

The Post War Consensus was dead by 1973

Consensus *did not end* in 1973

- Membership of the EEC –
 - Heath finally achieved where others failed
- 1971-2 “U-Turn” – step away from free market economics following rising unemployment – Heath fearful of abandoning consensus
- Further nationalisation to prevent collapse –
Rolls Royce 1971

Consensus *did not end* in 1973

- Govt. bailout for Upper Clyde Shipbuilders
- Steep rises in wages similar to the prosperity of 50s/60s – although increased unemployment
- Further decolonisation
 - Arabian Gulf, Malaysia

Consensus *did end* in 1973

- Consensus built around Keynesian Economics
 - 1973 Oil Crisis
 - High Inflation
 - Three Day Week
 - Devaluation in 1967



Consensus *did end* in 1973

- Edward Heath had a largely ‘New Right’ Manifesto in 1970
 - Lower Taxes
 - Reduction in Spending
 - Industrial Relations Bill
 - Curbing the power of the Unions
 - Commitment to Monetarist or Neo Classical Economics

Conclusion

- Heath wanted to abandon Consensus
 - Events forced his hand
 - ‘Events Dear boy, Events’ (Macmillan)
- Died in Conservative Party in 1975 with the election of Thatcher
- Died later in the Labour Party with Callaghan and IMF Loan