

Blitz sustained over a period of years. The Labour Party's programme is a practical expression of that spirit applied to the tasks of peace. It calls for hard work, energy and sound sense.' The manifesto's principal author was Michael Young, not long before his lunch with Hugh Dalton. Aged 29, he had been educated at the progressive Dartington Hall and been director of a newish organisation, Political and Economic Planning (PEP), before in February 1945 moving to the Labour Party's research department. Young in later life was self-deprecating about the manifesto: 'The mood was such that second-class documents were going to be thought first-class with a star.'

Two crucial questions suggest themselves, however. How by 1945, at the apparent birth of a new world, did the 'activators' – politicians, planners, public intellectuals, opinion-formers – really see the future? And how did their vision of what lay ahead compare with that of 'ordinary people'? The overlaps and mismatches between these two sets of expectations would be fundamental to the playing out of the next three or more decades.

There would be no fly-pasts in its honour, but arguably 1940 was the British state's finest hour, as the nation – under the iron-willed direction of Ernest Bevin as Minister of Labour in Churchill's coalition government – mobilised for total war more quickly and effectively than either Germany or Russia. The state, in other words, proved that it could deliver, as it also did by introducing wide-scale rationing in a way generally seen as equitable. Simultaneously, the first half of the war saw the creation of a plethora of new ministries: not only Labour but Economic Warfare, Food, Home Security, Information, Shipping, Aircraft Production and Production. By 1943 there were, not surprisingly, well over a quarter of a million more civil servants than there had been before the war. It was soon clear, moreover, that all the work of these ministries, as well as of the traditional ones, was now predicated upon assumptions of co-ordinated central planning – an utterly different mindset from Whitehall's customary approach and propagated by some exceptionally talented temporary recruits there, often operating at a very high level.

How, if at all, might this translate into peacetime economic policy? Relatively early in the war, the great economist John Maynard Keynes

had more or less won the battle within the Treasury to persuade that deeply conservative institution to accept at least a substantial measure of demand management as the principal way of regulating the economy in order to keep the level of unemployment down. Thereafter, the real intellectual conflict among radically minded 'activators' was between Keynesians and those whose ideal was wartime-style (and Soviet-style) direct physical planning. For the former, there was still a significant role – at least in theory – to be played by the price mechanism of the market; for the latter, that role was fairly surplus to requirements. By the end of the war, it seemed that the force was with the out-and-out planners, with their emphasis on investment planning and, through direct controls over labour, manpower planning.

Indeed, such was the temper of the times that even most Keynesians had, in a visceral sense, little real faith in, or any great intellectual curiosity about, the possible economic merits of the market or of supply-side reforms. Hence the largely stony academic-cum-intellectual reception accorded in 1944 to *The Road to Serfdom* (dedicated 'To the Socialists of All Parties') by the Austrian economist F. A. Hayek, who was based at the London School of Economics (LSE). 'His central argument was that a modern economy was a vast system of information flows which signal to everyone indispensable facts about scarcity and opportunity,' a latter-day follower, Kenneth Minogue, has helpfully summarised. 'The vitality of modern Western economies, and the best use of scarce resources, rested upon the workers and entrepreneurs having these signals available to them. No planning committee could possibly plug into them. Central direction could lead only to poverty and oppression.' Such was the loss of confidence among economic liberals following the events of the previous 20 years – the inter-war slump, the lessons of the war (including the apparent Russian lessons) – that it would be a long time before a critical mass of politicians began to make a full-bloodedly coherent or attractive case on Hayek's behalf.

Unsurprisingly, then, the inescapable necessity of a substantial portion of the economy being in public ownership was hardly questioned for many years after 1945. Indeed, such had arguably become the prevailing activist consensus from well before the war. The BBC (1922), Central Electricity Board (1926) and BOAC (British Overseas Airways Corporation, 1939) were all examples of important