

## A jubilant subject

by Robert White, CFA

While we generally do our best to avoid home bias here at Momentum, I propose to break that rule today in recognition of last week's Platinum Jubilee celebrations. Whatever your views on the monarchy, no one can deny that to serve one's country as Head of State for 70 years is truly an impressive feat. Since her ascension to the throne on February 6th 1952, Queen Elizabeth II has lived through seven recessions, met 13 US Presidents and outlasted 14 UK Prime Ministers.

Travelling back in time to her Coronation, the country was in a very different place. Although recovering from a brutal world war, Britain still had an empire with over 70 overseas territories, and formidable presence on the global stage. India had recently gained independence five years prior, and many more countries soon followed. The Queen's reign has seemingly run parallel to a reduction in the UK's global power, and we have seen the rise of the US, Japan, the EU and China as dominant economic forces in her time.

If you ask the UK public what tangible changes they remember over the last 70 years, the most common responses tend to be more mundane, esoteric events. Issues such as the shift from metric to imperial measurement systems are often cited, as is the transition from the pre-decimalised monetary system of pounds, shillings and pence, to the much simpler framework we know today.

The latter provides a good example of just how gradual change has been over the years; the UK's old money system had been in place since Henry II's reign in the 12th century, and it took parliament over a century to make the change after the Decimal Association began advocating for the move in 1841<sup>1</sup>. Nonetheless, the Queen's portrait adorned both old and new notes alike, a welcome sign of continuity for many in a fast-modernising world.

Since decimalisation in 1971, the British pound's decline in value has mirrored Britain's reduced importance on the global stage.

The GBP/USD exchange rate has nearly halved from 2.4 to 1.25, and UK consumers have felt the pinch over the years as Retail Price Index (RPI) inflation hit as high as 26.9% in 1975, still well above the rate today of 11.1%.

Despite this, UK consumers have certainly grown wealthier with Elizabeth II on the throne, as steadily increasing GDP per capita provides a useful proxy for improving living standards over the period. Research from analytics firm YouGov also provides interesting insights into how perceptions of the public have changed over The Queen's reign. Somewhat bizarrely, survey data suggests that Britons believe they are wealthier with more opportunities today, however they also believe that general happiness is worse today than it was in 1952<sup>2</sup>.

One final encouraging parallel today is the increasing awareness of our environment. As well as the Queen's Coronation, 1952 was the year of the "Great smog of London", a severe and lethal case of air pollution which caused an estimated 8,000 to 12,000 deaths. The response to this crisis was the passage of the Clean Air Act in 1956 which restricted the burning of coal and signals some optimism for future legislative action to the current climate crisis.

Perhaps Prince Charles, the Queen's successor, can have a small part to play in this regard. Prince Charles has been a passionate champion of environmental causes over the years<sup>3</sup>, and if the monarchy is to remain relevant to today's youth, the Royal Family will likely have to be vocal on such issues. Whether or not any future monarchs can match Queen Elizabeth's longevity and popularity remains doubtful however, and she will certainly be missed by many when she is gone.

<sup>1</sup> <https://www.theguardian.com/money/2021/feb/15/d-day-uk-marks-50-years-since-decimalisation#:~:text=The%20anniversary%20of%20Decimal%20Day,240%20pence%2C%20in%20a%20pound>

<sup>2</sup> <https://yougov.co.uk/topics/lifestyle/articles-reports/2022/05/30/platinum-jubilee-how-do-britons-think-uk-has-chang>

<sup>3</sup> <https://www.princeofwales.gov.uk/sustainability>

All other sources from Bloomberg Finance, Ltd.



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