

THE WINCOTT FOUNDATION

**HAROLD
WINCOTT:
FINANCIAL
JOURNALIST,
DEFENDER
OF LIBERAL
CAPITALISM**

An appreciation by Geoffrey Owen



Harold Wincott was the outstanding financial journalist of his generation. Writing first in the *Investors Chronicle* and then, between 1950 and his death in 1969, in the *Financial Times*, he argued strongly and persuasively for the virtues of liberal capitalism at a time when many policy-makers and economists, influenced by what had happened in the 1930s, looked to government intervention as the principal means of solving Britain's economic problems. Wincott contributed in no small way to the change in thinking about economic policy which was to lead, ten years after his death, to the election of Margaret Thatcher as Prime Minister and the reforms that followed. At the same time Wincott developed a clear, accessible and often humorous writing style which enabled him to explain complex economic and financial issues in a way that the layman could understand and enjoy. His columns, while mostly relating to events and controversies of his own day, have a lasting value as models of high-quality financial journalism.¹

50th anniversary

Publication of this essay marks the 50th anniversary of Harold Wincott's death in 1969 and the creation of The Wincott Foundation later that year to support the values that he had espoused in his work. The Foundation runs annual awards for outstanding financial and economics journalism, hosts an annual lecture by a prominent economist and sponsors international students in postgraduate studies in the UK. The essay was written by Geoffrey Owen, who was editor of the Financial Times from 1980 to 1990 and chairman of The Wincott Foundation from 1997 to 2015. It was published by the Foundation to coincide with a reception and debate held at the Financial Times on November 14, 2019. The debate addressed the question "Should liberal capitalism be saved?" The principal speakers were Martin Wolf, chief economics commentator of the Financial Times, and Yanis Varoufakis, author and former finance minister for Greece. The debate was moderated by Merryn Somerset Webb, editor-in-chief of MoneyWeek and FT columnist.

The Wincott Foundation is grateful to the Financial Times for hosting the anniversary event and for assistance in publishing the essay.

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Celebrating 50 years of The Wincott Foundation, November 2019

Early career

Born in Highbury, North London, in 1906, Harold Wincott was educated at Hornsey County School, which he left at the age of 16. His father wanted him to work in the small family business of heraldic engravers, but through a fellow choir member he got his first job as an office boy in an accountant's office. He later worked in the stocks and shares department of an insurance office before becoming a statistician with a stockbroker.

Wincott's move into newspapers came about by accident, through his slightly older friend Wilfrid King, who had been at the same school and was assistant editor at the Financial News. The FN was one of the two principal financial newspapers, the other being the pink-coloured Financial Times. In 1930 Wincott joined the sub-editing team at the FN and was subsequently promoted to be chief sub-editor. In the following year he married his wife Joyce, who was the daughter of a printer and worked at the Bank of England; they had three daughters and two sons.

The FN was part of a group of publications that included The Banker, the Investors Chronicle and a half interest in the Economist. It was controlled by the Crosthwaite-Eyre family, but its chairman and principal driving force was Brendan Bracken, an Irish-born entrepreneur who was later to become famous as the friend and confidant of Winston Churchill.

Bracken was evidently quick to recognise Wincott's abilities and in 1938 appointed him editor of the Investors Chronicle, a post which he held throughout the war and for some years afterwards. Wincott wrote articles for the IC under the pen name Candidus, and also contributed to the Lex column on the Financial News.

The rival newspaper, the Financial Times, was run by Lord Camrose (formerly Sir William Berry), along with other businesses of which the most important was the Daily Telegraph. In 1945, apparently fearing for the future of financial newspapers in the light of a possible Labour victory in the upcoming general election, Camrose decided to put the FT up for sale. Brendan Bracken at the FN jumped at the

opportunity to remove a rival and acquire a newspaper that was stronger financially, but weaker editorially, than the FN. The deal went through on the day before the general election. Most of the senior posts went to FN journalists, but the FT name (and its pink-coloured newsprint) was retained.

Wincott at this time was still editor of the IC as well as contributing to the Lex column, and he continued in these two roles after the merger. When the editor of the merged paper, Hargreaves Parkinson, died in 1949, Wincott was seen as a possible successor, but the job went to Gordon Newton, who, like Wincott, had started his journalistic career at the FN in the 1930s and had rejoined the paper after service in the war. Newton was to continue as editor of the FT until 1972.

Soon after becoming editor, Newton invited Wincott to write a weekly column under his own name and on whatever subject he chose. His first column, entitled "Rediscovering capitalism", was published on July 11 1950, and the column continued to appear every week for the next eighteen years.

Although Wincott was never on the staff of the FT, he proved to be a huge asset to the paper. As David Kynaston wrote in his history of the FT, Wincott acquired a dedicated following, especially among small investors whose champion he was. "His contribution to the developing reputation of the paper was inestimable, giving it a human face and making it liked as well as merely respected".²

The 1950s

Wincott started his FT column a few months after the 1950 general election, in which Labour was re-elected with a greatly reduced majority. For a mixture of reasons, not least the exhaustion of some of the principal architects of Labour's spectacular victory in 1945, Clement Attlee's government was losing momentum and popular support. In October 1951, when Attlee called a snap election, the Conservatives were victorious, winning a majority of 15 seats in the House of Commons. This marked the start of thirteen years of Conservative rule, ending in 1964 when Harold Wilson led Labour to victory.

The change of government did not lead to a drastic reversal of Labour's policies. Apart from steel, the industries that had been nationalised under Labour remained in the public sector; most of Labour's social initiatives, including the National Health Service, were left untouched; and the Conservatives under Winston Churchill and his successors followed broadly Keynesian economic policies, with a strong focus on keeping unemployment low. However, this period also saw the emergence of a very different economic philosophy, which had only a few adherents in Britain in the early post-war years but gradually gained ground in the 1950s and 1960s.

Stemming largely from the work of the Austrian economists, Friedrich Hayek and Ludwig von Mises, this approach came to be described (mostly by its critics) as neo-liberalism.³ A radical alternative to the Keynesian ideas that had taken root in the 1930s, it put much greater emphasis on competition, free markets, strict control of inflation and a reduced role for government in the management of the economy. Hayek was the driving force in the creation of the Mont Pèlerin Society, named after the Swiss town where he and a group of like-minded economists met in 1947 to discuss liberal economics. The attendees included Milton Friedman, the American economist whose monetarist theories were to have a profound influence on economic policy in the UK and the US in the 1980s.

In the UK a leading role in promoting liberal ideas was played by the Institute of Economic Affairs, a think tank

established with business support in 1955. Run by Ralph Harris and Arthur Seldon, both of whom had absorbed the thinking of Hayek and other liberal economists, the IEA published a stream of papers on different aspects of economic and social policy. The IEA encouraged its authors to think the unthinkable, "challenging conventional wisdom with a cavalier disregard for its own popularity, armed with little more than an unequivocal belief in the justice of the cause".⁴

Harold Wincott was not involved in the creation of the IEA, but he was friendly with Harris and Seldon, attended IEA events and contributed to its publications. His approach to economic questions was not based on deep academic reading, but on a practical understanding of how markets, especially financial markets, worked, and on a distrust of "more government" as a cure for the country's economic problems. While he came to recognise that Labour's victory in 1945 had been in many ways necessary and good for Britain, he was increasingly convinced that Socialism, as articulated by the Labour Party in the 1950s and 1960s, would, if fully implemented, inflict serious damage on the country.

This did not mean that he was an uncritical supporter of the Conservative Party. In his first column for the FT he referred to the "very coy capitalism" which many Conservatives seemed to espouse.⁵ "The Socialist propagandists have...not only succeeded in convincing their followers that there is something wicked about profits and dividends; they have got the Tories so nervous that the investor is the last person the Opposition thinks about." Capitalism in Britain, he wrote, was in a parlous state. "Some members of the (Labour) government abuse it with blind unreasoning hate; others realise the mischief they have done and are doing but are prevented by the psychological barriers they themselves have built up from putting right past wrongs, The Opposition apologises for capitalism - and steadily emasculates it."

Later in the same year, in a column entitled "The new Conservatism", he noted some encouraging signs: the party had begun to cast off the import quotas, price-fixing

On foreign takeovers

April 28 1959

There is a disposition to welcome foreign capital when it asks the mayor to turn the first sod in a green field site in the process of getting established, but to regard it as slightly smelly and indecent when it buys its way into an established undertaking. "Many members", said Mr Harold Wilson in the House last week, "probably draw a sharp distinction between American investment in this country which brings new firms, factories, techniques and know-how, and the purchase of shares, which may lead to the control of an important British firm by alien ownership.

Really, this cock isn't a very efficient fighter. The Americans – or anyone else – can get control of a vital British interest, if they've got the know-how, by starting from scratch just as easily (if not so cheaply) as by buying into an existing concern. If they've got the know-how they can do just as good a job for the receiving company by taking over an established business; indeed, if they resuscitate an inefficient business they may be doing a better job.

Of course they may tread on managerial corns, or provide individual shareholders with a handsome capital profit in the process, which is why you get the oddest companions in the chorus of protest which such deals arouse. But we had better be grown-up in considering this matter. The free movement of capital is too important in the common interest to allow either vested interests or the yearning of the Socialists for complete state ownership of our industry to stop it happening.

arrangements and all the other anti-competitive devices that had been characteristic of inter-war Conservatism, and to allow free markets to work.⁶

The worst outcome of the next election, in Wincott's view, would be for the Tories to return to office as mere purveyors of right-wing socialism. "If a British electorate wants the Santa Claus State it will vote Socialist anyway since the Socialists will always beat the Tories at that game. The Conservative forte, trite though the observation is, is conserving. The Great British Public could do with some conserving – of the purchasing power of its money – right now."

The Conservatives won the October 1951 election with a very small majority, and Wincott's worry was that they would lack the courage to adopt the "tough and realistic programme" that was needed. Such a programme would involve, among other things, a reduction in government spending, allowing the price mechanism to function, and a recognition that if inflation was to be stopped and flexibility restored to the economy, "brimful employment" would have to be foresworn.⁷

Some of the new government's early decisions were not encouraging, from Wincott's point of view. He was especially critical of R. A. Butler's 1952 budget, which included an Excess Profit Levy. At a time when Wincott believed that the country needed a period of sustained capital investment by the private sector, it was quite wrong to deprive industry of what might amount to £100m each year.

"I think the EPL stinks", he told his son in one of the father-and-son conversations he sometimes used in his columns.⁸ When his son asked, "But I thought the Conservatives were the capitalist party?" Wincott's reply was sharp. "Not any more, dear. You see the Conservative Shadow Cabinet promised this EPL because it thought the Tories would win the election that way."

By the time of the next election in 1955, which was won by the Tories with a majority of 60, Wincott's tone was more positive. The Conservatives, he wrote, had cast off their pre-war image as the party of unemployment, and had begun

to get to grips with the problems of inflation and excessive government spending.⁹ While he still had doubt about the Tories' conversion to "hard realism", he felt that there was no need for pessimism in the Conservative camp.

The Labour Party, meanwhile, was stuck in the past. "The Party came gradually to power in times of great disparities of wealth, power and opportunity. The industrial tragedies of the inter-war years demanded the radical approach which Keynes and others furnished. But now the Socialists are cast in the role of Rip Van Winkle. The dust of all our yesterdays is thick upon them." To break out of these attitudes called for an agonising reappraisal, and that looked unlikely.

Over the next few years the Conservatives made some useful progress in freeing the economy, which Wincott applauded. "Had the economy not been freed", he wrote in 1956, "it would not and could not have survived the various punches organised labour has thrown at it in the last two years in the shape of dock strikes, rail strikes, go slows, wage rounds and so on...To have come through all this without a crisis of the 1947, 1949 or 1951 variety, is no small achievement and a great tribute to the resilience which freedom brings".¹⁰

At this point Wincott was happier about the state of the nation than he had been for a long time. "The great thing is that the present government has at long last made up its mind to stand firm against inflation."

Wincott's confidence in the Tories did not last. The appointment of Harold Macmillan as Prime Minister in 1957, in succession to Anthony Eden, brought to 10 Downing Street a man who as MP for Stockton-on-Tees in the North East had been profoundly influenced by the social distress of the 1930s. His approach to the economy was to become a matter of increasing concern for Wincott during the six years of Macmillan's premiership.

An early incident that prompted strong criticism from Wincott came in January 1958, when Macmillan's Chancellor of the Exchequer, Peter Thorneycroft, resigned from the government, together with two other Conservative ministers,

Enoch Powell and Nigel Birch. The issue in dispute was the control of public expenditure and Macmillan's refusal to accept Thorneycroft's proposal for a £50m cut.

In commenting on this episode Wincott noted that, in an earlier speech, Thorneycroft had made it clear that one aspect of the Keynesian doctrine had gone overboard; no longer, Thorneycroft had said, would internal policies take precedence over the external value of the currency. Wincott wrote: "Mr Thorneycroft's policy, if you like, made him a hard-faced, hard money man. That makes two of us (at least)".¹¹

As Wincott saw it, what lay behind the argument over the £50m cut was an attitude of mind: "on the one hand an attitude of mind that puts what I regard as Conservative principles first and on the other an attitude of mind which is still obsessed with what happened 20 and 30 years ago, which still has not faced up to the realities of our position in 1958".

The contretemps over the Thorneycroft resignation did nothing to dim Macmillan's popularity, and in 1959 the Tories scored their third successive election victory with a substantially increased majority. Despite Wincott's reservations, he welcomed the result, not least as an indication that the British people had finally come to dissociate the modern Conservative Party from the Tories of the twenties and thirties.¹²

At the same time, he wrote, "Socialism as we have known it since the days of Keir Hardie, William Morris, the Webbs and Robert Blatchford, was done to death on October 8, 1959". Wincott recognised that at some point Labour would rise again, but short of a return to massive unemployment it would have to be a very different Labour Party, and the necessary transformation would be "a most fearsome task".

Labour had yet to learn that there were two ways of achieving the equality that remained its aim - the first through the state and the second through the individual. "On the whole Statism - state ownership and undue state direction and control - is foreign to our nature. As a people, thank God, we would rather, having made basic provisions through the state, leave it to individuals to own and to provide."

Wincott ventured to hope that “perhaps subconsciously enough of the British people have come to realise that the modern Conservative party – provided it can be kept modern – is best suited, by its very conservatism, to cope with the problems of the second half of the twentieth century”. The proviso – “provided it can be kept modern” – was important, as the next few years were to show.

Wincott’s FT columns in the 1950s covered a wide range of topics, including many that were directly relevant to the investor. The subject of takeover bids, for example, had become a matter of considerable debate, not least through the activities of Charles Clore, a shrewd financier who targeted companies whose assets were grossly undervalued in their published balance sheets.

Wincott accepted that, on the whole, the country benefited from sensible takeovers and mergers, although he disliked the tactics used by both sides. “It is difficult to say which spectacle – the obstructionist stubbornly defending his vested interest to the last ditch, or the frustrated bidder employing every trick in the trade to command success – does capitalism more harm in the public estimation”.¹⁵

Wincott suggested that too many directors in their dividend policy were playing into the hands of the takeover bidders by failing to live up to the principles of liberal capitalism. “This country probably pays out a smaller percentage of its distributed profits, relies more on self-finance, than any other country in the world. Would it not be a good idea if we were to adopt the Australian practice of much fuller dividend distribution coupled with regular approaches by expanding companies to shareholders for new capital?” If the aim was to promote the most economical use of resources, this was more likely to occur if directors had to justify the raising of capital by new issues than if it was provided free by retained profits.

Wincott’s views about how companies should be owned and managed were infused by a strong commitment to popular capitalism. One of the bees in his bonnet, he wrote, was “a passionate belief that the more widely spread ownership of British industry becomes, the more we can give ordinary folk a stake in real wealth, the better it will be for all of us”.

The 1960s

During the 1960s the UK came to be widely regarded, inside and outside the country, as the sick man of Europe. Sluggish productivity growth, persistent inflation, anarchic labour relations – for these and other reasons British performance lagged far behind that of the leading Continental countries, especially Germany.

Harold Wincott was by now a well-established and increasingly influential columnist. The award of the CBE in 1963 reflected the esteem in which he was held in official circles, but this honour did nothing to temper his criticisms of government policy when he thought those criticisms were deserved.

For Wincott, an important reason for the UK’s relatively poor performance was the absence of competition. “It is my deep conviction”, he wrote in 1961, “that thirty years of one of the highest tariff structures in the world (for a developed industrial nation), plus the Ottawa agreements, plus the three currency devaluations – these, of course, have given British industry substantial extra protection – have on the whole done us a great disservice”.¹⁴

Britain’s trade policy had been a serious disadvantage. “To attempt for three decades to conserve and protect what you had, to orientate your overseas trade towards markets which in the nature of things cannot offer you the competition your overseas rivals must meet and overcome, is a most debilitating experience.”

For these reasons Wincott welcomed Macmillan’s decision, announced in July 1961, to apply for membership of the European Economic Community. This was an opportunity to break with the past. “If by any other means we could get the necessary competition here in our own market, with compensating benefits and advantages for our exporters, we could afford to remain outside. But we can’t. Demonstrably, on the record of the nearly 40 peace time years which have passed since 1919, we cannot produce a single party government strong enough to stand up for more than a month or two against the pressure groups and the ignorant men who have steadily dragged us down. Demonstrably, the embittered history of those 40 years rules out a coalition. Only the judgement and the cathartic properties of a market of 260 million people remain. But what a promise also resides in

this new chapter of our economic history which we must pray is opening up.”

The Common Market application, abortive though it turned out to be, was one of the few occasions when Wincott was unstinting in his praise of Macmillan. On domestic policy his criticisms were often severe. In July 1962, the dismissal of Selwyn Lloyd, the Chancellor, and several other ministers - the famous “night of the long knives” - prompted a furious response from Wincott. While he acknowledged that Lloyd had made some mistakes, his stewardship of the economy had for the most part been competent and effective. “Our reserves position is much improved. Our competitive position in the world’s markets is much stronger than it was two years ago. Foreigners have regained sufficient confidence in sterling even to buy long-dated and irredeemable government stocks”.¹⁵

Why then had he been sacked? Wincott pointed to a fundamental difference in philosophy. Lloyd was a sound money man, Macmillan was not. “The truth is that Mr Macmillan has always been an inflationist and likes nothing better than to have inflationists as advisers. The truth is that Mr Macmillan still lives and thinks in the atmosphere of Stockton-on-Tees in the early thirties. In 1936 when he was 42 years old - and we all know you don’t change your views much after the forties - he wrote a book “The Middle Way”, the economic passages of which could - and in large measure did - serve as an election manifesto for the Socialists.”

Over the next year, as Macmillan was buffeted by a series of disasters, including the Profumo scandal, Wincott’s criticisms continued. Writing in mid-1963, as a general election neared, he said that Macmillan had acquired a reputation for attempting to solve problems by sweeping them under the carpet - setting up commissions and other bodies to examine awkward problems and then doing nothing about their conclusions.¹⁶ Wincott thought this reputation was richly deserved, although he accepted that part of the problem was that “the machinery of government is still more suited to the days when men walked in front of horseless carriages with a red flag than to the days of aircraft, rocketry and nuclear energy”.

On writing newspaper columns

May 31 1960

The mind of any columnist with frequent and regular deadlines to meet becomes, inevitably, something of a stockpot. Into the pot you throw ideas, thoughts, phrases, quotations - and you leave them to stew. They go on stewing while you’re mowing the lawn or falling asleep or having your hair cut, and when the need arises you fish the idea, thought, phrase or quotation out of the stockpot, done to a turn (you hope), and, hey presto, there’s your article.

On company accounts

September 20 1966

For as long as I can remember it has been a tradition in the British company world to tell the investment community as little as possible as seldom as possible. It has been accepted that if you overstate profits and assets you may finish up in the Scrubs, but that it is highly respectable and jolly conservative to understate them... It would be unfair to mention names because this tendency has been so widespread, but it is a fact that a well-known business in 1947 told its shareholders, with a perfectly straight face, that the asset value of their shares was 63s 6d and that earnings were 45½ per cent on the equity. In 1948 the asset value was seen to be over £13 and equity earnings 250 per cent.

A major failing of the Tories, Wincott wrote, was that they were too inhibited about reducing the size of the public sector. For example, they could consider the question of denationalising some of the industries that Labour had nationalised, such as gas and electricity. They could also examine “the indiscriminate nature of so much of our social services which all too often perpetuates poverty and hands out unneeded largesse”.

Wincott’s conclusion to this piece must have offended a large number of FT readers. “Whether Mr Macmillan goes in 1963 or 1964 is irrelevant. It seems that the real long-term interests of Britain would best be served in fact if the Tories lost the next election, and, going into opposition, gave themselves the time to solve the outstanding problems of our age.”

When the election came, in October, 1964, Wincott had backtracked somewhat from this position. In an article headed “The case of the reluctant Tory”, he said he would vote Conservative, primarily on economic issues, “on which I think all else in Britain depends”.¹⁷ Wincott could not believe that the Labour party “can lead this economy on the paths it must tread”. Labour’s philosophy had always been to prefer official plans to market forces. They were hostile to competition - hence the decision (with some dissenting voices) to oppose membership of the Common Market and to resist the abolition of resale price maintenance, a measure that had been pushed through by the Tories to promote more competition in the retail sector. Above all, “it is the fact that they are tied to the trade unions, which leads them to oppose the efforts of Dr Beeching and Sir Giles Guthrie to get a more economic use of our manpower.”¹⁸ It is the fact that despite what they now say in public about their limited commitments to nationalisation they loudly cheered when Mr Douglas Jay declared last July that he would far rather see British public ownership than foreign private ownership of British industry.”

At the heart of Wincott’s decision to vote Tory was Labour’s instinctive dislike of profit and their misrepresentation of the functions of capitalism. “I happen to believe that our present

system of taxing company profits is a mess and a nonsense. A corporation tax would be much more sensible. But I would not trust the Socialists for six months with such a tax. If it started at 40 per cent it would go to 45 per cent in the first crisis and 50 per cent in the second.”

In the event Labour won the 1964 election with a majority of four, an outcome which for Wincott contained seeds of hope. “Labour, with the privilege of calling another election whenever it suits it to do so, is surely shrewd enough, whatever conventional political noises it has to make, to know that there is now a premium - the prospect of a bigger majority - on sensible behaviour.” The electorate “seems to have told all the politicians that it wants them to be statesmen rather than politicians, and to have contrived a parliamentary position in which that may be the outcome”.¹⁹

The country, he continued, was in a difficult economic situation and the problems would not be overcome without a good many electoral words being eaten. It was normal for one party to blame the other for the mess they inherited when they entered office - the Tories in 1951 and now Labour in 1964. But, Wincott wrote, “all thinking people know in the light of our post-war experience that it was neither a Tory mess now nor a Socialist mess then which the parties were called on to clear up. It was, and is, a basically British mess”.

None of the parties, Wincott continued, had a word to say in their election campaigns about Britain’s outstanding economic problem - the gross misuse of her most precious resource, manpower. “None of them admitted that if we used that resource as efficiently as other industrial countries used theirs, we should have an unemployment rate running into double figures instead of the official 1.6 per cent; none of them admitted that without this misuse there would be no balance of payments problem, no immigration problem, no need for stop-go, no shortage of houses, much less difficulty about excessive growth of incomes and so on.”

As far as the business community was concerned, the initial reaction to the 1964 election was hopeful. Many businessmen had lost confidence in Macmillan (his successor, Alec Douglas

Home was in office for too short a time to make much difference); by the early 1960s the Tories had appeared to have lost all sense of direction. However, the new Labour government's early decisions were not encouraging.

Wincott was especially critical of the new taxes introduced by the Chancellor, James Callaghan. An opportunity for a really radical reform of our fiscal system was being wasted, in Wincott's view.²⁰ "It is all being done, of course, in the name of modernisation and speed. Where we had the Tory Mrs Mopps who swept the problems under the mat, we now have the Labour Mrs Mopps armed with a very new and very powerful vacuum cleaner. The trouble is that the new charladies at the Treasury and the Inland Revenue haven't yet realised that, instead of sucking the machine will blow the dirt and the grit all over the place. It's a sad thing to say, but the dirt and the grit did less harm under the rug."

The next election duly arrived, in March 1966, and Labour won with a majority of 96 seats. Again Wincott was not impressed by what had been said during the election campaign. He criticised politicians of all parties for failing to tell the truth about the country's situation. "We have seen ourselves overtaken as an industrial power by the United States, Germany and other countries. We have remained solvent and reasonably prosperous only because of the treasure our forebears stored up all over the world. We have clung to the pretensions of a world power we lacked the means of upholding. We have turned inwards and attempted to conserve what we had by restrictions and protection".²¹

How was the country to break out of what Wincott called its infinite capacity for self-delusion? "Some people thought that we would never get the economy right until we got a national government, since no political party could afford to incur the hostility which the measures necessary for putting our economy right would entail." But that, Wincott wrote, was unrealistic given the British political set-up. "The alternative is to have a government with a sufficiently large majority to live with two or three years of extreme unpopularity while it is doing all the unpleasant things that have to be done, on the not unreasonable

assumption that in the last two years or so of its five year term the thing will pay off and a grateful country will return the erstwhile unpopular government with an even bigger majority."

Wincott had hoped that this was what Mr Macmillan's government would do when it got its big majority in October 1959. "Alas, for one reason and another, including the pre-election promises to bolster up virtually every declining industry we had, things did not work out that way. Now Mr Wilson finds himself with a majority virtually identical with Mr Macmillan's in 1959...Mr Wilson, it is said, had a great respect for Mr Macmillan as a politician. If he learned from Mr Macmillan's mistake and despite all his promises does the tough and unpleasant things that have to be done, he can celebrate his 60th birthday in Downing Street." (Wilson was then aged 50).

In the months immediately following the election Wilson appeared to live up to Harold Wincott's hopes. On July 20, 1966, faced with yet another balance of payments crisis, a run on the pound and the urgent need to cut public expenditure, Wilson set out a series of measures which, among other things, would inevitably lead to a rise in unemployment.

"I rate this statement by the Prime Minister", Wincott wrote, "as the most significant pronouncement any politician has made on our economic affairs since the war."²² It marks an end to make-believe...Mr Wilson has had the courage personally to take responsibility for measures aimed at reducing the level of demand and raising the level of unemployment. He is not the first politician in Britain to do so in the post-war years. But he is the first to tell the British people that when the present squeeze and all the readjustments which must follow it are over they must get used to the idea of up to 500,000 people being out of work and that they must give up the idea of work sharing to frustrate the process."

The Tories and Liberals were right to attack Labour on other grounds, but not on Mr Wilson's decision to end, once and for all, the state of impossibly overfull employment which had bedevilled the British economy for over 20 years. "Throughout the free world, it seems to me, democracy is being devalued by the politicians. As country after country allows demand to

On working on a speech for Winston Churchill

January 26, 1965

Arriving at 28 Hyde Park Gate, I have never seen such turmoil. The speech was being typed section by section, and brought in by a stream of secretaries. The sections were alphabetised, but M followed A, and F followed M. Churchill, however, found nothing confusing in this, and gradually the whole thing took coherent and telling shape. At last the speech was ready and he was off to the Commons where he feared no man.

The speech itself? A nation divided “not so much in enmity as in opinion”. Again, “how long can we afford to be dominated by this ideological conflict which, as it paralyses our national judgement and action, must be deeply detrimental to an island like ours, with its 50 millions, growing only half their food?”

“There is planning on both sides, but the aim and emphasis are different. We plan for choices, they plan for rules, and in this lies one of the aspects of our melancholy domestic quarrel.”

No economist? Not in any academic sense. But an unequalled gift, as in everything else, of expressing fundamental economic truths in language that ordinary folk could understand.

become excessive, employment overfull, so do the politicians funk tackling the problem at its roots - fiscal policy - and put altogether too much strain on monetary policy. If Mr Wilson is the first to reverse the process, he will not just have made his place in economic history. He will have given this country the chance to show what it really can do, and that, I believe very sincerely, will surprise the world.”

Wincott’s hopes were disappointed. The July 20 measures were meant to avoid devaluation, but within little more than a year the country faced yet another economic crisis and the government was forced, in November 1967, to devalue the pound from \$2.80 to \$2.40.

His comments on this decision were critical, but also contained a constructive proposal. He began his article by referring to a recently published piece in the FT reporting on the cost of living around the world. This showed that the internal cost structure in Britain was often lower than that of her competitors, such as Germany. Why then was it necessary to devalue? The answer was that “in one way or another” we had dissipated the advantages that we had in our lower internal costs.²³

There followed a catalogue of weaknesses which, in Wincott’s view, had held the country back: “Bad government - and I don’t just mean the present government; a Fred Karno trade union structure - is it surprising that Germany can carry a higher internal cost structure and yet beat us at exporting when you remember that she has some 16 trade unions whereas we number ours - inside and outside the TUC - in hundreds, and in consequence has a degree of labour flexibility that we aren’t within a bull’s roar of achieving”; government spending overseas on a scale which no other comparable country has to support; an economy still riddled with restrictive practices, by management and labour; a social welfare system which “subsidises people who need no subsidy and yet leaves a hard core of distressing poverty; a taxation system which is efficient only in penalising the successful and in featherbedding the mediocre; an employed labour force which is often only half employed”.

Wincott went on to suggest that a better alternative to devaluation would have been to let the pound float, at least for a period. “We have shown a significant inability over the past 40 years to pick the right rate when we decided on fixity.” In 1925 the pound was fixed at too high a rate. In 1949 Stafford Cripps went to the opposite extreme, making sterling temporarily too cheap. In present circumstances Wincott would have preferred a flexible rate. “Given efficient government, we should have come to no harm thereby; we might have come to some good”. In the absence of efficient government, “this devaluation and this new fixed rate will in the long run do us as much good as previous devaluations and fixed rates have done”.

Economic policy was the dominant theme of Wincott’s FT columns during the 1960s, but he also continued to battle for a better understanding of liberal capitalism and to expose the misconceptions espoused by the Labour Party and its followers. After the 1964 election Frank Kearton, chairman of Courtaulds, was one of the few business leaders to express support for the Labour government. Wincott was a great admirer of Kearton’s business prowess (he had recently fought off a takeover bid for Courtaulds from ICI), but he took exception to a speech in which Kearton had said that industry should accept that its total profits as a percentage of national income should be restricted by and large to a given figure.

In an open letter to Kearton, Wincott wrote: “What that figure should be, you thought, was a matter of political and social importance, and, you said, you were not very much worried whether it was the (then) current percentage or slightly lower or slightly higher”.²⁴ For Wincott these remarks betrayed a misunderstanding of the role of profits and shareholders in a capitalist economy. “This is still, thank God, a free country (more or less) and you’re entitled to your views. Anyway, we need men like you if ever the Labour Party is to become in Britain what the Democratic Party is in the United States. So keep on saying that Charles Wilson was right in pronouncing that what was good for General Motors was good for the United States. Indeed if you prove that what is good for Courtaulds (not forgetting Courtaulds’ shareholders) is good for Britain we shall

all be in your debt. And stop worrying about what proportion total profits should be to the national income. Your job is to see Courtaulds earns the biggest profits it can.”

Wincott sparred with another Labour-sympathising businessman, Jock Campbell, head of Booker Brothers. Campbell had written to the FT criticising Wincott for appearing to suggest that making profits was all that companies should care about. Wincott responded by quoting from an earlier column, in which he had said that “the successful company should give equal weight to the interests of those who own it, those who work for it, those who buy its products and, if you like, the interests of the community at large”.

Wincott went on to say that he had always been opposed to stock option schemes “because they seek to create a specially privileged class among businessmen, and overlook the great contribution made to society by such people as doctors, teachers and civil servants”. Wincott noted that his attitude to such schemes had brought him into conflict with some industrialists and people in the City.²⁵

He criticised Campbell for suggesting that if companies did not earn a proper return on capital they would go out of business. “Any competent investment analyst will produce example after example, and among our biggest companies at that, where, if we had up to date valuations of their assets, what the companies are earning would be less than the going rate of interest in the gilt-edged market. Although I don’t know what a proper return on capital is - and of course it must vary from industry to industry - I’m quite sure that what these companies are earning is an improper rate. And yet they bumble along, year in, year out, staying quite comfortably in business.”

Reverting to a favourite theme, Wincott suggested that the country would not get out of its present troubles until it moved much closer to the American attitude towards profits. “There, government is a good deal tougher towards monopoly than we are; there, profits, earned under much more competitive conditions, are regarded as a badge of honour, a measure of efficiency.”

Harold Wincott's influence on politics

In a reflective article written towards the end of 1968 Wincott referred to a meeting of the Mont Pèlerin Society that had just been held in Aviemore, Scotland.²⁶ Since its creation in 1947 the society had become the principal meeting ground for liberal, free market economists in Europe and the US. These thinkers, Wincott wrote, were widely regarded as amiable eccentrics, a very different breed from the pragmatists who had managed the British economy since the war.

Wincott noted that one of the attendees at Aviemore was Ludwig Erhard, former Chancellor of Germany and generally seen as the architect of the German economic miracle. Wincott used his article to recall what he had written after a visit he had made to Germany, with other journalists, in 1949.

One of their interviewees during that visit was Erhard, then Minister for Economics in the new Federal government. "There is nothing surprising about Dr Erhard", Wincott had written, "once you get over the shock of meeting the pure milk of Manchester liberalism in the Germany where formerly, for decades, 'even tulips bloom as they are told'. If nature has fashioned Sir Stafford Cripps as the perfect embodiment of austerity she played another joke with the beaming rotundity of Dr Erhard. But if you accept the doctor's initial premise - that the economic machine runs best when left alone (and admittedly this is almost obscenity in British ears) - you are illogical if thereafter you feel shocked at the answers you get to your subsequent questions."

Among these answers were: that if you reduce the rate of taxes you will raise the yield because the volume of trade will increase - and savings will expand; that overfull employment is dangerous, because it causes inflation and creates the need for planning; that the socialisation of industry, as practised by Britain's Labour government, must be avoided because it would hinder the influx of foreign capital.

Wincott went on to compare the performance of the British and German economies since the 1950s, and asked readers to judge "whether Dr Erhard, as an amiable eccentric, a liberal economist, a right wing economic thinker or whatever else you want to call him, may not have had more success with his policies than our successive pragmatists have had with theirs".

Wincott was not a member of the Mont Pèlerin Society and his thinking about economics was not based on a careful reading of Hayek, Mises or Milton Friedman. He was, nevertheless, part of an intellectual movement that started in the 1950s, gathered pace in the 1960s and ultimately achieved a degree of dominance (at least in the UK) that put the "amiable eccentrics" of the Mont Pèlerin Society at the heart of economic policy-making.

At the time of Wincott's death in March 1969, the battle of ideas within the British Conservative party was still raging and the outcome was far from certain. The contest, as Richard Cockett has written, was "between those who wanted to rediscover the Party's economically liberal, Peelite past, and those who wanted to continue the paternalistic, collectivist and dirigiste policy of Macmillan and Butler".²⁷

Leading figures in the former group were Sir Keith Joseph and Sir Geoffrey Howe, both of whom were close to the Institute of Economic Affairs and regular attendees at meetings of the Mont Pèlerin Society. Another rising politician in the same camp, who was to serve as a junior minister in the Heath government of 1970-1974, was Margaret Thatcher. An article she wrote for the Daily Telegraph in 1969 could almost have served as a Wincott column. Contrasting the left-wing focus on state ownership and government control with the Conservative emphasis on freedom, she wrote: "We dislike monopoly and seek to break it up, we believe that competition is the best and the only test of efficiency, that decisions should be made where the experience and knowledge are to be found, and that the test of their correctness is the market-place and that the consequences of wrong decisions should not be borne by the taxpayer".²⁸

For this group the unexpected Conservative victory in the 1970 election seemed to offer a great opportunity. Although the new Prime Minister, Edward Heath, had not been close to the IEA, his pre-election speeches had put a good deal of emphasis on "reducing the shackles of government from industry", on cutting back the burden of regulation and on the reintroduction of private ownership into the nationalised industries. Once in office, however, Heath proved to be a disappointment.

Many of the leading Conservative politicians "remained

Harold Wincott's journalism

ideologically wedded to the politics of Keynesian demand-management and the efficacy of a large role for government in the economy - the politics of the post-war consensus".²⁹ Heath himself, despite occasional genuflections towards economic liberalism, was essentially a pragmatic politician with no interest in political philosophy or economic theory.

Heath's government came to grief in 1974, in the wake of a mishandled confrontation with the National Union of Mineworkers, and the Conservatives went into opposition again. This setback proved to be a turning point in the history of the party, allowing the liberals to offer a coherent account of what had gone wrong under previous Tory governments.

By then Harold Wincott's mantle had been taken on by younger journalists, notably Samuel Brittan on the Financial Times. Brittan became the doyen of economic commentators; his regular columns, carefully read in Whitehall and Westminster, were as influential as Wincott's had been. Together with Peter Jay on The Times, Brittan helped to establish Milton Friedman as an important influence on Conservative party thinking.

Wincott had been prescient in thinking that the Tories needed a period in opposition during which they could undertake a fundamental reappraisal of the country's economic weaknesses and how they could be corrected. That might have happened after the 1964 defeat, but at that time the post-war consensus had too strong a grip on the party to be displaced by new thinking. By the mid-1970s, thanks partly to the failures of the Heath government, the party was more receptive to the view that a radical reorientation of policy was both necessary and feasible.

Wincott had believed that if a Conservative government was to make the changes that were necessary it would need both to have a large majority and to be willing to tolerate two or three years of extreme unpopularity while the painful medicine was being applied. After that, the benefits of these policies would show through, and the party would reap the reward at the next election. This is roughly in line with Mrs Thatcher's experience between 1979 and 1983, although in her case an extraneous and totally unexpected event - victory in the Falklands war - was partly responsible for the recovery in her popularity and subsequent electoral success.

Harold Wincott had none of the academic qualifications of some of the other economic writers, including Andrew Shonfield, Samuel Brittan, Patrick Hutber, Michael Shanks and Nigel Lawson, who joined the FT in the 1950s and 1960s. His starting point, before he entered the newspaper business, was his experience of financial markets and he put his knowledge of the City to good use in his writings. But as his confidence increased, he broadened his scope to encompass virtually all aspects of economic policy.

Of the many tributes that were paid to Harold Wincott after his death, the most perceptive came from Lord Robbins. In his address at the memorial service³⁰ Robbins identified four qualities that made Wincott a great journalist.

First, clarity. "Harold was a great expert and he dealt with issues of great complexity, but he was never obscure. You always knew what he meant."

Second, readability. "Under his unpretentious and often humorous touch the most recondite subjects became fascinating. The dry bones became flesh and lived."

Third, candour. "Harold felt deeply about the issues of the day and from time to time took sides with some vigour. But he never disguised the difficulties of his case. He obeyed the rules of fair controversy."

Fourth, humanity. "For Harold the problems he discussed were not merely problems of abstract economic or political logic; they were rather problems affecting the daily lives of his fellow creatures. He was a man with deep human sympathy; and the figures and graphs which he handled with such dexterity were significant to him, ultimately, not for their technical implications, but for the light that they cast on the present condition and future prospects of ordinary men and women."

Footnotes

- ¹ A collection of Wincott's columns is contained in Harold Wincott, *The business of capitalism* (Institute of Economic Affairs 1968). The book can be found in pdf form on The Wincott Foundation website www.wincott.co.uk/bus_cap.pdf
- ² David Kynaston, *The Financial Times, a Centenary History*, Viking 1998, p227
- ³ Quinn Slobodian, *Globalists: the end of empire and the birth of neo-liberalism* (Harvard 2018).
- ⁴ Richard Cockett, *Thinking the unthinkable: think-tanks and the economic counter-revolution, 1931-1983* (HarperCollins 1984) p142.
- ⁵ Harold Wincott, *Rediscovering capitalism*, *Financial Times*, July 11, 1950
- ⁶ Harold Wincott, *The new Conservatism*, *Financial Times*, December 5, 1950
- ⁷ Harold Wincott, *The Tories' dilemma*, *Financial Times*, October 25, 1951.
- ⁸ Harold Wincott, *Shadow and substance*, *Financial Times*, March 18, 1952
- ⁹ Harold Wincott, *Unfair to demagogues*, *Financial Times*, May 31, 1955
- ¹⁰ Harold Wincott, *Verdict on Macmillan*, *Financial Times*, February 21, 1956
- ¹¹ Harold Wincott, *Right decline*, *Financial Times*, January 14, 1958
- ¹² Harold Wincott, *A famous victory*, *Financial Times*, October 13, 1959
- ¹³ Harold Wincott, *What to do about bids*, *Financial Times*, July 7, 1951
- ¹⁴ Harold Wincott, *A new chapter in British economic history*, *Financial Times*, August 1, 1961
- ¹⁵ Harold Wincott, *The betrayal of Selwyn Lloyd*, *Financial Times*, July 17, 1962
- ¹⁶ Harold Wincott, *The case for a Conservative opposition*, *Financial Times*, July 9, 1963
- ¹⁷ Harold Wincott, *The case of the reluctant Tory*, *Financial Times*, October 6, 1964
- ¹⁸ Richard Beeching, a senior ICI executive, was appointed chairman of the British Railways Board in 1961 and embarked on a radical pruning of the rail network. Giles Guthrie, chairman of British Overseas Airways Corporation from 1964 to 1968, oversaw a big reduction in the company's labour force.
- ¹⁹ Harold Wincott, *Above all, a time for statesmanship*, *Financial Times*, October 20, 1964
- ²⁰ Harold Wincott, *How to lose the goodwill of business*, *Financial Times*, May 18, 1965
- ²¹ Harold Wincott, *An infinite capacity for self-delusion*, *Financial Times*, April 5, 1966
- ²² Harold Wincott, *The devaluation of democracy*, *Financial Times*, September 27, 1966
- ²³ Harold Wincott, *But will it work*, asks Harold Wincott, *Financial Times*, November 21, 1967
- ²⁴ Harold Wincott, *An open letter to Sir Frank Kearton*, *Financial Times*, November 1, 1966
- ²⁵ Harold Wincott, *A job of work for Lord Campbell*, *Financial Times*, November 8, 1966
- ²⁶ Harold Wincott, *Amiable eccentrics take on the pragmatists*, *Financial Times*, September 17, 1968
- ²⁷ Cockett, *Thinking the unthinkable*, 195-6
- ²⁸ *Daily Telegraph*, March 28, 1969
- ²⁹ Cockett, *Thinking the unthinkable*, 202
- ³⁰ *Financial Times*, April 15, 1969

The Wincott Foundation

After Wincott's death there was a strong conviction among his friends and admirers that his achievements and the example he had set should be recognised in some permanent way. Within a few months of his death, Ralph Harris at the Institute of Economic Affairs took the lead in setting up The Wincott Foundation, whose aim, as set out in the prospectus, was to perpetuate Harold Wincott's work with the following objects:

- a) the advancement of education and the promotion of research for educational purposes in economics and finance;
- b) the encouragement and promotion of the highest standards in economic and financial journalism.

To finance The Wincott Foundation, Harris hoped to raise £100,000 but that figure was soon exceeded as donations came in from individuals, companies and other organisations. The trustees included Geoffrey Howe, who was to hold senior posts in the Thatcher government in the 1980s, Alan Walters, who was to become an economic adviser to Mrs Thatcher, and later Joyce Wincott, Harold Wincott's widow. (After Joyce Wincott stepped down in 1993, the family connection was maintained through her daughter, Elizabeth Wincott Heckett, and later through Daniel Wincott, Harold Wincott's grandson.)

Ralph Harris served first as secretary of the foundation and then as chairman, a post he held until 1997. It was through his enthusiasm and commitment that the foundation soon established itself as a powerful promoter of Wincottian ideas and a standard-bearer for high-quality financial journalism.

The two principal activities of the foundation were, first, an annual lecture, usually given by a distinguished economist or policy-maker, and, second, the organisation of annual awards for journalists who in the opinion of the trustees had done outstanding work in the field of economic and financial journalism. The first lecturer was Milton Friedman, and he was followed over the next few years by James Meade, John Jewkes, F A Hayek and Lord Robbins.* The lectures have continued without interruption, and the speakers have included some of the most important thinkers of our time, including Deepak Lal (1989), Douglass North (1998), David Henderson (2000), Leszek Balcerowicz (2001), Ragurham Rajan (2012), Sir Paul Collier (2014), Harold James (2016) and Jean Pisani-Ferry (2018).†

Among the early winners of the Wincott journalism award were Samuel Brittan and Peter Jay, with Hamish McRae and Frances Cairncross the first winners of the "Young journalist of the year" award. The scheme has been expanded to take account of changes in the media landscape, and now consists of a suite of awards for audio and video journalism, personal finance journalism and journalism in the nations and regions. The scheme continues to attract a large number of entries, and the Wincott awards are much sought after by journalists in different media and at different stages in their career. The prestige of the awards has been greatly enhanced by support from the City of London Corporation, which hosts the annual awards ceremony in the Mansion House.**

More recently the foundation has extended its activities outside the UK. In the early 1990s the Foundation set up a fellowship scheme, in partnership with the Reuters Foundation, for East European journalists, enabling them to spend one or two terms at Oxford University to learn more about journalism in the UK and to study economic issues that were relevant to their own country. The rationale for the scheme was that countries that were in the process of establishing liberal market economies would benefit from the presence of journalists who could write authoritatively about the economic problems these countries were facing. In several cases these Wincott fellows from Eastern Europe went on to hold senior positions in their country's media.**

The scheme was replaced in 2017 by a similar fellowship scheme, also jointly run by the Reuters Foundation, aimed at countries in sub-Saharan Africa. Initially prompted by a suggestion from Paul Collier, the scheme was based on the belief that well-informed and well-trained economic journalists could make a useful contribution to public understanding of the economic problems these countries faced. So far the scheme has involved journalists from Kenya and Nigeria.

* A collection of Wincott lectures is contained in Geoffrey E. Wood (ed), *Explorations in economic liberalism*, (Macmillan 1996)

† For details of lectures and texts see www.wincott.co.uk/lectures

** For details of award winners see www.wincott.co.uk/awards

*** Reflections by these journalists on the impact of the fellowship on their careers are contained in www.wincott.co.uk/fellowships/eurassessments.html

