

## RAISING RACHMAN: THE ORIGINS OF THE RENT ACT, 1957\*

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**ABSTRACT.** *In 1957, against a background of political turmoil and international tension the Conservative government passed the Rent Act, a highly contentious piece of legislation designed to resolve the problem of housing shortages by removing the statutory restrictions on the rents of privately let accommodation which had been operative since the Great War. The government argued that by abolishing rent controls landlords would be encouraged to maintain, improve, and invest in private rented property and thereby increase its availability. The failure to achieve these objectives prompts an assessment of the Rent Act through an analysis of its origins. It is suggested that, although the government's rents policy was framed within a broad economic imperative, between 1955 and 1957 it became refracted through a number of political, administrative, and social constraints, ensuring that its central aim of creating a free market in rents could never be achieved. As such the Rent Act reaffirmed the strength of consensus politics as a major influence on the Conservative party's housing strategy.*

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Conceived and matured at a time of international crisis and domestic political upheaval, the Rent Act of 1957 was one of the most controversial pieces of legislation passed by a post-war Conservative government.<sup>1</sup> The act provoked fierce and prolonged debate over housing policy, dividing opinion not only between the Conservative government and Labour opposition, but amongst cabinet members, government officials, and party workers. It attained few of its objectives, and failed to register any significant effect on the country's housing situation, whilst the scale of public protest compelled the government to rush through amending legislation in an attempt to preserve its fragile political credibility so soon after Suez. The act's eventual denouement came in the shape of Perec Rachman, an unscrupulous London slum landlord whose exploitation of tenants was brought to national attention during the investigations into the Profumo affair in 1963.

Behind the Rent Act lay a tory desire to overcome a national housing shortage that had dogged successive administrations since the end of the war. In spite of their success in building 300,000 new houses a year in the early 1950s, the Conservative government was aware that many older properties remained in

\* I would like to thank Dr R. Whiting, Dr O. Hartley of the University of Leeds, the readers of the *Historical Journal*, and Ms C. Dean for their comments on earlier drafts of this article.

<sup>1</sup> Because of the differences in housing patterns and structures in Scotland, the analysis offered here is applicable to England and Wales only.

urgent need of repair or were degenerating into slums. As housing minister, Harold Macmillan had tried tackling the problem with a major improvement and clearance programme launched in 1954.<sup>2</sup> But local councils were still beset with lengthy waiting lists and each dilapidated house that was demolished could only be replaced by a new local authority property, funded ultimately by the Exchequer. As the Treasury calculated that the cost of providing new homes would escalate to £90 million by 1960, ministers resolved that shortages could be eased more efficiently by preserving and improving existing privately let property. Standing in the way, however, were the Rent Restrictions Acts.<sup>3</sup>

Introduced by the Asquith coalition government in 1915, the rent acts were designed to prevent landlords profiting from high rents and housing shortages during a national emergency.<sup>4</sup> The legislation, which statutorily froze the rents of all houses at 1914 levels whilst protecting tenants from eviction at short notice, was intended to remain operative for just six months after the armistice. But the persistent shortage of rented accommodation throughout the interwar years thwarted successive governments' attempts to extinguish rent controls completely, leaving only the more expensive properties free from restrictions by 1939, whilst controls remained on the rents of over 4 million homes. The onset of war precipitated an extension of restrictions still further.<sup>5</sup> By the mid-1950s rent controls had evolved into an enduring and highly complex feature of the British housing market. For many Conservatives, however, rent controls were the prime cause of the housing shortage. By preventing landlords from increasing rents to facilitate repairs and improvements, controls allowed a substantial number of privately rented properties to fall into disuse. Furthermore, restrictions, by denying landlords the right to obtain a decent return on their investment, not only encouraged many landlords to sell their properties when they fell vacant instead of reletting them, they also distorted the housing market by increasing overcrowding and encouraging under-occupation. Tories were not alone in their conviction that a solution to the housing shortage lay in reviving the private rentals market. They were alone, however, in insisting that the best way to achieve this lay in abolishing controls and establishing a free market in rents.

Historically, these ideas have proved problematic. For in effectively limiting the state's role in a critical area of housing, the Conservatives appeared to challenge

<sup>2</sup> Under the Housing (Repairs and Rent) Act, 1954.

<sup>3</sup> R. Butler to A. Eden, 11 Nov. 1955, Public Record Office (PRO), T 227/415; see also 'Economic situation: housing policy: memorandum by the chancellor of the Exchequer', CP (55) 116, 3 Sept. 1955, PRO, CAB 129/77; 'Housing policy and proposed new rent bill, 1954-1957', PRO, PREM 11/1873.

<sup>4</sup> See M. Bowley, *Housing and the state* (London, 1945), ch. 1; D. Englander, *Landlord and tenant in urban Britain, 1838-1918* (Oxford, 1983); M. Daunt, *A property-owning democracy: housing in Britain* (London, 1987), ch. 2, passim; A. Holmans, *Housing policy in Britain: a history* (London, 1987), pp. 386-9; A. Nevitt, *The nature of rent controlling legislation in the United Kingdom* (London, 1970); *Report of the committee of the Ministry of Reconstruction on the increase of rent and Mortgage Interest (War Restrictions) Act, 1915*, Cmnd 9235 (London, 1918).

<sup>5</sup> J. B. Cullingworth, *Essays on housing policy: the British scene* (London, 1979), p. 62.

the political consensus that had underpinned the domestic policies of successive administrations throughout the post-war period. Strongly influenced by the work of Paul Addison, historians have broadly concurred that both the Labour and Conservative parties endorsed the blueprints of Beveridge and Keynes for post-war reconstruction by accepting the need for a strong, benevolent state to manage the nation's social and economic affairs.<sup>6</sup> From this viewpoint, the state was regarded as a consummately perceptive instrument, capable of ironing out the trade cycle, eliminating mass unemployment, and elevating society by institutionalizing a sense of community and mutual care.<sup>7</sup> Yet this argument was never fully accepted,<sup>8</sup> and changes in the dominant political discourse during the late seventies gradually unsettled the cosy consensus view of post-war British politics. Jose Harris, examining the wartime political debates on welfare policy in 1986, described the national consensus as 'an artificially manufactured myth'.<sup>9</sup> Writing in 1989, Ben Pimlott gave the impression that consensus was little better than an historical conspiracy.<sup>10</sup> Martin Francis identified tensions between libertarian and interventionist instincts in the Conservative party between 1945 and 1960, with some high ranking Tories voicing strong neo-liberal sentiments in a party that was still outwardly committed to the economic and social reforms established under the Attlee governments.<sup>11</sup> Other historians, laying a much firmer emphasis on the role of party and ideology in policy-making since the 1940s, pinpointed education, social security, and health as three crucial areas where the Labour and Conservative parties took issue,<sup>12</sup> with Kevin Jefferys

<sup>6</sup> P. Addison, *The road to 1945: British politics and the Second World War* (London, 1975); see also P. Addison, *The road to 1945: British politics in the Second World War* (rev. edn, London, 1995), pp. 279–92; D. Ashford, *Policy and politics in Britain: the limits of consensus* (London, 1981); D. Dutton, *British politics since 1945: the rise and fall of consensus* (Oxford, 1991); D. Kavanagh, *Consensus politics from Attlee to Major* (2nd edn, Oxford, 1989); D. Kavanagh, 'The postwar consensus', *Twentieth Century British History*, 3 (1992), pp. 175–90; A. Seldon, 'The Conservative party since 1945', in T. Gourvish and A. O'Day, eds., *Britain since 1945* (Basingstoke, 1991), pp. 233–61; M. Smith, 'The changing nature of the British state, 1929–1959: the historiography of consensus', in B. Brivati and H. Jones, eds., *What difference did the war make?* (London, 1993), pp. 37–47.

<sup>7</sup> R. Lowe, *The welfare state in Britain since 1945* (2nd edn, Basingstoke, 1999), p. 21; see also Conservative political centre, *Conservatism, 1945–1950* (London, 1950); idem, *The new Conservatism: an anthology of post-war thought* (London, 1955); J. Ramsden, 'A party for owners or a party for earners? How far did the Conservative party really change after 1945?', *Transactions of the Royal Historical Society*, 5th ser., 37 (1987).

<sup>8</sup> See A. Calder, *The people's war: Britain, 1939–1945* (London, 1969); A. Howard, 'We are the masters now', in M. Sissons and P. French, eds., *The age of austerity, 1945–1951* (London, 1963).

<sup>9</sup> J. Harris, 'Political ideas and the debate on state welfare, 1940–1945', in H. Smith, ed., *War and social change: British society in the Second World War* (Manchester, 1986), p. 239.

<sup>10</sup> B. Pimlott, 'The myth of consensus', in L. M. Smith, ed., *The making of Britain: the echoes of greatness* (Basingstoke, 1988), pp. 129–41; see also B. Pimlott, D. Kavanagh, and P. Morris, 'Controversy: is the post-war consensus a myth?', *Contemporary Record*, 2 (1989), pp. 12–15.

<sup>11</sup> M. Francis, "'Set the people free"? Conservatives and the state, 1920–1960', in M. Francis and I. Zweiniger-Bargielowska, eds., *The Conservatives and British society, 1880–1990* (Cardiff, 1996), pp. 58–77.

<sup>12</sup> S. Brooke, *Labour's war: the Labour party during the Second World War* (Oxford, 1992); idem, 'Revisionists and fundamentalists: the Labour party and economic policy during the Second World War', *Historical Journal*, 32 (1989), pp. 157–75; idem, 'The Labour party and the Second World War',

suggesting that if there was a political consensus between the two major parties, it was a mere short-term compromise in order to implement a post-war programme of reconstruction.<sup>13</sup> This was a theme highlighted by Charles Webster in his work on the National Health Service, and developed further by Harriet Jones when she questioned the notion of inter-party harmony in her study of the Churchill administration's welfare policies in the early fifties.<sup>14</sup>

Certainly, some of these contentions have cast doubt on the existence of a consensus in post-war British politics. Yet out of this occasionally fractious debate, consensus has emerged as a more subtle and intricate historical concept than originally envisaged.<sup>15</sup> In his work on the foundations of the welfare state, Rodney Lowe argued powerfully for the existence of consensus, but maintained that 'its nature was constantly evolving and it had distinct limitations'.<sup>16</sup> Even if there were deep ideological differences between the parties on social policy, the two major parties were driven to the political centre ground by voters who demanded social security and full employment. Popular memories of hardship during the interwar years encouraged politicians to seek a bipartisan approach on future welfare strategies that embraced the introduction of planning, the establishment of a free and universal health service and education, and the need for future governments to guarantee social security and high levels of employment.<sup>17</sup> Likewise Jefferys, in his study of the Conservative administrations of the 1950s, reasoned that although the Conservative party desired more radical policy measures, senior ministers in the Churchill and Eden governments failed to develop a coherent framework within which alternative strategies could be formulated. With a close election battle being continually fought between the two parties, Jefferys concluded that a political consensus was produced 'by default'.<sup>18</sup>

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in A. Gorst, L. Johnmann, and W. Scott Lucas, eds., *Contemporary British history, 1931–1961: politics and the limits of policy* (London, 1991), pp. 1–16.

<sup>13</sup> K. Jefferys, 'British politics and social policy during the Second World War', *Historical Journal*, 30 (1987), pp. 123–44.

<sup>14</sup> C. Webster, 'Conflict and consensus: explaining the British health service', *Twentieth Century British History*, 1 (1991), pp. 115–51; H. Jones, 'New tricks for an old dog? The Conservatives and social policy, 1951–1955', in A. Gorst, L. Johnmann, and W. Scott Lucas, *Contemporary British history, 1931–1961*, pp. 33–43; see also H. Jones, 'The cold war and the santa claus syndrome: dilemmas in Conservative policy-making, 1945–1957', in Francis and Zweiniger-Bargielowska, eds., *The Conservatives and British society*, pp. 240–54; N. Ellison, 'Consensus here, consensus there ... but not consensus everywhere: the Labour party, equality and social policy in the 1950s', and M. Kandiah, 'Conservative leaders, strategy – and consensus? 1945–1964', in H. Jones and M. Kandiah, eds., *The myth of consensus: new views on British history, 1945–1964* (London, 1996), pp. 40–57 and 58–78.

<sup>15</sup> See M. Francis, 'Controversy: the postwar consensus', *Contemporary Record*, 4 (1990), pp. 24–5; A. Seldon, 'Consensus: a debate too long?', *Parliamentary Affairs*, 47 (1994), pp. 501–14.

<sup>16</sup> R. Lowe, 'The Second World War, consensus, and the foundation of the welfare state', *Twentieth Century British History*, 1 (1990), p. 180.

<sup>17</sup> *Ibid.*, pp. 180–2.

<sup>18</sup> K. Jefferys, *Retreat from new Jerusalem: British politics 1951–1964* (Basingstoke, 1997), p. 34.

Given the nature of these debates, then, perhaps the idea of consensus, at least when addressing the history of housing in post-war Britain, is more useful as an historical thesis than a generalized conclusion, and evidence can point the argument both ways. After the war, politicians of most persuasions agreed that housing was a crucial social question which should form an integral part of the welfare state, and all the major parties seemed possessed of a moral obligation to house the homeless, build new accommodation, and improve housing conditions and environments.<sup>19</sup> Besides, with the Labour and Conservative parties within 5 per cent of each other in their share of the popular vote throughout the 1950s, public anxiety over shortages made housing an important political question for both parties, leaving them very little room for radical initiatives.<sup>20</sup> Indeed, the Attlee government's perceived failings in this area had helped the Conservatives win the 1951 general election by pledging to build 300,000 new houses a year, using, as it transpired, the same financial and logistical state mechanisms that Labour had deployed in its housing programme.<sup>21</sup> Throughout the 1950s, however, pressing economic concerns diluted the social priorities that had shaped early post-war housing policy as costs, which included new construction and subsidies, climbed to £417 million by 1951, approximately 20 per cent of the social security budget.<sup>22</sup> By 1955, some Conservative ministers were beginning to argue that as new properties were consuming considerable amounts of precious raw materials and labour that were needed in other, equally important, sectors of the economy, housing should be included within a wider discussion over the future direction of social and economic policy.<sup>23</sup>

It was at this point that any political consensus on housing proved to be only skin deep. While the Labour party was affirming its belief in housing as a social service by re-emphasizing the role of the state in providing, financing, and managing the bulk of Britain's accommodation, few Conservatives now viewed state intervention in housing as intrinsically good. Government policy since 1954 had leaned heavily towards limiting the state's role as provider, subsidizer, and manager of property. Home ownership was being actively encouraged through a series of fiscal and monetary measures; government subsidies for local authority

<sup>19</sup> See, for example, *Hansard parliamentary debates*, 5th ser., 422, col. 1104, 8 May 1946, 424, col. 2409, 4 July 1946; D. Donnison, *Housing policy since the war* (Welwyn, 1960), pp. 26–7.

<sup>20</sup> Smith, 'The changing nature of the British state, 1929–1959', p. 45.

<sup>21</sup> See K. Morgan, *Labour in power, 1945–1951* (Oxford, 1985), pp. 163–70; A. Ravetz, 'Housing the people', in J. Fryth, ed., *Labour's promised land? Culture and society in Labour Britain, 1945–1951* (London, 1995), pp. 146–62; J. A. Chenier, 'The development and implementation of postwar housing policy under the Labour government' (DPhil thesis, Oxford, 1984); A. Seldon, *Churchill's indian summer: the Conservative government, 1951–1955* (London, 1981), pp. 247–61; H. Macmillan, *Tides of fortune, 1945–1955* (London, 1969), pp. 444–58.

<sup>22</sup> Lowe, *The welfare state in Britain since 1945*, p. 352.

<sup>23</sup> A. Simmonds, 'Conservative governments and the housing question, 1951–1959' (PhD thesis, Leeds, 1995), ch. 1; R. Lowe, 'Resignation at the Treasury: the social services committee and the failure to reform the welfare state, 1955–1957', *Journal of Social Policy*, 18 (1989), pp. 505–26.

house building were being progressively eroded.<sup>24</sup> Labour, by declaring its intention to bring all privately rented accommodation under the control of the local authorities, saw the state as a solution to the rents issue. The market would be abolished, tenants' interests would be protected, and future housing provision would be secured. Conservatives, however, saw the state as the major obstruction. By allowing the state to regulate and restrain the private lettings market, rent controls favoured tenants who enjoyed cheap housing and considerable security of tenure at the expense of landlords. Free enterprise, in the shape of the builder, owner-occupier, or the landlord, could readily supply and manage the nation's housing; it was in their economic and political interests to do so.

Hence, it could be argued that these new imperatives in Conservative housing policy, seen most distinctly in their approach to private rented housing, represented a sharp break in the post-war consensus and could be regarded as an attempt by the government to escape the Labour administration's legacy of central state planning and universal provision. But the Rent Act, as it emerged from parliament in 1957, failed to live up to the Conservative's radical aspirations. It proved ineffectual in reforming the rented housing market and succeeded in entangling the government in a lengthy and damaging political dispute.<sup>25</sup> Clues for this failure, it will be suggested, can be found in the origins of the legislation as it was being formulated between 1955 and 1957. Here the issue of rent controls was pulled between three competing priorities. On one side, a discourse for reform grew from officials within the Ministry of Housing and the Treasury, as well as a caucus of Conservative opinion both in and outside the party, which viewed rented housing as too cheap. Controls discriminated against landlords, created shortages, and produced enormous anomalies in the market. Abolition, or at least reform, would allow rent levels, as well as the availability and diversity of rented accommodation, to be determined through the forces of supply and demand. Such concerns dovetailed with the government's more immediate problem of reducing public expenditure in an attempt to offset a sharp deterioration in Britain's trade balance, alongside its desire to develop a clearer economic apparatus for future welfare policy. Yet no Conservative minister, MP, or party worker could deny that the task of reforming rent restrictions was politically risky. Each attempt between the wars had courted unrest and unpopularity, with debates peppered with emotion and passionate language. Rent reform inevitably meant rent increases for most tenants, at least in the short term, and most Conservatives agreed that the new legislation would have to be

<sup>24</sup> The Labour party, *Homes of the future: a socialist policy for housing* (London, 1956); P. Weiler, 'The rise and fall of the Conservatives' "grand design for housing", 1951–1964', *Contemporary British History*, 14 (2000), pp. 122–50; J. Short, *Housing in Britain: the post-war experience* (London, 1982), pp. 47–54; Ministry of Housing and Local Government, *Houses – the next step*, Cmnd 8996 (London, 1953).

<sup>25</sup> See Ministry of Housing and Local Government, *The Rent Act 1957: report of inquiry*, Cmnd 1246 (London, 1960); M. Barnett, *The politics of legislation: the Rent Act 1957* (London, 1969), p. 7 and ch. 13; D. Donnison, C. Cockburn, and T. Collett, *Housing since the Rent Act: an interim report from the Rowntree Trust housing study* (Welwyn, 1961); Holmans, *Housing policy in Britain*, pp. 407–16.

handled carefully in order not to antagonize what was perceived to be a volatile and retributive electorate. Such pressures, coming at a time when politics seemed to be happening elsewhere, led the government into a labyrinth of fear, compromise, assumption, and oversight at crucial stages of policy conception, producing an act that was only superficially radical. Far from breaking away from the consensus politics of the 1950s, the Rent Act became conditioned by them, as ministers' political anxieties drained their political radicalism. Therein lay the root of the Rent Act's eventual failure.

## I

The question of rent reform initially surfaced at a cabinet meeting on 26 August 1955 when the minister of housing, Duncan Sandys, raised the issue during a discussion on subsidies for council housing. The two issues, Sandys admitted, were closely linked.<sup>26</sup> Yet the problem was not easily resolved. One conspicuous anomaly, highlighted by the ministry's under-secretary, S. W. C. Phillips, was the glaring variations in the controlled rents of identical properties.<sup>27</sup> Out of the 10 million rent-controlled dwellings in 1956, approximately 5.8 million were still let at 1914 levels as imposed by the Rent Act of 1915. Others remained subject to the constraints imposed by the same legislation, but were allowed to have their rents increased by an average of 40 per cent under the Rent Act of 1920, which had been passed to encourage landlords to repair their properties during a time of severe inflation. Under the terms of this act all accommodation built since 1918 was free from control. The 1920 act was itself amended by the National government's Rent Act of 1933, which decontrolled certain categories of rented accommodation in relation to their rateable value. 'Middle-class housing' was released from control immediately; 'artisan housing' was released only when a tenancy was terminated; 'working-class housing' remained under control, regardless. This process of 'partial decontrol' was arrested by the outbreak of war when the Rent and Mortgage Interest Restriction Act abolished all decontrol at the end of a tenancy and froze the rents on uncontrolled houses at 1939 levels. Ministry officials complained that the private rented housing market fell into two categories; 'old control' which applied to houses built before 1914, and 'new control' which related to houses built after 1919, including those released from control by the legislation of 1933 but then recontrolled at higher rents in 1939. House rents could be determined not only by rateable value, but also by which category they fell into as defined by the legislation that prevailed at the time the properties were built.<sup>28</sup> Even Macmillan recognized that the system was 'hopelessly illogical'.<sup>29</sup> Yet these problems intensified when locked into the

<sup>26</sup> 'CM (55), 29th conclusions', 26 Aug. 1955, PRO, CAB 128/9; see also 'CM (55) 35th conclusions', 18 Oct. 1955, PRO, CAB 128/9.

<sup>27</sup> 'Notes for ministerial committee' (n.d.), PRO, HLG 29/423.

<sup>28</sup> Ibid.

<sup>29</sup> See Ministry of Housing and Local Government, *Houses – the next step*, pp. 6–7.

ministry's conception of supply and demand for housing. The permanent secretary, Evelyn Sharp, argued that the quantity of housing accommodation was large in relation to the population and quite adequate in relation to families. The problem lay in its distribution.<sup>30</sup> Taking the point further, Enoch Powell, Sandys's parliamentary secretary, was convinced that rent controls 'wasted' accommodation. Growing families living in over-crowded conditions were prevented from moving to a larger, affordable house as controls enabled older people to continue living in large rent-controlled properties that were beyond their requirements.<sup>31</sup> A levelling out of occupancy rates was desperately needed, and it could only be attained by allowing rents to act as a 'price mechanism' rather than a subsidy, allocating housing according to demand.<sup>32</sup>

Two further issues supported the case for reform. Some officials argued that rent controls caught landlords in a double bind. First, as landlords were unable to recoup the costs of converting larger properties into smaller units, the opportunity to increase the housing stock was severely limited. Indeed, significant numbers of rented properties were decaying because restrictions denied landlords the financial means to undertake essential maintenance work or improvements. Secondly, letting a property had simply become uneconomic. Income from rents had remained static while the cost of repairs had risen over three-fold since 1939. Lacking an adequate dividend on their investment, many landlords chose either to let their properties become uninhabitable and then be purchased by the local authority for clearance, or they sold them at the end of a tenancy.<sup>33</sup> Some 150,000 to 160,000 former rented properties a year were being offered for sale in the 1950s because, officials concluded, when measured against the large percentages being taken from weekly household budgets on food, drink, tobacco, and leisure, rented housing was underpriced. A ministerial report had estimated that over 3 million 'new control' houses were being let at weekly rents of 10s and nearly 1 million properties were charging 'old control' rents of 4–5s. Compared with council house rents which averaged between 14s 6d and 20s 8d, private tenants occupied a very favourable position, making an increase in their rents 'economically desirable'.<sup>34</sup> Landlords not only needed adequate capital to undertake repairs but the option of reletting had to become economically competitive with selling, and sufficient enough to bring new investors into the rented housing market.<sup>35</sup> Macmillan had signalled the shape of future legislation in 1954 when his Housing (Repairs and Rent) Act permitted landlords to increase rents in line with the cost of repairs. And January 1956 would see the passing of the Inland

<sup>30</sup> E. Sharp, 'Housing the past ten years', *The Chartered Surveyor*, Dec. 1956, pp. 291–7.

<sup>31</sup> E. Powell, 'Draft of memorandum on review of the rent acts', 7 Mar. 1956, PRO, HLG 29/423; Powell to minister, 21 July 1956, PRO, HLG 29/424.

<sup>32</sup> 'The effect of part II of the Housing Repairs and Rents Act, 1954', PRO, HLG 29/423; Barnett, *The politics of legislation*, p. 76.

<sup>33</sup> Sharp, 'Housing: the past ten years', pp. 292–3.

<sup>34</sup> 'The effect of part II of the Housing Repairs and Rents Act, 1954', PRO, HLG 29/423; Holmans, *Housing policy*, p. 173.

<sup>35</sup> 'Housing subsidies and rents: outline of proposals', June 1955, PRO, HLG 29/423.



Revenue's new Valuation Act which, by reassessing the current rateable values of properties, would give the ministry a more accurate idea of determining new rent limits for those properties remaining under control, and raise the possibility of removing some of the higher valued houses from control altogether.<sup>36</sup> In this sense, new methods of reforming rent controls were possible.<sup>37</sup>

## II

The ministry's discomfort with rent controls was also felt in the Treasury. Exchequer concern with rent reform was understandable when annual government expenditure on housing was expected to reach £60.1 million by the middle of 1956 and ministers became anxious to see more private money flowing into housing to relieve the pressure on public funds.<sup>38</sup> Treasury officials were particularly animated by what they saw as Britain's 'low rent tradition' which bred bad housing and created shortages.<sup>39</sup> If a greater supply and improved standard of accommodation was desired, then tenants should be prepared to pay an 'economic rent'.<sup>40</sup> The groundwork had already been laid by the Treasury-inspired 'Housing Subsidies Bill', introduced to parliament by Sandys in October 1955, which would abolish subsidies for new council housing, and increase rents whilst freeing local authorities from the obligation of subsidizing their housing budgets from rate funds.<sup>41</sup> If rent controls on private housing continued, council tenants would effectively be subsidizing tenants of private property who often lived in larger and occasionally superior accommodation. Thus, reducing subsidies for council rents would be politically and economically impossible without decontrol of private rents.<sup>42</sup>

Yet rent reform had wider economic implications, not least of which was the threat it posed to the Treasury's anti-inflation strategy. If reform of the lettings market produced considerable rises in private rents, an upward pressure could be placed, in turn, on wages as tenants sought to maintain their standard of living. Officials in the economic section tried to square this uncomfortable circle by maintaining that 'although the reduction of the scope of rent control will raise the

<sup>36</sup> J. G. Cox, 'The decontrol of rents', 24 Nov. 1955, PRO, T227/1089; 'Mr Goodman's note after the discussion', 9 May 1955, PRO, HLG 29/423.

<sup>37</sup> Ministry of Housing, *Houses – the next step*, p. 8. See also 'The relationship between valuation and rents under the rents restrictions acts in England and Wales at Feb. 1953. Note by the statistician', Mar. 1953, PRO, HLG 41/122; E. Sharp, *The Ministry of Housing and Local Government* (London, 1969), pp. 193–5; Barnett, *The politics of legislation*, p. 79.

<sup>38</sup> 'Economic situation: housing policy: memorandum by the chancellor of the Exchequer', CP (55) 116, 3 Sept. 1955, PRO, CAB 129/77; P. Baldwin to Mr Turnbull, Mr Maude, 5 Oct. 1956, PRO, T227/1090.

<sup>39</sup> J. Sadler, 'Rent control', 4 Jan. 1956, PRO, T227/1089.

<sup>40</sup> P. Baldwin, 'Rent control', 11 Jan. 1956, PRO, T227/1089.

<sup>41</sup> *Ibid.* See also Ministry of Housing and Local Government, *Report of the Ministry of Housing and Local Government for 1955*, Cmnd 9876 (London, 1956), pp. 4–6.

<sup>42</sup> Baldwin, 'Rent control'; PRO, T227/1089.

price index it will not really be inflationary'.<sup>43</sup> With 2.5 million houses constructed since 1945, they argued, the danger that decontrol would produce excessive rises in rents was much reduced. Any rise in private rents would produce better quality houses through repairs, and reallocate the existing stock in such a way as to reduce the demand for new houses and release resources for other uses. Lessening levels of total demand in this way would 'counterbalance the inflationary effect of a rise in the price index'. In addition, the effects of rent reform would, stated one official, 'almost certainly be deflationary' as part of the extra income received by landlords would go to the government in income and profits tax, while resources now devoted to the production of consumer goods would be redirected into property maintenance.<sup>44</sup> This aspect of rent reform, officials admitted, would be 'difficult to use in debate', particularly as it effectively redistributed income towards the landlords at the expense of tenants.<sup>45</sup> But officials reasoned that the expected political trouble could be soothed by the government's promise, as enshrined in its white paper on economic policy, to maintain overall price stability by fixing profit margins and prices and uphold full employment.<sup>46</sup>

By now it was clear that the Treasury considered rented housing to be part of a deeper economic question. Officials, for example, were convinced that rent controls hindered economic efficiency by impeding the mobility of labour. Many people, they argued, were 'probably dissuaded' from moving solely because as tenants of rent-controlled dwellings, finding comparable and affordable accommodation in other areas was practically impossible.<sup>47</sup> Yet this consideration fed a growing conviction amongst Treasury thinkers that the government's heavy welfare commitments were directing resources into subsidies rather than investment and affecting Britain's long-term economic performance. Housing accounted for 40 per cent of all new construction, and officials were keen to tailor the government's housing budget to help instil a new 'coherence' in welfare policy whereby the growth in welfare expenditure remained roughly in line with that of the country's gross domestic product (GDP), enabling a 'balanced development' to emerge between economic growth and social spending.<sup>48</sup> To this end, the cabinet approved the formation of a social services committee, under Rab Butler, to review welfare expenditure for the next five years.<sup>49</sup> But figures released in 1955 revealed that the Churchill government's welfare budget had outstripped GDP by 10 per cent, threatening to upset the balance of payments

<sup>43</sup> Baldwin to V. Lipman, 5 Nov. 1956, PRO, T227/1090.

<sup>44</sup> Ibid. <sup>45</sup> Ibid. See also Cox, 'The decontrol of rents', 24 Nov. 1955, PRO, T227/1089.

<sup>46</sup> See *The economic implications of full employment*, Cmnd 9725 (London, 1956), p. 11.

<sup>47</sup> Sadler, 'Rent control', 4 Jan. 1956, PRO, T227/1089.

<sup>48</sup> Memorandum by C. G. Thorley, 6 Apr. 1956, PRO, T227/415; see also *The national plan*, Cmnd 2764 (London, 1965), p. 170; Lowe, 'Resignation at the Treasury', p. 506; Jefferys, *Retreat from Jerusalem*, pp. 36–41; A. Booth, 'Inflation, expectations, and the political economy of Conservative Britain, 1951–1964', *Historical Journal*, 43 (2000), pp. 827–47.

<sup>49</sup> Lowe, 'Resignation at the Treasury', p. 506.

and fuel inflation.<sup>50</sup> As some Treasury officials wrestled with a five-year plan for welfare, Butler's attention was focused on managing a looming economic crisis by making immediate reductions in the housing budget as part of a general tightening of monetary and fiscal policy with cuts in public expenditure.<sup>51</sup>

### III

As ministers and officials busied themselves on the technicalities of the rent restrictions acts, a more overt political campaign for reform had been gathering in tory circles since the early fifties. At the forefront stood, not surprisingly, the two major landlord organizations, the Association of Land and Property Owners (ALPO), and the National Federation of Property Owners (NFPO) who had campaigned openly against rent controls almost as soon as Churchill's new government had taken office in 1951.<sup>52</sup> ALPO, which represented the large property companies and rentiers of London and the south-east, voiced its opinions mainly through its director, Harold Symon, who held a direct line to the government having joined the organization direct from the Ministry of Housing in 1954.<sup>53</sup> In contrast, NFPO, representing mainly small property owners located in the north of England, disseminated its views through the press and parliamentary representatives. NFPO's president, Sir Eric Errington, was a member of the general purposes committee of the National Union of Conservative and Unionist Associations. NFPO could also count ten MPs as representatives and sympathizers, including Major Sir Guy Lloyd, Sir William Wakefield, and Sir Harry Legg-Bourke.<sup>54</sup> Reginald Sizen, NFPO's press secretary and a former *Evening News* journalist, succeeded in the early 1950s in placing a number of articles in *The Times* highlighting the poverty of the landlord and the need to reform the rent acts. He also issued NFPO's press releases and publicized MPs' speeches on rents.<sup>55</sup>

It was clear, however, that the landlords' campaign formed part of a general debate over rent reform that had spilt over into sections of the Conservative party. In a series of articles published throughout 1955 in the constituency periodical *Notes on Current Politics*, the head of the research department, Geoffrey Block, pointed to the iniquities of a system which had allowed rents to rise by 42 per cent since the 1930s whilst wages and salaries increased by 106 per cent, precipitating

<sup>50</sup> *Ibid.*, p. 508; see also 'Social services: the next five years, memorandum by the chancellor of the Exchequer', CP (55) 57, 1 July 1955, PRO CAB 129/76; 'CM (55) 29th conclusions', 26 Aug. 1955, PRO, CAB 128/29.

<sup>51</sup> Lowe, 'Resignation at the Treasury', p. 509; 'Economic situation: housing policy', CP (55) 116, 3 Sept. 1955, PRO, CAB 129/77.

<sup>52</sup> See J. B. Cullingworth, *Housing and local government in England and Wales* (London, 1966), pp. 36–7.

<sup>53</sup> *Imperial Calendar, 1955*; see also Barnett, *The politics of legislation*, pp. 149–53; H. Symon, 'The Association of Land and Property Owners to E. Sharp', 21 Oct. 1955, PRO, HLG 29/423.

<sup>54</sup> See Barnett, *The politics of legislation*, p. 142.

<sup>55</sup> See National Federation of Property Owners, *The voice of the press demands rent reform* (London, 1952); *Times*, 28 Sept. 1954, 29 Sept. 1954, 7 Feb. 1956, 12 Oct. 1956.

an acute shortage of funds for repair and, consequently, a dangerous shortfall in the availability of accommodation.<sup>56</sup> In August 1956 two leading members of the Bow Group, Geoffrey Howe and Colin Jones, tried to deepen the debate by publishing a booklet, *Houses to let*. Howe and Jones argued that the Macmillan act had failed to resolve the repairs problem and controlled rents were effectively subsidizing tenants to the tune of £160 million.<sup>57</sup> A general rent increase of between 190 to 285 per cent was long overdue they argued, concluding, ‘it is difficult to see what general hardship or harm could arise from the operation of the free market in rents – once present rentals have been restored to market levels’.<sup>58</sup> Howe’s figures, as he admitted later, were highly conjectural.<sup>59</sup> But this was beside the point. The party appeared restless for rent reform. Out of the fifty-eight constituency resolutions on housing received by central office between 1953 and 1956 for debate at the party conference, twenty-two focused upon rent controls, with fifteen received for the 1956 conference alone.<sup>60</sup> The mood, cast by the London Conservative Union as one of control versus freedom, was encapsulated when delegates urged the government ‘to bring a just and urgent remedy’ to the injustices of rent restriction. In a conference dominated by the Suez crisis, Mrs Eileen Hoare’s motion was seconded by a London property dealer who saw his own interests as those of the country:

Remember that £1 spent on repairs in 1918 is today £6 ... in 1938 a net rent received of ten shillings is today four shillings ... I should like you to realise too the number of people who ... because of the Rent Acts ... remain holding accommodation which is far beyond their requirements ... if you set the property free there will be a market condition, a movement amongst property – then, largely, the housing situation can be solved.<sup>61</sup>

The pressure for rent reform emanating from inside the government and the Conservative party in the mid-1950s meant that ministers could not treat the issue lightly. When Sandys told the Conservative housing committee in November 1956 that ‘a growing body of public opinion recognized that the present system was an absurdity’, his assumptions were not necessarily false; Sandys was affirming the desire for reform that now preoccupied many Tories.<sup>62</sup> Abolition of controls meant giving landlords the freedom that had been granted to the shopkeepers with the ending of price constraints and rationing. And there was

<sup>56</sup> Conservative Research Department, *Notes on Current Politics*, Apr.–Dec. 1955, passim; see also G. Block, *Developments in rent control between 1915 and 1955* (London, 1955).

<sup>57</sup> G. Howe and C. Jones, *Houses to let* (London, 1956), p. 39.

<sup>58</sup> *Ibid.*, p. 38.

<sup>59</sup> *Times*, 15 Jan. 1957.

<sup>60</sup> National Union of Conservative and Unionist Associations (NUCUA), *Seventy-third annual conference, programme of proceedings* (London, 1953), pp. 56ff; NUCUA, *Seventy-fourth annual conference, programme of proceedings* (London, 1954), pp. 68ff; NUCUA, *Seventy-sixth annual conference, programme of proceedings* (London, 1956), pp. 51ff.

<sup>61</sup> NUCUA, seventy-sixth annual conference, Llandudno, 11–13 Oct. 1956, official report, pp. 51–6.

<sup>62</sup> A claim made by Weiler, ‘The rise and fall of the Conservatives’ “grand design for housing”, p. 131, citing ‘minutes, housing committee, 20 Nov. 1956’, Conservative party archive, Bodleian Library, Oxford, CRD, 2/23/12.

little dissension from the view that rent controls made a bad housing situation worse. Reform in rent law was needed to make the housing market more equitable and workable. A free market in rents would automatically increase the supply of privately rented housing, while stimulating a more rational distribution of existing accommodation. This was the promise that Sandys gave the faithful in his speech to the party conference in 1956. He neglected to say that freedom for rents was not an immediate prospect.

#### IV

Neither was it likely to be. Back at the Ministry of Housing, doubts had begun to emerge over how far the new rents policy should travel. This was partly because officials lacked any reliable data on which to base their proposals. The ministry's research section had been dismantled during its reorganization in 1955, forcing officials to consult other agencies, such as the housing section of the social survey, the Ministry of Labour, and the Royal Institute of Chartered Surveyors, to fill the gaps in their knowledge.<sup>63</sup> Officials then only compounded their ignorance by resolving not to set up a committee of enquiry into rent controls. Almost every major rent act between the wars had been preceded with a review of the lettings market by an independent commission and ministry officials assumed that the knowledge accrued, and the precedents established, from these interwar enquiries would be enough to shape the new legislation in the 1950s.<sup>64</sup> Yet no accurate count of rent-controlled properties existed. Some estimates put the total 'at about five million'; others at 'roughly 400,000'.<sup>65</sup> Consequently, some Ministry of Housing officials believed that an early abolition of rent controls could not easily be justified.<sup>66</sup> Given the general scarcity of accommodation legislation along these lines would only lead to an explosion in rent increases, property evictions, and 'the further impoverishment of the very poor households'.<sup>67</sup> Another year's house building was needed to offset such possibilities and prevent the government becoming embroiled in unnecessary strife.<sup>68</sup>

The ministry's ambivalence towards rent reform soon rubbed off on the minister. In January 1956, the cabinet, prompted by Macmillan, now chancellor of the Exchequer, set up a committee to address the rents issue with Sandys as chairman.<sup>69</sup> In his initial proposals, put before the cabinet committee in March 1956, Sandys committed himself to passing a new rent bill with the aim of creating

<sup>63</sup> See Barnett, *The politics of legislation*, p. 51; D. Donnison, *The government of housing* (Harmondsworth, 1967), p. 351.

<sup>64</sup> Hickinbotham to Phillips, 25 Mar. 1955, PRO, HLG 29/423.

<sup>65</sup> 'Statistics for the rent review', V. Lipman, 15 June 1956, PRO, HLG 29/424.

<sup>66</sup> Phillips, 'Note to the minister', 18 June 1955, PRO, HLG 29/423.

<sup>67</sup> Cox, 'The decontrol of rents', 24 Nov. 1955, PRO, T227/1089.

<sup>68</sup> Hickinbotham to Phillips, 8 July 1955, PRO, HLG 29/423.

<sup>69</sup> 'The economic situation: memorandum by the chancellor of the Exchequer', CP (56) 17, 21 Jan. 1956, PRO, CAB 129/79; 'CM (56) 6th conclusions, 24 Jan. 1956', PRO, CAB 128/30; Hooper to Eden, 25 Apr. 1956, PRO, PREM 11/1873.

‘a free market in houses to let’. By tackling three aspects of the problem – repairs, rent increases, and decontrol – the new measure, it was hoped, would provide landlords with a larger income, encourage investment in rented property, and increase its availability. However, Sandys stated his view that it ‘wasn’t feasible merely to repeal the rent acts while the present shortage of houses continued’. It was more sensible to raise the rents of controlled properties to twice their rateable value; pushing them on to a more ‘economic basis’, which reflected the estimated increase in the retail price index since 1939.<sup>70</sup> Any less would produce rent levels too low to secure basic objectives; any more and tenants would experience rent increases estimated by the Ministry of Labour to be almost 133 per cent.<sup>71</sup> To ease the pain, Sandys (drawing heavily on a paper circulated by S. W. C. Phillips) proposed that the rent increases should be staged: 7s 6d a week initially, a further 7s 6d six months later, and any remaining permissible increase after another six months, with three months notice to be given by the landlord of his intention to increase the rent.<sup>72</sup> This, Sandys argued, would give tenants an opportunity to absorb the increases by adjusting their spending. They would also be allowed to challenge the new rents in the county courts if repairs were not satisfactory. Once the legislation had been passed, 1.2 million households would see their rents rise to 11s 6d a week; a further 1 million from 11s 6d to 15s 6d a week; 850,000 from 15s 6d to 20s a week; 1 million from 20s to 30s a week, and over 500,000 would be paying rents of more than 30s a week.<sup>73</sup>

Other aspects of Sandys’s proposals were to prove more controversial. In one instance, Sandys proposed taking ‘categories’ of houses out of control once the supply of alternative accommodation had improved.<sup>74</sup> ‘Slice decontrol’, which had originated in the rents legislation of the 1930s, effectively placed the task of decontrolling rents solely at the discretion of the minister. For some members of the committee, the plan was seriously flawed. Iain Macleod, the minister of labour, attacked the idea as likely to ‘involve the government in the maximum controversy [whilst] failing to realize the government’s commitment to the principle of economic rents’. Macleod argued instead for an immediate decontrol of the higher rated houses, as this was where the problem of under-occupation was most acute. Sandys insisted that Macleod’s proposal would entice landlords, at a time of shortage, to raise rents disproportionately, resulting in unscrupulous profiteering and severe hardship for tenants. Decontrol of any property would have to be preceded by an increased supply of alternative accommodation to

<sup>70</sup> ‘Housing policy and proposed new rent bill, 1954–1957: memorandum by the minister of housing and local government’, cabinet committee on the rent restrictions acts, RR (56) first meeting, 26 Mar. 1956, PRO, CAB 134/1320.

<sup>71</sup> Fowler (Ministry of Labour) to Hickinbotham, 7 Nov. 1955, PRO, HLG 29/423.

<sup>72</sup> ‘Reform of the rent acts: memorandum by the minister of housing and local government’, cabinet committee on the rent restrictions acts, RR (56) 2, 20 Mar. 1956, PRO, CAB 134/1320; Phillips, ‘Note to the minister’, 3 June 1955, PRO, HLG 29/423.

<sup>73</sup> Ibid.

<sup>74</sup> Cabinet committee on the rent restrictions acts, RR (56) first meeting, 26 Mar. 1956, PRO, CAB 134/1320.

house those likely to be displaced.<sup>75</sup> Worse was to follow. In an attempt to cajole landlords into reletting empty accommodation rather than selling it, Sandys planned to release properties from control upon a change of tenancy. 'Decontrol on vacant possession' made the financial secretary, Henry Brooke, very nervous. Commenting that such a proposal 'would act as an ... incentive to unscrupulous landlords to evict their tenants in order to replace them by uncontrolled tenants', Brooke argued that landlords, anxious to obtain vacant possession of their property, 'would find ways of making the tenant's life intolerable'.<sup>76</sup> Sandys, persuaded by Enoch Powell that similar provisions contained in interwar legislation had encouraged the retention of houses for letting, maintained that statutory tenants would continue to be fully protected from eviction by the continuance of the existing rent acts. Besides, 'the more the rent was increased, the less incentive would there be for the landlord to get rid of the sitting tenant'.<sup>77</sup>

Sandys was right on both counts. Landlords would have little interest in evicting tenants if rental income was greater than the sale value of the property. Controlled rents had to be increased, possibly steeply, simply to keep accommodation in the market. If not, there was a risk that all rented property would eventually be sold, leading to a possible collapse in the private lettings market and an evictions crisis. And it would be politically dangerous, if not morally questionable, to expect tenants of decontrolled houses to endure an increase in rent and loss of security of tenure if the widespread scarcity of alternative accommodation denied them the opportunity to move. Nevertheless, Sandys's proposals only increased the possibility of such circumstances arising. If the government, in allowing controlled rents to rise, expected occupants to share a greater proportion of the costs with their landlords, then it was only fair to allow tenants greater opportunity to secure more suitable accommodation by facilitating more rented properties on to the market. As this had failed to happen within a stagnant, rent-controlled system, then it was only likely to occur if controls were lifted from a far greater proportion of rented properties than was being proposed. By imposing new 'economic rents' on all controlled houses, Sandys expected tenants to conform to the discipline of the market without any of the accompanying benefits. The committee's failure to recognize this was to cause enormous political difficulties for the government.

Meanwhile, having received the committee's endorsement, Sandys met with further opposition to his bill when he placed his proposals before the cabinet on 26 April 1956.<sup>78</sup> After hearing several ministers express concern about choking an already over-crowded legislative programme, Sandys agreed to delay the

<sup>75</sup> *Ibid.*

<sup>76</sup> Cabinet committee on the rent restrictions acts, RR (56) second meeting, 16 Apr. 1956, PRO, CAB 134/1320.

<sup>77</sup> *Ibid.* See also E. Powell: 'Draft of memorandum on review of the rent acts', 7 Mar. 1956, PRO, HLG 29/423.

<sup>78</sup> Cabinet committee on the rent restrictions acts, RR (56) second meeting, 16 Apr. 1956, PRO, CAB 134/1320; 'Rent restriction: memorandum by the minister of housing and local government',

matter.<sup>79</sup> He had to wait until July to raise the issue again, when Sandys found his cabinet colleagues still reluctant to take the plunge. Various objections were raised. Labour had just announced a new policy of nationalizing all private rented property; as a new valuation act was about to come into force it would be 'undesirable that tenants should be called upon ... to pay increased rates as well as higher rents'; the committee reviewing local government finance preferred the whole issue to be dropped. Such prevarication may have reflected the anxieties of a nervous government looking to avoid antagonizing the electorate, but Sandys was in no mood for compromise. Buoyed by the support of the Treasury and Conservative backbench MPs, he argued ardently for cabinet approval of his proposals, which he received, albeit reluctantly.<sup>80</sup>

Yet Sandys was suspected by some ministers of adopting a rather half-hearted approach to rent reform. By insisting that full decontrol could only be achieved through a slow, steady rise in controlled rents, he appeared to regard the idea of a free market as a distant ambition rather than an immediate objective. When the cabinet committee reconvened in late July 1956, Robert Carr, Iain Macleod's parliamentary secretary, argued that Sandys's position on decontrol 'should be reviewed again'.<sup>81</sup> In September Henry Brooke attacked Sandys's proposals for rent increases as 'inadequate [and] likely to fall a long way short of achieving all the gains to the national economy'. Pointing to the general increase in prices, Brooke argued that controlled rents should be raised to two and a half times the rateable value of a property, if not three. Even this would not be enough to allow free market conditions to emerge.<sup>82</sup> Sandys remained unmoved. Convinced that he 'would find it difficult to justify to parliament the decontrol of the more highly valued houses', Sandys informed the committee that figures from the valuation office indicated that, given the dearth of rented property, decontrolled rents 'would be likely to soar, in London and the major cities, up to three and a half times the present controlled rents; and up to three times in smaller towns'. Indeed, Sandys 'did not think it would be wise to provide in the bill for the immediate decontrol of any group of dwellings', as the intention of the bill was not to achieve market conditions for all houses. Therefore, while a scarcity of rented houses remained, a decision to raise maximum rents to the equivalent of market conditions 'would be indefensible'.<sup>83</sup>

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CP (56) 101, 20 Apr. 1956, PRO, CAB 129/81; CM (56) 31st conclusions, 26 Apr. 1956, PRO, CAB 128/30.

<sup>79</sup> 'CM (56) 31st conclusions', 26 Apr. 1956, PRO, CAB 128/30.

<sup>80</sup> 'CM (56) 55th conclusions', 31 July 1956, PRO, CAB 128/30.

<sup>81</sup> Cabinet committee on the rent restrictions acts, RR (56) third meeting, 25 July 1956, PRO, CAB 134/1320.

<sup>82</sup> 'Rents: memorandum by the financial secretary to the Treasury', RR (56) 7, 12 Sept. 1956, PRO, CAB 134/1320.

<sup>83</sup> Cabinet committee on the rent restrictions acts, RR (56) fourth meeting, 13 Sept. 1956, PRO, CAB 134/1320.



Sandys's refusal even to contemplate releasing higher valued properties from control prompted a serious dispute to break out amongst his senior ministry officials. In a lengthy minute to Sandys in September 1956, Evelyn Sharp argued that 'those who are looking hopefully for a measure of rent reform will expect more (and will reasonably expect more)':

I have always believed that, despite all the risks, there ought to be an immediate block decontrol. I am certain that many of your supporters will be bitterly disappointed if there is not; and that there will be severe criticism of the failure in the serious journals ... surely now, more than ten years after the war, it is a risk that must be taken.<sup>84</sup>

Drawing on figures supplied by ALPO, Sharp suggested that new limits for rent control should be set at rateable values of £40 for the provinces, and £50 for London. This would release approximately 750,000 dwellings (200,000 in London) from control immediately. Even if rents might rise to nearly three times their current average, she argued, 'I cannot help thinking that this over-estimates the readiness of landlords to upset sitting tenants ... and underestimates the market resistance. The bigger the block released the greater the ability to resist high increases.'<sup>85</sup> Reinforcing Sharp's point, one official contended that immediate decontrol would

Give confidence to builders and owners that control was really coming to an end [and] thus encourage more letting and building to let ... face landlords with the need to negotiate new rents instead of sitting comfortably back on the new maximum as a first step ... and a real adjustment of families, by size and income, to accommodation will be set off.<sup>86</sup>

Such views, however, were not accepted by S. W. C. Phillips. With no alternative accommodation available other than by purchase, Phillips maintained that rent increases 'should come first and be the instrument to create conditions in which block decontrol could take place without causing any serious upset'. Rent levels would be forced up anyway to near market conditions, allowing block decontrol to follow 'as a matter of course'. Moreover,

The dwellings proposed to be decontrolled include those properties – the better flats and houses of moderate size – with the greatest scarcity value ... It seems inescapable that many of these rents will be forced up by landlords above what existing tenants can afford to pay and eviction will be threatened. I do not believe that this risk to one section of the community is justifiable or fair.<sup>87</sup>

By the end of September, the debate over decontrol had polarized between those who feared the consequences for the government if the free market principle was included in the bill, and those who feared the consequences if it were not. With pressure mounting to complete the rent bill before the queen's speech in November, it was clear that Sandys had little choice but to act, or at

<sup>84</sup> Sharp to minister, 3 Sept. 1956, PRO, HLG 29/425.

<sup>85</sup> *Ibid.*

<sup>86</sup> 'Memorandum: block decontrol', Hickinbotham to minister, 26 Sept. 1956, PRO, HLG 29/425.

<sup>87</sup> Phillips to minister, 'Rent Bill', 13 Sept. 1956, PRO, HLG 29/425.

least appear to act, decisively. Enoch Powell neatly summarized the position. ‘The advantages of block decontrol are psychological – Parliament “means business” in getting rid of the Rent Acts – and practical because, if the restoration of the market is, as we believe, beneficial, the benefits will be felt sooner and more fully, the more and the earlier houses are decontrolled.’<sup>88</sup>

Sandys relented. In a memorandum put before the final meeting of the cabinet committee he suggested that the effects of decontrol were less serious than was originally thought.

The Valuation Office has estimated ... that if there were no rent control at all rents would, after initial fluctuations during the first year or two, settle down at a general average of about  $2\frac{1}{2}$  times gross value in the provinces and  $2\frac{1}{2}$  times in London ... it would seem that while the rents of de-controlled houses might rise higher in relation to gross value than will be allowed under the Bill for those which remain controlled, the general level is not likely to be exorbitant.<sup>89</sup>

So, after ‘considerable indecision’ Sandys concluded that ‘it was important to decontrol a considerable “slice” of the higher valued houses, otherwise it would not give sufficient scope for the building up of “consumer resistance” to increased rents and would not justify the odium which in any case was likely to be incurred’.<sup>90</sup> On 24 October, the cabinet agreed that a new rent bill, based on the committee’s proposals, be drafted.<sup>91</sup> The Rent Act received the royal assent on 6 June 1957, and came into force a month later. All private sector rents were to rise, in two stages, to twice a property’s rateable value (where the landlord was responsible for repairs), and to one and a third a property’s rateable value where repairs were the occupant’s responsibility. Tenants could challenge a rent increase by applying to the local authority for a certificate of disrepair. More importantly, all properties with a rateable value of more than £40 in London, £30 elsewhere in England and Wales, would be freed from control. The act also empowered the minister to extend decontrol, with parliament’s approval, by periodically lowering the rateable value limits as the housing shortage eased. The legislation was to become fully operative after a transitional period of six months.<sup>92</sup> It had taken the government two years to reach this stage, and by now Sandys was minister of defence, Henry Brooke was minister of housing, and Harold Macmillan was prime minister. All had played a part in the making of the Rent Act. Whether it would live up to their expectations remained to be seen.

<sup>88</sup> J. E. P. to minister, 24 Sept. 1956, PRO, HLG 29/425.

<sup>89</sup> ‘Immediate decontrol of higher valued houses: memorandum by the minister of housing and local government’, RR (56) 8, 5 Oct. 1956, PRO, CAB 134/1320.

<sup>90</sup> Cabinet committee on the rent restrictions acts, RR (56) fifth meeting, 8 Oct. 1956, PRO, CAB 134/1320.

<sup>91</sup> ‘CM (56) 73rd conclusions’, 24 Oct. 1956, PRO, CAB 128/30.

<sup>92</sup> *Ibid.* See also *Report of Ministry of Housing and Local Government 1957*, Cmnd 419 (London, 1958), pp. 4–5; ‘How the Rent Act works’, *Economist*, 22 June 1957.

## V

The government had two principal objectives for the 1957 Rent Act. First, increases in controlled rents would make it possible, and profitable, for landlords to maintain and improve their properties. Secondly, decontrol would reduce over-crowding and under-occupation by encouraging people to move into accommodation more appropriate for their needs, increase the stock of rented housing by encouraging the conversion of larger properties into flats, discourage sales, and begin to create a free market in rents.<sup>93</sup> How much of this was achieved? Three years after the act was passed, a study sponsored by the Rowntree Trust found that, generally, while the majority of controlled properties were commanding rents at twice their gross rateable value, 26 per cent of landlords were demanding rents that were closer to three times gross value: higher than legally permissible, with many unrelated to the landlord's responsibility for repairs.<sup>94</sup> In 1960 the ministry's own enquiry into the Rent Act indicated that, nationwide, some 44 to 50 per cent of repairs requested by tenants had not been undertaken by their landlords,<sup>95</sup> supporting the Rowntree Trust's evidence that only 27 per cent of the households interviewed had undergone any structural repairs to their property since 1957, whilst only 9 per cent had had any improvements.<sup>96</sup>

What of decontrol? One study hinted that the act was failing to redistribute rented housing more rationally. Those houses which had remained controlled became occupied increasingly by small, elderly, childless households, the same tenants of such properties before 1957. Accommodation that was decontrolled tended to consist of subdivided, multi-occupied houses and purpose-built tenement blocks, least suited for family occupation and occupied by the two groups most often found in rented property, young single people and the elderly.<sup>97</sup> More worrisome was the ministry's discovery that only 367,000 to 391,000 houses had been decontrolled by the act, far below the estimated 750,000 as quoted in its white paper accompanying the rent bill in 1957.<sup>98</sup> At the same time, the government had underestimated the rate of decontrol by vacant possession. The Rowntree Trust deduced that 250,000 houses had been decontrolled by this method in 1958, a figure which had risen to 500,000 by October 1959.<sup>99</sup> However, later enquiries revealed that over 300,000 properties had been lost to the private

<sup>93</sup> *Report of Ministry of Housing and Local Government 1957*, p. 4; Donnison, *Housing policy since the war*, pp. 26–7.

<sup>94</sup> Donnison, Cockburn, and Corlett, *Housing since the Rent Act*, p. 84; see also Ministry of Housing and Local Government, *The Rent Act 1957, report of inquiry*, p. 26.

<sup>95</sup> Calculated from Ministry of Housing, *The Rent Act 1957, report of inquiry*, table 9 (b), p. 30.

<sup>96</sup> Donnison, Cockburn, and Corlett, *Housing since the Rent Act*, table 24, p. 56, and p. 60.

<sup>97</sup> See J. B. Cullingworth, *Housing needs & planning policy* (London, 1965), pp. 24–5.

<sup>98</sup> Ministry of Housing, *The Rent Act 1957, report of inquiry*, p. 21; Ministry of Housing and Local Government, *Rent control: statistical information*, Cmnd 17 (London, 1956). See also D. Donnison, 'Aftermath of the Rent Act', *Manchester Guardian*, 9 and 10 July 1959.

<sup>99</sup> Donnison, Cockburn, and Corlett, *Housing since the Rent Act*, p. 32.

rented sector between 1958 and 1964; half of which were sold, and half demolished.<sup>100</sup> And neither new conversion rates nor new construction could make up the shortfall as private builders were unwilling to build accommodation to let.<sup>101</sup>

Decontrol proved to be a many-headed monster for the government. In February 1957 the new housing minister Henry Brooke reported to the cabinet that the decision to release the higher rated houses from control ‘was unduly harsh’ and ‘had created disquiet among government supporters ... because of the continued shortage of middle-class housing’. Without the opportunity to move elsewhere tenants were open to exploitation by landlords charging a premium for new agreements and increasing rents.<sup>102</sup> In response, the cabinet agreed to extend the act’s transitional period from six to fifteen months, prohibiting landlords from imposing a rent increase while tenants retained existing rights of tenure. Any premium charged on decontrolled properties was declared illegal for three years after 1957, encouraging landlords to draw up new tenancy agreements whilst allowing more time for alternative accommodation to become available.<sup>103</sup> This would not be easy. For in looking to the construction industry to build new accommodation for those having to vacate larger premises, the government collided with its own anti-inflation strategy which had introduced credit controls intended to hold back building of this type. An anxious Macmillan inquired of his new chancellor, Peter Thorneycroft, if credit policy could be relaxed in this area.<sup>104</sup> Thorneycroft replied that while the market in credit for builders was not substantial, any relaxation of credit restrictions, however small, would undermine the government’s economic policy.<sup>105</sup> Macmillan then pulled rank. ‘There is no logic in our present position’ he responded, ‘if it is right ... that we should not allow finance for the building of flats and houses for letting, we ought not to have taken these flats and houses out of control ... we must make some financial arrangement, or else we must amend the Rent Act.’<sup>106</sup> Thorneycroft had little option but to comply.<sup>107</sup> But the chancellor’s commitment to economic stability, whatever the political cost, would eventually prove too much for Macmillan’s populist instincts, and the clash of priorities culminated in Thorneycroft’s resignation in January 1958.<sup>108</sup> In the meantime, the ministry and many Conservative MPs were being overwhelmed with complaints from angry tenants faced with large rent increases and possible eviction as the ending of the act’s transitional period loomed.<sup>109</sup> When the Labour opposition called for a

<sup>100</sup> See D. Donnison, *The government of housing* (Harmondsworth, 1967), p. 194.

<sup>101</sup> Donnison, Cockburn, and Corlett, *Housing since the Rent Act*, ch. 3.

<sup>102</sup> ‘Memorandum by the minister of housing and local government’, C (57) 32, 13 Feb. 1957, PRO, CAB 129/85.

<sup>103</sup> ‘CC (57) 11th conclusions’, 15 Feb. 1957, PRO, CAB 128/31 pt 1.

<sup>104</sup> Macmillan to Thorneycroft, 24 Apr. 1957, PRO, PREM 11/1873.

<sup>105</sup> Thorneycroft to Macmillan, 21 May 1957, PRO, PREM 11/1873.

<sup>106</sup> Macmillan to Thorneycroft, 24 May 1957, PRO, PREM 11/1873.

<sup>107</sup> Thorneycroft to Macmillan, 4 June 1957, PRO, PREM 11/1873.

<sup>108</sup> See Jefferys, *Retreat from new Jerusalem*, pp. 64–73; J. Turner, *Macmillan* (Harlow, 1994), pp. 227–38; Lowe, ‘Resignation at the Treasury’, pp. 518–23. <sup>109</sup> See PRO, HLG 41/146.

censure debate on 3 March 1958, Macmillan convened two meetings with Brooke, Thorneycroft, Iain Macleod, Rab Butler, and party chairman, Quentin Hogg, to contemplate ways of alleviating the harmful effects of decontrol without undermining the principles of the act.<sup>110</sup> The outcome was a decision to delay eviction notices and restore security of tenancy for up to three years, which was subsequently integrated into the Landlord and Tenant Act of 1958. Having survived this number of challenges to its rents policy, the government then decided that no further legislation on rents would be initiated if it were returned to office in the coming election: a significant step back from its housing strategy of the mid-1950s.<sup>111</sup>

But by the early 1960s it had become clear that decontrol had failed to produce any significant increase in the supply of rented accommodation. This not only ensured that the housing shortage persisted, but dragged the Rent Act into disrepute through the two issues with which it became connected in the eyes of the public: insecurity of tenure and slum landlords. For many tenants, moving to a new address now meant that the old protections of statutory tenancy were replaced by a tenancy agreement in which security of tenure and the rents charged were contingent either upon the terms of the lease or goodwill of the landlord. Consequently, tenants with monthly leases or no formal agreements often found themselves facing the option of paying high rents or being evicted at a month's notice. The problem was most acute in London, where the shortages of affordable accommodation provided an opportunity for slum landlords to evict controlled tenants forcibly in order to acquire a control-free property with vacant possession, where new tenants could be charged exorbitant rents without the landlord endeavouring to repair or improve the property. It was not until the early 1960s that such practices came to light, mainly through the activities of Perec Rachman who achieved national notoriety through his connections with Mandy Rice-Davies.<sup>112</sup> The government was right to contend that Rachman was exceptional, and that his actions had been documented before 1958. Indeed, later enquiries revealed that only 1 per cent of tenants in London had suffered abuse and intimidation.<sup>113</sup> But the fact remained that Rachman had thrived under the provisions of the Rent Act, further exaggerating its flaws, and allowing the Labour party to attack the legislation as a 'landlord's charter', and revive housing as a political issue. It was an important moment. Housing had been one of the Conservative government's success stories in the 1950s. Now its credibility in this area had become lost in the myths and half-truths of political debate.

<sup>110</sup> 'Note: Rent Act', 19 Mar. 1958; prime minister's minute, 24 Mar. 1958, PRO, PREM 11/2357.

<sup>111</sup> See PRO, HLG, 29/438; P. Bridgen and R. Lowe, *Welfare policy under the Conservatives, 1951–1964* (Kew, 1998), p. 222.

<sup>112</sup> Report of the committee on housing in Greater London (chairman: Sir Milner Holland), Cmnd 2605 (London, 1965), pp. 180–3, 251–2, and appendix III; N. Timmins, *The five giants: a biography of the welfare state* (London, 1996), pp. 189–91. See also J. Davis, 'Rents and race in 1960s London: new light on rachmanism', *Twentieth Century British History*, 12 (2001), pp. 69–92.

<sup>113</sup> Timmins, *The five giants*, p. 191.

## VI

The Rent Act of 1957 was passed by a government looking to shift responsibility for the nation's housing from the state to the free market by allowing the laws of demand and supply to determine its quantity, quality, purpose, and price. Advocates for rent reform in the Ministry of Housing, the Treasury, the landlord associations, and sections of the Conservative party argued that the statist collectivism that had sustained rent restrictions since the First World War had produced a housing situation that was unfair, inefficient, and ineffective. Usable accommodation was being wasted because landlords were unable to recoup the costs of repairs by increased rents, tenants were allowed to occupy properties that bore little relation to their circumstances, and controls had created an unhappy chaos of anomalies and injustices in private rented housing. The Housing Subsidies Act, which had increased the disparity between council and private house rents, the Inland Revenue's new rating valuations, which raised the possibility of increasing controlled rents, further sharpened the need for change. Whichever way the issue was seen, annulling the rent acts had to be a priority for the Conservative government in 1956. Not even the Suez crisis, or the political upheavals that followed it, could disrupt the reformist momentum.

In this sense rent reform carried its own logic. Nevertheless, it should be recognized that some ministers, particularly in the Treasury, saw rented housing as a problem that had a wider economic circumference. In their view, rent controls were a reflection of an inefficient, low-productivity economy, where resources were directed into subsidies instead of investment, where profits and prices failed to provide incentives, and where complacency and comfort took precedence over innovation and enterprise.<sup>114</sup> In the 1950s, 60 per cent of industrial output was subject to price controls of some kind; either through government constraints on profits, lack of competition, or restrictive practices, all of which effectively limited the stimulus for industry to invest and seek productivity improvements.<sup>115</sup> The periodic crises in the balance of payments, sterling, and rising inflation were, it was felt, largely a function of economic growth failing to keep in step with increased welfare spending.<sup>116</sup> An economy infused by a dose of market forces would, in the long run, aid prosperity and, in turn, help fund an ever hungry welfare state. Some of this thinking had seeped into the Restrictive Practices Act of 1956, which had attempted to instil a degree of market discipline into industrial practices by forcing companies to register

<sup>114</sup> See N. Crafts, 'Economic growth', in N. F. R. Crafts and N. W. C. Woodward, eds., *The British economy since 1945* (Oxford, 1991), pp. 261–90; C. Bean and N. Crafts, 'British economic growth since 1945: relative economic decline ... and renaissance', in N. Crafts and G. Toniolo, eds., *Economic growth in Europe since 1945* (Cambridge, 1996), pp. 131–72.

<sup>115</sup> See M. Kirby, 'Supply-side management', in Crafts and Woodward, eds., *The British economy since 1945*, pp. 236–60.

<sup>116</sup> See Lowe, 'Resignation at the Treasury', pp. 508–9; J. Tomlinson, "'Liberty with order": Conservative economic policy, 1951–1964', in Francis and Zweiniger-Bargielowska, eds., *The Conservatives and British society, 1880–1990*, p. 276.

restrictive trade agreements, quota schemes, and collective enforcement of resale price maintenance with the Restrictive Practices Court.<sup>117</sup> But it was also the rationale behind the Treasury's five-year review of social services expenditure launched in 1955, and lay beneath the more immediate concerns to prune the government's welfare spending as a way of controlling a looming balance of payments crisis. In rent controls, some government thinkers saw an opportunity to reform not just one part of the housing system but to reshape the economic foundations of the welfare state, whilst questioning the idea that social policy should be driven by pre-war needs and wartime precedent.<sup>118</sup> Maintaining subsidies on privately let housing looked increasingly anachronistic when many families were spending more on luxuries than their accommodation.<sup>119</sup>

Even so, the government's difficulties with the Rent Act were largely of its own making. Ministers' dread of its electoral consequences made Sandys and his ministry team constantly aware of the pressure to legislate quickly, enabling any benefits from the act to feed through to the electorate, and allow the expected political controversy to fade before the next general election.<sup>120</sup> But this left the ministry little time to comprehend the problems it was tackling. Its reliance on outside agencies for information and guidance was perhaps indicative of its intellectual shortcomings over rent reform between 1955 and 1957. Officials seemed unaware that shortages were being created as households became smaller and more numerous. Since 1931 the number of one- and two-person households had increased from 29 to 39 per cent of all households in the country; families of six or more people had fallen from 16 to 8 per cent, with greater numbers of single people seeking accommodation outside the traditional family home.<sup>121</sup> Moreover, as living standards increased, even people with modest incomes expected affordable and adequate space for their families. The situation was not helped by the housing needs of the newly arrived commonwealth immigrants, who had been invited by the government to work in the rapidly growing service industries. At the same time officials exaggerated the role that private rented property played in a housing market that was being restructured by the growth of owner-occupation. Landlords, disillusioned with the decline in profitability of rented housing, now turned to the building societies which offered better returns than buying properties to let.<sup>122</sup> Indeed, the government's active encouragement of home ownership through tax subsidies and fiscal measures made buying accommodation on a mortgage, for many households, less expensive than renting.<sup>123</sup>

<sup>117</sup> J. Walshe, 'Industrial organization and competition policy', in Crafts and Woodward, eds., *The British economy since 1945*, p. 363; Tomlinson, 'Liberty with order', p. 277.

<sup>118</sup> Lowe, 'Resignation at the Treasury', p. 520.

<sup>119</sup> Ministry of Labour, '1953-1954, household expenditure: report of an enquiry into household expenditure', PRO, LAB 24/1236.

<sup>120</sup> See Powell, 'Clock dials', 24 Sept. 1956, PRO, HLG 29/425.

<sup>121</sup> Cullingworth, *Housing needs and planning policy*, pp. 24-5.

<sup>122</sup> Daunton, *A property-owning democracy*, ch. 2.

<sup>123</sup> See B. Lund, *Housing problems and housing policy* (Harlow, 1996), pp. 41-3.

Furthermore, social and demographic pressures had raised the demand for housing when the supply was being reduced by slum clearance programmes, the contraction of private house building as a result of the credit squeeze, the decline in new council accommodation as affected by the Housing Subsidies Act, and town planning regulations which effectively restricted the space for new housing.<sup>124</sup> In their haste to pass a rent bill, ministers failed to connect the strands of their own policies.

Political fear also led ministers to dilute the rent bill as it gradually took shape. Nobody reflected this more clearly than Duncan Sandys, who stood at the heart of the policy-making process throughout 1955 and 1956. Sandys was well aware that the party's opinion surveys had indicated a widespread public intolerance of welfare reform: a mood vividly demonstrated by an average swing of 7 per cent to the Labour party in a number of recent by-elections.<sup>125</sup> All the same, Sandys's attitude to rent reform became increasingly ambiguous as his ministry's deliberations were being worked into policy. Having been so bullish over the Housing Subsidies Act, Sandys appeared, in the discussions over rent reform, to be afraid of going too far too fast. His prevarication over decontrol and his denial that the rent bill should establish market conditions in rented housing seemed to deny its underlying purpose. Sandys now appeared to ally himself with Macmillan's view that any process of modernizing social and economic policy had to come with the co-operation of the electorate. Yet Sandys's dalliance with the politics of moderation only set him at odds with the more radical elements of conservatism. His reluctant decision to incorporate an element of decontrol in the bill was less of an overnight conversion to the free market and more an acknowledgement of the vein of opinion that demanded a more radical measure than he had originally intended.

But Sandys succeeded in producing an act that was only half-baked. Macmillan quickly recognized the illogicality of having freedom in rents at one end of the market whilst retaining controls at the other.<sup>126</sup> This not only compromised the central objectives of the act, it also provoked the most trouble for the government. By releasing the higher rated properties from control, it was not the ministry's intention to subject middle-class tenants, most of whom were tory voters, to the free market 'benefits' of high rents and insecurity of tenure. Its aim was to develop a more sensible distribution of rented housing, allowing tenants the opportunity to secure accommodation more suited to their needs. But in retaining controls on lower valued properties, the ministry only increased the incentive for families to stay in controlled housing, albeit with an increased rent and in overcrowded conditions, rather than move to larger uncontrolled premises. The

<sup>124</sup> Donnison, *The government of housing*, p. 194.

<sup>125</sup> Jefferys, *Retreat from new Jerusalem*, p. 68; R. Lowe, 'The replanning of the welfare state, 1957–1964', in Francis and Zweiniger-Bargielowska, eds., *The Conservatives and British society, 1880–1990*, p. 266.

<sup>126</sup> Macmillan to Thorneycroft, 24 May 1957, PRO, PREM 11/1873.



system contained greater distortions in occupation rates than ever by 1960.<sup>127</sup> The supply of rented housing failed to expand, denying the minister the opportunity to decontrol the lower rated houses, whilst maintaining the incentive for landlords to sell rent-controlled property for owner-occupation. But the government's problems did not end there. Because the act now decontrolled properties on a change of tenancy, landlords were offered a financial advantage in forcing a controlled tenant to leave. In the process, the legislative obligations on landlords to keep their property in proper repair, provide rent books, and sign tenancy agreements were effectively nullified, giving greater opportunities for 'rachmanism' to flourish.<sup>128</sup> In both instances, it meant that the Rent Act failed not because it was too radical, but because it was not radical enough. By releasing a much greater range and number of properties from rent control, Sandys could have provided more of a free market safeguard against oppressive conduct by landlords and excessive rent increases, giving tenants greater opportunities to take their custom elsewhere. By paying only lip-service to the principle in the Rent Act, ministers removed the opportunity for a market to function fully in rented housing, inadvertently presenting their opponents with the chance to discredit not just the act but the government itself.

Nevertheless, the Rent Act could have been a turning point in the post-war history of welfare: a moment when politicians spoke openly of 'the free market' and 'realistic rents' in a manner which embodied the sharp division of opinion over housing policy between Conservatives and Labour in 1957. If anything, the making of the Rent Act reveals much about the tensions within the Conservative government's welfare policy in the 1950s, stretched as it was between political, social, and economic imperatives. It was, perhaps, no coincidence that the issue of rent reform came to the fore at a time when the government was preoccupied with inflation, economic growth, and future prosperity. Conservatives were beginning to think of welfare policy as part of an 'opportunity state', where housing would provide a springboard for individual progress rather than a safety net for the disadvantaged, where the virtues of personal responsibility and initiative would be emphasized through economic freedom.<sup>129</sup> Yet the debates over rent controls in the 1950s, though representing larger predicaments over the role of the state in housing, demonstrated the limits of political radicalism when placed against the practicalities of everyday policy-making and perceptions of electoral insecurity. Notwithstanding their rhetoric, the Conservatives were forced to confront an electorate that was unwilling to allow the government to break out of the post-war legacy of houses for all at no excessive cost. In spite of the Rent Act, housing remained an integral part of the welfare state and electoral considerations would eventually push the Conservative party to restate its 'one nation' credentials by consolidating and expanding its welfare commitments by

<sup>127</sup> See Cullingworth, *Housing needs and planning policy*, pp. 40–1.

<sup>128</sup> Holmans, *Housing policy in Britain*, pp. 419–20.

<sup>129</sup> R. Lowe, 'The replanning of the welfare state, 1957–1964', pp. 268–9.

the early 1960s.<sup>130</sup> Government expenditure on housing rose inexorably as the Conservatives,<sup>131</sup> caught between their social consciences and political aspirations, poured money into both the public and private sectors, producing a two-tier housing system that was dominated by council housing and owner-occupation. As it was, the Conservatives proceeded to lose their nerve, their leadership, and their sense of direction with the Rent Act, passing legislation that was contained within the narratives and realities of consensus politics. This may have been more by default than design. But in truth the Conservatives could only promise to create a free market in rents in 1957; perhaps their ambitions for the Rent Act would have been realized had they really meant it.

<sup>130</sup> Ibid.

<sup>131</sup> See R. Lowe, *The welfare state in Britain since 1945*, table A.4, p. 352.