

new organisations being set up on a public rather than private basis, while Harold Macmillan, the rising force on the Tory left, called in *The Middle Way* (1938) for a programme of nationalisation at least as ambitious as that then being advocated by the Labour Party. To many, the arguments seemed unanswerable: not only were there the examples of major, palpably enfeebled industries like coal mining and the railways as clear proof that private enterprise had failed, but in economies of scale, especially as applied to utilities (the so-called natural monopolies), there was an even more powerful siren call, very much reflecting what the political economist John Veizy would term the prevailing 'cult of gigantism'. During the last year of war, a quite sharp leftwards shift in the Labour Party – identifying public ownership with both economic efficiency and, in an ominously fundamentalist way, socialist purity – resulted in a fairly ambitious shopping list in *Let Us Face the Future*, featuring the Bank of England, fuel and power, inland transport, and (most contentiously) iron and steel, though with the high-street banks, heavy industry and building all excluded.

What sort of nationalisation would it be? The key text was the 1933 treatise *Socialisation and Transport* by the leading Labour politician Herbert Morrison, creator of the London Passenger Transport Board and, in due course, grandfather of Peter Mandelson. Notably short of hard economic analysis, Morrison's paper nevertheless put forward a plausible enough public-corporation model that envisaged publicly appointed managers running monopoly industries in the public interest, though in a more or less autonomous way. Morrison did not have any truck with the notion of democratic control over these nationalised industries – certainly not democratic control as exercised from the shop floor. 'The majority of workmen are,' he insisted, 'more interested in the organisation, conditions, and life of their own workshop than in those finer balances of financial and commercial policy which are discussed in the Board room.'⁶ The assumption was that the managers of these public corporations would be exemplars of scrupulous, objective professionalism – and that the workers in them should know their place.

A similar faith in the beneficent, public-minded expert underlay the creation of the modern welfare state. There was in December 1942

no greater expert than Beveridge himself, who summarised his Report as 'first and foremost, a plan of insurance – of giving in return for contributions benefits up to subsistence level, as of right and without means test'. This last point was crucial, given the widespread detestation that had developed between the wars of the many forms of means testing. And this in practice meant that the social insurance provided – essentially against loss or interruption of earnings due to unemployment, sickness or old age – would be *universal*. Beveridge's proposals engendered serious consternation on the part of Churchill, most Conservative MPs and some top Whitehall officials. But by March 1943 it was clear, following a clutch of by-elections, that there was an unignorable head of steam behind them. That month, Churchill – in a broadcast called 'After the War' – solemnly promised 'national compulsory insurance for all classes for all purposes from the cradle to the grave' – not the first use of that striking phrase but the one that made it famous. There were still plenty of debates and committees to go through, but by the time the war in Europe ended, family allowances – the first of the Beveridge-inspired pieces of legislation, providing 5s a week (more than 5 per cent of the average male wage) for each child from the second onwards – were virtually on the statute book.

From the perspective of more than half a century later, three of Beveridge's central assumptions are especially striking, starting with what one might call the 'Nissen hut' assumption. Beveridge's insistence that contributions be levied at a flat rate, rather than in the earnings-related way that tended to be adopted in other advanced industrial economies, was perhaps appropriate in an age of austerity. But that would change in an age of affluence with its inflationary implications and, above all, financially onerous concept of *relative* poverty. Secondly, there was Beveridge's assumption that married women would – following their wartime experience – return to and stay at home, given that their prime task was to 'ensure the continuation of the British race', which at 'its present rate of reproduction... cannot continue'. In administrative terms this meant that a married woman would be subordinate to her husband, with benefits to her coming only as a result of his insurance. Beveridge's third, equally Victorian assumption, befitting a Liberal who was already in his teens when