisation) in 1955, but this move was prevented by the block vote of the trade unions. Secondly, Keynesianism (the use by government of fiscal and monetary techniques for the management of aggregate demand) was the basis of an economic policy designed principally to promote full employment. This policy had a great deal of success; between 1951 and 1961, output rose by 35% and real earnings by 27%. Unemployment did not rise above 2% until 1964. This was mainly attributed by governments of the time to Keynesian economic management. Thirdly, there was a conciliation of the trade unions, whose bargaining position had been strengthened initially by the war effort then by full employment. Fourthly, there was a commitment to the welfare state based on the principle of 'Beveridgeism', the collective provision of comprehensive welfare services in order to promote 'social citizenship'. Finally, the period was marked by a broad consensus over Britain's changing position in the world. The retreat from empire was accepted as inevitable, while

governments of both parties promoted the Commonwealth (in the economic sphere) and the US-led Atlantic Alliance (in the military sphere) as the future direction for Britain. Membership of the EEC did not arrive on the agenda until the 1960s, and while both that and the question of an independent nuclear deterrent caused divisions in both parties, these were not a major problem for the party leadership and did not impact on government policy.

The consensus this suggests is not one of compromise between feuding interests; its foundations were laid by non-party men such as Keynes and Beveridge. Rather it represents a paternalistic, technocratic social democracy; a tightly integrated and interdependent package of proposals that those in government believed was the only practical and popular course to take. It has also been talked about as 'the end of ideology' and 'managerialism'; the concept that the vast majority share a view of what society should look like, and politics is simply proving one's competence in reaching the same goal. Mannerheim claims that 'the reduction of the political element is essential to any form of planning'. This view was also the sustained 'conventional wisdom' of a civil service appreciative of the new emphasis on bureaucratic regulation of the market.

It has been argued that the consensus never actually existed. 'Consensus' is often seen as being entirely at odds with political activity, and critics of the consensus theory point to events such as the Suez Canal conflict in 1956, the resistance of trade unions and local authorities to Heath's free market experiment, and the miners' strike which forced the February 1974 election, as examples of conflict, not consensus. S.E. Finer (1975) and others of the adversary politics school argued that the problem with British politics was that it was insufficiently consensual due to the two-party, winner-takes-all characteristics of the political system.

The Labour Party historian Ben Pimlott argues that 'consensus' was a term used largely by New Right commentators who wished to mark 1979 as a fundamental turning point, and that the leaders of the time did not perceive their politics in terms of consensus at all. He further argues that high party identification among voters, class-based voting, trade union support for Labour and the stability of individual voting patterns suggest that the voters did not perceive a consensus either. However, none of this is relevant to the theory of a consensus on the policies actually employed by governments.

Marxist critics point to 'MacDonaldism without MacDonald' (Miliband 1961), referring to Ramsay MacDonald's abandonment of the Labour Party in order to join a coalition government in the 1930s. In this view, Labour governments have always favoured the interests of capitalism over the interests of socialism whenever the two have come into conflict, as the elite are able to absorb the leaders of those whom it exploits. Miliband (1969) argues that:

*“disagreements between those political leaders who have genuinely been able to gain high office have very seldom been the fundamental kind these leaders and other people so often suggest”*

Kavanagh and Morris argue that it is unhelpful to see the consensus in terms of an absence of disagreement or an example of elite collusion, but as:

*“a set of parameters bounding the set of policy options regarded by senior politicians and civil servants as administratively practicable, economically affordable and politically acceptable”*

Addison backs up this view with the convincing argument that policy debates were rarely a question of fundamental points of principle, simply arguments about scale and scope. This can be seen in debates in welfare about the level of benefits and range of entitlements, in foreign policy about the pace of imperial withdrawal, and in the mixed economy about the extent of state regulation. The differences were far greater in rhetoric and emphasis than they were in terms of substantive policy, and while extreme wings existed in both parties, the ‘governmentalists’ invariably came from near the political centre. It is important however to remember that the consensus was conditional on the governments producing the goods; so long as the range of policies appeared to be working, people would not vote for change.

Some would argue that this ‘consensus’ was very short-lived. It is claimed that in the 1950s the emergence of more adversarial party leaders, such as Gaitskell, Wilson and Heath, showed that the consensus was already beginning to crumble. Others point to the late 1960s, when a new radicalism emerged both on the Left and the Right, and Heath won an election with a mandate to test a free-market economic policy. During this period, the settlement began to change subtly. Means-testing was introduced, undermining the universalist principles on which the welfare state was founded. Beveridge’s framework of ‘social rights’ (a term coined by T.H. Marshall) was gradually replaced by something with more redistributive elements. However, the ‘consensus’ is generally believed to have broken down sometime during the 1970s. Before the 1970s, there had been a general acceptance by governments of their predecessors’ policies and legislation. In the 1970s, policies or predecessors were rejected at the outset, for example the discontinuities on industrial and incomes policies by the 1970 Heath government and the 1974 Wilson government, and by the latter in the areas of education and housing. However, in both cases, policy U-turns were made soon afterwards. There was still a lack of fundamental institutional disagreements, except perhaps on the issues of EEC membership and devolution, both of which were resolved by referenda anyway, allowing a party to limit its own personal responsibility for the result. A more realistic turning point might be 1976; Healey’s budget contained no provision for full employment, and Callaghan delivered his famous speech claiming “the option [of spending

yourself out of a recession] no longer exists". This was a break-up of the old consensus around Keynesianism; however, it may have represented a short-lived new consensus. However, it was only after 1979 that the true scale of the split became apparent. The Conservative Party had abandoned the first three 'planks' of the consensus outlined above (a mixed economy, Keynesianism, and conciliation of the trade unions) and was gradually encroaching on the fourth (welfarism). Labour, on the other hand, had swung much further to the left, and had themselves abandoned part of the fifth plank (commitment to an independent nuclear deterrent).

There are a number of competing views on how and why the consensus fell apart. New Right historians generally suggest that the consensus led to an economic and social decline in Britain, which proved the consensus to be no longer valid. These principally economic explanations focus on excessive government spending, the failure of Keynesianism following the collapse of the Bretton Woods system, the failure to devalue the pound before 1967, and self-serving, 'Luddite' trade unions. Other economic explanations include Corelli Barnett (1986) who looks back to the Second World War and argues that the emphasis on social welfare was at the expense of government investment in capital projects or training the labour force. Barnett points to the relative success of France and Japan, which became *dirigiste* states leading industry towards higher economic growth, rather than conciliatory states concerned principally with placating economic interest groups. Samuel Beer (1982) looks at this same argument from an alternative perspective of pluralistic stagnation - the ability of interest groups to frustrate government policy initiatives.

Kavanagh and Morris explain the break-up of the consensus by examining ideas, circumstances and individuals. In the 'ideas' category, they talk of the previous absorption by governments of the ideas advocated by the opposition. Even Thatcherism, they claim, may not be exempt from this; Healey's low-spending, monetarist budget of 1976 bears some resemblance to the first Conservative budgets. The change in ideas did not happen spontaneously but was directed partly by think-tanks such as the Institute of Economic Affairs (est. 1957) and the Centre for Policy Studies (est. 1974). The particular influence of one man, Sir Keith Joseph, is seen as being very important, as his closeness to Thatcher allowed him to become the chief ideologue of the New Right. Bogdanor (1983) claims that the threat to the consensus was always perceived as coming from the Left (for example Bevan and Benn) not the Right - a group seen by mainstream politicians as slightly mad academics with no purchase on the real world.

Circumstances seem to be more important here than the pronouncements of think-tanks. The oil price rise of 1973 led to the end of the long post-war boom, a situation that made Keynesian policy more difficult to apply. Keynesianism seemed to provide no answer to stagflation, while pressure from international financial markets (reflected in the selling of sterling) and intervention

by the IMF all suggested that the government could no longer manage the economy in the same way as before. The policy of controlling inflation via the interest rate relied to a great extent on controls on the flow of capital, and when the Bretton Woods agreement collapsed, this kind of policy was simply no longer viable. International financiers moved enormous amounts of capital between countries to take advantage of interest rate differentials between them. At the same time, the abuses of trade union power became more frequent and more flagrant, and the Winter of Discontent finally severed in the minds of the public the connection between the public sector and public service.

Political personality was also crucial. Thatcher was against consensus as a matter of principle, claiming in 1981 that consensus was “the process of abandoning all beliefs, principles, values and policies.” Many radical policies following the 1979 election owe much to her personal and vigorous support for them. Thatcher ensured that policies which she supported would become law; she won most of her Cabinet battles, is generally seen as having had a clear sense of purpose, and removed or bypassed obstacles in her way such as left-wing local authorities or senior civil servants. However, she also benefited from luck; had Callaghan called an election in autumn 1978 (before the Winter of Discontent) it seems unlikely that Thatcher would have won, while Labour’s post-election divisions and the left-wing split in support with the Liberals allowed Thatcher her first re-election. On the other side of the breakdown in consensus, Michael Foot was elected Labour Party leader. Widely perceived to be virtually unelectable, he gave more power in the party to constituency activists and unions, resulting in a radical manifesto of unilateralism and EEC withdrawal, and a local politics characterised by ‘grant aid’ for special interest groups. In 1981 many Labour leaders left the party to join the SDP; this move relied heavily on individual personalities as well. So great were the divisions within Labour that it seemed for a time that a new consensus might be emerging, that is a consensus of public opinion behind Thatcherism.

Despite the obvious changes since 1979 in virtually all aspects of policy, it seems that the public mood shifted rightwards before the Conservative victory and has not changed much since then. Keynesianism, a mixed economy and the conciliation of the trade unions remain out of fashion, while the welfare state is more extensive than it ever was before. As Kavanagh (1987) claims, Thatcher repudiated Keynes but could not repudiate Beveridge.