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**BRITAIN'S OTHER D-DAY: THE POLITICS OF  
DECIMALISATION**

**ANDREW JOHN COOK**

**A thesis submitted to the University of  
Huddersfield in partial fulfilment of the  
requirements for the degree of Doctor of  
Philosophy**

**The University of Huddersfield**

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## Abstract

Some commentators have seen the introduction of decimal currency in the UK as part of a broader process of Europeanisation, driven by a zeal for modernisation, and leading to an abandonment of a traditional British exceptionalism. This thesis will argue that this view is false, and that the modernisation of the currency was an essentially conservative reform. In preserving the existing pound sterling, the Government was keen to maintain the supposed prestige of the currency, and the retention of the name 'penny' for the minor unit was based on an appeal to the public's perceived adherence to tradition.

There is little evidence that either the fact of decimalisation per se, or the choice of a system based on the existing pound, was influenced by Britain's attempts to gain entry to the European Economic Community, or indeed any desire to emulate wider European practice. In fact, by far the more important external stimulus to action by the British authorities was the decimalisation of the currencies in the 1960s by successive Commonwealth countries, South Africa, Australia and New Zealand, which left the UK, in the mid-1960s with the prospect of being virtually the only country in the world operating a non-decimal currency.

However, I will argue that, although the influence of the decisions made in Australia and New Zealand was important, it was limited in scope. Whilst the UK was content to follow the lead of its Commonwealth partners in decimalising its currency, it did so on the basis of the existing £ unit, rather than the 10-shilling basis favoured in South Africa, Australia and New Zealand. It did so, despite significant internal opposition from retail and other interests, largely as a result of an unlikely alliance between the City of London, anxious to preserve the international status of the pound as a reserve currency, and a Labour government with decidedly conservative views on the traditional image of the pound.



## Chapter 1: Introduction

On the 13<sup>th</sup> of February 1971, two days before the introduction of decimal coinage in the UK, the Chairman of the Decimal Currency Board (DCB), Lord Fiske, predicted that the changeover from the old currency to the new would be achieved so smoothly that it would be 'the non-event of 1971'.<sup>1</sup> By June of that year this changeover had been largely realised, and the DCB was able to recommend that the transition period of dual running, in which transactions could be made in either pre-decimal or decimal currency could be ended twelve months ahead of schedule, in August 1971.<sup>2</sup> The smoothness of the transition was largely attributable to exemplary administrative project management by the DCB and the Royal Mint. This aspect of the decimalisation project was comprehensively and admirably covered in an official Treasury publication in 1973, by the secretary to the DCB, Noel Moore, and consequently is not the main focus of this work.<sup>3</sup>

Instead, this thesis seeks to explain why the implementation of decimal currency in the UK occurred when it did, and in the form that it took, examining the political, social, cultural and economic factors underpinning the impetus behind the change. This will not be limited to issues internal to the UK but will also consider the extent to which the decision to decimalise was influenced by developments elsewhere, in Europe and the Commonwealth; and conversely the impact of the decision on other countries. In doing so I will conclude that the issue of decimalisation, largely seen as an unimportant administrative process by most historians, was in fact more significant than previously recognised. Its significance lies in the

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<sup>1</sup> *Times*, 13 February 1971.

<sup>2</sup> *Decimal Currency Board: Fourth Annual Report, 1970-71*, London, HMSO.

<sup>3</sup> Moore, N.E.A. (1973), *The Decimalisation of Britain's Currency*, London: HMSO, p.24.



light it sheds on British society, economics and politics in the late 1950s and 1960s, and the extent to which it supports or contradicts the historiography of the period. In particular, the thesis will examine the extent to which an ostensibly modernising project was compromised by a conservative attitude to change. This can be summed up by the misgivings expressed by a Treasury Official, G.R. Bell, who chaired a Working Party on Decimal Currency in 1961.

Reflecting on resistance from the Bank of England to any scheme of decimalisation which did not involve retention of the existing pound, he observed that 'when we ... modernise we tend to throw away some of the benefit by insisting upon retaining traditional arrangements which have no place in the modern world.'<sup>4</sup> This tempering of modernity by an arguably undue attachment to tradition forms a *leitmotif* of this thesis.

It is also worth considering why, after over a century of resistance to any change, the UK chose to embark on the road to decimalisation in the 1960s. Some recent commentators have characterised the abandonment of the UK's traditional currency as part of a project of Europeanisation of British society foisted on a reluctant population by Government's operating in the interest of a metropolitan elite. I will argue that this view is a travesty, and that the impetus for change, at this specific time, came from a combination of internal pressure from a variety of interest groups within the UK, and external examples of successful decimalisations in Commonwealth countries which had previously operated the same system as Britain.

For more than ten centuries England, and later the UK, operated a system of currency, based on a pound divided into two hundred and forty pennies, with an intermediate unit,

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<sup>4</sup> National Archives, BT 258/1193, DC (61) Decimal Currency Working Party, 9 February 1961.

the shilling, comprising twelve pence or one twentieth of a pound. According to the Royal Mint, 'The custom of reckoning in librae of 20 solidi and 240 denarii grew up in the Frankish kingdom and crossed into England quite early, perhaps in the seventh century.'<sup>5</sup> This was translated into the vernacular as "pounds, shillings and pence", but the symbols denoting the coinage of librae, solidi and denarii, (£sd) were retained. Similar systems were in place in much of continental Europe until the Napoleonic era, when many of the countries invaded by France followed the example of their occupier and adopted decimal currency.

A Decimal Association, advocating the adoption of decimal currency and SI units in the UK was founded in 1841, and proposals for the decimalisation of the UK's currency were the subject of a parliamentary Select Committee as early as 1853, with a Royal Commission reporting to the House of Commons on the subject in 1859, rejecting the idea as having 'few merits'.

For over a century the political consensus on decimalisation was largely framed by the response of the then Chancellor of the Exchequer, William Ewart Gladstone, to a deputation in 1854 of the Decimal Association:

I cannot doubt that a decimal system would be of immense advantage in money transactions. The weight of authority on that head is irresistible. But I do not think we have obtained sufficient evidence as to the sense and feeling of the country with respect to it. It is, as you are aware, the enormous masses of the community who have immense business to transact who must guide the Government in the matter.<sup>6</sup>

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<sup>5</sup> Cmnd. 2145 Report of the Committee of Inquiry on Decimal Currency, Appendix 1, p.166 (HMSO London 1963).

<sup>6</sup> Quoted by 'Lombard', *Financial Times*, 23 December 1958.

A Royal Commission five years later reported to the House of Commons that the idea of decimalisation possessed 'few merits', and the lack of both political and public will to effect a change was confirmed by a second Royal Commission, chaired by Lord Emmot, which sat between 1918 and 1920, but failed to agree on a suitable scheme of decimalisation, and attracted a very muted response from the public.<sup>7</sup> The majority in the Commission concluded that the 'advantages claimed for the decimal system were inconsiderable compared with the immense difficulties involved in abandoning the existing system ... Such inconvenience would not be willingly accepted by a public largely indifferent to the issue and it would therefore be inadvisable to place the currency upon a decimal basis'<sup>8</sup> Dissent was expressed in two minority reports, one advocating a pound divided into 1,000 mills, and the other advocating 'the halfpenny as the basis, one hundred to be equal to a new currency unit to be called the Royal.'<sup>9</sup> Given the division within the Commission, it is unsurprising that the matter was not taken further by the government at this stage.

The issue then largely fell into abeyance until the mid-1950s, when there was a steady revival of parliamentary interest in the subject, which the Government initially sought to resist on the traditional grounds of a lack of public support or interest. In 1955, a Private Members Bill sponsored by the Labour MP for Loughborough, Mont Follick, was frustrated at its Second Reading, with what Follick described as 'a few stooges put up by the Whips', using the device of shouting 'object' to prevent a debate on the issue.<sup>10</sup>

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<sup>7</sup> Ibid.

<sup>8</sup> <http://www.bopcris.ac.uk/bopall/ref7833.html> Accessed 17 January 2020.

<sup>9</sup> Ibid.

<sup>10</sup> Hansard, 4 March 1955, Volume 537, col.2528.

However, over the next few years pressure to change to a decimal system built up, and by 1966 the then Labour government had announced its decision to introduce a decimal system of currency to be implemented five years hence. Thus, came to an end what one American commentator, writing in 1964, described as 'the dubious if unique distinction of being the only reform longer delayed than Civil Rights in the United States'.<sup>11</sup> In the context of the decades or inertia which preceded this sudden change of direction, this thesis will consider how and why this change came about, at the time that it did.

### ***Chronology of Events 1955-1971***

In setting a framework for this thesis, and to avoid repetition in the main body of the work, it is necessary firstly to set out in some detail the chronology of the progress towards decimalisation during the period from 1955, when the Follick Bill attracted very little support in parliament, and none from the government, through to the end of 1971, by which time the change to decimal currency had been implemented in full, with dual running of the two currencies having ended on 31 August 1971.

Following the failure of the Follick Bill, for the next few years the Government continued to maintain a consistent line against any change. Treasury ministers were questioned in Parliament on several occasions between 1955 and 1959, and in each case the response was in the negative.<sup>12</sup>

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<sup>11</sup> Rolfe, Sydney E, (1964), Review of Report of the Committee of Inquiry on Decimal Currency, in *The American Economic Review*, 54 (4), p.481.

<sup>12</sup> See Hansard, 1 November 1956, Volume 558, col.1601; 20 November 1958, Volume 595, col.1299; 28 July 1959, Volume 610, col.308.

If there was little movement in the UK Parliament during the latter half of the 1950s, things were changing rapidly elsewhere in the Commonwealth. In 1957, India had replaced its own non-decimal currency, so that the Rupee, previously divided into sixteen Anna and sixty-four paise was instead divided into one hundred naya paise. Perhaps of more significance for the decision of the UK government, a number of countries operating a similar £sd system to Britain's were actively pursuing reform. As early as 1956 South Africa set up a decimal Coinage Commission which reported in August 1958, following which the Rand sub-divided into 100 cents, and based on a 10-shilling unit, was introduced on 14 Feb 1961. Similar commissions were appointed in New Zealand in 1957 and Australia in 1959, and in the same year a Metric System and Decimal Coinage Committee reported in favour of decimalisation to the Irish Government.<sup>13</sup>

By the end of 1959 there were signs that, as a result both of internal pressure from groups within the UK and the example being set by other Commonwealth countries, the Government was slowly coming around to the idea that reform ought at least to be considered. In a Commons debate early in December of that year, responding to a question from the Conservative backbencher Bernard Braine, the Economic Secretary to the Treasury Anthony Barber referenced the fact that the British Association for the Advancement of Science (BAAS) and the Association of British Chambers of Commerce (ABCC) had set up a joint committee to examine the case both for the adoption of metric measurement and a decimal currency.<sup>14</sup>

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<sup>13</sup> For a full list of all decimalisations implemented in the Commonwealth, see Moore, p.24.

<sup>14</sup> Hansard, 3 December 1959, Volume 614, col.1367.

The BAAs/ABCC report was published in May 1960, based on evidence gathered from a wide range of industrial and commercial companies, Trade Associations, Chambers of Commerce and Public Sector Bodies (over 700 organisations in total). It noted ‘wide approval of the concept of decimal coinage’ and concluded that ‘there was a strong case for the adoption of a decimal system of coinage... the time has come for a decision to be made in principle ... and this decision can only be made by the Government.’<sup>15</sup> Although the report did not explicitly recommend a specific scheme of decimalisation, it noted that there was ‘an overwhelming wish [amongst those who had given evidence] to retain the Pound as the major unit.’<sup>16</sup> This issue of the choice of major unit was to recur throughout future discussions around decimalisation.

The initial response of the Conservative government to the report was lukewarm. The Cabinet, meeting on 17 May 1960, ‘agreed that, while the Government should not at present imply general approval for the decimal system by welcoming the committee’s report, they could appropriately announce that they would welcome public discussion of it.’<sup>17</sup> This equivocation was reported by the *Guardian* which, under the headline ‘Decimal Coinage Doubts’ noted that ‘the Government is not sanguine about a speedy – or any – introduction of a decimal coinage ... in Britain.’<sup>18</sup>

Within two months of this Cabinet discussion, however, there was a new Chancellor of the Exchequer, Selwyn Lloyd, who, having replaced Derek Heathcote Amory in July 1960, was

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<sup>15</sup> A Joint report of Committees appointed by the British Association for the Advancement of Science and the Association of British Chambers of Commerce (1960), *Decimal Coinage and the Metric System: Should Britain Change?*, London:Butterworths Scientific Publications, pp.26-27.

<sup>16</sup> *Ibid.*

<sup>17</sup> National Archives, CAB/128/34, Cabinet Conclusions CC 60 (31).

<sup>18</sup> *Guardian*, 1 June 1960.

minded to support a more active approach to the subject. Accordingly, he set up 'a Working Party of Officials from the Treasury, Royal Mint, Board of Trade, Post Office and the Bank of England',<sup>19</sup> which reported to the Treasury Joint Permanent Secretary, Sir Frank Lee, in May 1961. The majority of the group favoured decimalising on a 10s unit, with the Bank of England representatives dissenting and recommending adoption of a £/cent/fraction system.<sup>20</sup> This was followed in November of that year by a Cabinet decision to set up a Committee of Inquiry, with an announcement to that effect the following month.<sup>21</sup>

The Committee was chaired by Lord Halsbury 'a scientist, administrator and businessman who had devoted many years to public service in one form or another.'<sup>22</sup> Its other five members, announced in January 1962 were Roy Allen, Professor of Statistics at London University, Vernon Ely, a retailer of Elys (Wimbledon) Ltd, Dame Ann Godwin, Chairman (sic) of the TUC, J.M.A Smith, lately Assistant Managing Director of the Ford Motor Co. Limited, and Ronald Thornton, Vice-Chairman, Barclays Bank Limited.<sup>23</sup>

The terms of reference for the Committee were:

- (a) To advise on the most convenient and practical form which a decimal currency might take, including the major and minor units to be adopted.
- (b) To advise on the timing and phasing of the change-over best calculated to minimise the cost.

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<sup>19</sup> National Archives, PREM 11/4768, Memorandum Wass to Woodfield, 1 March 1961.

<sup>20</sup> National Archives, PREM 11/4768, Report of the Working Party on Decimal Currency.

<sup>21</sup> National Archives, CAB/128/35, Cabinet Conclusions C.C. (61) 66; Hansard, Volume 651, col.1134, 19 December 1961.

<sup>22</sup> Moore, p.27.

<sup>23</sup> Ibid. Brief biographies of the Committee members are at appendix 2.

(c) To estimate the probable amount and incidence of the cost to the economy of proposals based on (a) and (b).<sup>24</sup>

During the course of the Committee's deliberations over the next year and a half, much of the discussion continued to centre on the issue of the choice of major unit, which was quickly narrowed down from twenty-five possible options to four, and then two: a 10s. unit divided into 100 cents, or the existing pound divided into 100 new pence. A brief explanation of each of these systems is given at appendix 1.

When the committee reported in September 1963, its findings were not unanimous; four of the six members signed the majority report recommending a decimalised currency based on retention of the pound as the major unit, while a Memorandum of Dissent, signed by the remaining two members, favoured a 10s unit.<sup>25</sup>

The Government's response to the Halsbury report, published on 23 September 1963, was curiously muted. With a new Prime Minister and Chancellor (Alec Douglas Home and Reginald Maudling respectively), and a General Election due within 12 months, the Cabinet decided in February 1964 to defer a decision, ostensibly on the grounds that it would 'impose a heavy burden on the economy at a time when the resources likely to be available had already been hypothecated to other projects.'<sup>26</sup>

With the election of a Labour Government in October 1964, responsibility for deciding whether to recommend proceeding with decimalisation fell to the incoming Chancellor, James Callaghan. Initially however, faced with other priorities particularly around defence of

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<sup>24</sup> Cmnd. 2145 Report of the Committee of Inquiry on Decimal Currency, p.1.

<sup>25</sup> Ibid, p.v. The dissenters were Smith and Ely. The divisions within the Committee are discussed in Chapter 2.

<sup>26</sup> National Archives, CAB/128/38, Cabinet Conclusions, CM 9 (64), 4 February 1964.



the pound against speculation in the foreign exchange markets, the new Government, which in any case enjoyed only a tiny majority of 4 seats, chose not to make any decision.<sup>27</sup>

However, by February 1966, Callaghan had agreed with Prime Minister Harold Wilson to press ahead with decimalisation on the basis of a £ major unit as recommended by the majority report of the Halsbury Committee. Following Cabinet agreement, the Chancellor duly announced the decision to introduce decimal currency with effect from 15 February 1971, as part of a budget statement on 1 March 1966. This statement was made some thirty days before the 1966 General Election, which returned the Labour government with a much-increased majority of 96. Decimalisation, however, was not considered a party-political issue, and featured in the manifestos of none of the three major parties.<sup>28</sup>

Initially Callaghan's announcement aroused little opposition, but once the Government published its White Paper in December 1966, confirming the intention to adopt the £-cent-½ cent system, it became clear that the choice was a controversial one. The Consumer Council, supported by retail and other interests formed a Decimal Action Committee to campaign for a 10s-cent system and they attracted widespread support from the press as well as parliamentarians from both the Government and Opposition benches.

The Government, however, persisted with its decision to implement a system based on retention of the pound, and imposed a two-line whip on its own supporters to support the

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<sup>27</sup> See Morgan, Kenneth O. (2016), *Wilson in History*, in Crines, A. and Hickson, K., *Harold Wilson: The Unprincipled Prime Minister*, London: Biteback, pp.192-3; also Clarke, Peter (2004), *Hope and Glory: Britain 1900-2000*, London: Penguin, pp.198-299.

<sup>28</sup> <http://www.labour-party.org.uk/manifestos/1966/1966-labour-manifesto.shtml>;  
<http://www.conservativemanifesto.com/1966/1966-conservative-manifesto.shtml>;  
<http://www.libdemmanifesto.com/1966/1966-liberal-manifesto.shtml>

All accessed 20 January 2020.

passage of the Decimal Currency Act (1967) which received Royal Assent on 13 July 1967. As well as confirming the pound as the major unit, the Act also gave legislative backing to the Decimal Currency Board (DCB), which had been set up as an advisory body in December 1966. Chaired by the former leader of the Greater London Council, Lord Fiske<sup>29</sup>, the functions of the Board were 'to facilitate the transition from the existing currency and coinage to the new currency and coinage ... and in particular:

- (a) To examine, in consultation with such organisations and persons as the Board consider appropriate, problems involved in the transition;
- (b) To furnish information and advice about the new currency and coinage, and to publish, whether by advertisement or otherwise, such information as the Board think useful for familiarising the public with it and its relation to the existing currency and coinage;
- (c) To promote arrangements for the adaptation or replacement of commercial and other equipment designed to record or calculate in the existing currency or to be operated by the existing coinage;
- (d) To receive and consider, with a view to such provision (if any) as may hereafter be made by Parliament for the payment of compensation in special circumstances, representations with respect to expenditure or loss incurred or to be incurred by particular persons or classes of persons in consequence of the changes;

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<sup>29</sup> Lord (William) Fiske (1905-1975), educated at Berkhamsted Collegiate school and worked at the Bank of England and as a Civil Servant, prior to his election to the London County Council as a Labour member in 1946. Leader of Greater London Council 1964-67. President of National Federation of Housing Associations, 1971-1975. Deputy Lieutenant for Greater London. From obituary in the *Times*, 14 January 1975.

(e) To make investigations and surveys for obtaining information relevant to the exercise of any of the functions of the Board.<sup>30</sup>

Although the issue of the choice of systems was now resolved, and the administrative arrangements for managing implementation settled, this did not signal the end of controversy. In particular, the Government, and the DCB faced criticism about the future of the sixpence coin. There were four £sd coins which had exact equivalents in the decimal system. These were the half-crown or 2s6d coin, worth 12½ pence, the two shilling and one shilling coins, equivalent to ten and five pence respectively, and the sixpence, worth 2½ pence. It was announced in February 1968 that the half-crown would be demonetised with effect from 1 January 1970, and this was achieved with little adverse reaction.<sup>31</sup>

The Decimal Currency Act (1967) had provided for the existing one shilling and two shilling coins to be retained but now denominated in new decimalised values of 5p and 10p, and put into circulation from April 1968. New coins for half, one, two and fifty pence were to be introduced, the first three on D-Day, 15 February 1971 and the fifty pence planned to replace the ten-shilling note in advance of the change-over in October 1969.

Proposals for demonetising the sixpence, along with other £sd coins, the penny and threepence piece, were included in a second Decimal Currency Bill (1969). This set out arrangements for the changeover from £sd to the new coinage, providing for a transitional change-over period of up to 18 months during which both old and new currencies would be legal tender. However, the sixpence, affectionately nicknamed the “tanner”, was a popular and extensively used coin, especially in coin-operated machines, and as payment for public

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<sup>30</sup> Decimal Currency Act 1967, s.5(1).

<sup>31</sup> Moore, p.152.

transport fares, and with over 1.85 billion sixpence coins in circulation in 1968 it was 'the most numerous £sd coin except for the penny.'<sup>32</sup>

The 1969 Bill also removed the provision for compensation for the costs of the changeover to be paid to businesses in exceptional circumstances, and Members of Parliament responding to the Second Reading debate were quick to link the two issues. The Conservative, Terence Higgins, stated that 'If the Government are determined to reverse their own policy on compensation, there is a case for seriously considering retention of the 6d.', a point amplified by his colleague Sir Douglas Glover, who argued both for compensation for businesses forced to convert existing machines or buy new ones, and that the cost for vending machine operators could be 'reduced enormously if we allowed the 6d. to remain legal currency for a longer period than the proposed 18 months.'<sup>33</sup>

Although supporters of the retention of the sixpence were unsuccessful in amending the bill, and the resulting second Decimal Currency Act did not explicitly contain provision for a 2½p coin, the Government did eventually bow to Parliamentary, press and public pressure. Despite advice from the Decimal Currency Board that the sixpence/2½p coin had no place in the decimal system, the Chancellor, Roy Jenkins announced in the Commons on 20 April 1970 a reprieve for the coin, which was to remain legal tender 'for a period of at least two years following Decimalisation.'<sup>34</sup> In the event the coin continued to be in use until it was eventually demonetised in 1980.<sup>35</sup>

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<sup>32</sup> Ibid.

<sup>33</sup> Hansard, 30 January 1969, Volume 776, col 1684.

<sup>34</sup> Hansard, 20 April 1970, Volume 800, col 32.

<sup>35</sup> Challis, C.E. (1992), *A New history of the Royal Mint*, Cambridge: Cambridge University Press, p.659.

The other major controversy before D-Day was occasioned by the introduction in October 1969 of the new heptagonal fifty pence coin to replace the existing ten-shilling bank note. The point at issue was the similarity in size and weight of the new 50p coin to the 10 pence. The subject was raised several times in Parliament in the immediate aftermath of its introduction, and the coin was also subject to much adverse comment in the press. The government adopted a “wait and see” policy, anticipating that this initial public hostility to the new coin would die down in time. This eventually proved successful. According to Moore ‘the controversy over the 50p was as short-lived as it was sharp.’<sup>36</sup> The DCB took regular opinion surveys which showed that ‘although in November 1969 72% had given unfavourable views on the 50p ... by mid-1970 opinion seemed to have stabilised with 52% or 53% in both March and July firmly in favour.’<sup>37</sup> This relative public acquiescence meant that, in the case of the 50p, unlike that of the sixpence, the Government was not forced to revise its policy, and the ten-shilling note was withdrawn from circulation on schedule in November 1970.

During the period from the setting up of the DCB in December 1966 and the demonetisation of all remaining pre-decimal coinage in August 1971, the Board’s primary focus was on seeking to make the transition from the old currency to the new as smooth as possible. This it sought to achieve via a strategy of publicity and educational work with, in turn, the business community as a whole, the retail sector and the general public. With a staff of around 50, it was not equipped to take complete responsibility for the transition but acted as a facilitator. According to its Secretary, Moore, it was ‘fundamental to the Board’s thinking that the extent of its own involvement must be strictly limited and that the

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<sup>36</sup> Moore, p.149.

<sup>37</sup> Ibid, p.150.

responsibility for the success of the changeover (lay) with the organisations directly affected.’<sup>38</sup>

The main way in which the Board fulfilled this role was through the provision of advice, information and publicity, rather than issuing specific directives as to how particular stakeholders should manage the process for their organisations. The release of this material, however, was controlled by the Board. They decided that the priority should be to give early advice and information to businesses, and in particular the retail sector, but in respect of the general public ‘to mount no general publicity until the changeover was imminent ... there seemed no point in stimulating interest in an event which lay three or more years in the future.’<sup>39</sup> There was an element of preparing the ground for public familiarisation and acceptance of the new money in the decision to introduce the 5p, 10p and 50p coins, in 1968 and 1969, as these could be used as £sd coins (worth one- two- and ten shillings respectively) but the main effort at educating the general public was focussed on intensive publicity campaigns in the few weeks leading up to the changeover. Concerns were expressed in the press about the public’s readiness for the changeover in the days leading up to D-Day, with, for example, the *Daily Mail* predicting ‘trouble in store for D-Day’ partly as a result of a national Post Office strike which had left ‘millions of Decimal Currency Board booklets undelivered’.<sup>40</sup> On the same day the *Guardian*, having taken soundings from the public, reported that ‘the bulk of their answers show little effect from the “massive, unprecedented education campaign.”’<sup>41</sup>

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<sup>38</sup> Moore, p.71.

<sup>39</sup> Ibid, p.75.

<sup>40</sup> *Daily Mail*, 9 February 1971.

<sup>41</sup> *Guardian*, 9 February 1971.

Nevertheless, as noted above, two days before D-Day, the Chairman of the DCB, Lord Fiske confidently predicted that the changeover would be so smooth as to be reckoned ‘the non-event of 1971.’<sup>42</sup> This confidence proved well founded, and the transition was effected with remarkably little difficulty, with the result that the dual running of the two currencies was able to cease almost eighteen months ahead of schedule, on 31 August 1971. Sixteen years had elapsed between the failure of Follick’s bill in 1955, when the Government showed complete indifference to the idea of decimalisation, and its successful implementation in the face of little significant opposition to the principle of a decimal coinage.

### ***Historiography: Political and Economic Overview***

Having set out in some detail the key events and issues arising from the UK’s move towards decimal currency between 1955 and 1971, it is now necessary to frame the analysis of these events in the context of the extent to which the decimalisation project has, or has not, been considered by historians of the period and other commentators. I will argue that the paucity of historical writing directly related to the subject reflects a significant gap, which this thesis will seek to fill. However, there is an abundance of writing about the social, political economic and cultural history of the late 1950s and 1960s.

According to the jingle accompanying *Decimal Five*, the Public Information film broadcast daily on BBC TV during the changeover from £sd. to decimal currency in early 1971, ‘Decimalisation will change your lives’. For a change which had an impact on the everyday

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<sup>42</sup> *Times*, 12 February 1971.

lives of every inhabitant of the UK, and of the Irish Republic which also changed from £sd to the decimal system at the same time, the historiography of the event is surprisingly sparse.

The only full-length study of the 1971 decimalisation was the official Treasury publication written by the secretary to both the Halsbury Committee and the Decimal Currency Board, N.E.A. Moore, referred to extensively in the chronology section above. Whilst this includes a good description of earlier proposals for decimalisation, and usefully discusses the way in which decisions about the system to be adopted were made, both by the Halsbury Committee and subsequently by the Labour government, including the political environment, the main focus of the work is on the process undertaken as part of the changeover in 1969-71. Unsurprisingly given the author's key role in the project, he judges it, with justification, 'a technical and administrative success'.<sup>43</sup> There have been no further commentaries published to date, although, in the run up to the 50<sup>th</sup> anniversary of D-Day, the Royal Mint has commissioned a study of the subject, which will concentrate on the designs of the new coinage and their critical reception rather than the politics of decimalisation.<sup>44</sup> The reasons for this gap in the historiography are not clear, although perhaps the very smoothness and successful nature of its implementation may have led to decimalisation being overlooked in favour of more contested events and processes.

Although there has been little written about decimalisation *per se*, there is a rich historiography of the period from the mid-1950s to the early 1970s concerned with the economic, social and political forces at work in Britain and Ireland that provides a historiographical framework with which my study will engage. This historiography may be

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<sup>43</sup> Moore, p.221.

<sup>44</sup> This information results from discussions with Doctor Mark Stocker, who is in the process of writing the book commissioned by the Royal Mint.



broadly categorised as following six specific, though related, themes: the history of the Governments of the period; the extent to which the 1960s saw the beginnings of a process of Europeanisation of British society; how far this can be seen as a period of modernisation, in the face of perceived decline; the influence of interest groups in shaping public policy; the re-alignment of relations between the UK and Commonwealth in the context of the end of Empire; and the change in the relationship between the UK and Ireland. These are discussed in more detail below.

### *Government History*

In terms of high politics, the period covered by this thesis is largely concerned with the Conservative Governments of Macmillan and Home (1957-1963 & 1963-1964) and Wilson's Labour Government (1964-70). Referring to Macmillan and others in 1957, David Kynaston quotes Sir Oliver Franks:

We have a good many old men at the top living in the past ... nothing much will happen until a new generation takes over; we need younger men who are not obsessed with the past, men who are thinking where they want to go.<sup>45</sup>

This view of Macmillan and his Government is contested, with, for example, Robert Pearce and Graham Goodlad, citing reforms such as the introduction of life peerages in 1958, the Robbins report on Higher Education in 1958 and the building of the first motorways as evidence that he 'became a perhaps unlikely promoter of modernization.'<sup>46</sup> To some extent this was confirmed by his appointment of the Halsbury Committee.

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<sup>45</sup> Kynaston, D. (2014), *Modernity Britain 1957-62*, London: Bloomsbury, p.36.

<sup>46</sup> Pearce, R. and Goodlad, G. (2013), *British Prime Ministers from Balfour to Brown*, London: Routledge, p.174.

Following the brief premiership of Sir Alec Douglas-Home, the narrow Labour victory at the 1964 General Election brought to power a government whose Prime Minister, Harold Wilson, was publicly committed to a modernising agenda driven by a scientific and technological revolution. In his speech to the Labour Party Conference in October 1963, he had famously declared that 'the Britain that is going to be forged in the white heat of this revolution will be no place for restrictive practices or outdated methods on either side of industry'. Indeed, there would be 'no room for Luddites' in a Socialist government.<sup>47</sup>

According to Kenneth O. Morgan, this modernising zeal was to some extent realised in office, with Wilson's years in office witnessing 'profound changes in our history ... in which he himself played a crucial, and sometimes highly imaginative part.'<sup>48</sup> Others, however have pointed to Wilson's more conservative instincts, for example towards some of the measures of social liberalisation passed during his Premiership, such as the reform of the laws on homosexuality, divorce and abortion, about which he was reputedly 'personally unenthusiastic'.<sup>49</sup>

Meanwhile, Glen O'Hara has written about a 'planning fervour' during the period between 1959 and 1964, exemplified by the setting up of the National Economic Development Council (NEDC) in 1961.<sup>50</sup> He further pointed out that this and other developments in economic planning undertaken by the Macmillan Government led to 'Labour's Department

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<sup>47</sup> Quoted in Sandbrook, D. (2006), *White Heat, A history of Britain in the Swinging Sixties*, London: Little, Brown, p.4.

<sup>48</sup> Morgan, Kenneth O. (2016), 'Wilson in History', in *Harold Wilson: The Unprincipled Prime Minister?: A Reappraisal of Harold Wilson*, Crines, Andrew S. and Hickson, Kevin, London: Biteback Publishing, p.192.

<sup>49</sup> Pearce and Goodlad, p.200.

<sup>50</sup> O'Hara, Glen (2007), *From Dreams to Disillusionment: Economic and Social Planning in 1960s Britain*, Basingstoke: Palgrave Macmillan.

of Economic Affairs, charged with economic planning and the 1965 National Plan.<sup>51</sup>

Although Labour were more explicit in seeking economic modernisation and growth through planning, O'Hara's comments do imply a degree of continuity between Conservative and Labour governments' approaches towards managing the economy.

As well as the records and characteristics of the governments of the period, another point of contest is the extent to which political power was concentrated in the executive, and particularly the Prime Minister, during the late 1950s and 1960s. According to Andrew Blick, 'by the 1960s, a number of observers were arguing that the power wielded by the premier had grown to the point where Cabinet government had been supplanted by prime ministerial rule.'<sup>52</sup> At the same time Blick notes that 'others, for example, Dennis Kavanagh and Anthony Seldon, dispute this interpretation of prime ministerial power. They emphasize 'the forces bearing on him. Including impossibly high expectations' and conclude that 'Since 1945, the powers of successive Prime Ministers have probably shrunk.'<sup>53</sup>

Whatever the balance of forces within the Cabinet, there is a general consensus around the primacy of the executive in political decision making during the period According to Philip Norton, 'the formal process of determining public policy is dominated by the executive. Once the executive has agreed on a measure, the assent of Parliament can usually be ensured. Parliament is essentially a policy-ratifying rather than a policy-making body.'<sup>54</sup>

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<sup>51</sup> Ibid, p.2.

<sup>52</sup> Blick, Andrew (2005), 'Rewriting the Unwritten Constitution', in Addison, Paul and Jones, Harriet (eds.), *A Companion to Contemporary Britain*, Oxford: Blackwell. p.322.

<sup>53</sup> Ibid.

<sup>54</sup> Norton, Philip (1991), *The British Polity*, London: Longman, p.197.

## *Europeanisation*

Some commentators have pointed at decimalisation as an exemplar of the drive to modernise the UK in the 1960s and in some cases to bemoan what they see as a diminution of Britain's unique national identity and its subjugation to European values. For example, the conservative historian Dominic Sandbrook, writing in the *Daily Mail* in 2011 on the fortieth anniversary of D-Day and referencing George Orwell's essay on Englishness, 'The Lion and the Unicorn's, described it as a

profoundly symbolic moment, marking the end of a proud history of defiant insularity and the beginning of the creeping Europeanisation of Britain's institutions ... On that grey, drizzly day 40 years ago, we might have gained a shiny new streamlined currency. But we also lost something rather more profound: a little bit of our national soul.<sup>55</sup>

Similarly Stephen Bayley, also writing in 2011, this time in the *Daily Telegraph*, again commemorating the fortieth anniversary of D-Day describes it as '40 years since poetry yielded to pragmatism' and a 'politically mandated purge of the old order... richly symbolic of a yearning to be modern... drawn by the compelling gravitational force of Euro-normality'.<sup>56</sup> It is significant that both Sandbrook and Bayley were writing in right-wing, Eurosceptic newspapers at a time when issues of Britishness and the UK's relationship with the European Union were increasingly at the forefront of political discourse, leading eventually to the referendum in 2016 in which the electorate voted for the proposition that

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<sup>55</sup> Sandbrook D., 'The day Britain lost its soul: How decimalisation signalled the demise of a proudly independent nation', *Daily Mail*, 31 January 2011.

<sup>56</sup> Bayley, S., 'Decimalisation Day: Forty years ago, we lost the rich and beautiful poetry in our pockets', *Daily Telegraph*, 11 February 2011.

Britain should leave the EU. Neither writer, however, provides a significant insight as to what it really might have been like at the time when reactionary opposition to decimalisation, even among Conservative politicians, was next to non-existent.

A more nuanced historiography of the UK's relationship with Continental Europe, and in particular the European Economic Community, is explored by James Ellison, who identifies three broad perspectives which historians have taken.<sup>57</sup> Referencing works by Miriam Camps, Michael Charlton and the journalist Hugo Young, Ellison characterises them as the 'missed opportunities school' who argued the Britain should have sought to join the Common Market at its inception and so 'embrace a European destiny more suitable to its geographical location, and benefit from this new foundation for its international position.'<sup>58</sup> Against that he sets the arguments of those such as Stephen George and John Young, the 'revisionist school', who emphasised the differences between the UK and Continental Europe as the rationale behind Britain's initial aloofness from the European project.<sup>59</sup>

A third perspective is provided by Alan Milward, who according to Ellison frames Britain's European policy within a broader national strategy for post war renewal. Initially this 'sought to make the best of what Britain had to bargain with – principally its Commonwealth trade preferences – in full knowledge of the limited endurance of its global reach and power, and in the hope of securing a long-term settlement on the basis of a grand tariff agreement with the United States.' However, with the success of the EEC, the strategy had

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<sup>57</sup> Ellison, James (2005), *Britain and Europe*, in Addison, Paul and Jones, Harriet (eds.), pp.518-522.

<sup>58</sup> *Ibid*, pp.518-520.

<sup>59</sup> *Ibid*, pp.520-521.

to be altered to accommodate closer ties with the continent, at the expense of those with the Commonwealth.<sup>60</sup>

### *Modernity and decline*

Much of the historiography of the 1950s and 1960s is concerned with two related arguments. The first asks whether the UK was enjoying a period of dynamic modernisation, or was hampered in this respect by an undue reverence for tradition. The second relates to the extent to which Britain was in the continuing throes of a long term economic and broader national decline, or conversely enjoyed a 'golden age' of prosperity and affluence.

David Kynaston's *Modernity Britain*,<sup>61</sup> portrays a country on the cusp of radical social change at the turn of the decade (1950s/60s) at the same time as the commissioning of the Halsbury Committee. Conversely, Dominic Sandbrook in *White Heat*<sup>62</sup> argues that the Sixties were a much more conservative and conformist epoch than has generally been perceived. He also comments that decimalisation was 'the most obvious example of official enthusiasm for modernisation', whilst noting sardonically that 'the embrace of decimalisation was a classic example of the self-flagellating "What's Wrong with Britain" spirit of the early sixties'.<sup>63</sup> As Glen O'Hara has noted, 'the early 1960s was a period in which a wave of jeremiads on the 'state of the nation' were published with titles such as *Suicide of a Nation?*, and *The Stagnant Society*.<sup>64</sup>

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<sup>60</sup> Ibid, pp.521-522.

<sup>61</sup> Kynaston, *Modernity Britain 1957-62*.

<sup>62</sup> Sandbrook, D. (2006), *White Heat, A history of Britain in the Swinging Sixties*, London: Little Brown.

<sup>63</sup> Ibid. p.168.

<sup>64</sup> O'Hara, p.9.

Martin Daunton and Bernhard Rieger,<sup>65</sup> meanwhile, writing about the period earlier in the century appear to suggest a way of synthesizing these views arguing that the definition of modernity embodies 'shifting and frequently contradictory meanings',<sup>66</sup> but that the British concept of modernity, in contrast to the Continental model, is essentially gradualist based on the notion of 'steady progress' rather than 'irreversible rupture'.<sup>67</sup> This thesis will argue that decimalisation in Britain, whilst certainly a project of modernisation, conformed to this gradualist model, both in terms of the timing of its adoption, well after other countries, and the retention of traditional currency units and names.

Meanwhile, economic historians have posited varying views of the UK's economic performance in the thirty years following the end of the Second World War. Many have argued, to a greater or lesser extent, that Britain underwent a prolonged period of economic decline, although the timespan of that decline is contested, with some dating the beginnings of decline to the emergence of other industrial powers such as Germany and the USA in the 1870s, whilst others date it from the First World War. The causes of this supposed decline, are contested. J.F. Wright, writing at the end of the 1970s, saw attempts at economic management by governments as doomed to failure, and was particularly sceptical about the effects of fiscal policy influenced by Keynesian economic thinking in the post-war era.<sup>68</sup> B.W.E. Alford, meanwhile argues that the decline in economic performance was driven by weakness in business organisation and management, characterised by amateurism, and an undue preponderance of Public school and Oxbridge generalists in the

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<sup>65</sup> Daunton, M. and Rieger, B, (2001), *Meanings of Modernity: Britain from the late Victorian Era to World War II*, Oxford: Berg.

<sup>66</sup> Ibid. p.3.

<sup>67</sup> Ibid p.11.

<sup>68</sup> Wright, J.F. (1979), *Britain in the Age of Economic Management: an Economic History since 1939*, Oxford: OUP.

Treasury as well as the Bank of England and the City of London more widely.<sup>69</sup> This application of a cultural approach to economic decline built on the work of D.C. Coleman, who contrasted the dynamism of Victorian entrepreneurship driven by the technically skilled 'players' with the conservative attitudes of the public school educated 'gentlemen', often their familial descendants, who followed them.<sup>70</sup>

However, other economic historians, such as Alec Cairncross,<sup>71</sup> have contested this characterisation of the UK as being in decline, at least in any absolute sense in the 1950s and 1960s, pointing out that any decline was relative to other countries rather than absolute. Lawrence Black, Hugh Pemberton and others have further developed this argument, highlighting the seemingly paradoxical narratives of economic performance. On the one hand there was a relative decline in comparison with other countries but this coincided with absolute economic growth and a consequent massive improvement in living standards during a 'golden age' of affluence in the period from the late 1940s to 1973.<sup>72</sup> This coincidence between a the historically high growth rate in Britain in the 'golden age' occurring at the same time as a relative decline compared with other advanced economies was quantified by Nicholas Crafts:

The fastest growth in British economic history was during the so-called 'Golden Age' ... a growth rate of 2.42 per cent per year between 1950 and 1973. At the same time,

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<sup>69</sup> Alford, B.W.E. (1995), *British Economic Performance 1945-1975*, Cambridge: CUP.

<sup>70</sup> Coleman, D.C. (1973), *Gentlemen and Players*, in *The Economic History Review*, Vol.26 (1).

<sup>71</sup> Cairncross, A. (1992), *The British Economy since 1945*, Oxford: Blackwell.

<sup>72</sup> Black, L. and Pemberton, H. (eds.) (2004), *An Affluent Society?: Britain's Post-War 'Golden Age' Revisited*, Aldershot: Ashgate.



however, the UK lost ground against Western Europe and real GDP per person fell from 151.5 per cent of the European level to 105.3 per cent.<sup>73</sup>

Kitson and Michie, meanwhile, have argued that the so-called 'golden age' was tarnished. Although economic growth was rapid, unemployment was low, and inflation was, for much of the period, low and stable, they characterise the period between 1950 and 1973 as an 'age of transition,' in which a relative decline in manufacturing, caused by skill shortages and underinvestment, presaged the onset of de-industrialisation from the 1970s onwards.<sup>74</sup>

In terms of politics, the period covered by this thesis arguably coincides with the apogee of the "post-war consensus" around the role of government broadly characterised as Keynesian. Governments led by both major parties accepted the necessity of state intervention in the economy in order to achieve policy objectives such as full employment and a strong currency. However, as Roger Middleton and others have argued, this view of a Golden Age as being the result of a 'Keynesian revolution ... is now highly contested.'<sup>75</sup>

In the view of Jim Tomlinson,<sup>76</sup> a "declinist" view of Britain's history is an essentially political construct, harnessed at varying times by both Left and Right, and his contention is that this view of decline crucially influenced both the Macmillan government in its adoption of

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<sup>73</sup> Crafts, N (2007), *The British economy in Carnevali, F. and Strange, J-M. (eds.), 20<sup>th</sup> Century Britain: Economic, Social and Cultural Change (2<sup>nd</sup> Edition)*, Harlow: Pearson, p.9.

<sup>74</sup> Kitson, M. and Michie, J. (2014), 'The de-industrial revolution: the rise and fall of UK manufacturing, 1870-2010', in *The Cambridge Economic History of Modern Britain, Vol II: 1870 to the Present*, eds. Floud, R., Humphries, J. & Johnson, P., Cambridge: Cambridge University Press, pp.310-311.

<sup>75</sup> Middleton, Roger (2014), 'Economic policy and management', in *ibid.*, p.490.

<sup>76</sup> Tomlinson, Jim (2000), *The Politics of Decline: Understanding Post-war Britain*, Harlow: Pearson Education.

economic planning (e.g. via the establishment of the NEDC), and the first Wilson government's drive for modernisation exemplified by the National Plan. He places the idea of decline as becoming fashionable in the 1960s 'at a time of a broad political/social/cultural crisis in Britain about the country's place in the world and its future as a post-imperial power.'<sup>77</sup> He further argues that the idea of decline, even in relative terms, is itself problematical, because of the differing starting points for the competing economies, such as France and Germany, with which the UK was compared. He points out in this context that 'the lagging growth rate of Britain in the golden age was largely based on the much greater scope for catch-up in continental Europe.'<sup>78</sup>

The idea of decline co-existing with a drive for modernity is not restricted to economic and political history; it is also present in the cultural field. For example, Keith Gildart, in an article about the pop group the Kinks, and its frontman and chief songwriter Ray Davies, argues that this ostensibly modern phenomenon, an archetypal product of the sixties, was responsible for a body of work that was both celebratory of a working class past, and essentially declinist and pessimistic about the impact on that class of the politics of the "post war consensus".<sup>79</sup>

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<sup>77</sup> Tomlinson, Jim (2007), *Managing the Economy, Managing the People*, in *Carnevali and Strange*, 20<sup>th</sup> Century Britain: Economic, Cultural and Social Change, Harlow: Pearson, p.245.

<sup>78</sup> Tomlinson, Jim (2005), *Economic 'Decline' in Post-war Britain'* in Addison, Paul and Jones, Harriet (eds.), p.175.

<sup>79</sup> Gildart, K. (2003), 'From "Dead End Streets" to "Shangri-Las": Negotiating Social Class and Post War Politics with Ray Davies and the Kinks', *Contemporary British History*, 26 (3), pp.273-296.

## *Interest Groups*

Keith Middlemas has argued that political power in Britain from the end of the First World War was managed via a corporatist structure of 'governing institutions', comprising government, employers and trade unions.<sup>80</sup> According to Middlemas, 'the claims of governing institutions to a share of state power rested on their acceptance of fundamental national aims and their abandonment in practice ... of the ideology of class conflict.'<sup>81</sup> In describing the resulting 'corporate bias' in political decision-making, he characterises 'governing institutions' as 'bodies which have been recognised by government as bargaining partners, granted permanent rights of access and accorded devolved powers by the state.'<sup>82</sup> As such they are differentiated from 'mere pressure groups, however powerful in a single plane.'<sup>83</sup>

However, this analysis neglects the role of consumer groups, who Matthew Hilton has characterised as transcending the traditional division of interests between capital and labour.<sup>84</sup> Lawrence Black, meanwhile has sought to extend the boundaries of the political history of the period, emphasising the importance of a broad political culture by studying the interaction of pressure groups, including the Consumers Association, and cultural movements with more conventional political parties.<sup>85</sup>

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<sup>80</sup> Middlemas, K. (1979), *Politics in Industrial Society*, in *The Experience of the British System since 1911*, London: Andre Deutsch.

<sup>81</sup> *Ibid*, p.21.

<sup>82</sup> *Ibid*, p.381.

<sup>83</sup> *Ibid*, p.381.

<sup>84</sup> Hilton, M. (2003), *Consumerism in Twentieth Century Britain: The Search for a Historical Movement*, Cambridge: Cambridge University Press.

<sup>85</sup> Black, Lawrence (2010), *Redefining British Politics, Culture, Consumerism and Participation. 1957-70*, Basingstoke: Palgrave Macmillan.

A further critique of the theory of corporate tripartism has been offered by Philip Norton, who has argued that ‘though tripartism was highly visible and, in the eyes of its critics, too strong an influence on public policy, it failed because of its intrinsic weakness ... The TUC and CBI were ... loose umbrella organisations, lacking the power to enforce discipline on their members.’<sup>86</sup>

Certainly, the apparent victory of the City of London, and more specifically the Bank of England, in shaping the system of decimalisation eventually implemented seems to imply that neither the corporatist analysis of power suggested by Middlemas, nor the growing strength of consumerist organisations, can adequately explain the form which decimalisation took in the UK.

### *The Commonwealth*

There is a significant historiography of intra-Commonwealth relations during the late 1950s and 1960s. Some of this is concerned with the implications of the UK’s applications to join the European Economic Community (EEC) the first, unsuccessful attempt taking place in 1961-63, almost exactly co-terminus with the Halsbury committee’s deliberations. Alex May has described British foreign policy in terms of “three circles” focussed on Western Europe, the United States and the Commonwealth, with Britain’s applications to join the EEC representing a pulling away from the Commonwealth.<sup>87</sup> This process was reciprocal, for example, as David Reynolds has described, Australia in the post-war period gradually

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<sup>86</sup> Norton, p.188.

<sup>87</sup> May, A. (2013), *The Commonwealth and Britain’s Turn to Europe, 1945–73*, *The Round Table*, 102(1) pp.29-39.

“shifted out of the orbit of one great power [UK]... into the orbit of another [USA]”, a move bookended by the ANZUS pact of 1951 which excluded Britain, and culminated in the commitment of Australian and token New Zealand troops to the Vietnam War in 1965.<sup>88</sup>

May’s view of British foreign policy is supported by Paul Robinson and John Singleton who argue that at the time of the 1961-63 negotiations with the EEC, Britain felt encumbered by its relations with the “Old Commonwealth” (Canada, Australia and New Zealand) and saw entry into the EEC as a way of breaking free of these ties.<sup>89</sup> S.R Ashton points to tensions within the Government, and particularly the Foreign Office, over the value or otherwise of the Commonwealth, with, for example, Harold Wilson, pre-disposed to favour the Commonwealth as an enabler of the development of socialist and internationalist foreign policy, ranged against an official Foreign Office view of the Commonwealth as a source of friction, particularly in respect of the newly independent African nations over issues such as policy towards Rhodesia and South Africa.<sup>90</sup> Krishnan Srinivasan similarly points to growing British disillusionment with the Commonwealth both in terms of a government increasingly under pressure from New Commonwealth countries over policy issues, and a public anxious about immigration from those countries, with the result that Britain’s influence declined.

Accordingly, Srinivasan characterises the former British Commonwealth as the Nehru Commonwealth (1947 – 1960), African Commonwealth (1960-90) and Nobody’s

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<sup>88</sup> Reynolds, D (2005), *Empire, Region, World: the International Context of Australian Foreign Policy since 1939* in *Australian Journal of Politics and History*, 51 (3), p.350.

<sup>89</sup> Robertson, P. & Singleton, J. (2000), *The Old Commonwealth and Britain’s First Application to Join the EEC, 1961-3*, in *Australian Economic History Review* 40 (2), pp.153-177.

<sup>90</sup> Ashton, S.R. (2007) *British Government Perspectives on the Commonwealth, 1964–71: An Asset or a Liability?*, *The Journal of Imperial and Commonwealth History*, 35 (1), pp.73-94.

Commonwealth (1990 to date).<sup>91</sup> Meanwhile, Philip Murphy, in a 2011 lecture to the Institute of Commonwealth Studies arguing for enhanced engagement with the Commonwealth by the UK government, bemoaned the relegation of the Commonwealth to peripheral role in British foreign policy, despite political rhetoric from governments and opposition alike.<sup>92</sup>

### *Anglo-Irish relations*

Despite a failed attempt at following a policy of economic self-sufficiency by the De Valera Government in the 1930s, by the mid-1950s the Republic of Ireland's economy 'remained tied to Great Britain.'<sup>93</sup> As part of this economic dependency, the Irish pound was pegged to the pound sterling, the £sd system was maintained, and UK banknotes and coins circulated freely alongside their Irish equivalents. From the late 1950s, under the Taoiseach Sean Lemass, Ireland adopted expansionist, export-led economic policies, characterised by John O'Beirne Ranelagh as a 'move from economic nationalism to economic internationalism' which, Ranelagh argued, strengthened 'recognition of Ireland's economic dependence on Britain.'<sup>94</sup>

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<sup>91</sup> Srinivasan, K. (2006) Nobody's Commonwealth? The Commonwealth in Britain's post-imperial adjustment, *Commonwealth & Comparative Politics*, 44(2), pp.257-269.

<sup>92</sup> Murphy, P (2011) Britain and the Commonwealth: Confronting the Past—Imagining the Future, *The Round Table*, 100 (414), pp.267-283.

<sup>93</sup> O'Day, Alan (2000), 'Nationalism and the Economic Question in Twentieth Century Ireland', in Teichova et al (ed.), *Economic Change and the National Question in Twentieth Century Europe*, Cambridge: Cambridge University Press, p.26

<sup>94</sup> Ranelagh, John O'Beirne (2002), *A Short History of Ireland*, Cambridge: Cambridge University Press, p.282.

However, a more nuanced view is provided by Maurice Fitzgerald who describes the pegging of the punt (the Irish name for the Pound) to sterling as a 'lopsided monetary union' which in the early 1960s Ireland sought to escape via a two-stage manoeuvre, first of all piggybacking on the British application to join the Common Market in 1961, but then using eventual membership, in 1973 as a springboard to seeking economic relations beyond the British Isles and the Anglophone world, a development which led to the break with sterling and, ultimately Ireland adopting the Euro in 2002.<sup>95</sup> This argument is supported by Brian Girvan and Gary Murphy, who describe a process of modernisation of the Irish economy from the late 1950s under Taoiseach Sean Lemass, in which Ireland 'ceases to be an inward-looking protectionist state, breaks with economic nationalism and adopts free trade and European integration as a development strategy'.<sup>96</sup> According to Patrick Keatinge, the Anglo-Irish Free Trade Agreement of 1965 was intended as an enabler for both countries' attempts to join the EEC, but also reflected an 'era of gradualist, pragmatic reconciliation', characterised by a lessening of tensions around partition and exemplified by co-operation with the Northern Irish authorities on issues such as tourism. The backcloth to this was the unprecedented meetings in 1965 between Lemass and the Prime Minister of Northern Ireland, Terence O'Neill.<sup>97</sup> However, as Keatinge points out, this spirit of reconciliation was 'swiftly overtaken by events which led in 1969 to the re-emergence of the partition issue in

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<sup>95</sup> Fitzgerald, M. (2004), "Ceart go leor", Ireland, the EMU and the sterling area', in Francisco Torres et al (eds.), *Governing the EMU*, San Domenico di Fiesole: European University Institute, pp.273-290.

<sup>96</sup> Girvan, B & Murphy, G (2005), *Whose Ireland?*, in Girvan & Murphy (Eds.) *The Lemass Era: Politics and Society in the Ireland of Sean Lemass*, Dublin: University College Dublin Press.

<sup>97</sup> Keatinge, P (1993), *The formulation of Irish foreign policy*, Institute of Public Administration, Dublin, p.35.

a more acute form than ever'.<sup>98</sup> In this context the decision of Ireland to follow the UK's lead on decimalisation may be seen as essentially tactical, as a prelude to eventual divergence.

In summary, much of the historical writing about Britain during the period covered by this thesis is concerned with issues around the extent to which it saw a continuation of a long term decline, as opposed to a golden age of affluence. To the extent that 'declinist' narratives held sway within the country at large, this gave rise to attempts by governments to reverse the perceived process through modernisation of the economy. The decimalisation of the currency may be seen as one example of this drive towards modernity. Conversely both the relatively slow pace of the change and the adoption of a system based on the existing major unit, the pound may point to the adoption of more conservative approach to reform.

### ***Research Questions***

In addressing the gap in writing about decimalisation, I have identified six research questions, arising from this more general historiography of the period. These questions will form the basis of the subsequent individual chapters in this thesis.

In terms of the administration of the decimalisation project I will first examine how the issue was managed politically by both Labour and Conservative Governments between the Follick Bill in 1955 and the eventual implementation of decimalisation in 1971. Until 1960, the Conservative government showed no interest in changing to a decimal system and

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<sup>98</sup> Ibid, p.36.



questions in the Commons were routinely met with answers in the negative. However, following the BAAS/ABCC report they decided in principle to introduce decimal currency and set up the Halsbury Committee to report on which type of decimal system to adopt. The principle of decimalisation was, significantly, never considered and was outside the committee's remit. Following the publication of Halsbury, however, the government procrastinated, reflecting Maudling's 'modified enthusiasm' for the project.<sup>99</sup> The Labour government elected in 1964 had by 1966 decided to implement Halsbury's recommendation, to decimalise based on the existing pound, rather than a ten-shilling unit, and enforced whipping to ensure the passage of its bill through Parliament, against opposition from both some Conservatives and from its own benches. The measure was heavily criticised both in the press and within the Parliamentary Labour Party.<sup>100</sup> Thus the second chapter will concentrate on how the issue was managed politically, and will address these questions:

**Political Management: How was the decimal currency issue managed politically by the Executive both in terms of the Conservative government's seemingly cautious approach and the apparent decisiveness and determination shown of the Labour government? Why did the Wilson administration enforce whipping in Parliament to ensure that their preferred system prevailed against the advocates of a ten-shilling basic unit?**

It is significant that the comments from both Sandbrook and Bayley, quoted above, were writing in right-wing, Eurosceptic newspapers at a time when issues of Britishness and the UK's relationship with the European Union were increasingly at the forefront of political

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<sup>99</sup> PREM 13/2579, Notes of internal Treasury meeting, 1 January 1964.

<sup>100</sup> For example, see *Daily Mail*, 16 March 1967, Comment: Decimal Despots of Whitehall; Crossman Diaries, pp.254-256.

discourse. This led eventually to the referendum in 2016 in which the electorate voted for the proposition that Britain should leave the EU, and the subsequent withdrawal from the Union by the UK on 31 January 2020. In the context of such commentary, which is rich on assertion and heavily value-laden, there is room for a more rigorous and holistic, indeed accurate academic study of decimalisation, at a time when British identity, globalisation, and the UK's relationships with the wider world continue to be contested in political and historical debate. I will therefore seek to establish the extent to which notions of British national identity informed both the decisions made around decimalisation and contemporary public commentary on the issue. Specific questions I will seek to answer will be: were decisions around the form of decimalisation adopted, and the naming of currency units designed, to reinforce national identity by maintaining the pound sterling as the major unit of currency?

Linked to the above is the issue of the engagement of the public at large with the decisions that were made and the particular system adopted. A letter to the editor of *The Times*, from A.J. Croft of Oxford, published shortly after the release of the Halsbury report, pointed out the lack of public consultation on the issue and observing that:

a consideration that has not so far been conspicuous in public consideration of decimal currency: the convenience of the common man... supported by many arguments, some sound, but none even claiming to reflect the opinion of the ordinary man. In a country generally supposed to be governed on democratic principles and in an age when the technology of sounding out public opinion is far advanced, should not a reasonably

decisive measure of popular support be demonstrated before changes are introduced which affect our everyday lives?<sup>101</sup>

The issue of public consent and involvement has a particular contemporary resonance in the context of arguments advanced during, and in the wake of the EU referendum campaign of 2016 about the perceived remoteness of the political establishment; indeed, in a YouGov survey undertaken in February 2017 which asked both leavers and remainers what features of British life should be re-instated post-Brexit, 9% of “leavers” stated that there should be a return to pre-decimal currency.<sup>102</sup> Whilst this was the least popular of a number of ways in which leavers wanted to “take back control” (the reintroduction of the death penalty was the most popular with 53% of leavers in favour), it is remarkable, given that the majority of the population were either young children, living outside the UK or not even born in 1971, that there was any measurable level of support for the return of £sd. This strand of opinion is also present, often in somewhat paranoid form, in some of the contemporaneous comments made online by members of the public responding to the 2011 *Daily Mail* article by Sandbrook, quoted above. For example, one respondent brackets decimalisation with metrication and EU membership as ‘part of the masterplan imposed on us’ by mainstream politicians, whilst others categorise it alongside one of Edward Heath’s ‘lies about the Common Market’ and another links it to a more general malaise in which ‘people all over the world are getting heartily sick of politicians going their own way, ignoring the wishes of the people who elect them’.<sup>103</sup>

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<sup>101</sup> *The Times*, 1 October, 1963.

<sup>102</sup> *Huffington Post*, 29 March 2017, accessed online 7 April 2017.

<sup>103</sup> *Daily Mail online*, accessed 10 April 2017.

I will seek to determine the extent to which the change to decimal currency was subject to the consent of the general public, both in terms of the general principle and the detailed decisions taken around its implementation, such as the introduction of the 50p coin and the timescale for the demonetisation of the sixpence, and will also examine the ways in which the Government, through the Decimal Currency Board (DCB) and other means, sought to influence public attitudes. This will form the basis for the third Chapter which will seek to address the following questions:

**Decimalisation, Europeanisation and Britishness: Is the idea propounded by some that decimalisation was imposed against the will of the public in order to subsume 'Britishness' within a broader European identity, a purely retrospective one, designed to speak to present political concerns? Was it identified as an issue at the time of decimalisation, and if so how strongly, and by which individuals and groups?**

The historiographical discourse around the economic, political and social environment in the 1950s and 1960s described above, provides one matrix within which I will seek to place the decisions made on decimalisation, broadly speaking the ideas of "modernity" versus "conservatism" and "decline" versus "affluence". It is possible to argue, for example, that the decision to decimalise *per se* was an act of modernity, or conversely, that the retention of the pound rather than using a different, new basic unit was essentially conservative. The retention of a "heavy" pound, worth more than any other major currency including the US dollar and the European currencies, could be seen as reflecting affluence, as rising living standards and consumer purchasing power rendered it more sustainable. Alternatively, it could be argued that the decision to reject a 10s base unit was indicative of a fear that losing the pound sterling would signify a further loss of prestige in the context of decline in

Britain's economic and political standing in the world, as well as an implicit acknowledgement that inflation would quickly erode the value of the pound. I will seek to establish the place of decimalisation within this broader economic, political and social narrative, with the fourth chapter, on Modernity and Decline addressing the following question:

**Modernity and decline: How does the adoption of a decimal currency based on the existing pound sterling support or otherwise the various narratives of the 1960s as a time of decline or of affluence, and modernisation or conservatism?**

The initial impetus to decimalisation in the UK came from the British Association for the Advancement of Science/Association of British Chambers of Commerce (BAAS/ABCC) report of 1960, supported by others, notably in the accountancy profession. Once the debate had been initiated in earnest, other interest groups became involved. Middlemas has argued that political power in Britain at this time was exercised via a corporatist structure of "governing institutions", comprising government, employers and trade unions.<sup>104</sup> However, this analysis neglects the role of consumer groups, who Matthew Hilton has characterised as transcending the traditional division of interests between capital and labour.<sup>105</sup>

At the same time the apparent victory of the City of London, and more specifically the Bank of England, in shaping the system of decimalisation eventually implemented seems to imply that neither the corporatist analysis of power suggested by Middlemas, nor the growing strength of consumerist organisations can adequately explain the form which decimalisation

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<sup>104</sup> Middlemas, K. (1979), *Politics in Industrial Society: The Experience of the British System since 1911*, London: Andre Deutsch.

<sup>105</sup> Hilton, M. (2003), *Consumerism in Twentieth Century Britain: The Search for a Historical Movement*, Cambridge: Cambridge University Press.

took in the UK. In this context, I will seek to test a hypothesis that the stimulus for the change to a decimal system apparently came from a diverse set of, what were at the time, relatively minor interest groups, outside the corporatist model. This challenges the image of 1960s Britain as the apogee of corporatism, whilst at the same time once the principle of decimalisation was established, “governing institutions” *pace* Middlemas may have had more influence in determining the basis of decimalisation.

Key questions to be addressed by the fifth chapter of this thesis will therefore be:

**Interest Groups: How did the Bank of England and the City of London more widely, allegedly ‘out of the corporatist loop’ succeed in advancing the ‘international’ case for maintaining the pound sterling? Why was the ‘domestic’ case for a 10s unit, preferred by most retail and commercial interests, rejected by the majority of the Halsbury committee in 1963, and by the Government in 1966?**

Although much popular discourse on decimalisation, exemplified by Sandbrook and Bayley, has focussed on the supposed role of decimalisation in a broader project of Europeanisation, the decision to decimalise the currency in the UK actually followed on from that taken in a number of Commonwealth countries. The first of these was India, which reformed its currency in 1957, followed by South Africa (1961), Australia (1966) and New Zealand (1967). As discussed above, much of the historiography of UK-Commonwealth relations is concerned with the decline of British influence, and indeed interest, in the Commonwealth, both in terms of the increasing detachment of the Dominions from the Mother Country, and the break-up of the Empire as Britain’s colonies in Africa and the Caribbean gained their independence.

Despite this generally negative narrative of British relations with, and attitudes to the Commonwealth, the examples of Australia and New Zealand, and to a lesser extent South Africa, did inform both the decision to decimalise, and many elements of the administration of the changeover, from bureaucratic structures to publicity strategies and the planning of coin minting programmes. This thesis will examine how this fits in with prevailing views of the history of the UK's relations with the Commonwealth at this time. As part of this examination, I will consider the fact that the earlier Commonwealth decimalisation, that in India in 1957, had little or no influence on Britain's decision. The fifth chapter of this thesis will examine these issues:

**Decimalisation and the Commonwealth: What can the process of decimalisation tell us about developing relations between Britain and the Commonwealth between 1955 and 1971?**

It was not only the UK and associated Crown Territories such as the various Channel Islands, Isle of Man, Gibraltar, etc. that replaced £sd with a decimalised pound on 15 February 1971; the Republic of Ireland also decimalised on an identical basis on the same date. This reflected the continuing practice of pegging the value of the Irish punt to that of Sterling, which also resulted in British notes and coins freely circulating throughout the Republic at equivalent value, a situation which continued until 1979, when Ireland joined the European Monetary System, whilst Britain remained outside. The fact that Ireland chose to act in tandem with the UK can be seen as indicative of an ongoing economic dependency on Britain, or alternatively an act of pragmatism given the volume of trade with Britain, which

accounted for 69.6% of Irish exports and 51.8% of imports in 1966.<sup>106</sup> In my sixth chapter, I will examine the extent to which this view is supported by contemporary evidence, as opposed to being the product of a perspective influenced by hindsight.

**Decimalisation in Ireland: Was the decision of the Republic of Ireland to follow the UK in decimalising the Irish Pound (Punt) at the same time indicative of political closeness and/or economic dependency and was this contested within Ireland, either on grounds of independence or choice of system?**

### ***Primary Sources***

In seeking to answer the questions I have identified, I have consulted a variety of sources. Key documents in the public domain include the Reports of the BAAS/ABCC committee, and of the Halsbury Committee (Cmnd. 2145), together with the papers of the Halsbury Committee, T174 series, and the Decimal Currency Board (DCB), T193 series, held at the National Archives at Kew. Other definitive primary sources include Cabinet Memoranda and Conclusions, available online via the National Archives, the 1966 White Paper (Cmnd. 3164) and subsequent Decimal Currency Acts of 1967 and 1969, N.E.A Moore's official report, *The Decimalisation of Britain's Currency*, issued by HMSO in 1973.

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<sup>106</sup> Fitzgerald, M (2005), The 'mainstreaming' of Irish foreign policy in *Girvan, B & Murphy, G (eds.) The Lemass Era: Politics and Society in the era of Sean Lemass*, Dublin: University College Dublin Press.



Together, these form an excellent set of sources which have been invaluable in establishing the factual basis of this thesis. However, given their official status, the published material has been less useful in helping to understand the controversies and contrasting views inherent in the debates around decimalisation, although some evidence is available in the Halsbury Committee files and the DCB records, as well as in the Memorandum of Dissent appended to the Halsbury report itself.

In terms of the specific research questions, on the issue of political management I have also used material from other official government sources, including Prime Ministerial Papers (PREM 11/4768 and PREM 13/2579), as well as Board of Trade and Treasury records. I have sought to balance this official narrative by reference to records of parliamentary debates in *Hansard*, and contemporary newspaper articles, principally from the *Financial Times*, *Guardian*, *Times* and *Daily Mail*. These sources have also been extensively used in my discussion around the other research questions, other than my consideration of decimalisation in Ireland. Useful additional material on political management issues has included political diaries and memoirs, such as the diaries of Richard Crossman, who as Lord President was responsible for steering the 1967 Decimal Currency Bill through Parliament.

On the issues around “Britishness” and the supposed place of decimalisation within a broader project of Europeanisation, as well as the media sources identified above, further evidence has been gathered from transcripts of local and national television and radio programmes collected by the Decimal Currency Board (DCB) and available in papers ref T193/109-111 in the National Archives. These were also valuable sources for consideration of the issues around public opinion and consent or otherwise around the decimalisation project. An issue with these reports is the potential for selectivity on the part of the DCB.

However, given that a number of these transcripts include expressions of views hostile to decimalisation, the collection in the files was probably not subject to editing.

Evidence concerning the influence of interest groups including the City of London and Bank of England, Consumer Groups and others, was partially derived from the generic official and media sources referred to above. Additional material has come from the Bank of England archives held at the Bank's headquarters in London, TUC and CBI papers on Decimal Currency held at the Modern Records Centre at Warwick University, and the papers of the Consumer Council (AJ series) in the National Archives. The Bank of England records have been particularly useful in establishing the consistent line held by the Bank on the retention of the Pound, and the tactics employed to ensure that the Halsbury Committee was fully aware of the Bank's concerns on the issue. Correspondence with the Assistant Secretary to the Halsbury Committee, John Rimington, has provided an intriguing insight into the workings of the committee, and the influences upon it. However, the passage of time, and Mr. Rimington's acknowledgement of the limitations to his knowledge means that this insight remains interesting rather than definitive.

Sources for the implications of decimalisation for relations with the Commonwealth include Commonwealth Prime Ministers Conference papers (National Archives, DO series); Prime Ministerial, Cabinet Office and other ministerial papers, and Hansard. Material relevant to decimalisation in the Republic of Ireland includes records of debates in Dail Eireann and the Seanad, available online, reports in Irish newspapers and files from the Department of Finance and the Taoiseach's Office in the Irish National archive, as well as UK DCB files T193/177 and T193/178 concerning liaison with the Irish Government and Irish DCB respectively.



## Chapter 2: Political Management

### *Introduction*

This chapter will examine how government attitudes to decimalisation evolved over the period between the 'talking out' of the Follick bill in 1955 and the introduction of the new currency in 1971. I will argue that during the second half of the 1950s, political pressure for change started to build but initially the Conservative government continued to follow the established consensus adhered to by successive governments from Gladstone's time onwards. This was that nothing could be done without a lead from popular opinion; and this lead was not forthcoming. However, the government's hand was forced by a combination of internal stimuli in the form of reports from the ABCC/BAAS and the Institute of Chartered Accountants in England and Wales (ICAEW), and external examples of planned and actual decimalisation in other Commonwealth countries, which threatened to leave the UK as the only significant economy operating a non-decimal currency. This led to the setting up, in late 1961, of the Halsbury Committee by the Chancellor, Selwyn Lloyd, who was an enthusiastic supporter of decimalisation. However, I will argue that this enthusiasm was not shared wholeheartedly by the majority of his colleagues, and this was reflected in both the government's lack of urgency in encouraging the Halsbury Committee to reach a speedy conclusion and by its lukewarm response to the publication of the Halsbury Report in September 1963. By this time Lloyd had been dismissed from his post as Chancellor and his successor, Reginald Maudling, was less inclined to pursue implementation of Halsbury's recommendations. This was partly due to his own 'modified enthusiasm' for the project, which was seen as costly luxury, together with a reluctance to make it an issue at the forthcoming General Election due in 1964.

By way of contrast, the incoming Labour Government, was elected in October 1964 with an explicit agenda of modernisation, promising in its manifesto, to deliver:

A New Britain - mobilising the resources of technology under a national plan; harnessing our national wealth in brains, our genius for scientific invention and medical discovery; reversing the decline of the thirteen wasted years; affording a new opportunity to equal, and if possible surpass, the roaring progress of other western powers while Tory Britain has moved sideways, backwards but seldom forward.<sup>107</sup>

It is noteworthy that this vision not only stressed the opportunities for modernisation but embraced the concept of declinism discussed more fully in chapter 4.

However, faced with a perceived need to defend sterling against speculation, and enjoying a tiny majority of only four seats in Parliament, the new administration initially declined to prioritise decimalisation. Once the economic pressures had seemingly eased, and in anticipation of an election which they, correctly, expected would result in a greatly increased majority, the Chancellor, James Callaghan, announced on 1 March 1966 that a decimal currency based on the existing pound would be introduced in February 1971. I will contend that this decision was informed only partially by the Labour Government's desire to appear modern and progressive. More importantly they felt impelled to act both as a result of continuing internal pressure from interest groups, and by the decisions of other Commonwealth governments to decimalise, which would otherwise leave the UK as virtually the only major economy operating a non-decimal currency.

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<sup>107</sup> <http://www.labour-party.org.uk/manifestos/1964/1964-labour-manifesto.shtml>, accessed 8 February 2020.

I will further argue that the way in which the Government managed the issue once the decision was announced showed its weakness, despite, or possibly because of, the large majority it enjoyed. This majority gave dissidents, particularly those on the Left, on the Labour backbenches the opportunity to rebel against the government on given issues without the danger of bringing the administration down. The government chose to impose a whipped vote on the first Decimal Currency Bill, where there was a division of opinion on the choice of major unit, within the Parliamentary Labour Party (PLP). This could be characterised as a tendency on the part of the executive to ride roughshod over the legislature, in an essentially presidential style of government. I will argue, however, that the choice of an issue which had no discernible left/right connotations, shows that this apparent show of strength by the Prime Minister and his Chancellor was in fact indicative of an underlying weakness in their position.

In adopting an inflexible position on the system to be adopted, the government clearly intended to demonstrate its ability to control all aspects of the transition to the new currency. However, this lack of flexibility was exposed as a result of the debate within the country around the future of the sixpence, which was scheduled to be demonetised in advance of the introduction of the new currency. In the event, the government proved unable to resist public and opposition pressure to reverse their decision but the *volte-face*, when it came, was performed grudgingly, and at the expense of a degree of credibility.

### ***The Conservatives: Initial Caution (1956-60)***

Following the rejection of Mont Follick's bill in 1955 the Conservative Government continued to resist further attempts to reform the currency. Answering a question from his

Conservative colleague, Richard Reader Harris, MP in November 1956, the Economic Secretary to the Treasury, Sir Edward Boyle, stated that he did not consider 'that a decimal currency system is in any way necessary for the successful participation of this country in a European common market'. Disagreeing that it would be 'of tremendous advantage in many other respects to the nation', he opined that 'there is much more to be said for a duo-decimal system of accounting.'<sup>108</sup> Two years later, Boyle's successor, Frederick Erroll, questioned by the Labour MP, Marcus Lipton, on when the Chancellor proposed to introduce decimal coinage stated that his 'right hon. Friend has no such proposal in mind' a response greeted with cries of 'hear, hear', and went on, perhaps unconsciously echoing Gladstone, to say that he did not 'think that our system of currency... is as unpopular in the country as the hon. Gentleman supposes'. This was supported, somewhat obliquely, by the veteran Labour MP, Manny Shinwell, who invited Erroll to agree that 'there is really nothing wrong with our present coins except that some of us cannot get enough of them.'<sup>109</sup> Again, in 1959 the Chancellor himself, Derek Heathcote Amory stonewalled when asked by John Langford-Holt, MP (Conservative) about 'the desirability of the introduction of a decimal currency system', accurately stating that 'no recent consideration has been given to this question.'<sup>110</sup>

However, by the end of 1959 there were signs of movement, albeit slight, in the Government's position. In December of that year, the Conservative backbencher Bernard Braine asked the Economic Secretary to the Treasury, Anthony Barber, whether 'in view of the fact that many Commonwealth countries have adopted a decimal coinage or are now

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<sup>108</sup> Hansard, 1 November 1956, Volume 558, col.1681.

<sup>109</sup> Hansard, 20 November 1958, Volume 595, col. 1299.

<sup>110</sup> Hansard, 28 July 1959, Volume 610, col 38.

contemplating taking such a step, he will authorise an inquiry into the desirability of such a reform in this country'. Barber's initial response, 'not at present', seemed to confirm the Government's reluctance to countenance change. However, when pressed further he gave ground, stating 'the reason I gave him the answer "Not at present" was that, as he [Braine] may know, the British Association is at the moment considering various matters, of which this is one, and it is probably better to wait until we have its Report.'<sup>111</sup> It is important to note that the movement in the Government's position, such as it was, was purely reactive, responding to events both within and outside the UK, rather than seeking positively to shape the agenda. Nevertheless, the shift was a significant one, in that it at least began to admit the possibility of reform.

Perhaps unsurprisingly given the previous resistance to change, the initial response of the Conservative government to the BAAS/ABCC report advocating decimalisation, published in May 1960 was less than enthusiastic, and the then Chancellor, Derek Heathcote-Amory was in any case opposed to radical change. His rather equivocal advice to the Cabinet identified what was to be the key point of contention in the ongoing debate on decimalisation, the choice of the major unit, arguing that 'though retention of the pound might remove some of the attraction from decimalisation we should be taking an unjustifiable risk with the status of our currency and our general financial prestige if we adopt a 10s. unit', a course which 'the Government would see great difficulty in contemplating'.<sup>112</sup>

The Cabinet, meeting on 17 May 1960 concurred with Heathcote-Amory's advice:

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<sup>111</sup> Hansard, 3 December 1959, Volume 614, col.1367.

<sup>112</sup> National Archives, CAB/129/101, Cabinet Memorandum, C (60) 76, 5 May 1960.



In discussion it was generally agreed that, while the Government should not at present imply general approval for the decimal system by welcoming the committee's report, they could appropriately announce that they would welcome public discussion of it. The announcement should, in addition, point out the difficulty of the choice between 10 shillings and a pound as the unit on which a decimal system should be based.<sup>113</sup>

Amory further amplified this cautious approach in a reply to a written question from the pro-decimalisation Conservative MP, Wilfred Proudfoot, which echoed Gladstone's emphasis, over a hundred years earlier, on the need to gain public support, stating that 'it is clearly necessary to discover more precisely what the country at large thinks on the question, since the convenience of the community is the main consideration involved. We shall accordingly welcome the widest discussion of this question.'<sup>114</sup> In the same written answer, the Chancellor again highlighted the issue of the choice of system:

The report is helpful in bringing out clearly the point that a decision to introduce a decimal currency cannot usefully be divorced from a decision on the particular decimal system to be adopted. A comparison of various possible systems suggest that the pound does not lend itself particularly readily to decimalisation, since its hundredth part would be too large to serve conveniently as the smallest unit of currency, while its division into a thousand parts would involve the inconvenience and expense of working to three points of decimals.

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<sup>113</sup> National Archives, CAB/128/34, Cabinet Conclusions CC 60 (31), 17 May 1960

<sup>114</sup> Hansard, 31 May 1960, Volume 624, col.119.

On the other hand, there are evident objections in which Her Majesty's Government see great force to giving up the pound as the main unit of currency, bearing in mind the role which it has for long played in international trade, and the respect in which it is held throughout the world. If this consideration were thought decisive, the practical choice would then be between the retention of our present currency and the adoption of a decimal currency based on the pound (i.e. the £/mil. system or some variant of it).<sup>115</sup>

The authors of the ABCC/BAAS report, meanwhile, continued to press for action by the Government, with C.A.J. Martin of the ABCC and A.H. Hughes of the BAAS writing a joint letter to *The Times* in November 1960 following an inconclusive debate in the House of Lords, arguing that 'the main stumbling point ... (was) ... the choice of major unit' and suggesting that 'this particular decision is not a matter on which the general public can be expected to make up its mind. It is a matter for decision at the highest level of government.'<sup>116</sup> Arguing that 'ordinary men and women do not have the basic information to form a sound judgement of this complex subject',<sup>117</sup> this was a clear challenge to the longstanding government position, essentially unchanged since Gladstone's time, that active public support was a pre-requisite for action on decimalisation.

### ***A New Openness to Reform – Lloyd and the Halsbury Committee (1961-3)***

In any case by now there was a new Chancellor of the Exchequer, Selwyn Lloyd, who had replaced Amory in July 1960. He proved more open to considering reform than his predecessor, setting up 'a Working Party of Officials from the Treasury, Royal Mint, Board of

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<sup>115</sup> Ibid.

<sup>116</sup> *Times*, 14 November 1960.

<sup>117</sup> Ibid.

Trade, Post Office and the Bank of England',<sup>118</sup> which reported to the Treasury Joint Permanent Secretary, Sir Frank Lee, in May 1961.

The Working Party was supportive of the idea of decimalisation, but split on the system to be adopted. Paragraph 7 of the report notes that:

The Bank of England representatives are not satisfied that the pound could be abandoned as our unit of currency without an appreciable adverse effect on the international standing and repute of sterling ... They are however in favour of decimalisation in principle, and would therefore recommend adoption of a £/cent/fraction system.<sup>119</sup>

However, subsequent paragraphs show that this was not supported by other members of the Working Party:

The remainder of the Working Party feel that the drawbacks of either system based on the pound are sufficiently serious to call in question the justification for making the change at all ... (they) do not share the anxieties of the Bank of England about the effects of abandoning the pound. They feel that the international standing of sterling depends rather on the underlying strength of the economy rather than on the unit used and if sterling is basically strong it will retain the respect of the foreigner whether the £ be retained or not ... These members of the Working Party would therefore recommend decimalisation on a 10s./cent basis.<sup>120</sup>

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<sup>118</sup> National Archives, PREM 11/4768, Memorandum Wass to Woodfield, 1 March 1961.

<sup>119</sup> National Archives, PREM 11/4768, Report of the Working Party on Decimal Currency.

<sup>120</sup> Ibid.

In a memorandum of 18 May 1961, addressed to Chancellor Lloyd, Lee expressed 'strong support' from the majority of the Working Party 'in favour of a system based on 10s and cents' and noting that 'the Bank of England have some anxiety about the international repercussions of abandoning the £ but they have pressed this less strongly than expected.' He concluded that adopting a 10s unit would 'bring us advantages, both economic and psychological, which would well repay the trouble and cost of the change... If Ministers decide that the £ must at all cost be retained, then I do not myself believe that it would be worth making the change to a decimal currency at all.'<sup>121</sup>

Advised by Lee, Lloyd wrote to the Prime Minister, Harold Macmillan, on 7 June stating that:

I am now convinced that if we are to decimalise our currency the right basis on which to do so is the 10s unit divided into 100 parts, which might be called cents or "new pennies" ...You will notice that, in the report by Officials, the Bank of England are said to be hesitant about this. In fact, I understand that, when consideration of the question started, the Bank felt very strongly that the pound must at all costs be retained. They have largely been converted in the course of consideration; both the Governor (Lord Cobbold) and the Governor-designate (Lord Cromer) accept the case for a 10s unit, and it is now only the Deputy Governor (Sir Humphrey Mynors) who has any doubts about this.<sup>122</sup>

However, at this stage there were others in government expressing caution around the potential cost of decimalisation. An official in the Board of Trade, for example, noted the

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<sup>121</sup> Ibid., Sir Frank Lee, Covering note to Working Party report, 18 May 1961.

<sup>122</sup> Ibid., Lloyd to Macmillan 7 June 1961. The names of the Bank Officials in parentheses have been inserted by the author. Brief biographies of Cobbold, Cromer, Mynors and other key figures at the Bank of England are at Appendix 3.

context of 'the intensification of the economic crisis and the recent measures to restrain the growth of Government expenditure ... It is a little embarrassing for the Chancellor himself to be proposing what is bound to be a fairly costly operation on the basis of estimates so shaky as those in the [working party] report.'<sup>123</sup>

Following discussions with his opposite numbers in Australia and New Zealand, at the Commonwealth Economic Consultative Meeting in Accra in September 1961, Lloyd presented a Memorandum to Cabinet in November. In this he invited colleagues to agree:

- (a) that we should announce now that in principle we favour decimalisation, but should defer the final decision until we have adequate estimates of the cost, and of its incidence;
- (b) that the basis of the new system should be the 10-shilling unit divided into 100 parts;
- (c) that a Preparatory Commission be set up to undertake the preliminary survey as a matter of urgency, and suggest a phasing for the further stages of the operation, with a view to minimising the costs;
- (d) that no decision be taken about compensation from the Exchequer to private interests, until the Commission have reported;
- (e) that, subject to consultation on timing with the Australian and New Zealand Governments, I should make a statement on the lines of (a)—(d) above as soon as possible, and in any case, not later than the end of the year.<sup>124</sup>

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<sup>123</sup> National Archives, BT 258/1193, Memorandum from Bell (Board of Trade) to Hollom (Bank of England), 24 August 1961.

<sup>124</sup> National Archives, CAB 129/127, Cabinet Memorandum C.61 (189), 23 November 1961.

The tone for the debate was set by the Prime Minister, Harold Macmillan introducing Lloyd's paper with the words 'Let Mr. Pallister (sic) speak!'<sup>125</sup>, a reference to Plantagenet Palliser, Duke of Omnium, the Prime Minister in Anthony Trollope's Palliser novels, and a passionate, if unsuccessful advocate of decimal currency. The discussion itself, however was more serious, and on the issue of the choice of system Cabinet concluded that 'on balance it seemed likely that a system based on the 10s.unit would be preferable' but did not commit to that as absolute decision; neither did it accept Lloyd's first point agreeing instead 'that the adoption of a decimal coinage should not be accepted in principle at this stage but that there would be sufficient advantage in making this change to warrant a full-scale investigation into the cost.'<sup>126</sup> This full scale investigation was realised with the announcement of the setting up of the Halsbury Committee on 19 December. This represented a significant watering down of Lloyd's original proposal. It was later argued by some commentators that the setting up of the Committee meant that decimalisation had *de facto* been accepted in principle. However, the wording of the Cabinet Conclusions did not support this contention, stating that although

the advantages of adopting a decimal coinage were sufficient to justify setting up a Preparatory Commission to make a detailed estimate of the cost and to study the appropriate timing and phasing of the change. It would, however, be inexpedient for the Government to announce at this stage that a decision of principle had been taken in favour of making this change.<sup>127</sup>

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<sup>125</sup> National Archives, CAB/195/20/129546, 30 November 1961.

<sup>126</sup> National Archives, Cabinet Conclusions CAB/128/35, CC 61 (66), 30 November 1961.

<sup>127</sup> Ibid.

This failure to announce a decision in principle in favour of decimalisation, coupled with the caveat around the cost of the change, allowed the Government space to backtrack on its commitment to reform at a later stage, if deemed necessary.

During the course of the Halsbury Committees deliberations over the next year and a half, officials maintained a watching brief, with, for example, Treasury Under-Secretary Italo de Lisle Radice, noting that ‘the committee are, and look like remaining, divided...with Lord Halsbury and Mr. Thornton of Barclays Bank favouring the pound and the other four members in favour of the 10/- unit’, and that evidence from the Governor of the Bank, and Mr. Per Jacobsson [Managing Director of the International Monetary Fund]...that the position of sterling would be weakened and world trade in sterling reduced if the £ were abandoned has been heard with respect by the partisans of the 10/- unit but without conviction.<sup>128</sup> Commenting on Radice’s note, the Cabinet Secretary, Norman Brook, wrote to Macmillan, supporting the 10s-cent system and dismissing the warnings of the IMF’s director with the words: ‘I do not think we need to take too seriously what Mr. Jacobsson says about sterling.’<sup>129</sup> This view, however was no longer shared by the Permanent Secretary to the Treasury, Sir Frank Lee, who had previously been so strongly in favour of the 10s. unit. During a meeting with Halsbury in July 1962 he had agreed that the ‘idea of adopting the £/cent system as a working hypothesis was a good one ... His own views had changed somewhat, as Lord Halsbury’s had done, towards a greater degree of acceptance of the “City view”’.<sup>130</sup> It is telling that, even at this relatively early stage, both Lee and Halsbury had identified the ‘City view’ as an important, and potentially decisive factor in deciding on

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<sup>128</sup> National Archives, PREM 11/4768, Radice to Caulcott, 8 October 1962.

<sup>129</sup> Ibid. Brook to Macmillan, 9 October 1962.

<sup>130</sup> National Archives, T174/7, CDC(62)111.

the most appropriate scheme of decimalisation to adopt. Its importance is discussed in more detail in the discussion of the influence of interest groups at chapter 5 below.

The divisions within the Halsbury Committee over the choice of system, together with the need to examine a large volume of evidence, meant that the committee's deliberations were lengthy. In May 1962, in an attempt to force the issue, the Conservative back bencher, Wilfred Proudfoot introduced a Private Members bill providing for a decimal currency based on a major unit equivalent to ten shillings.<sup>131</sup> This proposal attracted support from backbenchers from both parties, but was 'talked out' with both the Economic Secretary to the Treasury, Anthony Barber, and his Labour Shadow, Bruce Millan, arguing that the House should wait for the report from the Halsbury committee before reaching a conclusion on the matter.

In the event, the balance of views within the Halsbury Committee shifted between being in favour of the 10-shilling system by a majority of four to two, as reported by Radice in October 1962, to a similar majority in favour of the pound, by the time the Committee reported nearly twelve months later. Assuming Radice's assessment was accurate at the time he made it, the two members whose views changed were the TUC representative, Dame Anne Godwin, and Roy Allen, the Professor of Statistics at London University. The Committee papers in the National Archives give little evidence of what caused these two members to change their minds. However, the Assistant Secretary to the Committee, John Rimington, in recent correspondence with the author has speculated on the reasons. Reflecting on the fact that he was recollecting events nearly sixty years ago, he prefaced his

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<sup>131</sup> Hansard, 04 May 1962, Volume 658, col. 1404-1449.



comments with the observation that 'at the time (he) was a very young fellow, and nobody (except possibly Halsbury) took (him) very seriously or confided in (him) ... (he) could only surmise what was going on from what (he) saw.'<sup>132</sup> According to Rimington:

I suspect that two factors were significant. First, as time went on, the "associability" argument for the 10s, though at first sight obvious, began to strike everyone except the two rather narrow-minded retail businessmen as overstated and less important in reality than seemed at first sight. I certainly thought so myself at the time, and when decimalisation happened, the public did adapt to the chosen system pretty easily as they do to foreign currencies when they go abroad.

Second, I suspect that personal chemistry played a part, and that Godwin and Allen liked Halsbury who was a warm and experienced human being, and that they felt little sympathy with the two rather bigoted businessmen - or, for that matter, with Thornton [vice- Chairman, Barclays Bank Ltd], a horse of the same colour. Halsbury himself, though a scientist and a man who took evidence seriously, had a prejudice in favour of such amiable relics as the £ and the penny - indeed I remember him pronouncing to Moore [Secretary to the Committee] and myself that "the name of the penny must never be lost"!<sup>133</sup>

Whatever the reasons for Godwin and Allen changing their minds, the result was a clear majority in favour of retaining the pound, with Smith and Ely, the two men with a retail background, expressing their continuing support for the ten shilling- cent system in the memorandum of dissent appended to the report.

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<sup>132</sup> E-mail, Rimington to Cook, 03 December 2019.

<sup>133</sup> Ibid.

### ***The Modification of Enthusiasm (1963-4)***

The Halsbury report was eventually published on 23 September 1963, and changes in the composition of the Government militated against a speedy decision on how, or indeed whether to implement its recommendations. By this time, Selwyn Lloyd had lost his position as part of the Cabinet re-shuffle known as the “Night of the Long Knives” and had been replaced by Reginald Maudling, and in October 1963 Prime Minister Harold Macmillan resigned, to be replaced by Sir Alec Douglas-Home. An exchange of memoranda between Home and Maudling in November 1963 captures the resulting indecision, with the Prime Minister asking:

What ought we to be doing about decimal coinage? One is tempted to leave it alone: but I am afraid that mere postponement will get us the worst of all possible worlds. How should we address ourselves to reaching a decision? <sup>134</sup>

To which Maudling responded:

I rather share your reluctance but I do agree with you that we shall have to make our position clear at any rate before the Election. The problems are being studied in the Treasury now and when I have had the opportunity of considering the results of this study I will put some proposals to the Economic Policy Committee and the Cabinet.<sup>135</sup>

A meeting between Maudling, his Ministers and officials on New Year’s Day 1964 was inconclusive as regards the preferred system to be adopted, merely noting the pros and cons of each. In terms of support for decimalisation *per se*, Maudling was less than

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<sup>134</sup> National Archives, PREM 11/4768, Home to Maudling, 15 November 1963.

<sup>135</sup> National Archives, PREM 11/4768, Maudling to Home, 18 November 1963.

wholehearted, stating that 'he and the other Treasury ministers were in favour of a change to a decimal currency system, though with modified enthusiasm'.<sup>136</sup>

Following this meeting Maudling issued a Cabinet Memorandum, seeking a decision on whether to implement Halsbury's recommendations. In doing so he reported on the Treasury's estimates of the potential benefits of decimalisation, which

though likely to be substantial, were not measurable. Since, however, the main benefits arise from a saving of time in handling money and doing calculations in it, the Treasury has attempted to estimate what this saving might be worth in the main fields where these activities are prominent- - banks, offices, and shops. On deliberately modest assumptions, the "return" comes out as large - possibly a minimum rate of 15 per cent on capital cost of the change-over; with a range up to 30 per cent or more. From the point of view of the national economy, this is a large prospective return, with benefits widely spread.

But this is only the direct return. There is little doubt that a change in the currency as basic as this would cause a big shake-up in industry and commerce and result in much re-thinking of accounting and other methods. The indirect benefits to efficiency could be large.<sup>137</sup>

Against these potential benefits, had to be set

the cost of a change-over. This was estimated by Halsbury to amount to £109 million ... The present plans for expansion of the public sector already pre-empt resources during the next few years to the point at which there is doubt whether

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<sup>136</sup> National Archives, PREM 13/2579, Note of meeting held 1 January 1964.

<sup>137</sup> Ibid.

enough room has been left for the necessary growth of exports, private investment, or the increase in private consumption that income-earners will expect. To accommodate the extra load on resources in the peak year (£55 million), it might be necessary to moderate consumption by additional taxation equivalent to, say, 3d. or 4d. on the standard rate of income tax. In other words, though the direct and indirect benefits of decimalisation may be large, the cost is heavy and meeting it as well as our other commitments will be difficult.<sup>138</sup>

Maudling concluded that 'we shall be on strong ground in arguing in favour of the Halsbury recommendation based on the £' but at the same time put forward four options

- (a) To decide to decimalise at the earliest practicable date. On the time-table laid down by Halsbury this would be February 1967. To meet it, an announcement would have to be made almost immediately, and legislation passed (preferably) in the current Session;
- (b) To decide to decimalise in February 1968. Legislation could be left to the next Session;
- (c) To defer a decision and announce that the issue was too fundamental to be decided before the Election;
- (d) To decide not to decimalise.<sup>139</sup>

The newly appointed Cabinet Secretary, Burke Trend, advised the Prime Minister in favour of option (c), pointing out that 'a decision to defer a decision would also have the advantage

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<sup>138</sup> Ibid.

<sup>139</sup> National Archives, CAB/129/116, Cabinet Memorandum, C (64) 18, 21 January 1964

of providing more... time in which to examine the difficult question of the choice of decimalised system.’ Home annotated Trend’s memo with comments which clearly showed the lack of priority which the issue now enjoyed. ‘Is it vital to take decimalisation today? It is important for me to get the Sugar Corporation resolved, and I have to report on Cereals negotiations.’<sup>140</sup> In the event the Cabinet discussion on Maudling’s memorandum was delayed for two weeks. Perhaps unsurprisingly the decision to defer a decision was confirmed, on the grounds that it would ‘impose a heavy burden on the economy at a time when the resources likely to be available had already been hypothecated to other projects.’<sup>141</sup>

### ***Labour Inaction (1964-5)***

The Labour Government, elected in October 1964 with a majority of only 4, did not prioritise a decision on decimalisation. Instead, the incoming Chancellor, James Callaghan’s major policy preoccupation was the defence of the pound against speculation in the foreign exchange markets. According to his biographer, Kenneth O. Morgan, the prospect of implementing the Halsbury report ‘lay becalmed in the first months in office when there were problems enough with the existing currency.’<sup>142</sup>

This failure to act attracted criticism from some commentators with ‘Lombard’ of the *Financial Times* (C Gordon Tether) detecting an ‘ominous suggestion that the present official preoccupation with retrenchment is going to mean another indefinite shelving of this long-

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<sup>140</sup> National Archives, PREM 13/2579, Trend to Macmillan, 22 January 1964.

<sup>141</sup> National Archives, CAB/128/38, Cabinet Conclusions, CC 9 (64), 4 February 1964.

<sup>142</sup> Morgan, Kenneth O.(1997), *Callaghan, A Life*, Oxford: Oxford University Press, p.235.

needed reform'.<sup>143</sup> William Davies, Financial Editor of the *Guardian*, meanwhile reflected on the view in the City that 'decimalisation, it is said is a dead duck ... I cannot find any reference to it in the National Plan, and officials are rather incredulous that one should even bother to ask questions.'<sup>144</sup>

Criticism was not confined to press commentators. On at least two occasions questions were raised in the House of Commons, by MP's Clive Bossom and Robert Maxwell in December 1964 and by Patrick Jenkin and Peter Bessell in March 1965. On both occasions Callaghan's response was the same: 'I regret that the Government are not yet in a position to make a statement on the possible introduction of a decimal currency'.<sup>145</sup> When pressed by Jenkin who asserted that reform was inevitable, the Chancellor conceded that it was 'a desirable reform' but, citing cost and timing considerations and noting the division within the Halsbury Committee on the system to be adopted he argued that the Government should 'take a little longer to consider all these issues properly before we take any steps'.<sup>146</sup> Meanwhile in the House of Lords, the Conservative peer, Lord Fraser of Lonsdale, asked whether it was not

grievously disappointing that Her Majesty's Government cannot make up their minds about this matter? Does it not cost more every year it is delayed? Did not this Government proclaim their belief in modernisation, and is it not time they made a decision in this most practicable and important matter?<sup>147</sup>

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<sup>143</sup> *Financial Times*, 17 April 1965.

<sup>144</sup> *Guardian*, 19 November 1965.

<sup>145</sup> Hansard, 15 December 1964, Volume 704, col.38.

<sup>146</sup> Hansard, 9 March 1965, Volume 708, cols. 218-219.

<sup>147</sup> Hansard (Lords), 6 May 1965, Volume 265, col.1027.

Responding for the Government to further questioning by Lord Fraser's Conservative colleague, the Earl of Dundee, the Chief Whip, Lord Shepherd, pointed out that the opposition had little grounds for complaint, given that 'his Party was in office for thirteen years; this Government has been in office for six months.' Nevertheless, further questions in the Commons on 22 June and 14 December 1965 met with similar responses,<sup>148</sup> and attempts by the Liberal MPs' Eric Lubbock and Peter Bessell to introduce a Private Members' Bill, initially presented in April 1965, were denied a second reading by use of the Parliamentary device of members shouting "object" on several occasions.<sup>149</sup>

### ***The Decision Made for the Pound (1966)***

In February 1966, however, with some of the economic pressures seemingly eased, and with the prospect of an imminent General Election which the Government was expected to win with a more comfortable majority, Callaghan agreed with Prime Minister Harold Wilson to press ahead with decimalisation. This agreement was, according to Callaghan's biographer, Kenneth O. Morgan, a remarkably casual one; when the idea was put to Wilson by his Chancellor, 'Wilson, according to Callaghan, responded simply ... "Why not?"'.<sup>150</sup>

Callaghan determined that decimalisation should be based on the pound, rather than 10s. as the major unit. In this he seems to have been significantly influenced by the recent, short-term Australian experience. In a Memorandum proposing a decimalised £, for discussion at Cabinet on 24 February 1966, he noted that 'expectations of a Government decision (had)

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<sup>148</sup> Hansard, 22 June, Volume 714, col. 1456 & 14 December 1965, Volume 722, col. 1058.

<sup>149</sup> Hansard, Volume 711, col. 255, 27 April; 28 May, Volume 713, col. 1035; 18 June, Volume 719, col. 1141.

<sup>150</sup> Morgan, p. 235.

been stimulated by the introduction of decimalisation into Australia'. The Chancellor quoted his opposite number in Australia, Federal Treasurer Harold Holt, who had advised him in the previous November that 'it is going to be somewhat of a nightmare for the next few years getting used to new figures for items of budget receipts and expenditure, national income and balance of payments statistics, and banking generally'.<sup>151</sup>

Officials within the Treasury reinforced Callaghan's position and a copy of a telegram sent from Canberra by the Treasury's observer on Australia's changeover, Samuel Goldman, was circulated to Ministers on 22 February, two days before the Chancellor's paper was discussed at Cabinet. It stated:

all those in the Australian Treasury concerned with decimalisation continue to hold strongly to the view that the £1 basis would have been preferable, even for Australia. Brand has told me, in confidence, that several members of the Decimal Currency Committee had previously expressed a preference for the 10s and can hardly be said to have approached the investigation in an objective frame of mind. All the Committee in his view were excessively influenced by South Africa's decision. The Treasury (at least officials) feel that it was a historically retrograde step to move to a lighter unit. The transformation of all records and statistics is an immense undertaking and is already causing difficulty.<sup>152</sup>

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<sup>151</sup> National Archives, Cabinet Memorandum CAB/129/124, C (66) 40.

<sup>152</sup> National Archives, PREM 13/2579.



This argument around record keeping was given greater prominence than the ‘international case’ by Callaghan which he characterised as ‘a factor which did not affect Australian thinking but is bound to enter our own, even if its weight is debatable’.<sup>153</sup>

The third argument in favour of the pound advanced by the Chancellor in his paper to Cabinet, was around future proofing, with Callaghan arguing that ‘it would be a more lasting system, with greater in-built resistance to the gradual decline in importance from which smaller currency units suffer as inflation reduces purchasing power and standards of living rise.’<sup>154</sup> In coming to his decision to recommend retention of the pound, Callaghan acknowledged that ‘most arguments tend to be rationalisations of prejudices’ and that he ‘started off as a neutral, but having read the Halsbury Report carefully and heard the arguments (he had) come down in favour of the £1 as the unit.’<sup>155</sup>

It is debatable whether Callaghan really had been such a disinterested observer of the debate between the two systems. He wrote to the Prime Minister, Harold Wilson, on 18 February 1966, the same day that he issued his memorandum to Cabinet, stating that he ‘started off by being in favour of the 10s unit (but had) come round to favour the £1 as the unit.’<sup>156</sup> He clearly felt it necessary to say that he had based his proposal to keep the pound as a rational, evidence-based conclusion, and had been converted from his previous position, but this assertion is somewhat undermined by his contradictory descriptions of what that previous position had been. The suspicion must remain that he had always favoured the retention of the pound, but was seeking to strengthen his case by portraying

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<sup>153</sup> National Archives, CAB/129/124, Cabinet Memorandum CC (66) 40.

<sup>154</sup> *Ibid.*

<sup>155</sup> *Ibid.*

<sup>156</sup> National Archives, PREM 13/2579.

himself as having been converted to the cause of the pound by the strength of the arguments, and not as a rationalisation of his prejudices.

Whatever Callaghan's predilections, the Prime Minister had, more than four years earlier, stated publicly his support for the pound. David Kynaston notes that, in a discussion about decimalisation on the BBC Home Service's *Any Questions?* on 15 December 1961, Wilson had made 'an emotional plea to keep 'the pound and the pound sterling' because 'not only Britain and the sterling area, but the world will lose something if the pound disappears from the markets of the world'.<sup>157</sup>

A related consideration no doubt playing on Callaghan's and Wilson's mind was the continuing pressure on sterling, occasioned by persistent balance of payments crises. Between 1960 and 1968 the annual current account balance of payments deficit averaged US \$ 380m and this led to a series of runs on the pound.<sup>158</sup> The Labour Government fought an ultimately unsuccessful rearguard action to defend the pound, which culminated in the devaluation of November 1967. That they sought to prevent devaluation for so long argues for their attachment to the supposed prestige value of sterling. Indeed, even when devaluation was announced, on 19 November 1967, Wilson was keen to emphasise, his attachment to sterling declaring in his now notorious broadcast that 'it (devaluation) does not mean, of course, that the pound here in Britain, in your pocket or purse or in your bank, has been devalued.'<sup>159</sup>

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<sup>157</sup> Kynaston, *Modernity Britain*, p.711.

<sup>158</sup> Howlett, Peter (1994), *The 'Golden Age', 1955-1973*, in Johnson, Paul (ed.) *20<sup>th</sup> Century Britain: Economic, Social and Cultural Change*, Longman: Harlow, p.334.

<sup>159</sup> [http://news.bbc.co.uk/onthisday/hi/dates/stories/november/19/newsid\\_3208000/3208396.stm](http://news.bbc.co.uk/onthisday/hi/dates/stories/november/19/newsid_3208000/3208396.stm) Accessed 24 February 2020.

Whether the Chancellor and Prime Minister had arrived at their decision to retain the pound based on emotion and prejudice, or cool rationality. is perhaps an issue which can never be satisfactorily resolved. What is not in doubt is the Government's, and particularly Callaghan's, determination to stick to the decision once it had been agreed by Cabinet. An official briefing prepared for the First Secretary of State, George Brown, who chaired Cabinet in Wilson's absence when they agreed to the Chancellor's proposals, encapsulates the attitude driving the Government's approach:

The argument between retaining the £ as the main unit and adopting a new 10/- unit can go on for ever. There is no clear balance of advantage and disadvantage. No amount of further study and debate will make any difference and it is indeed doubtful whether in the long run it will make any real difference which unit is adopted. The Cabinet may be disposed to accept the view put forward in C (66)40 – but the important thing is to reach a decision, one way or the other.<sup>160</sup>

This approach was unsurprising given the tortuous history of previous attempts at decimalisation that had faltered due to a failure to agree on the system to be adopted. Indeed, the previous Government had, at least by default, concluded that implementation of Halsbury, either along the lines of the majority or minority reports was in the 'too difficult' category. The Cabinet decided, on 24 February 1966, to accept Callaghan's proposal. Debate within the Cabinet meeting, chaired by George Brown in Wilson's absence appears to have been muted, with little in the way of opposition, as reflected in the official record:

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<sup>160</sup> National Archives, PREM 13/2579, Briefing for First Secretary of State, 23 February 1966.

The First Secretary of State [Brown], summing up the discussion, said that the general view of the Cabinet was in favour of announcing at an early date that the Government had decided that the currency should be decimalised in February 1971 with the £ as the basic unit.<sup>161</sup>

However, at least one of those present at Cabinet, the Chief Whip, Edward Short, writing some 23 years later detected a degree of reluctance from some members:

In further pursuit of ministerial immortality, he [Callaghan] also told us he intended to introduce decimal currency. Now, when innovations of this kind are contemplated there is no group of people so conservative as a Labour Cabinet, and in this case the antipathy of the anti-Europeans was all the greater. After all, someone objected, pounds, shillings and pence had been in use since the 12<sup>th</sup> century ... On this occasion because of the pre-election excitement, there were not the usual and well-founded complaints about the Chancellor confronting his colleagues with a *fait accompli*.<sup>162</sup>

Short's retrospective comments about Callaghan, who had sacked him from the Cabinet in 1976, were undoubtedly driven by personal animosity. However, the reference to 'pre-election excitement', referring to the General Election which was to be held on 31 March is indicative of the Cabinet's preoccupation at that time.

Callaghan announced the decision to decimalise as part of a budget statement on 1 March 1966, which also included measures to help people on low incomes obtain cheap mortgages, to be funded by taxes on gambling. This was explicitly designed to appeal to the

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<sup>161</sup> National Archives, Cabinet Conclusions CAB/128/41, CC66 (13), 24 February 1966.

<sup>162</sup> Short, E. (1989), *Whip to Wilson*, London: Macdonald, pp.229-230.

electorate, Callaghan stating in the Commons that 'a majority of three is not good for sterling either at home or abroad. There is no doubt that the exchange markets and the country as a whole will benefit enormously from the period of strong and stable government we can look forward to after 31<sup>st</sup> March'.<sup>163</sup> In the event the Government's landslide victory in the General Election, which resulted in a Labour majority of 96 seats, served to embolden the Chancellor to press ahead regardless of any opposition.

### ***Countering Opposition through the Whips (1967)***

This opposition only really began to build momentum once the Government published its White Paper in December 1966, confirming the intention to adopt the £-cent-½ cent system. As well as the Consumer Council and retail interests there was also some disquiet from within government itself, with Prime Minister Harold Wilson's economic advisor, Thomas Balogh, pleading with him to persuade Callaghan to

change his mind on decimal currency as his decision has all the earmarks of contemporary conventional unwisdom. The so-called international arguments are just plain silly. No one in his sense would claim that the pound is better because it is bigger than the dollar. The pound is as good as the balance of payments.<sup>164</sup>

Wilson's handwritten comment 'Cabinet decided this' and subsequent note to Balogh from his office to this effect, was indicative of his administration's determination not to let arguments over the choice of system derail the decimalisation project. Their position that this was not for further negotiation quickly became settled policy within the Treasury,

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<sup>163</sup> Hansard, 01 March 1966, Volume 725, col.1110.

<sup>164</sup> National Archives, PREM 13/2579, Balogh to Wilson, 13 December 1966.

leading the Consumer Council's Director Elizabeth Ackroyd to express her frustration following a meeting with officials, noting that 'they take it for granted that other people must appreciate that their considered decisions are the right ones.'<sup>165</sup>

There remained the small matter of legislation, and it was far from clear that there was a majority in the Commons for retention of the pound rather than a ten-shilling basic unit. However, the introduction of the Decimal Currency Bill in parliament in March 1967 coincided with a period of internal strife within the Parliamentary Labour Party (PLP), and this ultimately served to stiffen the Government's, and particularly the Prime Minister's resolve. The Labour Government had been returned in March 1966 with a much increased majority of 96, and whilst this obviously enabled the Government to enact its programme unconstrained by the tiny majority it had enjoyed prior to the Election, this had simultaneously emboldened dissident backbenchers who felt free to rebel against Government, without potentially endangering its survival, still less their own incumbency. One such rebellion on 28 February 1967, in which up to 62 backbenchers had abstained on a vote on a Defence White Paper led to Wilson, addressing the weekly meeting of backbenchers to 'read the Riot Act to the Parliamentary Labour Party about the growing army of abstainers among Labour MPs in votes on important Government business.'<sup>166</sup> Wilson's determination to enforce Party discipline led him to declare that 'there would be no abandonment by the Government of their position on a decimalised pound, there would be no preliminary debate, there would be no free vote.'<sup>167</sup> Describing the same meeting the

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<sup>165</sup> National Archives, AJ13/133, Note of meeting with Treasury Officials 28 December 1966.

<sup>166</sup> *Financial Times*, 3 March 1967.

<sup>167</sup> *Times*, 3 March 1967.

*Daily Mail* reported that ‘Mr Wilson was also huffy about the sudden passion in the party over decimal currency. He joked: “So that’s what 60 years of Socialism is about?”’.<sup>168</sup>

A number of political historians and other academics have commented on the propensity for backbench rebellions during this period, with Michael Rush noting that ‘by the later 1960s there had been a marked growth in backbench dissidence.’<sup>169</sup> More specifically, Edward Crowe has quantified the growth of cross-voting between the 1964-66 parliaments and the record between 1966 and 1970:

When Labour was returned to power in 1964 by a slender majority of four, MPs united behind the Wilson Government to avoid the constant threat of defeat in the Commons. Only one Labour Member cross-voted in this precarious situation ... however after Wilson’s majority grew from 4 to 96, Labour MP’s cross-voted on 108 divisions ... average rebellion size grew from 1.0 to 17.9, while Labour MPs cross-voted in 8 percent of the divisions in 1966-70 compared with only 1 division in the earlier parliament ... majority size seems to be the key to cross voting.<sup>170</sup>

The split within the PLP may also have been mirrored in the Government itself, and an article of 9 February 1967 in the *Sunday Citizen* reported that ‘Ministers admit in private that the Governments choice of the pound as the basic unit may turn out to be “one of the most catastrophic financial and social blunders in British history”’.<sup>171</sup>

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<sup>168</sup> *Daily Mail*, 3 March 1967.

<sup>169</sup> Rush, Michael (2005), *Parliament Today*, Manchester: Manchester University Press, p.53.

<sup>170</sup> Crowe, Edward W. (1980), *Cross-Voting in the British House of Commons, 1945-1974*, in the *Journal of Politics* 42(2), pp.498-499.

<sup>171</sup> National Archives, PREM 13/2579.

Whether accurate or not, the *Sunday Citizen* report was referred by officials to Callaghan, and a copy of the article was annotated with the comment: ‘the Chancellor is a little worried about X [the section quoted above] in the article but it is a very vague reference and as he says probably not worth following up.’ Prime Minister Harold Wilson, concerned about leaks from within government further annotated the article with a handwritten note: ‘I share [the] Chancellors worries. This keeps on happening! Raise at Cabinet. HW.’<sup>172</sup> It is not recorded which Ministers were having second thoughts, but in any case a letter from Agriculture Minister Fred Peart to Callaghan, copied to other Ministers, dated 23 February 1967 argued for the reconsideration of the case for a 10s. unit, and expressed concern about the ‘effect on price stability if in 1970 we find ourselves with a smallest coin worth 1.2d and particularly if in the foreseeable future thereafter we find the smallest unit to be 2.4 pence. These effects will be specially marked on “small” prices into which almost all food prices fall.’<sup>173</sup> It seems likely that Wilson’s perceived need to maintain both Party and Cabinet discipline strengthened his, and Callaghan’s, resolve not to allow a free vote on the Decimal Currency Bill.

This resolve is captured in the diaries of the then Leader of the House, Richard Crossman, whose entry for 23 February, reported on exchanges in the Commons in which:

(Iain) Macleod [the Conservative Shadow Chancellor] then got up and said that there was a great deal of non-party feeling on this and that the house would like a debate with a free vote. When I said we could have a debate if there was time for it he answered that the Opposition would give time, so that I found myself being

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<sup>172</sup> Ibid.

<sup>173</sup> Ibid.



engineered into agreeing to have a debate with a free vote. I carefully avoided this and it was left open. But of course, this has infuriated the Chancellor who is saying, not unreasonably, that since Cabinet had made up its mind, come to a decision and issued a White Paper, we can't change it now.<sup>174</sup>

Callaghan's determination, not just to avoid a free vote on the bill, but also any debate on the White paper in advance of the bill's second reading was captured in a subsequent entry in Crossman's diary four days later:

John (Silkin) and I had a meeting with the Chancellor about decimal currency. I was not surprised to find that he was violently angry with me. When I was questioned in business last week I had given way a little to the Opposition about the possibility of a debate on the White Paper before the debate on the Second Reading of the Bill. I suppose I did this because my own personal view is that we're making a terrible mistake in having a pound unit instead of a ten-shilling unit and public opinion is now moving against us. Nevertheless, I shouldn't have given anything away because I'd assured James in writing that if he could get his Bill ready in time the Second Reading could take place before Easter and it should go through Committee Stage before the Finance Bill operates. As I'd promised all this and there was a clear Cabinet decision in favour of the £ unit the sooner we got the debate over the better. All a preliminary debate on the White Paper would do would be to arouse our own people so that when we came to Second Reading we should have even greater difficulties. In view of all this I gave him the assurance that we wouldn't, on any

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<sup>174</sup> Crossman, R. (1976), *The Diaries of a Cabinet Minister Volume Two: Lord President of the Council and Leader of the House of Commons 1966-68*, London: Hamish Hamilton, p.254.

account, have two debates and as a sign of goodwill I promised to get the bill through the Legislation Committee so that we can publish this week and have the debate on March 23<sup>rd</sup>.<sup>175</sup>

This curtailing of debate, and the proposed use of the Whips to drive through what was essentially a non-Party political issue attracted criticism not just from within the Parliamentary Labour Party and the Opposition, but also from press commentators who saw this as evidence of an overbearing Executive dictating to the Legislature. The *Observer* on 5 March, under the headline 'Our President', deprecated what it saw as a move from parliamentary to presidential style of government.<sup>176</sup> The *Guardian*, meanwhile, attacked the Government on the grounds that

Mr Wilson's curt refusal to allow any open and honest debate in Parliament on the Government's decimal currency proposals is indefensible ... No great questions of party policy or prestige are raised by the choice of a decimal unit ... yet the government ... proposes to slap on the Whips to force its Bill through Parliament without delay. The only charitable explanation is that Mr Wilson has allowed his annoyance with the Labour back-bench rebels to get the better of his judgement.<sup>177</sup>

Similarly, the *Times*, in an editorial headed "Contempt of Parliament", noting the lack of any debate in over three years between the publication of the Halsbury report, and the introduction of the Decimal Currency Bill, opined that 'if the House of Commons is still to

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<sup>175</sup> Ibid, pp.255-256.

<sup>176</sup> *Observer*, 5 March 1967.

<sup>177</sup> *Guardian*, 4 March 1967.

serve any representative purpose at all, this is *par excellence* a matter about which the Government ought to have consulted it.<sup>178</sup>

Despite this, a meeting of the Parliamentary Labour Party on 15 March 1967, voted to accept a whipped vote, by a majority of 91 votes to 62. However, the *Times* reported that: ‘several critics said that half, or nearly half, the Government vote came from ministers. They emphasized that of about 15 speeches from the rank and file, only four gave aid and succour to the Chancellor.’<sup>179</sup> In any case, given the size of the “payroll vote”, this was hardly a ringing endorsement by the PLP of the Government’s position.

Determined not to suffer further embarrassment, the Government imposed a two-line whip on its own supporters for the second reading of the Bill on 22 March 1967, with Callaghan stating that ‘the time now really has come to bring the matter to a conclusion. The Government and others need to enter into firm commitments, and must be secure in the knowledge that the new decimal currency and coinage have been given the force of law by Parliament.’<sup>180</sup> Responding to him, the Shadow Chancellor Iain Macleod deprecated the fact that there was to be a ‘drilled Whip on one side of the House tonight and a free vote on the other, which always means a large majority for those who put the Whips on.’<sup>181</sup> In the event this proved prescient. Although a number of Labour MP’s spoke against the Bill, they still voted in favour. These included the member for Stoke-on-Trent Central, R.B. Cant, who, ‘being a loyal backbencher...(proposed)...to limp into the "Aye" Lobby tonight and register...half-hearted support for this half-baked, ½-cent system’<sup>182</sup>, and the M.P. for

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<sup>178</sup> *Times*, 9 March 1967.

<sup>179</sup> *Times*, 16 March 1967.

<sup>180</sup> Hansard, 22 March 1967, Volume 743, col 1732.

<sup>181</sup> *Ibid*, Col 1750.

<sup>182</sup> *Ibid*, Col 1768.

Dewsbury, David Ginsburg, who professed ‘the old-fashioned concept of loyalty’ and stated that ‘very reluctantly I shall go into the Division Lobby with him tonight.’<sup>183</sup> As a result the Bill received its second reading with a majority of 92 (Ayes 261, Noes 169).<sup>184</sup> This set the precedent for the remaining stages of the Bill. A further debate on the third reading considered and rejected amendments favouring both 10s-cent and £-mil systems, with similarly large Government majorities, and with some Labour members again speaking against, but voting for, the Government’s position. The unamended Bill finally passed its Third reading in the Commons on 21 June, and in the Lords on 6 July, receiving Royal Assent on 13 July 1967.

#### ***Further Controversies: Compensation and Saving the Sixpence (1969-70)***

The next stage in the legislative process was the introduction of a second Decimal Currency Bill, which received its second reading in the House of Commons on 30 January 1969. This set out the detailed changeover arrangements, including provision for the dual operation of the two currencies. Introducing the Bill, the Treasury Minister, Dick Taverne, set out the rationale for the changeover period:

It is impossible to make an overnight change ... Cash registers, accounting machines, slot machines – machines designed to record or calculate in £sd or to be operated by £sd coins – must be adapted or replaced. This physical task will take time. Therefore, there must be a changeover period when the coins of both the old and new currencies are legal tender, and when accounts can be kept in either currency. The

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<sup>183</sup> Ibid, Col 1816.

<sup>184</sup> Ibid, Col 1832.

Decimal Currency Board has already estimated that that period need not last longer than 18 months. It may well be shorter.<sup>185</sup>

The details contained within the changeover arrangements specified in the Bill resulted in controversy over two issues; the decision not to give compensation to businesses who incurred costs at a result of having to adapt or replace machines, and the provision for non-decimal coins, including the sixpence, to be demonetised at the end of the changeover period.

The first of these decisions, on compensation, reversed a provision of the 1967 Act, which, whilst it did not provide for a general compensation scheme, had given the Decimal Currency Board ‘the specific duty of receiving and considering representations ‘with respect to expenditure or loss incurred or to be incurred by particular persons or classes of persons’.<sup>186</sup> This was not an inconsiderable issue, given that the Board estimated that decimalisation required the conversion or replacement of between four and five million machines.<sup>187</sup> However, in practice the Board found that ‘it was not possible to find a middle way between a policy of general compensation and one of no compensation in any circumstances’<sup>188</sup> and as a result Clause 17 of the 1969 bill relieved the Board of ‘its function of receiving representations about compensation.’<sup>189</sup>

In the debate on the Bill the Conservative Shadow Treasury Minister, Terence Higgins, attacked the reversal of the policy on compensation as ‘not likely to increase the confidence of those most involved in industry and commerce ... in these circumstances I do not think it

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<sup>185</sup> Hansard, 30 January 1969, Volume 776, col. 1665.

<sup>186</sup> Moore, p.100.

<sup>187</sup> Ibid, p.164.

<sup>188</sup> Ibid, p.104, quoting from Second Annual Report of the DCB.

<sup>189</sup> Hansard, 30 January 1969, Volume 776, col.1670.

surprising that certain organisations, particularly those most affected, have made charges of bad faith.<sup>190</sup> However, this controversy proved to be a relatively minor one, and Moore reports that the existence of tax reliefs cushioned the blow for many businesses, and that ‘the decision was taken well by the business community’.<sup>191</sup> In his response to Taverne, Higgins linked the compensation decision to the provision to demonetise the sixpence. Asking the government to ‘seriously consider the possibility of extending the use of the 6d., the equivalent of the 2½ new pence piece, beyond the transition period ... the extent to which individual groups of people are badly affected by these Government measures will be considerably diminished if the 6d. remains because ... the 6d. is one of the major coins used in vending machines.’<sup>192</sup> It should be noted that the controversy over the 6d. was occasioned entirely by the decision to decimalise based on the pound. In a ten shilling-cent system, a 5c piece, equivalent to 6d., would have been a given. A 2½ new pence coin, however, was certainly not a natural feature of a system based on the pound.

Although an amendment was passed by the House of Lords on 1 May 1969, aimed at extending the life of the sixpence beyond the transitional period, this was reversed on the Bill’s return to the Commons and the provision for demonetisation was retained in the Act as passed. However, continuing pressure from the vending machine industry and backbenchers from both major parties led to reconsideration of the issue. The Opposition chose to select the issue of decimalisation for debate on 19 February 1970, and Prime Ministerial papers from the days immediately before the debate indicate that the government was looking for a way to defuse the issue, On 9 February a letter from W.S.

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<sup>190</sup> Ibid, Cols 1674 to 1675.

<sup>191</sup> Moore, p.106.

<sup>192</sup> Hansard, 30 January 1969, Volume 776, col.1677.

Ryrie in the Treasury to the Prime Minister's office noted that the Chancellor was looking at the possibility of retaining the sixpence, but stated that 'the difficulties of changing course on this question look formidable.'<sup>193</sup> By the following week, on 16 February 1970 the Cabinet Secretary, Burke Trend, was suggesting in a paper to the Prime Minister that the Government should stick to its policy of demonetising the sixpence but should 'leave ... a loophole by saying that, if representatives of the retail trade ... present the case in the next few weeks for a change of policy, the Government will be willing to consider it.'<sup>194</sup>

This apparent openness to change course was picked up by the press, with a *Times* headline on 16 February cautiously speculating that 'the 6d. may be reviewed.'<sup>195</sup> The *Daily Mail* meanwhile was more certain of a U-turn reporting on the morning of the debate, 19 February that 'the sixpence has been saved for the time being. Instead of being abolished next February for the official switch to decimal currency it will have several years' extra life. The decision was made by Ministers in the past 48 hours in face of a strong campaign for its retention by MPs of all parties.'<sup>196</sup>

However, this report proved premature. The Conservative Shadow Chancellor, Iain Macleod, opened the Commons debate on 19 February, moving a general motion regretting 'the system of decimalisation of the currency to which Her Majesty's Government has committed this country' but stating that the debate could:

Properly be called the S.O.S. – Save our Sixpence debate, for during the last few hours, in particular, there have been signs, first, of distress, and, second, of

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<sup>193</sup> National Archives, PREM 13/3149.

<sup>194</sup> Ibid.

<sup>195</sup> *Times*, 16 February 1970.

<sup>196</sup> *Daily Mail*, 19 February 1970.

surrender by the Government on this matter. I need hardly say that I welcome this very much indeed. I welcome the surrender as much as I deplore the method, that of selective Press leaks, which the Government have adopted, and which I believe to be profoundly discourteous to the House.<sup>197</sup>

In response the Treasury Minister, William Rodgers, counselled him to 'wait and see on the issue of whether he should believe all that he reads in the newspapers.' He then went on to give the 'Government's own view ... that once the decimal coinage system is introduced the sixpence will, in fact come very rapidly to the end of its natural life ... if we are right in this it would not be helpful to attempt to prolong its life after the end of the changeover period.'<sup>198</sup>

Having re-stated existing policy, however, Rodgers went on to concede that 'the Government have decided that this warrants further consideration' and informed the House that the Chancellor had asked the Decimal Currency Board for an 'immediate reappraisal of the situation', so that they could 'advise whether the decision that the sixpence should go at the end of the change-over period should stand, or whether there would be advantage in a decision now that it should continue as legal tender for 2½p for a time after the end of the change-over.'<sup>199</sup> As a result of Rodgers' equivocal statement, Macleod announced the Opposition's decision to divide the House, characterising the Minister's statement as 'indecisive, insensitive and extremely weak'<sup>200</sup>, and even the Government's supporters were surprised by Rodgers' approach. Labour MP Gwilym Roberts, for example, confessed that

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<sup>197</sup> Hansard, 19 February 1970, Volume 796, col. 608.

<sup>198</sup> Ibid, Cols. 623-624.

<sup>199</sup> Ibid, Col 626.

<sup>200</sup> Ibid, Col 627.



the debate had made him 'more confused ... because (he was) not certain about what ... the Minister of State said will happen to the tanner.'<sup>201</sup> Although the Opposition's motion was defeated by a 44-vote margin, there were a number of Labour abstentions which ate into the Government's majority.

This seeming equivocation by the Government attracted further adverse press comment with the *Dail Mail* claiming that the 'battle for the sixpence (had) turned into a shambles ... a junior Minister was lambasted, several Labour MPs went home in disgust and the Tories angrily forced a Commons vote ... all because the Government would not admit that the sixpence (was) staying ... the Daily Mail story ... that the sixpence had been reprieved started the trouble.'<sup>202</sup> The *Guardian* meanwhile, gave more details of Labour dissension, quoting one backbencher, Lena Jeger, who 'thought Mr Rodgers's performance had been that of "an arrogant oaf."<sup>203</sup>

In the event, although the Decimal Currency Board reported in April 1970 with a recommendation to continue the policy of demonetising the sixpence at the end of the changeover period, the Chancellor, Roy Jenkins overruled that recommendation. He stated that 'impressive and authoritative though the board's report is, the durability of the sixpence after the change to decimal currency remains a matter of opinion and one cannot exclude the possibility that it may be mistaken.' He therefore announced that 'the sixpence (would) remain legal tender for a period of at least two years following Decimalisation Day.'<sup>204</sup>

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<sup>201</sup> Ibid, Col 656.

<sup>202</sup> *Daily Mail*, 20 February 1970.

<sup>203</sup> *Guardian*, 20 February 1970.

<sup>204</sup> Hansard, 19 February 1970, Volume 796, col.656. In the event the coin remained in use until 1980.

The Government's travails over the future of the sixpence illustrated the dangers of its inflexible approach to the decimalisation project which had its roots in the original decision to whip its MPs in favour of decimalisation of the pound at the time of the 1967 Act. On a technical level, this ensured that the sixpence would be a problematical coin in a system where its value was fractional, i.e. 2½ pence, as opposed to a 10s. system where the coin would have readily converted to a five-cent piece. More importantly the failure to win over hearts and minds on both sides of the House, relying instead on use of the whips, meant that what was essentially a non-partisan issue became perhaps unnecessarily politicised. As a result, when a change of policy over the sixpence came to be seen as politically necessary, it was done gracelessly and clumsily. It is difficult to argue with the then Leader of the Opposition's view that 'it is the Labour Party and the Government who have been partisan right from the beginning of decimalisation.

### ***Summary***

The somewhat tortuous progress of the decimalisation issue through the legislative system reflected both the external pressures for change and the general political environment in which the various governments concerned operated. There was, arguably, little external impetus for reform in the second half of the 1950s for a government seeking to steady the ship following the traumas of the Suez debacle in 1956. By the time pressure began to build as a result of the BAAS/ABCC report in 1960, the Conservatives, newly self-confident in Macmillan's "never had it so good" era, were more receptive to change, and, with Selwyn Lloyd, a keen proponent of reform at the Treasury, it made the first steps towards decimalisation by setting up the Halsbury Committee in 1961.

By the time Halsbury reported, however, Lloyd had been dismissed, and Macmillan was to resign within a month. The Conservative Government, undermined by the Profumo affair, and facing a General Election which they were expected to lose, had little appetite to press forward with attempting to implement Halsbury's recommendations.

Initially, the incoming Labour Government, elected with a majority of only four in October 1964, and faced with the need to defend the pound against speculation, were reluctant to make an early decision. Nevertheless, the new Government, led by Harold Wilson, was keen to display its modernising credentials, and in the run-up to the 1966 General Election, felt emboldened to announce its decision to go ahead with decimalisation based on the pound as the major unit. Their victory in that election with a majority of 96 seats meant that it could press ahead with the project. However, the size of the majority arguably allowed Labour backbenchers opposed to other aspects of the administration's policies, the luxury of being able to rebel against the official line without endangering the survival of the government. This led to Wilson and his Cabinet, fearing a loss of control, imposing a whipping operation to ensure the passage of the legislation enabling decimalisation. This arguably demonstrated a weakness which belied the apparent strength occasioned by the size of their majority.

Overall, both the political process, and the conservative inclination of key political actors, served largely as a brake on modernisation of the currency. Whilst an initial reluctance to contemplate decimalisation was reversed following the BAAS/ABCC report, and the appointment of the reformer Selwyn Lloyd as Chancellor, it was never seen as a priority by the Macmillan Government. Consequently the cause of reform was easily derailed by what

the latter almost certainly did not refer to as ‘events, dear boy, events’.<sup>205</sup> The events in question were, in this case, the replacement of Lloyd in the “Night of the Long Knives” reshuffle by the much less enthusiastic Maudling, and the resignation of Macmillan in the wake of the Profumo affair. Although the Wilson Government espoused an ostensibly modernising agenda, the attachment of both Wilson and Callaghan to the pound as a traditional mainstay of the British economy meant that any modernisation was strictly circumscribed.

Another feature of British politics at this time, was the evolving nature of the UK’s relationship with Continental Europe, in the context of the founding of the European Economic Community (EEC) in 1957. Whilst Britain initially remained aloof from the Common Market, by 1961 the UK had submitted its first application for membership, which was vetoed by French President, Charles de Gaulle, in 1963. Despite a second, unsuccessful application in 1967, by the time of D-Day, Britain’s third application had been accepted, and entry into the EEC scheduled for January 1973. Given that the two processes, entry into the Common Market, and decimalisation were more or less coterminous, it is unsurprising that connections between the two events have been made. The next chapter will consider the extent to which decimalisation and Europeanisation were linked.

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<sup>205</sup> This remark, purporting to be a response to a journalist’s question about what could cause a government to be blown off course, has been frequently ascribed to Macmillan. However, no definitive source of this quotation has been identified.



## Chapter 3: Britishness and Europeanisation

### *Introduction*

As noted in the introduction, what little commentary there has been on decimalisation has tended to come from a broadly Eurosceptic perspective. In this narrative, the reform of the currency is seen as a harbinger of a process of Europeanisation, driven by a 'metropolitan elite', and aimed at subsuming Britishness within a broader European identity against the will of the majority of the population. I will argue, however that this characterisation of decimalisation is anchored in current preoccupations, as part of a wider debate about Britain's place in Europe which continues to dominate political discourse in the wake of the 2016 referendum in which the UK electorate voted to leave the European Union. As such it is fundamentally at odds with the actual history of the events, and whilst discussion at the time did indeed touch on these issues, these were not significant in the context of the overall debate. For example, the supposed antipathy to decimalisation exhibited by anti-Europeans in the Cabinet, as reported by Short, failed to translate into any attempts to frustrate the Government's policy.

In this chapter I will seek to address three interlinked themes which underpin the narrative described above. Firstly, I will examine the extent to which decimalisation was seen as diluting a British idea of identity based on exceptionalism; secondly I will discuss how this related to British efforts to join the European Common Market; and finally I will seek to determine the extent to which decimal currency was forced on an unwilling population.

### ***British identity and Exceptionalism***

In exploring the idea of British, or English, exceptionalism it is important to note that, whilst this is often part of a right-wing, nationalist agenda, it is not exclusively the preserve of the right. Nor is it necessarily anti-European. In his 1941 essay *The Lion and the Unicorn – Socialism and the English Genius*, George Orwell set out a vision for a peculiarly English form of socialist revolution, in the context of a country instantly distinguishable from other European nations:

When you come back to England from any foreign country, you have immediately the sensation of breathing a different air. Even in the first few minutes dozens of small things conspire to give you this feeling. The beer is bitterer, the coins are heavier, the grass is greener, the advertisements are more blatant ... as Europeans go, the English are not intellectual. They have a horror of abstract thought, they feel no need for any philosophy or systematic “world-view”. Nor is this because they are “practical”, as they are so fond of claiming for themselves. One has only to look at their methods of town-planning and water-supply, their obstinate clinging to everything that is out of date and a nuisance, a spelling system that defies analysis, and a system of weights and measures that is intelligible only to the compilers of arithmetic books, to see how little they care about mere efficiency.<sup>206</sup>

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<sup>206</sup> Orwell, George (1941), *The Lion and the Unicorn: Socialism and the English Genius*, in Orwell, S & Angus, I (eds.) *The Collected Essays, Journalism and Letters of George Orwell, Volume II, My Country Right or Left*, Secker & Warburg, London, p.77.

Thirty –two years later, in 1993, the Conservative Prime Minister, John Major in a speech arguing in favour of the Maastricht treaty and for Britain playing a leading role in shaping the development of the European Community, sought to reassure his pro-European audience that British identity was not under threat:

Distinctive and unique as Britain will remain in Europe. Fifty years from now Britain will still be the country of long shadows on county grounds, warm beer, invincible green suburbs, dog lovers and pools fillers and – as George Orwell said – “old maids bicycling to Holy Communion through the morning mist” and if we get our way – Shakespeare still read even in school. Britain will survive unamendable in all essentials.<sup>207</sup>

During the course of the debate, both around decimalisation *per se* and the choice of system to be adopted and the associated naming of the major unit and coinage in the alternative systems considered, the issue of Britishness was a recurring theme.

In the mid-1950s there was little appetite in Parliament for decimalisation, as evidenced by the failure of Follick’s bill, and this was to some extent underpinned by an exceptionalist view of British identity. Speaking in the Commons in May 1956 the Labour MP, John Cronin, again echoing Orwell, linked the idea of decimalisation with “English Genius”

The genius of this nation is that it is not too easily persuaded by what appears to be logic. Indeed, we sometimes regard logic with a certain amount of suspicion. Had we been logical, we should have introduced decimal coinage; and had we been logical in

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<sup>207</sup> <http://www.johnmajorarchive.org.uk>, Speech to the Conservative Group for Europe, 22 April 1993, accessed 11 April 2019.



1940 we should probably have signed a treaty with the Germans. We tend to look askance at matters which are apparently logical.<sup>208</sup>

By February 1961, when the government was actively considering the issue, the *Daily Mail* stated the case against the reform arguing that ‘The British people have always gloried in the complexities of their weights, measures and coinage... Tenths... were all very well for foreigners but not for the island race. Now we might soon follow the example of most of the world... It is enough to make KING ALFRED turn in his grave.’<sup>209</sup> Perhaps unsurprisingly, the *Guardian* disagreed, seeing the debate having the

the incidental advantage of calling in question the more absurd forms of worship of the pound sterling which are now current. Just changing the name to a ten-shilling basis may help to bring home the fact that the national currency is something to be manipulated and used for our own ends not something to be governed by. We have become altogether too obsessed by this symbol of national prestige.<sup>210</sup>

I will argue that arguments against decimalisation tended to be nostalgic evocations of a British exceptionalism for the sake of being different, and as such were a minority view not taken seriously by the Government. As a result, such considerations did not significantly influence the decision to decimalise as such. However, once that decision had been taken, the discussions on the system to be adopted, and the naming of units were more influenced by notions of national prestige. In other words, decisions on decimalisation *per se* were taken on strictly practical grounds of efficiency, whereas those on the detail of the system took more account of issues of prestige and an emotional attachment to a view of the

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<sup>208</sup> Hansard, 4 May 1956, Volume 552, col.794.

<sup>209</sup> *Daily Mail*, 24 February 1961.

<sup>210</sup> *Guardian*, 26 February 1961.

British past of which pounds and pennies were an integral part. In this respect the drive to modernity was tempered by a respect for tradition, to the extent that it risked compromising the benefits to be accrued from reform.

During the course of the ten years, from the setting up of the Halsbury Committee in 1961 to D-Day in 1971, much of the discourse related to the choice of system rather than whether decimalisation should be introduced at all. Nevertheless, as the date of introduction of the new currency drew nearer, public fears of the impact on national identity surfaced in the mass media. The relative lateness of these issues surfacing amongst the popular media can be explained by the communications strategy adopted by the DCB, which prioritised the mobilisation of large organisations in 1968/69, and reaching medium and small retailers in the 'Year of the Retailer' in 1969/70. Only in 1970/71 was the Board's publicity effort switched to focussing on the general public.<sup>211</sup>

A feature on the Radio 2 programme, *Late Night Extra*, entitled "Opinions on metrication", broadcast in September 1970, elicited the view from a Phillip Sharp of London N4 that 'this is England, why should we follow, sheep like, other countries? Let's keep those things that are peculiar to England ... The decimalisation of our currency is the thin end of the wedge'.

R. Pickford of Weymouth meanwhile said that he had 'no intention of supporting or co-operating with the metric system or decimalisation...and that's not all, he (was) also anti-Common Market and (wanted) the Spring Holiday to revert to Whitsuntide and the August Bank Holiday put back, or rather brought forward to where it used to be.'<sup>212</sup> A Radio

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<sup>211</sup> See Moore, pp.70-78 for a summary of the Board's strategy, and pp.118-129 for its work for management, pp.130-140 on the Retail Sector and pp.182-194 for the General Public.

<sup>212</sup> National Archives, T193/109, *Transcript of Radio 2 programme 'Late Night Extra'*, 07 September 1970.

Sheffield *vox pop* from the following month featured one anonymous contributor expressing 'great sorrow ... that the old way of British life is dying out and being replaced by this rubbishy new currency'. Another, reflecting on the old penny, mourned the loss of 'Britannia, sitting on the back of course ... and then there was Victoria's head on the other side, you know, and great, sort of, our ... once ... you know – great imperial majesty and all that'. This view was not universal; another participant in the same programme asking rhetorically 'Well what does tradition matter really? It doesn't bother me in the slightest.'<sup>213</sup> This view was echoed by a contributor to BBC Radio 4's *Listening Post*, a Mrs Wendy Lewis who said that it was

surely time that someone spoke up in favour of decimalisation. We hear nothing but grumbles on all sides thus proving that the British are as conservative as ever they were. Many thousands of Britons go abroad every year and manage to cope with foreign money in a foreign language without undue difficulty.<sup>214</sup>

The idea that decimalisation would result in a dilution of British identity was contested during an edition of BBC Radio Brighton's *Table Talk* in November 1970. This programme, a local radio version of Radio 4's *Any Questions* saw the following exchange:

Margaret Goodahan: What is the panel's honest and personal opinion of the British people having decimalisation forced upon them?

Mr (Leslie) Worthington: I always feel it's best to be as young as tomorrow rather than as old as yesterday ... we're no longer just an island, were becoming rapidly all the time international and if our livelihood is going to come from international trade,

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<sup>213</sup> Ibid, *Transcript of BBC Radio Sheffield feature*, 23 October 1970.

<sup>214</sup> Ibid, *Transcript of BBC Radio 4 Programme Listening Post*, 19 September 1970.

we've got to think internationally and I'm certain in the end the decimal side of it will prove an advantage

Mrs Goodahan: I thank the panel for their opinion, but I personally have been wholly against decimalisation and feel that we must remain British and keep a tight rein on our tradition. Pounds, shillings and pence are as British as driving on the left-hand side of the road.<sup>215</sup>

This view of the pre-decimal currency as a being part of a distinct British identity was not restricted to members of the public but was also shared by some commentators. In the week before D-Day the popular Radio 4 programme *The Petticoat Line*, a show in which prominent female media celebrities gave their views on current issues, featured a discussion on decimalisation. One participant, the writer Margaret Powell expressed the opinion that the country would 'lose a lot of its individuality once we start aligning ourselves up with Europe permanently.'<sup>216</sup> In this context, referring specifically to decimalisation she declared 'if we go into the Common Market it's [decimalisation] worth it but if we never get into it [the Common Market] I don't think it is at all. Meanwhile the (Australian-born) actor and singer, Anona Wynn, encouraged by the applause of the audience, launched into something of a polemic:

I do think we are losing everything that is British ... We were Great Britain in pounds, shillings and pence, and miles and feet ... when our post-boxes were painted red, when we didn't have to have Fahrenheit plus Centigrade, when August Bank Holiday was the first Monday in August) ... you could play shove ha'penny and not look as if

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<sup>215</sup> Ibid, *Transcript of BBC Radio Brighton Programme 'Table Talk'*, 29 November 1970.

<sup>216</sup> Ibid, *Transcript of BBC Radio 4 programme 'The Petticoat Line'* 10 February 1971.

you'd come out of the Ark ... we get metrication and that's the finish because there will be nothing left to identify us at all, we're just a little offshore island of Europe.<sup>217</sup>

These arguments against the principle of decimalisation can largely be characterised as “exceptionalism for exceptionalism’s sake”, a form of nostalgia which attracted support from members of the public and from popular commentators. However, such views were insufficient to have any real influence on the decisions made. Ideas of Britishness were far more influential in the debates and decision making on the system to be adopted and the names of the units within that system. Here, arguments influenced by a desire to maintain British exceptionalism, especially in terms of the naming of units, were augmented by a perceived need to maintain British prestige, both at home and abroad.

Early evidence of this can be seen in the minutes of the sixth meeting of the Halsbury Committee in February 1962, which had discussed whether the new currency should be based on a pound or ten-shilling unit. The committee noted that ‘the prestige argument did not rest entirely on the views other countries might take of abandoning the £. Whatever foreign reaction there might be there was a powerful body of opinion in favour of retaining the £; our own sense of dignity and prestige was involved.’<sup>218</sup> This ‘powerful body of opinion’ included parliamentarians, such as the Conservative backbencher Peter Emery. In a debate on his colleague Wilfred Proudfoot’s Private Member’s Bill, aimed at introducing a decimal system based on 10s, in May 1962, he referred to ‘the fact that many people are

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<sup>217</sup> Ibid.

<sup>218</sup> National Archives, T174/1, Notes of Halsbury Committee meeting 6, 20 February 1962.

concerned about the names of the money with which they have grown up and which they associate with part of British history and British prestige.’<sup>219</sup>

This linking of Britishness with both the decision to retain the pound, and on naming the subsidiary unit the (new) penny was evident in a televised interview given by the Chancellor, James Callaghan on the day he announced the decision to introduce decimal currency. The following exchange between Callaghan and the BBC’s Economics correspondent, Graham Turner, illustrates how the Chancellor appealed to British tradition and exceptionalism:

Callaghan: Speaking for myself I think there’s a lot to be said for the pound. Every one of us in Britain is familiar with it, we know what it stands for, abroad they know what it stands for.

Turner: Why have you decided not to use the word “cent”?

Callaghan: Oh, I much prefer “penny”, why should we go American – penny is a good, it is indeed the oldest coin in Britain, it was originally a silver coin. I see no reason why we should adopt “cent”, it’s a miserable sounding word by comparison with penny.<sup>220</sup>

This sentiment was echoed in a letter to the *Guardian* later that month from an American, Paul Stempel of San Diego who set out without apparent irony the traditionalist and exceptionalist case for retention of the pound. Arguing against a ten-shilling unit, he wrote that:

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<sup>219</sup> Hansard, 4 May 1962, Volume 658, col.1406.

<sup>220</sup> <https://www.youtube.com/watch?v=ay5acM6fHDI>, accessed 17 April 2019.

Such a change would be barbaric. Not only is the pound part of the British way of life; it is part of Britain and a symbol of Britain's prestige tradition and individuality. In the eyes of us who live abroad the pound stands with Big Ben, the Tower of London and Buckingham Palace all equally parts of Britain. I urge every loyal Briton to urge his M.P. to vote no to any action against the British Pound. I say God save the Queen and the Pound Sterling too!<sup>221</sup>

This type of appeal to tradition was both advocated and contested in the debates around the 1967 Decimal Currency Bill. When the Labour Chief Secretary to the Treasury, Jack Diamond, appealed to the House to 'recognise that we have had the £ for a very long time. Everybody inside and outside this country knows of the £', the Liberal Eric Lubbock mockingly accused him of using 'a good Conservative argument.'<sup>222</sup> Even among advocates of a ten-shilling unit there was hesitation in ditching the word "pound". The Conservative Peer Lord Redmayne said that, 'that for the minor unit of either system' he could 'find no embarrassment in the name "cent"- for cent is what it is. (He did) not believe that we shall be selling our soul to the Americans by using a most practical name.' He was opposed by his colleague, Lord Carrington, who, whilst supporting a 10s unit, thought 'it would be a great pity to lose the name of the pound and to change to something else. I would very much oppose any suggestion that our 10s. should be called a dollar as the Australians and New Zealanders have done ... would it not be possible to do what the French have done in reverse and, in the interim period, to call the 10s. unit the "new pound"?'<sup>223</sup>

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<sup>221</sup> *Guardian*, 13 March 1966.

<sup>222</sup> Hansard, 21 December 1966, Volume 738, col. 1514.

<sup>223</sup> Hansard (House of Lords), 30 January 1967, Volume 278, cols. 806-822.

In the Commons debate on the second reading of the Bill, the shadow Chancellor, Iain Macleod made the case against exceptionalism, whilst at the same time acknowledging the arguments:

if we are to modernise our currency, we should modernise it within the main stream of opinion in the world rather than outside it, as the Government propose. Of course, it would be nice if everybody would adopt the £. It would be nice if everybody would drive on the left-hand side of the road. It would be nice if everybody played cricket ... we can claim that we have contributed far more than any other country to the culture and customs and structure of the world's governments. English is all but the international language of the world. This House has been called the Mother of Parliaments and the legal systems all over the world are largely ours. But we cannot have everything and I wish that the Government would recognise the one simple and fundamental fact that our currency does not fit.<sup>224</sup>

Again, there were conservative arguments from the Labour side, with Richard Buchanan, MP for Glasgow Springburn confessing to feeling 'psychologically uplifted when I go abroad and find, or found, the £ worth thousands of francs, lire, etc. The £ has a very definite standard of value in the minds of British men and women.'<sup>225</sup> Eric Lubbock, meanwhile, referring to the stated views of the Chancellor, reiterated his characterisation of Callaghan as sounding

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<sup>224</sup> Hansard, 22 March 1967, Volume 743, col. 1753.

<sup>225</sup> Ibid.



like an extreme Conservative ... when I listen to him speaking about the well-known £, known throughout the world, and its great prestige. He should have had a Union Jack on the Dispatch Box while he was speaking. I was reminded of the last phrase of the poem that Christopher Logue wrote at the last General Election, when he said: "I shall vote Labour because deep in my heart I am a Conservative. "I think that the Chancellor is a person to whom that description should be applied ... <sup>226</sup>

During the Committee stage of the bill in the House of Lords, the arguments around exceptionalism and Britishness were again rehearsed. The Conservative, Lord Somers, argued for retention of the pound, professing himself unable to see 'any reason why we should try to get into line with other nations ... there is nothing to be ashamed of in being different from the majority.'<sup>227</sup> An opposing view came from the Liberal, Lord Airedale whose response to the Government Peer, Lord Shephard on the naming of a 10s. major unit elicited cries of "Oh!" from several of peers present, according to the official record. This apparent expression of shock was occasioned by Airedale telling the 'noble Lord straight away what I would call it. I would call it "the British dollar".'<sup>228</sup>

The debates around the choice of system, both inside and outside Parliament, demonstrated that a British sense of exceptionalism was an important part of the discourse around the decimalisation project. It was insufficiently strong to prevent decimalisation from being enacted, but it did play a significant role in the arguments around the detail of its implementation. On the Government side, Callaghan's broadcast was predicated on an explicit appeal to British tradition, whilst even amongst the advocates of a ten-shilling

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<sup>226</sup> Ibid.

<sup>227</sup> Hansard (House of Lords), Volume 284, 29 June 1967, col 309.

<sup>228</sup> Ibid, col 316.

system there were those, such as Lord Carrington, who wished to retain the old name of the pound for traditionalist reasons. Even Iain Macleod, one of the most passionate “ten-bobbers”, felt it necessary to defend his choice by pointing out other ways in which British exceptionalism could continue to be asserted.

It is tempting to characterise the Conservatives and Liberals, exemplified by Macleod and Lubbock, as being more progressive and less inclined to exceptionalism, than the Labour side. Whilst this is arguably true of the Government, the division between supporters of the pound and ‘ten-bobbers’ did not follow party lines. However, whilst supporters of the pound on the Conservative side were free to vote in accordance with their consciences, those on the Labour side, such as Cant and Ginsberg, who favoured the ten shilling system, were constrained by the Whips to vote for an exceptionalist position that they did not support.

### ***Decimalisation as Europeanisation?***

There is a commonly held view, particularly amongst those who can be broadly characterised as “Euro-sceptic” that much of the impetus behind decimalisation of the currency was driven by a desire for entry into the European Economic Community (EEC), which itself is seen as part of a broader process of subsuming British identity into a broader European one. Certainly, there is a case for examining the possible connection between the two issues, given that the processes involved were broadly contemporaneous. The veto by President de Gaulle on the UK’s first application to join the Community occurred on 14 January 1963, whilst the Halsbury Committee’s deliberations were in full swing. The veto on the second application was on 27 November 1967, just after the passage of the first Decimal

Currency Act, and the, ultimately successful third application was launched in 1969, resulting in the UK's accession to the EEC on 1 January 1973.

I will argue, however, that although, on occasion the issue of potential entry into the Common Market was invoked in discussion of decimalisation, it was largely a peripheral concern. Furthermore, when one considers the system adopted, it is clear that it was chosen with little or no consideration of its relationship with other EEC currencies, or to the eventual possibility of the introduction of a single European currency.

That is not to say that the issues of currency reform and Europeanisation were unconnected in the public mind, or indeed in media discourse. The cartoon by "Vicky" of the *Evening Standard*, published at the time of the announcement of the setting up of the Halsbury Committee in December 1961 graphically illustrates how some saw decimalisation as a symbol of the potential erosion of Britishness and its subjection to foreign influence.<sup>229</sup> Clearly based on the existing penny (Fig 1), Vicky's cartoon (Fig 2) depicts a new coin featuring a battered and impoverished figure of Britannia, her outer garments torn and patched, and with a facial profile which may or may not resemble that of de Gaulle. The helmet bears the legend "RF", for 'République Française' and the shield has the letter E, presumably representing Europe. The coin is denominated in (German) pfennigs, and a missile bearing the letters "US" for United States apparently protects the embattled Britannia. This depiction sees a down at heel Britain beset by foreign forces, which are predominantly, although not exclusively European, and as such is an early example of the view of decimalisation as a demonstration of British subservience to European (and American) influence and power.

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<sup>229</sup> *Evening Standard*, 20 December 1961.



Fig. 1 Pre-decimal Penny



Fig. 2 Cartoon by "Vicky", *Evening Standard*, 20 December 1961

Although there was a perceived connection between decimalisation and Europeanisation in some quarters, the evidence that there was any significant degree of reality in this perception is elusive. As early as 1956, the Conservative MP, Richard Reader Harris had 'asked the Chancellor of the Exchequer if he will give further consideration to the introduction of a decimal currency system in this country as a necessary prerequisite to Great Britain's successful participation in a European common market.' In response, the Economic Secretary to the Treasury, Sir Edward Boyle, stated that the Chancellor did 'not consider that a decimal currency system is in any way necessary for the successful participation of this country in a European Common Market.'<sup>230</sup> This type of question was to recur throughout the course of discussions on decimalisation over the coming years.

In November 1961 the Conservative MP, Edward du Cann, saw the matter of decimalisation 'becoming one of urgency in view of Britain's possible entry into the Common Market,'<sup>231</sup> In the same month his colleague in the House of Lords, Lord Fraser of Lonsdale wrote to the *Guardian*, expressing the view that 'The establishment of the Common Market- whether Britain joins it or not – is a further argument in favour of decimalisation.'<sup>232</sup> This linkage was not supported by others, however. The economist Sir Geoffrey Crowther, giving evidence to the Halsbury Committee in March 1962 thought it 'difficult at present to see what bearing the entrance to E.E.C. had on currency.'<sup>233</sup> Later that year, in a debate on the Private Members Bill introduced by Wilfred Proudfoot, the Labour spokesman, Bruce Millan gave a more nuanced view:

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<sup>230</sup> Hansard, 1 November 1956, Volume 558, col.1681.

<sup>231</sup> Hansard, 14 November 1961, Volume 649, col.176.

<sup>232</sup> *Guardian*, 25 November 1961.

<sup>233</sup> National Archives, T174/1, Notes of Halsbury Committee Meeting 10, 20 March 1962.

Nor do I think that it would necessarily follow, if we went into the Common Market, that we should want to go over to a decimal coinage for any reasons of trade there, although there might be psychological or even political advantages, if we were in the Common Market, in having a decimal coinage as the other Common Market countries do.<sup>234</sup>

The Permanent Secretary to the Treasury, Sir Frank Lee, expressed this reference to a psychological advantage of having a decimal system in rather different terms. In discussions with Lord Halsbury he used the possibility of joining the EEC as an argument in favour of any decimal system being based on the pound, as he 'would be reluctant to add the abandonment of the £ to the other psychologically difficult steps which would be involved in joining the European Community.'<sup>235</sup>

By early 1963, the French veto on Britain's application to join the EEC led to questions as to whether this meant that the decimalisation was now less of a priority. The commentator 'Lombard' (C Gordon Tether), writing in the *Financial Times* under the headline "But We Shall Still Need to Decimalise the £", argued that was not the case, given that

Most of the powerful arguments for decimalising the currency lie not connected with "Europeanisation". They stem from the fact that our outdated currency system complicates our dealings with pretty well the whole of the outside world, and at the same time makes the financial life of the business community and the ordinary man in the U.K. itself a lot more difficult than it need be.<sup>236</sup>

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<sup>234</sup> Hansard, 4 May 1962, Volume 671, col.1430.

<sup>235</sup> National Archives, T174/7, Halsbury Committee Paper CDC 61 (111), the Chairman's discussion with Sir Frank Lee, 20 July 1962.

<sup>236</sup> *Financial Times*, 2 February 1963.

This view, that the failure of the UK's application to join the Common Market did not impinge on the case for currency reform was supported in the House of Commons by Edward du Cann, now elevated to the post of Economic Secretary to the Treasury. When asked by the Conservative backbencher, Godfrey Lagden, 'to what extent the termination of the Common Market negotiations will alter or delay Government policy regarding decimalisation of the currency', he responded that he could not 'anticipate the report of the Halsbury Committee. But since the establishment of the Committee bore no direct relation to our application to join the Common Market it seems unlikely that the termination of the negotiations will affect the issues involved over decimalisation to any appreciable extent.'<sup>237</sup>

Once the decision to decimalise was taken, arguments linking the principle of decimalisation with closer alignment with Europe were relatively rare, although a *Guardian* editorial on the day after Callaghan's announcement welcomed it as 'a reform for which the country should have good reason to be grateful as we edge closer to Europe.'<sup>238</sup> In the public mind, however, the two issues were more often conflated, particularly as "D-Day" approached. Typical was the view expressed by Mrs Ivy Acheson of Ilford, on the BBC Radio 4 programme "Listening Post" that decimalisation was:

being forced upon us because we are told we must join the Common Market and be like the Europeans. Why? ...I am not an isolationist, have visited many countries on the continent, like the people and in many cases their beautiful countries and houses. They pay two hundred percent more for their food and have to face

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<sup>237</sup> Hansard, 6 February 1963, col. 78.

<sup>238</sup> *Guardian*, 2 March 1966.

restrictions through being members of the Common Market and many are against it.<sup>239</sup>

The general, informed view was that the principle of decimalisation was accepted irrespective of the UK's membership, or otherwise, of the European Community. It is apparent that arguments around which system to choose demonstrate that compatibility with the Common Market was a consideration widely discussed, but which had little or no influence on the outcome, either of the Halsbury Committee's deliberations or the Government's decision to retain the pound.

As early as 1961, the Bank of England representatives on the Treasury Working Party set up by Chancellor Selwyn Lloyd to examine options for a decimal system were anticipating the eventual introduction of a common European currency:

A new factor has been injected into the problem of choice of the best unit on which to decimalise by our recent application to join the Common Market. A common currency unit is not one of the objectives specified in the Rome Treaty, but it could be one of the final consequences of the Community's successful working. Apart from this the mere fact of our being members, or the reverse, might affect, in ways we cannot yet foresee, our choice of a unit. This argues strongly for delaying a decision to commit ourselves to either a £ or a 10s unit at least until we know whether or not we are to join the Common Market, by which time the implications of membership, including the possibility of a common European currency may be clearer.<sup>240</sup>

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<sup>239</sup> National Archives, T193/109, Decimal Currency Board file on Press and Media Coverage, BBC Radio 4, Listening Post, Broadcast 19 September 1970.

<sup>240</sup> National Archives, BT259/1194, Note to Working Party Chair (Bell) on Decimal Currency, 05 September 1961.



The possibility of a common European currency, and the implications for decimalisation in the UK, were virtually ignored by the Halsbury Committee. There is no mention of such considerations in the published report, whilst a paper considered by the Committee in May 1962 merely notes that ‘there is thought to be some possibility of a common European currency. A non-decimal £sd. would clearly not be acceptable to Europeans; a decimal sterling currency might be.’<sup>241</sup> In evidence given to the Committee in March 1962, the economist Sir Geoffrey Crowther argued that ‘there was a possibility that a common currency might be adopted but this lay a long way ahead.’<sup>242</sup>

Further evidence that a desire on the part of governments to institute a programme of “creeping Europeanisation” played no part in influencing decisions on decimalisation can be evinced by the failure of those few voices raised in favour of harmonisation with European currencies to be given a hearing. An article by C.G. Hanson in the *Guardian* of 14 January 1964, entitled “The Currency Problem” argued that

Many of the recommendations of the Halsbury Committee ... are surprising: but more surprising than any of them is an omission. No mention is made ... of the declared intention of two of the three political parties in Britain to make her a member of the European Common Market at the earliest opportunity ... Within perhaps ten to fifteen years ... the six countries will adopt a European currency ... and inevitably, if Britain were to join the pound sterling would disappear and the Eurofranc (or what have you) would circulate in this country as well as throughout Western Europe ... If Britain is to make her voice heard in world affairs over the next

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<sup>241</sup> National Archives, T174/6, Halsbury Committee Paper CDC 62 (66), 24 May 1962.

<sup>242</sup> National Archives, T174/1, note of Committee Meeting 10.

fifty years above the roaring of Russia, China and the United States it must be as a part of a federal, united Europe ... the creation of a single currency is a prerequisite of such a state of affairs and the British Government should be taking the first step in this direction now. This would be to introduce a currency based not on the pound sterling but on a currency unit worth 2s, or one florin. The West Germans, the French, the Dutch the Swiss and the Swedes all possess currency units split into 100 cents, which are worth between 1s 5d and 2s at the present time ... (we) should bring our currency unit roughly in line with the more important of those which exist in Western Europe today, thus paving the way for complete integration in the future.<sup>243</sup>

This federalist view of a sort of “United States of Europe” closely resembles the nightmares of those who see decimalisation as a harbinger of “creeping Europeanisation”. However, Benson’s article, and the lack of response to it, written as it was in the period between the publication of the Halsbury report in September 1963, and the announcement of the decision to decimalise on the basis of the £, as recommended by Halsbury, is clear evidence that such considerations played little part in the decision of the Government.

Nevertheless, the issue of compatibility with other European currencies was raised on several occasions as the 1967 Bill proceeded through both Houses of Parliament. In the Lords, the Conservative Viscount Bridgeman referred to discussions at Strasbourg with President de Gaulle in which ‘a great deal of thought (appeared) to have been given to the position of sterling as the reserve currency if we are to go into the Common Market ... (he had) seen no suggestion, that our reserve currency would be weaker if 10s. were to be the

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<sup>243</sup> *Guardian*, 14 January 1964.

denomination, and not the pound.<sup>244</sup> Lord Sinclair of Cleeve pointed out the practical consequences of adopting a £ unit and therefore dispensing with the old halfpenny which he saw as ‘inconvenient, to put it mildly, in our trading relations with European countries.’<sup>245</sup> He referred to the likelihood of the UK joining the Common Market in the near future, and noted that following decimalisation ‘our smallest coin (would be) equivalent to 1.2 pence and many of our trading partners have coins in common use of a half or a quarter of that value ... (which would put the UK) ... at some disadvantage in the matter of comparable shading of prices, or in the matter of applying comparable sales taxes if we should want to do so.’<sup>246</sup> The logic of this argument would have been to choose a system based on a smaller unit than 10s, as advocated in Hanson’s 1964 article, but this was not explicitly proposed by Sinclair or others participating in the debate.

In any case, the Junior Minister, Lord Winterbottom, dismissed arguments against the pound in a somewhat offhand manner:

When we enter the Common Market the question of what part the pound will play in it will be studied by sophisticated people. I do not believe that whether the pound is a 20s. pound or a 10s. pound will in fact influence this issue at all. I think that is something outside the main ambit of the debate.<sup>247</sup>

Similar concerns were raised in the Commons during the debate on the Second Reading of the bill there but again these were more concerned with promoting a 10s unit. Typical was the contribution of the Labour MP for Warrington, Thomas Williams, who criticised the

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<sup>244</sup> Hansard (House of Lords), 30 January 1967, Volume 279, col. 856.

<sup>245</sup> *Ibid*, col. 860.

<sup>246</sup> *Ibid*.

<sup>247</sup> *Ibid*, col. 876.

chosen system based on the pound, on the grounds that the resulting inclusion of a ½p coin meant that it could not be considered fully decimalised. His view was that potential entry into the Common Market made 'a true decimal system ... absolutely essential. The Government, by their decision has unnecessarily increased our difficulties in that eventually.'<sup>248</sup>

Although the case for a major unit closer in value to other major European currencies was not taken up by the politicians, it did attract support from academics, including the prominent Scottish economist Gavin McCrone, then of Brasenose College, Oxford, who, in a letter to the *Times* in early 1967 advocated decimalisation based on a florin (two shilling) major unit: '... since it is equal to 1.0 Dutch Guilder, 1.2 Swiss Francs and 1.3 French Francs ... Transactions with Europe would be simplified and if ever the present European currencies are replaced by a new European unit, the transition would be easier.'<sup>249</sup>

Some three months after the introduction of the new currency, at the time of the UK's third, ultimately successful, bid to join the European Community one academic commentator, Doctor Ian Bellany of Lancaster University posited an intriguing explanation for the decision to decimalise based on the pound. Writing to the *Times* he claimed that:

It has suddenly become clear to me why the apparently illogical decision to base our new decimal currency on the pound and not 10s was taken. It is an intermediate step in a long-term plan to improve the compatibility of our currency with our leading European partners ... At some future date if the British attempt to enter the EEC is successful, we obviously intend to change the "weight" of our currency ... from the

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<sup>248</sup> Hansard, 22 March 1967, Volume 743, col 1810.

<sup>249</sup> *Times*, 17 February 1967.

pound to the 10p piece ... this will bring German, French, Dutch and British currencies to within plus or minus a few cents of each other .,, If we had chosen 10s as our decimal base the nation would have been faced with a second currency upheaval on “Europeanization”. But with the present system all that will be necessary ... will be the shifting of a decimal point.<sup>250</sup>

Whilst this is an interesting argument it is essentially a *post hoc* rationalisation, and is not supported by any evidence, either in official Government documents, or in records of Parliamentary debates. If there was a long term planning element in the government’s decision making on decimalisation it was, as argued elsewhere in this thesis, more to do with the proposition that inflation, together with improving living standards, would ensure that a new currency based on the pound would have a long shelf life.

The proposition that decimalisation was somehow part of a wider project of Europeanisation is not supported by the evidence. Europe was certainly raised as an issue in the discussions both around the principle and practical implementation of the new currency, but neither the Halsbury Committee nor the Government was significantly influenced by European considerations in reaching their conclusions on the matter. Had compatibility with European currencies, in preparation for entry into the EEC and a potential single European currency been an important consideration, it is unlikely that the £ or 10-shilling systems would have been the only ones seriously considered.

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<sup>250</sup> *Times*, 7 May 1967.

### ***Decimalisation as Diktat?***

If the evidence that decimalisation was driven by an Establishment desire to subsume British identity as part of a process of Europeanisation is scant, there remains the issue of the extent to which it was foisted upon an unwilling public. Here it can be argued that, whilst widespread opposition either to the principle of currency reform, or to the system chosen, was largely absent, at the same time neither was there particular public enthusiasm for the decimalisation project. For much of the period between the publication of the joint BAAS/ABCC report in 1960 and introduction of the new currency in 1971, the public reaction was muted. For example, when the Halsbury Committee issued a press notice in January 1962 asking for the general public's views on decimalisation, and the system to be adopted, they received only 594 responses.<sup>251</sup>

There were spikes in public interest in the subject, for example around the time of decimalisation in South Africa in 1961, when the Halsbury report was published in September 1963, during the controversies over the future of the sixpence and the introduction of the new 50p coin in 1969, and in the months either side of D-Day in 1971. It is certainly true that there was no official polling of public opinion, but in a political system that had, at that point, always eschewed the idea and practice of referenda this is not surprising, and the lack of such a plebiscite can hardly be seen as evidence of an Establishment plot.

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<sup>251</sup> Cmnd. 2145, Report of the Committee of Enquiry on Decimal Currency (1963), p.5, HMSO, London.

The official line on consultation with the general public is exemplified by the discussions of the Halsbury Committee on the subject at its meeting of 27 February 1962, the notes of which included the following:

(vi) It was not easy to see what useful answers would be expected from soundings of public opinion. The questions which might be asked all seemed to presuppose a certain amount of prior knowledge. It was the experience, furthermore, of professionals, that there was little correlation between answers from the public to questions of the order "Would you like....?" And "Did you like....?". Clearly, however if any questions were to be asked the services of a professional firm should be engaged...

(vii) Two other arguments might be sustained against taking soundings of the public: (1) it was the present committee's duty to arrive in their wisdom at the best system in the overall interest, and not to recommend the one which seemed in advance to be the most acceptable to the public, and (2) Industry and Commerce bore the chief brunt, and reaped the chief advantages, of decimalisation, and their views were therefore the ones which should be sought.

In general, it could be assumed that so long as the system was not unduly complicated or burdensome, the housewife or the man in the street could easily cope with it; experience had shown this in India, South Africa and the West Indies (where three different systems had been introduced successfully).<sup>252</sup>

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<sup>252</sup> National Archive, T174/1, Halsbury Committee Meeting 7, p7.

This attitude towards the general public was to inform the work not only of Halsbury, but also the Decimal Currency Board (DCB), who concentrated their early communications efforts on business. The DCB's strategy determined that 'publicity was not directed predominantly at the general public until the second half of 1970 ... the Board did not want to stimulate interest too early, lest it should also awaken worries and fears which could not easily be resolved at that stage.'<sup>253</sup> Although on the face of it, this approach appears both cavalier and paternalistic, the fact that there were no major protests against the new currency, either when it was proposed or during the implementation phase, would indicate that decimalisation was not an unpopular imposition.

What evidence there is on public opinion of decimalisation is remarkably consistent throughout the period from 1961 to 1971, with a majority, albeit a fairly narrow one in favour of changing the currency. A Board of Trade briefing paper from 1961 reported the following results from two opinion polls commissioned by the *Daily Mirror* and the *Daily Mail*:

DAILY MIRROR:

Voters in favour of decimal coinage:

Under 16 years of age, 78%;

Between 16 and 20 years, 63%;

between 21 and 30 years, 68%;

Voters against changing to decimal coinage: aged 31 and over, 54%.

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<sup>253</sup> Moore, p.183.



## DAILY MAIL

In favour 50%;

Against 42.8%;

Don't know 7.2%<sup>254</sup>

Following the publication of the Halsbury report in 1963, a Gallup poll in the *Daily Telegraph* reported that 'among a representative cross section of those who were asked if they would approve or disapprove of a change, 55 per cent said they would approve, while 31 percent were against. Fourteen percent had no opinion.'<sup>255</sup> The same poll found that, of those who had a firm view on which system to adopt, retention of the £ was favoured by a majority of nearly four to one. However, this did not necessarily imply an exceptionalist view on their part as 'only 17 per cent thought that if the £ were retained and divided into (100) units ... the new coin should be called a "decimal penny". Against this 46 per cent opted for the use of the word "cent".'<sup>256</sup> By March 1970, when the changeover was less than a year away, and when the DCB had yet to embark on its intensive publicity campaign with the public, the Board was reassured that surveys it commissioned from the British Market Research Bureau found 'no general antipathy towards decimal currency, with the poll showing 'there were 47% in favour, 41% against and 12% in the 'don't know' category.'<sup>257</sup>

The case for decimalisation apparently enjoyed a degree of popular support, or at least acquiescence, even if it was rarely a matter at the forefront of most people's minds, at least until the change was imminent. However, this does not mean that the issue of popular

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<sup>254</sup> National Archive, BT 258/1194.

<sup>255</sup> *Daily Telegraph*, 7 October 1963.

<sup>256</sup> Ibid.

<sup>257</sup> Moore p.184.

consent was absent from debate around the subject. In a debate following the announcement of the setting up of the Halsbury Committee in December 1961, the Conservative backbencher Sir Godfrey Nicholson asked the Chancellor, Selwyn Lloyd, to acknowledge 'widespread opposition from mostly conservative-minded people.' He further stated that 'the least that the Government can do before wrecking an historic currency is to undertake not to take that step without a direct mandate from the country.'<sup>258</sup> Lloyd implicitly rejected Nicholson's rather reactionary plea, expressing instead the view that 'conservative-minded people will adopt a practical approach to this problem and I hope that the findings of this Committee will assist that process.'<sup>259</sup>

The lack of any formal testing of public opinion did not stop politicians from making assumptions about popular attitudes to decimalisation. In a debate on Wilfred Proudfoot's Private Members Bill in 1962, the Conservative MP for Reading, Peter Emery, whilst supporting his colleagues attempt to introduce a new currency, partially echoed Nicholson's assessment of the public mood:

What are the arguments against decimalisation? Perhaps the first is that there is no general or popular demand for such change. People are happy with things the way they are. The present system works well for us and has stood up to centuries of use. Those are statements of fact, but, because that is so, it does not mean that the public is against a change.<sup>260</sup>

For Labour, Bruce Millan made a similar point, but came to a slightly different conclusion:

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<sup>258</sup> Hansard, 19 December 1961, Volume 651, col. 1138.

<sup>259</sup> Ibid.

<sup>260</sup> Hansard, 4 May 1962, Volume 658, col. 1421.

The general public also has to be taken into account. By and large, the general public would not want to change, if only because of inertia. I do not suggest that that should make us reluctant to make the change, but in a democratic assembly we ought to remind ourselves that the general public need to be considered to a certain extent.<sup>261</sup>

Both Emery and Millan seemed to be acknowledging that there was no great public enthusiasm for change, but whilst Emery was keen to press ahead and seek to persuade the public, Millan was far more circumspect.

In fact, both men's observations are consistent with the interpretation that at this stage the general public had not given much attention to the issue. Indeed, this largely remained the case even after the Government had decided to go ahead with decimal currency and published its White paper in December 1966. As Baroness Elliot of Harwood remarked in the House of Lords in January 1967, 'one of the curious things about this subject is that what is going to happen has not really got round to the general public. On the whole, the general public is really not aware of what is proposed by the White Paper and by the Government at the present time.'<sup>262</sup> Nevertheless, during the debates on the Decimal Currency Bill (1967) proponents of the ten-shilling unit asserted, with little evidence, that public opinion was on their side. At the Second Reading stage, Eric Lubbock accused the Chancellor, in pursuing the retention of the pound, of being 'mesmerised by the power of the great financial authorities ... he has ignored the woman in the street.'<sup>263</sup> At the Committee stage in the Lords, Lord Airedale, also a Liberal, was certain that:

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<sup>261</sup> Ibid, col. 1435.

<sup>262</sup> Hansard (House of Lords), 30 January 1967, Volume 279, col. 838.

<sup>263</sup> Hansard, 22 March 1967, Volume 743, col. 1796.

The British people do not want the Government's proposed currency system. This has been made abundantly clear. I do not propose to go into detail, because I am sure your Lordships are aware that the British people do not want the Government's proposed system. The British people want the 10s./cent. system. They want it, not because Australia has it, or because New Zealand is to have it on the 10th of next month, but because they want to keep the half-crown and the sixpence.<sup>264</sup>

Although as noted elsewhere there was a considerable amount of opposition to the Government's scheme expressed by various interest groups, there is little evidence that the public was greatly exercised by the issue at this stage. Elements of the popular press were more concerned, with, for example, Anne Scott-James writing in the *Daily Mail* under the heading "Talking of freedom ... this is what angers me", that:

It is maddening to have no say in enormous decisions which affect us all. We have to have the Sonic boom because Mr. Wedgewood Benn says it's good for us. We can't travel abroad because the Chancellor says it's bad for us. We have to have a form of decimal currency which is almost certainly the wrong one because some remote committee fixed it years ago ... we are falling into the hands of petty tyrants and busy bodies. Most of us have had enough.<sup>265</sup>

It was only when aspects of the new system were introduced that the general public started to express concerns. This was particularly apparent in the case of the introduction of the new fifty pence coin in 1969, with the Conservative MP for Ormskirk, Sir Douglas Glover, noting that, despite other pressing matters including strikes by teachers and dustmen, 'in

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<sup>264</sup> Hansard (House of Lords), 29 June 1967, Volume 284, col. 289.

<sup>265</sup> *Daily Mail*, 30 May 1968.

the last six weeks I have received more correspondence about the 50p coin than anything else. People have expressed their opposition to it, their dislike of it, and their fear that it will cost them money because they will give it away when they should not.<sup>266</sup>

Noel Moore, the secretary of the DCB, reflecting on the public controversy over the new coin noted that initial reaction was negative, with opinion polls in the *Evening Standard* on 7 November, and the *Daily Mail* a week later reporting 60% and 62% respectively opposed to the 50p.<sup>267</sup> However, he notes that this opposition, based largely on fears that the similarity in size between the fifty- and ten-pence pieces would result in confusion was short-lived. As the public became more familiar with the new coins, 'by mid-1970 opinion seemed to have stabilised with 52% or 53% in both March and July firmly in favour.'<sup>268</sup> Even on this issue, the initially unpopular coin gained general public acceptance.

Once the public education campaign started to gain momentum in the second half of 1970 and as D-day approached, it could be expected that any general public opposition to the new currency would become more apparent. In the event, such opposition largely failed to materialise in response to any significant extent. The media did try to identify substantial sources of resistance to decimalisation, but were largely reduced to running interviews with unrepresentative individuals. For example, the Radio London programme "Home Run" broadcast on 1 February 1971 interviewed a bookshop owner, Francis Rawls, selected on the basis that his shop in Regents Street was located near to Broadcasting House, and the programmes producer had spotted a notice saying that the shop would refuse to deal in

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<sup>266</sup> Hansard, 20 November 1969, Volume 791, col. 1599.

<sup>267</sup> Moore, p.149.

<sup>268</sup> Ibid, p.150.

decimal currency.<sup>269</sup> Rawls expressed the view that ‘the imposition of decimal currency on the British people was done without referendum, nobody particularly wanted it at the time and it’s a barmy currency anyway, because it’s the only decimal currency in the world which has got vulgar fractions in it.’<sup>270</sup>

Two days later, the same programme followed up its interview of Rawls with another, this time of the Chair of the “Anti-Decimal Group”, Elizabeth Abraham, which exposed the paucity of robust opposition to decimalisation. Having explained that the Group had been in existence for two years and had

gradually got a keen collection of perhaps four or five hundred people around the country that we write to and then we leave it to them ... we are telling people that what they must do is boycott decimals ... you cannot get people interested until ... everyone really realises that it was a mistake.<sup>271</sup>

Two days before the introduction of decimal currency, on 12 February 1971, the Secretary of the same group, Anthony Insoll, was interviewed on the Radio 4 programme *World at One*. He pledged to continue with the Anti-Decimal Group’s campaign ‘as this injury to society is for all time ... we will be fighting a resistance campaign in perhaps an occupied country’, whilst confirming that the membership of this “resistance” was very small

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<sup>269</sup> National Archives, T193/111, *Transcript of “Home Run”* broadcast 1 February 1971.

<sup>270</sup> *Ibid.*

<sup>271</sup> National Archives, T193/111, *Transcript of “Home Run”* broadcast 3 February 1971.

with ‘four hundred active supporters, but of course a good number of other people who – well – sympathise.’<sup>272</sup>

It is certainly true that, in common with most government decisions, decimalisation was implemented without extensive sampling of public opinion. However, it is also difficult to sustain the argument that it was foisted on an unwilling population by a dictatorial elite. For much of the period between the setting up of the Halsbury Committee and the eventual implementation of the new currency, public reaction was muted. Opinion polls in the early 1960s tended to show a small majority in favour of decimal currency, and although there was certainly some trepidation as D-Day approached, active opposition, as represented by the four hundred or so members of the Anti-Decimal group, was miniscule.

Perhaps a more representative view was expressed by a Mr Geoffrey Skelton on Radio Brighton’s *Table Talk* programme. Responding to a listener’s question about the British public having decimalisation “forced upon them”. His response reflected a more general view: ‘I don’t object terribly ... I don’t like being forced to do anything, but I don’t see really how you can get out of the forcing bit, I mean a government has to decide one way or the other when it comes to things like money, we can’t have our choice, therefore philosophically I accept the force.’<sup>273</sup>

In summary, there is little evidence to support the view of decimalisation as being aimed at subjugating British identity as part of a project of creeping Europeanisation, forced on an unwilling population. The decision to retain the pound sterling as the highest-value, or

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<sup>272</sup> National Archives, T193/110, *Transcript of “World at One”* broadcast 12 February 1971.

<sup>273</sup> National Archives, T193/109 *Transcript of BBC Radio Brighton “Table Talk”*, broadcast 29 November 1970.

“heaviest” basic unit of any currency in the developed world was at least partly a result of a desire to maintain British prestige around the world. The continued use of the word “penny” for the subsidiary unit rather than cent, as adopted by many other countries, was designed to appeal to a British tradition of exceptionalism. Whilst reform can hardly be said to have been carried forward on a wave of popular enthusiasm, neither can it be credibly characterised as a policy imposed by diktat on a resistant public.

Decimalisation was not a radical or alien form of modernity imposed on an unwilling public, but rather a very British modernisation. It retained possibly more from the traditional currency system, including the penny, the pound and even a half-unit incompatible with a pure decimal system, than a more rational, but “un-British” reform would have done. The next chapter will consider more fully how the decimalisation project was consistent with a view of a Britain seeking to address supposed issues of decline, via a programme of modernisation.





## Chapter 4: Modernity, Declinism and Affluence

### *Introduction*

Previous chapters have examined the way in which the political process of decimalisation was managed, and how decisions were or were not influenced by issues of British identity, particularly in relation to Europe. The next chapter will consider how examination of the history of decimalisation, largely neglected in the written history of 1960s Britain, can contribute to that historiography. Specifically, I will examine the extent to which the history of decimalisation does or does not support the prevailing historical discourse about this period, as described in the introduction, and seek to determine how relevant the study of decimalisation, and how it was implemented, might be to understanding the 1960s.

Much of the historical writing about Britain during the period covered by this thesis is concerned with issues around the extent to which it saw a continuation of a long-term decline, as opposed to a golden age of affluence. To the extent that 'declinist' narratives held sway within the country at large it is argued this gave rise to attempts by governments to reverse the perceived decline through the modernisation of society and the economy. Yet the extent to which this modernisation was tempered or even frustrated by an underlying conservatism is contested. As discussed in the introductory chapter, the idea of decline, initially promoted by Corelli Barnett<sup>274</sup>, has been extensively critiqued by Jim Tomlinson,

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<sup>274</sup> For example, see Barnett, C (1986), *The audit of war: the illusion and reality of Britain as a great nation*, London, Macmillan.

who has argued that it was an essentially political construct, and was not supported by analysis of the UK's economic performance in the post-war period.<sup>275</sup>

This chapter will address the extent to which discourse around decimalisation mirrored and supported these competing narratives. I will discuss whether the decision to decimalise, and the system adopted represented a truly modernising measure, or conversely whether it was driven by more conservative considerations. I will also consider the extent to which these decisions reflected concerns around economic and political decline, or, alternatively were undertaken in the context of an increasingly affluent society. I will argue that the fact that decimalisation took place at all supports the view that the period was one of societal and economic modernisation, but in a very British, conservative fashion, as evidenced by the, ultimately successful, arguments advanced in favour of retention of the pound as the major unit. In discussing how notions of modernity played a part in the debates and decisions around decimalisation, it is necessary to consider how far these reflected a real impetus to modernise the economy and society, and how far they were to do with the country's image as a modern nation.

### ***Modernity and National Image***

An important part of the argument in favour of decimalisation was that it would promote an image of Britain as a modern, forward looking country, whereas retention of the £sd system would imply that the country was stuck in the past. This was an argument advanced throughout the period from the Follick bill in 1955 right through to implementation of the new coinage in 1971. Follick, introducing his Private Members Bill in the Commons referred

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<sup>275</sup> For a concise survey of the historiography of declinism, see Tomlinson, Jim (2005), 'Economic 'Decline' in Post-war Britain', in Addison, Paul and Jones, Harriet (eds.), *A Companion to Contemporary Britain 1939-2000*, Oxford: Blackwell.

to ‘our antiquated monetary system of guineas, sovereigns, pounds, florins, pence and farthings’, and bemoaned that ‘certain parts of the British Commonwealth form the only section of the civilised world which has not introduced a decimal currency.’<sup>276</sup> By 1961, a similar view was being expressed within Government, with the Chancellor, Selwyn Lloyd, advising Macmillan that:

It would be right for us to change to decimal currency. Quite apart from the economic advantages, which I am convinced would be very great in the long-term, I am sure that this would have an excellent psychological effect. It would be a forward-looking step, showing that we are ready to adapt our traditional arrangements to fit in with the conditions of the modern world.<sup>277</sup>

That the UK was struggling with the projection of an impression of modernity to the outside world was an ongoing subject of media comment. For example, the *Financial Times* columnist Tether arguing for a system based on a ten-shilling base unit, asserted in 1963 that ‘a country that is already having not a little trouble with the presentation of its “progressive image” is hardly in a position to continue for long in inglorious isolation in the matter of modernising the currency system.’<sup>278</sup>

As well as the general point about Britain’s image abroad, some commentators identified a more specific corollary, in terms of the attractiveness of the City of London to foreign traders, with Tether noting in 1956 that with the

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<sup>276</sup> Hansard, 2 February 1955, Volume 536, col.1113.

<sup>277</sup> National Archives, PREM 11/4768, note from Lloyd to Macmillan, 7 June 1961.

<sup>278</sup> *Financial Times*, 11 April 1963.

possibility of a general change-over to decimal coinage systems by the overseas sterling countries beginning to loom ... large ... Britain would then be one of the few commercially important countries in the world operating a currency system that the world in general evidently regards as out-of-date. Such a situation would clearly not be calculated to help the efforts the British Authorities have been making ever since the end of the war to encourage overseas countries to use sterling for financing their trade transactions and to promote the use of London as an international financial centre.<sup>279</sup>

Three years later, once this general change-over had begun to crystallise, through the plans of South Africa, Australia and New Zealand, he returned to the theme arguing that 'to continue to cling to antiquated methods when the rest of the world is modernising itself would be an extremely bad advertisement for a country that wants to act as a top international banker.'<sup>280</sup>

This point was amplified in official circles. A note written by the Chairman of the Treasury's Decimal Currency Working Party, G.R. Bell, in early 1961 argued against the Bank of England's view that the pound should be retained as the basic unit of a decimal currency for reasons of its international standing. Bell conceded that 'if the world woke to the announcement that the pound was to be abolished and replaced by a 10s. unit the next week, this would shake even the most hardened of international bankers'. However, he argued that this was 'not even remotely in prospect', since:

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<sup>279</sup> *Financial Times*, 5 September 1956.

<sup>280</sup> *Financial Times*, 13 April 1959.

There is bound to be a period of two, or even three years, between the announcement that a change is to be made and the appearance of the new currency. During this time there would be ample opportunity for international opinion to digest the reasons ... to accustom themselves to the idea that in future sterling would be expressed in such a unit, and to make preparations for the necessary amendment of records, etc.

If we announce that we are going to decimalise the currency and to retain the pound, opinion overseas will have the same opportunity to appreciate the high cost in inconvenience which this decision involves. It is arguable that one of the things most damaging to international confidence in Great Britain is the view that we have lost the sense of proportion about our traditions; that we often cling to out-of-date practices and refuse to modernise until so late that the world has got ahead of us, and that when we do modernise we tend to throw away some of the benefit by insisting upon retaining traditional arrangements which have no place in the modern world ... Might not a decision to adopt a unit of 10s., with the obvious advantage of neatness which would result, be regarded as a sign of strength and of a vigorous and realistic approach to a problem of modernisation, rather than the reverse?<sup>281</sup>

The view expressed by Bell, and the majority of the Working Party, that a truly modernising approach to decimalisation necessitated a change to the basic unit from the pound to 10s, was endorsed by the Treasury's Permanent Secretary, Sir Frank Lee, who wrote to Chancellor Lloyd that 'the disappearance of the £ should not affect the standing of sterling

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<sup>281</sup> National Archives, BT 258/1193, DC (61) Decimal Currency Working Party, 9 February 1961.

abroad, and indeed that the deliberate choice on grounds of tradition of a demonstrably inconvenient system might do our reputation more harm than good.<sup>282</sup> Although, as discussed elsewhere in this thesis, Lee subsequently changed his mind and came to support retention of the pound, this was an argument that continued to be made by others.

Commenting in the *Financial Times* in April 1963, when the Halsbury Committee was still grappling with the issue of the choice of base unit, Tether, in a piece entitled “Onward to a 10s. Decimalisation”, argued that ‘the U.K. could, of course continue to hold out nevertheless. But a country that is already having not a little trouble with the presentation of its “progressive image” is hardly in a position to continue for long in inglorious isolation in the matter of modernising the currency system.’<sup>283</sup>

In a similar vein, at the second reading of the Decimal Currency Bill in 1967, the Conservative Shadow Chancellor, Iain Macleod rejected the “international argument” made in favour of the pound’s retention and posited an alternative view. ‘There is an international argument (he stated), but it is very different from that which appears in the Halsbury Report. The international argument is that if we are to modernise our currency, we should modernise it within the main stream of opinion in the world rather than outside it, as the Government propose.’<sup>284</sup>

In summary, there was a significant school of opinion which believed that Britain’s image as a modern country would be greatly enhanced, not just by the introduction of decimal currency *per se* but more specifically by adopting a system which jettisoned the pound and its association with traditionalism. As will be explored more thoroughly later in this chapter,

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<sup>282</sup> National Archives, PREM 11/4768, Note from Lee to Lloyd, 18 May 1961.

<sup>283</sup> *Financial Times*, 11 April 1962.

<sup>284</sup> Hansard, 22 March 1967, Volume 743, col.1753.

this view of modernity was contested, ultimately successfully, by those in the City and elsewhere, who took a more cautious approach to reform.

### ***The Efficiency argument***

If the arguments for decimalisation and for the adoption of specific systems were partially framed in terms of an image of modernity and Britain's international reputation as a financial centre, that is not to say that there were not more concrete justifications for modernising the currency. These were framed around the perception that a decimal system was more efficient, both in terms of the simplicity of calculation, and its presumed compatibility with business machinery at a time of incipient but ever-increasing computerisation.

The Joint Report on Decimalisation and Metrication (the BAAS/ABCC report) (1960) identified long-term advantages of decimalisation under four category headings: 'Simpler manipulation of figures in everyday life ... savings in office work ... office machines ... (and) ... educational aspects.'<sup>285</sup> However, the report also acknowledged that quantification of such advantages in terms of savings to the economy was problematical, as 'no satisfactory estimates of long-term benefits can be made as the benefits would be spread in varying degree over the whole population, and would be perpetual.'<sup>286</sup> That said, the report did include a table of responses to a questionnaire sent to business who collectively estimated savings of £760,000 per annum, although these responses represented a relatively small

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<sup>285</sup> Decimal Coinage and the Metric System: Should Britain Change? (1960), London: Butterworth, p.8.

<sup>286</sup> Ibid., p.12.



sample of industry as a whole (64 large, and 68 small companies) .<sup>287</sup> In discussing

“Educational Aspects”, the report noted that:

“Money sums” would no longer be different from other sums, and the simplification of the mechanical work would leave more time for other subjects. The saving from decimal coinage alone is estimated at about 5% to 10% of mathematics teaching time from ages 6-11, or up to 2% of teaching time. Over the age of 11 the saving would be much smaller, about 1% of total teaching time for age groups 11-14.<sup>288</sup>

These figures for saving in teaching time were effectively assertions, with no concrete evidence supplied to support them. Nevertheless, the same figures continued to be quoted, re-appearing six years later in the 1966 White Paper.<sup>289</sup>

Meanwhile, the Halsbury Committee was not asked to estimate the savings to the economy resulting from such efficiencies arising as a result of decimalisation, but in any case it largely concurred with the view of the BAAS/ABCC report, deeming them ‘incapable of measurement. But there can be no doubt that decimalisation will result in real savings.’<sup>290</sup>

The problem of calculating under the £sd system was set out by Proudfoot at the second reading of his Decimal Currency Bill in 1962:

The amount of arithmetic which has to be used in our antiquated system of money is surprising. If there is a simple addition involving five sums of money, one has to start in the halfpenny column and add up all the halfpennies and then divide by two; one then adds up all the pence in tens and units and divides by twelve; then one adds up

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<sup>287</sup> Ibid., p.13.

<sup>288</sup> Ibid. p.8.

<sup>289</sup> Cmnd 3164, *Decimal Currency in the UK*, HMSO, London, paragraph 9.

<sup>290</sup> Cmnd. 2145 (Halsbury committee Report), p.140.

all the shillings in tens and units and divides by twenty; and finally, one arrives at the main unit. The complication of that is incredible, and we are able to do it only because we are taught how at a very youthful age. The system is awkward and cumbersome.<sup>291</sup>

Although Proudfoot's bill was unsuccessful, the case for modernisation based on efficiency of calculation continued to be made. Introducing the Government's bill five years later, the Chancellor, James Callaghan expanded on Proudfoot's arguments:

One of the largest benefits of decimalisation is that it will harmonise money and non-money calculations. There will be fewer chances of making mistakes. It will be easier and quicker. The shopper and the shop assistant will both benefit. So will the schools, where the teaching by the teachers and the learning by the pupils will be easier. Some calculations have been made that show that a very considerable amount of learning time will be saved. In offices, commercial houses and banks, calculations on the decimal system will be greatly simplified. The benefits will be felt quickly by all the nation.<sup>292</sup>

Although the case for decimalisation on the grounds of efficiency of calculation was arguably weakened as a result of adopting a £-based system which still required a half-pence unit, even those continuing to argue for a "pure" decimal system, based on the 10s unit, acknowledged that the decimalised pound was a far more efficient system than £sd. Shadow Chancellor Iain Macleod believed that while the government had 'not picked the best system ... at least ... (it was) ... an advance from the one we have now', and that 'future

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<sup>291</sup> Hansard, 4 May 1962, Volume 658, col. 1405.

<sup>292</sup> Hansard, 22 March 1967, Volume 743, col.1732.

generations of school children will be delighted, and so will many people in industry and business.’<sup>293</sup> This point was echoed by his fellow “ten-bobber” the Liberal MP, Eric Lubbock. Referring to his 13-year old son spending ‘hours of useless work on tasks such as multiplying £3 17s. 11½d. by five’ he pointed out the need to address this ‘if the country is to benefit from the system now proposed, which is at least a good deal more readily comprehensible than the extraordinary system of currency which we have had for many centuries.’<sup>294</sup>

Meanwhile the Government argued that retention of the pound as the basis for the new currency was actually ahead of its time, and so more “modern” than the 10s. Speaking in support of this view the backbench Labour MP, Alistair Macdonald quoted the Opposition spokesman, Terence Higgins who had stated that ‘after 20 years the balance of advantage lay with the £ system which the Government had adopted.’ Macdonald argued that ‘if the Opposition say that the Government's system is better for 180 out of the 200 years, where is the case which they still hanker after for adopting the 10s. system which will so soon become less than satisfactory?’<sup>295</sup>

This generalised case that a decimal system was more efficient and would save time in calculation both for businesses and in education was based largely on an intuitive feeling that there would be a significant economic benefit which, nevertheless, could not be robustly quantified. More concrete advantages could be evaluated as a result of the ability of business machines to handle decimal calculation more economically than the £sd system.

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<sup>293</sup> Hansard, 21 June 1967, Volume 748, col. 1889.

<sup>294</sup> Ibid, col. 1890.

<sup>295</sup> Hansard, 19 February 1970, Volume 796, col. 649.

### ***Business Machine Issues***

Perhaps more important than considerations around the ease of manual calculations was the need for a currency system compatible with increasing mechanisation of financial processes in the 1950s and 1960s. Again, Tether, writing in 1959, was one of the first to recognise this issue, commenting that by retaining the £sd system the UK

puts itself at a disadvantage against other countries in the export field and elsewhere. All its calculations tend to be more complicated – and therefore more costly – than theirs while it has either to be contented with much less advanced office machinery than they can have or be prepared to pay much more for the machinery needed to give equivalent service.<sup>296</sup>

Noting the following year that the UK stood ‘on the verge of a vast swing to automation in the business world’, he advised the avoidance of ‘a lot of unnecessary trouble ... if we enter this phase on a £, shillings and pence footing only to find later on that the whole thing’s got to be re-cast on a decimal currency basis.’<sup>297</sup>

The BAAS/ABCC report, published in the same year (1960), made a similar point, noting that under a decimal system:

There would be greater uniformity among calculating machines which would become fundamentally the same for money or arithmetical calculations. A freer market for both U.K. and foreign manufacturers should result in cheaper machines. £.s.d. machines have, of course, long been in use, but most calculating machines only

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<sup>296</sup> *Financial Times*, 24 October 1959.

<sup>297</sup> *Financial Times*, 27 August 1960.

work in decimals, and money computations involve the decimalisation of £.s.d. and subsequent reconversion.<sup>298</sup>

This point was spelled out even more forcefully by the Institute of Chartered Accountants in England and Wales (ICAEW) in its Council's response to the Government's request for views on decimalisation, announced by the Earl of Dundee in the House of Lords in 1961:

It is wholly inappropriate that a country that regards itself as an international banker and major progressive commercial nation should become the sole surviving exponent of a currency system abandoned by every other commercially advanced nation. In particular, the retention of a non-decimal currency will leave the United Kingdom at an increasing disadvantage in the use, manufacture and export of financial data processing and other monetary machines during an era of rapid development in this field in Europe and throughout the world.<sup>299</sup>

By now the issue was beginning to be raised increasingly frequently in Parliament. In November 1961 the Conservative, Gresham Cooke, suggested that the Chancellor might be encouraged 'by the fact that the business community now seems to be coming round in favour of decimal coinage. The expenditure on new instruments, adding machines and computers would appear to be justified by the savings that would accrue to industry.'<sup>300</sup> In the debate on his Private Members Bill in May 1962, Proudfoot noted that the economy was 'on the threshold of more and more mechanisation in business. Businesses are getting

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<sup>298</sup> Decimal Coinage and the Metric System, p.8.

<sup>299</sup> National Archives, BT 258/1194.

<sup>300</sup> Hansard, 21 November 1961, Volume 649, col 1112.

increased mechanisation This is another reason why we should go in for this change as rapidly as possible.<sup>301</sup>

Clearly the increasing pace of mechanisation played an important role in encouraging the Government to seriously consider the issue of decimalisation, and when the Halsbury Report was published in 1963, an entire chapter was devoted to “Machine Considerations”. One paragraph from that Chapter sums up the potential benefits:

If the United Kingdom were to adopt a two-place decimal currency system, business machines recording money here would be of the same “standard” type sold in virtually all other world markets. This would simplify manufacturers’ production problems and would help exports. Cost benefits deriving from standardisation might result in lower prices for machine users. Equally, of course, foreign manufacturers would be relieved of the requirement to design specially for the £.s.d. market, with probable benefits to United Kingdom machine users in the way of lower prices and a wider and earlier choice of machines.<sup>302</sup>

In the event, by choosing a £-cent-half system, thereby introducing a vulgar fraction into a decimal, as Halsbury recommended, the Government subsequently implemented a scheme which meant that the benefits of standardisation were diluted. Most other decimal currencies in the world operated without the need for vulgar fractions, so by retaining them, the UK still required bespoke machines. In justifying this departure from near-universal practice, Halsbury argued that the benefits of a “pure” decimal system were exaggerated:

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<sup>301</sup> Hansard, 4 May 1962, Volume 658, col. 1423.

<sup>302</sup> Cmnd. 2145, p.69.

First, the general “trade” arguments for standardisation cut both ways; United Kingdom manufacturers would find it easier to sell abroad but their foreign competitors would also find it easier to sell here. Second, even under a £-cent- ½ system, a number of machine users would ignore all fractions for accounting purposes and use standard machines. Third, a system with a ½ cent would involve only slight deviations from standard compared with the present complex £.s.d. system; it would always be open to machine users to record the ½ cent as a third decimal place.<sup>303</sup>

It is difficult to escape the conclusion that, in this instance, Halsbury was seeking to defend the recommended system on the basis that it could be worked around, thereby implicitly acknowledging that it represented a sub-optimal solution. The benefits of modernisation had been compromised in order to retain the pound as the major unit. Certainly, this was the view of the business interests concerned. Despite the potential for foreign competition, as Halsbury reported, both the Business Equipment Association and the Electronic Engineering Association strongly favoured a system without fractions.<sup>304</sup>

This tension between the political decision to introduce a system requiring a half cent unit and the rejection of a 10s-cent system was reflected in the Commons debates on the Decimal Currency Bill in 1967. The Government’s White Paper, published in December 1966, had argued that the latter made ‘less efficient use of machine capacity’<sup>305</sup>, but this was challenged by the Liberal MP, Eric Lubbock:

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<sup>303</sup> Ibid., p.70.

<sup>304</sup> Ibid., p.69.

<sup>305</sup> Cmnd 3164, paragraph 15.

This is only true to the extent that businesses ignore the half unit. If they need an extra column to record it, as they will do in the case of cash registers for retail shops, for example, the capacity of machines will only be one-fifth of what it could be under the 10s.-cent system. There is also the cost to the country of having to continue manufacturing non-standard machines recording the half unit which will not be used anywhere else in the world.<sup>306</sup>

Others, including the Conservative, Terence Higgins, MP, argued that including a half unit would mean the UK having to 'produce different business machines ... (for) export ... (until) the half unit falls off the end of the £1 system with the increase in inflation and the rise in the standard of living... (after which) ... many of our business machines (would) have to be converted yet again.'<sup>307</sup>

This drawback of the proposed system in this respect was acknowledged in a response from the Government supporter Alistair Macdonald, who characterised it as the 'only one serious argument advanced in favour of the 10s. system ... but ... (he did not) think that alone it is sufficient to stand up against the weighty arguments in favour of the £ system advanced by the Chancellor of the Exchequer.'<sup>308</sup>

It is clear that the Government was prepared to sacrifice some of the economic benefits of decimalisation which would have accrued under a "pure" decimal system which did not require a half unit, in order to meet the objections of those, primarily in the City, who urged

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<sup>306</sup> Hansard, 22 March 1967, Volume 743, col. 1790.

<sup>307</sup> Ibid, col. 1804.

<sup>308</sup> Ibid, col. 1801.



for the retention of the pound. In this respect, modernity, in the guise of a more efficient system, was compromised by other economic and political considerations.

### ***Modernising the Royal Mint***

One corollary of the decision to decimalise was the need to modernise and expand the capacity of the Royal Mint. At around this time the Government had embarked on a policy of dispersing some of its activities and functions away from London to those areas of the country suffering relatively high unemployment (so-called Development Areas), following the 1963 Dispersal of Government Work Report by Sir Gilbert Fleming.<sup>309</sup> This coincidence of a need to expand production and the wish to build new facilities outside London was a key driver of the ultimate decision to build a new Royal Mint in Llantrisant, South Wales. As such, unlike the scheme of decimalisation itself, it represented a measure of modernisation unconstrained by considerations of tradition or conservatism.

The requirement for improved facilities at the Mint was enhanced by, rather than originated as a result of, decimalisation. Although the existing one- and two-shilling coins could continue in circulation as 5p and 10p coins respectively, new coins were required in the shape of the new halfpenny, penny, two pence and fifty pence pieces, and an operational research survey commissioned by the Decimal Currency Board estimated that a stock of over four billion decimal coins would be required by D-Day.<sup>310</sup> The existing Royal Mint, sited at Tower Hill in London, had long been earmarked for rebuilding on the grounds that it

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<sup>309</sup> National Archives, RG 20/304.

<sup>310</sup> Moore, p.90.

suffered a 'a 'chronic shortage of space', and as early as 1955, the government had decided to rebuild the Mint on its existing site.<sup>311</sup>

However, the Deputy Master of the Mint,<sup>312</sup> John Hastings James, appointed in 1957, was minded to favour the building of a modern mint in a different location rather than rebuilding on the Tower Hill site. Therefore in 1959, he commissioned a survey by the consulting civil engineers Sir Alexander Gibb and Partners to report on options for redevelopment of the Mint, both on-site and elsewhere. Gibb reported in April 1961 and whilst the report was being considered, according to C.E. Challis, 'late in 1961 an announcement was made which was decisively to alter the whole discussion on rebuilding.'<sup>313</sup> This announcement was the setting up of the Halsbury Committee, which prompted James to himself almost immediately appoint 'a decimalisation working party within the Mint to begin planning so that, in the event of a government decision to go ahead with decimalisation, the Mint would indeed be able to deliver what was required.'<sup>314</sup> This working party met between February 1962 and May 1964, but in the absence of a government decision fell into abeyance thereafter.<sup>315</sup>

Once the decision to decimalise on the basis of the pound was announced in March 1966, discussions between the Mint and the Treasury about the options for producing the new coins commenced in earnest. By the end of that year it was agreed that Deputy Master

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<sup>311</sup>Challis. C.E. (1992) 'A New Beginning: Llantrisant', in C.E. Challis (Ed.), *A New History of the Royal Mint*, Cambridge: Cambridge University Press, p.611.

<sup>312</sup> The Deputy Master of the Mint is effectively its Chief Executive. The title "Master of the Mint" is held, *ex officio*, by the Chancellor of the Exchequer.

<sup>313</sup> Challis, p.614.

<sup>314</sup> Ibid, p.615.

<sup>315</sup> Ibid, p.615.

James' preferred option of relocating the Mint on a new site in a Development Area would be the one followed.<sup>316</sup>

In early 1967, the issue of location of the new Mint was raised on several occasions in Parliament. On 31 January, for example, the Conservative member for Glasgow Cathcart, Teddy Taylor,

asked the Chancellor of the Exchequer if he will now make a statement on the site chosen to build the proposed new Royal Mint ... Before arriving at a decision, will the right hon. Gentleman look closely at the Act of Union of 1707, which states clearly that Scotland joined with England only on the strict understanding that the Mint would be continued? Will he also bear in mind that unemployment in Scotland is now increasing at twice the rate for the rest of the country?'<sup>317</sup>

Unsurprisingly other members made similar interventions arguing in favour of the areas and constituencies they represented, with Leo Abse (Pontypool), and Donald Anderson (Monmouth) both promoting the virtues of Monmouthshire, whilst David Steel (Roxburgh, Selkirk and Peebles) asked the Chief Secretary, Jack Diamond to 'study the Government's plans for industrial development of the Borders of Scotland and note how the employment structure of the Mint would be eminently suitable for this part of the country.' Diamond, agreed to do so whilst noting 'an apparent coincidence between the arguments from the respective constituencies.'<sup>318</sup>

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<sup>316</sup> For a full discussion of how this decision was arrived at, see Challis, pp.614-623.

<sup>317</sup> Hansard, 31 January 1967, Volume 740, col. 233.

<sup>318</sup> Ibid, cols. 233-234.

Meanwhile the Mint carried out surveys of a number of sites and these were considered by the Official Committee on Dispersal, which reported to the Secretary of State for Economic affairs, Michael Stewart, on 31 March 1967 that any one of three sites, Llantrisant in Wales, Cumbernauld in Scotland and Washington in North-East England, would be suitable given the government's dispersal policy. In his memorandum to the Cabinet, Stewart noted that the Ministerial Committee on Environmental Planning had considered the Official Committee's report and 'agreed on balance that the choice should fall on Llantrisant.' This was partly on the basis of the proximity of the Rhondda Valley, where high levels of current unemployment and impending pit closures presented 'one of the most intractable unemployment problems in the country.' However, given 'serious unemployment problems in the other two areas' this would not in itself be decisive, were it not for the views of the Mint management, who, noting that 'resistance to dispersal on the part of their employees could jeopardise the entire decimalisation project' had concluded that 'the choice of Llantrisant would minimise these risks.'<sup>319</sup>

Perhaps predictably, the Secretary of State for Scotland, Willie Ross, was unable to accept the majority view, arguing that Cumbernauld stood 'in most need of employment' and that present employees of the Mint should not determine its future siting. Most damningly, Ross condemned the recommendation in favour of Llantrisant as 'quite indefensible' on the grounds that Wales had, 'since 1963 ... already had as many Government jobs as Scotland, with a much smaller working population.'<sup>320</sup> This apparent discrimination between nations and regions was quantified in Michael Stewart's presentation to Cabinet on 18 April 1967:

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<sup>319</sup> National Archives, CAB/129/129, Cabinet Memorandum C (67) 51, Location of Decimal Factory and the New Royal Mint, 13 April 1967.

<sup>320</sup> Ibid.

The number of jobs created under the dispersal policy in Wales, with a population of 2,700,000 was nearly 9,000 ... the corresponding figure for Scotland with a population of 5,200,000 was 6,560; and for the Northern Development Area, with a population of 3,300,000, 3,900.<sup>321</sup>

The ensuing discussions in Cabinet, on 18 April 1967, reflected this division, with the Secretary of State for Wales, Cledwyn Hughes, pressing the case for Llantrisant, whilst Ross continued to argue for the Mint to be built in Cumbernauld, and Anthony Greenwood, the Minister of Housing and Local Government backed Washington. However, Stewart argued that, in relation to the dispersal policy 'there were many other factors to be taken into account, notably the effects of the choice of a particular site on the operational efficiency of the organisation concerned.'<sup>322</sup> In the end, it was agreed that the 'considerable weight should be given to the views of the management ... since the success of the decimalisation project was dependent on the willingness of a substantial proportion of the present employees to transfer to the new location.'<sup>323</sup> In this context, unless Llantrisant was chosen, there was a 'serious danger that resistance on the part of Mint employees would in practice make it impossible to implement the decision.'<sup>324</sup> The Government's decision to relocate the Royal Mint to Llantrisant was announced in the House of Commons by the Chancellor on 25 April 1967.

Callaghan's biographer, Kenneth O. Morgan has stated, based on notes written by Callaghan himself, that the Chancellor's 'own preference was for Llantrisant, only a few miles from his

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<sup>321</sup>National Archives, CAB/128/42, Cabinet Conclusions CC (67) 21, 18 April 1967.

<sup>322</sup> Ibid.

<sup>323</sup> Ibid.

<sup>324</sup> Ibid.

own Cardiff.<sup>325</sup> Furthermore, Morgan asserted 'the choice of Llantrisant, a former mining community in South Glamorgan rather than Cumbernauld new town testified to the greater clout in Cabinet of the member for Cardiff South-East than of Willie Ross. The Scottish Secretary.<sup>326</sup>

In the main, opposition to the Government's decision was expressed by MPs arguing for the Mint to be relocated in their own constituencies, rather than Llantrisant. A lone dissenting voice came from the Conservative member for Horncastle in Lincolnshire, Peter Tapsell:

If I may put aside constituency considerations for a moment in what is essentially a national question, may I ask the Chancellor whether he will bear in mind that some of us, on reflection, may feel that a great national institution such as the Royal Mint really ought to remain in the capital city—[HON. MEMBERS: "No."]<sup>327</sup>

If Tapsell's appeals to tradition fell on deaf ears, the move from Tower Hill was not uncontested, not least by the Mint's staff themselves. Although the decision to opt for Llantrisant was heavily dependent on the Mint management's expressed view that 'a move to South Wales would be the least obnoxious to the staff of the Mint as a whole', this proved optimistic.<sup>328</sup> For the next three years there was intermittent industrial action as the Trade Unions, supported amongst others by the local MP, Ian Mikado, sought first, unsuccessfully, to stop the move, and subsequently to seek favourable terms for staff redundancy, relocation and redeployment.<sup>329</sup> On at least one occasion the impartiality of the Chancellor and MP for Cardiff South, James Callaghan, was called into question by

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<sup>325</sup> Morgan, p.256.

<sup>326</sup> Ibid, p.284.

<sup>327</sup> Hansard, 25 April 1967, Volume 745, col.1335.

<sup>328</sup> Challis, p.625.

<sup>329</sup> See Challis pp.632-641.

Trade Unions: 'The Chancellor wants the Mint in Wales regardless of the cost because he, as Head of the Mint, is a Welsh representative in Parliament and therefore has a bias in the interests of the country.'<sup>330</sup> Although Callaghan did meet with Mint staff on three occasions in the months following the Cabinet's decision in favour of Llantrisant, seeking to reassure them about the move, the evidence that he unduly influenced that original decision, hinted at by Morgan is circumstantial rather than conclusive.

The Government used the opportunity of decimalisation to effect an overdue modernisation of the Royal Mint and at the same time to advance its policy of dispersal of government functions from London to the Development Areas. In doing so, it resisted appeals to tradition, and also pressure from the trade unions and some of its own MPs to reverse the decision. The choice of site was largely dependent on the advice from the Deputy Master of the Mint, John Hastings James, albeit that there was a fortuitous co-incidence with the constituency interests of the Master of the Mint, James Callaghan.

### ***Duo-decimalism***

Not all of the discussions around the best system to be adopted in order to optimise the efficiency of business machinery were predicated on the assumption that decimalisation was a given. A more esoteric argument, partly academic and partly related to office technology, which gained some traction during the debates around decimalisation was presaged by an intervention by the Labour front-bencher, Bruce Millan MP, during the debates on the Proudfoot Bill in 1962. He noted that

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<sup>330</sup> RM.2/343/136, quoted in Challis, p.637. Attributed to unidentified member of Trade Union Side.

computers do not work on a decimal system, but use binary arithmetic ... I suppose that if it is perfectly possible for electronic computers to do this it would be possible to use the binary arithmetical system for our ordinary transactions ... the fact that the decimal system is not the only one which gives this facility for using a points or placing system is worth bearing in mind.<sup>331</sup>

Developing his theme, he argued that 'some mathematicians think that the duo-decimal system - which employs the base of twelve rather than ten - is more convenient than the ordinary decimal system.' Whilst acknowledging the difficulty in gaining public acceptance of moving to a duo-decimal system, he argued that 'those who are most enthusiastic about decimal coinage talk as if those who make certain qualifications and cautionary remarks about it are somehow impossibly conservative and are not willing to get up to date with a progressive system.'<sup>332</sup>

In raising this issue, Millan was reflecting the arguments of the erstwhile Professor of Mathematics at Edinburgh University, A.C. Aitken, who, in 1962, published a pamphlet, *The Case Against Decimalisation* in which he advocated duo-decimalism as 'superior in all important respects to the decimal system'.<sup>333</sup> Characterising the recent change to decimals in South Africa as 'the apparently progressive though in fact mathematically reactionary change of system', Aitken argued that the UK should 'adopt nothing whatever from France, America ... (but should) try in some measure to forecast the future of computation

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<sup>331</sup> Hansard, 4 May 1962, Volume 658, col.1431.

<sup>332</sup> Ibid.

<sup>333</sup> Aitken, A.C. (1962), *The Case Against Decimalisation*. Edinburgh and London: Oliver and Boyd.



from 1961 to the end of the millennium will be the era of electronic computers ... These will transform not merely arithmetic, but education in arithmetic; and a younger generation, familiar with binary and octonary systems as well as with decimal, will be sure to ask: What, reckoned in terms of time and efficiency, is the worth of the decimal system, and is there a better? We shall without doubt see this happen, probably in Russia and America almost simultaneously, while we, who of all nations in the world are in the special and most favourable position to make the change, may be left behind; may well in fact have made a belated change, only to have to make a further belated one. Of course, on the other hand, there may be financial, economic and indeed political considerations which may enforce the other, to my mind reactionary, decision; but that would require a separate study, which has in some part been done and is in any case outside my competence. But I will simply say: political expediency is the ruin of science.<sup>334</sup>

This argument, that in a computer age in which calculation would be undertaken in binary, or multiples of binary numbers, the basis of all arithmetic should be changed to a duo-decimal one was supported by some in academic circles. For example, the eminent mathematician Florence Nightingale David, Professor of Statistics at University College London, reviewed Aitken's article approvingly, whilst characterising decimalisation as a 'reactionary proposed change'.<sup>335</sup>

The response amongst commentators, and in political circles to Aitken's argument was less receptive. Tether, in the *Financial Times* referred to 'some strange shots in the decimal

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<sup>334</sup> Ibid.

<sup>335</sup> David, F.N. (1964), Review of *The Case Against Decimalisation by A. C. Aitken*, in *Biometrika* 51 (1/2), p.295.

battle' in which 'the anti-decimalisers seem to have given up without a fight with one notable exception ... Professor Aitken has gone on doggedly pushing his ... argument that, as the decimal system of computation is inferior to the duodecimal, Britain is doing the wrong thing by moving towards the present standard form of decimal system.'<sup>336</sup> In the Commons, meanwhile, Wilfred Proudfoot pointed out the fundamental flaw in Aitken's argument, namely that a move to a duodecimal arithmetical system would have to be subject to international agreement, and could not be implemented unilaterally, stating that 'if we adopted the duodecimal system we should be the only country using it and ... it would seriously damage exports'.<sup>337</sup>

Nevertheless, the duodecimalist argument did receive posthumous support from one highly distinguished source, as reported in the Commons by the Chief Secretary to the Treasury, Anthony Barber:

In the Treasury we recently came across a letter from the late Lord Keynes, written in 1945 from Washington and containing the following passage: "I confess to some emotions of duo-decimal conservatism. I have always thought that the decimalisation which the Aryans brought in was a trifle vulgar and that the Sumerian origins of our civilisation were more distinguished when they duo-decimalised the fundamental concepts for measuring time and money which they invented".<sup>338</sup>

Perhaps the final word on the supposed modernising aspect of duodecimalism, and conversely the idea that decimalisation was a regressive measure, belongs to Lord Halsbury,

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<sup>336</sup> *Financial Times*, 21 April 1962.

<sup>337</sup> Hansard, 23 March 1961, Volume 637, col.57.

<sup>338</sup> Hansard, 4 May 1962, Volume 658, col.1439.

speaking in a Lords debate in 1969, who characterised duodecimalism as essentially backward looking, whilst acknowledging its advantages:

We must learn not to look back nostalgically on the old duodecimal system. We must not turn back ... to the past, and to what was going on there. The duodecimal and the decimal systems are quite different. Each has its advantages; each has its disadvantages - nobody will dispute that. The great advantage of the decimal system is that it aligns our treatment of measure with the use of language in terms of which numbers are expressed. One of the advantages of the duodecimal system is that you can divide the radix by two twice. Nobody disputes that you cannot do that in a decimal system. I beseech your Lordships not to try to do what cannot be done, but to learn to think and plan decimally, and to adjust units in such a way that they fit naturally in with the one, two, five and ten coins which are the natural divisions of a decimal system.<sup>339</sup>

Ultimately, the proponents of duo-decimalism were swimming against the tide of history and of mathematics, and whilst “Dozenal Societies” continue to promote the idea of duo-decimal arithmetic in both Great Britain and the US, they remain very much fringe organisations.

### ***Conservative Arguments***

If there were arguments against decimalisation, or the system that was chosen on ostensibly modernising, progressive grounds, there were also those whose views were informed by a conservative, anti-modernising agenda. Within Parliament those opposed to any form of

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<sup>339</sup> Hansard (Lords), 13 May 1969, Volume 302, col.17.

decimalisation were a small but vocal minority and included the Conservative backbencher Sir Godfrey Nicholson, who had expressed disquiet at the setting up of the Halsbury committee<sup>340</sup> maintained a constant and backward-looking opposition to decimal currency, arguing in 1965 that 'up to the present the country as a whole has not shown itself prepared to accept the new system and ... it is only the eggheads who favour it?'<sup>341</sup>

Similar sentiments were expressed by his colleague, Michael Clark Hutchison, the Conservative MP for Edinburgh South, who asked Selwyn Lloyd, whether he was 'aware that the present currency system is entirely satisfactory, and that no change whatsoever is required?'<sup>342</sup> However, such views were increasingly rare as the principle of decimalisation became widely accepted, and Clark Hutchison himself was regarded as a political throwback. In an obituary published in 1993 in the *Independent*, the Scottish Labour MP, Tam Dalyell recalled an occasion when:

a Labour colleague, in understandable shock at Clark Hutchison's reactionary views, snapped at him that he was 'an antique dinosaur' who ought no longer to be in the House of Commons. Clark Hutchison, to the younger man's fury, pretended to be as pleased as Punch. 'Lot to be said for dinosaurs in Westminster,' he chuckled.<sup>343</sup>

Although outright opposition to decimalisation on essentially reactionary grounds was rare, those advocating reform felt the necessity to rebut such arguments. Speaking in the House of Lords, Lord Fraser of Lonsdale put the case against a blind defence of the status quo:

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<sup>340</sup> See Chapter 3, *Decimalisation as Diktat* above. <sup>341</sup> Hansard, 22 June 1965, Volume 714, col.1456.

<sup>342</sup> Hansard, 21 February 1961, Volume 635, col. 293-294.

<sup>343</sup> *Independent*, 24 March 1993.

The instinct of a man of my age might well be to say, "Well, I have put up with pounds, shillings and pence for 50 years. Why not leave me alone?" That view is understandable; but I do not think it is a proper answer to the responsibility that rests upon us of dealing with new ideas when they come to our notice and of applying them if we feel that they are going to be of value ... it is a responsibility of Government to look into the future; and that on its merits this matter deserves the fullest possible consideration.<sup>344</sup>

Meanwhile, as the debate began to shift towards the system of decimalisation, some commentators identified the advocates of decimalisation on the basis of a pound major unit as being a barrier to modernisation. Again, C. Gordon Tether was a prominent critic, arguing in May 1960 that:

There are, sad to relate, ominous signs that the long overdue decimalisation of our currency may be in danger of being spoiled by sentimental talk of the "absolute necessity to preserve the pound in its present form" ... any intelligent person who thinks about it for 15 minutes can almost certainly be counted upon to agree that Gladstone was wrong when he said in 1854 that the time was not ripe for decimalisation and that the sooner we correct his lapse the better ... The "traditionalists" are going to fight hard to keep the £ ... It may be next to impossible to prevent the spoiling of the decimalisation if the scientists and practical men do not give a firm lead in the right direction.<sup>345</sup>

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<sup>344</sup> Hansard (House of Lords), 10 November 1960, Volume 226, col.485.

<sup>345</sup> *Financial Times*, 7 May 1960.

Railing against perceived conservatism in the Treasury later in the year, he accused them of having 'set their hearts on making the country a living museum where all the world could see the old-time monetary practices going on just as they had done for centuries.'<sup>346</sup> The following May, he warned of an alliance between 'the traditionalists, whose slogan is "hands off our antiquated currency"', and the sentimentalists who maintain that any decimalisation that did not retain the £ as its basic unit would be intolerable who between them (were) developing a powerful anti-reform counter attack.'<sup>347</sup>

The initial failure of the incoming Labour Government to press forward with decimalisation, and its lack of support for Eric Lubbock's Private Members Bill in 1965, was perceived by the *Guardian* as 'an odd comment on its enthusiasm for modernisation' and queried whether this could signify 'an excessive reverence for tradition'<sup>348</sup> In the event, Callaghan's announcement of the decision to decimalise at least partially assuaged the fear expressed in the same comment column that the new Government was harbouring 'a traditional pride in being odd man out.'<sup>349</sup> Nevertheless, in defending the decision to retain the pound as the major unit, Diamond deployed what the Liberal, Eric Lubbock described as 'a good conservative argument' in stating that 'we have had the £ for a very long time. Everybody inside and outside this country knows of the £.'<sup>350</sup>

The Labour backbencher, Robert Cant, speaking in the debate on the 1967 Bill, gave what could be seen as the definitive expression of the argument that the Labour Government's

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<sup>346</sup> *Financial Times*, 24 December 1960.

<sup>347</sup> *Financial Times*, 6 May 1961.

<sup>348</sup> *Guardian*, 2 May 1965.

<sup>349</sup> *Ibid.*

<sup>350</sup> Hansard, 21 December 1966, Volume 738, col.1514.

retention of the pound meant that it could only be seen as being a strictly curtailed form of modernisation:

Many people, including myself, had high hopes that the Chancellor was doing something which would make a contribution to the theme of modernising Britain by introducing decimal currency. I thought that this "something" was out of all proportion to the thing itself; that it was, in a sense, symptomatic of what I thought were to be great changes. Unfortunately, soon after my right hon. Friend announced that he intended to do this, it became obvious that there was to be a considerable concession to tradition.<sup>351</sup>

Outright opposition to decimalisation as an explicit rejection of modernity was restricted, at least amongst decision makers, to a few isolated individuals. Nevertheless, the retention of the pound can be seen as rejection of a modernisation too far, in favour of a more conservative modernising approach.

### ***Declinism and Affluence***

As discussed more extensively in the introduction, economic and other historians have often framed discussion on 1950s and 1960s Britain around the apparently contrasting views either of a nation in long-term decline, or a Golden Age of unprecedented growth and affluence. On the face of it, the decision to decimalise the currency, and the choice of the pound as the basic unit of the new system, would appear to be merely technical issues, with little relevance to these broader debates. However, I will argue that, whilst such considerations were not prominent within the discussions around decimalisation as such,

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<sup>351</sup> Hansard, 21 June 1967, Volume 748, col.1832.

they did play a role in the choice of the system, and in the discourse around that choice. This manifested itself in two related issues, one concerning the international reputation of Sterling, and the other over the extent to which the choice of unit reflected either an acceptance of inflation, or an expectation of increasing affluence.

### *Declinism and the International Reputation of Sterling*

The above section on Modernity and the National Image describes how some commentators and politicians saw the pound as a symbol of an outmoded traditionalism, which impacted negatively on Britain's image abroad. This was linked to discussion of the underlying strength or otherwise of the currency, and the potential effect of abandoning the pound on the position of the UK's currency.

Proponents of the arguments both for retaining the pound or alternatively for replacing it with a 10-shilling major unit often referred either obliquely or more explicitly to the travails of the pound in the international money markets in the post-war period. The devaluation of the pound against the US dollar, by some 30%, from \$4.03 to \$2.80 in 1949, had not stopped periodic speculation against sterling, which eventually led to a further devaluation of 14% to \$2.40 in November 1967. This diminution in the international value of sterling was widely seen as evidence of national decline, and much of the discourse around decimalisation reflected this.

Generally speaking, arguments in favour of the pound's retention were defensive, stressing the need not to "rock the boat". It was argued that by making a change which others in the wider international community might interpret as further evidence of economic weakness, this would be to the detriment of the UK's, and more specifically the City of London's position as an international financial centre. Giving evidence to the Halsbury Committee the



economist Sir Geoffrey Crowther expressed a view that London's prominence no longer rested on tangible economic strength but on a fragile structure of confidence. Professing to be 'by temperament a radical and a reformer', he nevertheless advanced an essentially conservative argument:

to many foreigners the reputation of London for financial solidity rests very largely on the pound sterling. If it were abolished, I believe it would be taken as the end of an era, as a sort of confession by the British themselves that the long financial reign of London had come to an end. If our international financial position rested unshakably on massive reserves, we could no doubt call our currency what we choose. But since our only real reserves are confidence and reputation, it would seem to be madness to run any risks with them ... So far from sentiment being out of place in the questions on which your committee has to report it lies at the centre of them – not our own sentiments which are perhaps expendable, but other people's sentiments, at whose mercy we lie.<sup>352</sup>

This implied acknowledgement of an underlying economic weakness in the UK, and so a need to avoid doing anything which might undermine confidence was reinforced by the Managing Director of the International Monetary Fund, Per Jacobsson, in a meeting with Halsbury and his fellow committee member Ely in June 1962. The 'theme song of the interview', Halsbury noted, was that 'in anything to do with money you must never make people wonder "if they do this today, what may they not do tomorrow"'.<sup>353</sup>

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<sup>352</sup> National Archives T174/4, Halsbury Committee Papers, CDC 62 (24) Evidence from Sir Geoffrey Crowther, 5 March 1962.

<sup>353</sup> National Archives T174/6, Halsbury Committee Papers, Note of meeting with Per Jacobsson, 22 June 1962.

The secretary to the Halsbury Committee, Noel Moore, reflected the views of both Crowther and Jacobsson in a paper to the Committee in July 1962

The case for retaining the £ is not based on sentiment. It rests on the essentially practical argument that there is a grave risk inherent in any sudden change in its name or value ... We have not based this opinion purely on the evidence we have heard from City interests ... We have also had the views of an eminent economist and of a distinguished international civil servant (not an Englishman) with considerable experience of international finance.<sup>354</sup>

However, it seems likely that Jacobsson's views were heavily influenced by the Bank of England. Forrest Capie, in an interview with the former Head of Banking Supervision at the Bank of England, Peter Cooke, in 2006, elicited the following recollection:

When flying to London with per Jacobsson in the Summer of 1962, Peter Cooke was asked whether the United Kingdom should decimalise on the pound or on ten shillings. Cooke responded 'I really don't know, but the Bank of England think the UK should decimalise on the pound and not ten shillings. Jacobsson said 'Well, that's what I shall tell the Chancellor'. And he did.<sup>355</sup>

Meanwhile, advocates of a change to a 10-shilling unit also reflected upon the continuing weakness of sterling in the post-war era. The Institute of Chartered Accountants in England and Wales (ICAEW), in a submission to the Chancellor of the Exchequer in 1961 denied that a change in system would do anything to weaken the currency's position:

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<sup>354</sup> National Archives T174/7, Halsbury Committee Papers, CDC 62 (103): *The Sterling Argument*. 6 July 1962.

<sup>355</sup> Capie, F (2010), *The Bank of England, 1950s to 1979*, Cambridge, CUP, p.345.

It has been suggested that the currency would lose status if the pound were abandoned. Examination of the pound's experience over the last twenty years does not suggest, however, that the international standing of the currency is to any marked extent dependent on its traditional associations.<sup>356</sup>

This implicit recognition of sterling's ongoing decline since the end of the Second World War was seen as a positive reason for change by some commentators. A leader in the *Guardian*, written following the publication of the Halsbury Report deprecated the decision to retain the pound, arguing that 'misplaced anxieties about prestige have caused many misjudgements in Britain's affairs in the last few years. Indeed, a strong argument for a 10s. currency unit is that it may help banish the lingering attachment to past glories.'<sup>357</sup>

Not all of those arguing for retention of the pound were quite so defensive in their language, and one unidentified Bank of England official thought it 'worth making the point that there is nothing derogatory about the £ - on the contrary ... it is still a word that stands for something important throughout the world.'<sup>358</sup> However, even this seemingly positive view acknowledges that the currency had retained its reputation 'despite the vicissitudes of the past 15 years'. Rejecting the argument exemplified by the comment made by the *Guardian* leader, the official denied that a new currency would have an advantage as this would be based on the 'mistaken and woolly idea that a new unit would be immune from the adverse economic difficulties which beset the pound.'<sup>359</sup>

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<sup>356</sup> National Archives, Board of Trade Papers, BT 258/1194, Submission from ICAEW to the Chancellor of the Exchequer, 1961 (precise date unknown).

<sup>357</sup> *Guardian*, 29 September 1963.

<sup>358</sup> Bank of England Archives, G14/31, Note to Deputy Governor 'Some points in favour of retaining the pound' 29 January 1962.

<sup>359</sup> *Ibid.*

Although there was a divergence of opinion between those in favour of a new currency based on a 10-shilling unit, and those arguing to keep the pound, it was a given that the currency suffered from ongoing weakness, and as such the view of a Britain in relative economic decline remained unchallenged on either side of the argument. The only point at issue was whether the pound's fragility meant that it had to be protected and defended at all cost, or whether a move away from the traditional currency would provide an opportunity to break out of a cycle of decline.

### *A Golden Age of Affluence?*

Whilst this narrative of national decline was largely accepted by both sides of the decimalisation debate, it is important to recognise that any decline was relative to other industrialised countries, and that the 1950s and 1960s are also characterised by many as a "golden age" of affluence, during which annual economic growth outstripped that of any period of the last 150 years, before or since. That economic performance, in absolute terms, was strong during this period is indisputable; average annual growth between 1950 and 1973 was 2.42%. This compares to figures of 1.01% from 1870-1913, 0.93% from 1913 to 1950 and 1.86% from 1973 to 2001.<sup>360</sup>

The debate around affluence became an important part of the argument as to whether the pound should be retained. This hinged round one of the tests applied by Halsbury to the choice of system, namely that it should be a lasting one. As noted previously, one of the perceived drawbacks of a system based on the pound was the need for a half-penny unit. This was required because under a decimalised pound, a new penny would be equivalent to 2.4 pence under the £sd system, and it was considered unacceptable, and potentially

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<sup>360</sup> Crafts, p.9.

inflationary to increase the value of the smallest circulating coin by more than double. The argument advanced by those in favour of retaining the pound was that the need for a half-penny coin would be temporary, and could be summed up by the following, from the Halsbury Report:

It has been suggested that relegation of the “penny” to the position of ½ cent, as in a £-cent-½ system, would give the impression both within the country and to the outside world that the Government saw no prospect of halting inflation: that it would be tantamount to an admission of failure. We do not accept this. Even if there were no further price inflation, the continuing rise in our standard of living would make our coins gradually mean less to us as they shrank as a proportion of our income. It is as easy to put an optimistic as a pessimistic interpretation on the “penny half-cent”.<sup>361</sup>

This continuing rise in living standards was certainly a goal to which the incoming Labour Government aspired. Its National Plan, published in 1965, was ambitious, targeting ‘an increase of a quarter in output by 1970. This is necessary if we are to enjoy the living standards we want, improve our social services and play our part in world affairs.’<sup>362</sup>

However, the optimistic idea that continuing prosperity rather than inflation would result in the half-penny coin becoming obsolete sooner rather than later was contested not just by the Opposition, but also from within the government machine itself. The Prime Minister’s economic advisor Thomas Balogh wrote to Wilson in December 1966 hoping that ‘the Chancellor might be induced to change his mind on Decimal Currency as his decision has all

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<sup>361</sup> Cmnd 3164, paragraph 358, p84.

<sup>362</sup> National Archives, PREM 13/274.

the hallmarks of conventional unwisdom.<sup>363</sup> Balogh's arguments in favour of a 10- or even 5-shilling major unit combined scepticism on the "increasing living standards" argument with an attack on the new currency as itself fuelling inflation and further economic pressures:

The so-called international arguments are just plain silly. No one in his sense would claim that the pound is better because it is bigger than the dollar. The pound is as good as the balance of payments. Unfortunately, however the balance of payments will be influenced by this operation as there is no question that very substantial rounding up will be practiced and very soon the half-penny will come out of use because of the bother of it. It will not be the increased prosperity but the increase in prices which will put the half-penny out of circulation, and we shall then be confronted with pressure on our balance of payments. Why not have a new pound and new pennies?<sup>364</sup>

Whilst Balogh's views failed to shift the Government's position, even those supporting the proposed system conceded that inflation would play at least as large a part in ensuring the demise of the half-penny, and so the longevity of the pound-based system. Speaking in the debate on the first Decimal Currency Bill in favour of the Government's proposal, the Conservative MP, John Smith was sanguine about the inevitability of inflation

Lord Halsbury and the Government have referred to improvements in the standard of living; Lord Halsbury also certainly referred, rather coyly, to inflation. The conclusion was that the ½-cent might go in a generation. I think that it will go far

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<sup>363</sup> National Archives, PREM 2579. Balogh to Wilson, 13 December 1966.

<sup>364</sup> Ibid.

sooner ... We do not, of course, approve of inflation any more than we approve of fog, but it is very silly, and indeed hypocritical to ignore it ... Inflation offers the Government not only the chance of burying their financial mistakes, but of turning today's extravagance into tomorrow's bargain. Inflation is, of course, damnable. It is a method of living off one's children, but it is attractive and so we shall have it. We should therefore go for the larger unit, ephemeral ½-cent or no.<sup>365</sup>

Speaking on behalf of the Government, Alistair Macdonald MP acknowledged that the obsolescence of the half-penny could come about due to increased prosperity or to inflation. He was 'looking ahead to the time when the increase in prosperity or inflation, or perhaps both, has brought about the situation, where the lowest unit, on either system, is not of a size sufficient to purchase anything. Then it should be discarded.'<sup>366</sup>

In the event, the half-penny did indeed prove ephemeral, being withdrawn in 1984. This can be interpreted as the result of either increased prosperity or inflation – or both. Between 1971 and 1984 real household disposable income per head rose by 35%, whilst inflation meant that the half-penny coin was worth less than a quarter of its value in 1971.<sup>367</sup>

These references to inflation as part of the economic environment in which decimal currency was introduced also fed into a narrative that decimalisation itself was a cause of inflation, as alluded to by Balogh. According to the DCB's Secretary, Noel Moore, 'by the first anniversary of D Day it was part of an ineradicable folk mythology that the changeover had in fact pushed prices up.'<sup>368</sup> This "folk mythology" was widely reflected in press coverage in

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<sup>365</sup> Hansard, 22 March 1967, Volume 743, cols.1768-1769.

<sup>366</sup> Ibid, col. 1801.

<sup>367</sup> Office of National Statistics.

<sup>368</sup> Moore, p.229.

the months following the introduction of the new coinage, with, for example, the *Daily Mail*, in September 1971 referring to the new coinage as a 'devalued embarrassment' following 'six long inflationary months' since D Day.<sup>369</sup> Later that month the same newspaper argued that a ten shilling base unit should have been chosen stating that, because that system would have had greater associability with £sd and price rises would have been more difficult to disguise. 'The ten-bob pound' the paper's leader column argued 'would have offered no hiding place for price rises', whereas the £-penny-half system had 'provided impenetrable camouflage for galloping inflation.'<sup>370</sup> This latter article followed an interview with the Minister of Agriculture, Jim Prior, who, according to the *Guardian*, 'accused some traders of using the confusion over decimalisation as an excuse for unjustified price increases.'<sup>371</sup>

Certainly, decimalisation based on the £ had at least the potential to be inflationary, because of the coarsening of price shading compared with the £sd system. Up until demonetisation of the old halfpenny ( $\frac{1}{2}$ d) in preparation for the new currency in 1969, prices could be expressed to the nearest halfpenny, that is one-four hundred and eightieth of a pound. Post- decimalisation the finest shading would be  $\frac{1}{2}$ p, or one two-hundredth of a pound. It was argued that, in practice most prices in the mid-1960s were in whole numbers of pence, but even if true the new system's smallest unit the  $\frac{1}{2}$ p, was twenty percent larger than the old penny. The Decimal Currency Board sought to minimise the potential inflationary impact by publishing conversion tables between the old and new currencies which balanced out those which were rounded up and those which were rounded down.<sup>372</sup>

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<sup>369</sup> *Daily Mail*, 1 September 1971.

<sup>370</sup> *Daily Mail*, 29 September 1971.

<sup>371</sup> *Guardian*, 28 September 1971.

<sup>372</sup> Moore, pp.109-10.



Fig. 3 Decimal Conversion Table<sup>373</sup>

£sd	Nearest £p amount	Translation of B into £sd	C compared with A
1d	½p	1.2d	+0.2d
2d	1p	2.4d	+0.4d
3d	1p	2.4d	-0.6d
4d	1 ½p	3.6d	-0.4d
5d	2p	4.8d	-0.2d
6d	2 ½p	6d	equal
7d	3p	7.2d	+0.2d
8d	3 ½p	8.4d	+0.4d
9d	4p	9.6d	+0.6d
10d	4p	9.6d	-0.4d
11d	4 ½p	10.8d	-0.2d
1s	5p	1s	equal

This conversion table, whilst widely publicised, was not mandatory and it is highly likely that some unscrupulous traders may have used decimalisation to increase prices. Nevertheless, based on the General index of Retail Prices in the months either side of D Day, evidence of an overall inflationary effect resulting from decimalisation is inconclusive. The following table, reproduced from Noel Moore's book *The Decimalisation of Britain's Currency*, illustrates the point.<sup>374</sup>

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<sup>373</sup> Ibid.

<sup>374</sup> Moore, p.226.

Fig. 4: Retail Price Index (August 1970 to August 1971)

	Month	Index	Rise over previous month
1970	August	140.8	
	September	141.5	0.7
	October	143.0	1.5
	November	144.0	1.0
	December	145.0	1.0
1971	January	147.0	2.0
	February	147.8	0.8
	March	149.0	1.2
	April	152.2	3.2
	May	153.2	1.0
	June	154.3	1.1
	July	155.2	0.9
	August	155.3	0.1

This increase in the index in the six months prior to D Day (August 1970 to February 1971) from 140.8 to 147.8 represents a 5% rise. The increase in the next six months, from February to August 1971, from 147 to 155.3 is also 5%. It is arguable that the increase in month-on-month inflation in January 1971 might have been partially due to retailers increasing prices in anticipation of D-Day, to gain maximum advantage from the conversion of the new £sd prices to decimals, but this can only be surmised, and not proven.

Overall the annual inflation rate between August 1970 and August 1971 was just over 10%, which did represent an increase over the rates in the equivalent twelve months before and after that period; between August 1969 and August 1970, and between August 1971 and 1972, prices rose in both periods by approximately 7%. However, the overall trend from the

late 1960s to the mid-1970s was one of increasing prices as evidenced by the following table based on the Retail Prices Index, re-based in January 1974.<sup>375</sup>

Fig. 5: Retail Price Index August 1968 to August 1976

Date	Index	% increase
August 1968	65.5	
August 1969	68.7	4.9
August 1970	73.4	6.8
August 1971	81	10.4
August 1972	86.3	6.5
August 1973	94	8.9
August 1974	109.8	16.8
August 1975	139.3	26.9
August 1976	158.5	13.8

This apparent spike in the inflation rate in 1970/71 may be consistent with there being an inflationary effect as a result of decimalisation, although it does not prove a causal relationship between the two. In any case, it merely amplified a pre-existing trend, and certainly cannot be blamed for the much more pronounced increases caused as a result of the 1973 Oil Crisis.

A more indirect attribution of the role of decimalisation in fuelling inflation was made by the former advisor to Chancellor Denis Healey, Richard Heller, in an article for the *Yorkshire Post* in 2011, in which he asserted that ‘decimal currency destroyed the will of the British people to resist inflation in the 1970s, because it ended all the prices which they found familiar and reasonable.’ Citing his experience with the Price Commission in the 1970s, he recalled that:

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<sup>375</sup> Office of National Statistics website, accessed 28 November 2019, <https://www.ons.gov.uk/economy/inflationandpriceindices/timeseries/cdco/mm23,>

Ministers and officials were desperately fearful that the price of the standard white loaf of bread would rise above the psychologically important price of three shillings. They thought this would provoke fury, even riot. All manner of stratagems were deployed to defer the awful day. Eventually these were exhausted, and the white loaf rose above three shillings. Nothing happened – because three shillings had been turned into an alien 15p.<sup>376</sup>

However, a detailed study by André Gabor of price awareness in Nottingham, in the pre- and post-decimalisation periods found that consumers ‘had little difficulty in adjusting to prices in the new currency, especially in the case of the more frequently purchased products.’<sup>377</sup> Given the anecdotal nature of Heller’s assertion, it is difficult to envisage how a change to which consumers had so quickly adapted could result in the sort of collective failure to recognise the effect of inflation he describes.

### **Summary**

Notwithstanding the protestations of the duo-decimalists, the introduction of decimal currency in the UK was undoubtedly an act of modernisation, albeit one which was arguably long overdue. The relative lack of opposition to reform on conservative, anti-modernising grounds is indicative of a general willingness amongst decision-makers to accept, and indeed press forward with modernisation. In pursuing decimalisation, its supporters sought to present an image of a modern dynamic economy to the outside world, and to achieve

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<sup>376</sup> ‘The meddling with our money that cost Britain dear’, in *Yorkshire Post*, 4 January 2011.

<sup>377</sup> Gabor, André (1979), "Decimalisation and the Consumer", *Management Decision*, Vol. 17 (8), p.775.

tangible, if difficult to quantify, economic and educational benefits. The adoption of the pound as the major unit, however reflected more conservative concerns, and meant that the opportunity to optimise efficiencies via a “pure” decimal system, with no need for a half-penny unit, was missed, at least in the immediate future.

Much of the discourse around the decimalisation project implicitly supported the narrative of a nation in decline, with the protagonists on both sides of the £ vs 10s debate arguing that their scheme was best placed to halt, or at least prevent acceleration of that process. In fact, though, the decision to decimalise was not evidence either in favour, or in contradiction of a declinist narrative. The ability to dispense with the half-penny within thirteen years, was largely occasioned by a combination of inflation and increased public affluence.

If the decision to retain the pound represented an essentially conservative approach in the face of a seeming modernising imperative, it is now necessary to consider which groups sought to influence government on each side of the argument, how they tried to do so, who was successful, and why. This forms the subject matter for the next chapter, on interest groups.

## Chapter 5: Interest Groups

### *Introduction*

This chapter will consider the role played by interest groups in determining the outcome of two key debates in the decimalisation project. The first is around the choice of a system based on the existing pound, as recommended by the majority of the Halsbury Committee in 1963 and its adoption by the Labour Government in 1966; the second is the controversy over the retention or otherwise of the pre-decimal sixpence (6d.) as the equivalent of 2.5p alongside the new decimal coinage.

One would expect the key actors in these debate to be, in no particular order, industry, retailers and other commercial interests, trade unions, consumer groups, experts and others in the media, the public at large, the Government itself, including the Civil Service, and the financial sector, represented by the City of London and the Bank of England. However, it was the views of the last of these, the City and more specifically the Bank, that won the day in persuading both the majority of the Halsbury Committee and the incoming Labour Government that retention of the pound at its existing value was more important than any perceived advantages arising from a ten-shilling system. I will argue that this was partly because those interest groups supporting a ten-shilling system were fragmented and relatively less organised, partly because the Bank and the City was persistent, forceful and united in arguing its case, and partly because the Government, particularly in the shape of Prime Minister Harold Wilson and his Chancellor, James Callaghan, had an emotional attachment to the pound sterling which meant that the arguments of the City had a receptive audience.

In contextualising this issue, it is important to note some of the key debates amongst historians around the relative importance of various interest groups on social and economic policy, in particular the relevance of the “corporatist” model advanced by Keith Middlemas, and how this is modified or even negated by arguments which give more weight to other actors such as consumer groups or the financial sector.

Within a discussion of ‘affluence’, Matthew Hilton has examined the emergence and flourishing of consumer movements and organisations which, he argues, have in some senses transcended the traditional division of interests between capital and labour.<sup>378</sup> At the same time, Hilton has argued that, whilst the growth of influence of Non-Governmental Organisations has been an important feature of political developments in the twentieth century, and has taken place against a backdrop both of a decline in trust in elected politicians and party politics, and a corresponding growth in the authority of professional experts, ultimately their power to influence established structures of power in British politics is circumscribed.<sup>379</sup>

This view offers a challenge to Middlemas, who described those power structures in corporatist terms, characterising them as a ‘triangular pattern of co-operation between government and the two sides of industry’ leading to ‘the elevation of trade unions and employers’ associations to a new sort of status: from interest groups they became

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<sup>378</sup> Hilton, M. (2003), *Consumerism in Twentieth Century Britain: The Search for a Historical Movement*, Cambridge: Cambridge University Press.

<sup>379</sup> Hilton, M (2011), Politics is Ordinary: Non-governmental Organizations and Political Participation in Contemporary Britain, *Twentieth Century British History* 22 (2) pp.230-268.

“governing institutions”<sup>380</sup>. This model tends to downplay a key player in the decimalisation debate, the City of London which, according to David Kynaston, between 1959 and 1970 began to reassert its standing as a major international financial centre following the establishment of sterling convertibility in 1959.<sup>381</sup> Perhaps the most important institution in the City was the Bank of England, which according to Kynaston by early 1963 had, ‘an almost forlorn sense of ... being out of the corporatist loop’, desperately entreating the Minister of Labour to extend an invitation to the Governor, Lord Cromer, to be included in tripartite meetings between employers and the TUC.<sup>382</sup>

Controversy surrounding the role of the financial sector in shaping economic policy is evident when contrasting Middlemas’s model with other commentators who have drawn attention to the increased financialisation of the economy, mirrored by developments in the City itself. Simon Mollan and Ranald Michie have described this as a process of disengagement from activities related to commerce and shipping in favour of an almost exclusive concentration on financial services and instruments.<sup>383</sup> These arguments can be seen as a refinement of Cain and Hopkins’ thesis of “gentlemanly capitalism” which, they argue refers not just to the role of the City in the development of Empire in the 18<sup>th</sup> and 19<sup>th</sup> centuries, but is continued in the post-war era, as the economy ‘came under control of a relatively small group of financial managers...at the heart of this group were the

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<sup>380</sup> Middlemas, K. (1979), *Politics in Industrial Society: The Experience of the British System since 1911*, London: Andre Deutsch.

<sup>381</sup> Kynaston, D. (2012), *The City of London, Volume IV: A Club No More, 1945-2000*, London: Pimlico.

<sup>382</sup> Ibid, p.291.

<sup>383</sup> Mollan, S. & Michie, R. (2012), The City of London as an International and Commercial Financial Center since 1900, *Enterprise and Society*, 13(3), pp.538-587.



gentlemanly directors of the clearing banks and merchant banks'.<sup>384</sup> Meanwhile, Paul Thompson has emphasised the amateur, nepotistic ethos of the City in the post-war era, characterised as 'overwhelmingly an elite by inheritance ... (with a) ... deep suspicion of professional trained men'.<sup>385</sup>

Other writers on the rise of consumerism and affluence have examined the period of the so-called "Golden Age" of capitalism in the 1950s and 1960s again without commenting directly or even indirectly on the decimalisation project. Noel Thompson, in two articles, considers the attitude of different strands of the Left towards affluence and consumer choice, contrasting the traditionalist view of some who argued that there was no sovereignty of choice amongst the affluent working class, brainwashed by advertising to make the wrong choices; as opposed to those such as Antony Crosland who argued that socialists should celebrate working class affluence and support consumer sovereignty, by ensuring that consumers' choices were adequately informed.<sup>386</sup> Shinobu Mashima meanwhile has utilised a statistical approach, analysing data on consumer spending patterns at a detailed level to analyse the impact of relative affluence and poverty on the categories of goods and services individuals consume.<sup>387</sup> Although the subject of decimalisation is

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<sup>384</sup> Cain, P.J. & Hopkins, A.G. (1993), *British Imperialism: Crisis and Deconstruction*, Longman: London, p.268.

<sup>385</sup> Thompson, Paul (1998), 'Snatching defeat from the jaws of victory: the last post of the old city financial elite 1945-1990', in *The making of the British Middle Class: Studies in Regional and Cultural Diversity since the Eighteenth Century*, ed Alan Kidd and David Nicholl, Stroud: Sutton Publishing, p.232.

<sup>386</sup> Thompson, N. (2011), *Conceptualising the Consumer: British Socialist Democratic Political Economy in the Golden Age of Capitalism*, *Contemporary British History* 25 (2 ) pp 297-321; Thompson, N. (2010), *Socialist Political Economy in an Age of Affluence: The Reception of J.K.Galbraith by the British Social-Democratic Left in the 1950s and 1960s*, *Twentieth Century British History* 21(1), pp.50-79.

<sup>387</sup> Mashima, S. (2008), *Affluence and the Dynamics of Spending in Britain, 1961-2004*, *Contemporary British History* 22(4) pp.573-597.

conspicuous by its absence from any of the discussions on consumerism by Hilton, Thompson or Mashima, the fact remains that it was an issue of considerable concern for consumers, both in terms of the possible impact on prices, and the potential for confusion during the transitional period. The Consumer Council was particularly exercised by the issue of the choice of base unit and campaigned for a currency based on ten shillings rather than the pound.<sup>388</sup>

More recently Aled Davies has written about the way in which changes to the financial sector since the war have been inimical to the social democratic post-war settlement.<sup>389</sup> Referring to the Bank of England's role in the Committee on Invisible Exports, set up in 1967, he states that the Bank 'acted as a distinctive political actor in the campaign to legitimate the City's international role...a subtle exercise of power and influence that colours our understanding of the Bank's unique position in the political economy of post-war Britain.'<sup>390</sup> This chapter will seek to explain how the Bank successfully used this subtle exercise of power and influence to ensure the retention of the pound, in the teeth of opposition from elements of the "governing institutions" as well as consumer and other interests.

### ***The Bank and the City of London***

It is important to note that the roles of the Bank of England, the City of London and indeed the Government in the decimalisation project were, at least initially, essentially reactive,

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<sup>388</sup> Modern Records Centre, Warwick University, MSS/292/B/480/2 Consumer Council Decimal Action Committee minutes, 17 January 1967.

<sup>389</sup> Davies, Aled (2017), *The City of London and Social Democracy: The Political Economy of Finance in Britain, 1959-79*, Oxford Historical Monographs, Oxford.

<sup>390</sup> *Ibid*, p.166.

responding to pressures from other sources, such as the ABCC/BAAS report and the examples set by the various Commonwealth countries in abandoning their non-decimal systems. In this context the first response of the Bank to that report was to set the scene for its later policy, to which it held more or less consistently throughout the coming years. When asked for comment on 4 May 1960, by the Exchange Telegraph news agency, the Bank's D. Wynn-Roberts, having consulted the Chief Cashier, Leslie O'Brien, stated that 'this important subject deserves general consideration. We are naturally in favour of the view that the pound should continue to be the unit of currency.'<sup>391</sup> Nevertheless, a more nuanced internal memorandum written by the Chief Cashier later that month indicated that it was not certain that this position was immutable. Commenting on the ABCC/BAAS report, he noted that the Bank had itself,

advised the committee (though not for quotation) that any proposal to abandon the £ would be damaging. Extracts from the evidence of others shows that many of them took the same line ... accordingly the report dismisses rather cursorily the possibilities of a system based on a 10s. unit and concentrates on the relative merits of a £/mil system and the £/cent system. Both of these, however are open to serious objections ... It is suggested that, taking the long term view we should support and encourage a move towards the introduction of a decimal system ... and that, because of the tremendous simplification of the transitional problems that would be involved ... we should examine closely once again whether we should not support a change to a 10s. unit.<sup>392</sup>

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<sup>391</sup> Bank of England archive, ADM 10/13.

<sup>392</sup> Ibid, internal note dated 23 May 1960.

Although the Bank's representatives on the Working Party set up in early 1961 pressed the case for the pound, a Board of Trade official, V.I. Chapman, reported that they 'had some difficulty (representing) this as its official view since Lord Cromer, the incoming Governor, had been known as a protagonist of the 10s-cent system.' If this was the case in June 1961, by 11 December of that year, the Deputy Governor, Humphrey Mynors, was writing to Lord Cromer about the line to be taken by the Bank in its evidence to the newly constituted Halsbury Committee, suggesting that

it is evident that the £1 starts with advantages over the 10s. First it has an international status and prestige ... Secondly, if the £ is retained, an enormous area of record and contract is entirely unaffected ... on the other hand conversion to a 10s. unit is only a matter of multiplying by two ... Thirdly although the £ is a "heavy" unit relatively to others, no one has suggested that this is inconvenient ... The drawback to the £ is that its one-hundredth part (cent) is equivalent to 2.4p. This is too large for the minimum coin or price-change, yet a one-thousandth part is too small. The cent is, however, not as large as it looks. Prices have risen some four times since 1914 and three times since 1939; so that the real value of a cent today is little more than that of a halfpenny in 1914, and less than that of a penny in 1939 ... The relative simplicity of the 10s. unit arithmetically may or may not prove so great when some real work is done on the subject; nor will it ever be easy to quantify the real advantages, at home and abroad, of leaving the £ alone.<sup>393</sup>

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<sup>393</sup> Bank of England archive, G14/31, Mynors to Cromer, 11 December 1961.

Cromer, far from having been largely converted to the case for a 10s unit, annotated Mynors' letter stating that he found his argument 'very persuasive' and that he was 'most reluctant to lose the £' and would 'be prepared to adopt this as our official line.'<sup>394</sup>

This statement from the Governor effectively stifled any opposition to retention of the pound from within the senior ranks of the Bank. O'Brien had been tasked with preparing a paper for the Bank's Court arguing the pros and cons of the two systems, but on 30 January 1962 he wrote to Mynors stating that whilst he and others felt that 'the answer ought to be ... in favour of the 10s unit rather than the pound', given the views of Mynors and Cromer he did not 'feel that the Governor could do better than place before the Court...(Mynors') memorandum of 11<sup>th</sup> December.'<sup>395</sup>

As a result, the paper put to the Court on 8 February 1962 reflected the strong view that the pound should be retained and solicited comments from the Court members. The Court itself to some extent reflected a corporatist power structure with non-executives representing industry including Sir John Hanbury Williams (Courtaulds), Sir Harry Pilkington (Pilkington's Glass) and Geoffrey Eley (Heinemann Publishing); Trade Unions (Sir Alfred Roberts); and the Civil Service (Sir George Brackenbury Abell). However, the remaining non-executive members, had deep roots in the business of the City and international trade. They were Lord Bicester (Morgan Grenfell), Sir George Bolton (ex-IMF), Sir Charles Hambro (Hambro Merchant Bank), Sir Frank Hawker (formerly a Bank of England Executive), William Keswick (Jardine Matheson Ltd & BP) and Lord Kindersley (Lazards Merchant Bank).<sup>396</sup> The directors

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<sup>394</sup> Ibid.

<sup>395</sup> Ibid. O'Brien to Cromer, 30 January 1962.

<sup>396</sup> Bank of England Archive, Court of Directors for the year ending 28<sup>th</sup> February 1962, accessed online, 3 October 2017. Brief biographies of these men and other key Bank personnel are at Appendix 3.

also mostly shared similar social backgrounds. All were white, male and middle-aged, all but Roberts and Bolton attended public school, including seven Old Etonians, and most went on to either Oxbridge or Sandhurst. This point was noted by Anthony Sampson, writing contemporaneously, in 1962 that 'the Directors of the Bank are conservative, traditional men, most of them sons of bankers or traditionalists. Of the nineteen, nine are over sixty, seventeen went to public school and seven went to Eton. At least seven of their surnames have been well known in the city for the past hundred years.'<sup>397</sup>

Paul Thompson, meanwhile, has emphasised the gentlemanly capitalism of the City, noting that it was 'symptomatic of the whole character of the post-war City that the first Governor of the Bank with financial qualifications, Sir Gordon Richardson, was not appointed until 1973 ... The future Governor O'Brien, for example, was nominated (to the Bank) because his father, a local government administrator, had regularly played cricket with one of the Baring family.'<sup>398</sup>

It is perhaps not surprising therefore that the consultation with this quintessentially conservative body of gentlemanly capitalists served to consolidate and confirm the Bank's position as defender at all costs, of the retention of the pound. The non-executive Directors were particularly insistent, with Sir George Bolton commenting that:

The South African experience is of no value to us whatsoever. The "rand" is a purely domestic currency of which the outside world is hardly aware ... it is ... imperative to take into account the fact that much of our economic activity is in foreign trade and services conducted in sterling terms and on the basis of the sterling price system ...

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<sup>397</sup> Sampson, Anthony (1962), *Anatomy of Britain*, London: Hodder and Stoughton, p.357.

<sup>398</sup> Ibid, pp.235-236.

to many in the outside world it would appear that sterling had been halved in value ... it would be impossible to avoid a collapse in the sterling price system during the initial period, during which time immense damage would be done...<sup>399</sup>

Bolton's insistence on the importance of sterling reflected his entrenched view, and indeed in a speech in 1956 he had predicted that the loss of international confidence in sterling would lead to 'a collapse of civilisation as we know it over a very large area of the world'.<sup>400</sup>

This view was been comprehensively rejected by Susan Strange who, writing in 1971, argued that the UK economic growth in the 1960s had been 'stunted and held back as a direct consequence of policies which gave priority to the preservation of sterling as an international currency, and to the defence of particular exchange rates, and put these goals before the promotion of economic growth'.<sup>401</sup>

Nevertheless, Bolton's assertion formed the basis for the "international case" for the pound which the Bank subsequently put to Halsbury, and was reinforced by comments of other non-executives such as Keswick, Kindersley and Pilkington, the latter two adding a further argument, anticipating a continuation in the trend of declining value of money due to inflation as a result of which 'adoption of 10/- as the basic unit would be likely to end with landing us with too small a unit'.<sup>402</sup> Interestingly, given contemporary anxiety about the relative economic performance of the UK's European competitors, particularly West

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<sup>399</sup> Bank of England Archive, G14/31, Letter from Sir George Bolton to Lord Cromer, 9 February 1962.

<sup>400</sup> Fry, Richards, ed.(1970). *A banker's world: the revival of the City, 1957–70, speeches and writings of Sir George Bolton*, Abingdon, Routledge, p.43.

<sup>401</sup> Strange, Susan (1971), *Sterling and British Policy: A Political Study of an International Currency in Decline*, London: Oxford University Press, p.300.

<sup>402</sup> Ibid, Letter from Sir Harry Pilkington to Lord Cromer, 13 February 1962.

Germany and France, this argument failed to recognise that both countries had achieved economic success with currencies then worth around a tenth of a pound.

Over the course of the few weeks, the Bank's evidence to be put to the Halsbury Committee in May was drafted and re-drafted several times. It seems clear that, as the Bank developed its formal response, it gradually shed the relatively rational and dispassionate arguments made by some of its middle ranking members in favour of a more emotional appeal. An initial draft produced by the Deputy Chief Cashier, Alan Whittome, whilst arguing in favour of the pound, conceded that

The replacement of the pound by a new 10s. unit would not in itself in the Bank's opinion, affect confidence in the United Kingdom's external position. It follows that it would not give rise to any run on sterling, especially if long warning of the change were given. Nevertheless, if the announcement were made at a time when, for other reasons there was a lack of confidence in sterling, then it is conceivable that it might precipitate large scale selling of sterling. This is not a risk which the Bank believe it wise to run.<sup>403</sup>

This draft was rejected as 'a touch too cool. A little less reason and more passion is needed because the argument is to some extent based on sentiment.'<sup>404</sup> The covering note to a further re-draft sent to the Governor on 6 April noted that many within the Bank would 'probably still regard it as being insufficiently forceful. In particular, many would emphasise strongly both the troubles in the exchange markets that would arise, and the loss of prestige and status that would occur if the pound were abandoned.' The note advocated 'more

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<sup>403</sup> Ibid, Draft dated 28 March 1962.

<sup>404</sup> Ibid, unsigned note, 30 March 1962.



use...of the views of individual members of the Court' in pressing the Bank's case. However, the note also appears to recognise that these arguments might not stand rigorous scrutiny, citing 'obvious objections to making these points too strongly in written evidence that is to be published, and it would seem that they could be better dealt with in oral evidence'.

Annotating this note, the Governor, Cromer expressed the wish 'to see arguments for (the) retention of (the) £ put more strongly. Is there no documentation we can add to provide further substance?'<sup>405</sup>

With the Bank due to give evidence to the Halsbury Committee on 1 May 1962, the Governor invited further comments on the draft then in circulation, prior to final approval at the Court meeting the following week, and in doing so noted that 'written evidence would be published, but oral evidence not, and if Directors thought the memorandum too restrained, he would be grateful if they would remember that a less formal opportunity of presenting the Bank's view quite frankly would be given.'<sup>406</sup> The extent to which this opportunity was taken can be judged by comparing the written Memorandum by the Bank of England appended to the Halsbury Report,<sup>407</sup> to the record of evidence given by the Bank's representatives, the Governor, Lord Cromer and Chief Cashier, J.Q. Hollom.

The case for the pound expressed in the Memorandum rested on three arguments. The first two relate to the "heaviness" of the currency, that is, the high value of the pound sterling relative to that of other major currencies. This was seen as being 'of considerable convenience in a community in which the volume and scale of business done is as large as it is here'. At the same time, retaining the pound would obviate the need to amend large

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<sup>405</sup> Ibid, Revised draft evidence to Halsbury Committee, 6 April 1962.

<sup>406</sup> Ibid, Informal Court Records, 19 April, 1962.

<sup>407</sup> Cmnd. 2145, Appendix 10, pp. 232-234.

numbers of contracts and financial records. The third argument 'much the most important' makes much of the pound sterling's 'international position shared in part by the U.S. dollar and by no other currency' citing its importance in settling over a third of the world's international trade and as a reserve currency, underpinning the position of the City of London as a leading financial and commercial centre.

Most strikingly, the Memorandum asserts that

The £ is an international symbol recognised in and familiar to commercial centres throughout the world ... illustrated by the fact that it is the only widely used currency symbol that needs no national identification ... The change to another unit would therefore be of worldwide significance, without parallel in the other countries where it has been under consideration ...

It is impossible to express the importance of this international consideration in figures: but the Bank regard it as a matter not of sentiment but of livelihood. The international position of the £ sterling, coupled with the skill and integrity of the London markets, is a valuable source of earning power: and the bank would not wish to see it put at risk in the least degree, particularly when the possibility of entering the European Economic Community offers a prospect of building up London's position still further as the financial and commercial centre of Europe.<sup>408</sup>

The written record of the oral evidence given by Cromer and Hollom does not in fact show any evidence of a less restrained approach than in the written Memorandum because, perhaps, the Memorandum itself was not particularly restrained. The opening statement by

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<sup>408</sup> Ibid. p.233.

Cromer simply reiterated the international case for retaining the pound in terms more or less identical to those in the Memorandum. However, the Bank representatives' appearance before the Committee did give them the opportunity robustly to defend their position when challenged by its members. For example, it was put to the Bank that given that the pound had been devalued three times within living memory but had largely retained its standing it was difficult to believe that 'a currency unit of different but corresponding value would bring about...extreme consequences'.<sup>409</sup> The Bank's response was to point to the circumstances in which these devaluations had taken place, the first devaluation of the £ had taken place in the context of the world financial crisis of the early thirties, the second in wartime and the third in immediate post-war conditions. Other currencies at the same time had been equally or more unstable on all three occasions.'<sup>410</sup>

Responding to Committee members' scepticism about the likelihood of experienced currency dealers being 'in any way irrational or liable to misinterpret an operation analogous to the splitting of a £ share on the Stock Market', the Bank fell back on arguments which at best seem tenuous. Firstly, they cited 'the way in which exchange business was conducted...(which)... made dealers liable to extraordinary pressures, and extremely prone to rumour'. They also argued that 'Money was...bought and sold by many people other than exchange dealers and it would be impossible to educate traders the world over in the meaning of a change in the U.K. currency.' Referring to a possible run on the pound they opined that 'the substitution of some other major unit for the pound could quite conceivably assist in sparking off such pressures, given unpropitious circumstances.'<sup>411</sup>

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<sup>409</sup> National Archives, T174/1, Minutes of Halsbury Committee meeting 15, 1 May 1962.

<sup>410</sup> Ibid.

<sup>411</sup> Ibid.

Whilst these arguments might hold if the value of the currency was altered suddenly with little warning, they hardly seem applicable to a change that would be signalled years in advance to intelligent members of the financial community. The point is that, valid or not, the Bank was consistent and ultimately persuasive in defending its views before the Committee.

In doing so the Bank also appeared keen to deter the Committee from seeking external validation of its position in terms of the likely reaction of foreign financial interests. The influence of the Bank on the evidence given by Per Jacobsson of the International Monetary Fund has already been noted. However, Committee members asked Halsbury to investigate the possibility of seeking views from foreign bankers, and as a result he sought advice from the Bank's Governor, Lord Cromer. His report back on his conversation with Cromer in September 1962, illustrates how the bank relied heavily on assertion rather than hard evidence. Cromer, Halsbury reported,

said that he would have no difficulty in providing a body of witnesses representing foreign bankers' opinion, who would unanimously say we ought to keep the £. He would also have no difficulty in producing a body of witnesses who would tell us that retention of the £ by Britain did not matter ... Having heard this evidence the committee would have to decide which witnesses to believe. At that point the Governor would have to be approached again, and he would be obliged in honesty to advise that the one set of witnesses were friends of the Bank, accustomed to working with them on currency matters; the other set were men who had a vested interest in the deterioration of the £. No logical proof of the matter would ever, or could, be forthcoming; the facts, and the Bank's judgement on them were already

before the committee; what was required now was an act of judgement on the committee's part. The committee had been told by himself and others that the City was an asset whose achievements had been won not without toil and sweat; we had been asked to do nothing which would make their day to day battle more difficult.<sup>412</sup>

However, the Bank was able to concur with the views of one foreign banker, the IMF's Per Jacobsson. Indeed, the conversation reported by Peter Cook, the Bank's Head of International supervision, referred to in the preceding chapter, indicates that Jacobsson's evidence was that of a mouthpiece for the Bank's views, albeit one that gave it prestigious international cover for its more parochial concerns.

Despite the Bank's somewhat subjective and evidence-free submission, the committee's response was largely supine. It meekly accepted that 'the Bank's view could be regarded as the only informed and objective one that the Committee were likely to hear.'<sup>413</sup>

In advancing the international case for the pound, the Bank was supported by the wider City, and particularly by the Accepting Houses Committee (AHC), whose representatives, putting forward 'so far as they were aware, the unanimous opinion of merchant bankers', appeared before the Committee at its next meeting, one week after the Bank had given evidence. Echoing the Bank's concerns, the AHC stressed the pound sterling's 'reputation in the minds of many people who, though certainly not financial experts, took decisions to use

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<sup>412</sup> National Archives, T174/2, Minutes of Halsbury Committee meeting 27, 18 September 1962.

<sup>413</sup> *Ibid.*

or not to use it. Upon these decisions, a large part of the real strength or weakness of a currency in fact hung.<sup>414</sup> Substitution of another unit ‘would expose the UK currency to further unnecessary strain to a degree which could not be estimated in advance.’ Other arguments advanced by the AHC cited the central role of the pound as an integral part of the City’s role as an international financial centre. If anything they put this aspect of their case even more strongly than the Bank, arguing that ‘the willingness to receive, use, and hold sterling was one of the invisible lines which led to and from the City and the use of other facilities, and the position of sterling could not therefore in the last resort be disassociated from the general business of the City.’<sup>415</sup>

Following the publication of the Halsbury Report with its majority recommendation for a decimal system which retained the pound, there seemed little need for the Bank to press its case further. However, by January 1966, when the Government was preparing to finalise its decision, a note was prepared for the Bank’s directors which reviewed the Memorandum produced for Halsbury and found the argument for a “heavy” currency less compelling than the other two arguments, that a 10s unit would require wholesale alterations to contracts and financial records, and would damage the international position of sterling. The note also proposed that the Bank’s position should be that it would ‘prefer decimalisation on a 10s unit to remaining undecimalised’, but this suggestion was rejected by both the Governor and Chief Cashier.<sup>416</sup> Noting that the Australian Treasurer, Harold Holt, had recently appraised his opposite number, James Callaghan, of the difficulties associated with changing

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<sup>414</sup> National Archives, T174/1, Minutes of Halsbury Committee meeting 16, 8 May 1962.

<sup>415</sup> Ibid.

<sup>416</sup> Bank of England Archives ADM 10/13, Note to Directors, 19 January 1966 by “CJM”, annotated by L.K O’Brien & Lord Cromer, 20 January 1966.

records and contracts, the note stated that this argument deserved ‘more weight and space’ than it had been given in the Memorandum to Halsbury, and ‘might prove more persuasive to Ministers than an argument resting so strongly on the international status of sterling.’<sup>417</sup>

This change in emphasis was confirmed in a conversation with Tether on 27 January 1966, who was told that ‘broadly there was no change in the Bank’s views, although possibly greater emphasis would be placed now on the problem of record and contract.’ The unidentified Bank official who spoke to Tether noted that they had ‘managed to avoid being side-tracked onto the question of the international position (of the pound).’<sup>418</sup>

Throughout the period from the publication of the BAAS/ABCC report in May 1960 through to the announcement of the decision to decimalise based on a major unit of the pound by Callaghan on 1 March 1966, the Bank of England, supported by the broader City as represented by the Accepting Houses Committee, maintained a consistent position in support of retaining the pound. In doing so, the executive management of the Bank elicited the support of its Court, representing wider, but still predominantly City interests in resisting any attempts from within the Bank to present a more nuanced case, let alone the few voices tentatively raised in favour of replacing the £ with a 10s. unit. This strategy succeeded in convincing the majority of the Halsbury Committee to accept the precedence of the “international case” over the “associability” argument advanced by proponents of the 10s-cent system. Recognising by 1966 that the international case may have less traction with the Government, the Bank was sufficiently agile to switch the emphasis of its arguments, using the example of the short-term difficulties encountered in amending records in Australia to support the upgrading of that argument and the downplaying of the

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<sup>417</sup> Ibid.

<sup>418</sup> Ibid.

“international case”. This was perhaps the Bank’s only departure from what was essentially an emotional approach, which reflected the predominant attitudes of the class of gentlemanly capitalists represented by the Bank’s Court and the Accepting Houses Committee, and rejected more rational, if ‘rather too cool’ evidence-based arguments.

### ***Industry***

According to the corporatist model propounded by Middlemas and others, one would expect the interests of industrial management and the Trade Unions to have played a significant role in shaping the decisions around the choice of basic unit. However, whilst representatives from both sides of industry issued memoranda to the Halsbury Committee there was no concerted effort either by industry or the unions to influence the outcome of Halsbury, in the way that the Bank and City had done. It is telling that whilst the main organisations representing industry, the Federation of British Industries (FBI), British Employers Confederation (BEC) and the National Association of British Manufactures (NABM) are all listed as having ‘submitted Memoranda to the Committee or ... assisted them with information on specific matters’, none of these organisations actually sent representatives to appear before the Committee to give evidence.<sup>419</sup> Evidence was given by some individual companies and trade associations, for example the British Equipment Trade Association, which had a particular interest because of the issues associated with the conversion of Business Machines, but there was no single view from industry as a whole. Rather, as Halsbury observed, ‘industrial and commercial organisations, private and nationalised, remained divided, the preference often being determined, naturally enough,

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<sup>419</sup> Cmnd. 2145, Appendix III, p181.



by one problem peculiar to the particular organisation'.<sup>420</sup> Some sectors of the commercial world, such as retail and transport undertakings did express a strong preference for a 10s system,<sup>421</sup> but the divergence of views amongst the wider industrial and commercial sectors led the majority of the Halsbury committee to the view that 'for industry and commerce in general (excluding the retail trade) there would probably be little or no practical difference between the systems.'<sup>422</sup>

Halsbury's somewhat dismissive mention of retail interests is indicative of the primacy of manufacturing in the UK economy at the time. The sole representative of the retail trade on the committee, Vernon Ely, was one of the two signatories to the minority report advocating a ten-shilling system, but Halsbury was comfortable in defending the majority's view. This was contested in the immediate aftermath of publication, and a Retail Decimal committee was formed, comprising representatives of five major retail associations, the Co-operative Union, Drapers' Chamber of Trade, the Multiple Shops Federation, National Chamber of Trade and the Retail Distributors' Association. This committee submitted a memorandum to the Chancellor on 2 January 1964, expressing 'its emphatic view that ... the 10/- system has an overwhelming practical advantage over the £ cent half system.'<sup>423</sup> In the event, given the failure of the Government to make a decision on whether or not to implement Halsbury's recommendations at this stage, this representation became moot.

If the industrial sector was divided in its views at the time of Halsbury's deliberations, this was a division which survived the amalgamation of the FBI, BEC and NABM into the

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<sup>420</sup> Ibid, p. 78, para 324.

<sup>421</sup> Ibid, pp.78-80, paras 325-333.

<sup>422</sup> Ibid, p.81, para 339.

<sup>423</sup> National Archives, AJ3/133.

Confederation of British Industry (CBI) in 1965. A note of an ad hoc meeting held on 11 February 1966, less than three weeks before Callaghan's announcement in favour of retaining the pound 'opinion ... was divided between the 10s-cent and £-cent systems ... this was a matter for Government to decide, since only Government could assess the real importance of maintaining the £ in being to preserve the international standing of the currency.'<sup>424</sup> However, following the Chancellor's announcement the CBI leadership faced a backlash from some of its membership. A Working Party to the CBI Council reporting in June 1966 'powerful representations...that this system would be unsatisfactory, since, even with a half cent the smallest unit of currency would be equal to 1.2d in value' and arguing for the need for a coin roughly equivalent to the ½d.<sup>425</sup> This argument continued to be pressed, particularly by 'those industries dealing in bulk in small quantities sold direct to the customer', such as tobacco, brewing and packaged food.<sup>426</sup> Alternative schemes were proposed aimed at achieving this outcome, either a 10s-cent-half cent system, or the division of the existing pound into 10 florins each comprising 100 mils. In the event following a meeting in March 1967 between the Chancellor and the CBI President, Sir Maurice Laing, the latter reported that:

It seemed very unlikely that the Chancellor would move from the £ as the major unit.

In addition, it was not generally realised that the 10s lobby actively opposed having an equivalent to the halfpenny, whereas a large section of the CBI membership (including the food, laundry and tobacco industries) were worried at the idea of any system which lacked a halfpenny equivalent... The CBI was therefore continuing to

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<sup>424</sup> Modern Records Centre, Warwick University, MSS 200/C/1/1/C/66/1/67, note of ad hoc meeting, 11 February 1966.

<sup>425</sup> Ibid, Report of Working Party to CBI Council, June 1966.

<sup>426</sup> Ibid.

press for a £-florin-mil system ... The CBI had briefed a number of MP's of all parties for the Second Reading debate.<sup>427</sup>

By this time the first Decimal Currency Bill was already making its way through Parliament, and the debate had largely focussed on the choice between the £-cent-half-cent, and 10s-cent systems. Industry, via the CBI and its predecessor organisations, had been divided on sector lines during the Halsbury deliberations, and, once the decision to opt for a £-cent-half-cent system had been announced by the Government in 1966, had sought to absent itself from the debate. Belatedly forced to re-think following pressure from its members, it first sought to argue for a 10s-cent-half-cent system which found virtually no allies, and then for a £-florin-mil system which had been considered and comprehensively rejected by both Halsbury and the Government. Isolated and late, there was little chance that its position could win the day.

### ***Trade Unions***

The position of the trade union movement in relation to the choice of system in particular, was rather more consistent than that of the employers in advocating a 10-shilling basic unit. Nevertheless, it suffered from being somewhat half-hearted when compared with the strident advocacy of the pound by the City as well as being conducted in isolation from others campaigning for the same end.

The initial response of the TUC to Lord Halsbury's request for views was to circularise its constituent unions. The resulting response was lukewarm, with only eighteen unions expressing a view; of these fourteen favoured a 10s-cent system, two wished to retain the

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<sup>427</sup> Modern Records Centre, Warwick University, MSS 200/C/1/1/C/67/1/105, Minutes of CBI Council meeting, 15 March 1967.

existing penny with a new major unit of 100 pennies (8s4d), the Agricultural Workers' Union wanted a £5 basic unit divided into 1000 mils, and the National Union of Bank Employees, following their employers' example, alone favoured a £-cent system arguing for the retention of the pound 'because of considerations of prestige'.<sup>428</sup> Nor were all of the Unions who responded inclined to take the issue too seriously. For example, A.G Austin, General Secretary of the Amalgamated Society of Painters and Decorators, echoing Manny Shinwell's earlier comment in the Commons<sup>429</sup>, joking that that while his Executive Committee had no comment, on a personal level 'the most important factor as far as currency is concerned is how to acquire enough of it legally.'<sup>430</sup> The TUC's evidence reflected this majority view, with the General Secretary, George Woodcock, telling Halsbury that the TUC General Council had concluded that 'the elimination of fractions of cents would justify the omission of a halfpenny equivalent and they would therefore favour the adoption of the 10s. cent system.'<sup>431</sup>

Following the publication of the Halsbury report, the TUC Economic Committee reiterated its view that 'the arguments put forward about the dangers to sterling of a changeover from the £ as our main unit were unsubstantiated and pessimistic and that the 10s-cent system would be the most practical form of decimal currency', instructing Woodcock to write to the Chancellor, Reginald Maudling, accordingly.<sup>432</sup> This he did on 23 October 1963, stating the General Council's 'view that it is the nation's growth performance and general trading

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<sup>428</sup> Modern Records Centre, Warwick University, MSS 292B/480/1, paper to TUC Economic Committee, 13 June 1962.

<sup>429</sup> See Above, ref: Hansard, 20 November 1958.

<sup>430</sup> Modern Records Centre, Warwick University, MSS 292B/480/1, Austin to Woodcock, 16 April 1962.

<sup>431</sup> Ibid. Woodcock to Halsbury, 10 January 1963.

<sup>432</sup> Ibid. Notes of Economic Committee meeting, 9 October 1963.

position that are the principal determinants of the use and value of sterling. The General Council believe that if, the international aspects are kept in their proper perspective, the case set out in the report for the adoption of the 10s-cent system is very strong and should be accepted.<sup>433</sup>

Given the lack of activity by the Conservative government in implementing Halsbury, the issue largely fell into abeyance as far as the TUC was concerned, although Woodcock did write to the incoming Labour Chancellor, James Callaghan, re-stating the TUC's support for a 10s unit in April 1965.<sup>434</sup> Once the decision to retain the pound was announced by Callaghan, the Congress maintained its advocacy of a 10s unit, with Woodcock again writing to Callaghan on 23 March 1966, and subsequently on 11 January 1967, following on from the government's White Paper in the preceding month, and on 15 March 1967 following publication of the first Decimal Currency Bill. But on each occasion the TUC's representations were rebuffed.<sup>435</sup>

Although their persistence in supporting a 10s. unit cannot be denied, the strategy of writing letters to the Chancellor rather than actively campaigning for a change in policy clearly failed. In fact, the organisation had opportunities to join in with others to fight for their preferred system. On 12 January 1967, the Director of the Consumer Council, Elizabeth Ackroyd, wrote to the General Council proposing that they be represented on a joint action committee to campaign for a 10s. unit. George Woodcock replied on 16 January that, given that he had already made the TUC's views clear to the Chancellor, 'there would be little to be gained from representation on the action committee' and asking merely to be kept

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<sup>433</sup> Ibid. Woodcock to Maudling, 23 October 1963.

<sup>434</sup> Ibid. Woodcock to Callaghan, 5 April 1965.

<sup>435</sup> Modern Records Centre, Warwick University, MSS 292B/480/2

informed of developments.<sup>436</sup> This reluctance to involve the TUC at national level in working with others on this issue was also reflected in advice given to Eastbourne Trades Council who had been asked by the Eastbourne and District Chamber of Commerce for their support in opposing the £-cent-half cent system. Referring back to the stance taken in respect of the Consumer Council campaign, the Secretary of the Research and Economic Department, Len Murray, counselled caution:

You ought to think very carefully before identifying yourselves with it. The TUC ... is never very anxious to join campaigns organised by other national bodies which might result in it, at some stage, being dragged along at somebody else's heels. It generally prefers to take independent, though in some cases complementary, action ... Given that the trade union movement as a whole has already made its position perfectly clear to the Government, I would think that your Council would gain much less than the local Chamber if you associated yourselves with the campaign.<sup>437</sup>

This statement encapsulates both the strengths and weaknesses of the trade union movement's approach. On the one hand it had demonstrated a consistent, persistent and united advocacy of its position; but in failing to reach out to others holding similar views the effectiveness of its strategy was significantly weakened.

There were two other important voices arguing strongly for a 10s. unit. As noted above one of these was the Consumer Council, established in 1963 as a non-statutory body appointed by the President of the Board of Trade.<sup>438</sup> The other was the *Financial Times* columnist C.

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<sup>436</sup> Ibid. Woodcock to Ackroyd, 16 January 1967.

<sup>437</sup> Ibid. Murray to Pope, 5 June 1967.

<sup>438</sup> The council's terms of reference were 'to inform itself about the consumer's problems and about matters affecting his interests; to consider, after consultation where necessary with other affected interests, the action to be taken to deal with

Gordon Tether, who, via his 'Lombard' articles, consistently and trenchantly pressed the case for a 10s unit, and against the City's international case for the pound.

### ***Consumer Interests***

Given the recent growth of interest by historians in the expanding influence of consumer groups in British society and politics exemplified by the work of Matthew Hilton and others, it is perhaps indicative of the relative unimportance of such groups in the early 1960s that their input into the Halsbury Committee's deliberations was negligible. A paper to the committee by the secretary, Noel Moore, headed 'Evidence from Consumer Interests' and dated 29 June 1962, detailed seven organisations which had been invited to give evidence, although five of these were specifically women's organisations rather than consumer groups as such.<sup>439</sup> In the event, of a total of 178 bodies were listed in the Committee's published report as having 'submitted Memoranda to the Committee or... assisted them with information on specific matters, only four were related to consumers or women's interests, and none were among the 33 organisations or 9 individuals who appeared before the committee to give evidence.<sup>440</sup> This conflation of women's interests with those of consumers was also reflected in the role of Anne Godwin, the only female member of the

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such problems, or to further or safeguard such interests, and to promote that action; to provide advice and guidance for the consumer, in particular through the citizens advice bureaux and other appropriate organisations, and by its own publications; to publish an annual report' , <http://discovery.nationalarchives.gov.uk/details/r/C9>, accessed 4 October 2017.

<sup>439</sup> National Archives, T174/7: The groups were The National Council of Women of Great Britain; The National Federation of Women's Institutes; The National Federation of Townswomen's Guilds; The Women's Co-Operative Guild; The Consumers Association; The Consumer Advisory Council of the British Standards Institute (B.S.I.) and the Women's Advisory Committee of the B.S.I.

<sup>440</sup> Cmnd. 2145, Appendix 2, pp.174-188.

committee, who was expected to represent not only Trade Union concerns but also those of women and consumers. For example, a paper on consumer interests scheduled for discussion at its ninth meeting in March 1962 was deferred in her absence pending ‘the advantage of Miss Godwin’s presence and advice.’<sup>441</sup>

In the event, whilst Godwin suggested to the committee in July 1962 that ‘further evidence from consumer interests...was desirable’, the response was somewhat half-hearted. A proposal that the secretary ‘consult the Head of the Listener Research Department of the BBC as to the scope for consumer research’ was tempered with the observation that ‘Prima Facie it seemed that the scope was very limited, since the public could rarely envisage the complete scheme of action as opposed to particular proposals.’<sup>442</sup>

However, by the time that the decision in favour of the £-cent-½ had been announced by the Chancellor in March 1966, the Consumer Council had been set up under the auspices of the Board of Trade, and that organisation quickly set about lobbying for a reversal of the Government’s decision and for decimalisation based on a ten-shilling major unit. An initial submission from Council staff to its senior managers was even-handed, describing the choice of system as a ‘matter of judgement between...the longer-term and larger implications, which tend to favour the £-cent-½ system, and the short-term and more parochial implications, which tend to favour the 10s-cent system.’<sup>443</sup> However, less than a

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<sup>441</sup> See National Archives T174/1: Note of 9<sup>th</sup> meeting of Halsbury Committee, 13 March 1962.

<sup>442</sup> National Archives, T174/2, Note of 25<sup>th</sup> Meeting of the Halsbury Committee, 10 July 1962.

<sup>443</sup> National Archives, Consumer Council Papers AJ3/132: Staff note CC (66) 22, 20 May 1966.



week after this note was written, the Council's Chairman (sic), Lady Elliot<sup>444</sup>, wrote to Chancellor Callaghan setting out the Council's firm view that

... looking at the issues from the point of view of the individual consumer, the Council has come to the conclusion that the 10s.-cent system is decisively the better of the two. The "associability" advantages ... would, it considers, make much simpler the difficulties of adjustment which must inevitably confront shoppers when the changeover does take place. Moreover, by eliminating the fractional unit and having a minor unit equal to 1.2d in the present currency instead of 2.4d, the 10s system would, the Council believes, be less likely to lead to higher prices through "rounding up" than would the £-cent-½ system.<sup>445</sup>

Callaghan's response was dismissive of Elliot's arguments on both associability, which was seen as an ephemeral issue, and on the danger of inflation caused by adopting the pound as the major unit:

The real question is how much importance should be attributed to ease of association in view of the limited duration of the problem...

Let us turn now to the advantages enjoyed by the 10s. system of providing a pure decimal system, whereas the £ will require a ½ minor unit. It is necessary on this to take a realistic long-term view of how long the minor unit in the 10s. system would

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<sup>444</sup> Katherine, Baroness Elliot (1903-1994). From a strong Liberal Party background, Lady Elliot, married to a Conservative MP, was active in the Conservative Party and was chairman of the National Union of Conservative and Unionist Associations (1956-1957). Created a Life Peer in 1958, she was the first peeress to speak in the House of Lords. (Abridged from ODNB article by Magnus Linklater, <https://doi-org.libaccess.hud.ac.uk/10.1093/ref:odnb/54943>, accessed 2 March 2020).

<sup>445</sup> Ibid, Elliot to Callaghan, 26 May 1966.

be of practical value to us. To say that a coin of value 1.2d. in our present currency might be unnecessary in the foreseeable future may seem to be tantamount to accepting the inevitability of inflation, but this is not so. The Government's policy of promoting the growth of industrial strength will mean that with the increase in general prosperity a coin of this value will eventually outlive its usefulness.

In the transitional period the Decimal Currency Board will be charged with watching prices to see that there are no unnecessary rises ... Given that the values of the smallest coin would be the same under both systems, and that retailers use the inconvenient halfpenny now where it suits them to do so, I believe ... that there would be no significant difference between the £-cent-½ cent and 10s.-cent systems in their effect on prices.<sup>446</sup>

In the event, the DCB did not actually perform any analysis of prices itself, but relied on surveys by other organisation including the Ministry of Agriculture, Food and Fisheries and the Consumers' Association. These concluded that traders had generally applied the DCB conversion tables, and consequently any effect on overall prices was minimal.<sup>447</sup>

As discussed elsewhere, the argument that the need for a half penny unit might be transitory was a contentious one, as was the potential reason for such a coin to become obsolete. In response to Callaghan's letter, Lady Elliot was scornful of his contention that this did not necessarily imply acceptance of inflation:

You say that a statement to the effect that a coin of value 1.2d in present currency might be unnecessary in the foreseeable future is not tantamount to accepting the

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<sup>446</sup> Ibid, Callaghan to Elliot, 15 July 1966.

<sup>447</sup> For a fuller discussion, see Moore pp.213-4 & 218-9.

inevitability of inflation. You believe that such a coin will outlive its usefulness as a result of the successful prosecution of a policy of promoting the growth of industrial strength and the associated increase of general prosperity. What is the causal connection? Rising production or an increase in living standards in real terms does not depreciate the value of our currency or eliminate the need for small units. Only inflation can do so and only the assumption of inflation could account for the expectation that a coin of so small a value as 1.2d. in present currency would become unnecessary. Is it believed that the government policy can only succeed in the context of inflation? ...

It does not seem to the Council "idle to pretend that a change from a well-known name and value of the £ could possibly benefit us" in international terms. On the contrary if – as we and many others believe – converting to a smaller unit would lessen the inflationary effect of decimalisation it would do British currency a most important service.<sup>448</sup>

In response, the Chief Secretary to the Treasury, Jack Diamond, held firmly to the Government's position, arguing that:

It is true that an increase in living standards does not depreciate the value of a currency, but it does have the effect that a given currency unit represents an ever-decreasing proportion of the average income. Thus, as we become more prosperous, a 1.2d currency unit will have less significance for us, even if its purchasing power

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<sup>448</sup> Ibid, Elliot to Callaghan, 2 August 1966.

remains constant, and we will come to regard its continued circulation as a nuisance.<sup>449</sup>

Clearly, neither side had persuaded the other, and by the end of 1966 the Consumer Council decided to orchestrate a campaign in favour of the ten-shilling unit. Lady Elliot enlisted the support of key figures in retail and consumer groups for a letter to the Times on 12 December of that year, strongly urging a re-think in favour of the 10s-cent system which 'beats the £-cent-½ system on all domestic counts – fewer hybrid units, simpler for monetary calculations, more associable with the present coinage, less effect on prices, lower cost of conversion of machines.' Signatories included the Chairmen of both Sainsbury's and Marks and Spencer, the President of the Association of British Chambers of Commerce, the General Secretary of the Co-operative Union and the President of the Consumers Association.<sup>450</sup> At the same time, the Director of the Consumer Council, Elizabeth (Betty) Ackroyd<sup>451</sup> was encouraged by signs of support from within the Government, and it was noted that 'Douglas Jay (President of the Board of Trade) told Miss Ackroyd when he met her at a party on 16 December that he entirely supported our views on the 10s-cent-decimal system.'<sup>452</sup>

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<sup>449</sup> Ibid, Diamond to Elliot, 23 August 1966.

<sup>450</sup> *Times*, 12 December 1966.

<sup>451</sup> (Dorothy) Elizabeth Ackroyd (1910-1987): Graduated from St Hilda's College, Oxford with a degree in PPE and joined the Civil Service specialising as an expert in heavy industry. She was director of the steel and power division of the Economic Commission for Europe (1950-1951) and a member of the UK delegation to the high authority of the European Coal and Steel Community (1952-1955). Following her directorship of the Consumer Council (1963-1971) she remained actively involved in public life, as vice-president of the Consumers association (1970-1986), as well as serving on various other public bodies. (Abridged from ONDB article by Margaret Jones, <https://doi-org.libaccess.hud.ac.uk/10.1093/ref:ondb/63318>, Accessed 2 March 2020).

<sup>452</sup> National Archives, AJ3/132, File note, 20 December 1966.

Emboldened by this support, the Council announced, on 17 January 1967, the formation of a Decimal Action Committee (DAC), comprising the following members:

Miss Elizabeth Ackroyd, Director of the Consumer Council (Chairman)

Association of British Chambers of Commerce

Automatic Vending Machine Association

Consumers Association

Consumer Council

Co-operative Union

Drapers Chamber of Trade

National Chamber of Trade

National Federation of Consumer Groups

National Grocers Federation

Retail Decimal Committee

Retail Distributors' Association

Supermarket Association

Mr. E Brooks, MP; Mr G. Campbell, MP; Mr E Lubbock, MP<sup>453</sup>

Conspicuous absentees from the committee were the representatives of the two sides of industry, the TUC and the CBI. The former's reluctance to engage with others in

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<sup>453</sup> National Archives, AJ3/155, Consumer Council Press Release, 17 January 1967.

campaigning has already been noted. In the case of the CBI, they did in fact send an observer to the first meeting of the DAC, but that observer's contribution gave a foretaste of the way in which their arguments would undermine the work of the Committee. At issue was the need, or otherwise, for a coin roughly equivalent to ½d. This could not be achieved under a pure 10s-cent system; either the 10s system would have to accommodate a half-cent (0.6d) or the pound would have to be retained and divided into 1000 mils. When P. Fletcher of the Consumers Association argued for a half-cent in the 10s system to enable finer price shading, Miss Millman, the CBI observer agreed with him, but the proposal was unanimously rejected and a Press release following the meeting stated that 'in particular, the Action Committee agreed that a system which retained the equivalent of the present halfpenny should not be supported.'<sup>454</sup> This schism between the CBI and the DAC was arguably to prove fatal to the latter's chances of success in reversing the Government's decision to retain the pound.

In the meantime, the DAC set about their campaign for the 10s. unit, seeking to build alliances amongst potential "ten-bobbers" within government via deputations to the Board of Trade and Ministry of Technology, although they agreed not to approach Callaghan on the grounds that 'deputations to the Chancellor of the Exchequer ran the risk of hardening the Government's determination to stick to the £ unit.'<sup>455</sup> The committee also sought to broaden the base of support, with mixed success. The National Council of Women of Great Britain had already written to Callaghan in December 1966 expressing support for the ten-shilling unit, but the National Federation of Women's Institutes were amongst a number of bodies declining to support the campaign, and the Institute of Chartered Accountants in

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<sup>454</sup> Ibid, Minutes of First DAC meeting, 17 January 1967.

<sup>455</sup> Ibid, DAC Paper 6, 24 January 1967.

England and Wales (ICAEW) were said to be 'sufficiently in favour to publicise their support for the 10s unit, but not sufficiently exercised about this issue to become an active campaigner.'<sup>456</sup> Even the Consumers Association proved a doubtful ally, with the editor of *Which?* magazine, Eirlys Roberts, reporting that 'we did a splendid...fighting piece on Decimal Currency which our council felt they could not allow to be published without considerable discussion. This meant it was too late for the March issue...I fear the trouble about this is that we all began far too late.'<sup>457</sup>

This partial failure to broaden the campaign was accompanied by an intervention by Lord Halsbury in a lecture to the Royal Society of Arts in which he sought to refute the argument that the City had had undue influence with his committee, whilst at the same time characterising the 10s case as a sectional one reflecting predominantly retail interests:

The propaganda in favour of going over to a 10s unit was joined to the imputation that our Committee fell victim to a war of nerves waged by the City of London. I can assure you that the City lobby was nothing like so vocal or effective as the Retail lobby. It had no idea at all of how to wage a war of nerves and its views were in the first instance so obscurely put forward that I was tempted to dismiss them out of hand. However, as Chairman and protector of minority views, I encouraged the City to be more explicit respecting what it had to say, and in the sequel its representatives took trouble to expound its opinions. What emerged was expressed with moderation.<sup>458</sup>

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<sup>456</sup> Ibid, File note dated 3 February 1967.

<sup>457</sup> National Archives, AJ3/156, Letter Roberts to Ackroyd, 6 March 1967.

<sup>458</sup> National Archives AJ3/155, Halsbury Lecture to RSA, 8 February 1967.

Whilst this apologia seems at odds both with the record of evidence given by the Bank and Accepting Houses and the actual outcome of the Committee's deliberations, it did provoke a riposte in the form of a press release authored by Ackroyd arguing that 'support for the 10s system is not limited to the retail trade. It spreads to all sectors of national life. Consumer organisations, the Trades Union Congress, manufacturing organisations and teaching bodies prefer this system.'<sup>459</sup>

Unfortunately for Ackroyd and the DAC, this cross-sector alliance was already being undermined by the CBI which had continued to argue for a minimum unit equal to ½d, the £ and dividing into 1000 mils. A note of a conversation between Ackroyd and Dr Sharp of the CBI on 27 January 1967 had recorded that the latter had 'written to the Treasury supporting the 10/- unit but reserving their position on the ½d unit'.<sup>460</sup> However, by 17 April it was reported that 'the £-mil people (had) prevailed.'<sup>461</sup> This led to bitter recriminations, with Ackroyd telling Sharp that 'hoped that the CBI were thoroughly ashamed of themselves since their support of the £-florin-mil system had ruined any chance that there might be of getting the 10s-cent.'<sup>462</sup> Shortly afterwards Ackroyd acknowledged that there was 'no point in struggling further'<sup>463</sup> and within two months the Decimal Currency Bill 1967 had received Royal Assent, settling the issue once and for all.

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<sup>459</sup> Ibid, Consumer Council Press Release, 8 February 1967.

<sup>460</sup> Ibid. File note, 27 January 1967.

<sup>461</sup> National Archives, AJ3/157, 17 April 1967.

<sup>462</sup> Ibid, 5 May 1967.

<sup>463</sup> Ibid, 22 May 1967.



The Consumer Council's campaign failed partly due to its inability to secure a sufficiently broad consensus around the merits of the 10s system, and was particularly damaged by the late emergence of the argument in favour of the £-mil system propounded by the CBI, an option which had already been comprehensively dismissed by both Halsbury and the Government. In Ackroyd's conversation with the CBI's Sharp, he had expressed a wish that 'at a very much earlier stage we had all been able to get together, i.e. before the Government's decision had been announced.'<sup>464</sup> This implied criticism of the Consumer Council for not mobilising support earlier was reflected three years later by the *Economist* which argued that 'decimal critics have missed the boat by several years.'<sup>465</sup> Ackroyd, who had responded to Sharp's earlier criticism by pointing out that the Consumer Council had not been in existence at the time of Halsbury and could therefore only respond to the Government's decision in 1966, argued that far from missing the boat 'they were forcibly kept off it by a Government determined to impose its preference against the overwhelming body of industrial, retail and consumer interests.'<sup>466</sup>

### ***Lombard and the wider media***

Generally speaking, the press expressed a sporadic interest in the controversy surrounding the choice of unit during the period leading to the announcement of the decision to retain the pound, restricting themselves to reporting on the debate rather than favouring one side or the other. There were some exceptions, and at the end of February 1961 the *Economist* and the *Observer* came to opposite conclusions, with the former noting that 'traditionalists

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<sup>464</sup> Ibid, 5 May 1967.

<sup>465</sup> *Economist*, 21 February 1970.

<sup>466</sup> National Archives, AJ3/137, 24 February 1970.

should reflect that the longer a decision is delayed smaller will be the chance of resisting the more drastic change to the ten-shilling-cent basis. The new slogan should be “Keep the Pound – Decimalise Now”<sup>467</sup>. The *Observer* argued that by decimalising on a 10s unit basis, this would have ‘the incidental advantage of calling in question the more absurd forms of worship of the pound sterling ... (and) ... bring home the fact that that the national currency is something to be manipulated and used for our own ends, not governed by. We have become altogether too obsessed by this symbol of national prestige.’<sup>468</sup>

Once the decision to decimalise the pound was announced by Callaghan, most national newspapers came out against the Government’s choice of system, as pointed out during the debate on the second reading of the Decimal Currency Bill by Callaghan’s shadow, Iain Macleod. He noted that

among the newspapers which have had editorials supporting the 10s.-cent system are the Daily Express, Daily Mail, Daily Mirror, Daily Sketch, Evening News, Evening Standard, Financial Times - and "Lombard" has been particularly telling in his column in the Financial Times - The Guardian, Sunday Citizen and The Times.<sup>469</sup>

This singling out of Lombard by Macleod reflected the fact that, whilst there was general support in the print media for a ten-shilling based system, this did not constitute a concerted campaign by any of the newspapers named by the Shadow Chancellor. The exception was Tether’s Lombard column, an early and persistent advocate of a 10s unit. As early as September 1956, when there was little interest in the subject in wider public and political discourse, he was advocating decimalisation, noting that ‘one relatively easy way ...

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<sup>467</sup> *Economist*, 27 February 1961.

<sup>468</sup> *Observer*, 26 February 1961.

<sup>469</sup> Hansard, 22 March 1967, Volume 743, col.1759.

would be to make the ten shilling note the basic currency unit with a division into a hundred pennies.<sup>470</sup> By 1959, he had decided that this was indeed the best system and, anticipating resistance to this idea, pointed out that ‘the external difficulties of this particular technical change can be much exaggerated. Quite a number of countries have in recent years introduced basic units worth one hundred existing ones without generating any serious friction.’<sup>471</sup> The publication of BAAS/ABCC report the following year led to him bemoaning ‘ominous signs that the long overdue decimalisation of our currency may be in danger of being spoilt by sentimental talk about the “absolute necessity” to preserve the pound.’<sup>472</sup>

As it became clear that the financial establishment was digging in its heels in defence of the pound, Tether’s arguments became more trenchant, with him describing the City’s arguments that ‘technical changes of this kind – which cannot alter the purchasing power of the currency – are likely to undermine confidence in it seem to me to be about as near nonsense as one is likely to get in an informed financial discussion.’<sup>473</sup>

Commenting on the setting up of the Halsbury committee in December 1961, he anticipated that it would discover ‘not the slightest real justification for supposing that the rest of the world’s attitude to our currency will be changed in the minutest degree by a technical adjustment to a 10s unit.’<sup>474</sup> A further article in April 1962, during the period that the Committee was hearing evidence, re-inforced the argument that ‘the Committee should be careful not to let itself be swayed by ill-considered generalisations about the “serious”

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<sup>470</sup> *Financial Times*, 5 September 1956.

<sup>471</sup> *Ibid.*, 24 October 1959.

<sup>472</sup> *Ibid.*, 7 May 1960.

<sup>473</sup> *Ibid.*, 6 May 1961.

<sup>474</sup> *Ibid.*, 20 December 1961.

effects which would flow from the “disappearance” of the £.<sup>475</sup> Later that year, he used his column to criticise the evidence presented to the committee on the potentially harmful effect on the City’s business:

If Bank and Accepting houses arguments were correct ... a sad conclusion follows. It is that London’s pre-eminence as an international financial centre rests on the flimsiest foundations - on something that looks unhappily like mumbo-jumbo.

During my recent tour of Scandinavian countries ... I made a point of raising at every possible opportunity the question of what impact the introduction of the 10s basic unit for the purely technical purpose of decimalising our currency system would have on the attitude abroad to the use of London and to the use of Britain’s currency in connection with international trade and other financial activity. The answer invariably was “none”.<sup>476</sup>

Further articles in April and September 1963 argued the same point, with the latter, written on the eve of publication of Halsbury’s report, warning of the ‘obvious scope here for much blinding of the uninitiated with financial science ... it will be interesting to see how the committee has coped with this all-important aspect of its work.’<sup>477</sup>

Commenting on the day following publication on ‘The Committee’s Failure at the International Hurdle’, Tether returned to the point ‘that the considerations that bring international financial business to London are of such a kind that foreigners would be induced to change their practices by a simple technical change in our currency

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<sup>475</sup> Ibid., 21 April 1962.

<sup>476</sup> Ibid., 30 June 1962.

<sup>477</sup> Ibid., 21 September 1963.

arrangements.’ Noting that ‘this is a point that could easily have been checked, by sounding foreign opinion, nothing of the kind was done, the Committee accepting the Bank of England’s suggestion that there was little use in consulting overseas bankers.’<sup>478</sup>

This point was repeated in columns dated on 29 September 1963 and 16 January 1964; in the latter piece, Tether commented on the Bank’s view that ‘there was nothing to be gained by taking direct evidence from foreign bankers ... since some foreign bankers would favour the retention of the £ while others would minimise its importance and an act of judgement would still be required’.<sup>479</sup> He argued that ‘the Committee’s decision to accept this ingenuous piece of advice was much more curious than the Bank of England’s decision to proffer it. For the probability that you will get more than one opinion presented to you is not usually regarded as a good reason for not collecting evidence ... and indeed had the “principle” been generally applied, the committee would hardly have taken any direct evidence at all.’<sup>480</sup> However, with the Government slow to act on the Halsbury recommendations, Tether then restricted himself to a piece urging a quick decision by the incoming Labour Government in April 1965 under the heading “But Can We afford *Not* To Decimalise the £”, which again, despite the title, argued for a ten shilling major unit.<sup>481</sup>

Once the decision to retain the pound had been announced, he made one last plea to the Government to change course, attacking the Chancellor for seeking to end the debate:

It is to be deplored ... that the Government now seems to be bent on silencing criticism of its choice of the £-cent system on the grounds that a continuing debate

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<sup>478</sup> Ibid., 24 September 1963.

<sup>479</sup> This is a direct quote from the Memorandum of Dissent appended to the Halsbury Report. Cmnd. 2145, p164, para 39.

<sup>480</sup> *Financial Times*, 16 January 1964.

<sup>481</sup> Ibid., 19 April 1965.

would be unwelcome ... The official choice has been condemned as the wrong one by pretty well the whole of the business community other than the banking element ... Until the Government has shown that there are really solid grounds for holding the international banker argument for retaining the £ to be so decisive it has no right to call for the end of the decimalisation debate. So far, of course Mr. Callaghan has said not a word of justification for the Government's choice beyond the suggestion that the retention of the £ could be expected to make a popular appeal – which is, to say the least a curious line for a Minister to take when he is seemingly so sure that the official choice is right that he thinks no-one ought to criticise it.<sup>482</sup>

This was Tether's last foray into the argument; within two months the Decimal Currency Act had gained Royal Assent, signifying a final victory for the City and a defeat for Tether's campaign. Although the quality of his argument was strong, his was virtually a lone voice within the media, at least in terms of the persistence with which he pursued his case, and, as with the Trade Unions and business interests, he tended to operate in isolation.

### ***Summary***

The involvement of a variety of interest groups in the discussions around decimalisation, and the specific system to be adopted was pronounced. However, their influence on both the recommendations made by the majority on the Halsbury Committee, and by the Labour Government was, with the exception of the City of London, largely ineffectual.

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<sup>482</sup> Ibid., 19 May 1966.

In particular, in the case of decimalisation, there is no evidence that two of the three “governing institutions” cited by Middlemas, that is industry and the trade unions, had any significant influence on the outcome. Initially, the internal pressure for the government to investigate the case for decimalisation came from commercial and professional bodies which sat outside this model, the Association of British Chambers of Commerce. The British Association for the Advancement of Science, and the Institute of Chartered Accountants in England and Wales.

Once it became clear that decimalisation was a real prospect, the TUC and CBI (and its predecessors) made representations, both to Halsbury and, later to the Government but these were unsuccessful. Neither the CBI nor the TUC supported the £-penny-half penny system recommended by Halsbury and eventually adopted. Nor was the voice of the consumer any more effective. Virtually excluded from Halsbury’s deliberations, consumer interests only came to the fore after Callaghan had announced the decision in favour of the pound, and whilst the Decimal Action Committee, led by the Consumer Council, fought a valiant rearguard action in favour of the ten-shilling unit, it was hampered by the failure of the CBI and TUC to engage with their campaign. It did so with only intermittent support from the media, with the exception of the somewhat quixotic Tether, and little evidence of significant public support. In any case, it is unlikely that such a campaign could succeed in the face of a government with a large majority determined to press ahead with a conservative modernisation, and able to cite the support of the pre-eminent financial authority in the country, the Bank of England.

So far, this thesis has largely been concerned with the internal dynamics of the UK in influencing the pace and shape of currency reform. The exception was in the discussion

around Europeanisation, where I have argued that the influence of Europe played little significant role in the decisions made by successive governments on decimalisation. It is now necessary to consider a major potential external influence on British policy, the example provided by decimalisation in the Commonwealth. This is discussed in detail in the next chapter.





## Chapter 6: Decimalisation and the Commonwealth

### *Introduction*

Preceding chapters have mainly, but not exclusively, been concerned with the internal dynamics of decimalisation. This was expressed both in terms of the political processes by which interest groups informed the Government's management of the issue, and the extent to which a modernising agenda impacted upon, and conversely was influenced by traditional notions of Britishness. The latter was seen by some commentators as being in opposition to a supposed process of Europeanisation, exemplified by the decimalisation project. However, this was a marginal consideration, and indeed if decimalisation had been designed to bring closer alignment with European currencies, neither the £ system eventually implemented, nor the 10-shilling system advocated by many would have been adopted.

This chapter will consider the key external influence on the decision to decimalise, the actions of other Commonwealth countries. In particular, it will examine the extent to which the fact of decimalisation, and the way it was implemented, reflected changes in the relationship between the United Kingdom and the Commonwealth. As noted in the introduction, commentators have tended to characterise British relationships with the Commonwealth during the late 1950s and 1960s as a process of disengagement, as Britain turned increasingly towards Europe. Perhaps the clearest exposition of this viewpoint was made by Alex May:

British policy-makers in the decades after the Second World War sought to frame British foreign policy in terms of three 'circles', the Commonwealth, the US and western Europe. Moves towards European integration threatened to shut Britain out

of one circle and severely diminish its influence in the other two. The pull of the Commonwealth was fading, but it remained the single most important issue in Britain's first negotiations to join the European Communities, in 1961–63. By the time of the second application in 1966–67 Commonwealth countries had made alternative dispositions and the Commonwealth was itself becoming increasingly fractured; hence, the Commonwealth was less of an issue then or in the subsequent successful negotiations in 1970–71. Britain's applications nevertheless represent a watershed in British–Commonwealth as well as British–European relations.<sup>483</sup>

Nevertheless, the issue of the link with the Commonwealth was widely discussed throughout the process of policy formulation; for example, at its meeting on 22 February 1962 the Halsbury Committee, in specifying the tests against which any proposed system should be measured, stipulated that one of these should be 'is the Commonwealth link affected?'<sup>484</sup>

This section will also examine the extent to which decimalisation was seen by policy makers to be a Commonwealth matter, what the debates around the issue might imply for the strength or otherwise of the ties between the UK and the Commonwealth, and the extent to which the Commonwealth acted as an exemplar for British policy makers. I will argue that the extent to which decimalisation was a Commonwealth issue at all was contested within Government. During the earlier phase of decision making, there was a perceived need to coordinate policy with other Commonwealth Governments, largely on grounds of sentiment. This led to the Chancellor, Selwyn Lloyd, in 1961, seeking the views of his opposite numbers

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<sup>483</sup> May, Alex (2013) *The Commonwealth and Britain's Turn to Europe, 1945–73*, *The Round Table*, 102:1, p.29.

<sup>484</sup> National Archives, T174/4, CDC 62(20), 22 February 1962.

in Australia and New Zealand before proposing setting up the Halsbury Committee to his Cabinet colleagues.<sup>485</sup>

However, others in Government were more sceptical about the relevance of the Commonwealth in this context, other than a more practical concern to avoid bottlenecks in the production of new office machinery in the event of simultaneous decimalisations in the UK, Australia and New Zealand. In any case the tardiness of the UK Government's delaying of a decision until 1966, made when Australia had already decimalised, and when New Zealand was committed to do so in the following year, made any thought of temporal co-ordination redundant.

These conflicting views of the relevance or otherwise of the Commonwealth in relation to decimalisation reflect a broader ambiguity amongst policy makers in Britain about the United Kingdom's role in the world. The Suez debacle of 1956 had fatally exposed Britain's imperial pretensions, and by the early 1960s the process of rapid decolonisation was well under way. The US Secretary of State, Dean Acheson, famously told a conference at West Point Military Academy in December 1962 that Britain had 'lost an empire and not found a role' adding that

Britain's attempt to play a separate power role - that is, a role apart from Europe, a role based on a 'special relationship' with the United States, a role based on being the head of a Commonwealth which has no political structure or unity or strength

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<sup>485</sup> National Archives, PREM 11/4768, Letters from Lloyd to Harold Holt and Harry Lake, 8 June 1961.

and enjoys a fragile and precarious economic relationship - this role is about played out.<sup>486</sup>

The debates around decimalisation were taking place at the same time as British governments were seeking to adapt to this changed geo-political environment. In this context it is not surprising that the extent to which considerations of Commonwealth were germane to the decimalisation project were contested.

From the point of view of the Commonwealth countries themselves, I will argue that the decisions of the South African, Australian and New Zealand Governments to decimalise their £sd currencies independently and on a different basis to the UK represented part of a trend of disengagement from their imperial heritage and an assertion of independence from the UK. In the case of South Africa, this was the inevitable consequence of the racist apartheid policies of the National Party government, which declared the country a republic, and left the Commonwealth in 1961, the same year as it introduced the decimalised Rand. In the case of Australia and New Zealand, economic considerations played a greater part. Whilst they continued to maintain significant and indeed affectionate links with the UK as part of the Commonwealth, by the early 1960s, prompted in part by British attempts to join the European community, both countries were seeking other trading partnerships. As Robertson and Singleton have pointed out 'British membership of the EEC was certain to disrupt traditional patterns of trade, and result in the replacement of discrimination in favour of Commonwealth goods by discrimination against them.'<sup>487</sup> At the same time, the British

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<sup>486</sup> *Guardian*, 6 December 1962.

<sup>487</sup> Robertson, P. & Singleton, J. (2000), 'The Old Commonwealth and Britain's First Application to Join the EEC, 1961-3', in *Australian Economic History Review* 40 (2) p.175.

Government was somewhat equivocal in its attitude to the effect decimalisation might have on relations with other Commonwealth countries, initially fearing that choosing a different system from that chosen by Australia and New Zealand might serve to weaken ties with the Old Commonwealth. However, this concern was short-lived, and ceased to be a significant feature of discourse after the publication of the Halsbury Report.

The other area where the actions of other Commonwealth countries had significance for decimalisation in Britain was the extent to which the UK was able to utilise the experience of those countries which introduced decimal currency before Britain to inform its own planning and implementation. Here, I will argue, the British Government indulged in cherry-picking, using the examples of other countries to demonstrate the relative ease with which the undertaking could be achieved, and to learn from their experience of implementing the changeover, whilst at the same time ignoring or at least downplaying the fact that that experience was based on a different system. Nevertheless, lessons learned from the decimalisations in Australia and New Zealand played an important part in the planning and implementation undertaken by the UK's Decimal Currency Board.

### ***Decimalisation – A Commonwealth Issue?***

Although the decision to reform the UK's currency was clearly a matter for the British Government, throughout the process of policy formulation decision makers referred to the position of the Commonwealth. However, views regarding the relevance of the actions of other Commonwealth countries to the British decision-making process varied considerably within government and elsewhere.

At one extreme was the view of the Progress Trust. This was reported by P.J. Woodfield, in Prime Minister Macmillan's office in 1961, in a letter to the Chancellor's private secretary, Douglas Wass, that

the government should give urgent consideration to the introduction of decimal coinage and should give a lead to the Commonwealth in this matter. Although this particular representation does not say so, I think that the intention behind it is that the United Kingdom Government should say something about this at the Commonwealth Prime Ministers' conference.<sup>488</sup>

This view was given short shrift by the Treasury, with Wass commenting that

Various suggestions have been made that the question of decimalisation ought to be brought up at the Commonwealth Prime Ministers' Conference. Quite apart from the fact that the Agenda for the conference is regarded as a private matter, we cannot see any merit in this. This is not a question on which there is any particular need or scope for concerted Commonwealth action. Canada, India and South Africa are already on three different decimal systems. Australia seems likely to follow the South African path and is perfectly entitled to do so. It seems a little absurd in this particular context to speak of our "giving a lead" to the Commonwealth. Doubtless decimalisation will be an interesting subject of informal conversation amongst Commonwealth Ministers when they meet, but it seems unlikely that an attempt at formal discussion would serve any useful purpose.<sup>489</sup>

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<sup>488</sup> National Archives, PREM 11/4768, Letter Woodfield to Wass, 21 February 1961.

<sup>489</sup> Ibid, Wass to Woodfield.

That the idea of the UK giving a lead to the Commonwealth on decimalisation was seen as absurd is unsurprising given that, by 1961, much of the Commonwealth had already adopted, or was preparing to adopt decimal currency without needing the help of Britain. It also supports the view that Britain was, more generally, moving away from a position of leadership in a Commonwealth in which both newly independent ex-colonies and the old dominions were asserting their own autonomy, in turn 'leading to the rapid decline of Commonwealth importance as the former colonies found new interests, friends and sponsors.'<sup>490</sup>

Nevertheless, the idea that there ought to be at least some degree of co-ordination between the UK and those Commonwealth countries also considering decimalisation was regularly articulated by those advocating its adoption in Britain. As early as 1956, Tether, writing in the *Financial Times* noted that

the possibility of a general changeover to decimal coinage systems by overseas sterling countries is now beginning to loom so large that the British authorities may soon find themselves under greater pressure to consider such a switch in the U.K's own currency arrangements ... There are no indications that the British authorities are giving any consideration at all to the possibility of a change ... although it is interesting to note that, in commenting on the New Zealand decision to investigate the decimal system proposal, the Dominion's Attorney-General asserted there was

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<sup>490</sup> Srinivasan, Krishnan (2006) *Nobody's Commonwealth? The Commonwealth in Britain's post-imperial adjustment, Commonwealth & Comparative Politics*, 44:2, p.261.



“some ground for thinking that the United Kingdom, Australia and New Zealand might be prepared for concerted action”.<sup>491</sup>

This perceived need for a co-ordinated Commonwealth approach was referenced in much of the discourse around decimalisation throughout the period from the late 1950s up to the decision to decimalise being taken in 1966. In 1959 the Conservative backbencher, Bernard Braine

asked the Chancellor of the Exchequer whether, in view of the fact that many Commonwealth countries have adopted a decimal coinage or are now contemplating taking such a step, he will authorise an inquiry into the desirability of such a reform in this country; and whether he will also arrange for an early exchange of views on the subject with our Commonwealth partners.<sup>492</sup>

The reply of the Economic Secretary to the Treasury, Anthony Barber, was ‘not at present’.<sup>493</sup> This reflected the initial caution of the Government, both in respect of decimalisation itself, and of Commonwealth involvement in the issue. This caution continued to be exercised in the period up to early 1961, when the issue was again raised in Parliament, this time in both Houses. In the Commons, on 23 February 1961, the prominent pro-decimal campaigner, Wilfred Proudfoot was involved in the following exchange with the Commonwealth Secretary, Duncan Sandys:

**Mr. Proudfoot** asked the Secretary of State for Commonwealth Relations what representations he has received from Commonwealth Governments as to the

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<sup>491</sup> *Financial Times*, 5 September 1956.

<sup>492</sup> Hansard, 3 December 1959, col. 1367.

<sup>493</sup> *Ibid.*

advantages that would accrue to Commonwealth trade from a changeover to decimal coinage by the United Kingdom.

**Mr. Sandys:** None, Sir.

**Mr. Proudfoot:** Will my right hon. Friend approach his right hon. Friend the Prime Minister to make sure that the subject of decimal coinage will be raised at the Conference of Commonwealth Prime Ministers?

**Mr. Sandys:** I cannot give that assurance. I have always been attracted by the simplicity of the decimal system, but I understand that its introduction would be very complicated and involve considerable expense.<sup>494</sup>

Meanwhile, on the same day in the House of Lords, the Minister without Portfolio, the Earl of Dundee, responded to a similar question from the Labour peer, Lord Henderson. Noting that other Commonwealth countries had adopted or were about to adopt decimal coinage, he accepted this as 'one of the arguments in favour of our doing the same', with the caveat that 'we do want to try to make sure that a change of this kind will be acceptable to the great mass of ordinary people in this country.'<sup>495</sup> A few days later, the Chancellor, Selwyn Lloyd, confirmed that he had 'not had any consultations with Commonwealth Finance Ministers on these matters [i.e. decimalisation].'<sup>496</sup>

However, by May of the same year, Lloyd, having set up a Working Party under the Treasury official Sir Frank Lee to consider the issue, was now warming to the idea of decimalisation. His Conservative colleague Edward du Cann asked whether he regarded decimal currency as

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<sup>494</sup> Hansard, 23 February 1961, Volume 635, col.767.

<sup>495</sup> Hansard (House of Lords), 23 February 1961, Volume 228, col.1105.

<sup>496</sup> Hansard, 28 February 1961, Volume 635, col.105.

‘a Commonwealth matter and [whether he was] therefore consulting the other Commonwealth countries?’<sup>497</sup> His response was that ‘the consequences of South Africa's decision are being observed. We are in touch with both the Australian and New Zealand Governments. I am doing my best to accelerate our consideration of this matter.’<sup>498</sup> Clearly Lloyd believed that the Commonwealth aspect of decimalisation was important, and in a note to Prime Minister Macmillan the following month, he expressed the view that any move towards decimalisation in the UK should be co-ordinated with similar actions in Australia and New Zealand, writing that

As you will know, the Governments of Australia and New Zealand are also considering changes to their currencies to a decimal basis and have before them a report that was made to the Australian Government which strongly recommended decimalisation with a 10s. unit. If we are to move, I think it would be helpful to all of us if we could announce our decision at the same time and try to make the change in step.<sup>499</sup>

Accordingly, with the agreement of the Prime Minister, Chancellor Lloyd wrote identical confidential letters to his opposite numbers in both Australia and New Zealand, Harold Holt and Harry Lake. Referring to the ‘excellent report’ submitted to the Australian Government, he stated his personal view in favour of a 10-shilling unit divided into 100 parts, and made a plea for a co-ordinated approach by all three countries:

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<sup>497</sup> Hansard, 2 May 1961, Volume 639, col.1100.

<sup>498</sup> Ibid.

<sup>499</sup> National Archives, PREM 11/4768, Letter from Lloyd to Macmillan, 7 June 1961.

I should like, as soon as possible, to make an announcement that we have reached a decision to this effect (i.e. to decimalise on a ten-shilling basis) ...

In putting this to my colleagues it would be helpful if I could tell them, in strict confidence, what your views are. Moreover, if we are both going to proceed on the same lines, it would probably be helpful to both of us if we could keep in touch in announcing our decisions and in making arrangements for the change. I am therefore writing to ask whether ... there is any possibility that, if we were in a position to make an announcement on the lines I have described this Summer, you would be able to move at the same time.<sup>500</sup>

However, whilst Lloyd at this stage seems to have been bullish about the prospects for an early announcement, and was therefore keen to solicit support from his Commonwealth colleagues, as noted previously there were those in Government urging caution given the potential cost of the exercise. The record of any responses from his Australian and New Zealand counterparts is absent from the archive but the Chancellor did refer to discussions he had with them at the Commonwealth Economic Conference of September 1961 in the Ghanaian capital, Accra. Answering further questions from du Cann, who asked 'what consideration he has given to the proposal to introduce a decimal currency system in the United Kingdom ... (and) .... what consultation there has been with the Commonwealth, because it seems to many people that this is very much a Commonwealth matter?',<sup>501</sup> the Chancellor replied that he hoped 'to make a statement before the end of the year. With regard to Commonwealth consultation, I discussed this matter with the Finance Ministers of

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<sup>500</sup> Ibid, Letters from Lloyd to Harold Holt and Harry Lake, 8 June 1961.

<sup>501</sup> Hansard, 14 November 1961, Volume 649, col.176.

Australia and New Zealand when I met them in Accra earlier this year.<sup>502</sup> Whilst the timetable had evidently slipped, the issue of co-ordination with the Commonwealth, or at least the antipodean part, was still at the forefront of Lloyd's thinking.

When the formation of the Halsbury Committee was announced in December 1961, du Cann again pressed the Chancellor to 'ensure that Commonwealth Governments are closely consulted at all stages by Her Majesty's Government.'<sup>503</sup> In response Lloyd concurred, starting that:

The Commonwealth Governments have been informed of what I have said. In addition, when I and my colleagues from New Zealand and Australia met in Ghana in September, we discussed this matter. They acquainted me with the position of their Governments. It is important that we should keep in step with other Commonwealth Governments on this matter.<sup>504</sup>

The Government continued to emphasise the perceived need to move in step with other Commonwealth countries, during the period leading up to the publication of Lord Halsbury's report, with, for example, the Treasury Minister Anthony Barber in May 1962, during the debate on Wilfred Proudfoot's Private Members Bill, keen 'to assure the House that we are in close touch with our friends in the Commonwealth on this matter.'<sup>505</sup> Nor was this communication of this view limited to political circles. In June of that year, the Bank of England Governor, Lord Cromer, in a letter to other Commonwealth Countries' Central Bank

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<sup>502</sup> Ibid.

<sup>503</sup> Hansard, 19 December 1961, Volume 651, col.1136.

<sup>504</sup> Ibid.

<sup>505</sup> Hansard, 4 May 1962, Volume 658, col.1444.

Governors, noted the Chancellor's view that 'it was important that H.M. Government should keep in step with other Commonwealth governments on this subject.'<sup>506</sup>

However, as discussed in the chapter on Interest Groups, the fact that the Governor had communicated Lloyd's opinions did not mean that the Bank agreed with his conclusion that the UK should decimalise on the same, ten-shilling base unit as other Commonwealth countries. By the time of the publication of Halsbury's report in September 1963, South Africa had already decimalised, and Australia and New Zealand had decided to do likewise, all on the basis of a ten-shilling unit. However, at least in this respect, the majority on the Halsbury Committee decided to reject the supposed imperative to adopt a co-ordinated approach with other Commonwealth countries. The rationale given by the Committee asserted the primacy of the City's view of the international position of sterling over any perceived need for Commonwealth cohesion:

The published reports of decimalisation committees in other Commonwealth or ex-Commonwealth countries are well-documented and cogently argued. We have derived much valuable help from them. But the decimal system which is most suitable for one Commonwealth country is not necessarily that most suitable for another. In particular, the £ sterling occupies a position internationally which is rivalled only by the United States dollar. The South African £, the Australian £ and the New Zealand £ are not international currencies in the same sense, and there are arguments in favour of retaining the £ sterling which did not enter into the calculations of these other countries. Moreover, the size of the major unit is

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<sup>506</sup> Bank of England Archive, ADM 1/24, Letter from Lord Cromer to Commonwealth Countries Central Bank Governors, 22 June 1962.

governed by the size of the minor unit and a lowest coin value required in one Commonwealth country is not necessarily required in another.<sup>507</sup>

In effect there was no co-ordination of the decimalisation process between the UK and other Commonwealth countries, despite Lloyd's initial attempts to ensure that there was. This can partly be ascribed to the delay in the UK making a decision, with both Australia and New Zealand having announced their intentions to decimalise in 1963, before the Halsbury Report was published. The further delay in deciding to implement Halsbury's recommendations meant that, by the time James Callaghan brought his memorandum proposing a decimalised pound to Cabinet in February 1966, he pointed out that 'the (Halsbury) Committee had reported in September 1963 but no action had yet been taken. In the meantime, virtually the whole of the Commonwealth had adopted decimal currencies.'<sup>508</sup>

In any case, it is difficult to identify a real need for the UK to act in concert with other Commonwealth countries, other than a vague feeling on the part of some in Government that there ought to be a consistency of approach. Even as early as 1962 in the debate on the Proudfoot Bill, the Treasury Minister Anthony Barber noted that whilst there might be value in co-ordinating the changeover to decimal currency with Australia and New Zealand,

the position of other Commonwealth countries in the question of decimalisation varies. Some countries, such as Canada, East Africa, Ceylon and Malaya, have always had a decimal system. Others, such as India and Pakistan, have changed to a decimal

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<sup>507</sup> Cmnd. 2145, para 99.

<sup>508</sup> National Archives, CAB/128/124, Cabinet Conclusions CC 66 (13), 24 February 1966.

currency, as have Burma and South Africa-countries which are not in the Commonwealth but with which we have close associations. Cyprus and the British Caribbean have also recently changed to the decimal system. Nigeria has announced her intention of changing over to a decimal system in due course. The Government of Eire have also accepted in principle the desirability of changing over, and a Government Committee has recently been set up in that country to consider the best means of making the changeover.<sup>509</sup>

Given this diverse pattern, any attempt to institute a co-ordinated policy across the Commonwealth can be considered as quixotic at best. There is no record of a formal response from either Harold Holt or Harry Lake to Lloyd's pleas for such an initiative in respect of Australia and New Zealand, and the fact that both countries decided to go ahead with decimalisation three years before the UK's decision is indicative of a general disinterest and lack of concern on the part of the rest of the Commonwealth in respect of the UK's plans.

### ***Machine Issues***

Although there was no great desire amongst Commonwealth countries to co-ordinate their plans with the UK, there was one practical consideration in terms of the phasing of decimalisation which did exercise minds in the UK. This concerned the capacity of the Business Machine industry to cope with demand for new machines, or adaptations to existing machines in the event of simultaneous decimalisation in the UK, Australia and New

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<sup>509</sup> Hansard, 4 May 1962, Volume 658, col. 1445.



Zealand. Although Selwyn Lloyd had implicitly encouraged such co-ordination in his note to Holt and Lake, manufacturers of such machines were quick to point out the difficulties. In a meeting between senior officials from National Cash Registers (NCR) and Board of Trade officials on 29 November 1961, the former set out the problem:

If Australia and New Zealand, particularly Australia which was so large an export market for British machines, went over to decimal currency at precisely the same time, the practical problems [for UK decimalisation] would be much increased. The period allowed for changeover would have to be lengthened and the cost of the operation might be augmented – in our view the difficulty of maintaining our position on exports and imports might also be somewhat increased.<sup>510</sup>

Two days later the Cabinet, as part of the decision to set up the Halsbury Committee, similarly noted that ‘while it was desirable to co-ordinate policy on this question with the Australian and New Zealand Governments, there would be serious disadvantage from the point of view of the cash machine industry if all three countries were to change to a decimal system at the same time.’<sup>511</sup>

By the following May, the Government was moving towards an acknowledgement that this might mean the UK decimalising later than Australia and New Zealand. In the debate on the Proudfoot Bill, Treasury Minister Barber noted that the Governments of those two countries were ‘committed in principle to the change, and the timing of the changeover in the three countries will almost inevitably necessitate some co-ordination because of the difficulties for machine manufacturers.’<sup>512</sup> Given that the UK Government was still at this point

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<sup>510</sup> National Archives, Board of Trade Papers, BT 258/1194.

<sup>511</sup> National Archives, CAB/128/41, Cabinet Conclusions CC 61 (66), 30 November 1961.

<sup>512</sup> Hansard, 4 May 1962, Volume 658, col. 1444.

awaiting the outcome of Halsbury's deliberations, the implication was clear, as elaborated by the Earl of Dundee in the Lords in April 1963:

When we do come to a decision, I hope we shall not be accused of acting with precipitate haste ... it is the case that the longer we delay, the greater the expense will be. But I understand that the manufacturers of calculating machines think the change will be easier if it comes in Great Britain after it has happened in Australia and New Zealand.<sup>513</sup>

Ultimately, whilst a desire to move in concert with other Commonwealth countries, and in particular with Australia and New Zealand was widely expressed by politicians, this had no real impact either on the timing of decimalisation in the UK or in the form it took. Even the machine considerations proved moot, as by the time the British Government finally decided to go ahead with the reformed currency, in March 1966, Australia had already decimalised, two weeks earlier, whilst New Zealand was irrevocably committed to the same course of action in 1967.

### ***Decimalisation and UK-Commonwealth relations: The Old Commonwealth Loosening the Ties***

If decimalisation was not in any real sense a "Commonwealth issue" *per se*, this does not necessarily mean that the fact of decimalisation and the different systems adopted did not have implications for the UK's relationships with the Commonwealth. As discussed in the introduction, many commentators have characterised the late 1950s and 1960s as a period

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<sup>513</sup> Hansard (House of Lords), 25 April 1963, Volume 248, col. 1306.

when there was a loosening of ties between Britain and its former colonies and dominions. As the process of decolonisation accelerated, both the newly independent colonies in Africa and elsewhere, and the former Dominions of the “white Commonwealth” sought to assert their independence from the mother country. For example, as Hiroyuki Ogawa has noted, trade discussions between the UK and Australia and New Zealand and Canada during the late 1950s resulted in ‘substantial reduction of the guaranteed margins of preference accorded to British goods in the Australian and New Zealand markets ... (which) indicated centrifugal tendencies among the old Dominions away from Britain.’<sup>514</sup> At the same time, as argued by Alex May, the UK began a process of partial disengagement from the Commonwealth and turned its attention to closer relations with Europe, as evidenced by its initially unsuccessful attempts to join the European Community.<sup>515</sup>

Perhaps the most obvious example of decolonisation as part of a process of a Commonwealth country loosening its ties with the UK was in South Africa, whose introduction of decimalisation coincided with her departure from the Commonwealth in 1961. Although the two events were not contingent on each other they formed part of the same movement in that country’s political culture. As the *Times* noted in 1959:

South Africa is to introduce decimal coinage ... thus breaking with yet another matter with British tradition and at the same time improving the atmosphere thought to be necessary for a republic. The pound is to go – and apparently for much the same

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<sup>514</sup> Ogawa, Hiroyuki (2003) Britain's Commonwealth Dilemma: Discussions with Australia, Canada, and New Zealand and Transition of British Trade Policy, 1956–59, *Contemporary British History*, 17:3, p.3.

<sup>515</sup> May, Alex (2013) The Commonwealth and Britain’s Turn to Europe, 1945–73, *The Round Table*, 102:1, p.29

way as the Union Jack, the rank of Lieutenant-colonel and the crown as a badge or symbol.<sup>516</sup>

The introduction of decimal currency in South Africa based on a new currency unit, the Rand, was part of a process of disassociation with Britain on the part of a hostile Afrikaner political leadership, increasingly at loggerheads with much of the rest of the Commonwealth as a result of its apartheid policies. This itself influenced the decision to decimalise in at least one other African country, deeply hostile to the apartheid regime, and at the same time reluctant to continue following British colonial practice. In a note to the Halsbury Committee, Alan Whittome of the Bank of England reported ‘a recent decision by the Ghana government to adopt an 8/4 unit: the £ was unacceptable because of its UK, and the 10s because of its South African connections.’<sup>517</sup>

Whilst the introduction of decimal currency in South Africa was almost certainly part of a conscious rejection of British influence, in Australia the position was more contested. In 1959 the *Guardian* reported on moves towards decimalisation in that country, arguing that ‘some emotional and instinctive resistance might be expected, and there may be some feeling that it would be “un-British” to turn away from the traditional notes and coins. But Australia, with its large post-war influx of European peoples is less “British” now than it was.’<sup>518</sup>

Once the decision to decimalise was taken in Australia in 1963 the choice of names for the new currency became a political battleground between Anglocentric conservatives and those for whom the British link was seen as a barrier to their assertion of Australian

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<sup>516</sup> *Times*, 8 January 1959.

<sup>517</sup> National Archives, T 174/2.

<sup>518</sup> *Guardian*, 15 October 1959. ‘The Point of Decimals’.

independence. The *Guardian*, reporting on the Australian government's decision in April 1963 to adopt a ten-shilling major unit, accurately predicted both the terms of the debate over naming the new currency, and its outcome:

Rabidly nationalistic individuals and organisations are pleading for a distinctive nomenclature. Names suggested for the new main unit ... include Auster, Austral, Roo, Kanga, Emu and Koala ... But there seems little doubt that the eventual name will be a dollar.<sup>519</sup>

By June the Government, led by the Anglophile Robert Menzies, had settled on a unit 'to be called a "royal", subdivided into smaller units called crowns, shillings and cents.'<sup>520</sup> However the retention of terms associated with monarchy, and therefore implicitly the British connection, drew opposition with the *Guardian* reporting that:

the Australians ... have picked 10s as their basic unit, to be called a "royal" , subdivided into smaller units called crowns, shillings and cents. But though opposition to decimal coinage as such appears to be thin on the ground in Australia, "crowns" and royals are drawing forth a Roundhead revolt ... led by Mr. Arthur Calwell, Leader of the Labour Party. Mr Calwell has threatened to change the name if and when his party gets into office.<sup>521</sup>

In the event public opinion in Australia forced a retreat by the Government, *with The Times* noting in September 1963 that they had 'had second thoughts about giving the name "royal" to the main unit of the decimal currency ... Since the choice ... was announced three

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<sup>519</sup> *Guardian*, 13 April 1963.

<sup>520</sup> *Guardian*, 8 June 1963.

<sup>521</sup> *Ibid.*

months ago public opinion polls have confirmed a popular reaction against the name.<sup>522</sup>

This swift U-turn by the Australian Government, together with its apparent indifference to co-coordinating policy with the UK is clear evidence that the link with Britain was less important than it had previously been. The *Guardian* was perhaps too circumspect in its comment that:

When it had once beaten a retreat from it [the Royal] the [Australian] Government was almost bound to settle for dollars and cents ... Australia has decided against sticking to the pound, not because it is drifting away from the Commonwealth and into the arms of America (though it is doing a little of that) but because people find it disconcerting to wake up to a currency unit suddenly halved in value.<sup>523</sup>

A more robust summary of the implications of the Australian decision appeared in the same newspaper the following year, as part of C.G. Hanson's article on "The Currency Problem":

When one sees the Commonwealth countries altering the values of their currency units and introducing decimal currencies of their own accord, concluding trading pacts with other countries, and buying from countries other than Britain when it suits them to do so (Australia is re-equipping its air force with French fighters and American bombers) one cannot help thinking that the Commonwealth is a club from which most of the members have resigned without telling the secretary that they have done so.<sup>524</sup>

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<sup>522</sup> *Times*, 18 September 1963.

<sup>523</sup> *Guardian*, 19 September 1963.

<sup>524</sup> *Guardian*, 4 January 1964.

### ***Decimalisation and UK-Commonwealth relations: The British Perspective***

The decisions by Commonwealth countries to decimalise their currencies with little or no reference to the UK can be seen as indicative of a desire on their part to cut the umbilical cord linking them to the mother country. At the same time, at least during the early deliberations around the choice of system, the UK Government was wary of any divergence from its Commonwealth partners.

Commenting on the report of his department's Working Party which preceded the setting up of the Halsbury Committee, the Joint Permanent Secretary at the Treasury, Sir Frank Lee bemoaned the fact that the report hardly mentioned the Commonwealth aspects which he saw as being of

considerable significance. South Africa, India and Pakistan have already gone over to a decimal system, and Australia and New Zealand are likely soon to follow suit. There is a great danger that our currency, which has linked us to the Commonwealth in the past, will come to separate us from them if we do not also change. This is a relevant and important consideration in connection with the question of what should be the unit of currency in a decimal system ... There is a further point which the report does not mention but which seems to me worth making – namely that South Africa has chosen a 10s. system, and Australia and New Zealand seem likely to do the same. The retention of the £ would therefore tend to be a mark of difference from the Commonwealth rather than a unit shared with them.<sup>525</sup> (Lee's underlining)

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<sup>525</sup> National Archives, PREM 11/4768, Sir Frank Lee's comments on HMT Working Party report, 18 May 1961.

Official briefing to the Prime Minister on Chancellor Selwyn Lloyd's Cabinet Memorandum proposing the setting up of the Halsbury Committee made a similar point, that 'the continuance of the pound as our currency could therefore become a source of division within the Commonwealth instead of the link it has been in the past.'<sup>526</sup>

However, this argument cut little ice with the majority of the Halsbury Committee. The Committee's report noted that 'some people, perhaps mainly on sentimental rather than practical grounds, might regret this severance of an historic link and regard the adoption of a 10s. -cent system by the United Kingdom as going some way to restoring it.'<sup>527</sup>

Nevertheless, the Committee concluded that 'the adoption, by some Commonwealth and ex-Commonwealth countries of 10s. -cent systems was not a factor which should influence the choice of a decimal system in the UK.'<sup>528</sup> Even the minority on the Committee, whilst arguing strongly for a 10s.-cent system in its 'Memorandum of Dissent', did not 'dissent from the majority view that we should not be unduly influenced by events in ... [other Commonwealth and ex-Commonwealth countries] ... which have all pronounced in favour of 10s. -cent system.'<sup>529</sup>

### ***The Commonwealth as Exemplar***

Whilst the issue of divergence from Commonwealth practice was eventually seen as being of limited consequence, the experience of decimalisation in Commonwealth and former Commonwealth countries was used by the UK government to illustrate that any changeover

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<sup>526</sup> Ibid, Briefing on Cabinet Memorandum C61 (189), 29 November 1961.

<sup>527</sup> Cmnd. 2145, para 344.

<sup>528</sup> Ibid., para 348.

<sup>529</sup> Ibid., Memorandum of Dissent, para. 38.



to a decimalised currency could be achieved without undue disruption. In particular, the examples of decimalisation in India in 1957 and South Africa in 1961 were employed in arguments designed to dispel fears of such disruption.

These arguments often referred in what today read as patronising terms to the relative lack of sophistication of elements of the population in those countries. For example, Lord Ferrier, in referring to India in 1960 professed himself

amazed at the facility with which a country of that size has dropped into the use of decimals. The naiya paisa seems to be fully accepted in the bazaars. I dare say that the small trader has managed to make a little bit here and there on the conversion of the anna and pie into the naiya paisa, but the fact remains that that great country, with its enormous population, a large proportion of them illiterate, has dropped into the decimal coinage with, as far as I can see, the minimum of trouble so far as the individual is concerned.<sup>530</sup>

Writing in 1962 in the *Financial Times*, Tether, reviewing the South African experience made a similar point, if rather more crudely and more jarring to current sensibilities:

It can of course be argued that as business life in South Africa is less complex than business life in Britain, the change-over there would be a less difficult affair in relative terms than in Britain. But against this, it has to be remembered that the average ability of South Africa's population to comprehend the intricacies of a switchover of this kind would be lower, having regard to the strong coloured element in it, than that of the British people.<sup>531</sup>

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<sup>530</sup> Hansard (House of Lords), 10 November 1960, Volume 226, col.487.

<sup>531</sup> *Financial Times*, 24 February 1962.

A similarly racialised view was expressed in a 1967 paper to the Decimal Currency Board by its Assistant Secretary, J.W. Kennedy which referred to the success of decimalisation in South Africa in the context of living conditions varying from 'New York sophistication to desert tribes hunting with bows and arrows; weekly visits to the psychologists from the luxury apartment contrast with the witch doctor holding sway amid the mud huts'<sup>532</sup>

However, if such patronising sentiments were sometimes utilised in arguments supporting a view that decimalisation in the UK could be achieved with relative ease, of more importance was the way in which the experience of other Commonwealth countries informed both the ongoing arguments about the choice of system and practical arrangements for implementation. Although, as discussed, the arguments for formal co-ordination of decimal policy with other Commonwealth countries were rarely made, the successful implementation of decimalisation in South Africa, Australia and New Zealand was often ascribed by supporters of the 10s. –cent system as being the result of their adoption of such a system.

In the debate on the Second Reading of the 1967 Decimal Currency Bill, the Shadow Chancellor Iain Macleod pointed out that not only had they all adopted a 10s. –cent system, but also that in none of these countries had the £-cent-half system chosen by the UK been even second choice:

The Australian Report ... was unanimous, and the 10s. system was selected from many others ... it did not give any particular placings, although the inclination seemed to be for second place towards a system which has barely been mentioned today, the 8s. 4d. system of 100 pennies ... The New Zealand system was not

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<sup>532</sup> National Archives, T193/252, Decimal Currency Board Paper B 67 (12).

unanimous ... but the minority Report, which consisted of only one member, recommended the 8s. 4d. system. Even in New Zealand, a country with the closest links with us, probably closer than any other country in the world, the system that the Government are proposing did not even get placed. In South Africa there was a commission of 15. Of that number, 12 favoured the 10s. system ... The minority favoured what they called a £-cent-decime system, that is a £ divided into 10 florins, divided into 10 cents, divided into 10 decimes, which is another variant of the £1mil system, but not the system put forward by the Government.<sup>533</sup>

In the same debate the Conservative MP Gordon Campbell argued that it was 'not surprising that Australia, New Zealand and South Africa ... all decided on the 10s. system' He observed that 'the White Paper, "Decimal Currency in the United Kingdom" ... refers to them at various points, but it is remarkable that not a word is said recording or revealing that they have all adopted the 10s. system.'<sup>534</sup> Macleod, meanwhile sought to counter the Government's view that the success of decimalisation in Australia was entirely due to planning and preparation: 'Australia got it right not just because its preparations were good but because it picked the right system. This is the answer to the success of the system in Australia and South Africa; and I do not doubt that the same will apply to New Zealand.'<sup>535</sup>

The Government, however, denied that the choice of system was a factor in the smooth transition to the new currency in Australia. Indeed, Callaghan went even further, using the

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<sup>533</sup> Hansard, 22 March 1967, Volume 743, col. 1754.

<sup>534</sup> Ibid, col. 1823.

<sup>535</sup> Ibid, col. 1757.

Australian experience in support of retention of the £. In his memorandum to the Cabinet proposing the adoption of a decimalised pound, he referred to correspondence from the Australian Prime Minister, Harold Holt, in November 1965 in his then capacity as Federal Treasurer. In this memorandum, Callaghan reports that Holt said 'of the new dollar system (as against the £): 'It is going to be somewhat of a nightmare for the next few years getting used to new figures for items of budget receipts and expenditure, national income and balance of payment statistics, and banking and financial statistics generally.'<sup>536</sup>

Despite this, advocates of the ten-shilling system continued to quote the Commonwealth and other examples in favour of their case, even after the passage of the 1967 Act had prescribed a decimalised pound, as this exchange in the House of Lords in February 1968 illustrates:

LORD AIREDALE: My Lords, will the Government continue to study the currencies not only of the United States, but also of Canada, Australia, New Zealand and South Africa? Are the Government really determined that we shall remain for ever out of step with practically the whole of the English-speaking world in the matter of currency?

LORD BESWICK: My Lords, I am sure that we shall never reach the stage when it will not be profitable at least to study what is going on in other parts of the world, but I am sure that the noble Lord will agree that, having decided by vote of both Houses

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<sup>536</sup> National Archives, CAB/129/24, Cabinet Memorandum C66 (40), 22 February 1966.

of Parliament, to embark on a certain policy, we ought now to make a success of that, especially as planning is so far advanced.<sup>537</sup>

Whatever the merits of these arguments about the choice of system, the UK was able to use the experience of other Commonwealth countries, and in the case of South Africa, by now a former Commonwealth country, to inform planning and implementation of the changeover to the new currency. The Halsbury Committee report acknowledged the precedents of decimalisation in Aden, Cyprus, the British West Indies, India and Pakistan,

but perhaps the greatest impact on opinion here was made by the successful changeover carried out in 1961 by South Africa, from an £sd system virtually with our own. We acknowledge our indebtedness to the South African Decimalization Board and its predecessor the Decimal Coinage Commission, for supplying information about the changeover, and also in general for the encouragement we have derived from knowing that the changeover task not only can be, but has been, successfully accomplished. We have also studied with interest and benefit the published reports of the committees in Australia, New Zealand, Rhodesia and Nyasaland, and Eire.<sup>538</sup>

In fact, the Australian and New Zealand Governments both followed the example of South Africa in setting up Decimal Currency Boards to oversee implementation of the new currency, and the UK followed suit in 1967, following the passing of the Decimal Currency

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<sup>537</sup> Hansard (House of Lords), 15 February 1968, Volume 289, col. 201.

<sup>538</sup> Cmnd 2415, para 3.

Act. One of its first actions was to arrange a visit by a delegation led by the Chairman, Lord Fiske, and Secretary, Noel Moore, together with a Treasury official, to Australia and New Zealand. This was timed to coincide with the changeover from pounds to dollars in New Zealand on 10 July 1967, with the Australian leg of the visit running from 26 June to 1 July, and the New Zealand leg from 1 to 17 July. The Board recorded its main conclusions from the visit in a Board Paper, concluding that ‘The changeover in Australia was a success and the changeover in NZ will be a success ... the result of detailed forward planning coupled with a great sense of team spirit on the part of the organisations concerned.’<sup>539</sup>

This reference to “team spirit” referred to the extent that business organisations, particularly in New Zealand, had enthusiastically embraced decimalisation ‘not as a burden imposed on them, but as a great opportunity and a challenge.’<sup>540</sup> The British Board members feared that this might be difficult to replicate in the UK ‘because of the recent bitter controversy over the choice of system and the widespread feeling that the Government has chosen a system which was opposed by most of the organisations most closely affected.’<sup>541</sup>

Although the Board deemed the visit’s practical value to be ‘greatly limited by the very heavy programme of engagements, social as well as official ... and the fact that (they) ... spent too much time with people at too high a level’,<sup>542</sup> they were able to draw a total of nineteen conclusions from the Australian and New Zealand experience, which informed

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<sup>539</sup> National Archives, T193/254, Decimal Currency Board Paper B67 (52)

<sup>540</sup> Ibid.

<sup>541</sup> Ibid.

<sup>542</sup> Ibid.

their approach to the UK changeover. These covered a number of areas, including machine conversion, the role of banks, the Post Office and retail and transport organisations, and the nature and timing of training for staff and for education of the public. The Board followed up their visit the following year by holding lunches with the Chairmen of the Australian Decimal Currency Board, Sir Walter Scott, and his New Zealand equivalent, Sir Sidney Moses, at which further issues were discussed, and lessons from those countries' successful implementation were drawn.<sup>543</sup> These lessons were substantially carried forward into the Board's own planning. A key finding was the need for organisations to take responsibility for their own planning, rather than relying on the DCB, a point amplified in the Commons by the Treasury Minister, Dick Taverne in January 1969:

If those responsible for planning the change-over study the White Paper and the reference booklets which the Decimal Currency Board has already published and is to publish shortly, they should have the basic information which they need to make their detailed plans, tailored to their own organisations. We urge, in addition, that they should benefit by the lessons learnt in Australia and New Zealand and should make the utmost use of the two years that remain. This really is of vital importance.<sup>544</sup>

## ***Summary***

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<sup>543</sup> National Archives, T193/210, Members Cover Notes, 26 July and 30 October 1968

<sup>544</sup> Hansard, 30 January 1969, Volume 776, col. 1671.

Although reference to the Commonwealth was commonplace in the discourse around the decimalisation project, particularly during early discussions on decimalisation, it is difficult to see it as a Commonwealth issue *per se*. Initial efforts to co-ordinate implementation with Australia and New Zealand failed, partly because of the lengthy period that the Halsbury Committee took to make its report. This also reflected the fact that there was no consensus within the UK government that this was really necessary, itself a result of ambiguity around Britain's post-imperial role in the world. In any case by the early 1960s, both Australia and New Zealand, had grown increasingly confident in their ability to act independently of Britain, and consequently did not feel constrained to wait for the UK Government to make up its mind. This confidence was given added impetus by the knowledge that the UK, seeking membership of the European Economic Community, was in any case turning its attention away from the Old Commonwealth.

Decimalisation in the Commonwealth was, however, important to developments in the UK in two respects. Firstly, the introduction of new decimalised currencies in several Commonwealth countries acted as a catalyst for action by Britain. Indeed, the decisions by Australia and New Zealand rendered the UK out of step with virtually all of the Commonwealth in maintaining an unreformed currency. Secondly, the experience of those two countries – together with the earlier example of South Africa – showed that reform could be achieved with relatively little disruption and provided practical lessons in how best to implement the changeover from the old currency to the new.

If the introduction of decimal currencies in other Commonwealth countries acted as an indirect stimulus to Britain's decision to decimalise, the impact of the UK's actions was far



more direct in respect of its closest neighbour, the Republic of Ireland. Ireland's economy was closely linked to, and arguably dependant, on that of the UK. The Irish pound or punt was pegged to sterling, and the Republic shared a land border with the UK, across which the coinage of both countries flowed freely. In the wake of Britain's decision to decimalise, Ireland too had a decision to make, whether to follow the UK's lead, or to establish its own currency. The next chapter discusses the practical and political factors which influenced that decision.

## Chapter 7: Decimalisation in Ireland

### *Introduction*

This chapter will consider the extent to which the decision to decimalise the Irish Pound, on the same basis and at the same time as the UK, was a subject of controversy within Ireland, and if so on what grounds.

I will argue that there was considerable opposition to following Britain. Some objections were based on the practical and theoretical merits of alternative systems (10/-; £-mil; florin-cent). Others were more ideological, stressing the opportunity for the Irish republic to assert its independence by diverging from UK practice. At the same time, it would be a mistake to see the eventual decision to follow Britain's lead as necessarily demonstrating a subservient attitude on the part of the Irish government. There were nationalist grounds for maintaining the same currency for the whole of the island of Ireland, so as to remove a potential barrier to the ideal of eventual reunification of the country.

Ultimately though the key considerations were those of economic practicality. The majority of the Republic's trade was with the UK (more than 70% of exports and 50% of imports), and the Republic's pound was pegged to sterling. Consequently, both British and Irish banknotes and coin circulated freely and interchangeably both north and south of the Border between the Republic and Northern Ireland. Opponents of the British system, on both practical and political grounds, fought a rearguard action which delayed a final decision in Ireland by more than two years following the UK's announcement of the intention to base its decimalised currency on the pound in March 1966. However, such opposition was relatively weak, and the final decision in 1968 to follow the UK's lead, was seen by most

commentators as a near-inevitable consequence of the close economic ties between the two countries at that time.

### ***Chronology of Decimalisation in Ireland***

In examining the issues around decimalisation in Ireland, it is first necessary to give a brief chronology of the development of the currency from the establishment of the Irish Free State in 1922 to the announcement of the intention to introduce a decimalised pound on the British model, in 1968.

The newly independent Ireland continued to use British notes and coinage for the first six years of its existence, only introducing its own currency, its denominations and values exactly mirroring those in Britain, in 1928. However, there was an early proposal, addressed to the Minister of Finance, Michael Collins, by Professor T.A. Smiddy of University College, Cork, advocating

a monetary unit of the same gold content and same fineness as the British half sovereign (i.e. 10/-) ... It will permit the adoption of the decimal system in currency. For example, it would contain 10 shillings or 100 pence ... Naturally these coins would have Irish names.<sup>545</sup>

The date of Professor Smiddy's memorandum is April 1923, although the file copy in the archives notes that it may have been written in 1922. Either way, it is unsurprising that there is no record of any response from Collins. In April 1922 he was commander-in-chief of

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<sup>545</sup> National Archives of Ireland, S/5594/A Memorandum to Mr Michael Collins, Minister of Finance from Professor T.A. Smiddy, University College Cork, dated April 1923, 'The Value of the Irish Currency Unit'.

the Army of a Free State on the brink of Civil War with its anti-Treaty IRA opponents, as well as directing operations in the North against loyalist militants; by April 1923 he had been killed in that Civil War.

A more serious attempt to consider decimalisation came in November 1946 when the Minister for Finance, Frank Aiken, was asked by the Cabinet to submit proposals for a Committee on decimal currency. However, Aiken asked in January 1947 that this requirement be withdrawn, and two months later the Taoiseach's office rescinded the earlier Cabinet decision.<sup>546</sup> This *volte face* was temporary, and following representations from the Association of Chambers of Commerce in Ireland,<sup>547</sup> in 1952 the Cabinet authorised the Minister for Industry and Commerce to appoint 'a Committee to consider and report on the question of establishing a metric system of weights and measures and a decimal system of coinage.'<sup>548</sup>

This Committee was established the following year and reported in 1959. Its conclusions were somewhat equivocal, with the majority tentatively supporting a 10/- based system as

the one most suitable for this country, (although) they recognise that the adoption of a different system by Britain might well necessitate a change in that view ...While the Committee considered that it would be practicable to effect a change, even unilaterally, they were not wholly convinced that such a change, taken by itself would be justifiable.<sup>549</sup>

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<sup>546</sup> Ibid, Memorandum for Government by Minister for Finance, 14 January 1947.

<sup>547</sup> Ibid, Letter from P.J. MacDwyer, Secretary Association of Chambers of Commerce of Ireland to Taoiseach Eamon De Valera, 18 July 1951.

<sup>548</sup> Ibid, Cabinet Minutes, 28 August 1952.

<sup>549</sup> National Archives of Ireland, 96/6/115.

A reservation to the report, signed by five of the sixteen members, went even further in stressing the importance of moving in concert with the UK, recommending that 'no change should be made, to either the metric system, or a decimal coinage except in conjunction with Britain and the Six Counties.'<sup>550</sup> The Government accepted the case for decimalisation in principle in February 1962 and set up a Working Party of officials to determine the best system to be adopted. Its report, published in May 1965, concluded 'that a 10s – cent system is superior to any other decimal system suggested. We recommend, therefore, that this country's currency should be converted to a 10/- cent system as soon as possible.'<sup>551</sup> However, there was a significant reservation attached to the report by the Committee Chairman, E. Graham of the Central Bank of Ireland, who recommended 'consultation with the British Authorities before making a final decision on the system to be adopted, and if it were found that Britain was about to introduce a £-cent system I would recommend that we adopt the same system.'<sup>552</sup>

This preoccupation with the actions or otherwise of the British in respect of decimalisation meant that successive Governments opted not to implement the recommendation of the reports of either 1959 or 1965. However, with the UK Government's announcement of 1 March 1966, the situation was fundamentally changed, and a decision became necessary. Reflecting on this in his budget statement to Dail Eireann eight days after Callaghan's announcement, the Minister for Finance, Jack Lynch, did not announce a decision on the

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<sup>550</sup> Ibid.

<sup>551</sup> Ibid.

<sup>552</sup> Ibid.

issue, but instead invited 'representative organisations' to give their views, in order to inform the Governments deliberations on the issue.<sup>553</sup>

In the event this appeal for expressions of views met with a muted response, and in June 1967 the new Minister for Finance, Charles Haughey, issued a booklet welcoming 'any expression of views which would help him come to the most satisfactory conclusion on the choice of unit.'<sup>554</sup> This booklet gave four options for consideration, a 10/- system, a pound divided into either 100 cents or 1000 mils, of a florin with 100 sub-units.<sup>555</sup>

This time, the Parliamentary Secretary to the Minister for Finance, Jim Gibbons, was able to report to the Dail on 23 April 1968 that,

The response was quite satisfactory. The weight of opinion favoured the introduction of the same system as will be in operation in Britain and Northern Ireland ... the Government have decided to adopt this course as being less inconvenient and costly than introducing a different system. The change-over will commence on 15 February, 1971, the same date as in Britain and Northern Ireland.<sup>556</sup>

The remainder of this chapter will discuss, in the context of this chronology of events, the practical and political imperatives which drove the Irish Government's decision to follow the UK's choice of units and implementation timetable; the arguments raised on practical and political grounds for diverging from British practice; attempts to find a system which

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<sup>553</sup> Dail Eireann, 9 March 1966.

<sup>554</sup> National Archives of Ireland, 2001/1/6, Booklet from Minister for Finance to both Houses of Oireachtas, June 1967.

<sup>555</sup> Ibid.

<sup>556</sup> Dail Eireann, 23 April 1968.

reconciled these two opposing positions; and how the timing of the decision to mirror the UK system, more than two years after the British announcement, reflects the tensions between these opposing views.

### ***Practical Arguments for the UK system***

To some extent there was an inherent assumption amongst many in Ireland that any change in the British currency would automatically mean that Ireland would have to follow suit. As early as 1955, an editorial in the *Irish Times* stated that ‘it is conceivable that we may one day follow Britain in adopting a decimal coinage. It is unlikely we will anticipate her.’<sup>557</sup>

Discussing the Working Party report of 1965, the *Irish Independent* thought it ‘evident that what we do here must be conditioned by whatever decisions Britain may take.’<sup>558</sup> Likewise the *Evening Herald*, reporting on the UK Government’s announcement of decimalisation in March 1966 was adamant that ‘the British decision to go over to decimal currency means we must adopt the method.’<sup>559</sup> Later that year, commenting on the controversy in Britain over the choice of system and the possibility that the advocates of a 10/- unit might prevail, the same paper noted that ‘if a doubt about the ultimate British basic unit should arise it may delay our decimal currency decision. We are hardly likely to make a got-it-alone (sic) move in this matter.’<sup>560</sup> This assumption that Ireland have to follow suit with any British decision was not limited to the Press or indeed those in the Irish Republic. For example, the

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<sup>557</sup> *Irish Times*, 27 September 1955.

<sup>558</sup> *Irish Independent*, 13 March 1965.

<sup>559</sup> *Evening Herald*, 3 March 1966.

<sup>560</sup> *Evening Herald*, 16 December 1966.

secretary to the Halsbury Committee, Noel Moore, noted in 1962 that 'the Northern Ireland Government appears to assume that Eire will in fact adhere to any new British system.'<sup>561</sup>

This was also the view of many within the Irish Government. When the decision was taken to accept decimalisation in principle in 1962, the Minister for Finance, James Ryan, set out the reasons:

As the bulk of our trade is conducted with Britain, with which we also have close commercial and financial ties, the Minister of Finance supports the general view that no change should be made independently of Britain and the Six Counties. ... in practice this country will have no option but to follow the decisions which the British ultimately take on the form of the currency and the timing of the changeover.<sup>562</sup>

The signing of the Anglo-Irish Free Trade Agreement in 1965 emphasised the importance of trade between the two countries, particularly to the Irish economy, and successive Finance Ministers held the view that Irish decimalisation should follow the UK. Ryan's successor Jack Lynch's immediate response to the British announcement was to issue a memorandum to the Cabinet stating that 'while the 10/- cent has advantages, the Minister for Finance, with the agreement of the Central Bank, considers that, if a decimal currency based on the pound is to become effective in Britain from 1971, convenience and the interests of trade and tourism, would best be served by a synchronised change-over to a £-cent system in Ireland.'<sup>563</sup>

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<sup>561</sup> National Archives (UK), T174/7, Note by the Secretary – National and Regional Views, 23 August 1962.

<sup>562</sup> National Archives of Ireland, 96/6/115.

<sup>563</sup> National Archives of Ireland, 98/6/31.



The point about the importance of trade between Ireland and the UK was emphasised in an article published in the *Irish Banking Review* in September 1967, during the consultation process instigated by the Government earlier that year. The article argued strongly for adopting the same system as Britain on the basis that:

Most of this country's trade is with Britain which takes more than 70% of our exports and from which we buy over one-half of our imports. This heavy volume of mutual trade has been greatly facilitated by the existence of a common currency system ... difficulties in administration and recording of transactions would be specially marked in areas close to the Republic-Northern Ireland border where business ... is more analogous to local rather than international trade.<sup>564</sup>

The article also pointed out a further potential barrier to trade. If different systems operated across the border, 'the present system whereby banking instruments of both countries pass freely through the clearing system could not be maintained. These items would then be treated as foreign exchange transactions.'<sup>565</sup> A further practical advantage of retaining the same system as the UK identified by the *Irish Banking Review* was around cross-border tourism, 'facilitated by the convenience of a common currency system and the ease of circulation of British currency in Ireland and Irish currency in Northern Ireland.'<sup>566</sup> Finally, the penetration of British media in Ireland meant that any divergence between the systems in the UK and Ireland would create confusion during the preparatory period

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<sup>564</sup> National Archives of Ireland, 2001/1/6, *Irish Banking Review*, September 1967.

<sup>565</sup> Ibid.

<sup>566</sup> Ibid.

‘through the Irish public being subject to an educational and information campaign from the British press, radio and television explaining a different system from the Irish system’.<sup>567</sup>

The argument relating to the close trading relationship with the UK appears to have been the one which most influenced the Irish Government’s eventual decision to adopt the British system. In October 1968, Jack Lynch, by now having succeeded Sean Lemass as Taoiseach, addressed the Anglo-Irish Parliamentary Group at Westminster, and was explicit in identifying this as the key driver in his Government’s approach to decimalisation:

This special trading relationship between the two countries has been given practical expression in the Anglo-Irish Free Trade Area Agreement concluded in December 1965. The preamble to that Agreement acknowledges the close economic links between us, and expresses the aim of expanding mutual trade and of achieving the sustained development of all sectors of the economies of both countries. It would be hard to find a clearer description of the policy of the Irish Government in relation to Anglo-Irish trade ...

One aspect of the closeness of the two economies is the link between our pound and sterling. We have voluntarily chosen to maintain parity between the Irish pound and sterling. We find this advantageous and convenient, given the pattern of our external trade and the close commercial relations between the two countries. For the same reasons we have decided to adopt the same system of decimal currency and to synchronise our changeover with yours.<sup>568</sup>

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<sup>567</sup> Ibid.

<sup>568</sup> National Archives of Ireland, 99/1/31.

Apart from the volume of trade between the UK and Ireland, there were also other practical considerations in favour of maintaining the same currency system in both jurisdictions. An important one was the cross-border interchangeability of the British and Irish banknotes and coins. The Report of the Metric System and Decimal Coinage Committee (1959) estimated that there were 147 million Irish coins, worth £2.8m in circulation in the Republic, as at 30 June of that year.<sup>569</sup> At the same time there were 89 million British coins, worth £1.8m in circulation alongside these Irish coins.<sup>570</sup> In other words just under forty percent of the coins, in volume and value, circulating in Ireland, were British. This was mirrored north of the Border. Writing to the secretary of the British Decimal Currency Board, Noel Moore, a Mr. Coates of the Northern Ireland Finance Department noted that, in Northern Ireland ‘in any pocketful of change which one might have, the proportion of Eire coins is commonly about a third.’<sup>571</sup>

The existence of what was for practical purposes a common currency for the island of Ireland was, it was argued, important not only in Border communities, but also for tourism.

The Metric System and Decimal Coinage Committee noted that:

a unilateral change to a decimal currency would also affect the personal convenience of travellers to and from this country. Units of British currency, which are at present acceptable here, and units of Irish currency, which are acceptable on both sides of the Border would, in some ranges at least, be valid for use in one area only.<sup>572</sup>

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<sup>569</sup> National Archives of Ireland, S15035/B/1, *Report of the Metric System and Decimal Coinage Committee*, para. 172.

<sup>570</sup> *Ibid*, para. 201.

<sup>571</sup> National Archives (UK), T193/77.

<sup>572</sup> National Archives of Ireland, S15035/B/1, *Report of the Metric System and Decimal Coinage Committee*, para. 212.

Writing in the *Irish Press* in 1967, the columnist W.A. Newman put it more trenchantly:

I have just dug into the right-hand pocket of my pants and taken therefrom a total of 12 Irish and seven English coins ... When coinage interchanges so freely as it does between our own country and Britain – to say nothing of the Six Counties – the discomforts of a dual system ... could be intolerable.<sup>573</sup>

The Fine Gael deputy Alexis FitzGerald perhaps best encapsulated the common view that the practical considerations in favour of following the British lead outweighed any other factors:

I think Britain made the wrong decision in not basing the system on the 10s rather than on the £1, and however, we made the right decision in following Britain as we must have the same unity and it would be manifestly immature to establish our independence by some gesture which would be injurious and damaging to ourselves. Decimal Day in Britain is on the 15th February, 1971, and so it must be with us.<sup>574</sup>

### ***Political arguments for the UK system***

It would seem intuitive that nationalist-minded Irish people would support divergence from the British system as a way of asserting Ireland's self-determination, and indeed that was a view often expressed both in political circles and by the wider general public. However, some, notably the Taoiseach, Jack Lynch, advanced arguments in favour of aligning with the

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<sup>573</sup> *Irish Press*, 2 March 1967.

<sup>574</sup> Seanad Debates, 15 December 1970.

UK on nationalist grounds. These related to the then-extant Irish Constitution of 1937, which laid claim to jurisdiction over the whole of Ireland, North and South:

Article 2

The national territory consists of the whole island of Ireland, its islands and the territorial seas.

Article 3

Pending the re-integration of the national territory, and without prejudice to the right of the Parliament and Government established by this Constitution to exercise jurisdiction over the whole of that territory, the laws enacted by that Parliament shall have the like area and extent of application as the laws of Saorstát Éireann and the like extra-territorial effect.<sup>575</sup>

Lynch took the view that, having a different currency on either side of the border could frustrate any moves to turn the aspiration of re-integration expressed in the constitution into reality. Prior to the Minister for Finance's submission to Cabinet in 1967, an official in the Taoiseach's office, R.O. Foglu asked that,

in any memorandum for the Government which the Minister of Finance may decide to submit on the matter, mention be made of the desirability of choosing the same unit as will be in operation in Britain and the Six Counties in the interest of avoiding the erection of any barrier to the eventual re-integration of the national territory.

*(Annotated in manuscript: The Taoiseach approves the above).*<sup>576</sup>

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<sup>575</sup> Constitution of Ireland, 29 December 1937.

<sup>576</sup> National Archives of Ireland, 98/6/31.

At the same time, Lynch was keen to continue the process of rapprochement with Northern Ireland, which had begun with the historic meetings between his predecessor, Sean Lemass, and the Prime Minister of Northern Ireland, Terence O'Neill, in 1965. The Minister of Finance's memorandum for the Government of March 1968, recommending adoption of the UK system included a paragraph, supported by the Finance Minister which had been:

inserted at the request of the Department of the Taoiseach, about the adverse political effect of having a different system here from that in Northern Ireland. Our currency, notes and coinage circulate extensively in Northern Ireland at present but this could not continue if there were different units in the two parts of the country. A decision to break the present currency links with the North would be interpreted as a weakening of the trend towards mutual co-operation and understanding between North and South.<sup>577</sup>

Lynch's seemingly inconsistent arguments represented a pragmatic approach to the constitutional position of his country. On the one hand, as leader of Fianna Fail (the Republican Party), the architects of the 1937 Constitution, he was bound to adhere to the *de jure* status of articles 2 and 3 of that document, with its aspiration for re-unification of the island. At the same time, following Lemass, he saw that improvements in the *de facto* bilateral relationship between the Republic and Northern Ireland were an essential part of the South's economic well-being.

### ***Practical arguments in favour of alternative systems***

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<sup>577</sup> National Archives of Ireland, 99/1/31.

As in Britain, there were practical arguments advanced in favour of alternative systems, particularly that based on a 10-shilling major unit made up of one hundred cents, as recommended by both the 1959 Committee and the 1965 Working Party. Both reports, as noted above, expressed misgivings about diverging from UK practice, but equally both came down, with reservations depending on what the UK decided, in favour of the ten-shilling major unit. As noted above, the 1959 Committee concluded that ‘the 10/- system appears to be the one most suitable for this country,’<sup>578</sup> whilst the 1965 Working Party was ‘of the opinion that a 10s – cent system is superior to any other decimal system suggested.’<sup>579</sup>

Proponents of an alternative system pointed out the perceived fundamental flaw in the £-cent-half system, which, requiring a half-cent/ half-penny unit could not be properly considered a decimal system. Speaking in the Dail on the occasion of the second reading of the Government’s Decimal Currency Bill, the Fine Gael TD, Garrett FitzGerald, expressed the view that:

It [the pound-cent-half system] will introduce into our system of commerce, trade and shopping a currency which is quite inappropriate and it means that the smallest unit will be the equivalent of 2.4d. today. The Government, recognising that this unit was too big and that the system was undesirable, have been forced to bastardise the decimal system by introducing the half unit. This, of course, destroys much of the full value of the decimal system because the halfpenny comes back in again. Having got rid of our vulgar fractions, which was the purpose of this exercise apparently, they are to be reintroduced because the unit the Government have chosen is the penny

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<sup>578</sup> National Archives of Ireland, 96/6/115.

<sup>579</sup> Ibid.

which is so large—2.4d—that even the Government can see that such a unit for shopping purposes is far too big, and even for ordinary purposes. It is going to introduce an inflation in prices and disrupt our economic system. They have been forced to damage the very system they are introducing by introducing a half unit.<sup>580</sup>

This argument was widely reflected in press comment on the issue, with the *Irish Press* commenting that ‘Britain will be saddled with a clumsy system that will have many disadvantages for ordinary people ...There is a strong case for our own adoption of the simpler code based on 10s.’<sup>581</sup> Proponents of the 10s system rejected the argument that having different systems either side of the Border would complicate transactions between the two parts of the island. According to the *Kerryman*, ‘if we go our separate ways on this basis, multiplying or dividing by two will adjust the difference between us. That does not present any great problem to people used to the present method of money calculations.’<sup>582</sup> This position was also reflected in a letter to the *Irish Press*, from L.K. Shields, of Blackrock, Co. Dublin, who argued that ‘while giving us a certain small measure of individuality it would be unlikely to disrupt trade with the north of Ireland or Britain provided one is able to multiply or divide by two.’<sup>583</sup>

However, unlike in Britain, where the main contest was between a £-cent-half system, and a 10s-cent system, in Ireland there was one other serious contender, the florin-cent system, in which the base unit would be two-shillings, or one-tenth of a pound, divided into 100 cents. The practical arguments for such a system largely hinged on its perceived suitability for a

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<sup>580</sup> Dail Eireann debate, 9 July 1969.

<sup>581</sup> *Irish Press*, 24 June 1967.

<sup>582</sup> *Kerryman*, 29 May 1965.

<sup>583</sup> *Irish Press*, 11 March 1967.



country much poorer than the UK, where coins of a smaller denomination than that envisaged in either the £-cent-half, or the 10s-cent system might be necessary. In 1966 the per capita Gross Domestic Product of Ireland, at US \$1,072 was only just over half of that of the UK, at \$1,954.<sup>584</sup> This was reflected in the pre-decimal currency of both countries, with Ireland retaining the farthing (1/4d or 1/960<sup>th</sup> of a pound) coin until 1 August 1969. In Britain the coin had been demonetised on 31 December 1960.

Consequently, whilst advocates of a ten-shilling system in the UK were able to portray such a system as a pure decimal one, not requiring a half unit, in Ireland there was a widespread view that this was not the case, given Irish conditions. A memorandum to the Cabinet dated 26 January 1967 from Sean F. Murray of the Irish Finance Ministry quoted an internal memo from the previous month, which summed up the argument:

On 12 December 1966 the British Government confirmed in a White paper that they proposed to decimalise their currency in February 1971 on the basis of a £ unit divided into 100 new pennies (value 2.4.d each) with the smallest coin a half new penny (1.2.d)

Neither the 1959 Committee nor the 1964 Working Party dealt in detail with the difficulty arising from the large size of the small unit either in the 10/- or £1 system. The Working Party ... felt compelled to recommend a ½ cent (0.6d) coin in present circumstances in conjunction with the 10/- cent system ...<sup>585</sup>

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<sup>584</sup> <https://countryeconomy.com> , accessed 11 November 2019.

<sup>585</sup> National Archives of Ireland, 98/6/31.

The memorandum went on to dismiss the idea of a £-mil system, with the pound subdivided into one thousand minor units as being cumbersome, requiring the use of three decimal places. Instead it recommended a florin-cent system as appearing

to combine the advantages of a simple relationship with the proposed new English decimal currency with those of a pure decimal system with a unit of size appropriate for normal transactions and of the order of value of the units in use in the principal European countries.<sup>586</sup>

Among the practical advantages of such a system were ‘a simple relationship with the proposed new British currency. Conversion ... [between the two systems] ... involves only the moving of the decimal point one place.’<sup>587</sup> It was also seen as less likely to have an inflationary impact, because the finer granularity of the currency meant that ‘the total of price increases in the changeover due to rounding up would be less than would occur if either the £ or 10/- systems was adopted.’<sup>588</sup>

These arguments in favour of a florin-cent system were prominent in press and political discourse in the period following the Minister for Finance’s consultation booklet in June 1967. Later that month the *Evening Herald* expressed the opinion that a ten-shilling system would have been best had the UK not decide to retain the pound. However, given the British decision, the editorial maintained that a new Irish currency:

must be designed to facilitate not hamper trade. A reasonable line would be to change to a florin cent system ... The great advantage would be the easily

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<sup>586</sup> Ibid.

<sup>587</sup> Ibid.

<sup>588</sup> Ibid.

recognisable relationship with the pound which would simply equal ten florins. To florins one would add a nought to pounds (1 pound, 10 florins); to get pounds one would knock off the nought. This simplicity makes the florin cent system attractive for Ireland.<sup>589</sup>

Similar sentiments were expressed in editorial comment by other Irish newspapers including the *Irish Independent*.<sup>590</sup> The same newspaper reported in November 1967 that the Federation of Irish Industries (FII) had submitted a response to the Minister for Finance's booklet, arguing in favour of the florin-cent system.<sup>591</sup> The FII's support for the system was raised in the Dail by the Fianna Fail Deputy Flor Crowley who asked the Minister if he had 'studied the recommendations of the Federation of Irish industries on decimal currency with special reference to the recommendation that the florin-cent system is the best.'<sup>592</sup>

Answering on behalf of the Minister, his Parliamentary Secretary Jim Gibbons merely noted that the FII's was one of over 200 'in support of the adoption of one or other of the units on which it would be possible to base a decimal currency in this country. These submissions are at present being studied in my Department.'<sup>593</sup> Notwithstanding this routine exchange, it is clear that there was some momentum behind the case for the florin-cent system, and in fact this was reflected within the Government itself. A Memorandum for the Government by the Minister for Finance, Charles Haughey issued in March 1968, proposing the adoption of the British £-cent-half system nevertheless noted that 'the Minister for External Affairs has

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<sup>589</sup> *Evening Herald*, 24 June 1967.

<sup>590</sup> *Irish Independent*, 25 August 1967.

<sup>591</sup> *Irish Independent*, 27 November 1967.

<sup>592</sup> *Dail Eireann*, 06 December 1967.

<sup>593</sup> *Ibid.*

stated that he is strongly in favour of the florin-cent system.<sup>594</sup> The Minister in question, Frank Aiken, argued that:

It would bring our currency into general line with the main currencies of Western Europe ... (and) would be of great assistance to tourists from countries using completely decimal currencies ... The adoption of the florin-cent system would prevent shopkeepers using as an excuse to increase prices the fact that in the £-1d.-half system the lowest complete unit is 2.4d ... in the florin system we could have as our lowest coin a two-cent piece which would be almost equivalent to our present halfpenny.<sup>595</sup>

Ultimately, these practical arguments in favour of alternative systems, and particularly the florin-cent, failed to gain sufficient support to persuade the Government to diverge from following the system adopted by the British. The obvious way to avoid the potential dangers of having different systems either side of the Border, and to maintain frictionless trade within the island of Ireland, was to follow the UK's lead and adopt the decimalised pound. Aiken's observation about alignment with the major European currencies, however, was not just one of practicality for tourists and other Continental visitors. It also carried implicit political implications for Ireland's relationship with both Britain and Europe. The political arguments for adopting a currency other than that planned by the UK are considered in more detail below.

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<sup>594</sup> National Archives of Ireland, 99/1/31, Memorandum for the Government by Finance Minister on choice of unit, 29 March 1968.

<sup>595</sup> Ibid.

### ***Political arguments in favour of alternative systems***

The political arguments advanced in favour of departing from UK practice in establishing a decimal currency for Ireland broadly fall within two categories. For some, decimalisation afforded an opportunity to assert an Irish national identity distinct from that of Britain. Proponents of this view bemoaned what they characterised as an ongoing tendency within Ireland towards a slavish following of their former colonial masters, despite over forty years of supposed independence. Others, particularly the supporters of the florin-cent option, were more forward looking, seeing a new currency as facilitating the forging of new relationships outside the British Isles, especially with Continental Europe.

It is not surprising that one of the surviving founding fathers of the independent Irish state, by now occupying the largely ceremonial position of President, Eamon de Valera, should argue for a ten-shilling based system on nationalist grounds. In a letter of October 1967 to the Taoiseach, Jack Lynch, he set out his case:

I would adopt half the pound sterling, that is the ten-shilling note as the Irish fundamental note. It would have to be given a name. For want of a better one I use Réalt here. One tenth of a Réalt would be a scilling and one tenth of a scilling a pingin.

If I were asked, why not keep exactly to the British unit, I would say that the ten shilling one is a better one on its merits. Moreover, it is desirable that Dublin is not considered a mere suburb of London, or Ireland as a piece of West Britain. There are, possibly, amongst us some who desire this but we should not aid them. There is no

better way of making visitors feel they have come to a different nation than by having a different currency ...

We will never get a chance like this again for a quiet assertion of our nationality. The decision to be made here is, in my opinion not a mere economic one. It is, also, a national one, and were the decision to be mine I would not hesitate a moment. The British might, sometime in the future change the basis again, we would surely look ridiculous if we were always accommodating ourselves to them. The position would be different of course if the nations of Europe were all to go over to a common unit and Britain were to join them. We could then, without any loss of dignity, accept the common unit.<sup>596</sup>

The point about foreigners' perceptions of Ireland was also noted by the *Irish Press*, which reported that 'a recent Bord Failte [Irish Tourist Board] survey of attitudes to Ireland in Britain and Germany revealed that Ireland does not possess, for these markets, the attractions and appeal of a foreign country in spite of its hard won political independence.'<sup>597</sup>

If de Valera and the *Irish Press* saw concrete evidence that the alignment of currencies between the UK and Ireland blurred national identity in the eyes of outside observers, others took a more jaundiced view. W A Newman, also writing in the *Irish Press*, thought it 'more than a little humiliating that, after all these years of political liberty, we should still in

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<sup>596</sup> National Archives of Ireland, 98/6/31, Letter from President De Valera to Taoiseach, 10 Deireadh Fómhair (October) 1967.

<sup>597</sup> *Irish Press*, 22 December 1967.

an important economic matter, have to copycat our neighbours.<sup>598</sup> Expanding on his theme Newman pointed out the one-sided nature of the implied currency union:

Much stress has been laid on the complete interchangeability of British and Irish currencies ... Such nonsense! They are interchangeable here, no doubt ... The interchangeability, however, is all on one side.

Try to pass an Irish half note in an English shop, or include an Irish penny in your fare on an English bus and you will be very quickly given to understand that you might as well be offering Deutschmarks or French Francs or Russian kopecks.<sup>599</sup>

Writing to the same paper "P O F" of London argued that the Government 'should be masters of their own house and not puppets of their neighbours.'<sup>600</sup> Once the Government's decision to retain the pound was announced correspondents to the newspapers condemned the outcome on similar grounds. James MacCormaic of Dublin, in a letter to the *Irish Press*, described the Minister's decision as 'indefensible. He has reneged on an opportunity to break with Britain and assert our individuality.'<sup>601</sup> Writing to the *Nenagh Guardian*, meanwhile, Michael Meagher bemoaned the wasting of an opportunity to 'strike out on a course of our own ... our image in the eyes of the world will still be a West Briton one.'<sup>602</sup> Reflecting on the decision to retain a half-penny unit, J.K Madden of Galway, having returned to Ireland after 'a considerable number of years abroad', professed himself

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<sup>598</sup> *Irish Press*, 7 May 1967.

<sup>599</sup> *Ibid.*

<sup>600</sup> *Irish Press*, 20 July 1967.

<sup>601</sup> *Irish Press*, 06 May 1968.

<sup>602</sup> *Nenagh Guardian*, 11 May 1968.

amazed at how little Ireland and its government have matured in the interim. There seems to be a fatal fascination with the Pied Piper across the water. It would appear Ireland is incapable of initiating any actions on its own. Britain must always show us the way.<sup>603</sup>

Unsurprisingly, Sinn Fein, with its longstanding policy of denying the legitimacy of the 26-county Republic, saw decimalisation as a symptom of the state's continuing subservience to Britain, and the perceived failure of its politicians to use the "freedom to achieve freedom" to advance republican ideals. Quoted in the *Irish Independent*, the party's Director of Publicity, Sean O'Bradaigh, gave the Sinn Fein position:

The record of the 26-county political parties has been one of failure in all spheres of national life ... Indeed, we are witnessing today not a move forward from the stepping stone but a very definite return to integration with Britain. Every day we see signs of it. Only the other day the banks told us our new decimal currency must be the same as England's.<sup>604</sup>

The views of Sinn Fein and those correspondents venting their anger at the government for following the British lead can be characterised as essentially backward looking, reflecting frustration that independence from Britain had not delivered a clean departure from the British orbit. Others, particularly the proponents of the florin-cent currency, whilst still proclaiming the nationalist virtues of departing from British practice, also argued that changing to such a system would facilitate the development of a new relationship between Ireland and Continental Europe.

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<sup>603</sup> *Irish Press*, 09 May 1969.

<sup>604</sup> *Irish Independent*, 21 October 1967.



This argument was set out in the internal Finance Ministry memorandum circulated to the Cabinet by Sean F. Murray in January 1967, which described the florin-cent arrangement as having ‘ the advantage of giving Ireland a distinctive currency with units of the same order of value as those used in most European countries’<sup>605</sup> Expanding on the theme, the memorandum notes that:

The florin is of the order of magnitude of the principal European currencies, e.g. the Deutschmark, the Swiss franc, the French franc and the Dutch guilder. Its adoption would indicate to all concerned that we are looking to Europe rather than to Britain, America or the British Commonwealth.<sup>606</sup>

Writing to William. P. Fay, the Irish Ambassador in Washington, Ken Whittaker of the Finance Ministry was more explicit in asserting that ‘taking the florin as a basic unit would harmonise with our stated policy of seeking admittance to the E.E.C. at the earliest possible moment.’<sup>607</sup>

### ***Making the Decision***

In the UK the decision to decimalise based on the pound was announced on 1 March 1966. However, due to the competing arguments around the system to be adopted discussed above, the Irish Government did not announce its decision to follow suit until more than two years later. This delay supports the view that the issue was genuinely contested in

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<sup>605</sup> National Archives of Ireland, 98/6/31, Memorandum for the Government, 26 January 1967.

<sup>606</sup> Ibid.

<sup>607</sup> National Archives of Ireland, 2006/44/61, Letter dated 6 February 1967 from Ken Whittaker (Finance Ministry) to William P Fay, Irish Ambassador to USA.

political circles, and more widely within Ireland, and that the decision to follow the British model was not an inevitable one.

Initially, however, the Minister of Finance at the time of the UK's announcement, Jack Lynch, was clear that Ireland should follow the British lead, and wrote a memorandum to the Cabinet to that effect, dated 3 March 1966, only two days after James Callaghan's statement in the House of Commons.<sup>608</sup> The Taoiseach's office, however, refused to let Lynch's memorandum go forward, informing him on 8 March 'that this item has been withdrawn from the Cabinet Agenda until further notice.'<sup>609</sup> Consequently, when Lynch gave a statement on the issue the following day, 9 March 1966, his presentation of the issue differed radically from the position he had advocated to the Cabinet less than a week earlier.

If a decimal currency, whatever its basis, comes into force in Britain in 1971, a synchronised change-over to a decimal currency here would be desirable. While convenience would suggest the adoption of the same basic unit as the British, a 10s-cent system has technical advantages and I propose, in consultation with the Central Bank, to give further consideration over the coming months to the question of the basic unit which would be most suitable for introduction here in the circumstances envisaged. Any further views which representative organisations may wish to express on this point would be welcome.<sup>610</sup>

This apparent U-turn on Lynch's part was indicative of a lack of consensus both within Government and other interest groups about the most appropriate base unit, with other

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<sup>608</sup> National Archives of Ireland, 98/6/31,

<sup>609</sup> Ibid.

<sup>610</sup> Dail Eireann, 9 March 1966

potential currencies apart from £-pence-half, or the 10s-cent systems gaining support amongst some groups. Lynch's successor as Minister for Finance, Charles Haughey, sought to resolve the issue by publishing in June 1967 a booklet which invited views, whilst hinting heavily that a 10s-cent system might not be appropriate.

This British decision makes it necessary to look very carefully at the grounds for the Working Party's recommendation of a 10/- unit and to assess again the case which can be made for a system based on the Irish pound which would have the great convenience of similarity with the new system in Britain and Northern Ireland. There is a choice of three decimal systems related to the Irish pound. In two of these the pound itself would be taken as the major unit. In the third, the florin, which is one-tenth of a pound, would be taken as the unit. In any of these systems an amount of money would be represented by the same digits as the corresponding British decimal amount.<sup>611</sup>

In announcing his plans for this booklet, Haughey had indicated that 'the Government ... (would) ... make a decision on the choice of system and on the establishment of a decimal currency board by the autumn. The publication of the booklet is intended to give a final opportunity for reflection and for the submission of considered views by interested persons and groups.'<sup>612</sup> However, the Minister's expectation of a speedy resolution proved optimistic. In December, Noel Moore of the UK Decimal Currency Board, writing to a Mr. Coates, in the Northern Ireland Treasury noted that 'the closing date for submission of views

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<sup>611</sup> National Archives of Ireland, 2001/1/6, Booklet from Minister for Finance to both Houses of Oireachtas, June 1967.

<sup>612</sup> Dail Eireann, 11 April 1967.

[on Haughey's booklet] was extended to 15th October. I was informed on 27th October that views were divided and that the Government did not know what to do!<sup>613</sup>

Eventually the Minister presented his conclusions from the consultation in a Memorandum for the Government dated 29 March 1968, recommending the adoption of the £-new penny-½ system on the grounds that 'the vast majority of representative organisations are in favour of adopting the same system here as in Britain.'<sup>614</sup> However, Appendix 1 to the same document only partially supports this assertion, listing 21 organisations, State Bodies and Local Authorities in favour of the UK system, 10 in favour of £-mil, 13 in favour of a florin-cent system, and 4 in favour of a 10s-cent-half system.<sup>615</sup> Prominent amongst the proponents of the florin as a base unit was the Federation of Irish Industries, and the memorandum notes the support for their position from the Minister for Industry and Commerce, George Colley, who pointed out that the FII was 'the most important body representing manufacturing industry ... the bodies which favour the British system do not substantially represent manufacturing industry.'<sup>616</sup> Haughey dismissed these concerns arguing that 'the interests most affected by decimalisation are the banks, retailers, transport companies and chambers of commerce', most of whom favoured alignment with the UK's new currency.<sup>617</sup> As in the UK, the views of the banks were afforded significant weight by the Government in determining the base unit, but in addition Haughey was able to cite support from retail interests and others. In Britain they had tended to favour a ten-shilling system, but in Ireland the perceived need to align with the UK in order to facilitate

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<sup>613</sup> National Archives (UK), T193/77.

<sup>614</sup> National Archives of Ireland, 99/1/31, Memorandum for the Government by Finance Minister on choice of unit, 29 March 1968.

<sup>615</sup> Ibid.

<sup>616</sup> Ibid.

<sup>617</sup> Ibid.

cross-border trade seems to have influenced these groups to support the £-new penny-half system.

There remained, however, one significant voice in Government opposed to following the British lead, and instead proposing the florin as the base unit. As noted above, the Minister for External Affairs, Frank Aiken argued on practical grounds that such a system would remove the need for a half-unit, facilitate tourism and would not be inflationary. Perhaps more importantly he had an eye to the development of Ireland's future relationship with Europe, arguing that adopting a different currency to the UK's 'would allay the suspicion which is strongly entrenched in some French minds that if we are allowed into Europe we would automatically be another voice and vote for British interests.'<sup>618</sup> Again, Haughey was dismissive:

There is no basis for the suggestion that the adoption of the same decimal system as Britain would be interpreted by the French as a sign that this country would automatically support British interests if both countries were members of the EEC. France is well aware of the close economic ties between this country and Britain. A token gesture of independence in currency matters, apart from running counter to our economic interests, would not be accepted as proof that this country would follow an independent line in matters relating to the EEC ...<sup>619</sup>

Given the practical advantages of alignment with the British system it is difficult to argue with Haughey's rejection of Aiken's argument. The adoption of the same currency system

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<sup>618</sup> Ibid.

<sup>619</sup> Ibid.

for the sake of convenience could hardly be taken as a signifier of a common approach to foreign policy as a whole.

The decision to adopt the British system, and to set D-Day for the same day as in the UK was announced in the Dail on 23 April 1968, over two years after Callaghan's announcement in the British House of Commons. The following day, Jack Lynch, by now having succeeded Sean Lemass as Taoiseach, summed up the justification both for the decision itself and the means by which it had been determined:

The Government's decision to introduce the £, the new penny and the new halfpenny system was arrived at as democratically as we could do so. Informed public opinion was invited on the basis of the booklet issued by the Minister for Finance some time ago, a booklet in which the various possible systems were dealt with from the point of view of advantages and disadvantages. The Government came to the decision by reason of the tremendous volume of support for the £, the new penny and the new halfpenny system, because it was the one most generally acceptable and because, I suppose, it will be in operation in the United Kingdom and in the other part of our country. It was for these democratic and practical reasons that the Government came to this decision.<sup>620</sup>

Whilst Lynch may have overstated the 'tremendous volume of support' for his Government's decision, the process by which the decision was arrived at did enjoy a significant degree of democratic legitimacy.

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<sup>620</sup> Dail Eireann, 24 April 1968

## ***Summary***

The history of decimalisation in Ireland is consistent with the view that the period in which the decimalisation issue was under consideration, from the late 1950s to 1971, was one of transition and modernisation, as reflected in the broader historiography of Ireland during this time. It was during this period that Ireland emerged from the relatively backward, inward looking economy and nation it had been in the decades following independence, and started to seek new relationships, both with the UK and Continental Europe.

In this context, the failure to follow through on the reports of 1959 and 1964 and introduce a new currency independently from Britain can be seen as indicative of a desire to follow an independent path being constrained by the continuing economic domination of its neighbour. This desire for independent action was shared by traditional republicans such as de Valera, and by Sinn Fein, as well as by nationally minded members of the general public, but was not shared by the majority of the political class.

However, by the mid-1960s, whilst Ireland was pursuing closer economic links with the UK through the Anglo-Irish Free Trade Agreement, this formed part of a wider strategy of engagement with continental Europe, in which Ireland sought to piggyback on the UK's successive applications to join the EEC as a way of pursuing relationships beyond the Anglophone world. The arguments in favour of the florin-cent system advanced by the Minister for External Affairs, and others, were largely built on this vision of Ireland as a modern European economy, rather than a mere outlier on the fringes of the British Isles.

That the issue was contested within Government, resulting in significant delay, is indicative of a tension between those who sought to advance integration with the European economy more quickly, and those who, whilst having the same end goal, exercised caution against

proceeding too quickly. Perhaps tellingly, as in the UK, one of the strongest voices in favour of the status quo came from the financial sector, as evidenced both by the Minister of Finance being able to cite the support of the Central Bank for his decision to follow the Britain's lead, and the strong support for alignment with the UK expressed by the Irish Banking Review.

Although those advocating continuing the alignment of the Irish currency system with that of the UK won the argument, the direction of travel continued to be towards realigning Ireland as a European nation. In the event Ireland joined the EEC, alongside the UK, on 1 January 1973, less than two years after D-Day. Parity with sterling was abandoned in 1979, and in 1999 the alignment of currencies between Ireland and the bulk of continental Europe, as envisaged by the proponents of the florin-cent system, was finally achieved when Ireland adopted the Euro as its currency. The arguments around the choice of system in 1966-68 can be seen as presaging these eventual developments.





## Chapter 8: Summary and Conclusion

Whilst this thesis is not primarily concerned with the administrative process underpinning the changeover from £sd to decimal currency, it is necessary to acknowledge the efficiency with which this process, led by the Decimal Currency Board was carried out. The Board itself was a remarkably lean organisation, employing only 52 staff at its peak in 1970.<sup>621</sup> With such a small central team, the DCB relied on the co-operation of key organisations such as the British Bankers Association, the Retail Distributors' Association and local chambers of commerce and trade. This was so successful that, Moore notes, 'although Board speakers were in great demand, the board itself never organised a single conference; audiences were provided by local, regional organisations ... a tribute to the initiative and interest shown by representative organisations.'<sup>622</sup> Nevertheless the burden on the Board's staff was large, with 850 talks given to business organisations by the DCB over three and a half years.<sup>623</sup>

As well as such direct face-to face communication, the Board produced an impressive volume of other publicity material, including 11 reference booklets primarily aimed at businesses, 25 Newsletters, and a series of syndicated press articles.<sup>624</sup> Then, at the end of 1970 it launched 'one of the most concentrated publicity campaigns ever directed at the general public in Britain.'<sup>625</sup> This included a booklet to be delivered to every household in the country, and a series of TV advertisements.<sup>626</sup>

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<sup>621</sup> Moore, pp.67-8.

<sup>622</sup> Ibid, p.121.

<sup>623</sup> Ibid, p.123.

<sup>624</sup> Ibid, pp.121-2.

<sup>625</sup> Ibid, p.187.

<sup>626</sup> In the event, due to a strike of Post Office staff, only about 75% of the booklets were delivered. As a contingency the DCB placed full page advertisements in all main newspapers reproducing the information in the booklets (see Moore, pp.190-191).

The other key player in ensuring the delivery of Lord Fiske's 'non-event' was the Royal Mint. As discussed at chapter 4 the existing Mint at Tower Hill in London was antiquated, and did not have the capacity to produce a stockpile of coins, estimated at 4.15 billion pieces, required for D-Day.<sup>627</sup> The new Mint at Llantrisant did not start production until February 1968, but by the end of that year it was already surpassing its production targets 'having exceeded its planned output of 1,400 million coins by over 300 million.'<sup>628</sup> By the following year production at Llantrisant had overtaken that at Tower Hill, and in 1970, when demand for the new coins in advance of D-Day was at its peak, more than two-thirds of the coins produced were from the new Mint.<sup>629</sup> As a result there were no shortages of decimal coins when they entered into circulation. It should also be noted that the phasing of the introduction of the coins fitted in with the gradualist approach to reform noted elsewhere in this thesis. The new 5p and 10p coins were introduced in April 1968, nearly three years before decimalisation itself. This was possible because their value was identical to the pre-decimal one-shilling and two-shilling pieces respectively, as was their size and weight. All that differed was their design. According to Moore this early introduction was helpful in acclimatising the public to the new currency and was 'justified by the psychological reassurance about decimalisation which was conveyed by such an obviously straightforward and simple first move towards it.'<sup>630</sup>

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<sup>627</sup> Moore, p.90.

<sup>628</sup> Challis, p.643.

<sup>629</sup> Ibid, p.662.

<sup>630</sup> Moore, p.144.

A final reason for the smoothness of the introduction of the new coins has been suggested by Mark Stocker, who ascribes the ready acceptance by the public of the new coins to the attractiveness of their design:

What is utterly remarkable about them is the almost complete absence of negative feedback they encountered. Never have more millions of mini-artworks received such minimal critical response. Ironside's and Machin's designs work well together - seamlessly. Machin's obverse is beautiful, crisp and dignified, Ironside's reverses, especially the 10p lion, elegant yet playful. Quietly, unaffectedly, they do the job.<sup>631</sup>

The issue of decimalisation in the UK and Ireland has largely been ignored, or at best treated as a footnote in virtually all of the political, economic and social histories of Britain between the mid-1950s and early 1970s. To some extent this is understandable, given the major changes taking place during that period, as Britain emerged from post-war austerity and became a more modern affluent nation, whilst at the same time shedding the remainder of its Empire and seeking to find a new post-Imperial role in the wake of the humiliation of the Suez Crisis. What was, on the face of it, merely a piece of administrative tidying-up of an outdated currency system can be seen as a very minor matter in the much grander sweep of the history of Sixties Britain, especially given its smooth and successful implementation. If Lord Fiske, accurately, predicted that decimalisation would prove a non-event, historians have largely treated it as such ever since.

Nevertheless, this treatment by commentators, neglects the rather obvious fact that decimalisation was one of the very few events which had a direct and tangible effect on virtually everyone in the British Isles. As of 15 February 1971, the monetary transactions of

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<sup>631</sup> E-mail Dr Mark Stocker to Andy Cook, 17 February 2020.

everyone from schoolchildren to Old Age Pensioners, be it everyday shopping, transport fares, cinema admission or the receipt of wages or pensions, were conducted using a new, unfamiliar coinage. No longer were the heavier coins referred to by Orwell in the *Lion and the Unicorn*, a distinctive feature of British life, and soon the familiar nicknames associated with the old currency, such as the bob and the tanner, would disappear from common usage. More importantly, the neglect of decimalisation by historians represents a missed opportunity to examine some of the wider themes of British and Irish history during the period through the prism of the decimalisation project in both countries. This omission from the historiography means that a chance to nuance our understanding of some highly significant historical, social and economic issues of the time has been overlooked. This thesis offers a corrective to this omission, arguing that a close examination of the history of decimalisation can help to shed light on issues as diverse as British identity and Europeanisation, Modernity and Decline, Political Management, the role of interest groups, the influence of the Commonwealth on the UK, and Irish-British relations.

What limited commentary there has been on decimalisation has tended to come from a broadly Eurosceptic standpoint. Commentators such as Bayley and Sandbrook have argued that decimalisation was a precursor of a wider project of Europeanisation pursued by both Conservative and Labour Governments during the 1960s. This culminated in UK's eventual accession to the EEC, following two unsuccessful applications in the 1960s, in January 1973. This supposed project is characterised as representing a retreat from an exceptionalist British identity, imposed by a Europeanised elite. In reality, whilst the two issues were often linked in media and public commentary, there is no evidence to suggest that the decision to decimalise had any obvious connection to potential entry into the Common Market. Indeed, the decision to retain the pound, a "heavy" major unit, typically worth at least ten times

more than the major EEC currencies such as the French Franc or the Deutschmark tends to undermine that argument. Had alignment with European practice been a significant consideration, a system based on the florin, or two-shillings, would have been more appropriate, but in fact this was never seriously considered outside Ireland.

Nor does the related argument that decimalisation represented a retreat from a distinct British identity based on exceptionalism hold much water. Whilst it is true that decimalisation *per se* did mean that the UK had finally fallen into line with practice throughout virtually all of the rest of the world, the retention of the pound, and indeed the name of the penny, was strongly linked to Britishness by James Callaghan in his BBC interview following his announcement of 1 March 1966. This almost fetishistic attachment to the pound was consistently reinforced by those supporting the Government's position in Parliament, during the course of the debates on the 1967 Bill.

The implementation of decimal currency was indicative, on the one hand, of a desire amongst the political classes to modernise Britain, demonstrated by the virtual absence of any serious political opposition on conservative grounds to decimalisation *per se*. Similarly, there is little evidence of any deep public opposition to the project, which was generally seen as a necessary reform, albeit one which was acquiesced to, rather than enthusiastically embraced. However, the decision to retain the pound, and therefore eschew the implementation of a truly decimal system without the need for vulgar fractions (the half-penny) demonstrates that any modernising zeal which might be expected from a Labour Government in thrall to the "white heat" of a technological revolution was decisively tempered by an attachment to tradition. A significant driver of the change to a decimal currency resulted from the accelerating development of computer technology, but the

benefits accruing from the new currency, in terms of the more efficient use of business machines, were potentially limited as a result of retaining the half unit, which continued in use for thirteen years after D-Day.

If the history of decimalisation can shed light on British attitudes to identity and traditional attachments in the face of modernising imperatives, it can also help to illuminate the way in which political decisions were made during the period. This can be considered both in terms of the way in which successive governments sought to manage the issue, and the relative strength of influence exercised by the various interest groups involved. The somewhat tortuous progress of decimalisation between the failure of the Follick bill in 1955 and the Labour Government's decision to press ahead, eleven years later, shows the difficulty in effecting major reform given the competing priorities facing both Conservative and Labour administrations during that period. It also demonstrates the importance of having individuals in government interested in driving forward such reforms. In the second half of the 1950s the Conservative government had little or no appetite for radical change in this area, and successive Chancellors, Macmillan, Thorneycroft and Heathcote-Amory successfully resisted what was, in any case, very limited backbench pressure to introduce a decimal currency. The Government, recovering from the trauma of the Suez crisis of 1956, and beginning the process of dismantling the remainder of the British Empire, had other priorities, and with a recovering economy and increasing affluence saw little need to embrace currency reform.

However, by 1961, there was a new reform-minded Chancellor, Selwyn Lloyd, whose response to the ABCC/BAAS report was positive, and he persuaded a still sceptical Cabinet to set up the Halsbury Committee. Lloyd's reformist credentials were confirmed in the same

year by his decision to set up the National Economic Development Council (the so-called Neddy), which brought together management, trades unions and government in an attempt to improve Britain's economic performance. By the time Halsbury reported in 1963 however, Lloyd had been dismissed, and the Conservative Government, buffeted by the Profumo scandal and facing a General Election the following year, had no interest in progressing the issue. In 1964, the incoming Labour government was constrained by its tiny majority and only felt able to act on its modernising impulses once it had called a second General Election in 1966 when it was confident of a solid majority. Once realised, this majority enabled the government to press ahead with the decimalisation project, although fears of backbench dissent on more fundamental issues led it to rely on a whipping operation to push through its preferred – and by no means universally supported – choice of system.

As well as the competing priorities facing governments during this period, the other pressures internal to the UK came from the various interest groups who sought to influence the political decision-making process. The “Neddy” arrangement set up by Lloyd mirrored Keith Middlemas’s tripartite corporatist model, in which political management was exercised between government, employers and the trade unions. However, the impetus for renewed interest in decimalisation, to which Lloyd responded by setting up the Halsbury Committee, came from outside this political ecosystem, from the joint report of the Association of British Chambers of Commerce and British Association for the Advancement of Science (ABCC/BAAS) and that of the Institute of Chartered Accountants in England and Wales (ICAEW). The composition of Halsbury Committee itself included representatives that did, to some extent, reflect Middlemas’s “governing institutions” including representatives from the TUC and industry, but it also included a retailer, a banker, an academic statistician



and, in Halsbury himself, a scientist. The committee's majority decision to recommend basing the new currency on the existing pound was largely driven by the views of the City of London, with little influence exerted by either side of industry. Once the Wilson government had determined to proceed on the basis of Halsbury, the main opposition supporting the alternative ten-shilling system came from consumer and retail groups, with the supposed governing institutions, represented by the CBI and TUC playing a minimal role in the debate. The CBI was divided on the choice of system, whilst the TUC, nominally a supporter of the ten-shilling unit, chose not to engage with consumer and other groups to oppose the government's proposals.

As well as the influences discussed above, a crucial external stimulus to action by the British authorities was the decimalisation of the currencies in the 1960s by successive Commonwealth countries, South Africa, Australia and New Zealand. Decimalisation in the Commonwealth was important to developments in the UK in two respects. Firstly, the introduction of new decimalised currencies in several Commonwealth countries acted as a stimulus for action by Britain; with the decisions by Australia and New Zealand rendering the UK out of step with virtually all of the Commonwealth, and indeed the rest of the world, in maintaining an unreformed currency. Secondly, the experience of those two countries showed that reform could be achieved with relatively little disruption, and provided practical lessons in how best to implement the changeover from the old currency to the new.

However, although the influence of the decisions made in Australia and New Zealand was important, it was limited in scope. Whilst the UK was content to follow the lead of its Commonwealth partners in decimalising its currency, it did not adopt the same system. The

internal UK considerations led to an unlikely alliance between the City of London, anxious to preserve the international status of the pound as a reserve currency, and a Labour government with decidedly conservative views on the traditional image of the pound.

Whilst the external influence of the Commonwealth was a major factor in the UK eventually adopting decimal currency, the form it took was entirely shaped by factors internal to the UK.

Britain was not the only country to replace its £sd system with a decimalised pound on 15 February 1971. As well as the Crown dependencies in the Channel Islands and the Isle of Man, the Republic of Ireland also made the switch on the same date. The history of decimalisation in Ireland demonstrates a desire to assert independence tempered by practical dependence on Britain, and an ideological adherence to idea of the Republic retaining a claim to the “national territory” encompassing the whole island including the six north-eastern counties of Northern Ireland.

That there was a tension between the two is evidenced by the delay in reaching a decision, more than two years after the UK’s announcement, and the contesting views expressed in cabinet, with the Minister for Finance, Charles Haughey, advocating the adoption of the same system as the UK, whilst Frank Aiken, the Minister for External Affairs argued strongly for a florin-cent system. This dispute reflected the fact that, by 1966 Ireland was setting a course towards closer economic links with Europe and the advocates of the florin-cent system argued that this would facilitate that. In the event, the timing of decimalisation, at a point where Ireland was seeking to join the UK in applying for EEC membership, crucially militated against breaking the link with sterling. This link was eventually broken in 1979, with the Irish Pound (Punt) being allowed to float against the Pound Sterling, and twenty

years later Ireland's adoption of the Euro arguably completed a process which had begun with the debates around decimalisation.

In summary, the study of decimalisation in the UK and Ireland offers the opportunity both to address a gap in the historiography of the mid 1950s and 1960s, and to add to our understanding of that period in the history of the British Isles. It acts as a corrective to the view that British policy was overly influenced by a "creeping Europeanisation", and instead points to a more general tendency to seek modernisation of the economy and society which, whilst drawing stimulus from the examples set by other Commonwealth countries, respected peculiarly British traditions, and so led to the retention of the pound, and the name of the penny. This adherence to tradition was led by an unusual alliance of a Labour government, strongly supported by the City and the Bank of England.

The common thread running through all of the above issues is the tempering of a drive for modernisation with a respect for, and adherence to tradition, that resulted in the retention of the pound, at a time when other countries had adopted 10s; an essentially conservative modernisation. This was reflected in a number of ways. The very slowness of political movement on the whole issue of decimalisation betokened a cautious approach to a reform which only gained momentum as a result of the realisation that the UK was being left behind as other countries pressed ahead with modernising their own currencies. Once the case for decimalisation was finally, and indeed belatedly, accepted supporters of the pound, both inside and outside government continued to deploy arguments based on tradition to support their case. At the same time the Labour Government bolstered this essentially conservative perspective with an argument that increasing affluence in the modern UK society would render objections to the new penny as the smallest unit in the new currency,

obsolete. Whilst this did in fact occur, with the result that the half penny was able to be demonetised in 1984, arguably this was as much the result of inflation as increased affluence.

The influence of the City, and in particular the Bank of England, determined to maintain the international position of sterling, was a key factor in determining that the pound was retained. Again, the Bank's position was an essentially conservative one, fearful that any change to the major currency unit would "rock the boat", and cause both a loss of prestige and increase the risk of a run on the currency.

Similarly, interaction between the UK and the Commonwealth on the issue of decimalisation was largely dictated by traditional concerns. Initially some policy makers sought to promote the view that the UK should take the lead in influencing other Commonwealth countries, perpetuating the idea of a British Commonwealth as a successor to the British Empire. This was clearly untenable given the relative speed with which countries like South Africa, Australia and New Zealand reached their decisions to decimalise, at a time when Britain was still prevaricating. In any case, such a view failed to recognise the new spirit of self-confident independence by now apparent in the former Dominions. A more enlightened and less paternalistic attitude did eventually prevail, with the UK authorities willing to learn from the experience of those countries which had replaced £sd with decimal currencies, but this stopped short of following them in abandoning the pound. Meanwhile, in Ireland, the choice of system was more keenly contested in the UK with the result that a final decision was delayed by over two years. Although the tradition of alignment with Britain and Northern Ireland was ultimately maintained, the fact that it had been a close call can be seen as a

harbinger of subsequent divergence, as Ireland sought to assert its status as a modern European nation, truly independent of its neighbour.

In his 1941 treatise on Englishness, *The Lion and the Unicorn: Socialism and the English Genius*, George Orwell, described how the English revolution which he, mistakenly, saw as a necessary pre-condition for winning the war, would necessarily be circumscribed by inherent traditional values immutably ingrained in the English, and, by extension, British psyche:

What can the England of 1940 have with in common with the England of 1840? But then what have you in common with the child of five whose photograph your mother keeps on the mantelpiece? Nothing, except that you happen to be the same person.

England, together with the rest of the world, is changing. And like everything else it can change only in certain directions, which up to a point can be foreseen. That is not to say that the future is fixed, merely that certain alternatives are possible and others not. A seed may grow or not grow, but at any rate a turnip seed never grows into a parsnip.<sup>632</sup>

It would be absurd to swallow Orwell's argument whole and suggest the pound sterling was so far embedded in the national DNA as to make its replacement impossible. Nevertheless, it was the case that the UK's attachment to its traditional unit of currency was sufficiently strong to defeat any attempts at its replacement on the grounds of mere efficiency.

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<sup>632</sup> Orwell, p.76.

## APPENDIX 1: MAIN ALTERNATIVE SCHEMES OF DECIMALISATION

A total of 25 alternative systems of decimal coinage were submitted to the Halsbury Committee. Four were examined in detail. The first two, in **bold** were recommended by the majority, and minority of the Committee respectively, whilst those shown in *italics*, were also considered. Three other systems were eliminated from Halsbury's deliberations at an early stage but were proposed at various times by individual parliamentarians and by other interest groups. Brief descriptions of each system as follows:

**£-Penny-half:** Retains the existing pre-decimal pound divided into 100 pence, with provision for a halfpenny coin

**10-shilling cent:** Creates a new major unit worth 10 shillings, or half the value of the pound, divided into 100 cents

*8s4d:* Retains the pre-decimal penny (d.) and creates a new major unit worth 100d (8/4d in pre-decimal notation)

*5 shilling-cent:* Creates a new major unit worth 5 shillings, or a quarter of the value of the pound, divided into 100 cents

Florin cent: Creates a new major unit worth 2 shillings, or a tenth of the value of the pound, divided into 100 cents

£1-mil: Retains the existing pre-decimal pound, divided into 1000 mils

£5-mil: Creates a new major unit worth £5, divided into 1000 mils

The table below expresses the value of the major unit and smallest unit/coin in equivalent value to the £ and penny (d.) in the £sd system

System	Value of Major Unit	Value of Smallest Unit (d)	Value of smallest coin
<b>£- penny-half</b>	<b>£1</b>	<b>2.4d</b>	<b>1.2d</b>
<b>10 shilling - cent</b>	<b>£0.50</b>	<b>1.2d</b>	<b>1.2d</b>
<i>8s4d (8/4)</i>	<i>100d (c.£0.42)</i>	<i>1d</i>	<i>1d</i>
<i>5 shilling-cent</i>	<i>£0.25</i>	<i>0.6d</i>	<i>0.6d</i>
Florin- Cent	£0.10	0.24d	0.48d*
£1 -mil	£1	0.24d	0.48d*
£5 -mil	£5	1.2d	1.2d

\*Advocates of the florin-cent and £mil systems generally proposed 2cents or 2 mils as the smallest coin.



## APPENDIX 2: BRIEF BIOGRAPHIES OF HALSBURY COMMITTEE MEMBERS

### **John Anthony Hardinge Giffard , third earl of Halsbury (1908–2000)**

Graduated as an external student at London University with first-class honours in chemistry and mathematics in 1935. His subsequent private sector career included successful roles as a chartered engineer with Lever Brothers, metallurgist at the Brown–Firth Research Laboratories in Sheffield, and director of research for the Decca Record Company. In 1949 Halsbury was appointed the first managing director of the National Research Development Corporation established to protect and exploit inventions in the public sector. He left the corporation in 1959 and took several company directorships, including one with Joseph Lucas Industries. He was chairman of the Science Museum advisory council from 1951 to 1965, and chairman of the management committee of the Institute of Cancer Research from 1962 to 1977.<sup>633</sup>

### **Sir Roy George Douglas Allen, (1906–1983)**

After gaining a first in Mathematics at Cambridge University he was awarded a research scholarship and stayed on in Cambridge for a fourth year, which he spent mainly reading economics and philosophy. Allen's working life was spent at the London School of Economics and Political Science (LSE), which he joined as an assistant in statistics on 1 August 1928, He was made assistant lecturer in statistics in 1934, Allen was promoted to lecturer in 1938 and reader in economic statistics with special reference to mathematical economics in 1939. He was appointed professor of statistics at the University of London in October 1944 and remained there for the rest of his career.

He was a statistical adviser to the Treasury from 1947 to 1948 and a consultant at the United Nations Statistical Office in 1949–50 and 1952, as well as a member of the Air Transport Licensing Board from 1960 to 1972 and a member of the Civil Aviation Authority from 1972 to 1973. He was president of the Econometric Society in 1951, and, having been elected a fellow of the British Academy in 1952, served as treasurer from 1954 to 1973. He was president of the Royal Statistical Society in 1969–70, and received the Guy gold medal of the society in 1979.<sup>634</sup>

### **Dame Beatrice Annie [Anne] Godwin, (1897–1992)**

After employment in the offices of engineering and printing firms, Godwin joined the staff of the Association of Women Clerks and Secretaries in 1925, becoming a full-time London organizer in 1928 and assistant secretary in 1931. She also became active on the National

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<sup>633</sup> Abridged from *Oxford Dictionary of National Biography* <https://doi-org.libaccess.hud.ac.uk/10.1093/ref:odnb/73647>, by David Neive, accessed 2 March 2020.

<sup>634</sup> Abridged from *Oxford Dictionary of National Biography* <https://doi-org.libaccess.hud.ac.uk/10.1093/ref:odnb/66808>, by J.J. Thomas, accessed 2 March 2020.



Joint Committee of Working Women's Organisations. In 1940 the Association of Women Clerks and Secretaries merged with the National Union of Clerks to become the Clerical and Administrative Workers' Union (CAWU). In 1949 she was elected to one of the TUC's reserved seats for women, which she retained until 1962, and in 1956 Godwin she was elected general secretary of the CAWU, the first woman to rise to the top of a mixed-sex union. In August 1961 Godwin was elected president of the TUC, the third woman to hold the post. After her year as president, Godwin retired from union activity. She became a governor of the BBC (1962–8) and was appointed a full-time member of the industrial court (1963–9).<sup>635</sup>

### **Sir Ronald George Thornton (1901-81)**

Made his career at Barclays Bank becoming a general manager in 1946 and the senior general manager in 1954, then vice chairman from 1962-66. In 1966 he joined the Court of the Bank of England, the first clearing banker to be invited to join. He was a prominent member of the Export Council for Europe from 1960 to 1964 and chairman of the Banking Information Service (1962-66).<sup>636</sup>

### **Vernon Ely (1906/7-1999)**

Chairman of Elys of Wimbledon from 1957, an independent department store family business founded by his grandfather in 1876 as a small tailor, outfitter and drapery seller, Sometime chairman of the Retail Alliance.<sup>637</sup>

### **J.M.A. Smith**

No biographical details are available, other than Moore's description of Smith on his appointment as 'recently retired as Assistant Managing Director, Ford Motor Co Limited, and a chartered accountant.'<sup>638</sup>

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<sup>635</sup> Abridged from *Oxford Dictionary of National Biography* <https://doi-org.libaccess.hud.ac.uk/10.1093/ref:odnb/49654>, by Janet E. Grenier, accessed 2 March 2020.

<sup>636</sup> Obituary in the *Times*, by John Hunsworth, 22 July 1981.

<sup>637</sup> <https://www.elyswimbledon.co.uk/about-elys/> Accessed 11 February 2020; Death notice, *Times*, 7 May 1999.

<sup>638</sup> Moore, p.27.

## APPENDIX 3: BRIEF BIOGRAPHIES OF KEY BANK OF ENGLAND PERSONNEL

### GOVERNORS AND OTHER SENIOR MANAGERS

#### **Lord Cobbold, (Cameron Fromanteel Cobbold), 1904–1987**

Educated at Eton College and went to King's College, Cambridge, in 1923, but left after the first year. Joined the Bank of England in 1933, and rapid advancement followed. He became adviser to the governor in 1935 and, in 1938, one of four executive directors appointed to the court. Appointed Deputy Governor in 1945, and was Governor for 12 years, from 1949–1961, years which saw a sterling crisis and devaluation within months of his becoming governor, the bank rate tribunal of 1957, and the wide-ranging committee of inquiry into the operation of the monetary system chaired by Lord Radcliffe (1957–9). He was a fellow of Eton (1951–67) and in 1962 he chaired the Malaysia commission of inquiry. A year later he was appointed lord chamberlain of the queen's household (1963–71).<sup>639</sup>

#### **Lord Cromer (George Rowland Stanley Baring), 1918-1991**

Educated at Eton College and at Trinity College, Cambridge, which he left after a year. His father was lord chamberlain (1922–38) and all his life he moved in court circles. In October 1938, he joined his family's merchant bank of Baring Brothers as a clerk and after service in the Second World War, rejoined the firm, becoming a partner in 1948. Appointed Governor of the Bank in 1961, but following disagreements with the Wilson Government over fiscal policy he left the position at the completion of his five-year term of office in 1966, and returned to Barings. He was appointed UK ambassador to the United States serving from 1971-1974, and subsequently held directorships of leading companies, including Shell Transport and Trading Company Ltd, IBM (UK) Ltd, P. & O. Steam Navigation Company, Imperial Group, and Compagnie Financière de Suez<sup>640</sup>.

#### **Leslie Kenneth O'Brien (Baron O'Brien of Lothbury), 1908-1995**

Educated at Wandsworth School, London, from about 1918 to 1926, and joined the Bank of England as a clerk in 1927. During the next twenty-four years he rose steadily in the bank's hierarchy and was appointed deputy chief cashier in 1951, then chief cashier himself in 1954. O'Brien became an executive director in 1962 and then deputy governor in 1964. For a man with a relatively humble background, the glass ceiling still appeared impervious but

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<sup>639</sup> Abridged from *Oxford Dictionary of National Biography* <https://doi-org.libaccess.hud.ac.uk/10.1093/ref:odnb/40108>, by Peter Taylor, accessed 2 March 2020.

<sup>640</sup> Abridged from *Oxford Dictionary of National Biography* <https://doi-org.libaccess.hud.ac.uk/10.1093/ref:odnb/49616>, by John Orbell, accessed 2 March 2020.

he was appointed Governor in 1966 in a striking display of the meritocratic flavour of the 1960s Wilson government.

He was created Baron O'Brien of Lothbury on his retirement (having been knighted GBE in 1967 and appointed a privy councillor in 1970). In retirement he served as a director of Prudential Assurance, Unilever, the Rank Organization, and various other companies, and he also served on the boards of the National Theatre and the Royal Opera House development appeal.<sup>641</sup>

### **Sir Humphrey Charles Baskerville Mynors, 1903-1989**

Educated at Marlborough and Corpus Christin College, Cambridge, graduating with First Class Honours in Economics, Mynors lectured in the subject as a Fellow of Corpus Christi for seven years, prior to joining the Bank of England in 1933. He was appointed Secretary to the Bank in 1939 and Adviser to the Governors in 1944. Mynors was the first professional economist to become a director of the Bank, in 1949, and became Deputy Governor in 1954, a post he held for ten years.

After retirement he was for a time. A director of several companies, including General Electric, Imperial Tobacco, Legal and General assurance and Pilkington Bros. He was also, in 1967-68 the first Chairman of the City Panel to supervise the operation of the Code on Amalgamations and Mergers.<sup>642</sup>

## **MEMBERS OF THE COURT YEAR ENDED 28 FEBRUARY 1962**

### **Sir George Edmond Brackenbury Abell, 1904–1989**

He was a scholar and senior prefect of Marlborough College, and scholar of Corpus Christi College, Oxford, where he obtained a first class in classical honour moderations (1925) and a second in literae humaniores (1927). A triple blue, in rugby, cricket, and hockey, he captained the Oxford rugby fifteen in 1926, and played cricket for Worcestershire. In

Abell joined the Indian Civil Service as a district officer in the Punjab in 1928. In 1945 he took over as private secretary to the viceroy, by then Viscount Wavell, and he continued to hold this post under Louis Mountbatten until the end of the raj, thereafter serving as Mountbatten's secretary when he became governor-general of India. On his return to England in 1948 Abell joined the Bank of England as an adviser, serving as a director from 1952 until 1964. He was first civil service commissioner from 1964 until 1967, chairman of the Rhodes trustees from 1969 until 1974 (having been a trustee from 1949), and chairman

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<sup>641</sup> Abridged from *Oxford Dictionary of National Biography* <https://doi-org.libaccess.hud.ac.uk/10.1093/ref:odnb/60373>, by Keith Middlemas, accessed 2 March 2020.

<sup>642</sup> Obituary in the *Times*, 26 May 1989.

of the governors of Marlborough College from 1974 until 1977. He was also president of the council of Reading University between 1970 and 1974.<sup>643</sup>

### **Lord Bicester (Randal Hugh Vivian Smith), 1898-1968**

Born the son of a banker with a long association with Morgan Grenfell and Co., Smith was Educated at Eton and Sandhurst, and was invalided out of the 17<sup>th</sup> Lancers in 1920. He spent several years with J.P. Morgan and Co. in New York, and with Andrew Yule and Co. in Calcutta before becoming a partner in Morgan Grenfell and Co. From 1954 to 1956 he was a member of the Court of the Bank of England, and he held a number of other important directorships. A racehorse owner himself, he was also a member of the Horserace Betting Levy Board.<sup>644</sup>

### **Sir George Lewis French Bolton, 1900–1982,**

Born in Hackney, east London, the son of William George Lewis Bolton, a shipping clerk, and his wife, Beatrice Louise, née French. He was educated at Leyton county high school before joining the London branch of the Société Générale de Paris at the age of sixteen to be trained as an exchange dealer. After working with Société Générale he was employed by the merchant bank Helbert Wagg in 1920, where he remained for twelve years, developing an extensive foreign exchange business. Bolton joined the Bank of England in 1933, became deputy principal of the foreign exchange section in 1934, and served as principal between 1936 and 1941. In 1948 he was appointed as external director of the bank in March 1948.

He strongly opposed British membership of the European Common Market, fearing that it would lead to a political union with a written constitution and a common currency and legal system, which he considered would be intolerable for Britain.

In 1973 he became deputy chairman of Lonrho, and he served as chairman of the Commonwealth Development Finance Company (1968–80) and Premier Consolidated Oilfields (1974–6). In addition, he served as sheriff of London in 1952 and 1961, governor of the London School of Economics from 1961, and was a member of the council of Benenden Girls' School in Kent.<sup>645</sup>

### **Sir Geoffrey Cecil Ryves Eley, 1904- 1990**

Educated at Eton, Trinity College, Cambridge, and Harvard, Eley joined the staff of the *Financial News* in 1926. After two years he went into the City working in banking, finance and brokerage not only in London, but also in France, Switzerland and the United States. During the war he worked first for the Capital Issues Committee, and then as Director of

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<sup>643</sup> Abridged from *Oxford Dictionary of National Biography* <https://doi-org.libaccess.hud.ac.uk/10.1093/ref:odnb/39894>, by Roger Ellis, accessed 2 March 2020.

<sup>644</sup> Obituary in the *Times*, 17 January 1968.

<sup>645</sup> Abridged from *Oxford Dictionary of National Biography* <https://doi-org.libaccess.hud.ac.uk/10.1093/ref:odnb/46639>, by Geoffrey Jones, accessed 2 March 2020.

Contracts in the Ministry of Supply. In 1948 he became Chairman of both British Drug Houses (pharmaceuticals) and Richmond Crittall Holdings (Heating and ventilation), and was appointed to the board of the Equity and Law Life Assurance Society. The following year he became a member of the London Electricity Board and joined the Court of the Bank of England. Other board level appointments followed, including ones at Thomas Tilling (an industrial holding company), the British Bank of the Middle East, Brush Group (diesel and electrical engineering) and Richard Thomas & Baldwins, a Welsh steel firm.<sup>646</sup>

### **Sir Charles Jocelyn Hambro, 1897–1963**

Born on into a banking family of Danish origin, which had settled in Dorset and the City in the first half of the nineteenth century. Educated at Eton (1910-1915) and Sandhurst, he served as ensign in the Coldstream Guards, surviving two years on the western front, receiving the Military Cross for conspicuous bravery in action. He then joined the family firm, of which he soon became secretary, playing an important part in its merger with the British Bank of Northern Commerce, which led to the establishment of Hambros Bank in 1921. In 1928, when only thirty, Hambro was elected a director of the Bank of England. He was also a director of the Great Western Railway from 1928, and Chairman from 1940 to 1945.

During the Second World War he served with the Special Operations Executive (SOE), becoming its executive chief in 1942, overseeing many clandestine operations in occupied Europe. After the war, Hambro returned to the City, and became chairman of Hambros Bank following the death of his uncle in 1961.<sup>647</sup>

### **Sir John Coldbrook Hanbury- Williams, 1892–1965**

Educated at Wellington College, Hanbury-Williams joined the firm of Reiss in London and Manchester. He served in France during the First World War with the 10th Royal Hussars and at general headquarters, British army, was mentioned in dispatches, and was invalided out of the service after the cessation of hostilities

In 1926 Hanbury-Williams accepted an invitation to join Courtaulds Ltd, and in 1928 Hanbury-Williams was appointed a director of SNIA Viscosa, an Italian associate company, a position which he held until his death. In 1930 Hanbury-Williams was appointed to the board; he became a managing director in 1935, deputy chairman in 1943, and in 1946, Chairman. When he retired in 1962, the assets of Courtaulds had multiplied nearly four times, and under his leadership the company had taken its place among the largest industrial concerns in Great Britain.

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<sup>646</sup> Obituary in the *Times*, 22 May 1990.

<sup>647</sup> Abridged from *Oxford Dictionary of National Biography* <https://doi-org.libaccess.hud.ac.uk/10.1093/ref:odnb/33663>, by M.R.D. Foot, accessed 2 March 2020.

A member of the royal household for many years, Hanbury-Williams filled the office of gentleman usher from 1931 to 1946, thereafter serving as extra gentleman usher to King George VI and then to Queen Elizabeth

In 1936 Hanbury-Williams was appointed a director of the Bank of England and in 1949, upon the retirement of Lord Catto, he was invited to succeed him as governor. He declined because of his commitment to Courtaulds, but continued as a director until 1963 and was active in many ways throughout his long period of office.<sup>648</sup>

### **Sir Frank Cyril Hawker, 1900–1991,**

Educated at the City of London School, Hawker was briefly at the stock exchange and at a firm of solicitors before joining the Bank of England in 1920. He remained there for forty-two years and left only to become chairman of Standard Bank. He served as deputy to George Bolton, when the latter was made head of the bank's new foreign department in 1934. Then he became, successively, deputy chief cashier (1944), chief accountant (1948), adviser to the governor (1953), and executive director (1954).

In 1962 Hawker was appointed chairman of Standard Bank and in 1969 it amalgamated with the Chartered Bank, creating the Standard Chartered Bank Ltd, with Hawker as Chairman. He was also Chairman of the Bank of West Africa (taken over by Standard in 1965) from 1965 to 1973, and of the Union Zairoise de Banques from 1969 to 1974. He was also deputy chairman of Midland and International Banks, and of two industrial companies: Head Wrightson and the Davy Corporation.<sup>649</sup>

### **Sir William Johnston Keswick, 1903–1990**

Part of the Jardine family, founders of Jardine, Matheson, William Keswick went to Winchester College in 1917 and Trinity College, Cambridge, (BA, Economics and Law, 1925).

On leaving Cambridge, Keswick joined Jardine, Matheson working successively in Harbin, Manchuria, later transferring to Beijing, Tianjin, Hong Kong, and Shanghai, where he became taipan (head of the firm) in 1935. After serving with the Special Operations Executive in the Second World War he returned to London becoming, in 1947, a director of Matheson & Co. Ltd, serving as chairman from 1949 to 1966, and non-executive director until 1975.

He was governor of the Hudson's Bay Company from 1952 to 1965 and a director of the Bank of England (1955–73) and of British Petroleum (1950–73). He served as deputy chairman of Sun Alliance Insurance Ltd and a trustee of the National Gallery (1964–71) and

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<sup>648</sup> Abridged from *Oxford Dictionary of National Biography* <https://doi-org.libaccess.hud.ac.uk/10.1093/ref:odnb/33679>, by N.H. Hudson, accessed 2 March 2020.

<sup>649</sup> Abridged from *Oxford Dictionary of National Biography* <https://doi-org.libaccess.hud.ac.uk/10.1093/ref:odnb/49025>, by Frances Bostock, accessed 2 March 2020.

was knighted in 1972. He was a member of the king's (later queen's) bodyguard for Scotland (the Royal Company of Archers) from 1949.<sup>650</sup>

### **Lord Kindersley, (Hugh Kenyon Molesworth), 1899–1976**

Educated at Eton College, following service in the First World War, in 1919 he joined Lazard Brothers & Co., the leading merchant bank, where his father was chairman and where he received a favoured apprenticeship. In 1927 he was appointed a managing director, and in 1953 Kindersley succeeded his father as chairman. He gave up the chairmanship in 1964 but continued as a director until 1971.

Kindersley was a major and influential City figure. On his return from war, in 1947 he joined the Bank of England's court, and he remained a director until 1967. In 1928 the old and prestigious Royal Exchange Assurance appointed him to its court; he was its governor (1955–68) and the first chairman (1968–70) of the Guardian Royal Exchange. He was also on the boards of, inter alia, the British Match Corporation Ltd (1946–69, chairman 1953–9), the British Bank of London and South America (1938–60), Rolls-Royce Ltd (1951–71, chairman 1957–68), and S. H. Pearson & Son Ltd (1953–64).<sup>651</sup>

### **Sir William Henry [Harry] Pilkington, 1905–1983.**

Born into a family of glass manufacturers, he was educated at Rugby, and Magdalene College, Cambridge. He entered the business as a family trainee in 1927, becoming a director in 1934 and Chairman in 1949. As Chairman between 1949 and 1973 he oversaw a major expansion into overseas operations, as well as technological innovations such as the development of a 'float glass' process which gave the company world leadership in the glass making industry

From 1944 to 1952 he chaired the National Council of Building Material Producers and was president of the Federation of British Industries (1953–5). He served on the important Crichton Down inquiry (1954) and chaired the royal commission on doctors' and dentists' remuneration (1957–60) and, immediately afterwards, the committee on broadcasting (1960–62). He also served as a director of the Bank of England (1955–72) and on the Council of European Industrial Federations (1954–7), as chairman of the National Advisory Council on Education for Industry and Commerce (1956–66) and was a member of the Manchester Business School's council (1964–72), president of the Association of Technical

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<sup>650</sup> Abridged from *Oxford Dictionary of National Biography* <https://doi-org.libaccess.hud.ac.uk/10.1093/ref:odnb/40119>, by Jeremy Brown, accessed 2 March 2020.

<sup>651</sup> Abridged from *Oxford Dictionary of National Biography* <https://doi-org.libaccess.hud.ac.uk/10.1093/ref:odnb/31312>, by John Orbell, accessed 2 March 2020.

Institutions (1966–8), and first chancellor of Loughborough University of Technology (1966–80).<sup>652</sup>

### **Sir Alfred Roberts, 1897-1963**

Son of a Bolton coal carter, Alfred Roberts was educated at Chalfont Street Council school, leaving at age 13 to work first at a builder's office, then in a cotton mill. By 1930 he was the Preston secretary of the National Association of Card, Blowing and Ring room Operatives, becoming the union's General Secretary in 1935, a post he held for 27 years. He held numerous posts within the Trade Union movement, including chairman of the TUC social insurance and industrial welfare committee (1948-1958), chairman of the TUC General Council (1950-51) and British representative on the International Labour Organisation. In 1948 he became a member of the Cotton Board, and in 1956 a Director of the Bank of England. He served in the Royal Navy during the First world war.<sup>653</sup>

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<sup>652</sup> Abridged from *Oxford Dictionary of National Biography*<https://doi-org.libaccess.hud.ac.uk/10.1093/ref:odnb/31550>, by Theo Barker, accessed 2 March 2020.

<sup>653</sup> Obituary in the *Times*, 20 November 1963.





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