

A-LEVEL HISTORY

AT NEWCASTLE SIXTH FORM COLLEGE



SECTION B: 1951-1997

UNIT 1: BRITAIN 1930-1997

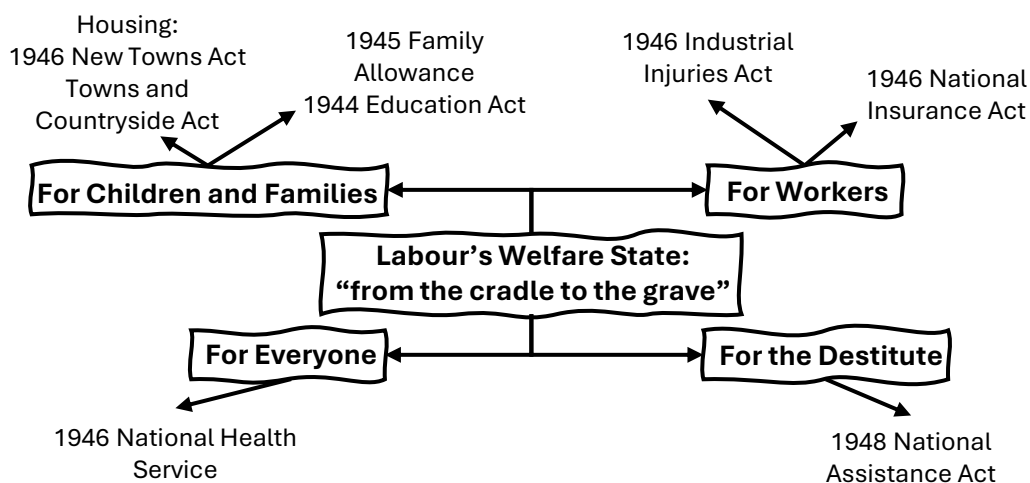
TOPIC AREA: CONTENTS

Topic	Pages	Lesson Complete	Catch-Up Complete	Revision Complete
Attlee's Government				
1951 Election				
Conservative Leadership				
Socio-Economic Developments				
Labour Weaknesses				
1964 Election				
Wilson's Reforms				
Wilson's Economic Policy				
Wilson's Industrial Relations				
1970 Election				
Heath's Government				
Wilson and Callaghan				
Thatcher's Economy				
Thatcher's Industrial Relations				
Thatcher's Social Policy				
Election Victories				
Thatcher's Decline				
Problems faced by Major				
1997 Election				

ATTLEE'S POST-WAR LABOUR GOVERNMENT

The Birth of the Welfare State

Attlee's Labour government is sometimes described as one of the great reforming governments of the 20th century Britain, pushing through even more sweeping reforms than those of the Liberal government before 1914. The record of the post-war Labour government is dominated above all by one issue – the introduction of the so-called “welfare state” and the setting up of the National Health Service (NHS). Labour idealists believed they were going to “build a new Jerusalem” in Britain, overcoming class divisions and ensuring fairness for all in a progressively modern society. These idealistic objectives could only be achieved by practical politics.

Labour's Welfare Reforms**National Health Service**

The flagship of Labour's welfare reforms was the NHS. An act of parliament in 1946 opened the way for the NHS but it did not begin to function until July 1948. Some form of national health service had been discussed for several years but the actual NHS that was established was very much the work of Nye Bevan, Labour's Minister for Health and Housing. However, Bevan's ideas provoked considerable controversy.

Before 1945, health care was not free. National insurance provided some free cover, but did not extend to all workers or to wives and children; nor did it cover all forms of medical treatment. Doctor's and hospital bills could be a heavy burden for the long-term sick or those on low incomes. Mothers tended to neglect their own health rather than their children's, and serious illnesses were often diagnosed too late or could not be treated properly. This was the situation that the NHS was supposed to put right. There was broad agreement on the principles behind Labour's proposals, but actually implementing the plans for the NHS was a long and difficult battle, fought by Nye Bevan against vigorous opposition from elements of the Conservative Party and the medical profession. Doctor's were self-employed, earning fees from their patients or their patients' insurance companies, friendly societies or trade unions. Hospitals funded themselves from patients' fees, or through charitable collections. There were many types of hospital with little central control over the way they were run. The idea of doctors having to work as and where the state directed them was fiercely resisted by many doctors.

How successful was the NHS?

→ Initially a limitation was shortage of trained staff and of buildings. For example,

KEY QUESTIONS

How did the welfare state seal with each of the five giants of the Beveridge report?

How did Labour's promise of a welfare state contribute to the outcome of the 1945 election?

KEY INDIVIDUALS

Attlee

Bevan

KEY DEFINITIONS

Destitute

Welfare

NHS

ATTLEE'S POST-WAR LABOUR GOVERNMENT

were only 10,000 dentists to cater for 47 million people in 1948. hospital buildings were often dreary, old fashioned and ill suited for purpose. Local health centres, which were intended to be central to the new service, were slow to develop. The first one was not opened until 1952.

→ Another massive problem was cost. Nobody had been able to predict that the financial effects of universal free provision would be – and the costs were much greater than expected. Spending on the NHS almost doubled between 1948 and 1951 and it proved very difficult to bring the costs under control.

→ Over 187,000 prescriptions were issued in the first year; 8.5 million dental patients were treated; 5.25 million pairs of spectacle were prescribed.

- Lots of social groups that had previously been unable to afford regular health care such as mothers of large, low income families, could now do so. Major improvements in public health took place in the late 1940s and early 1950s. infant mortality, a useful general measure of health, fell dramatically after 1948 and so did cases of tuberculosis.

→ The NHS rapidly gained public acceptance. It soon became Labour’s single most popular welfare reform. 95% of the population enrolled with NHS doctors and dentists. Some 88% of the doctors and 95% of dentists agreed to join the service.

→ The medical profession who had opposed the NHS from 1946 soon came to be its staunchest defenders.

Election	Conservatives		Labour	
	Seats	% of vote	Seats	% of vote
1945	197	36.2%	393	47.7%
1950	298	43.4%	315	46.1%
1951	321	48%	295	48.8%

EXAM QUESTIONS

Assess the reasons behind the outcome of the 1951 election.
[20 marks]

STRETCH

To what extent did Labour’s welfare reforms address the five giants of poverty?

How do these reforms demonstrate a post-war consensus?

SUMMARY NOTES

Notes Due:

Notes Completed:

WHY DID LABOUR LOSE THE 1951 ELECTION?

**Nye Bevan: Minister of Health****How important were Labour weaknesses?**

The post-war Labour governments of 1945-50 and 1950-51 had achieved a great deal and laid down some political principles that would be followed by all governments until 1979. However, despite its achievements, the Labour government was not as strong as it had been in its early years of office. There were a number of areas in both the party and its policies with which the public were dissatisfied.

The difficulties of dealing with the post-war economic and financial problems had exhausted many of the cabinet. In the public's mind the party had become associated with the policies of austerity, rationing and high taxation, which most of the public – particularly the middle classes – longed to see ended. The Labour government had also involved Britain in the Korean War in 1950, which only added to the financial strains. Not only was the party exhausted, it was also divided. The division was seen most clearly in the imposition of charges for dental treatment, prescriptions and glasses, which appeared to undermine the principle that the NHS should be free at the point of treatment. This issue was bitterly debated within the party and eventually led to the resignation of the left-wing firebrand Minister of Health, Aneurin "Nye" Bevan.

Austerity: Policy where the government deliberately hold back living standards i.e. through continuing rationing in an attempt to limit spending

Korean War 1950-1953: Communist North Korea, backed by Russia and China, invaded the non-communist South Korea in 1950. The US led a United Nations force in support of South Korea, with backing from Britain. Led to dramatic increase in British military spending.

The election results of 1950 also placed Labour in a difficult position. They were left with a working majority of only 5 MPs in the House of Commons. Attlee was aware that should some of his own MPs vote against the party line (which seemed increasingly likely due to the many divisions within the party) then the party would become unable to pass legislation through the Commons. Attlee knew that at some point he would have to call another election to try to increase the party's majority.

However, although it is possible to argue that Labour failings were responsible for their defeat in 1951, this interpretation is not supported by their performance in the election. Their number of votes in 1951 was, at that point, the highest polled by any party in British political history.

How important were Conservative Strengths?

It would be wrong to see the result of the 1951 election as mainly a vote against the Labour Party as there were many positive aspects to the Conservative campaign. The party were undoubtedly shocked by their defeat in 1945, but by 1950 had put in place both policies and a reorganisation of the party that allowed them to recover and take advantage of Labour difficulties.

Accounts often overlook the vital work of Lord Woolton, who reformed party finances and local organisation, so that the party was in a stronger

Nationalisation: Bringing of key industries under state control. Labour had nationalised up to 20% of the economy during the period 1945-1951

KEY QUESTIONS

What factors played a role in the outcome of the 1951 election?

KEY INDIVIDUALS

Bevan

Gaitskell

Lord Woolton

Churchill

Reginald Maulding

KEY DEFINITIONS

Austerity

Korean War

Left-wing

First Past the Post

WHY DID LABOUR LOSE THE 1951 ELECTION?

position to challenge Labour. He was aided by an influx of young talented politicians into the party, such as Reginald Maudling, who gave the party new ideas and dynamism. Labour’s nationalisation of the iron and steel industry provided a contentious issue around which the party could challenge the government.

The party also offered an attractive programme. They promised to build 300,000 houses a year – a winning proposition given the serious housing shortage, despite Labour overseeing the building of an average of over 200,000 houses a year – and to give the people “more red meat” at a time when meat was still being rationed. The party had also made it clear that they would not reverse Labour’s achievements and that they were fully committed to the welfare state. In practice, this meant that after a period of dramatic innovation, the Conservatives would consolidate. In 1945 the nation had wanted change and abandoned the party associated with appeasement; this time they abandoned the party associated with austerity.

Finally, Winston Churchill was still a popular figure. Although he had lost the 1945 election, many still saw him as a hero for leading the country to victory in the war and wanted to thank him.

Stretch Activity

Party	Votes	Seats	% of Vote
Conservative	13,717,538	321	48
Labour	13,948,605	295	48.8
Liberal	730,556	6	2.5
Other	198,969	3	0.7

FIRST PAST THE POST:

A system by which a parliamentary candidate is elected if they win more votes than any other in their constituency. The party which wins the election overall is the party with the most MPs – no account taken of the total proportion of the vote they received nationally.

EXAM QUESTIONS

Assess the reasons behind the outcome of the 1951 election. [20 marks]

STRETCH

Do you notice anything strange about the election results? Examine the definition of our electoral system – first past the post. How does this system explain the election outcome?

SUMMARY NOTES

Notes Due:

Notes Completed:

CONSERVATIVE LEADERSHIP

**Leadership of Churchill: 1951-1955**

In 1951 it was the Chancellor Butler and Foreign Secretary Eden rather than Churchill, who was the driving force behind the party. Nine years older than Attlee and, at 77, Churchill became the oldest man to become prime minister since Gladstone in 1892. It appeared as if the election victory was a belated thank-you from the electorate for victory in the Second World War. When his six-year old grandson managed to get into his study in the 1950s, while the old man was trying to work, he took every opportunity to put a question that was bothering him: "Grandpapa, is it true that you are the greatest man in

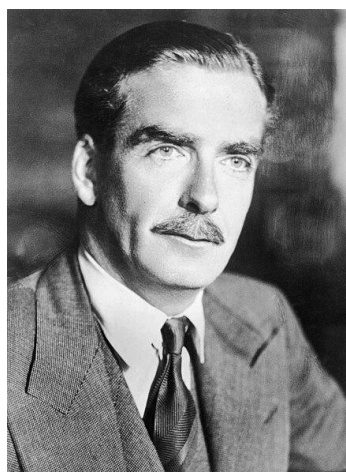
the world?" "Yes," came the immediate reply, "Now bugger off!" However, there is little evidence to suggest he was more than a figurehead as he was frail and sustained in power by his reputation. This was made most evident in 1953 when he had a stroke and was absent for some time, but was scarcely missed! Instead it was Butler and Eden who provided the drive and ideas in government.

Churchill, like most of the country, was aware of the enormous support for Labour, as witnessed in the 1945 election, and also of the widespread support for its reforms. He was anxious to establish a liberal Conservative government that would work essentially within the same fundamental policy areas. He did not want a return to the party political bitterness of the 1930s. He would be a "consensus" prime minister, accepting the welfare state, the need for a massive house building programme, conciliation with the trade unions and even a large nationalised segment of the economy.

However, much of the developments in the direction of party in the aftermath of defeat in 1945 came from Butler. He was involved in the production of the 1947 party "industrial charter", in which the Conservatives accepted the principle of a "mixed economy" of private and state ownership. His association with the 1944 Education Act indicated that he was also concerned with social issues, an area that many perceived the Conservatives ignored. Once in office as Chancellor, his policies were little different to those of Labour, but they did allow the Conservatives to appeal to the centre ground of politics. It was therefore Butler, rather than Churchill, who was responsible for modernising the party and helping Eden to secure victory in the 1955 election.

Leadership of Eden: 1955-1957

Anthony Eden replaced Churchill as prime minister in 1955 and soon after called an election that resulted in an increased Conservative majority, in part due to his personal appeal, particularly to many women voters, but also due to the work of Butler. Eden could be charming and few could rival his knowledge of diplomacy and other world leaders, all of whom he knew. Despite this, his administration was short-lived and Eden certainly suffered from several deficiencies, not least from waiting for the expected leadership so long. His experience was almost totally in foreign affairs and he was not well. An operation in 1953 had gone badly wrong and he remained in pain and subject to fevers. He was also highly strung, superb at public performances but given



KEY QUESTIONS

Identify the strengths and weaknesses of each Conservative leaders?

KEY INDIVIDUALS

Churchill

Eden

Macmillan

Douglas-Home

Butler

KEY DEFINITIONS

Post-war Consensus

Suez Crisis

Mac the Knife

Super Mac

Night of the Long Knives

CONSERVATIVE LEADERSHIP

rages in private and pointless interfering with colleagues, endlessly telephoning them for reports.

However, the end of his leadership came about largely due to one event: the Suez Crisis of 1956. Eden had been Foreign Secretary for many years, and with the press criticising his rather lacklustre domestic policy, he was determined to achieve success abroad. However, in the Suez Canal Eden misjudged the mood of the people and was heavily criticised by the Labour Party for his “mad venture”.

Although Britain was not militarily defeated, Eden’s decision to withdraw was seen as evidence of a lack of political will. With most of the rest of the world condemning British actions, it was a clear sign that the country was no longer a major power. Less than three months after the incident Eden stood down as Prime Minister. The official reason was illhealth and there was certainly some truth that he was unwell, but his own personal standing had been undermined by events and he was replaced by Harold Macmillan as leader. Given the damage the affair had done to the party, Macmillan was fortunate that he did not have to go to the electorate until 1959, as an election in the aftermath of Suez might have seen the Conservatives defeated.

Leadership of Macmillan: 1957-63

Harold Macmillan led the Conservative Party from 1957 to 1963, during which time he won the 1959 election and increased the Conservative majority to 100, despite this being in an election just three years after the disastrous Suez Crisis. Although he was fortunate to preside over a period of growing prosperity and affluence, a least until his latter years in office, his personal appeal to the electorate also played a crucial role. His appearances on television won him much support and despite satirists mocking him as “Super Mac”, he was able to turn this image to his advantage with the famous comment, “Never had it so good”. However, not all of the Conservative

strengths should be attributed to Macmillan. The work of Butler as home secretary, with the Homicide Act, gave the party the appearance of changing its traditional and often reactionary attitudes. The 1959 election was the high point for Macmillan.

→ By 1961 a balance of trade deficit was evidence of a downturn in the economy as the country was importing more than it was exporting.

→ By 1962 unemployment was rising and the number of days lost to strikes was increasing.

In order to try to breathe new life into a tired government, Macmillan reshuffled his cabinet in July 1962. The sacking of seven cabinet members and nine other ministers became known as the “Night of the Long Knives”, an over-dramatic comparison with Hitler’s 1934 massacre of supporters. It did not have the desired impact and “Super Mac” became “Mac the Knife” as opinion polls saw Conservative popularity fall. Macmillan was also the victim of circumstance beyond his control.

The Suez Crisis, 1956

This conflict between Britain, France and Israel against Egypt took place in October-November 1956. The Egyptian leader, Nasser, had nationalised the Suez Canal in order to raise money.

Despite pressure, Nasser would not reverse his policy and Russian support at the UN prevented action there. As a result, an Anglo-French attack was launched, but at the UN the USA condemned the action of the three powers and Russia warned it was willing to use rockets against the invaders. Not only international pressure but also opposition among the British people and attacks from the Labour Party forced a British withdrawal.

EXAM QUESTIONS

The main reason behind Conservative dominance in the period 1951-1964 was due to the leadership of the Conservative Party. How far do you agree? [20 marks]

STRETCH

Which of the leaders demonstrated the strongest leadership?

Use the ranking on the next page to make a judgement.

SUMMARY NOTES

Notes Due:

Notes Completed:

CONSERVATIVE LEADERSHIP

Macmillan gained the reputation of a world-class statesman, in part through his realisation that the British Empire had to be dismantled, despite protests from within the party. He made this clear in 1960 with his call for the need to recognise “the wind of change” blowing through Africa and grant independence to those who wanted it. However, it was also foreign affairs that further damaged his and the party’s image. First, developments in the Cold War in the early 1960s revealed that Britain was no longer a major power. Second, the French vetoed Conservative attempts for Britain to join the EEC. The government was then hit by a series of scandals, most notably the Profumo Affair in 1963. Although Macmillan cannot be blamed for this scandal as it was due to the failings of one minister – his Minister of War John Profumo, critics suggested he was losing his grip and Lord Denning, a senior judge who produced a report on the affair, criticised him for not acting quickly enough.

Not only had Macmillan been damaged by these events, but he was also ill and announced his intention to resign. Macmillan’s final act as leader was to ask the party to follow “customary processes” in choosing his successor, but this process damaged the party’s image and contributed to its defeat in 1964.

Leadership of Douglas-Home: 1963-64

Macmillan’s illness and tiredness following the scandals such as the Profumo affair resulted in his announcement that he intended to resign. The leadership appeared to be a contest between Lord Hailsham and R.A. Butler. Many believed that Butler would take the opportunity to eventually become leader. However, Macmillan did not wish to see Butler succeed him and used his position to advise the Queen to invite Sir Alec Douglas-Home to be prime minister. Initially Macmillan had backed Hailsham, but eventually he believed Home was a safer choice.

The process of choosing a leader by sounding out the cabinet and MPs was seen as rather ridiculous in a democratic age, particularly as it brought to power a man of aristocratic background who was perceived by many to be out of touch with ordinary people. Douglas-Home was chosen by an old-boy network, which included many old Etonians; a clear sign to many that the Conservative Party had not changed its image. There was resentment among many party members, and Enoch Powell and Iain Macleod stated they would not serve under Douglas-Home. Although Douglas-Home was affable and popular within the party, he faced a revitalised Labour party with a new programme, under the youthful and dynamic leadership of Harold Wilson. It was therefore perhaps unsurprising that Labour won the election that followed within a year of Douglas-Home taking office; what was perhaps more surprising was the narrowness of the Labour victory.

EEC

The European Economic Community, the forerunner of today’s European Union, was established in 1957 and was made up of France, West Germany, Italy, Belgium, the Netherlands and Luxembourg. It established a trading system between member states which had the minimum of controls, while members were also forced to impose tariffs on goods from non-member states so that they were uncompetitive.

CHURCHILL

EDEN

MACMILLAN

DOUGLAS-HOME

SOCIO-ECONOMIC DEVELOPMENTS



Conservative Dominance: Domestic Policy

The key figure on the domestic front was of course R.A. Butler, the Chancellor of the Exchequer. On assuming office he was faced by an immediate balance of payments deficit of some £700 million, inherited from his predecessor. Butler responded with a fairly savage

programme of cuts – on imports especially, but also on credit, travel allowances, food subsidies, and even the meat ration. The bank rate was raised from two to four per cent. By 1952 the deficit had been wiped out, and a surplus of £259 million had accumulated. For the next three years there was no balance of payments problem. As “Rab” rightly accepts in his memoirs, this success was due to more external factors, particularly the end of the Korean War and a marked fall in import prices, than to his own policies. But nonetheless men’s weekly wages were going up (£8.30 in 1951 to £15.35 ten years later), there was a massive increase in private savings, car-ownership and home-ownership. Also to the joy of many a housewife, rationing was ended in 1954.

This initial success was the prelude to a period of economic expansion. Income tax was cut in later budgets in 1952 and 1953, and the bank rate was reduced; and the process of “setting the people free” was widely applied. Food rationing was abolished and most wartime controls over the economy were removed in 1953-54; at the same time road haulage and the iron and steel industry were returned to private ownership.

This Conservative freedom was both a cause and a result of the sharp rise in living standards which marked the 1950s. This was seen in the accumulation of personal savings, the increase in home ownership, and, above all, the increasing sale of consumer goods – especially cars, but also washing machines, refrigerators, and television sets. Of symbolic significance perhaps was the introduction by the Conservative government of commercial television in 1954.

In many ways it is Harold Macmillan who is the real hero of the Churchill government of 1951-5. The Conservative electoral manifesto in 1951 had pledged the party to build 300,000 houses a year, and it was this target that the new minister set himself to fulfil. It was comfortably achieved. Figures of completed houses gradually increased, and reached a total of 327,000 for 1953 and 354,000 for 1954, when Macmillan was moved to the Ministry of Defence. This outstanding achievement was due not only to Macmillan’s energy and gift for public relations, but also to the powerful support he received from members of his department. He also, luckily, had the personal support of Churchill, which enabled him to get the housing subsidies he needed from a tight-fisted Treasury. The bulk of the houses constructed under the Macmillan regime still belonged to the public sector; but the proportion of private houses built gradually increased during this period and throughout the fifties. This was helped by a relaxation of the licensing system and the controls over land, as well as by easier mortgage facilities. By the end of 1954 about 30 per cent of houses built were for private sale; by the end of the decade the figure was well over 50 per cent.

This was a tremendous personal and political triumph for Harold Macmillan which pushed him into the front rank of Conservative ministers. There were critics at the time, however, who regretted the over-emphasis on domestic housing at the expense

KEY QUESTIONS

In what ways did the Conservative Party contribute to economic development in the period 1951-1964?

KEY INDIVIDUALS

- Churchill
- Eden
- Macmillan
- Douglas-Home

KEY DEFINITIONS

- Balance of Payments
- Socio-economic developments
- Domestic

SOCIO-ECONOMIC DEVELOPMENTS

of long-term industrial building. It is true also that it was the better off sections of the working class, and the middle class, who gained the most from the government's programme. But this was a social trend which was bound to benefit the Conservative Party electorally, as Macmillan certainly realised. Housing was only one branch of the social services where expansion took place after 1951. Expenditure on the social services under the Conservatives increased both in real terms and as a percentage of total public spending: it rose from 39.2 per cent of total public expenditure in 1951 to 43.0 per cent in 1955. Labour's accusation that the Tories were out to destroy the welfare state was clearly wide of the mark.

Education was rather a backwater under the uninspiring minister, Florence Horsburgh. But Iain Macleod proved to be a vigorous Minister of Health. The main change in NHS financing was the introduction of a two shilling prescription charge, without any great public outcry – a proposal which had caused ructions in the Labour government earlier. Macleod also set up the Guillebaud Committee in 1953 to report on the finances of the NHS. In its report three years later it showed convincingly that the NHS was both efficient and cost-effective. Even so, there were enormous gaps and anomalies in public health expenditure, and the shortage of proper hospital provision in particular became increasingly evident in the 1950s.

During the Churchill government, therefore, the Conservatives were content to accept the structure of the welfare state bequeathed to them by Labour fairly uncritically, though they also stressed the importance of private provision in the fields of housing, education and health. "In all social policy departments", as Anthony Seldon, the government's historian has written, "consolidation rather than innovation was the order of the day". By the last months of 1954 it was fairly evident to everyone that Churchill – now over 80 – was no longer able to carry on as an effective Prime Minister. But he was still reluctant to go. In the end after much prevarication, and some pressure, the old man indicated that he would retire as Prime Minister in the spring. On 6th April 1955 Churchill gave up his office, and at last Sir Anthony Eden came into his long-awaited inheritance as Prime Minister.

EXAM QUESTIONS

Assess the impact of socio-economic developments in Conservative Dominance between 1951-1964. [20 marks]

STRETCH

To what extent were socio-economic developments the main reason for Conservative Dominance in the period 1951-1964?

SUMMARY NOTES

Notes Due:

Notes Completed:

SOCIO-ECONOMIC DEVELOPMENTS

The Conservatives oversaw a period in which there was some economic growth. Given the low level of industrial output after the war, some industrial growth was inevitable. However, the growth rate was not as impressive as other nations as the table shows:

Country	% growth
Italy	5.6
Germany	5.1
France	4.3
Britain	2.3

Overall Britain’s share of world trade shrank from 25% to 15%, at the same time that other nations experienced a growth. For example, Germany’s share grew from 7% to 20%. Many link this fall to the fact that the government had no plan to modernise staple industries.

Wages rose faster than prices and this meant that people were able to buy more with their money. In 1951 the average weekly wage of an adult was £8.30, but by 1964 it had risen to £18.35.

There was a 500% increase in car ownership during the period and television ownership went up from 4% of the population before the Second World War to 91%. Similarly, the purchase of labour-saving white goods such as washing machines, also rose.

The government pledged to build 300,000 homes per year in its 1951 election manifesto. Housing Minister Harold Macmillan, outperformed this and built an impressive 354,000 homes in 1954. Over the entire period some 1.7 million homes were built.

The 1957 Rent Act abolished rent controls and resulted in more homes being available to rent. However, it did lead to rising rents for many.

The government at times did relax the bank rate in order to allow people to borrow money. This helped to support a consumer boom. However, due to the nature of “stop-go” economics, the government did raise the bank rate when necessary to deal with short-term economic issues.

The number of people who owned their own property rose from 25% before the war to 44% by 1964. The government had encouraged this development by relaxing credit restrictions on mortgages and giving people longer repayment periods.

The government at times did cut taxes. This helped to support a consumer boom. However, due to the nature of “stop-go” economics, the government did raise taxes when necessary to deal with short-term economic issues.

Rationing of meat was officially ended in 1954. This marked a symbolic end to the policies of austerity.

The Conservatives had attempted to continue the Labour pledge of full employment, and in some years did bring about a fall in unemployment. However, the government were never able to get unemployment below 250,000, and as the era progressed, unemployment in general worsened.

Year	No unemployed	Year	No unemployed
1951	367,000	1958	536,000
1952	468,000	1959	621,000
1953	452,000	1960	461,000
1954	387,000	1961	419,000
1955	298,000	1962	566,000
1956	297,000	1963	878,000
1957	383,000	1964	501,000

Conservative Domination: Economic Policy

The economic policies of the numerous Chancellors in the years 1951-64 were very similar and consistent with the policies and style pursued by the Labour government of 1945-51. This was particularly noticeable under the chancellorship of R.A. Butler from 1951-55. In fact, so similar were his policies to those of Labour, that the term “Butskellism” was coined; bringing together the names and policies of the Conservative Chancellor and the previous Labour Chancellor Hugh Gaitskell. He increased government borrowing which allowed the government to continue to

KEY QUESTIONS

In what ways did the Conservative Party contribute to economic development in the period 1951-1964?

KEY INDIVIDUALS

- Churchill
- Eden
- Macmillan
- Douglas-Home

KEY DEFINITIONS

- Balance of Payments
- Socio-economic developments
- Domestic
- Stop-Go Economics

SOCIO-ECONOMIC DEVELOPMENTS

spend money, particularly on health, education and housing. The Welfare State saw increased spending throughout the period; the amount of GDP spent on it rose from 16% in 1951 to 19% in 1964. At the same time, the government attempted to achieve full employment while bringing about economic growth.

BUTLER + GAITSKELL = 'BUTSKELLISM'

CENTRAL PRINCIPLE OF CONSERVATIVE ECONOMIC POLICY



STOP-GO ECONOMICS

In the years 1951-1964, Conservative economic policy could be defined as at certain points being in a STOP phase or in a GO phase.

What is stop-go economics?

What might lead to a stop?

Balance of payments deficit: government spending more on imports than they are making from selling exports

Common policies in a stop phase:

- Raising taxes
- Raising the bank rate
- Making spending cuts

Consequence: Creates a balance of payments surplus



What might lead to a go?

Balance of payments surplus: government are making more from selling exports than they are spending on imports

Common Policies in a go phase:

- Reduction in taxes
- Reduction of the bank rate
- Increased government spending

Consequence: Wages Increase. Living standards increase alongside a rise in consumer spending. There may be temporary shortage of goods which leads to inflation. The government have to import more to meet demand – leads to a balance of payments deficit!



EXAM QUESTIONS

Assess the impact of socio-economic developments in Conservative Dominance between 1951-1964.
[20 marks]

STRETCH

To what extent were socio-economic developments the main reason for Conservative Dominance in the period 1951-1964?

SUMMARY NOTES

Notes Due:

Notes Completed:

SOCIO-ECONOMIC DEVELOPMENTS

Conservative Dominance: 1951-1964 Historical Debate

NEVER HAD IT SO GOOD

VERSUS

13 WASTED YEARS

This historical debate on the Conservative performance 1951-64 centres around the claims made by the two main political parties, which, given their partisan nature, suggest that the truth is likely to lie somewhere between both claims. In 1957 Macmillan claimed in a speech to a Conservative rally in Bedford that “most of our people have never had it so good”, while Labour have described the period as “thirteen wasted years”.

There is much to support Macmillan’s claims as it was a period of continuously rising living standards and wages were certainly rising faster than prices, with wages going up 72 per cent and prices only 45 per cent. As the historians Alan Sked and Chris Cook have commented, “Everyone from the middle-aged mum with her domestic appliances to teenagers with transistor radios” agreed that after years of austerity they had the right to take advantage of the improvement. The Conservatives had also, according to Churchill in 1954, “improved all the social services and are spending more this year on them than any government at any time”.

Certainly the years 1957-59 appear to be the high point of affluence and allowed the government to lower taxes and increase spending without causing serious economic and financial problems. However, even Macmillan in his speech warned that high public spending, rising living standards, full employment and low inflation were not all possible at the same time, so it would be unfair to argue that the government was not aware of problems in the economy.

Despite these warnings, there is still a different perspective to the economic and social policies that needs to be examined. Critics have argued that the governments did very little while in power, manipulating budgets for electoral gain and giving little impression of understanding how the economy worked. According to the alternative view, the governments were more concerned with maintaining Britain as a world power, whatever the cost to the economy, and paid little attention to the sluggish growth compared to Germany or other European states. These critics also argued that Conservative economic complacency ensured the necessary economic growth would not be generated: stop-go policies discouraged investment and too much money went into defence or abroad, as key industries, such as textiles or shipbuilding, were neglected. Even in the field of social reform critics argued that whatever growth there was did not reach the Welfare State. Pensions were updated, but erratically; and nothing was done to solve the problems of the NHS. In these accounts, Churchill’s main concern was survival; Eden’s priority was foreign policy; Macmillan, who was interested in social reform, presided over the period when an economic downturn impacted on expenditure; and Douglas-Home failed to change direction, perhaps justifying the title given to one book on this period, *The Stagnant Society*.

The two extracts below further develop the contrasting views outlined above. These passages focus on the 1950s, rather than the whole period, with the first passage supporting the view that it was a stagnant or wasted period, while the second supports Macmillan’s claim that Britain “never had it so good.”

KEY QUESTIONS

Why did the Conservatives argue that Britain ‘Never had it so good’?

Why did Labour argue it was ‘13 wasted years’ under the Conservatives?

KEY INDIVIDUALS

Churchill

Macmillan

Eden

Douglas-Home

Wilson

KEY DEFINITIONS

Welfare State

Social Reform

Balance of Payments

Affluence

POST-WAR CONSENSUS

There were several key reasons for the dominance of the Conservatives after 1951. However, a key reason was that the Conservatives recognised the extent of public approval for the legacy of the Attlee governments and knew that there could be no outright rejection of these popular policies. Attitudes towards industry, the trade unions and social policy were going to have to be very different from the 1930s because the experiences of the war years had made people far more ready to accept the need for state intervention and planning. The NHS had already assumed iconic status. Partly by conviction and partly by necessity, the new government accepted the existence of the so-called post-war consensus. However, the concept of the post-war consensus is sometimes rather cloudy and difficult to define. It was certainly not unanimous agreement – there were several sharp policy differences between the parties – but there were broad lines of convergence.

Churchill – consensus Prime Minister?

The most obvious area of “consensus politics” was evident in the government’s attitude to industrial relations and the trade unions. Churchill was anxious to avoid the impression of “union bashing”, something which he had become associated with after his role in the General Strike of 1926. He made no attempt to re-introduce the Trade Disputes Act, which had annoyed the unions when it was introduced in 1927 and had been repealed by the post-war Labour government. There was no use of troops to break unofficial strikes (this was course of action Attlee had taken in 1949). Churchill appointed Sir Walter Monckton as Minister of Labour, who acted in an appeasing way towards the trade unions. Despite the noises made by the Tories during the election campaigns of 1950 and 1951, about the flaws of nationalisation, there was no great attempt to roll back the programme of nationalisation carried out by Labour. Iron and Steel were largely re-privatised in 1953, but one new important area was nationalised under Tory rule – the Atomic Energy Authority was created in 1954.

The welfare state, including the jewel in the crown – the NHS, was to prove quite safe in Tory hands. The new Minister of Health, Iain McLeod, was inclined to try and alter his Labour predecessor Nye Bevan’s great achievement. McLeod tried to fight for more money for hospitals, which he recognised were in need of modernisation. Many Labour MPs appreciated McLeod’s efforts and the difficulties he faced in trying to find government funding. Bevan was initially suspicious of Tory intentions, but eventually became friends with MacLeod and the two worked well together in the Commons.

As far as housing was concerned, the new government was determined to out-perform Labour. At its 1950 conference, the Tories had given a pledge to build 300,000 houses a year, a target not met by the Attlee government. New Housing Minister, Harold Macmillan achieved and even exceeded the set targets, building 354,000 houses in 1954. Although there was an increase in the numbers of private homes built, still a majority of 80% of all homes built during this period were built by local authorities. Continuity was also a dominant theme in an area generally neglected by government: education. Education policy remained essentially the same, as laid down by the Education Act of 1944 – a piece of legislation led by Butler, but put in place with the strong backing of Labour in the war-time coalition government. Similar to education policy under Labour, it tended to be pushed to the back of the queue for money, behind housing, health and defence. School building came to a standstill and there was also a fall in the number of university students from 85,000 in 1950 to 82,000 in 1954.

KEY QUESTIONS

What is the post-war consensus and how did Conservative policies demonstrate an alignment with the post-war consensus?

KEY INDIVIDUALS

Churchill**McLeod****Attlee****Bevan**

KEY DEFINITIONS

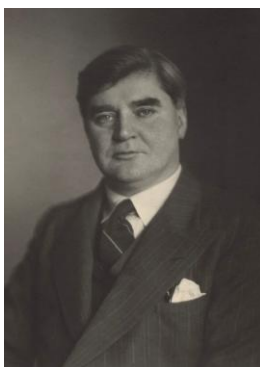
Post-War Consensus**Minister****Education Act**

LABOUR IN OPPOSITION

One reason for the Conservatives remaining in power for so long was the condition of the Labour Party. Although Labour's record in office between 1945 and 1951 was strong, the party was divided internally and less able to recover from defeat in 1951 than the Conservatives in 1945. The lack of unity continued for much of the period, the split being between supporters of two key party figures:



Hugh Gaitskell
Supporters known as the 'Gaitskellites' or revisionists as they wanted to reform the party



Aneurin 'Nye' Bevan
Supporters known as the Bevanites or fundamentalists as they wanted to maintain the traditional principles of the party

Internal disputes

One explanation that has been offered for Conservative dominance in this period is the divisions within the Labour Party. Although Labour was fortunate that Attlee's successor, High Gaitskell, was a talented politician and excellent public speaker, he was not able to unite the party. The party was divided over whether it wanted to move further to the left or right in British politics and Gaitskell was unable to resolve this.

Socialism

The key issue that divided the party was the future of socialism. Those on the left of the party (Bevanites) believed that the welfare measures introduced between 1945 and 1951 were just the first step along the road to a truly socialist Britain. They argued that there should be far more state control of the economy and society and disagreed with the moderate direction pursued by both Clement Attlee, the Labour leader from 1935 to 1955, and his successor, Gaitskell. In 1952 Bevan published *In Place of Fear*, which argued that:

It is essential that we should keep clear before us that one of the central principles of socialism is the substitution of public for private ownership. There is no way round this.



The left of the party also believed that the unions, which represented the working man, should have a real say in the development of party policy. This conflicted with those on the right of the party who wanted policy to be decided by the parliamentary party and not by the unions, many of which were led by powerful figures on the left of the party. The party was also split over its attitude towards social reform and economic change. The most notable politician on the right of the party was Anthony Crossland who argued that the emphasis should be on social equality, rather than economic change, as capitalism had been "reformed and modified almost out of existence". This led to divisions with the left of the party over Clause IV of the Labour Party constitution about nationalisation. The left of the party wanted a greater commitment to Clause IV and to also ensure that state had greater control over industry, the economy and society

Clause IV

To secure for the workers by hand or brain the full fruits of their industry and the most equitable distribution thereof that may be possible on the basis of common ownership of the means of production

KEY QUESTIONS

How did Labour demonstrate weakness during the period 1951-1964?

Why did Labour continue to be divided throughout the period?

KEY INDIVIDUALS

Bevan

Gaitskell

Wilson

KEY DEFINITIONS

Socialism

Bevanites

Gaitskellites

Clause IV

LABOUR IN OPPOSITION

Nuclear policy

There were also divisions over Labour's nuclear policy. The left of the party wanted unilateral nuclear disarmament so that more money was available for social reforms, while others on the left argued that Britain should disarm so that the Soviet Union should not fall too far behind in the arms race with the West. The right of the party were opposed to unilateralism and wanted Britain to maintain its independent nuclear deterrent. However, on this issue Bevan was less radical and rejected unilateralism at the Party conference of 1957. Nonetheless, he opposed the party's approval of the rearmament of Germany and its inclusion in NATO, which he believed would alienate the Soviet Union. These divisions were so great that in 1955 Bevan was expelled from the parliamentary party for challenging official Labour policy.

These divisions came to a head at the 1960 conference. Gaitskell had defeated Bevan for the leadership of the party in 1955 and believed that this gave him the go-ahead to take the party in a more centrist direction. Defeated for a third successive election in 1959, Gaitskell argued that the left had weakened the party with their unilateralist views, which he argued were unpopular with the country. However, the left of the party attacked the party's nuclear policy and at the party conference forced a unilateralist policy on the party using the block votes of the unions, which allowed the left-wing leaders of the unions to cast their votes on behalf of all the members of their unions, despite the fact that the majority were moderates and did not agree with the policy. However, within a year the policy was abandoned. There were also divisions over nationalisation as the left accused Gaitskell of abandoning it as a priority.

Block Votes: At Labour Party conferences each trade union and constituency could cast a vote, the size of which depended on the size of its membership. The larger the union or constituency party, the larger its vote. Because the votes were cast as a single block, all the members of the union or constituency party were assumed to have the same opinion.

Attitudes to Europe

A further handicap for the Labour Party was its attitude towards Europe. Attlee had declared that Labour was opposed to Britain joining the EEC and in 1962 this stance was continued by Gaitskell, which hardly gave the party the appearance of modernisation and progression.

The 1959 general election

During the 1955 election campaign Attlee appeared both ill and tired in contrast to Eden, the new Conservative leader. Following Labour's defeat Attlee was succeeded by Hugh Gaitskell, a gifted politician. However, his death in 1963, at the age of only 57, meant that he never became Prime Minister. Gaitskell was on the right of the party, but he believed that his victory in the 1955 leadership contest had given him the authority to lead the party away from policies such as unilateralism, which were not popular with the public. However, his period as leader coincided with divisions over the party's future and a poor election campaign in 1959. Labour stood a chance of winning in 1959 as the election was only three years after the Suez Crisis and the government's budgetary policies appeared unsound. However, the result was a disaster for the party as the Conservatives not only increased their majority to 100, but also came close to winning 50 per cent of the popular vote.

The Conservatives were fortunate that the election coincided with a period of economic recovery and allowed them to claim that "Life is better with the Conservatives". However, Labour also made mistakes. They promised an increase

EXAM QUESTIONS

The main reason behind Conservative Dominance in the period 1951-1964 was the continued weakness of the Labour Party. How far do you agree?

STRETCH

To what extent did Labour weaknesses contribute to Conservative Dominance?

SUMMARY NOTES

Notes Due:

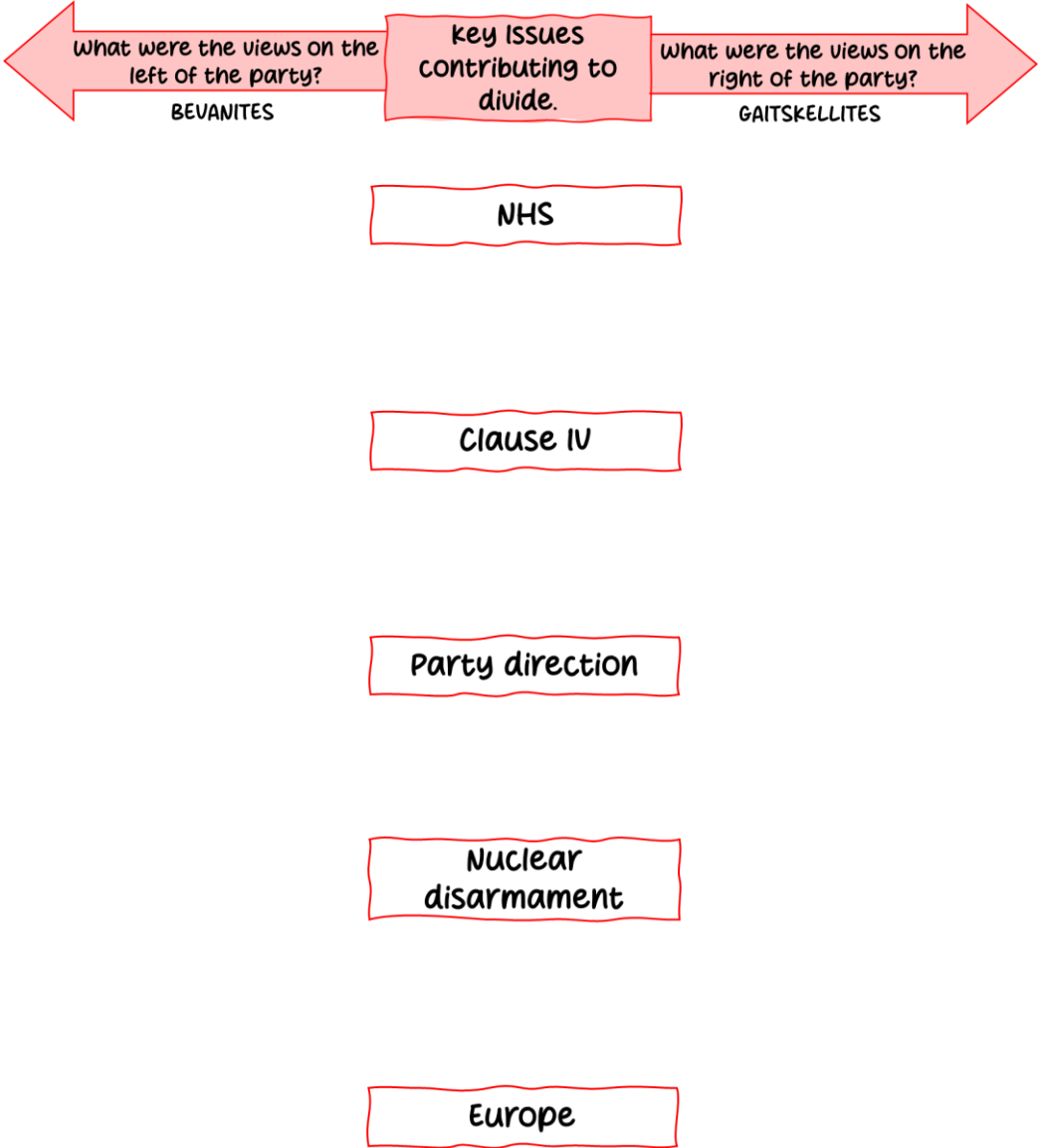
Notes Completed:

LABOUR IN OPPOSITION

in state pensions without a rise in taxes, and when questioned how it would be funded had few answers and were simply not believed. In contrast, the government had reduced income tax before the election and, with their record of improving living standards, appeared to offer security and prosperity. Added to the other problems faced by the Labour party it was not surprising that their performance was so poor, but it only added to the internal arguments that reached their climax at the 1960 party conference.

Party	No of votes	No of seats	% vote
Conservatives	13,749,830	365	49.4
Labour	12,215,538	258	43.8
Liberals	1,638,571	6	5.9
Others	255,302	1	0.9

The death of Gaitskell in 1963 resulted in Harold Wilson being elected as leader of the Labour party. He presented a youthful and working-class image, which was in direct contrast to Douglas-Home. He was able to dominate the direction of the 1964 election campaign and stress the need for modernisation of the economy with his emphasis on “the white heat of technology”. Labour therefore entered the election expecting to win.



SUMMARISE:

Summarise the main reasons for divide within the Labour Party

SOCIALISM

WELFARE

NUCLEAR POLICY

ATTITUDE TO EUROPE

DECLINE

Why did support for the Conservative Party Decline?

The last years of the Conservative government were damaged by a series of scandals which, although not the direct fault of the government, reflected badly on it and gave the appearance of a ministry that had lost control. However, it was not just the scandals that lost the government support and ultimately the 1964 election. There were a number of reasons for the loss of support: the economy was declining; the government had failed to secure membership of the EEC; and the leadership of the party no longer appeared to be strong after the "Night of the Long Knives" and Macmillan's subsequent retirement.

Economic Problems

From 1961 the economy was in decline:

- Growing balance of payments deficit
- Increased strike activity esp. amongst dockers
- Rising unemployment: 800,000 by 1963
- Poor economic growth in comparison with the rest of Europe

Government policies to deal with the problems were unpopular and ineffectual:

- Pay Pause: Pay freeze for public sector workers such as nurses
- National Economic Development Council (NEDDY): Attempts at co-ordinated economic planning
- National Incomes Commission (NICKY): Body established to try to control wages

All of the above had virtually no economic impact

EEC Rejection

Both major political parties had been hostile to Britain joining the EEC when it had been established, but with the loss of Empire and the Suez Canal, which both raised questions about Britain's status as a world power and damaged relations with the US in the aftermath of the Suez Crisis, politicians gradually began to change their views. For many in the Conservative Party, the most important reason for a change in attitude was the economic performance of the EEC, which was far better than that of Britain. This became even more apparent with the worsening of the British economy after 1961. However, the French President, Charles de Gaulle, had serious reservations about Britain's sincerity and commitment to Europe and blocked its application. It was humiliating for Britain and revealed to many just how weak the country was.

Night of the Long Knives

The Night of the Long Knives is the name given by the British press to the reshuffle of the cabinet undertaken by Macmillan in 1962. The declining economy resulted in losses in by-elections throughout 1962, such as Orpington where the Liberals overturned a Conservative majority of 14,000 and won the seat by 7,000 votes. Similarly Labour captured the previously safe Conservative seat of West Middlesbrough. This growing unpopularity was also seen in the opinion polls as Labour surged ahead. Therefore, Macmillan concluded that a cabinet reshuffle was needed.

KEY QUESTIONS

Why did support for the Conservative Party decline?

What were the main reasons behind Conservative Decline?

KEY INDIVIDUALS

Macmillan

Eden

Charles De Gaulle

Douglas-Home

Profumo

Vassal

Argyll

KEY DEFINITIONS

Night of the Long Knives

EEC

NEDDY

NICKY

Balance of payments

DECLINE

The reshuffle saw a third of the cabinet replaced – including the Chancellor Selwyn-Lloyd. Macmillan saw the reshuffle as an opportunity to bring some younger members of the party into the cabinet as his cabinet had been seen as “old” in comparison with some of the younger and dynamic politicians within the Labour Party and in comparison with the youthful US President J.F. Kennedy. Although there was some initial improvements in his ratings after the reshuffle, it also resulted in his being seen as “Mac the Knife” and damaged the unity of the party, prompting a historian to comment:

Planning required either a government which commanded enough prestige to force its will upon people or a system in which people could be confident that they would be treated fairly. Macmillan did not possess either claim to authority after the ministerial changes.

T.O. Lloyd, *Empire to Welfare State: English History 1906-85, 1986*

Macmillan never recovered his authority in either the party or country as shown in the opinion polls.

Scandals

The large number of scandals that befell the government in 1963 served only to make matters worse and have prompted the historian, Paul Addison to suggest that they delivered the “coup de grace to the Conservative government”. Although the Profumo Affair is probably the most famous, there was also the Vassall Affair, the Philby Case and the Argyll divorce case. Each further weakened the government.

The Vassall Affair:

Vassall was a civil servant in the Admiralty who spied for the Soviet Union. There were rumours that senior figures in the Admiralty tried to protect him and although no evidence of a cover up was found, it created distrust and gave the impression that the government was not in control of its departments

The Philby Case:

Kim Philby was a senior official at the Foreign Office and had been passing information to the Soviet Union and recruiting spies for them. He fled to Russia in 1963 to avoid arrest. Similar to the Vassall incident, the government appeared weak for failing to spot a traitor in the Foreign Office for so long.

The Argyll divorce case:

In 1963 the Duke of Argyll sued his wife for divorce on the grounds of adultery. In court a list of 88 names was produced with whom it was alleged she had, at various times, had group sex. There were rumours that government ministers were involved and led to the famous radio comment from a comedian that she should have married Plymouth Argyll rather than the Duke of Argyll. The allegation that government ministers were involved offended many Conservative voters traditional values.

The Profumo Affair:

The Profumo scandal caused the government the most problems. John Profumo's (Minister of War) liaison with Christine Keeler, a high class escort, was a security risk because of her links through prostitution to the Russian embassy. Not only did Profumo deny the affair in the House of Commons, but it also became known that he had met her at the home of Stephen Ward, an osteopath who treated a number of Conservative MPs, and this damaged the party by association. Macmillan initially backed Profumo. However, the media continued with the story throughout the summer and Profumo was forced to resign. Macmillan looked weak and naïve, and his government looked sleazy and out of touch

EXAM QUESTIONS

Assess the impact of scandals in the decline of the Conservative Party.
[20 marks]

STRETCH

What is the main reason behind the decline of the Conservative Party in 1963-64?

SUMMARY NOTES

Notes Due:

Notes Completed:

DECLINE

Social tensions and riots, 1958-59

The clearest evidence of social tensions were the race riots that broke out in 1958 as Britain struggled to start to adapt to being a multi-racial society. After the Second World War immigration from the Empire had been encouraged as workers were needed to fill the labour shortage. However, tensions developed as the immigrants were blamed for housing shortages in many of the poorer areas where rent was cheaper. Similarly, immigrants were blamed for job shortages because of their willingness to work for lower rates of pay. In 1958-9 these tensions spilled over into riots in some of Britain's main cities, such as London, Bristol and Nottingham. The most notable outbreak of violence occurred at Notting Hill where white youths tried to attack black-owned and rented properties. The police struggled to maintain order, but afterwards heavy prison sentences were imposed on those who provoked the violence.

The government set up the Salmon Inquiry, which concluded the trouble was due to increased immigration, and made no reference to the discrimination or racism suffered by the immigrants in matters such as housing or employment. The government responded to the inquiry report by passing the 1962 Commonwealth Immigration Act, which limited the number of immigrants depending on their ethnic origin. However, as the Act was moving through Parliament there was a rush of immigrants to avoid the restrictions, which served only to further fuel the concerns of those who wanted greater controls on immigration.

**Youth sub-culture**

The other social problem facing the government was the development of a youth sub-culture. This included those young people who had interests or beliefs that did not conform to the majority of their age group. In some instances this escalated into violence, as seen in the clashes between "mods and rockers" who often confronted each other in holiday resorts during bank holidays. Many were benefitting from the greater affluence and had more money available to spend on the increasing variety of goods, such as transistor radios. This generation had also not lived through the war and did not feel constrained by the horrors and grim times of the past and as a result did not feel bound by traditional hierarchical structures and a respect for authority, which their elders still had. Moreover, new forms of entertainment, both musical, with "rock and roll", and satirical television shows, challenged the established behaviour of deference.

However, not all of the young gained from the increasing affluence and those who missed out on the increasing wealth often felt alienated and developed a "sub-culture" which resulted in the emergence of anti-social behaviour, seen in the fights that took place between the mods and rockers during the summer of 1964. Many of the young were losing respect for those in authority because of the increasing number of scandals. All of this helped to undermine a Conservative Party still associated with tradition and hierarchy and which was lampooned in the new satirical magazine, *Private Eye*, or on programmes such as *That Was The Week That Was*. Despite attempts to modernise, the choice of Douglas-Home as Macmillan's successor in 1963 appeared to confirm to many that it was out of touch.

RANKING

Rank each of the factors in their contribution to Conservative Decline and explain your judgement

ECONOMIC PROBLEMS

YOUTH SUB-CULTURE

SOCIAL TENSION AND RIOTS

SCANDALS

EEC REJECTION

DECLINE		
FACTOR	EXPLANATION: DEVELOP YOUR UNDERSTANDING OF THE FACTOR	ANALYSIS: WHY IS THIS RELEVANT TO CONSERVATIVE DECLINE?
Economic difficulties		
EEC		
Leadership		
Social Change		
Scandals		

1964 ELECTION

EXPLAINING LABOUR'S VICTORY IN THE 1964 ELECTION

Harold Wilson's leadership of the Labour Party

The attitude of the electorate to the Conservatives

The Revival of the Liberal Party

Changes in British Society in the 1950s

Harold Wilson's Leadership of the Labour Party

The Labour Party appeared to be more united than it had been in either the 1955 or 1959 elections. Their divisions over nuclear weapons, Europe and nationalisation had not disappeared. However, Harold Wilson, elected leader in February 1963, was able to gloss over them by presenting the Labour Party as modern, dynamic and progressive. The party's election manifesto promised a range of policies to promote faster economic growth and full employment, as well as improved welfare and health services, better housing and a programme of comprehensive education. These commitments echoed Wilson's pledge to

"harness science to our economic planning" and create a "Britain that is going to be forged in the white heat of this (technological and scientific) revolution."



Wilson himself seemed to personify this new, progressive Britain in which talented people from humble backgrounds could succeed. He was a former teacher of economics at Oxford University, but he stressed how different he was from the Old Etonians who led the Tory Party by cultivating his image as a man of the people – a Yorkshire-born, grammar-school boy and football fan. He appeared to be just the kind of classless professional the country needed to tackle its economic difficulties.

How the electorate regarded the Conservatives

The Conservatives had been in power since 1951, and many voters blamed them for the economic problems which became apparent in the early 1960s. The Tories did not seem to have the answers to the problems of rising employment, inflation, industrial unrest and the growing disparity in wealth between the regions of Britain. Labour claimed that the Tories had presided over "thirteen wasted years".

The Conservatives also seemed out of touch with a modern democratic society. Their new leader Sir Alec Douglas-Home, was a Scottish aristocrat – the fourteenth Earl of Home – who had given up his peerage when he became prime minister in October 1963. Already 60 years old when he became prime minister, he appeared no match for the 47 year old Wilson. Tories were implicated in seedy sex scandals too. The electorate was given the impression that the Tories were an old-fashioned, self-indulgent elite.

The revival of the Liberal Party

The growing unpopularity of the Tories in the early 1960s benefitted the Liberal Party as middle-class voters who wanted to register a protest at the Conservative Party were not prepared to vote for Labour. This was shown by the by-election result in middle-class Orpington in 1962, when a Conservative majority of 14,700 was overturned by the victorious Liberal candidate who won with a majority of 7850.

The Liberal revival brought them more publicity, increased funding and some

KEY QUESTIONS

What were the main reasons for the outcome of the 1964 election?

KEY INDIVIDUALS

Wilson

Douglas-Home

KEY DEFINITIONS

Liberal Revival

13 wasted years

Orpington

Post-war consensus

1964 ELECTION

talented new recruits. As a result they were able to contest many more seats in 1964 than they had done in 1959. They gained only three more seats but doubled their vote. This considerably affected the outcome of the election because, by taking votes from the Conservatives, they helped to hand victory to the Labour Party in many seats (for example Dover, Wellingborough and Bolton East) even though the overall Labour vote fell a little.

Changes in British Society in the 1950s

Living standards improved in the 1950s. Having more money to spend made people, especially the young, more independent and less willing to accept traditional authority. These attitudes were encouraged by the cultural changes of the decade in which plays, novels and television examined the class structure, satire poked fun at politicians, and pop music and cinema challenged attitudes to sex. Grammar schools gave bright pupils from underprivileged backgrounds unprecedented opportunities to enter universities and careers. All of this created a climate in which many people, especially the young, aspired to create a new, modern, classless Britain run with professional, scientific competence. The Labour Party benefitted from this mood; opinion polls showed that it was significantly more popular with voters under the age of 44 although it lagged behind the Conservatives among older voters and women.

Why was the result so close?

If a mere 900 voters in eight crucial constituencies had voted Tory instead of Labour (or not voted at all) the Conservatives would have won. The Labour Party actually secured fewer votes in 1964 than it had done in 1959, which suggests that the election was more a rejection of the Conservatives than an endorsement of Labour.

Factor	Impact
Douglas-Home’s leadership	Turned out to be a more effective PM than many expected. Appeared modest, decent and trustworthy.
Conservative tax cuts	Chancellor, Reginald Maudling, cut taxes in the 1963 budget. Earnings rose and unemployment fell at the end of the parliament to 300,000 in July 1964.
Attitudes to the Labour Party	Many still distrusted Labour and disliked their links to the trade unions and support for nationalisation. Very few of the key leaders of the party had held office before and seemed inexperienced.

	OCTOBER 1959		OCTOBER 1964	
PARTY	VOTES	SEATS	VOTES	SEATS
Conservative	13,749,830	365	12,001,396	304
Labour	12,215,538	258	12,205,814	317

EXAM QUESTIONS

Assess the reasons behind the outcome of the 1964 election [20 marks]

STRETCH

What was the main reason behind the outcome of the 1964 election?

SUMMARY NOTES

Notes Due:

Notes Completed:

WILSON'S LEADERSHIP

Labour in Power: 1964-1970: The New Government

Harold Wilson had excited high expectations of change. His was to be a Britain run by energetic meritocrats not aging aristocrats. His Cabinet certainly was noted for its intellect, filled as it was with a large proportion of men and one woman with first-class degrees from Oxford. Wilson himself was a noted academic high-flyer, having gained some of the highest marks ever awarded in his degree papers. He was an extraordinary mixture of high intelligence and unassuming middle-class tastes. Not for him the fine wines and fine food beloved of Roy Jenkins. It was reputed that another of his close Cabinet colleagues, Richard Crossman, also a notable Oxford intellect, offended Wilson's wife by refusing the humble Nescafe offered to him at Number 10. Wilson, all agreed, was not only highly intellectual but very nice. He was pleasant to all, showing as much courtesy and good humour to his drivers as he did to the queen, with whom he famously got on. There was something of the Boy Scout about him and he was probably more influenced by his happy time as a scout than socialist theory. He explained his attitude to politics to the BBC political correspondent, John Cole, and socialist theory was pretty low down on the list.

Wilson's pragmatism could easily develop into a less attractive "opportunism", for which he was criticised by colleagues and subsequently historians. Part of this arose from the circumstances of his government in 1964 with its wafer-thin majority, a point made by the Cambridge historian Peter Clarke.

Wilson became the master of the short-term fix, out-manoeuvring his Conservative opponents and his would-be rivals in his own Cabinet. He was increasingly given to sensing plots to replace him and surrounded himself with a "kitchen cabinet" in Number 10, which encouraged this trend. One of the most powerful influences was his political adviser, Marcia Williams who exercised an unaccountable hold over him. Within the real Cabinet, Barbara Castle and Dick Crossman, both ex-Bevanites, were friends as well as colleagues. The same could not be said of the other leading ministers, most of whom were from the Gaitskellite wing of the party and could by no stretch of the imagination be classed as friends to the Prime Minister. Wilson's technique for managing Cabinet meetings was to allow his colleagues to talk themselves into the ground. Possibly his most hostile colleague was the Labour deputy leader, George Brown who was deeply resentful of Wilson. Brown was an extraordinary individual. He had come up through the trade unions and unlike most of the Cabinet had not been to university.

Wilson's government with a majority in single figures, was unusually dominated by electoral considerations, a fact which played alike to the Prime Minister's skills as his inclination. He foresaw 1966 as the moment when he would form his "real" cabinet, once his interim administration had improvised its way to a more convincing electoral victory, through adroit tactics and clever compromises, designed to keep everyone guessing. The end was duly achieved, but at the price of making the means into a way of life, from which it was subsequently difficult to escape.

Peter Clarke, Hope and Glory: Britain 1900-2000, 1996

KEY QUESTIONS

How can we characterise Wilson as a leader?

How did Wilson differ from prior Conservative leaders?

KEY INDIVIDUALS

Wilson

Barbara Castle

Marcia Williams

KEY DEFINITIONS

Gaitskellite

Cabinet

Trade Unions

Pragmatism

ECONOMY

The government had to take immediate steps to tackle the balance of payments deficit. If it failed to do so, it would gain a reputation abroad for economic incompetence which would discourage foreign investment and damage the earnings of the City of London. The government was faced with an unpalatable choice between two contrasting solutions:

DEFLATION

OR

DEVALUATION

As soon as he came into office, Wilson ruled out devaluation because:

- He believed it would reduce the savings of thrifty, working-class families – people he admired and whose interests he believed the Labour Party should be defending.
- He was aware that devaluation had destroyed one Labour government in 1931 and, in 1949, had severely damaged the Attlee government in which he had served.
- He did not want the voters to associate Labour with what he called “the easy way out” of economic difficulties.
- He did not want to upset the Americans. They also had a balance of payments deficit and the US Treasury feared that if the British devalued, the currency traders would assume the Americans were about to do the same and start a run on the dollar.
- He knew that, with a tiny Commons majority, he would have to have another election before long. He told one of his Cabinet colleagues:

“Devaluation would sweep us away. We would have to go to the country defeated. We can’t have it!”



In autumn 1964, the Chancellor, Jim Callaghan, negotiated foreign loans to prevent a run on the pound and, over the next nine months, introduced a series of deflationary measures which included higher taxes on tobacco and alcohol, and a temporary import surcharge. However, in return for US financial assistance he had to agree to maintain British Far Eastern bases. British forces were fighting in Borneo to defend the Commonwealth state of Malaysia against Indonesia. The Americans, already embroiled in Vietnam, wanted continued British support in the region.

The National Plan, September 1965

Wilson believed that better planning could, in the long term, make British industry more competitive. He created a new ministry – the Department of Economic Affairs (DEA) – to devise a plan to modernise and improve Britain’s economy. The National Plan was published in September 1965.

Targets: 1. Annual growth rate of 3.8% over 6 years 2. Increase in exports of 5.25% each year to wipe out BOP deficit	
FEATURES: - Creation of the National Board of Prices and Incomes (NBPI) to ensure wage increases were accompanied by increases in productivity. Provision for investment into the modernisation of British industry, the improvement of workers' skills and a programme of regional development	LIMITATIONS: The Treasury refused to co-operate with the DEA. The Treasury's use of deflationary measures undermined targets for government spending. The NBPI had no power to enforce decisions. It relied on the co-operation of the trade unions, who did not support wage restraint.

KEY QUESTIONS

How strong were Wilson’s economic policies?

Why was Wilson initially against devaluation?

How successful were Wilson’s economic policies?

KEY INDIVIDUALS

Wilson

Callaghan

Jenkins

KEY DEFINITIONS

Deflation

Devaluation

National Plan

Balance of Payments

Treasury

NBPI

ECONOMY

As a result of in-fighting, the Department of Economic Affairs was wound up in 1969. Nevertheless, the National Plan contributed to the Labour Party's victory in the March 1966 general election because it suggested that the government had a coherent vision for the future. They campaigned on the slogan, "You know Labour government works". The Chancellor's deflationary measures had reduced the balance of payments deficit and prevented a run on the pound, but critics were already pointing out that the government was struggling to impose wage restraints and that the DEA and the Treasury were pursuing contradictory policies.

Devaluation, 1967

The general election of 1966 gave Labour a substantial majority. But, in November 1967, the government had to accept the humiliation of devaluing the pound because there seemed no other way out of its economic difficulties.

- May 1966 seamen went on strike demanding a pay increase that exceeded government pay guidelines.
- The strike damaged British exports and poor trade figures threatened another run on the pound.
- Although the strike ended in July, the government once again chose deflation rather than devaluation to deal with the balance of payments deficit.
- Unemployment was increasing: 1964: 1.7 million; 1967: 2.5 million. In addition another BOP deficit put the pound under pressure once again by autumn.

How successful was devaluation?

The trade figures were stubbornly slow to improve and the substantial balance of payments deficit remained. Nor did devaluation prevent cuts in spending. Roy Jenkins replaced Callaghan as Chancellor but, despite devaluation, concluded that severe deflationary measures were still needed to cure the balance of payments crisis.

Jenkins' deflationary policies:

- ② Reduction in military commitments – January 1968 the government announced that all British forces east of Suez (apart from those in Hong Kong and the Persian Gulf) were to be withdrawn by the end of 1971.
- ② Welfare state – prescription charges, abolished in 1964, were reintroduced.
- ② Education spending – the raising of the school leaving age from 15 to 16 was deferred from 1971 to 1973, a change that undermined the educational reform that Labour had believed essential to its plan to modernise Britain.

In the budget of March 1968 Jenkins, determined to overcome the balance of payments deficit, delivered another hefty dose of deflation, increasing taxation by £923 million. During 1969 there were signs of improvement. The balance of payments at last showed a surplus, the value of sterling rose and interest rates were reduced.

The economic record of the Labour government

It is possible to argue, that, by its short-term focus on the balance of payments and the value of the pound, the Labour government was no more successful than the Tories had been in tackling the underlying weakness of the British economy. For example, the rate of inflation had not been slowed, and unemployment was higher in 1970 than it had been in 1964. Arguably, the Labour government's failing to tackle Britain's long-term problems prevented it from achieving the ambitious aims it had set itself in 1964 of modernising the country and successfully planning a productive, competitive economy.

The Labour government did however, endeavour to improve Britain's transport network by building motorways in the north of England. It also encouraged the development of manufacturing sites in south Wales, Scotland, Merseyside and Tyneside. However, sustained improvement in industrial productivity was undermined by the government's deflationary policies which imposed cut-backs in government investment.

EXAM QUESTIONS

To what extent did Wilson effectively deal with problems faced by the Labour government in the period 1964-1970?
[20 marks]

Britain's % share of world export of manufactured goods

Year	%
1950	25
1960	16
1970	11

STRETCH

How far were economic policies under Labour the main reason behind the outcome of the 1970 election?

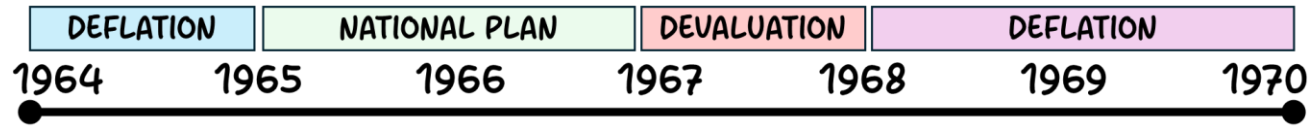
SUMMARY NOTES

Notes Due:

Notes Completed:

ECONOMY

HOW WOULD YOU ANALYSE THE FOLLOWING DETAILS IF YOU WANTED TO PROVE THAT CONSERVATIVE DOMINANCE WAS DUE TO SOCIO-ECONOMIC ISSUES?	
Housing: home ownership grew to 44% and 1.7 million houses were built 1951-64	
1951-52: balance of payments deficit was reduced and turned into a surplus of £259 million	



Policy	Detail	Impact	Judgement
Deflation	Loans from the USA Higher tax on alcohol and tobacco	Limited impact, BOP deficit remained – switch to National Plan	
National Plan			
Devaluation			
Deflation			

SOCIAL REFORM

Wilson's Labour Government 1964-1970: The transformation of society

There had been important social changes in the 1950s, which had resulted in changing attitudes:

- The increase in prosperity meant people travelled more and reduced the divisions between the social classes.
- The 1950s had saw improved education, a higher standard of living and less respect for tradition.
- Youth culture, the emergence of the civil rights movement in the US and more employment opportunities for women brought demands for equality.



Many argue that it was Home Secretary Roy Jenkins ability to build upon these developments, and his encouragement of what he termed “the civilised society”, that made a significant impact on ordinary people in Britain. Under Jenkins and his successor Jim Callaghan, there was a “freeing up” of society as the state eased regulation of whole areas of human behaviour and softened punishment.

Most of the reforms had been under discussion for many years, pushed for by activists who were somewhat ahead of public opinion. However, no government until the mid-1960s had wished to court controversy and possible unpopularity by taking a lead.

In 1965, a Bill that suspended the death penalty for five years was passed and then in 1969, it was completely abolished. Jenkins also created a Criminal Justice Bill in 1967, which ended the birching of young offenders. It also introduced the concept of a suspended sentence and extended early parole for certain prisoners. The purpose of both these changes was to reduce the growing prison population, but the same Bill sought to increase the certainty of convictions by allowing majority verdicts in jury cases. There was much evidence of intimidation of some jurors in trials involving major criminals and the police pressed this change on the Home Secretary as a solution. However, public opinion on the death penalty was mixed. In fact, some opinion polls actually showed that the death penalty in murder cases, was actually very popular.

In July 1967 the Sexual Offences Bill was passed. There had been growing pressure from the great and the good to legalise sexual practices between consenting adults. Many had noted how the law as it stood encouraged blackmail and that the spy, John Vassall, would probably not have betrayed his country had it not been possible for the Russians to blackmail him for his sexual tastes, which happened to run counter to those of the majority of his fellow citizens. Across much of the country, by the early 1960s, there was a slow but growing toleration of homosexuality.

The issue of abortion excited even more controversy and its criminalisation probably caused more misery and suffering than the penalties attached to homosexual practices. The illegality of abortion makes estimates of its use difficult to assess, but 100,000 illegal abortions per year in the UK in the 1950s appears the best estimate. This added up to considerable medical risk as well as social stigma and humiliation for many girls and women. The Bill not only legalised abortion on the grounds of physical harm to the mother, but also allowed her mental health to be taken into account, and it was on these grounds that the majority of abortions were to be

KEY QUESTIONS

Churchill

Lloyd George

Baldwin

KEY INDIVIDUALS

Gold Standard

Chancellor of the
Exchequer

Wall Street Crash

KEY DEFINITIONS

SOCIAL REFORM

undertaken. Another liberalisation sought to cut the number of unwanted pregnancies and the Family Planning Act of 1967 removed the restrictions of medical or marital status on women's access to local authority birth control services and effectively made contraception available to all. This was, of course, damned by some as encouraging "immorality" among the unmarried. In general many traditionalists were outraged and believed that the changes to the law on homosexuality, contraception and the legalisation of abortion encouraged "promiscuous" sex and created a permissive society. A campaign led by Mary Whitehouse against what she regarded as excessive sex, violence and bad language in BBC programmes gained 400,000 supporters.

**Mary Whitehouse**

Mary Whitehouse was a Birmingham housewife. In 1963, she began her own "moral crusade" against what she saw as a "tide of immorality and indecency" in Britain at that time; her crusade was directed in particular at the director-general of the BBC, Sir Hugh Greene.

It was not until 1969, after Jenkins had left the Home Office, that another of his favoured projects finally entered the statute book. The Divorce Reform Act made divorce much easier. To its supporters, it helped to end years of private suffering and domestic unhappiness; to its critics it encouraged the break-up of the family.

Two other important changes encouraged by Jenkins were the abolition of theatre censorship, carried out for centuries by the Lord Chamberlain's office, and two Race Relations Acts, in 1965 and 1968, established and then extended the powers of a Race Relations Board, designed to investigate complaints against unfair discrimination. Many new arrivals from the Commonwealth settled into working-class areas. This led to a problem for the Labour Party: immigration was unpopular with Labour voters in inner-city areas. One reason for concerns around immigration was racial prejudice, but there was also fears that competition for jobs would mean lower wages. This was why the government tightened the rules on immigration in 1965 and 1968. The 1965 act made discrimination in public facilities illegal and the 1968 act extended the principle to housing and employment. The acts did attempt to tackle discrimination, but the enforcement methods were weak, making it difficult to secure convictions. Politically, the government lowered the voting age from 21 to 18 in 1969. Women also benefitted from the Equal Pay Act of 1970. This bill stated that men and women were to receive the same pay for the same work.

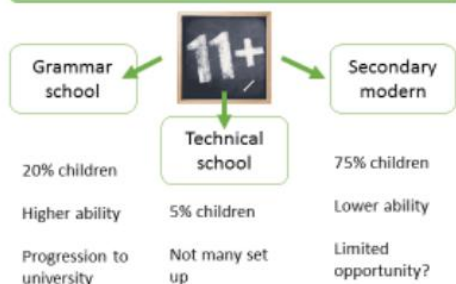
Education reform:

Under the remit of Education Secretary Anthony Crosland



"If it's the last thing I do, I'm going to destroy every ****ing grammar school in England".

Taken from the memoirs of Crosland's wife Susan

Butler Education Act 1944**Crosland's reforms:**

- Opposition to the 11+ exams
- Creation of **Comprehensive Schools** for children of all abilities
- Government funding for new school buildings linked to willingness to develop comprehensives
- 1970 report claimed **129** out of **163** local education authorities agreed plans for reorganisation of secondary education
- In Higher Education university provision was expanded, particularly with two new developments:
 - **Polytechnics** – advanced technical colleges
 - **Open University** created – allowed adults to work towards a degree on a part-time basis

EXAM QUESTIONS

To what extent did Wilson effectively deal with problems faced by the Labour government in the period 1964-1970? [20 marks]

STRETCH

To what extent were Wilson's social reforms civilised or permissive?

SUMMARY NOTES

Notes Due:

Notes Completed:

TRADE UNIONS

Some economists argued that the trade unions contributed to Britain's economic difficulties:

1. **In times of inflation: Unions demanded wage increases for their members and fought government attempts to link pay increases to increased productivity**
2. **Higher wages meant reduced profits of the employers and limited the potential for investment into new methods and machinery**
3. **Strikes in the period often disrupted British exports and worsened the balance of payments situation**

Wilson had hoped to improve industrial relations and win trade union support for his efforts to modernise Britain, but the economic difficulties of the 1960s opened a rift between the government and the unions. Wilson became convinced that:

- Strikes for higher pay, many of them unofficial, were disrupting production, forcing up labour costs and contributing to inflation and Britain's poor export performance.
- Industrial relations needed to be more strongly regulated if the government's efforts to control prices and wages were to succeed. However, the unions argued that: - The country's lack of competitiveness should be blamed on employers and on government investment policies, not employees.
- The government's attempts to limit wage increases unfairly penalised low-paid workers.
- The right of unions to bargain freely with their employers should not be restricted by laws.

It was particularly difficult for the Labour government to reform industrial relations because the trade unions were their traditional allies and provided the Labour Party with most of its money. Their block votes at Labour Party conferences could often prove decisive in determining party policy. However, by 1966 and 1967, the relationship between the leadership of the Labour Party and the unions was beginning to fall apart. The big strikes by the seamen and the dockers caused massive problems for the government. These strikes showed how the old-style union bosses were losing some of their control. A lot of strikes started with "wildcat" strikes by local activists who would not take orders from the top.

Barbara Castle and "In Place of Strife", 1969

In 1968 Wilson was worried by press criticism of his failure to tame the unions and by the Conservative announcement of their own plan to reform industrial relations. In April he asked Barbara Castle, a Cabinet colleague, to lead the newly established Ministry of Employment and Productivity and reform industrial relations. Castle was a fiery personality from the Bevanite left-wing of the party. She believed strongly in a powerful trade union movement but she was also convinced of the need for it to act responsibly. In January 1969, Castle produced her report, "In Place of Strife".

In Place of Strife : Key proposals

- Employees would have a legal right to join a trade union.
- The government could order a ballot to be held before a strike if it believed there was a serious threat to the national interest.
- In an unofficial dispute the government could order a return to work for a 28-day "cooling-off" period.

KEY QUESTIONS

How did industrial relations deteriorate in the period between 1855 and 1964?

How did industrial relations contribute to the loss of the 1970 election?

KEY INDIVIDUALS

Wilson

Barbara Castle

Callaghan

KEY DEFINITIONS

Trade Union

In Place of Strife

Ballot

White Collar

TRADE UNIONS

- Disputes between unions could be referred to an industrial commission whose decision would be legally binding.
- There would be financial penalties if the commission was not obeyed.
- Workers who were unfairly dismissed would be entitled to compensation or to get their jobs back

The TUC and left-wing Labour MPs were incensed by “In Place of Strife”. As one trade union leader put it, legal sanctions would “introduce the taint of criminality into industrial relations”. More than 50 Labour MPs rebelled when “In Place of Strife” was debated in the House of Commons.

Resistance within the party, the TUC and even in the Cabinet led by Home Secretary, Jim Callaghan, caused Wilson to back down. A face-saving formula was devised by which the TUC gave a “solemn and binding undertaking” that it would monitor strikes and disputes and offer “considered opinion and advice”. The failure of “In Place of Strife” contributed to the fall of the Labour government in 1970 and convinced many outside the Labour movement that trade unions had too much power, but that their resistance to change was a major obstacle to economic progress.

As traditional industries declined and white collar employment grew, some of the largest and most powerful unions lost members. There was an increase in the membership of unions representing workers in the expanding public sector of government administration, health and teaching, but this was not matched by the private sector where many employers discouraged union membership.

Industry	1961	1971
Mining and quarrying	722,000	391,000
Manufacturing industries	8,383,000	8,136,000
Building and contracting	1,600,000	1,669,000
Transport and communications	1,673,000	1,564,000
Insurance, banking and finance	722,000	952,000
Professional and scientific	2,120,000	2,901,000

Workers in selected British occupations

Union	1960	1970
National Union of Railwaymen	334,000	198,000
Shop workers	355,000	330,000
National Union of Mineworkers	586,000	279,000
Transport and General Workers	1,302,000	1,629,000
Science and Finance	25,000	221,000
Government service	140,000	185,000
National Union of Teachers	225,000	311,000
Health workers	54,000	90,000

Membership figures for selected unions

EXAM QUESTIONS

Assess the impact of industrial relations in the outcome of the 1970 election. [20 marks]

STRETCH

Assess the key figures regarding workers and membership in unions. What do they suggest regarding industrial relations and the impact on the Labour Government?

SUMMARY NOTES

Notes Due:

Notes Completed:

1970 ELECTION



Harold Wilson called an election in 1970 believing it was a good time for Labour:

- Economic improvements
- Labour ahead in opinion polls

The result was a surprise Conservative victory.

Party	% of vote won	Votes won	Seats won
Conservative	46.4	13,145,123	330
Labour	43	12,179,341	287
Liberals	7.5	2,117,035	6



Did the Conservatives win the 1970 election?

Edward Heath became Conservative leader in August 1965. Like Wilson, he had attended a grammar school and won a scholarship to Oxford. He became an MP in 1950. A passionate European, he was widely praised for his handling of the negotiations for British entry to the Common Market (EEC) in 1961-62. He was a serious and reserved person who lived sailing and music.

During the 1970 election campaign Heath relentlessly attacked the economic record of the Labour government, stressing that, since 1964, inflation had risen 33% and unemployment by over 200,000. The press almost unanimously agreed and attributed the Conservative victory to Heath himself. The Daily Express praised his "guts and leadership". Heath had a strong authority over his party as demonstrated in 1968, when he sacked Enoch Powell from the shadow cabinet. Powell was a fierce opponent of both Commonwealth immigration and the Labour government's race relations legislation. In April 1968 he made a widely reported speech in which he predicted race riots. He stated:

As I look ahead, I am filled with foreboding. Like the Roman, I seem to see "the River Tiber foaming with much blood".



Powell's speech was popular with many of the white working class who felt threatened by immigration and Heath received thousands of letters of criticism for sacking him. However, the majority of Tory MPs rallied behind their leader.

Conservative policy proposals

The Conservatives had used their years in opposition to develop a distinctive set of principles to underpin their policies. The main ideas were:

- Industrial relations law would be reformed to reduce the number of disruptive strikes and inflationary pay settlements
- There would be less state intervention in industry, especially if enterprises were loss-making
- Attempts to control prices and incomes by law would end
- Britain would apply to join the EEC

KEY QUESTIONS

What were the main factors in the outcome of the 1970 election?

Why do you think the result was a 'surprise' conservative victory?

KEY INDIVIDUALS

Heath

Wilson

Powell

KEY DEFINITIONS

Commonwealth

EEC

Shadow Cabinet

In Place of Strife

Industrial Relations

1970 ELECTION

These policies, by proposing that government should do less to manage the economy, challenged some of the assumptions that had been accepted by both parties since the Second World War. Wilson tried to mock them as prehistoric but by doing so probably only succeeded in drawing attention to their novelty.

Weaknesses of Labour in 1970**→ Wilson's Complacency**

- Pre-election approval poll: Wilson at 51% to Heath at 218%
- Did this make Wilson too relaxed?

→ Disillusionment of Labour supporters

- Barbra Castle spoke of Labour voters not turning out to vote in 1970
- Party membership had fallen from 830,000 in 1964 to 680,000 in 1970
- Many Labour supporters felt the party had been too right wing

→ Failure of In Place of Strife

- The defeat of In Place of Strife seemed to highlight that the unions held too much power over the Labour Party

What does the speech below suggest about the success of Heath's government?

Source A: Edward Heath in a broadcast to the nation, December 13th 1973.

"I want to speak to you simply and plainly about the grave emergency now facing our country....jobs will be in danger, and take-home pay will be less. We shall have to postpone some of the hopes and aims we have set ourselves for expansion and for our standard of living. We shall have a harder Christmas than we have known since the war."

EXAM QUESTIONS

Assess the impact of Labour weaknesses in the outcome of the 1970 election. [20 marks]

STRETCH

To what extent did Labour 'lose' the election?

SUMMARY NOTES

Notes Due:

Notes Completed:

HEATH'S CONSERVATIVE GOVERNMENT

Heath's Conservative Government 1970-1971

For the first year of Heath's government all appeared to be going to plan. Undoubtedly for Heath, the great achievement was getting French, and then parliamentary approval for Britain's entry into the EEC. Heath himself played a large role in winning over the French President Pompidou. Thereafter, the struggle shifted to Westminster and the difficulties in getting the British parliament to agree to it. Enoch Powell was strongly opposed as were a small band of Conservatives following his lead. Labour too were divided over the issue, and Heath only managed to succeed in getting parliamentary approval as a small group of Labour rebels led by Roy Jenkins supported him.

The budget of 1971 was a popular tax-cutting budget designed to stimulate the economy. However, some of the associated cuts in government spending were less than popular, notably the ending of free school milk. Here, it was the Education Secretary, Margaret Thatcher, who got the blame, earning her the nickname of "Thatcher – milk snatcher". Heath's government also experienced problems with falling exports as President Nixon devalued the US dollar in 1971 which meant British exports became more expensive to the US.

Heath also introduced a new framework for industrial relations. The Industrial Relations Act outlined the following provisions:

- Workers had the legal right to join (or not join) a trade union.
- An Industrial Relations Court was established.
- Government could order a pre-strike ballot and impose a cooling-off period of up to 60 days.

Many of these measures were similar to the terms outlined in Labour's failed "In Place of Strife" proposals, so it is not surprising that the Act was unpopular with most unions. Rather than prevent strike activity, days lost to strike actually increased throughout 1970 and 1972.

Heath's Conservative Government 1972

Throughout 1972 a number of problems were brewing for Heath's government as escalating inflation and pay claims led to confrontation with one of the most powerful unions in the country the National Union of Miners (NUM). It was soon clear that the Industrial Relations Act was not working as hoped as the Industrial Relations Court could only act if unions agreed to register under the Act. Most unions refused to register.

The government found itself confronted with a wage explosion with unions demanding higher pay to counteract the higher inflation. However, higher pay awards just fed further inflation as businesses put up prices to counteract the higher wages they were being forced to pay. The miners, in a declining industry, had accepted moderate pay settlements over the previous 15 years in return for job security. In the early 1970s they demanded a catch up winning a 14% pay increase in 1971. The NUM was increasingly under the influence of more extreme leaders and when a pay award of only 8% was put forward to miners in January 1972 the NUM rejected this and called a national strike.

A key tactic used by the miners in the 1972 strike was the use of "flying pickets". Using cars and minibuses, hundreds of miners could descend unexpectedly on the

KEY QUESTIONS

To what extent did Heath's government deal with the problems it faced effectively?

KEY INDIVIDUALS

Heath

Roy Jenkins

KEY DEFINITIONS

Industrial relations Act

Devaluation

In Place of Strife

NUM

Flying Pickets

HEATHS CONSERVATIVE GOVERNMENT

chosen mine to close it and swamp local police forces. This led to a number of violent incidents, notably at the Saltley coke depot in Birmingham. With coal stocks at power stations rapidly running down and power cuts occurring, the government gave in and awarded the miners a pay settlement more than twice the rate of inflation. The miners' victory of February 1972 encouraged other workers to also press for bigger and bigger wage increases and led to spiralling inflation.

Heath's Conservative Government 1973-74

In 1973 the country was hit with a fresh disaster with the outbreak of the Arab-Israeli War in October. This led to a reduction in oil supplies to the West from the Middle East. The price of oil on the world market suddenly rocketed. The price multiplied by a factor of five between January 1972 and January 1974. Suddenly the ready supply of British coal became more important. Heath feared a confrontation with the miners.

To some in the National Union of Miners (NUM) such as the young Yorkshire activist Arthur Scargill a strike at this moment could have political implications. Trade union power could be used to bring down the capitalist system. When the NUM successfully called a strike, the government were forced to introduce a three-day week in order to save power and demand for coal. The introduction of the three-day week, where work only took place for three days not five days in the week. In December Heath went on television to declare a State of Emergency during which time alongside the three day week, a 50mph speed limit was introduced on all roads and television was required to close down at 10.30pm each evening. Talks to resolve the dispute with the unions failed and Heath responded in February 1974 by calling an election. He hoped to get decisive support for his government's policies. This failed and in March 1974 Harold Wilson and Labour returned to government once more.



EXAM QUESTIONS

Assess the extent to which Heath's government of 1970-74 effectively dealt with the problems it faced.
[20 marks]

STRETCH

What were the main reasons for the downfall of Heath in 1974?

Why do you think this period may be noted as 'Britain in Decline'?

SUMMARY NOTES

Notes Due:

Notes Completed:

1974 ELECTION

The election results ...

Labour were left to form a
"minority government"

February 1974 results:

Party	% of vote won	Votes won	Seats won
Conservatives	37.9	11,868,906	297
Labour	37.1	11,639,243	301
Liberals	19.3	6,063,470	14

Labour left with
only a 4 seat
majority over the
Conservatives



Wilson knew he would
have to call another
election in the hopes of
gaining a stronger
majority.

October 1974 results:

Party	% of vote won	Votes won	Seats won
Conservatives	35.8	10,464,817	277
Labour	39.2	11,457,079	319
Liberals	18.3	5,346,754	13

How effectively did Wilson and Callaghan deal with the problems Britain faced between 1974 and 1979?

To demonstrate that the 1971 Industrial Relations Act had been unnecessary, the Labour Party and the TUC had reached an agreement in 1973 called the Social Contract.

But the Social Contract did not solve the nations economic difficulties because wages increases continued to exceed the inflation rate and cynics suggested that "the only give and take in the Social Contract was that the government gave and the unions took".

According to an opinion poll, Jack Jones, the leader of the transport workers' union, was regarded as the most powerful man in the country. However, the Social Contract did suggest that trade unions and government had some shared objectives. Their uneasy co-operation lasted until the winter of 1978-79.

Unions agreed to co-operate in trying
to control wage increases

Government promised to try to keep
down prices and provide improved
welfare benefits

There would be a return to free
collective bargaining over wages and
no statutory incomes policy.

The drift to the left in the Labour Party

The Labour Party had shifted to the political left in its four years in opposition. This was reflected in two cabinet appointments:



Michael Foot at the Department of Education:

former editor of the Evening Standard newspaper, went on to be
deputy leader of the Labour Party in 1976-80, and leader in 1980-83.



Tony Benn as Secretary of state for industry:

Son of a Labour peer, had served as postmaster general under Harold
Wilson from 1964-70. He strongly opposed nuclear weapons.

KEY QUESTIONS

What were the main
reasons behind the
outcome of the
1974 election?

Why did Wilson call
a second election?

KEY INDIVIDUALS

Wilson

Heath

Michael Foot

Tony Benn

Callaghan

KEY DEFINITIONS

Lib-Lab Pact

EEC

IMF Loan

Social Contract

Winter of
Discontent

LABOUR IN POWER 1974-1979

Labour divisions over Europe

Wilson promised to renegotiate the terms of British membership of the EEC (or Common Market) and hold a referendum on the issue. The new terms, by which Britain's contribution to the EEC budget would be reduced, were announced in March 1975 and the date for the nation's first referendum was fixed for 5th June 1975. Wilson sensibly allowed his Cabinet members freedom to campaign for either side. The result was a 2:1 vote in favour of continued membership because voters believed that the success of the EEC offered a way to overcome Britain's economic difficulties. This result, for a while at least, buried the issue of Europe and appeared to preserve Labour Party unity.

Wilson's resignation, March 1976

In March 1976 Wilson suddenly announced his resignation. Although he was only 60 years old, he was aware that his normally excellent memory was beginning to fail him. He later revealed that he had decided in March 1974 to serve no more than two more years. James Callaghan defeated five other senior Labour figures in the election to replace him.

Economic difficulties: stagflation

The Labour government settled a miners strike in 1974 by giving them a 29% pay increase and, with wages rising faster than growth, inflation reached nearly 30% by the middle of 1975. The response of the trade unions was to demand even bigger wage increases which created further inflation. A world recession hit British exports, economic growth slumped and unemployment steadily increased from 542,000 in 1974 to over 1.3 million two years later.

Denis Healy, the Chancellor (1974-79) concluded that economic recovery was dependent on conquering inflation:

His 1975 budget increased taxes and cut government spending - he hoped taking money out of the economy would reduce prices.

July 1975 government introduced a £6 per week ceiling on wage increases. The TUC reluctantly agreed but some left-wing MPs were opposed to the policy.

1976, the government reduced the ceiling to £4 per week. Led to a gradual fall in wage increases from 26% (1975), 15% (1976) and 10% (1977).

Although inflation fell economic recovery did not follow. Continuing poor productivity and high costs did little to boost exports and imports remained high, so that the balance of payments was in deficit.

During 1976 the government was faced by a severe crisis of confidence in the pound. Its falling exchange value threatened to push up the prices of British exports and make inflation worse. The Bank of England bought pounds on the foreign exchange in order to prop up its value, but this threatened to use up the nation's currency reserves. National bankruptcy threatened.

Callaghan realised that the onset of "stagflation" had destroyed some of the economic assumptions that had prevailed since 1945. He told the Labour Party conference in September 1976:

EXAM QUESTIONS

To what extent was Britain in decline in the period between 1964 and 1979? [20 marks]

STRETCH

Which of the problems faced by the Labour government do you believe was dealt with most effectively?

SUMMARY NOTES

Notes Due:

Notes Completed:

LABOUR IN POWER 1974 TO 1979

We used to think that you could just spend your way out of a recession and increase employment only by cutting taxes and boosting government expenditure. (However) it only worked by injecting bigger doses of inflation into the economy followed by a higher level of unemployment at the next step. The option (of spending yourself out of a recession) no longer exists.

**The IMF loan, 1976**

In September 1976 Healy decided that he could only stop the falling value of the pound by asking the International Monetary Fund for a loan of \$3900 million. But to secure it, the government would be required to cut government spending by approximately £2 billion. After exhaustive debate, Callaghan and Healy finally persuaded the Cabinet to accept the terms early in December.

Although the crisis deepened the rift between the Labour leadership and the left of the party, Callaghan prevented a severe economic crisis. All too aware that a similar crisis in 1931 had destroyed the Labour government and kept it out of power for 14 years, Callaghan succeeded in preserving the unity of his Cabinet and kept the government in office.

IMF: At the end of WW2 30 countries agreed to create a fund to help rebuild their national economies and to provide short-term loans to enable members to overcome balance of payments deficits.

The Lib-Lab Pact, 1977-78

However, the severity of Britain's economic problems undermined public confidence in the government. In November 1976 a Gallup opinion poll gave the Tories a 25% lead over Labour. By-election losses meant that the government's slim majority in the House of Commons disappeared. In March 1977 Callaghan negotiated a deal with the new Liberal leader, David Steel, by which thirteen Liberal MPs agreed to support the government. The pact lasted until 1978.

The "winter of discontent", 1978-79

The government's strategy for controlling inflation depended on the unions agreeing to pay rises no more than 5%. But the unions disliked Chancellor Healey's policies, believing that he had abandoned the Social Contract and that their members were suffering disproportionately from the government's counter-inflation strategy. In December, Ford workers won a 15% pay increase after a three-month strike. They were followed by the lorry drivers, who went on strike in January 1979 demanding a 30% rise. This affected deliveries and caused petrol shortages. More strikes and overtime bans followed when the National Union of Public Employees (NUPE), representing some of the lowest paid local authority workers, demanded a 40% increase. With workers such as dustmen and gravediggers involved, and rubbish piling up in the streets, the impact of the strikes was dramatic and easy for the press, predominantly unsympathetic to both Labour and the unions, to sensationalise as symptomatic of the country's decline and the government's impotence in the face of over-mighty union power.

Callaghan appeared to be complacent and out of touch. He spent a week in early January at a summit in the West Indies, and photos of him basking in the sunshine contrasted badly with the wintry chaos in Britain. When he returned, he told reporters: "I don't think that other people in the world would share the view that there is mounting chaos". This was transformed into a damning headline: "CRISIS? WHAT CRISIS?" The strikes were settled by pay increases adding to the public

SUMMARISE:

LIB-LAB PACT

LABOUR DIVIDE

IMF LOAN

WILSON'S
RESIGNATION

EEC MEMBERSHIP

WINTER OF
DISCONTENT

STAGFLATION

LABOUR IN POWER 1974-1979

perception that the Labour government could neither control the unions nor manage the economy.

The end of the Labour government

The government had won relied on the support of Plaid Cymru (Welsh Nationalist Party) and the SNP (Scottish Nationalist Party) in parliament by promising to devolve some power to Wales and Scotland. But in March 1979 referendum's in both Wales and Scotland failed to win enough votes in favour for devolution to proceed. The nationalist MPs expected more support for devolution from the government and felt badly let down and, at the end of March, joined the Conservatives in voting against the government in a no-confidence motion which the government lost by a single vote.



HOW WELL WERE
EACH OF THE
PROBLEMS DEALT
WITH?

Make a judgement
for each problem

INDUSTRIAL
RELATIONS

DIVISIONS OVER
EUROPE

ECONOMIC
PROBLEMS

THE Sun
Thursday, January 11, 1979 7p TODAY'S TV: PAGES 6 and 7

Please don't shoot the pianist

CRISIS? WHAT CRISIS?
Rail, lorry, jobs chaos—and

SMACKER FROM ROD
ROCK star Rod Stewart spurned Olivia Newton-John with a kiss—and Russian diplomats with his sexy act at a New York concert.
See Page 5

SUN - TANNED
Premier Jim Callaghan breezed

WHY DID THATCHER WIN THREE GENERAL ELECTIONS IN A ROW?

1979 Election

Party	% of the vote	Votes won	Seats won
Conservatives	43.9	13,697,690	339
Labour	36.9	11,532,148	269
Liberal	13.8	4,313,811	11



KEY QUESTIONS

Why did Thatcher win three general elections in a row?

The 1979 election was decided largely in London, the south of England and the Midlands where approximately 40 seats changed hands from Labour to the Conservatives. These voters were punishing Labour for its perceived failure to deal with inflation, unemployment and the all too powerful trade unions, which had culminated in the depressing scenes of the so-called “winter of discontent”. The previous decades had created an enlarged middle class who felt increasingly resentful about strikes and trade union power. The piling up of rubbish during the strikes in 1979 seemed symbolic of a decline in standards.

As in previous elections, the Liberal vote was also significant in determining the election outcome. Although the Liberals held on to most of their seats in their strongholds, their total vote dropped by over a million because some voters blamed them for keeping Callaghan’s government in office since 1977. In many constituencies in the Midlands and south, the collapse of the Liberal vote was enough to hand the seat to the Conservatives even though the Labour vote did not significantly decline (and in some cases had increased!) In actual fact, Labour succeeded in retaining its traditional support in the industrial north, Scotland and Wales where it won twice as many seats as the Conservatives. This explains why Labour won more votes in 1979 than it had won in 1974. As the Financial Times observed on the day after the election, “this is a very divided country”.

KEY INDIVIDUALS

Thatcher

Callaghan

Foot

Kinnock

1983 Election

Party	% of the vote	Votes won	Seats won
Conservatives	42.4	13,012,315	397
Labour	27.6	8,456,934	209
Liberal	13.7	4,201,115	17
SDP	11.6	3,570,834	6



KEY DEFINITIONS

Winter of discontent

Falklands War

SDP

The rise in unemployment and economic problems had reduced the popularity of the government by 1981, but the election of 1983 saw another Conservative victory, even with a reduced popular vote. The victory in the Falklands war was seen as a great sign of Britain’s greater confidence and unity. It increased the personal popularity of Thatcher in her own strongholds.

WHY DID THATCHER WIN THREE GENERAL ELECTIONS IN A ROW?

Falklands War, 1982

In April 1982 the Argentinian dictator, General Galtieri, sent forces to capture the British colony of the Falkland Islands, 400 miles from the coast of South America and 8,000 miles from Britain. The Argentinians had always claimed the islands, but the population was almost entirely British. Thatcher immediately sent British forces to recapture the islands. A short war followed in which some 655 Argentinians and 255 British servicemen died and the Argentinian forces surrendered in June

However, the disastrous split in Labour and the selection of Michael Foot as leader in November 1980 played an important part in the outcome. Foot lacked an assured manner on television and his belief in unilateral nuclear disarmament, further nationalisation of industry and government regulation seemed old fashioned. He and his policies made little appeal outside traditional Labour voters. The more moderate elements in the Party split away to form the SDP in March 1981, massively damaging the Labour Party. The Labour manifesto was described as “the longest suicide note in history” because it was so out of touch with the country as a whole. The Alliance between the Liberals and the SDP - the beginning of the modern Liberal Democrats - succeeded in splitting the anti-Thatcher vote. This allowed Conservative gains in some traditional Labour seats in the north.

EXAM QUESTIONS

Assess the reasons behind Thatcher's victory in three consecutive elections. [20 marks]

1987 Election

Party	% of the vote	Votes won	Seats won
Conservatives	43.4	13,763,066	376
Labour	31.7	10,029,778	229
Liberal	12.9	4,173,450	17
SDP	9.7	3,16,183	5



The Conservative Party won more votes than in 1979 or 1983 but lost 21 seats. The particular elements that allowed for victory in 1983, such as the weakness of the Labour leadership and the split in the party, were no longer as important and there was no “Falklands factor” or “winter of discontent”. However, there had been policies that were popular among key sections of the electorate and there was the sense that the economy was doing well. When Thatcher called an election in June 1987 the Conservatives were ahead in the opinion polls.

→ The government's policies of selling council houses and shares in privatised industries appealed to many middle class and skilled working-class voters.

→ These people were either better off, or believed that the government supported their desire to increase their wealth and status.

→ Unemployment was falling and the pound was strong.

→ In both the 1983 and 1987 election the Conservatives benefited from a split of the left-wing vote

The Labour Party

The Labour Party had not fully recovered from its defeat in 1983 but its new leader, Neil Kinnock, had very publicly criticised prominent left-wingers and brought the party back towards the centre.

Labour polled over 1.5 million more votes than in 1983 and won 20 more seats. However, Kinnock's style had limited appeal to many voters. He was often long-winded in speeches and Thatcher seemed to be the stronger leader with a very firm hold over her colleagues and a growing international reputation. Labour was more affected by the SDP-Liberal Alliance who contested every seat in 1987, splitting the anti-Conservative vote.

STRETCH

Compare and contrast the election results. What patterns/trends do you notice in regards to votes/seats?

SUMMARY NOTES

Notes Due:

Notes Completed:

THATCHER'S ECONOMY

Thatcher's views on the economy

Thatcher identified four main economic problems:

1. Inflation. Prices had doubled the 1970s.
2. Lack of investment, modernisation and economic stagnation.
3. Costly and unprofitable publicly owned industries and services.
4. A lack of incentive to modernise and increase productivity.

She strongly believed that her views were the only way to tackle these problems. Essentially, she thought that the state sector had been allowed to grow too much at the expense of private business and that state enterprises should be privatised and enterprise encouraged through the reduction of direct taxation. Government should not support "lame duck" enterprises.

Thatcher saw dealing with inflation as a priority, and believed prices should be controlled by reducing the amount of money in circulation. According to Thatcher, regulation of wages and, therefore, incomes would not work; instead, the market must be allowed to determine prices and wages. Unemployment was preferable to continued inflation.

Thatcher's economic policies

- Privatisation began in October 1979 with the sale of British Petroleum and continued through the 1980s.
- Government no longer supported failing industries and these were allowed to stop production even though this resulted in unemployment.
- The budgets of 1980 and 1981 aimed to reduce money in circulation by reducing government spending and raising indirect taxation.
- The government's policies increased confidence abroad and the value of the pound rose.
- Direct taxes and taxes on businesses were reduced to free up money for investment.
- Interest rates remained high through the 1980s.
- The Financial Services Act of 1986 deregulated dealing in stocks and shares and opened up share trading.

Impact

Prices fell from 18% in 1980 to 4.5% in 1983 and there was a further fall in 1985-6. The stronger pound, changes in taxation and financial deregulation led to a growth in financial services while cuts and ending subsidies and rescues meant that weaker businesses failed. Unemployment rose sharply in the early 1980s: initially, 1.5 million was seen as high but the figure rose to 3 million by 1983 and did not begin to fall substantially until 1986. It was still over 2 million by 1990. Foreign investment increased; for example, the Japanese car firm Nissan established a plant in the North East. However, many new industries which emerged in the 1980s were not big employers and unemployment remained high.

Was there an economic revolution?

In many ways, there was an economic "revolution". There was a shift from the public sector to the private sector. Privatised industries remained in private hands, even after the end of Thatcher's period in office. There was more encouragement of enterprise, small businesses and investment on the stock market, as well as more home ownership and more individual shareholding. Industries were forced to become more competitive, and there was fewer restricted practices and lower labour costs. Critics of Thatcher's policies pointed to a selfish, "get-rich quick"

KEY QUESTIONS

**What was
Thatcher's
economic policy?**

**To what extent did
Thatcher's policy
yield success?**

KEY INDIVIDUALS

Thatcher

Denis Healy

KEY DEFINITIONS

Monetarism

Privatisation

Inflation

THATCHER'S ECONOMY

culture and less concern for the rights and conditions of workers. There was also a decline in the manufacturing industry. Overall Britain lost 15% of its manufacturing base and there was a greater divide between prosperous areas in London, the Midlands and the south-east and older industrial and mining areas. Government spending as a percentage of GDP did fall after 1984-85. However, this was not a permanent feature of economic life. Figures for 2010-11 were actually higher than in 1979. Thatcher's reductions in expenditure were not a new policy and the labour Chancellor of the Exchequer Denis Healy had made unpopular cuts in the 1970s.

After Thatcher, the economy offered more consumer choice; the balance between the state's role in the economy and that of the private sector did change, and the movement in employment from traditional industries towards services was accelerated

Taxation policies:

In June 1979, Chancellor Howe changed the type of tax the treasury collected from direct to indirect. This worsened inflation:

- VAT increases pushed up the price of goods

Howe resorted to some of the deflationary measures used by previous governments to tackle inflation in the 1980 and 1981 budgets:

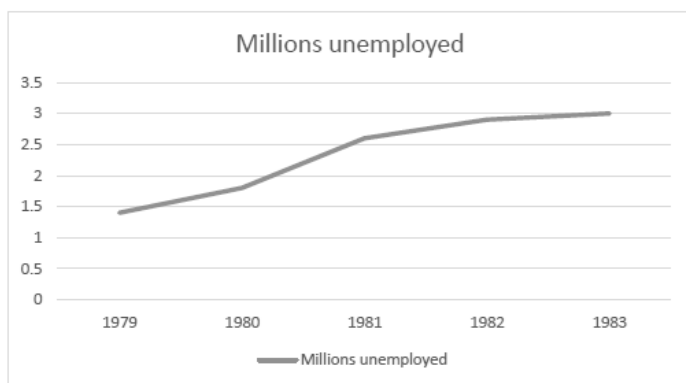
- Cut government spending
- Reduced government borrowing
- Increased taxes

Howe described his 1981 budget as "*the most unpopular in history*".

Manufacturing output fell by 14% and many firms went out of business

High interest rates made it difficult for anyone with an existing loan to pay

The value of the £ increased which made British Exports more expensive



Key Terms:

Direct Taxation – on individual's income – usually wealthy pay more tax

Indirect Taxation: on goods bought (VAT – Value Added Tax)
Hits poorer harder than direct taxation does

In the summer of 1981 a series of riots occurred across the country in places with high unemployment, poverty and racial tension.

By 1982 it appeared there was some recovery. Businesses that had survived began to thrive and were becoming more competitive.

It was not possible for Thatcher to reduce government spending as a whole. It rose by almost 13% between 1979 and 1990. However, government spending was reduced as a % of the economy as a whole.

EXAM QUESTIONS

To what extent did Thatcher 'revolutionise' Britain? [20 marks]

STRETCH

To what extent does Thatcher's economic policy demonstrate a revolution?

SUMMARY NOTES

Notes Due:

Notes Completed:

THATCHER'S ECONOMY

1979 1980 1981 1982 1983 1984 1985 1986 1987 1988 1989 1990



INDUSTRIAL RELATIONS

Thatcher knew she would have to tackle the power of the trade unions.

She believed that:

- Existing laws on industrial relations had been abused to protect workers' rights and over-manning, to underpin strikes, and to coerce workers into joining unions and participating in industrial action against their "better judgement".
- Union power made British firms uncompetitive because high labour costs and restrictive practices meant that business was lost to more efficient overseas companies.
- Jobs would become available once British industry adjusted to market conditions and unions lost their power to control labour conditions

Key legislation:

1980: Employment Act – outlawed secondary picketing; increased rights of workers not in a union; encouraged unions to hold secret ballots

1982: Employment Act – restricted sympathy strikes; allowed closed shops only on a vote with 85% support; granted compensation to anyone sacked over refusing to join a union

1984: Trade Union Act – required unions to hold secret ballots on industrial action

SECONDARY PICKETING: when workplaces linked to, but not directly involved in a dispute also picketed.



SYMPATHY STRIKES: workers not involved in a dispute take strike action to support those who are involved.



CLOSED SHOP: when membership of a union was compulsory for workers in a particular job.

Thatcher and the Miners' Strike, 1984-85

The central drama of Thatcher's second term was the great miners' strike of 1984-5. The National Coal Board was facing a loss of £250 million for 1983-84 alone. To demonstrate that the government was serious about refusing to support loss-making nationalised industries, a pit closure programme was announced. This was bound to provoke opposition from the powerful mining unions who had previously successfully challenged the Heath government. The coal strike began in March 1984 in response to an announcement that twenty uneconomic pits were to close, with the loss of 20,000 jobs. The dispute became exceptionally bitter and violent because neither side was prepared to compromise.

Arthur Scargill

Scargill was the leader of the National Union of Mineworkers (NUM). He had pioneered the use of "flying pickets" which had been successful in the 1972 strike against the Heath government. Scargill saw the strike as an opportunity to inflict another defeat on a Conservative government. He wanted a national strike, but some mining areas voted against strike action. Scargill sent flying pickets to deter them from working and prevent the movement of coal. as a result, some miners fought with each other and with the police.

Government preparations for the strike:

The government had prepared carefully before taking on the coal miners:

- In 1981 a secret government committee was set up to organise the stockpiling of enough coal to keep the power stations running through a long dispute
- The Central Electricity Board built up large stocks of coal and oil in the power

KEY QUESTIONS

How did Thatcher deal with industrial relations?

To what extent was Thatcher successful in dealing with Industrial Relations?

How does this compare to industrial relations under Wilson, Callaghan and Heath?

KEY INDIVIDUALS

Thatcher

Arthur Scargill

Leon Brittan

KEY DEFINITIONS

Miners' Strike

NUM

Trade Union

Closed Shop

Secondary Picketing

INDUSTRIAL RELATIONS

Stations

→ Home Secretary, Leon Brittan, set up a National Reporting Centre in New Scotland Yard as soon as the strike began. This was to ensure central control of policing, co-ordinating intelligence and the movement of police officers to trouble spots.

Andrew Marr, A History of Modern Britain, 2007

Many found Scargill inspiring, many others found him frankly scary. He had been a Communist and retained strong Marxist views and a penchant for denouncing anyone who disagreed with him as a traitor. Some found a megalomaniac atmosphere at his Barnsley headquarters. Kim Howells, then a Communist and later a New Labour minister, visited him there and was taken aback to find him sitting at "this Mussolini desk with a great space in front of it" and behind him a huge painting of himself on the back of a lorry, posed like Lenin, urging picketing workers in London to overthrow the ruling class. Howells thought anyone who could put up a painting like that was nuts and returned to express his fears to the Welsh miners. "And of course the South Wales Executive almost to a man agreed with me. But then said "He's the only one we've got, see boy". The Left has decided".

Why was the Miners' Strike defeated?

The miners were not united. Those who wanted to keep working formed a break-away union - the Union of Democratic Mineworkers - in December 1984.

Timing of the strike - spring and summer - when there was less demand for coal. A winter strike may have had more impact.

The Labour Party were reluctant to support Scargill who received little public sympathy and was seen as an extremist.

Violent incidents on the picket lines undermined public support for the miners.

Many believed the miners were being unrealistic about their position in the British economy.

Scargill's refusal to hold a national ballot deprived the strike of legal legitimacy and alienated many miners.

Impact of the strike

NUM membership dropped from 250,000 in 1979 to under 100,000 in 1987 and the union ended the strike virtually bankrupt. The miners' strike divided opinion on Thatcher more than any other issue.

1. Causes of the strike?	2. Why did the strike fail?	3. How far was Thatcher able to restrict the impact of the trade union movement in general?
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STRETCH – Why was Thatcher successful in relation to her trade union policy where previous leaders had failed?

EXAM QUESTIONS

To what extent did Thatcher revolutionise Britain? [20 marks]

STRETCH

Print workers for The Sun newspaper refused to print a front page with a doctored picture of Arthur Scargill. What was Scargill pictured doing? What does this tell us about how Scargill was portrayed in sections of the British press?

SUMMARY NOTES

Notes Due:

Notes Completed:

SOCIAL POLICY

Council housing

Thatcher wanted to create what she called “a property owning democracy”. She wanted to reward those who shared the values she admired – hard work, self-reliance and initiative – by enabling them to buy their own homes. She believed that owning property gave people a stake in their communities and made them less likely to support socialism.

POLICIES:

1. 1980 – Housing Act allowed long-term council tenants the right to buy their homes.
2. Home owners were granted tax relief on their mortgages.
3. Government money spent on subsidising mortgages doubled and property ownership grew by 12% under her premiership.

**The NHS**

Government reforms aimed to make the National Health Service, which had become one of the biggest employers in the country and which took a considerable proportion of government spending, more efficient by applying business principles to its administration. **POLICIES:**

1. Hospitals were allowed to become self-governing NHS trusts in control of their own budgets
2. NHS services were expected to compete with each other to provide the most cost-effective service
3. GPs were left in control of their own budgets.

**Schools**

The quality of education had been a concern for some time – in particular the two-tier qualification system of O Levels and CSEs. There was a feeling that Britain was lagging behind other countries and that teachers were not being subject to the quality control common in other jobs.

POLICIES:

1. 1986 – O Levels and CSEs were replaced by the GCSE qualification – a qualification open to all levels of ability.
2. 1988 – a national curriculum was introduced alongside regular national testing of pupils of different stages in their school career.
3. State schools were given the right to opt out of control by the local education authority and become grant-maintained schools with control over their own budgets.

**Universities**

Thatcher maintained that universities needed to be more economically self-sufficient and do more to serve the economic needs of the country.

POLICIES:

1. 1981 – cut in university budgets, forcing them to seek alternative sources of revenue and accept more students.
2. 1988 – University Funding Council created to ensure that university education reflected the needs of the economy rather than concentrating on research.
3. Removal of polytechnics – higher education institutions which focused on vocational courses – from local authority control and brought them under the control of the University Funding Council.
4. Continuation of grants for young people to attend university



KEY QUESTIONS

How do Thatcher's policies compare to that of Wilson, Callaghan and Heath?

KEY INDIVIDUALS

Thatcher

KEY DEFINITIONS

Right to Buy

Two tier qualification system

National Curriculum

University funding council

THATCHER'S LEADERSHIP

Thatcher's first years in power were extremely difficult because, although she had some clear, simple convictions, she did not have the backing of many senior members of the party. When she took over leadership of the Conservative Party in 1975, she found herself with few allies in the Shadow Cabinet. Many were older and more experienced (she had only up until this point held one cabinet post – that of Minister of Health in the previous Heath government). Many were loyal to Heath – who famously disliked Thatcher, and saw themselves as “one-nation” Conservatives. This meant that they wanted to maintain unity by supporting key post-war consensus principles such as maintaining welfare and employment.

However, she was not completely isolated. She had succeeded in establishing a small band of loyalists and she was very popular with the grassroots members of the Conservative Party where her key messages of economic prudence, defeating socialism and restoring Britain's greatness went down well.

Did Thatcher achieve control over her cabinet?

“wets” – a term coined by Thatcher for those older ministers who expressed concern at her tough economic policy or attitude towards the unions.

“dries” – Thatcher's supporters and allies.

The “wets” and the “dries” When Thatcher chose her first cabinet she felt obliged to appoint a number of experienced ministers (the “wets”) to senior positions in her government – including figures such as Jim Prior, Francis Pym and Michael Heseltine. However, she made sure that many of her allies (soon nicknamed the “dries”) were appointed into key roles. Geoffrey Howe became the chancellor and Keith Joseph was the Department of Trade and Industry. Throughout the life of her first government, she promoted many of her supporters.

At first she had been careful to keep the support of key figures like the deputy prime minister William Whitelaw, but after the prestige of winning the 1983 election and the strength she had shown during the Falklands War she felt able to be more commanding within the party and she became well known for her high expectations of her colleagues in cabinet discussions

**Thatcher and Reagan:**

Thatcher developed a strong political and personal relationship with the US President Ronald Reagan. This furthered her prestige with many within the party.

Impact of the Brighton bombing:

On 12th October 1984, the Irish terrorist organisation the IRA (Irish Republican Army) tried to kill Thatcher and her cabinet by bombing the Grand Hotel in Brighton where they were staying for the Conservative annual conference. There were five deaths and 31 injured but the Prime Minister and her senior colleagues survived. Thatcher won admiration for her courage and personal bravery for her continued presence at the conference. She insisted that her annual speech to the conference should continue as normal.

KEY QUESTIONS

How can we characterise Thatcher's leadership?

To what extent was Thatcher a strong leader?

KEY INDIVIDUALS

Thatcher

Reagan

William Whitelaw

Jim Prior

Michael Heseltine

Geoffrey Howe

KEY DEFINITIONS

Brighton Bombing

Wets

Dries

THATCHER'S LEADERSHIP

"The lady's not for turning":

Thatcher made one of her most famous quotes at the 1980 party conference.

Facing criticism over the biting effects of her economic policy she directly addressed suggestions she should make a policy U-turn, she stated "You turn if you want to; the lady's not for turning". This defiance cemented her "iron lady" image.

The growth of opposition to her style of leadership By the mid-1980s, Thatcher had achieved such domination that critics thought her Cabinet had been completely cowed. Her loyal supporters admired her firmness and conviction, but her mastery of the Cabinet made her increasingly intolerant of disagreement from even her most loyal supporters.

Michael Heseltine, one of the last surviving Cabinet "wets" who was not afraid to express his independent views, resigned in January 1986 over the Westland Affair. This was a very public row over the future of Britain's last helicopter manufacturer, Westland, which was in financial trouble. Defence Secretary Heseltine wanted it to join a European consortium. Thatcher and trade and industry secretary Leon Brittan wanted it to be taken over by a US firm. Thatcher survived the difficulties this caused her, but he became a potential alternative leader for those within the party who disliked her.

A further blow to Thatcher was the resignation of the calming and unifying figure of William Whitelaw after he suffered a stroke. However, perhaps most significant was the declining relations between Thatcher and two of her former strongest supporters – Nigel Lawson and Geoffrey Howe after disagreeing with her on economic policy and Britain's role in Europe.

EXAM QUESTIONS

Assess the reasons behind the resignation of Margaret Thatcher in 1990.

STRETCH

To what extent did Margaret Thatcher demonstrate strong leadership?

To what extent did Margaret Thatcher maintain support during her time as PM?

SUMMARY NOTES

Notes Due:

Notes Completed:

THATCHER'S RESIGNATION

ISSUE	KEY DETAILS: NAMES, DATES, KEY TERMS, KEY INDIVIDUALS	ANALYSIS: WHY WOULD THE CABINET BE CONCERNED ABOUT THATCHER'S LEADERSHIP?
Economy		
Poll Tax		
By-elections		
Geoffrey Howe's resignation		

WHY DID THATCHER RESIGN?

Why did Thatcher resign in November 1990?

Poll Tax

Since 1925 the principle source of local government revenue had been “the rates” – a tax on the owners of property and businesses. Thatcher calculated that more than half of the local electorate did not pay rates and believed that the system was “manifestly unfair”. She thought there would be more interest in local politics and in controlling local council spending if more people paid local taxes. Because of the rise in house prices, many people lived in homes which were worth a lot but they themselves had little money. The Local Government Finance Act of 1988 introduced the Community Charge, which quickly became known as the “poll tax”. It replaced the rates with a flat-rate tax on every individual, although there were to be concessions for the least well off.

However, some members of the cabinet and a number of Tory MPs opposed the poll tax because they believed it would be hugely unpopular. It was first introduced in Scotland in 1989 and millions of Scots, encouraged by the Scottish National Party, refused to pay it. On 31st March 1990, the day before it was due to take effect in England and Wales, there was a massive demonstration against it in Trafalgar Square in London which turned into a violent riot in which 300 people were arrested and 400 policemen hurt. Thatcher’s decision to press ahead with the policy despite warnings from within her Cabinet and party suggested to her critics that her style of government was increasingly dictatorial and alienating voters.

Economic difficulties

In October 1987 a stock market crash wiped 24 per cent off share prices. Chancellor Nigel Lawson thought this might trigger a recession so, in his 1988 budget, he reduced income tax rates. However, this stimulated a consumer spending boom which pushed up prices. By June 1989 inflation was running at 8.3%. Lawson tried to control inflation, not by the monetarist policy of cutting government expenditure, but by raising interest rates and in October 1989 these had reached 15%. Britain’s home-owning mortgage payers, the very people Thatcher most admired and who had benefitted from her policies, found themselves paying heavily for the houses they had been encouraged to buy. Thatcher had so often preached that inflation was responsible for Britain’s post-war economic decline that her claim to have brought about an economic miracle now began to look unconvincing.

Divisions over Europe

Since the late 1960s the countries of the European Union had wanted to move towards closer economic union with the aim of merging their currencies into a single European currency. Thatcher accepted the Single European Act of 1986, believing that it was an essential step towards the kind of free market in Europe she believed in. But she later regretted doing so because it committed member states to work towards closer monetary and political union. She made clear that she did not want this in a speech at Bruges in September 1988: *“We have not successfully rolled back the frontiers of the state in Britain, only to see them re-imposed at a European level with a European super-state exercising a new dominance from Brussels.”*

The following year, with the economy in difficulties, Lawson and Foreign Secretary Geoffrey Howe were keen for Britain to join the Exchange Rate Mechanism which aimed to create European monetary stability by minimising exchange rate fluctuations between members. Thatcher, however, disagreed and was strengthened in her opposition by her unelected economic adviser, Alan Walters:

KEY QUESTIONS

Why did Thatcher resign in November 1990?

KEY INDIVIDUALS

Thatcher

Lawson

Howe

Heseltine

KEY DEFINITIONS

Poll Tax

Single European Act

Exchange Rate
Mechanism

WHY DID THATCHER RESIGN?

- In June 1989, she demoted Howe by moving him from the Foreign Office and giving him what she regarded as the meaningless title of deputy prime minister.
- In October 1989 Lawson, exasperated by Thatcher's resistance and resentful of her reliance of the advice of Walters, resigned as chancellor.

This rift weakened her authority and made her more isolated because she had alienated two important political allies. However, early in October 1990, Britain joined the ERM because she had been reluctantly persuaded by John Major, the new chancellor, that membership would help combat domestic inflation and reduce the high interest rates. Yet speaking in parliament at the end of the month, she denounced plans for the further integration of Europe with the words "No, No, No". This delighted the European sceptics in the Tory Party but frustrated some of her own ministers.

Thatcher's growing personal isolation and unpopularity The government's difficulties were reflected in the opinion polls and some election results:

- April 1989: Vale of Glamorgan by-election: Labour overturned a 6,200 Tory majority and won by 6,000 votes.
- June 1989: European parliament elections: Labour 38.7% vote / Conservatives 33.5% vote.
- March 1990: Mid-Staffordshire by-election: Conservative majority of 14,600 overturned and became a Labour majority of 9,400.
- June 1990: Labour ahead of the Tories by 16 points in opinion polls.

Many Tory MPs feared that the Conservatives would lose the next election if Thatcher remained in charge. In the autumn of 1989 Anthony Meyer, a little-known Conservative MP, challenged her for the leadership of the party. In a ballot of Conservative MPs, he won 33 votes, and a further 30-odd abstained. The result was unimportant; the fact that there had been a challenge at all and that there was a core of MPs willing to vote against Thatcher indicated that she would be in difficulties when challenged by a credible candidate.

Her fall was triggered by Geoffrey Howe. This was unexpected because he had been one of her staunchest allies and was the only minister with an unbroken record of cabinet service since 1979. But he had also endured years of bullying and hectoring from her and had come to dislike the strident tone of her anti-European speeches. His resignation speech on 13th November 1990 to the House of Commons caused a sensation. Television cameras had only recently been admitted to the Commons chamber, which added to the sense of drama, but his words made it clear that Thatcher's government was badly divided.

The Conservative leadership election

Michael Heseltine took Howe's speech as his cue to challenge Thatcher and, the following day, announced his candidature for the leadership of the party. Thatcher won the contest, but not by a large enough margin to avoid a second round of voting. She tried to drum up support but was advised by a succession of cabinet ministers that she could not win. She announced her intention of resigning on 22nd November and on 28TH November she resigned as prime minister and was replaced by John Major.

KEY QUESTIONS

Why did Thatcher resign in November 1990?

KEY INDIVIDUALS

Thatcher

Lawson

Howe

Heseltine

KEY DEFINITIONS

Poll Tax

Single European Act

Exchange Rate Mechanism

THATCHER'S RESIGNATION

FACTOR	SPECIFIC EVIDENCE	ANALYSIS	JUDGEMENT
Identify a point	Support with your own knowledge	How did this contribute towards decline?	Explain your judgement

WHAT PROBLEMS DID MAJOR FACE?

John Major faced a number of serious problems when he took over from Margaret Thatcher in 1990:

1. He lacked authority
2. The Conservative Party were bitterly divided over Britain's role in Europe
3. The Labour Party were revitalised under the leadership of Tony Blair and the New Labour project.

Problem One: Major's lack of authority

Although elected leader of the Conservative Party in the 1990 leadership election, many argue that he was only elected in a campaign to block Michael Heseltine from winning the leadership contest. Heseltine was blamed by many MPs for engineering the fall of Thatcher. Before she stood down, Thatcher had marked out Major as the best potential successor to her, and this had secured him the votes of these supporters. However, it would be a stretch to argue that they were enthusiastic supporters of his.

A further problem for Major, was his lack of government experience. Although an MP from 1979, he had only been a cabinet member since June 1987. He served as foreign secretary from June until October 1989 and then chancellor of the exchequer. His uncharismatic personality was soon ridiculed in the media.

However, he did gain some credit for the unexpected victory of the Conservatives in the April 1992 general election. His vigorous campaigning, often speaking to crowds standing on a plastic container, won him some admiration, but the Conservative majority was slashed to only 21 seats. This led to further problems. Most significantly, Conservative MPs who disagreed with his policies could threaten him with defeat in parliament by rebelling on key votes.

Problem Two: Division over Europe

The Conservative "Eurosceptics" loathed the European Communities moves towards closer monetary and political union. But there was also a sizable section of the party who believed that Britain should play its full part in Europe. In December 1991 the European member states signed the Maastricht Treaty, committing themselves to full integration. Europe would have a common currency, foreign policy and defence and the community would be known as the European Union. Major succeeded in negotiating British opt-outs from two key aspects, the Social Chapter and the single European currency. The Social Chapter was an addition to the treaty which allowed the EU to issue directives on working and employment conditions.

Major faced a fierce battle to secure the ratification of the Treaty by the British parliament. He faced an unlikely alliance between the sceptics in his own party, supported by Thatcher, and the Labour Party. During prolonged parliamentary wrangling, the Conservative rebels twice succeeded in inflicting defeats on the government. Major had to force the ratification bill through parliament by telling his MPs that, unless they voted in favour, the government would resign.

Major was severely weakened by the public display of dissent from the Eurosceptics, in both the parliamentary party and the cabinet. Once, during the Maastricht ratification process, he was caught off guard complaining about "the bastards" in his cabinet. Although he did not name them, he did not sack them either. It seemed that he was not in control of either his party or his government. In 1995 he tried to face down his critics by holding an election for the party leadership. He was challenged by John Redwood, a leading Eurosceptic and widely assumed to be one of the

KEY QUESTIONS

What problems did Major face?

How did Major deal with these problems?

How successful was Major in dealing with these problems?

KEY INDIVIDUALS

Major

Heseltine

Norman Lamont

Tony Blair

Rupert Murdoch

KEY DEFINITIONS

Eurosceptic

ERM

Black Wednesday

Maastricht Treaty

Clause IV

WHAT PROBLEMS DID MAJOR FACE?

“bastards”. Major won easily but the fact that a third of the party had not voted for him emphasised how divided the Tories were.

Problem Three: Black Wednesday

By September 1992, the measures to curb inflation had tipped the British economy into a depression. As unemployment rose, businesses went under and GDP diminished, it was clear that the exchange rate was too high. The government responded by devaluing the pound, but its value fell quicker than the government expected. Conservative chancellor Norman Lamont, tried unsuccessfully to sustain the pound's value by pushing up interest rates and getting the Bank of England to buy pounds. However, these desperate efforts failed, and on 16th September, which became known as “Black Wednesday”, Britain withdrew from the Exchange Rate Mechanism (ERM). During John Major's premiership (1990–1997), UK unemployment peaked at approximately 3 million people in 1993, representing a jobless rate of nearly 10.7%. As the economy recovered, that total fell to roughly 1.6 million (about 7% of the workforce) by the time he left office in 1997. This episode not only ruined the Conservatives' reputation for sound economic management but it emboldened the Eurosceptics. The subsequent signs of economic recovery only reinforced their view that Europe had little to offer Britain.

Problem Four: New Labour

Neil Kinnock, who was the Labour leader from 1983 to 1992, had done a great deal to make the party electable after its disastrous defeat in 1983. In particular, he had expelled the members of the extreme left who had infiltrated the party in the 1970s. However, he was blamed for over-confidence in the party's performance in the 1992 election and resigned shortly afterwards. Following the brief leadership of John Smith who had been popular and moderate, the 41 year old Tony Blair, who had been an MP only since 1983, became leader in 1994. He set about reconciling the Labour Party to Thatcher's reforms and in April 1995 succeeded in abolishing Clause IV of the Party's 1918 constitution by which it was pledged to nationalise British industry. As part of the modernisation of its image, the party was rebranded as “New Labour”. Blair appealed to Conservative-supporting businessmen and City bankers by reassuring them about Labour policies, and won the support of leading figures in the media, especially Rupert Murdoch, owner of the Sun newspaper.

Problem Five: Scandals

While many admired Margaret Thatcher as the “Iron Lady,” others saw the Tories as the “nasty party.” When John Major took over for Thatcher in 1990, he set out to change the party's image. In a 1993 speech, he famously declared that the country should go 'back to basics', returning to core values of "neighbourliness, decency, courtesy". The slogan came to be a source of ridicule for the government over the next few years as ministers were caught in a quick succession of sex and money scandals that harkened back to those of the 1960s and 1970s.

- **David Mellor:** National Heritage Secretary, who resigned in 1992 after revelations of an affair with an actress and a controversial, rule-breaking free holiday provided by the daughter of a senior PLO figure.
- **Tim Yeo:** Served as a Minister of State for the Environment and Countryside (1993–1994) and previously as a junior minister in the Department of Health in John Major's government. Yeo resigned over fathering a child out of wedlock
- **Cash for Questions:** Major's government was severely damaged by allegations that Conservative MPs accepted bribes from controversial figures like Harrods owner Mohamed Al-Fayed in exchange for asking parliamentary questions. MPs Tim Smith and Neil Hamilton were heavily implicated.

EXAM QUESTIONS

Assess the reasons behind the outcome of the 1997 election.
[20 marks]

STRETCH

Which problem posed the greatest threat to John Major?

Which problem did Major deal with most effectively?

SUMMARY NOTES

Notes Due:

Notes Completed:
