



Rollings, N. (2017) Between business and academia in post-war Britain: three advocates of neoliberalism at the heart of the British business community. In: Backhouse, R. E., Bateman, B. W., Nishizawa, T. and Plehwe, D. (eds.) *Liberalism and the Welfare State: Economists and Arguments for the Welfare State*. Oxford University Press: New York, pp. 110-117. ISBN 9780190676681  
(doi:[10.1093/acprof:oso/9780190676681.003.0006](https://doi.org/10.1093/acprof:oso/9780190676681.003.0006))

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Deposited on: 21 October 2016

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**Between Business and Academia in Post-war Britain: Three  
Advocates of Neoliberalism At the Heart of the British  
Business Community**

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The conventional account of the rise of neoliberalism in Britain is familiar and frequently reproduced. It begins with the creation of the Mont Pèlerin Society (MPS) by Friedrich Hayek in 1947.<sup>1</sup> This long-term intellectual project deliberately stayed out of the mainstream until it was gradually given a higher public profile by right-wing think tanks, notably, in Britain, the Institute of Economic Affairs. Following the crisis of the 1970s and the growing discontent with the Keynesian approach to economic policy, it culminated in the election of Margaret Thatcher in 1979.<sup>2</sup> Thus Thatcherism is seen as ‘the political embodiment of an intellectual counterrevolution against the Keynesian consensus’.<sup>3</sup> Moreover, this intellectual counterrevolution was carried out in Britain by a very small group of individuals – Maurice Cowling suggests as few as about fifty people.<sup>4</sup> Many accounts detail and elaborate on elements of this conventional account.<sup>5</sup> Similarly, there is a wealth of literature exploring the interaction of ideas, interests, institutions and economic circumstances in explaining this paradigm shift to neoliberalism.<sup>6</sup>

On the other hand, there is also an emerging literature illustrating that this conventional account is a caricature: it is flawed, inconsistent and contested in many respects. Recent work has rejected the previous contested attempts to define neoliberalism in detail. Instead, there has been an acceptance that, while there may be certain core beliefs (Turner) or groups of individuals (the Mont Pèlerin Society as a ‘thought collective’) (Plehwe), no single grand narrative of neoliberalism is possible: it should be seen as ‘a complex and varied ideology’, an umbrella concept which has evolved over time.<sup>7</sup> Plehwe has also shown that social network analysis of the attendees of the MPS conferences ‘helps to shed light on the group of less well-known neoliberal activists, who all too frequently have remained hidden in the shadow of the official leaders and prominent neoliberals’ but who were active in attending MPS

conferences.<sup>8</sup> In Britain the role of think tanks has also come under scrutiny.<sup>9</sup> More generally, contemporary historians have begun to unpick the historical background to the emergence of Thatcherism.<sup>10</sup>

This chapter extends and develops such recent work on the MPS and on the rise of neoliberalism in Britain by exploring the activities and writings of three British business economists who acted as advisers at the heart of the business community but were members of the MPS and active in the IEA. Hayek tended to be cautious in protecting the Mont Pèlerin Society from undue influence from business. For him the MPS was a long-term intellectual movement where too much interaction with business would muddy and confuse any desire for intellectual clarity. Thus, the main relationship of the MPS with business, it is commonly understood, was as a provider of finance.<sup>11</sup> Similarly, Jackson has shown the growth of business funding of the IEA in Britain.<sup>12</sup> While individual business people and individual companies supported the IEA, the peak-level representative bodies of business in Britain, the Federation of British Industries (FBI), and its successor from 1965, the Confederation of British Industry (CBI), play no part in accounts of the rise of neoliberalism in Britain.<sup>13</sup> Indeed, organized business in the form of the Confederation of British Industry is conventionally viewed to have lost out with the election of Margaret Thatcher as it was tainted with 1970s corporatism. Instead she consulted ideologically sympathetic businessmen directly or used the overtly free market Institute of Directors as her route to business opinion.<sup>14</sup> The CBI has been presented as an obstacle to the rise of neoliberalism.

The focus in this chapter is to illuminate the versions of neoliberalism of three business economists giving advice to leading businessmen at the heart of the business community, in particular through their critique of the post-war Keynesian Welfare

State in Britain. Each was also to some degree an academic economist as well as a business adviser. One, John Jewkes, is reasonably well known as an academic economist and would meet the definition used by Peden in this volume to define an economist. The other two, Arthur Shenfield and Barry Bracewell-Milnes, have received virtually no attention to date. Shenfield, having been a lecturer in economics during the Second World War, was the Economic Director to the Federation of British Industries (FBI) and its successor organisation, the Confederation of British Industry (CBI) between 1955 and 1967. In 1967 he then was seconded from the CBI to be Director of a new body, the Industrial Policy Group (IPG), whose membership was made up of representatives of big business. Jewkes, on retiring from his chair at Oxford, became Shenfield's replacement at the IPG in 1969, a position he held until the IPG was wound up in 1974. Similarly, the third individual here, Barry Bracewell-Milnes, became the CBI's new Economic Director within months of Shenfield's departure to the IPG. Bracewell-Milnes had a Ph.D in agricultural economics from Cambridge.<sup>15</sup> It is their critical views of the Welfare State espoused as advisers to business which are illustrated in the chapter and which culminated in an ideological split within the CBI. Crucial here is the row between Bracewell-Milnes and Campbell Adamson, the Director-General of the CBI, which ended with the former's forced resignation in 1973.<sup>16</sup> This episode highlights the contested nature of economic advice at the heart of the British business community – one strand linked to neoliberalism, the other corporatist.

Incorporating the advice of these business economists has significant ramifications for our understanding of the process by which neoliberal ideas came to the fore in Britain. Given that this advice was being presented to leading businessmen, and supported by some, we need to accept that the rise of these ideas was not limited

to a small isolated group but found some support more widely. Moreover, these views were being presented throughout the 1950s and 1960s. The paper also highlights the role of business economists, a group growing rapidly in number in the post-war period but, to date, rather ignored. This group may have been an important conduit for the spread of neoliberal economic policies from the MPS and IEA to wider society.

### **Public advocates of neoliberalism within leading business organisations**

With this in mind it is now possible to turn attention to the three individuals whom it is argued question this conventional account. Below the Director-General in the FBI and the CBI there were various Directors who were responsible for particular subject areas (Directorates) and who would work with the chairman of the various committees in that subject area. The Director-General and the Directors would draft most of the papers which then went to the committees for discussion. They also tended to work closely with the chairmen of the committees in their area of responsibility. Thus they played an important role in setting the direction of internal discussions and external policy statements of the FBI and CBI.<sup>17</sup> Two of the three individuals considered here were Economic Directors of the FBI and CBI covering the period from 1955 to 1973. The third, John Jewkes, replaced Shenfield as Director of the Industrial Policy Group in 1969. Although formally separate from the CBI and a frequent cause of contention in the CBI leadership, there were close links between the CBI and the IPG: the CBI President and the Director-General were ex officio members of the IPG, the IPG's office was in the CBI's building and its papers were commented upon by CBI staff prior to publication. All three individuals, therefore, provided economic advice and expertise at the heart of organised business in Britain. Each also critiqued the postwar Welfare State in their personal and representative

positions on lines almost identical to those emanating from the IEA, indeed they were directly involved in the IEA's efforts in this field.

### **Arthur Asher Shenfield**

Arthur Shenfield was appointed as the FBI's Economic Director in 1955. Shenfield is noteworthy because he lies close to the centre of the network of frequent participants in MPS meetings shown by Plehwe.<sup>18</sup> Only those who attended at least half of the 26 conferences between 1947 and 1986 are included in the figure and Shenfield's proximity to the centre means he attended significantly more and can be regarded as highly active in the MPS. Indeed, he was President of the society 1972-74, succeeding Milton Friedman. Yet little seems to be known about Shenfield.<sup>19</sup> He came to Britain in the 1920s with his father, a Russian émigré, and Jewish rabbi, and his brother.<sup>20</sup> They settled in Cardiff, becoming naturalised British in 1927, and Asher Sheinfeld, as he was called at that time, studied economics and politics at the local university. Sheinfeld got a position at LSE as Assistant Editor of the London and Cambridge Economic Service in 1939. It was at this point that he changed his name by depoll to Arthur Asher Shenfield and began associating with other British neoliberals at LSE, including Arthur Seldon, later one of the two leading lights in the IEA.<sup>21</sup>

Shenfield was active in the Mont Pèlerin Society soon after the war, giving a paper at the 1953 British 'Regional Meeting' and two at the full meeting the following year in Venice on 'Democracy, socialism and the rule of law' and 'Trade Union legislation: situation in Britain'.<sup>22</sup> Shenfield's neoliberal credentials were, therefore, firmly established prior to his appointment as the FBI's Economic Director in 1955. He also remained active in the MPS, as shown in Table 1. He had various key administrative roles in the MPS but his role peaked with his presidency of the MPS,

giving his presidential address on ‘The English disease’.<sup>23</sup> In the early years of the war, like Arthur Seldon and many of the economists examined in chapters two and three, he was active in the Liberal Party.

**Table 1 Papers to the Mont Pèlerin Society meetings by Arthur Shenfield**

Year	Title
1954	Democracy, socialism and the rule of law
	Trade Union Legislation: Situation in Britain
1957	Liberalism and Colonialism
1959	No title (session on Industry)
1961	Small and Big Business
1962	The Return to Economic Planning in Britain
1964	Economic planning in the UK: Note on the Case of the National Incomes Commission
1967	Fundamental Constitutional Problems
1968	Omissions of Government: The Emancipation of Labour
1970	The Businessman and the Politician
1974	Presidential Address: The English Disease
1978	The Political Order of a Free Society
1984	Unionised Australia: Is It Still “The Lucky Country”
	The International Labour Organisation: a Tale of Superstition and Prestige
1986	The Legacy of Bruno Leoni

Source: [www.liberaalarchief.be/MPS2005.pdf](http://www.liberaalarchief.be/MPS2005.pdf), inventory of MPS General Meetings.

Stephen Blank suggests that Shenfield’s appointment as the FBI’s Economic Director marked a significant change in the organization. First, he was much more active and dynamic than his predecessor and the FBI’s Economic Policy Committee became more independent and authoritative under his influence. Secondly, his approach was more theoretical and neoliberal in nature. Blank believes that this ‘did not essentially alter the Federation’s position on economic policy...but he shaped and stated them in a more abstract and dogmatic fashion’, adding that Norman Kipping, the then Director-General, ‘generally agreed with Shenfield’s views’ and that the Federation’s policies after 1955 ‘strongly reflected Shenfield’s influence’.<sup>24</sup>



He was the lead author of a number of key publications by the FBI in this period and his views are discernible in such publications, notably the Federation's March 1957 statement *Britain's Economic Problems and Policies*.<sup>25</sup> As the foreword put it:

Much of the blame rests on successive governments for taking too large a portion of the national output. It [the report] shows how attempts by budgetary manipulation to limit the inflation thus generated have produced a level of taxation harmful to thrift, efficiency and enterprise....

There must be a radical reduction in government and local authority expenditure in order to pave the way for reductions in taxation designed to encourage enterprise, efficiency and thrift, and also to make room for the necessary expansion in investment and exports. To end inflation the government must use its power over the monetary system with a firm hand, and it must seek ways of improving the technique of monetary management.<sup>26</sup>

It was thus forthright in its argument and its anti-Keynesian approach, arguing that the way to reduce demand was to operate stricter control over the money supply.<sup>27</sup> Its argument is similar to the IEA publication *Not Unanimous*, produced in 1960 as a critique of the *Report of the Radcliffe Committee on the Working of the Monetary System*.<sup>28</sup> The FBI report concluded:

For expansion we must produce an atmosphere of opportunity; we must put a premium on risk-taking and adaptability; we must stimulate investment and give it an opportunity to reap high reward. For stability we need the power and

skill of the state in the field of monetary management and control; but we must reduce its power and scope as a spender and as a direct participant in economic activity.<sup>29</sup>

For Shenfield, Britain had an unhealthy obsession with full employment rather than with the competitive power of the economy.<sup>30</sup>

In 1963 Shenfield took leave from the FBI to be the Ford Foundation Visiting Professor of Business Economics at the Graduate School of Business, headed by George Stigler, at the University of Chicago, that stronghold of neoliberal ideas.<sup>31</sup> However, he returned to the FBI and stayed on as Economic Director of the newly-created CBI in 1965, a time when a number of staff retired or left. In 1967, as business criticism of government policy grew, he was seconded from the CBI to the newly created Industrial Policy Group (IPG).<sup>32</sup> The group, led by Sir Paul Chambers, the Chairman of ICI, consisted of about twenty heads of large British companies and aimed to study ‘the fundamental causes of the malaise of the British economy’ and to increase attention to these issues in popular debate.<sup>33</sup> The Chancellor of the Exchequer, James Callaghan, dubbed the group ‘potentially sinister’ and led by ‘dubious people’. Opinion in the group was diverse but there was a clear neoliberal dimension to it.<sup>34</sup>

The IPG gave Shenfield more freedom to defend the role of private enterprise and to attack the Labour government and, indeed, postwar economic policy with renewed vigour.<sup>35</sup> The culprits behind the rise of such flawed economic policy were clear to him:

Post-war policies have been principally guided by the ideas propounded a generation ago by Keynes, Beveridge and by the authors of the 1944 White Paper on Employment Policy (Cmd. 6527)....

In attributing the tendencies of post-war policies, whether under Conservative or Labour Governments, to Keynes, Beveridge and the 1944 White Paper, we do not at all wish to imply that these sources were exactly similar in character or inspiration. The aim of full employment, regardless of other vital purposes of policy, is attributable to Beveridge only.<sup>36</sup>

As he saw it the errors of policy were: the take-over by the state of economic activity; the erosion of the market and the weakening of its disciplines; the failure to apply state power efficiently where it has been needed; and the application of state power where it has been unnecessary and damaging.

In arguing against 'the penal taxation of higher incomes' he often focussed on the Welfare State and the National Health Service (NHS).<sup>37</sup> His arguments often mirrored those of his friend at the IEA, Arthur Seldon, who was engaged in a fierce debate with Richard Titmuss and others over the Welfare State.<sup>38</sup> In 1961 Shenfield wrote a piece which, in turn, criticised the Conservative government for failing to control the growth of public expenditure, and experts and their biases in favour of increased expenditure, in particular, those in the field of social administration (i.e. Titmuss and his supporters) 'in which it is possible to erect an academic reputation on a foundation of snippets of descriptive work, law, statistics, and general guesswork'.<sup>39</sup> He went on to outline an archetypal neoliberal view of the Welfare State:

The Welfare State rests on humbug because it was ostensibly established to relieve poverty while what in fact it does is something else. Beveridge's four giants – Want, Disease, Squalor and Ignorance – were to be banished from the land and minimum standards were to be secured for everybody. In fact the true purpose of the welfare state is to socialise the provision of certain services, whereby it actually reduces standards below what they might be....

The method of the welfare state is to require that everyone must pay for and be free to take state-provided services in order that those that cannot provide them for themselves shall have them. Thus it raises taxation to a level which reduces the nation's wealth by weakening the incentive to produce and save....It undermines both the personal responsibilities which are the warp and woof of freedom and the family responsibilities on which the wholesomeness of society rests. It teaches the electorate to vote for things that most of them do not intend to pay for. Above all, by providing services for all it fails to provide fully effective services for those that are really in need.<sup>40</sup>

To turn things around means testing needed to be used for all state social services, private supply of these services needed to be promoted and developed, and charging used more widely in the interim before private supply took over.

Shenfield reiterated these views on various occasions within the CBI and the IPG, but more explicitly in the IPG as he felt rather constrained by the day-to-day grind of CBI work.<sup>41</sup> In the IPG's second report on public expenditure, drafted by Shenfield, he set out his position: there were two great causes of concern underpinning the upward trend of public expenditure. They were 'the provision of services to all consumers free of charge, or at a charge far below cost' and 'the

subsidisation of persons or business activities with a view to directing the economy away from the impress of free market forces, and therefore away from maximum productivity'.<sup>42</sup> Curtailing, but not completely abandoning these positions would allow provision for the genuinely under-privileged to expand as resources would be focussed on those in most need.

Turning to specific policy changes, he noted, 'The history of the National Health Service has been one of progressive disappointment of expectations. It is almost a classic example of the counter-productive effects of the principle of universality, financed by taxation, and supply free of charge.'<sup>43</sup> He proposed a three-tier medical service, consisting of freedom to contract out whereby those making no national health service contributions would pay for the full cost of any treatment; a National Health Service run on a part-cost basis; and selective 'and *generous*' aid for those on incomes below that required for treatment on a part-cost basis. Turning to education he argued for loans for students in higher education and that it should not be compulsory for children to stay at school from 15 to 16 while, in housing policy, rent controls and subsidies needed to be removed. On pensions, while 'people like Titmuss, Townsend and Abel Smith' criticised occupational pension schemes, Shenfield 'would not accept them as authorities on anything'.<sup>44</sup> He continued to expound such a neoliberal critique of the Welfare State after his 1969 retirement from the IPG.<sup>45</sup>

Thus both in published papers and in internal papers for leading businessmen Shenfield propounded and elaborated a position during the 1950s and 1960s which was clearly neoliberal and reflected his active engagement with the Mont Pèlerin Society and his close friendship with Arthur Seldon, who was saying many of the

same things via the IEA. Shenfield was clearly at odds with what has subsequently become known as the postwar consensus.

### **John Jewkes**

John Jewkes, like Shenfield, was active in the MPS, being its President in 1962-64. Of the three, he was the one most clearly with an academic presence and whose work has been more widely read. Jewkes returned from wartime service to Manchester in 1946 as Stanley Jevons Professor of Political Economy before moving to Oxford in 1948 to a chair in economic organization where he stayed until he retired in 1969.<sup>46</sup> Jewkes came to popular attention for his coruscating attack on post-war controls and planning in *Ordeal by Planning*, published in 1948.<sup>47</sup> With the revival of planning in the 1960s Jewkes reprinted the essay with a new section on planning in the sixties.<sup>48</sup> He also wrote more widely at the time of his distaste for nationalisation. Indeed, Jewkes played a leading role in the IEA-led assault on the Welfare State in the early 1960s. *The Genesis of the British National Health Service*, written with his wife, was presented as the first of a series of planned works on the subject and opened by explaining why the book ‘may seem unduly critical of the British National Health Service’.<sup>49</sup> The pair went on to provide one of the first critiques of Titmuss’s defence of the National Health Service, ‘a medical system’, which Jewkes believed, ‘seemed doomed to remain second- or third-rate’.<sup>50</sup>

In 1969, following his retirement from Oxford, it was Jewkes who replaced Shenfield as Director of the Industrial Policy Group. Jewkes ‘gladly accepted [the post] because [he] sympathised with the aims of the Group and because my academic studies had always led me towards conclusions, concerning the sure foundation of a vigorous system of private enterprise, similar to those held by the members of the

Group'.<sup>51</sup> He was a known critic of the government's prices and incomes policies and, with that, of the CBI's voluntary price control.<sup>52</sup> However, Jewkes was less critical than Shenfield of the 1944 White Paper on *Employment Policy*.<sup>53</sup> While he accepted that it was 'a "Keynesian" document', Jewkes refuted the argument that the White Paper was a source of Britain's postwar problems: 'The Paper was a cautious statement, promulgated by the famous wartime coalition government, thought out and written by a group of middle-of-the-road economists, accepted by Keynes himself and formulating a way of maintaining rough stability of employment and prices through the manipulation of aggregate demand but also embodying a set of clear warnings of the conditions to be satisfied if adverse reactions, and especially inflation, were to be avoided'.<sup>54</sup> In his view, those that disputed this were either ignorant of the White Paper's contents or misunderstood it. If there was blame for the obsession with full employment then here he agreed with Shenfield that Beveridge and his colleagues were the real culprits.<sup>55</sup> Thus Jewkes held broadly similar views to Shenfield on the desirable framework for economic and social policy but did not always agree on the actual nature of policy implemented. Likewise he held a more nuanced view of monetarism in which he was willing to compromise with the Keynesian position.<sup>56</sup>

### **Barry Bracewell-Milnes**

Shenfield's departure to the Industrial Policy Group did not mark a rejection of neoliberal economic advice in the CBI. For a matter of months the CBI's next Economic Director was D. Taylor but in 1968 he was in turn replaced by Dr J. Barry Bracewell-Milnes. After completing a Ph.D at King's College Cambridge on the marketing of milk in Western Europe, he acted as an economic adviser in the iron and steel industry and was then appointed by the FBI in 1964. In 1965 he was given the

title of Assistant Economic Director in the CBI, promoted to Deputy Economic Director on Shenfield's departure, and then to Economic Director in 1968. He left the CBI in 1973 to become Economic Adviser to the more right-wing Institute of Directors, a post he held until 1996.<sup>57</sup> Like Shenfield, after leaving the CBI Bracewell-Milnes published widely, mainly in the area of taxation, and on neoliberal lines for many neoliberal and libertarian organisations.<sup>58</sup>

Though never as central to the MPS as Shenfield or Jewkes, Bracewell-Milnes was a member of the society.<sup>59</sup> He also moved in the same circles as Shenfield and Jewkes: the IEA, the Adam Smith Institute, the Libertarian Alliance and other neoliberal groups. He became chairman of the Adam Smith Club. In 1974 he was one of eleven signatories to an open letter to the Prime Minister, Harold Wilson, arguing that the only cure for inflation was increasing unemployment.<sup>60</sup> Among the other signatories were Harry Johnson, E.V. Morgan, David Laidler, Brian Griffiths and S.H. Frankel.

While he was CBI Economic Director Bracewell-Milnes made clear his neoliberal outlook. His line of argument typically stressed the need for a reduction in tax levels and a shift in the burden of taxation from direct to indirect taxation.<sup>61</sup> Bracewell-Milnes was known 'to take a classical view of private enterprise and market economics' and this can be discerned in CBI publications and internal discussions at this time.<sup>62</sup> His influence can be seen, in particular, in the CBI's representations during the annual pre-budget lobbying of government. In 1968 the CBI budget representation, the first drafted by Bracewell-Milnes as the CBI's Economic Director, was much more comprehensive than previously and called for a programme of tax reform not just for that budget but for the longer term on the grounds that the principal ways the budget could help the economy was by 're-



creating confidence at home and abroad' and that the tax system 'penalises effort and thrift and favours consumption'.<sup>63</sup> Accordingly, the CBI proposed a broad shift from direct to indirect taxation, including reductions in corporation tax, income tax, surtax, capital gains tax, betterment levy and estate duty. The CBI's 1969 budget representations re-stated the long-term programme of tax reform and this also formed the basis of the 1970 representations.<sup>64</sup>

Bracewell-Milnes's policy preferences on the Welfare State were made explicit in a row within the CBI between himself and the corporatist Director-General, Campbell Adamson. There were long-standing 'differences of opinion about certain aspects of the CBI's affairs' between Bracewell-Milnes and Adamson.<sup>65</sup> These differences festered from 1970 until bursting out into a full-scale argument in 1973, resulting in Bracewell-Milnes's forced resignation that year. At the CBI's Economic Committee in November 1970 Adamson, supported by Sir Hugh Weeks, the committee's chairman, proposed that the budget representations should contain some proposals for tax relief for 'the poorer sections of society'.<sup>66</sup> At the committee's next meeting, unhappy that this point had not been taken on board sufficiently by Bracewell-Milnes, Adamson suggested that the representations 'should give greater attention to measures which would afford some immediate relief to poorer sections of the community'.<sup>67</sup> More than this, he suggested the money to fund this could come from modifying the reductions called for in surtax, estates duty and capital gains tax, all consistently at the heart of Bracewell-Milnes's recommendations.

As a sign of the distance between the two positions, a rare and special joint meeting of the Taxation Panel and the Economic Committee was called at short notice in order to try to resolve this difference.<sup>68</sup> Again Adamson opened by calling for proposals helping the lower paid. Alun Davies, chair of the Taxation Panel, responded

by urging caution against such changes. Davies 'saw eye to eye on almost every matter' with Bracewell-Milnes and, like Bracewell-Milnes was at odds with Adamson's 'middle-of-the-road, consensus approach', believing it was impossible to have egalitarianism and growth.<sup>69</sup> Several others present called for a significant reduction in surtax in line with Bracewell-Milnes's suggestion, but Adamson, refused to budge.<sup>70</sup> Adamson wanted to propose raising the threshold for liability to income tax to remove one million lower paid from that tax liability and to extend family income supplements. Again there was resistance with one member questioning whether it was appropriate for this to come from the CBI but Adamson once more won the argument.

This clear split between Bracewell-Milnes and Adamson was renewed over the content of the 1973 budget representations. At the CBI's Taxation Panel meeting in December 1972, Bracewell-Milnes outlined the guidance from a Special Budget Committee which had noted but ignored the Taxation Panel's view that the CBI should 'not concern itself with detailed recommendations on behalf of the lower income earners'.<sup>71</sup> From the other side of the argument, Adamson explained to the CBI Council on 17<sup>th</sup> January 1973 why the Taxation Committee's budget representations, drafted by Bracewell-Milnes, had been amended.<sup>72</sup> Firstly, he suggested, 'because of the need for as much cooperation as possible between the two sides of industry at the present stage of the battle against inflation, the CBI's representations ought not to advocate in too strong and general terms the reduction of estate duty'. Secondly, Adamson, supported by Sir John Partridge, soon to be the CBI President, explained that since the CBI had been emphasising the importance of food prices in the cost of living, a new proposal had been added asking for the zero-rating of foods subject to purchase tax, the main form of indirect taxation at this time in

Britain.<sup>73</sup> Members of the Taxation Committee and the Taxation Panel on the CBI Council questioned these changes, emphasising the amount of work carried out by CBI staff, Bracewell-Milnes and his colleagues, in formulating the budget representations and arguing that the zero-rating of food should be withdrawn – this was an issue for the food industry not the CBI. Nevertheless, Adamson then read out revised versions of part of the budget representations for approval, which was given.<sup>74</sup> Pointedly, Adamson’s report for the March Council meeting ‘applauded’ the zero-rating of food and young children’s clothing in the budget.<sup>75</sup>

In the meantime Bracewell-Milnes was forced to resign. As a leading article in *The Times* put it, this was not a clash of personalities but ‘a clash of ideologies’.<sup>76</sup> Adamson himself explained that ‘the direction the CBI is moving in was not to his [Bracewell-Milnes’s] liking’.<sup>77</sup> From the other side of the argument, Bracewell-Milnes referred to his intellectual opponents as ‘the enemy’.<sup>78</sup> Having left the CBI Bracewell-Milnes was quickly appointed to a similar role at the neoliberal-inclined Institute of Directors. One IEA publication turned Bracewell-Milnes into a neoliberal martyr: he was sacked ‘for supporting capitalism, free enterprise and the market economy’.<sup>79</sup> There was even a party organised by the IEA to mark the 30<sup>th</sup> anniversary of the sacking. And, as noted above, Mrs Thatcher appeared to favour the Institute of Directors over the CBI for business advice once she became Prime Minister.

All three of these business economists at the heart of the business community had a similar view of the economy and of the role of the government in it. Bracewell-Milnes typified this position, redolent of Shenfield’s 1957 FBI paper: ‘There is no one cause [of Britain’s economic problems] but major causes may well be the system of taxation, public expenditure and restrictions on overseas direct investment... and to

these might be added our industrial relations and our social security systems.’<sup>80</sup> He added, ‘Historically government intervention has failed lamentably as a means to maintain industrial efficiency’. But it is also important to note that while their outlook was supported by parts of the business community others, favouring a more corporatist outlook, contested this position. Indeed, attitudes to the Welfare State lay at the heart of this division.

## **Conclusion**

Highlighting the views and roles of these three advocates of neoliberalism adds to our understanding of this intellectual movement and its rise from the creation of the Mont Pèlerin Society in 1947 to Margaret Thatcher’s election victory in 1979. Four points in particular can be made. First, these three individuals were neoliberals, both as part of the thought collective of the MPS and in terms of their stated values. Each endorsed the four generic principles that Turner has highlighted as being at the heart of neoliberalism – the importance of market order; the role of the state in preserving individual liberties; the advocacy of minimal state intervention; and the importance of private property. However, on certain issues or details the three were at odds with each other and this illustrates the complex and disputed nature of neoliberalism.

Secondly, they were all economists, though not necessarily academic economists. There is a danger in focussing narrowly on academic economists when looking at post-Second World War economic opinion, particularly with regard to a movement like neoliberalism. Since 1945 there has been an enormous growth in the number of economists employed outside of academia, be it in government, business or the City.<sup>81</sup> These may not be academically ‘eminent’ but their incorporation into the story of the rise of neoliberalism in Britain adds to our understanding of the process

that occurred. Conventional accounts highlight the role of American economists, particularly those at Chicago, and the close links that these American economists had with the IEA.<sup>82</sup> These links were crucial but there was still the need for their ideas to become accepted into wider British society just at the time that academic economics was becoming highly mathematical and abstracted from the real world and where the vast majority of British academic economists were unsympathetic to the neoliberal message. Economists working in the City or any sort of business environment were potentially more sympathetic to that message.<sup>83</sup> These were not only a growing group but an increasingly organised one too.<sup>84</sup>

Thirdly, and related to the second point, the chapter confirms and develops Plehwe's contention that to understand the MPS, and hence neoliberalism, it is necessary to look beyond the Nobel Prize winners. All three individuals – Shenfield, Bracewell-Milnes and Jewkes – were members of the MPS, two even became Presidents, yet only Jewkes could be described as an academic economist. The other two would have regarded themselves as intellectuals but worked in the applied world of giving economic advice to organised business. Hayek's focus on the MPS as a long-term intellectual movement needs some qualification and the emphasis on this aspect may be a reflection of reading back from the neoliberal turn taken in the last few decades. Clearly, it was an intellectual movement but that was only part of the story: it was also about getting those ideas implemented by governments and accepted by society. Although he discounted the short-term political and practical tasks of gaining popular support it was necessary to 'raise and train an army of fighters for freedom' and this tends to get forgotten when focussing on those most famous.<sup>85</sup> On this basis it becomes imperative to understand the activities of individuals like Shenfield, Bracewell-Milnes and Jewkes and others of that ilk if we are to

comprehend fully the process by which neoliberalism became a dominant paradigm of thought. MPS members like these can be seen as brokers who bridged the gap between the intellectual ideas and debate of the MPS and the rest of society. Such brokers are now often presented as key players, with significant social capital, in the diffusion of ideas from one network to another.<sup>86</sup> To date that brokerage role has focussed on the IEA and other right-wing think tanks but it is important to start to consider other alternative or supportive links as well.

Finally, the paper alters our understanding of the rise of neoliberal ideas in Britain. The existing emphasis on the isolation of a small coterie of neoliberal outsiders in Britain during the dominant period of Keynesianism seems overstated. All three individuals had clear links to the heart of organised business and big business and each acted as an advocate for neoliberal ideas in that arena. This took place for virtually the whole of the era associated with the post-war Keynesian consensus. Thus we need to be careful not to exaggerate the strength and spread of support for the key elements of that consensus – the mixed economy, the welfare state and full employment. All three were strongly and consistently critiqued by Shenfield, Bracewell-Milnes and Jewkes and these critiques found support and endorsement for their views at the heart of the business community. As Boswell and Peters have argued, over the postwar period British business remained split over its attitude to Keynesian-style policies and to corporatism.<sup>87</sup> This split in opinion within the business community was shown in its starkest form in the open warfare within the CBI between Adamson and Bracewell-Milnes. Thus, business support for neoliberalism was not restricted to marginalised maverick businessmen outside mainstream opinion: within this mainstream there were some important businessmen, like Sir Paul Chambers, supportive of neoliberal ideas for much of the post-war period.

The paradigm shift, therefore, from Keynesianism to neoliberalism, so often presented as revolutionary, had wider roots in British society than conventionally depicted.

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<sup>1</sup> On Hayek's thinking on the Welfare State see Peden, this volume.

<sup>2</sup> Harvey 2005, pp. 19-23. See also Stedman Jones 2012. See Beech this volume for consideration of the political dimensions of these developments.

<sup>3</sup> Prasad 2006, p. 101.

<sup>4</sup> Cockett 1994, p. 3.

<sup>5</sup> For example, Hayek 1967; Hobsbawm, quoted in Cassidy 2000; Oliver 1997, ch. 3; Oliver 1996, pp. 80-6.

<sup>6</sup> For example, Marquand and Seldon 1996; Hall 1992; Hall 1993; Hay 2001; more generally, see Middleton 1996.

<sup>7</sup> Turner 2008, pp. 4-10; and Plehwe 2009, pp. 4-5 and 14-15., pp. 4-5 and 14-15. As an attempt to define neoliberalism in terms of key elements see, Mirowski 2009.

<sup>8</sup> Plehwe 2009, p. 17.

<sup>9</sup> See Kandiah and Seldon 1996; Denham and Garnett 1998; Denham 1996.

<sup>10</sup> Green 1999; Jackson 2010; Jackson and Saunders 2012.

<sup>11</sup> Plehwe 2009, pp. 6-7.

<sup>12</sup> Jackson 2012, p. 47.

<sup>13</sup> The CBI's organizational structure followed that of the FBI fairly closely. There was a President, a businessman elected for a two-year term, the FBI Grand Council (later CBI Council) on which a large number of businessmen sat and which was the peak decision-making body. Below that were a series of ad hoc and standing committees. In addition, there was a staff, headed by the Director-General.

<sup>14</sup> Grant 1980.; Mitchell 1990; Baggott 1995; May, McHugh and Taylor 1998.

<sup>15</sup> Rollings, 2013.

<sup>16</sup> Adamson, Sir Campbell, <http://www.oxforddnb.com/view/article/74490> [accessed 28 February 2010].

<sup>17</sup> See Blank 1973, ch. 3; and Grant and Marsh, 1977, ch. 5.

<sup>18</sup> Plehwe 2009, p. 20.

<sup>19</sup> Plehwe 2009, p. 18; and Tribe 2009, pp. 87, 96.

<sup>20</sup> <http://www.gazettes-online.co.uk/issues/33300/pages/5102/page.pdf> [accessed 6 December 2010].

<sup>21</sup> Quoting Seldon in Cockett 1994, p. 136.

<sup>22</sup> Cockett 1994, p. 119; Tribe 2009, p. 87; and [www.liberaalarchief.be/MPS2005.pdf](http://www.liberaalarchief.be/MPS2005.pdf), inventory of MPS General Meetings.

<sup>23</sup> [www.liberaalarchief.be/MPS2005.pdf](http://www.liberaalarchief.be/MPS2005.pdf), inventory of MPS General Meetings; and Hartwell 1995.

<sup>24</sup> Blank 1973, pp. 129 and 159.

<sup>25</sup> FBI 1957; Peters 1997, fn 38, p. 216.

<sup>26</sup> FBI 1957, p. iii.

<sup>27</sup> FBI 1957, p. 14.

<sup>28</sup> FBI 1957, pp. 7 and 14. This was produced prior to the *Report of the Radcliffe Committee on the Working of the Monetary System (1959)* and the right-wing critique of the report published by the IEA, Seldon 1960.

<sup>29</sup> FBI 1957, p. 34.

<sup>30</sup> Shenfield 1960, pp. 163, 166.

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- <sup>31</sup> Shenfield 1963.
- <sup>32</sup> Sampson, 1971, p. 571 and p. 612.
- <sup>33</sup> Corina 1967, p. 17.
- <sup>34</sup> Jewkes 1966.
- <sup>35</sup> MRC MSS200/C/3/DG1/2123ii, 'Shenfield, 'Industrial Policy Group: A Programme', 5 September 1967.
- <sup>36</sup> MRC MSS200/C/3/DG1/2701/ii, Shenfield. 'The Regulation of the Economy: Part II', 19 May 1961.
- <sup>37</sup> MRC MSS200/C/3/DG1/2099iii, Shenfield, 'The Rehabilitation of the Economy', 17 January 1968.
- <sup>38</sup> See Fontaine 2002; Jackson, forthcoming.
- <sup>39</sup> Shenfield 1962.
- <sup>40</sup> Shenfield 1962, 52.
- <sup>41</sup> MRC MSS200/C/1/4/2, Economic Committee meeting, 3 Jan 1967.
- <sup>42</sup> MRC MSS200/C/3/DG1/42, 'Industrial Policy Group Memorandum No. 2: Government Expenditure', April 1968, 9.
- <sup>43</sup> Ibid.
- <sup>44</sup> MRC MSS 200/C/3/DG1/42, 'Shenfield, 'Occupational Pension Schemes', 24 June 1968.
- <sup>45</sup> Some of his works from this period have been collected in Barry 1998.
- <sup>46</sup> Jewkes, John, Oxford Dictionary of National Biography, <http://www.oxforddnb.com/view/article/39975> [accessed 1 March 2010].
- <sup>47</sup> Jewkes 1948.
- <sup>48</sup> Jewkes 1968.
- <sup>49</sup> Jewkes and Jewkes 1961., vii. See also the contribution by Peden in this volume.
- <sup>50</sup> Subsequently published in IEA 1964, 29-35, and Jewkes 1978, 139-69 and 77-88, quote from p. 87.
- <sup>51</sup> John Jewkes, 'Entrepreneurs on the Defensive: The Industrial Policy Group: The Failure of an Experiment' in Jewkes 1978, p. 174.
- <sup>52</sup> MRC MSS200/C/3/DG2/68, Bracewell-Milnes, 'IPG Chairman's paper No. 2 – "Topics for Future Study by the Group"', 25 February 1970. Unfortunately there appear to be no papers on the IPG in the CBI archives after 1970.
- <sup>53</sup> Jewkes 1978, pp. 39-52.
- <sup>54</sup> Jewkes 1978, pp. 42 and 46.
- <sup>55</sup> Jewkes 1978, p. 49.
- <sup>56</sup> Jewkes 1978, p. 49.
- <sup>57</sup> Bracewell-Milnes 2002, p. 9.
- <sup>58</sup> Among his publications are Bracewell-Milnes 1974, 1976a, 1976b, Bracewell Milnes and Huiskamp 1977, Bracewell-Milnes 1979, 1980, 1982, Bracewell-Milnes and Teja 1991.
- <sup>59</sup> *The Mont Pelèrin Society Winter Newsletter*, 64 (2012), p. 15 [https://www.montpelerin.org/montpelerin/documents/MPS\_December\_2012\_newsletter.pdf, accessed 8 April 2013].
- <sup>60</sup> Tanzi, Bracewell-Milnes and Myddleton 1970; Jay 1974, p. 1.
- <sup>61</sup> Bracewell-Milnes, 1970; and Bracewell Milnes 1971, 1967, 1972.
- <sup>62</sup> Grant and Marsh 1977, p. 104.
- <sup>63</sup> TNA T277/2064, BR (68)1, 31 January 1968.
- <sup>64</sup> MRC MSS200/C/1/1/E.300.69-E.350.69, E.338.69, 'CBI Budget Representations 1970'.
- <sup>65</sup> Grant and Marsh 1977, p. 104.
- <sup>66</sup> MRC MSS 200/C/1/4/3, E.497.70, Economic Committee meeting, 30<sup>th</sup> November 1970.
- <sup>67</sup> MRC MSS 200/C/1/4/3, E.23.71, Economic Committee meeting, 4<sup>th</sup> January 1971.
- <sup>68</sup> MRC MSS 200/C/1/4/3, E.33.71, Special Joint Meeting of the Taxation Panel and the Economic Committee, 11<sup>th</sup> January 1971.
- <sup>69</sup> 'Business Diary: An Unexpected Swansong', *The Times*, 6 February 1973, p. 19; and 'Director Quits in CBI Tax Clash', *Financial Times*, 7 February 1973.
- <sup>70</sup> Ibid.
- <sup>71</sup> MRC MSS 200/C/1/1/E/72, E.489.72, Taxation Panel meeting, 23 December 1972. The Taxation Panel consisted of members of the full Taxation Committee which met more regularly.
- <sup>72</sup> MRC MSS 200/C/1/1/C/73, C11(1)73, minutes of CBI Council, 17<sup>th</sup> January 1973. Estate duty was the tax paid on the estates of dead people. The duty was very high but largely avoidable as there was no gifts tax.
- <sup>73</sup> Ibid.
- <sup>74</sup> Ibid.
- <sup>75</sup> MRC MSS 200/C/1/1/C/73, C21(3)73, 'Director-General's Report to the Council', March 1973.

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<sup>76</sup> 'No Gratitude in the CBI', *The Times*, 16 March 1973, p. 16.

<sup>77</sup> 'A Split at the CBI', *Financial Times*, 23 January 1973.

<sup>78</sup> MRC MSS200/C/3/DG1/46-7, Bracewell-Milnes, 'Third Draft of IPG paper on Taxation', 26 October 1968.

<sup>79</sup> Bracewell-Milnes 2002, p. 9.

<sup>80</sup> MRC MSS200/C/3/DG2/68, N. Tate, 'Industrial Policy Group Meeting (16/4/70), 15 April 1970.

<sup>81</sup> See for example, Coats 1978, 1981.

<sup>82</sup> Stedman Jones 2012 and Cockett 1994 are typical here.

<sup>83</sup> For an exploration of these issues see Brittan 1973.

<sup>84</sup> Anderson 2003.

<sup>85</sup> Quoted in Cockett 1994, p. 104.

<sup>86</sup> Burt 2007.

<sup>87</sup> Boswell and Peters 1997.