

The British economy since 1945.

A Keynesian consensus.

By the end of the second World War, many British cities had suffered from bombing destruction. Its trade patterns had been disrupted. It had been a creditor country before the war but was now deeply indebted. It suffered particularly from a dollar shortage.

Inspired by the 1942 Beveridge Report, the Labour government elected in 1945 planned not only to set up a Welfare State but also to aim at full employment. Economic management by the government had proved fairly successful during the war so that a pro-active role seemed advisable. The economist, John Maynard Keynes (1883-1946) was influential at the time. He considered economic crises could be countered if demand was stimulated. This could be done with active government intervention through money creation, fixing interest rates, tax cuts or increased public spending. Unemployment would then remain low. For the next 30 years both Labour and the Conservatives seemed, in the main, to agree to a planned economy with a focus on welfare and full employment.

Several industries were taken into public ownership by Labour, including utilities (gas, electricity, coal), transport (air, rail, road + a number of hotels) , iron and steel or the Bank of England. Only steel proved really controversial with the Conservatives. Other industries were nationalised later, especially in the 1970s because they were struggling (Rolls Royce). At the same time, however, the economy had to sustain a heavy military expenditure. Much of it was spent overseas, which did not help balance of payment difficulties. Governments usually tried to shore up the value of the pound sterling. Some observers have accused them of putting the needs of the financial sector before that of manufacturing throughout the century (if not centuries). This is supposed to have led to a « stop-go » policy that came to be criticised. Expansionist periods were meant to boost growth and employment while retrenchment policies were to prevent inflation, balance of payment deficits and preserve the value of the pound. Yet the policy was fairly successful until the 1970s. There was a period of readjustment and austerity in the late 1940s. Growth was to be led by exportation, imports were limited so as to reduce the dollar gap. By the 1950s-60s the economy was growing, mass consumption was developing, living standards had greatly improved. The unemployment rate was at 1.3% in 1951 and had only risen to 4.7% by 1979 (Bernstein). 2/3rds of exports in the early 1950s were in chemicals, vehicles, pharmaceuticals and oil-based products. Inflation was relatively low at 4% in the 1950-64 period. In 1957, a PM, H. Macmillan pointed out to Britons that they « never had it so good ».

It is thus rather surprising that the idea of economic decline, of a « British disease » should have taken hold in the 1960s. Its performance was inferior to that of its rivals as far as growth or exports were concerned. The decline was relative. For most of the period other countries' better productivity could partly be explained by their catching up after the war (Germany, Japan) or moving from agriculture to manufacturing (France).

However by the 1970s its share of manufacturing had fallen and its car (and steel) manufacturers proved unable to compete, even in the domestic market (Bernstein, 163). The balance of payment deficit had worsened. This was partly due to the 1973 oil crisis, although by the late 1970s Britain had become an oil producer. Unemployment and inflation were rising (1974-81, 16% inflation, Bernstein 164). Many industrial sectors were in trouble including cars, steel, shipbuilding and coal. Industrial relations had broken down. This was especially true for the industries that were struggling since Trade Unions were trying to protect jobs and wages. By doing so they were accused of adding to the problems of a lack of competitiveness and of inflation. Here again, other economies were suffering but Britain seemed much worse off. In 1976 the budget deficit was such as to make it necessary for the government to get a loan from the IMF. In 1978-79 a public-sector strike caused widespread disruption (« winter of discontent »). By then voters and political parties had started to consider that a change of policy was necessary. However there was no complete agreement about the root of the problem. Some put it down to a lack of domestic investment and of entrepreneurship. An uncompetitive public sector, an expensive Welfare State and high taxes were blamed. Powerful Unions were said to contribute to inflation. British society was said not to give enough status to

successful businessmen. Education was criticised for failing to produce both managers and a skilled workforce.

New consensus ?

Mrs Thatcher became prime minister after the 1979 general election. She did not believe in the Keynesian consensus. She wanted British society to imitate US entrepreneurial culture, which she greatly admired. Thatcherites were influenced by Friedrich von Hayek, 1899-1992 (*The Road to Serfdom*, 1944) who believed in the infallibility of markets and saw government planning as misguided. They also looked up to Milton Friedman (1912-2006) and the University of Chicago school of economics. The role of a government was to provide a stable framework without interfering with the working of free markets through regulation or subsidies. This led to sweeping changes in policy. M. Thatcher set out to free the economy by privatising state-owned companies, deregulating financial markets and reducing the amount of red tape that was weighing down businesses. She tried to tame inflation by reducing the increase in money supply. She saw high income taxes as a disincentive for entrepreneurship and reduced them. As she also wanted to reduce public borrowing she tried to limit government expenditure. She considered Unions hampered labour market flexibility, competitiveness and boosted inflation. Thus she set out curtailing their influence with some relish. Efforts were made at improving the skill level of the British workforce. She was PM from 1979 to 1990 when she was replaced as Tory leader and PM by J. Major. He headed the government until 1997. The period saw fairly sizeable booms and slumps. Unemployment climbed to 12.4% in 1983 and again 10.4% in 1993 but had fallen to 5% in 1997 (Pope). The decline in manufacturing and the rise of the service sector intensified. Yet car-making, under foreign ownership at that point, picked up in the 1990s after a slump in the 1980s and some sectors held their own. However services, especially those linked to finances and the media performed best. M. Thatcher's supporters consider Conservative reforms helped turn around Britain's economy. It became flexible, competitive, increasingly attractive to FDI and the fastest-growing European Union economy in the mid-1990s. Others point out that global evolution and the boost given by North Sea oil played a part. Furthermore society was increasingly polarised, productivity was still criticised and infrastructure and education had not improved.

By the time a Labour majority was elected in 1997, the party had been thoroughly reformed. Its electoral campaign stressed a belief in free markets, balanced budgets and a reduced dependence on welfare. There were to be no special deals with Trade Unions. The Bank of England became independent in 1997. Thus it has been said that the British political elite believed in a new, Thatcherite consensus. There was however talk of a third way that seemed to link economic efficiency with more social justice. The aim was to eradicate a fairly large underclass that had developed in the 1980s and 1990s. In a globalised world Britain needed a skilled, flexible labour force and the role of government was to help improve skills, not to protect obsolete jobs and industries. The two New Labour Prime Ministers between 1997 and 2010 (T. Blair and G. Brown) had fairly similar policies. Gordon Brown was T. Blair's Chancellor of the Exchequer between 1997 and 2007. He was later criticised for a tendency to expand business regulations and to expend money on the public sector. A minimum wage was introduced at a fairly low level. Since the 1980s employment has evolved from fairly secure industrial jobs to flexible ones in the service sector. Part-time jobs and self-employment have increased. In spite of some redistribution to the less well-off households, the income gap has been widening at different paces since the 1980s.

When D. Cameron became leader he seemed to try to rebrand the Conservative image by copying T. Blair and stressing free markets and fairness were not irreconcilable. He became PM in 2010 in a context of crisis and huge budget deficit. The debate seems now to be on whether he has been forced into austerity and hefty public sector cuts because of circumstances or whether he and his Chancellor of the Exchequer, G. Osborne are more Thatcherite than M. Thatcher ever was.

From 1997 to 2007, Britain's economy looked fairly healthy. In 2001, the unemployment rate was at a mere 3.6% and inflation at less than 2.5%. In 2002, Britain became for a while the world's 4th biggest economy. The pound had been up since the end of the 1992 Black Wednesday crisis, which as usual may have been better for the financial than the industrial sector. The economy was boosted

by large numbers of immigrant workers, government spending and a debt-fuelled consumer boom sustained by rising house prices. Productiveness was however only improving slowly, partly because of deficiencies in skills and transport. By 2007 the deficit in the balance of payment was rising. Inflation was up, the pound was said to be too strong. Low savings and high household debts were worrying. In 2007, Britain's housing bubble burst and its financial sector suffered. Banks and mortgage companies became very cautious and it has been difficult for companies to get credit. The budget deficit and the fall in output in 2009 were the largest since World War Two. The number of bankruptcies rose. Consumer spending fell (it accounts for almost 2/3rds of GDP). Government started to bail out banks and increase public spending. The Bank of England injected 100s of billions of pounds in quantitative easing (printing money to buy bonds) and is still thinking of doing more. Interest rates went down to 0.5%. The budget deficit was such that the new government announced stringent austerity measures. Higher VAT or income taxes only accounted for a quarter of them, most was to come from spending cuts. Domestic demand is weak and Britain's main market is struggling. GDP growth is virtually non-existent. A small improvement tends to be followed by a new dip. (Office of Budgetary Responsibility 2013 growth prediction : 0.6%). Further austerity measures have been announced and Britain lost its Triple A rating (Moody's rating agency) in February. However, unemployment fell slightly to 8.1% in late 2012.

The important financial element in the crisis has led to calls for a « rebalancing » of the economy away from services, especially financial ones. The importance of manufacturing in the economy had fallen to about 1/10th in 2009 although productiveness had risen. Some sectors, including pharmaceuticals, chemicals, electronics, car-production and aerospace are fairly healthy, however even there it was pointed out in the *Economist* (2009) that a successful firm like the aero-engine maker Rolls-Royce does not really owe its success to the engines it sells but to its very efficient, high-tech maintenance services. Britain exports about 3% of the world's goods, 6% of the world's services (financial ones but also media, about 13% of global music sales, *The Economist*, 19.01.13). In spite of tightened financial sector regulation and quantitative easing, the current government is not in favour of a hands-on Keynesian policy.

Source bibliography and R.Pope *The British Economy since 1914*, Coxall et al *Contemporary British Politics 3rd ed.*

The European issue.

In the 1950s, when the European Coal and Steel Community was set up (1951-52) and the EEC and Euratom treaties were signed (1957) Britain hesitated and decided against joining. As usual with the country's relations to Europe, there were both political and economic reasons to do so. It was repelled by supranationalism (the setting up of a formal structure above nation states), its coal and steel industries and its farming sector seemed healthy, its plans to nationalise some industries did not fit well with the European project. Above all, it saw its economic future at the time as closely linked to the Commonwealth and the sterling area. Opting for the EEC might also have weakened the relationship with the US, although in fact American politicians encouraged Britain to join.

The UK would have been interested in a looser, free trade area and indeed it set up the EFTA (AELE) in 1959-60. It was a seven-member free trade intergovernmental organisation which did not concern agriculture. Yet in the 1960s, the EEC was a growth area and a successful tariff union. Being shut out of that market was not a good prospect. All the more as British trade patterns were changing. In 1950, 48% of British exports went to sterling area countries, only 27.2% in 1970. Membership encouraged the switch. By 2000 the EU accounted for 57% of British exports, 50% of imports. With the crisis, it was down to 47% of exports, 43% of imports in 2011.

Joining proved difficult when the UK changed its mind. Entry was twice vetoed by France in 1963 and 1967. Its leader (De Gaulle) feared Britain's close links to the US and wanted EEC regulation in place before they could be modified by a new influential member. However, when G.Pompidou was the French president, PM Heath's bid was successful. Britain joined in 1973 (with Ireland and Denmark).

Since that time it has often been accused of acting like an awkward, reluctant member. In fact the EU policy of both Conservative and Labour Prime Ministers seems fairly consistent. The aim was

mainly economic, thus Mrs Thatcher supported setting up a liberalised single market. She agreed to the 1986 Single European Act, although she disliked some elements and Britain stayed out of the Schengen agreement. J. Major got the Commons to ratify the Maastricht treaty, after opting out of monetary union and of the social chapter so as not to limit labour market flexibility. T. Blair signed the (limited) social chapter in 1997, but always fought for flexible labour markets in the EU. P Ms have always been worried of an evolution towards federalism (M. Thatcher's 1988 Bruges speech) and averse to further loss of sovereignty. It is said to be a reason for their support of enlargement of the EU (widening not deepening). Although a 1976 referendum saw 67.2% of the public voting in favour of membership, it has never been very attracted by Europe and is now thoroughly repelled by it .

One of the problems seems to be Britain's late entry. It coincided with the 1973 oil crisis and thus was never linked to great economic success in people's minds. Besides rules were unfavourable. The UK's budget contribution was too high because the way it was calculated disadvantaged a member with strong trading links outside the EU, while the CAP was not very useful to Britain. A large rebate was obtained by M. Thatcher in 1984. It has proved a source of disagreement, especially with the arrival of less wealthy members (slight cut in 2006).

By the early 21st century British economy was thriving and it saw itself as a model to be followed by other EU members. P Ms defended economic liberalisation, flexible labour markets, the idea that funds should go to Rand D rather than to the CAP. They were not without allies, even though later, the divisive Iraq war, G. Brown's lack of interest and D. Cameron's euroscepticism made it more difficult. British influence in Brussels (UKREP, etc) was such that there was talk of a free-trading « Anglo-Saxon » EU. Yet the British public was not convinced. Getting the Lisbon treaty ratified by parliament in 2008 (no referendum) was not popular.

Influence in the EU was limited because the UK chose to stay out of monetary union. It was reluctant from the start. The Exchange Rate Mechanism (members keeping their currencies stable relative to those of others) was set up in 1979. The UK only joined in 1990 and was forced out on « Black Wednesday » (10.09.92). Shortly afterwards its economy recovered and flourished. Thus most political leaders, the public and the majority of the media were extremely suspicious of EMU. At first in 2002, the City and some large groups were in favour and T. Blair was not totally hostile. This was not the case of his Chancellor of the Exchequer G. Brown who set up five economic tests that had to be met before Britain joined. They never were. Critics disliked the loss of independence, of the right to set exchange or interest rates and considered that trying to fit together very different economies was dangerous. They now feel vindicated while a eurosceptic PM and a hostile Chancellor of the Exchequer (Osborne) congratulate themselves on being out of the eurozone and remind investors of how safe their country is.

However D. Cameron and the Conservative party are not content with Britain's place in the EU. In a speech on the 23rd of January, 2013 D. Cameron said he meant to renegotiate the UK's relationship with the EU and then hold a referendum by about 2017 on whether to stay or not. He said he was not in favour of leaving the EU but the public and most of the media are hostile. Opinion polls show voters could indeed opt for a Brexit.

His backbenchers, who dislike the EU and fear losing out to the UKIP were enthusiastic. They tend to think he is too soft. D. Cameron and most of his Conservative Cabinet members are eurosceptic but seem to prefer looser ties to an exit. Their Lib-Dem partners in the coalition are more pro-European. D. Cameron wants to opt out of judicial and policing agreements and be less constrained by EU rules on social and environmental affairs. Although the government has tried to expand trade links with other, especially emerging, countries it is aware of the danger a meltdown of the eurozone would be to Britain. Indeed they worry at the idea that the eurozone is likely to get more integrated, leaving the UK out. On the other hand they are hostile to EU regulations of the financial sector, although they have tightened their own rules. Hence the decision to veto an EU « fiscal compact » in December 2011 and G. Osborne's opposition to bankers' bonuses caps in March 2013.

It would be wrong to think D. Cameron is isolated and without allies in the EU. Countries, including Germany or the Netherlands, that want further liberalisation of the single market support Britain up

to a point, because of its defence of liberal, free-trading economic policies. They are not totally hostile to the idea of repatriating powers, but only if this is done for all members and only within limits. Where defence and foreign policy are concerned, Britain has been working closely with France. However the Tory decision to leave the EU parliament's largest centre-right European People's Party for the European Conservative and Reformist Group has led to some loss of clout. They considered the EPP was too pro-European. Thus, in 2013, D.Cameron is seen as having triumphed in negotiating a real-term cut in the EU budget. On the other hand, the UK was unable to stop legislation setting limits on bankers' bonuses. Some question whether a country that seems on the way out can retain much influence (*The Economist*, 09.03.13).

Would a Brexit be profitable? The UK would no longer have to pay a budget contribution, food would be cheaper in a country no longer regulated by the CAP and it would be freed from regulations on labour or finances. On the other hand, its largest market might be less easy to reach and it would lose influence globally. Several Tories seem to dream of a Norway-like option. Critics point out that such an agreement means the not-quite-member country has to abide by EU rules but lacks influence on them.

IV. British society and social policy.

A The welfare state. In the 19th century help given to people in need was meant to be unattractive. With the 1834 New Poor Law prison-like workhouses were set up. By the early 20th century, researchers had pointed out that 30% of the British population suffered from want. The 1906-11 Liberal government attempted to improve standards of living. This limited first step towards a welfare state included old-age pensions or benefits for the disabled and unemployed. Some limited means-tested help was provided in the 1930s. But public expectation grew during the Second World War. The 1942 Beveridge Report set out plans to overcome « want, disease, ignorance, squalor and idleness ». Economic planning and education were to reduce unemployment while a comprehensive social security system was to be created. Indeed after 1945 C. Attlee's government built a welfare system based on these ideas. It was not really questioned by either Conservative or Labour governments until the 1970s. It included a social security system and a National Health Service. A National Insurance Act (1946 / 48) provided benefits for retired, unemployed, diseased people, widows or mothers; The principle was that of universality although the private sector did not disappear. Everyone contributed to insurance funds and could benefit. However by the 1970s-80s unemployment rose, the population aged and the cost of welfare grew. (About 30% of the budget). It was increasingly criticised: universal benefits meant limited benefits, higher taxes were a burden on the economy, social services and the NHS needed market discipline. It was said that too much welfare led to a dependency culture and prevented people from acting responsibly. Thus the principle of universality was gradually abandoned both by Tories and New Labour. In the 1980s eligibility requirements were tightened, there was more means testing, benefits were taxed. New Labour's New Deal combined incentives and sanctions to get long-term unemployed, single mothers or young people back to work or on training courses. In 1997 tax-credits were granted to low earners. Means testing was meant to help target benefits. The ideal of universality has not totally disappeared. D. Cameron's decision to link child benefits to family income triggered some debates. However, many right and left-wing politicians consider a universal welfare state is no longer affordable and, indeed, morally wrong. The public agrees and seems more hostile than it was in the 1980s. This may be due to the length of the downturn and to a sustained media campaign against benefit cheats. The current government accuses Labour of having been too lenient and carries out stringent cuts. In 2011, it put a ceiling to benefits at £26,000 a year per household. (as of 2013). In December 2012, it limited increases in benefits to a below-inflation rate of 1% for the next 3 years. Pensions or winter-fuel payments were left untouched. Britain's low, complex state pension is to be reformed. By 2017 anyone who has paid insurance contribution for 35 years should get £144 a week. Although social security is within the remit of central government, social services are provided by local authorities. Due to cuts it is being restricted. About 65,000 voluntary organisations play an important part which the current government would like to expand (Big

Society).

Although the British public seems in favour of Welfare cuts it tends to be critical of NHS reforms. The National Health Service was set up in 1948 (1946 Act). It was meant to provide good quality health care to those who needed it. It was to be financed through taxes. As well as employers' and employees' contributions; The service was to be rationalised but not altogether nationalised. Hospitals were to belong to the public sector but even there specialists were allowed a certain number of patients' beds. It was supposed to be free in the main but already in 1950 a Labour Cabinet split up on the introduction of charges. Patients have to pay a limited sum for dental treatment, spectacles or indeed prescriptions. The NHS is fairly popular. However the public is often concerned about the quality of care. Long waiting lists were a cause of worry in the 1990s and seem to have become one again in the 21st century (health tourism has developed). The NHS was underfunded in the 1960s and 1970s. Health spending rose in the 1980s and 1990s due to new techniques and medication as well as to a greying population. By 2000 the NHS did not have good results on cancer or heart diseases. Both Conservative and Labour governments have tried to improve management and cost-effectiveness with limited success. Innovation was to be fostered by competition within the NHS, but also increasingly with private providers. The role of the NHS was to be that of finding suppliers rather than providing services by itself. New Labour invested more funds in the NHS after 2000 and tried to make use of private funding initiatives. During the 2010 electoral campaign, D. Cameron promised to protect the NHS from cuts but it has to find £50 bn of efficiency savings by 2015.

Hospitals were offered autonomy with a foundation trust status, the idea was kept by New Labour and the current government's aim is that all hospitals should be trusts by 2014. League tables were set up in the 1990s to measure their performance. The idea was taken up by New Labour. It multiplied annual performance reviews throughout the service. But it is now said that hospitals became obsessed with meeting targets and the quality of care suffered (hence cases of malnutrition and bullying of elderly patients) A Chief Inspector of Hospitals is to be created. The coalition government again said it wanted more competition. Patients were to be allowed to choose their GP, the latter were to be grouped in consortia and to commission secondary care for their patients. The reform has run into some difficulties. Critics say the NHS risks being fragmented because of the growing number of private firms providing services. The quality of care is unequal. Both Lord Darzi's report in 2008 and that of the Dillmot Commission in 2012 mentioned a postcode lottery (the quality of care depends on where you live).

Sources: bibliography + Faucher-King, La Galès: *T. Blair 1997-2007*.

B. Class, minorities, gender. In spite of governmental efforts, there is no equality of opportunity in British society. In the past 60 years, the middle class grew at the expense of the working class. Yet social mobility has decreased again. Since the 1980s both Tory and Labour governments have been hostile to the old hierarchical class distinctions. Indeed, high-earning professionals and managers joined the old public-school-educated elite. Yet in 2009, 75% of judges and 70% of finance directors had been to one of the most prestigious public schools. The income gap between the richest and poorest 10% has widened. The latter include pensioners, long-term unemployed people and single mothers (13% of children live in severe poverty).

Ethnic minorities account for about 8% of the population. Many are of Bangladeshi, Caribbean, Indian, or Pakistani origins. They have long suffered from discrimination where the labour or housing markets were concerned. A number of Race Relations Acts (1965, 1968, 1976, 2000) tried to outlaw direct and indirect discrimination. Yet over half of Bangladeshi and Pakistani families live below the poverty line. Some minorities have been fairly successful, indeed more so than in other OECD countries (Indians). Minorities used to be centered on London (45% in 2001) and some industrial cities. Some groups (Africans, Indians, Poles) have now spread throughout the country (2011 census). Ethnic minorities are still underrepresented in many institutions, which makes it difficult to improve relations. Multiculturalism was long considered as the best policy. But it started being criticised even before the July 2005 London bombings. It is said to lead to segregation and prevent better understanding. People of mixed ethnicity are increasingly numerous (about 661,000 in

2001; 2.1m in 2011) but not all minorities are concerned.

Women gained the right to vote in 1918, with full equality in 1928. Yet they are largely underrepresented at Westminster. Britain had a female PM between 1979 and 1990. In 1997, 101 women Labour MPs were elected. They were however nicknamed « Blair's babes » in a condescending manner. In 2010, Britain was 60th out of 190 countries as far as female representation in the legislative system was concerned. (*Guardian Weekly*, 01.03.13) Efforts have been made since the 1960s to widen the range of girls' expectations in education (they now tend to outperform boys) More and more women entered the labour market in the 20th century but equality of status and salary has proved difficult to achieve both in the public and private sectors. Indeed Trade Unions were not supportive until the late 1960s. It is considered that the 1968 Ford Dagenham (plant) strike, added to the Secretary for Employment Barbara Castle's support led to the 1970 Equal Pay Act. There were also Sex Discrimination Acts in 1975 and 1986. However in 2006 British women working full-time earned 17% less than men per hour. Women tend to play a greater part than men where care for children, elderly relatives or indeed housework are concerned. Many opt for lower paid, part-time jobs. There seems to be a « glass ceiling » preventing them from being well-represented at the top level in business, the civil service, justice or politics. (about 10% of Police and Crime Commissioners and Chief Constables are women).

C Education. With the 1944 Butler Act, education in England and Wales became compulsory until the age of 15. State education was free. Children were to take the 11+ exam and to be sent to grammar, secondary modern or to (a few) technical schools. However, this selection was considered by the 1960s as entrenching social inequality. Thus schools increasingly turned into non-selective comprehensives. They still account for over 80% of state schools, even though they started being criticised by the 1980s Schooling became compulsory until 16 in 1972. In 1988 the Baker Act set up a national curriculum and tests to be taken at different ages. State schools were ranked in a league table. This idea was taken up by New Labour which was criticised for its insistence on targets and tests. They were accused of leading schools to abandon difficult subjects. There has been a trend towards encouraging schools to become independent of local education authorities and directly accountable to the Education Secretary. They gain more autonomy (budget, staff etc). New Labour set up trust schools. The coalition favours academies (existing schools that choose to become autonomous) or free (newly-created) schools. State-funded, independent schools can be run by parents, charities, etc. In September 2012 over half the secondary schools were independent of LEAs. About 7% of children go to independent (« public ») schools. There are hundreds of them and the best-known (Eton, Harrow...) are still considered as giving their former students a good chance of getting prestigious jobs.

16-year-olds take the GCSE, General Certificate of Secondary Education, then can go on to the A (advanced) GCE level two years later. Ever improving results have led to accusations of grade inflation. While, at the same time, too many still leave the system with poor qualifications. It was said the GCSE would be replaced by an English Baccalaureate Certificate but the idea was abandoned in February. The exam is to become more rigorous by 2017.

Higher education establishments include (vocational) colleges of further education and universities. Some go back to the medieval period like Oxford, Cambridge (12th century) or St Andrews (15th century). After 1992 (vocational) polytechnics turned into universities, which brought up their number to nearly 90. The number of students increased greatly in the past 30/40 years but the amount of government spending fell. After acrimonious debate in the Labour party, Parliament agreed to increase tuition fees in 2004. They have now risen to £9,000 a year. This is expensive for the government which has to loan the money. It has limited the number of students in public sector universities. Its stringent immigration policy has also caused a drop in application from foreign students. Universities are opposed to this development since they can charge them much more than UK or EU ones. The number of private universities is growing.

Sources: Bibliography; A.Mayer *Women in Britain 1900-2000*; *Guardian Weekly*, 21.09.12, 15.02.13, 13.04.12.; *The Economist* 12.05.12.