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### The fall and rise of Harold Wilson

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#### The afterlife of a political 'ghost'

Nearly sixty years on from his first election victory in 1964, Harold Wilson now seems like a more substantial figure than he once did, his period in office ripe for further revaluation. Although his years in power were marked by rising inflation and industrial strife, Wilson held the country together in an age of deepening economic and social policy dilemmas, managed the Labour Party as an instrument of government, and secured the UK's place in Europe. Above all, his governments passed legislation that still stands today as the foundation stones of a more civilised society: on crime and justice, race relations, and equal pay. Yet, despite these achievements, Wilson has almost become the great unmentionable of Labour politics. Derided by Left and Right alike, depicted as a failure who never lived up to his early, era-defining promise, Wilson was written off as a prime minister unwilling or unable to make the hard choices required to shake Britain out of its collective apathy.<sup>1</sup> Most of all, he became most commonly understood as a tactical genius without a strategic endpoint in sight, a leader whose only and overriding goal was to hold the Labour Party together. As Andrew S. Crines and Kevin Hickson recently and rightly observed: 'this involved a fine balancing act, and would result in Wilson being regarded as a rather Machiavellian character'.<sup>2</sup> The idea of a lost opportunity, or raised hopes and dashed expectations, has sat alongside the idea of tactical successes that led nowhere. In some ways, it could hardly be otherwise: Wilson created an intoxicating vision, in his most famous 1963 Conference speech, of 'new industries, the revitalisation of declining industries... hope for the nation's youth' and 'the application of scientific planning to... the war on world poverty'.<sup>3</sup>

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<sup>1</sup> L. Black, 'Revaluing Wilson', *Parliamentary History* 24, 3 (2005), pp. 378-9.

<sup>2</sup> A.S. Crines and K. Hickson, 'Introduction', in Crines and Hickson (eds.), *Harold Wilson: The Unprincipled Prime Minister? Reappraising Harold Wilson*, London: Biteback, 2016, xxvi.

<sup>3</sup> Labour Party, *Labour's Plan for Science*, London: Labour Party, 1963, p. 6.

A great deal of this impression arose from ideological hostility towards a leader without an absolutely secure camp in any part of the Labour coalition. Labour's Left had once voted for him as their standard-bearer against the Right's champion, Hugh Gaitskell, in 1960; and supported his election as party leader after Gaitskell's death in 1963. Wilson had, after all, resigned from Attlee's government alongside Aneurin Bevan in 1950, unable to accept even minimal charges within the National Health Service. But from the late 1960s onwards, the Left fused their criticism of his compromises in power with their traditional suspicion of British state structures, especially the power of the Treasury. Michael Foot's belief was always that 'you had to have a more deliberate Keynesian plan for dealing with the blight of economic crisis, and we didn't have it. At the first signs of the economic threat Harold Wilson gave in... The Treasury is the place we've got to get under control if a Labour government comes in. In that case the Treasury was allowed to get away with it'.<sup>4</sup> His nephew, the crusading journalist (and revolutionary socialist) Paul Foot, argued in his classic 1968 polemic *The Politics of Harold Wilson* that the Prime Minister's restrictive economic measures of July 1966 were a betrayal of his promises: 'now he was abandoning growth for stagnation, social justice for a strong pound and freely negotiated agreements for a wage freeze. Every aspect of his policy was now reversed – with hardly a word of intelligent analysis or justification'.<sup>5</sup>

For Labour's Right, Wilsonian 'modernization' did not go anything like far enough, made too many compromises with underperforming industries and obstructive unions, and failed to challenge many of the shibboleths of a Labour Party committed above all to defending the public sector. This analysis was taken up with gusto by future generations. As Tony Blair himself put it to the 2005 Labour Party conference: 'the seeds of 18 years of opposition were not sown in 1979, but in the 1960s when great challenges came upon us. And instead of understanding we were simply being tested by the forces of change, we lived out a sad episode... we were not ready then to see change was coming, accept it and then shape it to progressive ends... if we had been, how many fewer lives would have been

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<sup>4</sup> A. Mitchell and D. Wiener, *Last Time: Labour's Lessons from the Sixties*, London: Bellew, 1997, p. 195.

<sup>5</sup> P. Foot, *The Politics of Harold Wilson*, Harmondsworth: Penguin, 1968, p. 181.

destroyed?’<sup>6</sup> Blair’s pollster and ally, Philip Gould, thought the Wilsonian moment ‘a deceit, a compromise’, which delayed hard decisions that had to be taken. For Gould, ‘Wilson failed to modernize Labour, which put the genuine modernization of Britain beyond his reach. His failure to resolve the competing claims of left and right, and to move beyond both in a new modernising solution, made civil war in the Labour Party inevitable’.<sup>7</sup>

Wilson’s colleagues could be devastating about his personal qualities (or lack of them). When Hugh Gaitskell died in office as Labour’s leader in 1963, his friends and political heirs accepted Wilson only with some despair: as Richard Crossman noted, they thought only that ‘if Harold Wilson was an odious and impossible man, George Brown was just impossible’.<sup>8</sup> The choice between George Brown from the Right and Wilson from at least the nominal Left was ‘between a crook and a drunk’, Crosland complained. Roy Jenkins, contacted by a journalist for a quote on his mentor’s passing, was told that Wilson had given a statement ‘without difficulty’: ‘you have to remember that he was very fond of Gaitskell’, replied Jenkins bitterly.<sup>9</sup>

Denis Healey, Wilson’s Defence Secretary in 1964-70 and later his Chancellor, was excoriating in his memoirs: ‘his short-term opportunism, allied with a capacity for self-delusion which made Walter Mitty appear unimaginative, often plunged the government into chaos. Worse still, when things went wrong, he imagined everyone was conspiring against him’.<sup>10</sup> Healey never reconsidered this highly negative opinion: as he later told the journalist Andy Beckett, ‘he was a terrible Prime Minister, actually’.<sup>11</sup> It was all the easier, then, for ‘New’ Labour to relegate him to the sidelines.

None of these prejudices were challenged by Wilson’s final two years in power between 1974 and 1976, during which time he often gave the impression of being listless or bored. He was losing his

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<sup>6</sup> G. O’Hara and H. Parr, ‘Conclusions: Harold Wilson’s 1964-70 Governments and the Heritage of “New” Labour’, in O’Hara and Parr (eds.), *The Wilson Governments 1964-1970 Reconsidered*, Abingdon: Routledge, 2006, p. 171.

<sup>7</sup> P. Gould, *The Unfinished Revolution: How the Modernisers Saved the Labour Party*, London: Abacus edn., 1998, p. 35.

<sup>8</sup> P. Paterson, *Tired and Emotional: The Life of Lord George-Brown* (London: Chatto & Windus, 1993), p. 125.

<sup>9</sup> G. Radice, *Friends and Rivals: Crosland, Jenkins and Healey*, London: Abacus edn., 2003, pp. 125, 122.

<sup>10</sup> D. Healey, *The Time of My Life*, Harmondsworth: Penguin edn., 1989, p. 331.

<sup>11</sup> A. Beckett, *When the Lights Went Out: What Really Happened to Britain in the Seventies*, London: Faber and Faber, pbk. edn., 2010, p. 162.

edge, drinking too much, becoming forgetful – possibly a sign of the Alzheimer’s that was eventually to reduce him to a peripheral figure.<sup>12</sup> In the end, with his memory mostly gone and his legacy not so much contested as erased, Wilson became what Steve Richards calls a ‘ghostly figure’: ‘from being the most talked-about figure in British politics for more than a decade, Wilson was rarely referred to’.<sup>13</sup> Ben Pimlott’s magisterial biography of Wilson, published in 1992, contained a final chapter simply entitled ‘Ghost’.<sup>14</sup> When Wilson left No. 10 for the last time, his close adviser Bernard Donoughue regarded him with human sympathy: ‘I felt sorry for him as I watched him go, in an affectionate and I hope in a completely unpatronising way, I don’t know how he will cope in the real world... after a lifetime of political power and fantasy. He has too few genuine interests of his own, inside him, to keep him interested’.<sup>15</sup> The so-called ‘Lavender List’ of honours issued at Wilson’s resignation – the name referred to the lavender notepaper Marcia Williams was supposed to have written it on – tarnished him with a faint whiff of self-interest, even corruption.<sup>16</sup>

In truth, it became harder and harder to govern during the 1960s and 1970s – as inflation rose under the shock of oil price rises, unemployment increased alongside it, and industrial strife mounted in Britain’s traditional manufacturing industries. Although there had never been a complete ‘consensus’ about how government should work after 1945, there had at least been some agreement about the broad aims of policy – especially in terms of keeping unemployment down. Now even that basic level of agreement frayed, as the conviction politics of Margaret Thatcher on the Right, and Tony Benn on the Left, strained some of the social contract Wilson aimed at – broadly technocratic in method, egalitarian in aim, but dependent on a level of co-operation across economy and society that was increasingly difficult to secure.<sup>17</sup>

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<sup>12</sup> *ibid.*, pp. 164-5.

<sup>13</sup> S. Richards, *The Prime Ministers: Reflections on Leadership from Wilson to May*, London: Atlantic Books, 2019, p. 31.

<sup>14</sup> B. Pimlott, *Harold Wilson*, London: HarperCollins, pbk. edn., 1993), p. 724.

<sup>15</sup> Donoughue diary, 5 April 1976: B. Donoughue, *Downing Street Diary: With Harold Wilson in No. 10*, London: Jonathan Cape, 2005, pp. 721-2.

<sup>16</sup> P. Ziegler, *Wilson: The Authorised Life*, London: HarperCollins, pbk. edn., 1995, pp. 494-8; Pimlott, *Wilson*, pp. 685-90.

<sup>17</sup> The classic statement of how Britain was becoming harder to govern is A. King, ‘Overload: Problems of Governing in the 1970s’, *Political Studies* 23, 2-3 (1975), pp. 284-296. On the 1970s overall, amongst recent

But the passage of even more time allows us to see Wilson in a new light, shaping as he did a new and more progressive Britain – kinder, gentler, more outward-looking, more equal. In this the man matched the moment. As Donoghue has put it in the Introduction to his diaries from the mid-1970s, Wilson himself was both ‘an immensely professional politician’ and ‘a warm and remarkably tolerant human being’.<sup>18</sup> For Alan Johnson, Wilson was more broadly in fact a ‘statesman and visionary’, whose ‘vision was of a society characterised by greater equality and moral decency where poverty had been eradicated and opportunity was available to all’.<sup>19</sup> As that vision has spluttered and faltered, so Wilson’s own clarity has become increasingly clear.

### **Strange rejuvenation**

From the early 1990s onwards, a strange recrudescence has lifted Wilson’s reputation. Pimlott’s sensitive and sympathetic treatment was one key development, emphasising just how successful Wilson had been, both electorally and politically, and how barren the years since his resignation had been, but there were others.<sup>20</sup> The passage of time, and its lending of perspective, had begun to smooth over some of the bad impressions Wilson’s many manoeuvres had created – because the point of his continual politicking came sharply into focus. The unemployment and social division of the Thatcher years had begun to burnish his reputation; divisions over Europe brought into focus his achievement of keeping the UK inside the European Community; the social reforms of his era came to look far-sighted; Labour’s civil war and splits demonstrated that only a political virtuoso could hold the party together. Ross McKibbin’s reassessment, in a famous article published in *The London Review of Books* in 1991, was particularly bracing, and bears repeating in full:

The historical record suggests that, as against the post-1979 Conservative governments, Wilson and Callaghan glow with a particular lustre... Both governments, particularly the 1964-70

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works the reader can most usefully consult L. Black, H. Pemberton and P. Thane (eds.), *Reassessing 1970s Britain*, Manchester: Manchester University Press, 2013.

<sup>18</sup> Donoghue, *Downing Street Diary*, p. 19.

<sup>19</sup> A. Johnson, ‘Harold Wilson: Statesman and Visionary’, Speech at the University of Bradford, 3 November 2016, <https://www.bradford.ac.uk/50/events/alan-johnson-transcript/>, accessed 17 December 2020.

<sup>20</sup> Pimlott, *Wilson*, p. 728.

government, deserve a much more positive evaluation than they have usually received. Indeed, apart from Attlee's, the 1964 government is probably the only post-war British government whose record we can read with some satisfaction. Whilst it would be too much to say that in 1970 the horizon was cloudless – amongst other things... the relationship of the trade unions to society and the Labour Party remained highly problematic – the sky was pretty blue. Unemployment and inflation were low, the balance of payments was in equilibrium, productivity growth was by British standards high.

'The Wilson and Callaghan governments', McKibbin continued, were more "competent" than their predecessors and successors... and... their policies, though... imperfect, were better suited to a sluggish, rather uncohesive society than the alternatives'.<sup>21</sup>

Wilson's political achievements, especially in the early 1960s, seem vastly impressive with the benefit of hindsight. Along with Blair, he is the only Labour leader to pull the party straight out of Opposition and into government. He did this in an unpromising environment. The old nostrums of the Left have not always worked as Labour had hoped: nationalised industries were unpopular, and full employment with stable prices not always easy to maintain. On the other hand, the so-called social democratic revisionists who looked to Gaitskell for leadership have not always proved prescient either. The combination of endless growth and the concomitant decline of poverty they believed the managed economy heralded seemed far away by the early 1960s. Wilson's genius was to fuse together the two traditions, in a way that was appealing to the electorate. For Wilson, there had to be a directing and moral state; but it had to work in an up-to-date and efficient manner. Nationalisation would focus on growing whole new sectors of the economy, and investing in new techniques, rather than simply taking over the decline of old staple industries: national planning would direct resources to the same sectors.<sup>22</sup>

By framing the whole arena of Britain's future as a combination of what was technically proficient as well as what was right, Wilson pulled away the Conservatives' mantle of economic

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<sup>21</sup> R. McKibbin, 'Homage to Wilson and Callaghan', *London Review of Books* 13, 20 (1991), pp. 3-5.

<sup>22</sup> I. Favretto, *The Long Search for a Third Way: The British Labour Party and the Italian Left since 1945*, Basingstoke: Palgrave Macmillan, 2003, pp. 38-44, 61-71.

competence. He also deprived the resurgent Liberals, already keen on planning and ‘modernity’, of one of their trump cards with younger, more educated but increasingly frustrated voters.<sup>23</sup> As *The Economist* noted in 1964, Labour’s image of extremism and division had been replaced in the public mind by ‘Mr Wilson’s capture of the more positive image of the white laboratory coat’.<sup>24</sup> But there was more to Wilson than the obviously successful political leader, as this chapter will demonstrate.

### **Economic policy**

The new Labour government’s ‘failure’ to devalue the pound in October 1964 is usually cited as one of Wilson’s main failures.<sup>25</sup> The struggle to maintain sterling’s value involved continual fights with the financial markets speculating against sterling, at a time when currencies were pegged to the value of gold and the dollar in the so-called ‘Bretton Woods system’ created at the end of the Second World War. Even given those supposedly fixed exchange rates, regular rounds of bad news about the balance of Britain’s trade exerted downwards pressure on sterling. Financial markets came to believe that Britain’s currency might be devalued in the near future in order to boost exports, a perception only boosted by Britain’s much-discussed ‘balance of payments’ problem – a chronic deficit that plagued successive governments in the way that budget deficits moved to the centre of expert and public attention after the Global Financial Crisis of 2007-2008. Every release of unfavourable data could therefore lead to runs on the pound.<sup>26</sup>

Trade deficits bringing sterling’s gold peg into doubt forced the government into successive economic packages designed to restrain domestic demand (and thus discourage imports and raise exports) in July 1965 and July 1966.<sup>27</sup> In a system where the value of sterling could not float downwards

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<sup>23</sup> P. Sloman, *The Liberal Party and the Economy, 1929-1964*, Oxford: Oxford University Press, 2015, pp. 224-6.

<sup>24</sup> K. Jefferys, *Retreat from New Jerusalem: British Politics, 1951-64*, Basingstoke: Palgrave Macmillan, 1997, p. 193.

<sup>25</sup> See e.g. P. Sinclair, ‘The Economy – A Study in Failure’, in D. McKie and C. Cook (eds.), *The Decade of Disillusion: British Politics in the Sixties*, London: Macmillan, 1972, esp. Pp. 112-14.

<sup>26</sup> Jim Tomlinson discusses the debates and language surrounding the ‘balance of payments problem’ in J. Tomlinson, *Managing the Economy, Managing the People: Narratives of Economic Life in Britain from Beveridge to Brexit*, Oxford: Oxford University Press, 2017, pp. 215-23.

<sup>27</sup> F.T. Blackaby, ‘Narrative, 1960-74’ in F.T. Blackaby (ed.), *British Economic Policy 1960-74: Demand Management*, Cambridge: Cambridge University Press, pbk. edn., 1979, pp. 33-9.

to take the strain of Britain's apparently faltering productivity (and therefore sales abroad), domestic demand and public spending had to absorb the pressure instead. Wilson's vow to end 'stop-go' economic policies, in which every economic expansion led to financial crisis and then to another phase of restraint, sometimes came to seem like a hollow promise, however hard he pushed it.<sup>28</sup>

The original decision not to devalue sterling immediately, once Labour returned to office, was made for a series of reasons. Wilson and James Callaghan, as his Chancellor, feared for the forced savings of sterling holders with their money in London, since they were often developing countries inside the Commonwealth. American dismay also weighed with them. But the overriding reason for their scepticism was that they did not think that devaluation would work without an industrial shake-out that they wanted to conduct in a 'planned' manner, and that insofar as it did would only change the situation through exactly that austerity they were seeking to avoid.<sup>29</sup> As Wilson had already told those economic advisers he was bringing into Downing Street, devaluation 'would water the weeds as well as the flowers'.<sup>30</sup>

Instead, 'socialist' measures were to perform the role that devaluation could not: This led Labour in power to bring in a temporary import surcharge, allow more export credits, to set up an Industrial Reorganisation Commission, and provide for quick-acting capital grants rather than slower tax allowances for investment.<sup>31</sup> Such measures were designed to boost productivity, increase investment and therefore increase exports under a brief set of protective tariffs.<sup>32</sup> These direct interventions certainly might have made some difference, in calmer times, and in 1966 they were allied to a new Selective Employment Tax (SET) that sought to subsidise manufacturers (and therefore exporters) at the expense of service industries. But as Edmund Dell, at the time a junior trade minister in Wilson's government, later put it: 'their effect was insufficient both in time and quality to rectify the

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<sup>28</sup> Labour's (and Wilson's) opinion poll ratings were very low from the last quarter of 1967 to the late summer of 1969: see Pimlott, *Wilson*, p. 547.

<sup>29</sup> K.O. Morgan, *Callaghan: A Life*, Oxford: Oxford University Press, 1997, pp. 212-3.

<sup>30</sup> Ziegler, *Wilson*, p. 190

<sup>31</sup> O'Hara, "'Dynamic, Exciting, Thrilling Change': The Wilson Government's Economic Policies, 1964-70", in O'Hara and Parr (eds.), *Wilson Governments*, p. 87.

<sup>32</sup> R. Roberts, "'Unwept, Unhonoured and Unsung': Britain's Import Surcharge, 1964-1966, and Currency Crisis Management", *Financial History Review* 20, 2 (2013), pp. 209-229.



fundamental disequilibrium'. These types of measure were not only bureaucratic and hard to operate, but they simply could not take effect on the time horizon sterling needed.<sup>33</sup> The attempt to avoid devaluation via 'direct measures' was perhaps unlikely to succeed from the start.

The aim of the November 1967 devaluation itself, when it was for the most part forced on Wilson, was also to avoid binding restrictions – not to embrace yet another period of 'stop-go' with nothing to show for it. Wilson evaded the concept of a strong tie between a pro-American foreign policy and currency support during the summer of 1966.<sup>34</sup> When the Americans floated the idea of a massive multilateral loan during a period of relative market calm in March 1967, Wilson again rejected this: it could come with the condition that Britain's armed forces stayed East of Suez, a risk too far for the country's room for manoeuvre and even sovereignty.<sup>35</sup> Meeting as part of their work in the Organisation for Economic Co-Operation and Development, the main capitalist economies made clear early in the week of devaluation itself that any large-scale international bailout would come only on very restrictive terms – including binding rules on credit control and growth.<sup>36</sup>

This Labour government's refusal to accept help with foreign policy conditions also had direct economic effects. When devaluation did require an international loan to fend off further speculation, Wilson and his ministers were able to avoid any obligatory terms being inserted into the Letter of Intent issued by the International Monetary Fund laying down the conditions for short-term help – something they might not have been able to achieve had they struggled on into 1968.<sup>37</sup> It was a sense of relief that detailed limits had not been imposed from outside, as much as the inevitable sense of release once a decision is finally made, that caused Wilson to speak optimistically in the Commons about the opportunity 'to break clear from the dilemma of more than a decade'.<sup>38</sup>

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<sup>33</sup> E. Dell, *The Chancellors: A History of the Chancellors of the Exchequer, 1945-90*, London: HarperCollins, 1996, p. 332.

<sup>34</sup> J. Colman, *A 'Special Relationship'? Harold Wilson, Lyndon B. Johnson and Anglo-American Relations 'At the Summit', 1964-68*, Manchester: Manchester University Press, 2004, p. 84.

<sup>35</sup> J.W. Young, *The Labour Governments 1964-1970, Vol. 2: International Policy*, Manchester: Manchester University Press, 2003, p. 48; Pimlott, *Wilson*, p. 475.

<sup>36</sup> W. Davis, *Three Years Hard Labour: The Road to Devaluation*, London: Andre Deutsch, 1968, p. 152; Wilson, *Labour Government*, p. 453.

<sup>37</sup> G. O'Hara, *Governing Post-War Britain: The Paradoxes of Progress, 1951-1973*, Basingstoke: Palgrave Macmillan, 2012, p. 81.

<sup>38</sup> Davis, *Hard Labour*, p. 163.

That feeling of release actually did further damage to Wilson's reputation. A deeply unwise Prime Ministerial broadcast, in which Wilson assured voters that 'the pound in their pocket' had not lost its value, did do a great deal of political damage – though the Prime Minister quickly adjusted his tone in later interviews. Lord Cromer, who as Governor of the Bank of England Wilson had fought over deflation or expansion on coming to power and who in November 1967 had recently ended his five-year Governorship, was given the chance to crow on television that the prime minister's statement was nonsense.<sup>39</sup> Cromer continued to get his revenge, both in the media and the House of Lords, over the following days: he portrayed devaluation as a 'default' that would harm Britain's overseas investment business for years to come. For Cromer, this was a moral as well as an economic reverse: 'how can those responsible for this default and those who condone a default command respect as worthy leaders of this nation?'<sup>40</sup>

Despite the diplomatic defeat, the incessant emphasis on a British economy 'in crisis' seems very overheated. It was government spending, not the private sector, that caused the so-called 'balance of payments' deficit throughout this entire period: the very reason why Wilson rejected 'American' diplomatic terms on loans to defend sterling. Defence spending, in particular, so unbalanced the external picture that it was this, not a rather nebulous crisis inside the British economy, that was the real weight Labour and the country were bearing. It would have had to rise, not fall, if the British fought in Vietnam alongside the Americans, or kept all their bases East of Suez.<sup>41</sup> The record here was again positive, but mixed. On returning to power in 1964, Labour decided to cap defence expenditure at current levels (in cash terms) by 1969-70. That implied savings of £360m on planned programmes, and the government did indeed manage to stick to this target.<sup>42</sup> British military spending in the Persian Gulf and the Far East

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<sup>39</sup> *ibid.*, pp. 161-62.

<sup>40</sup> D. Blaazer, "'Devalued and Dejected Britons': The Pound in Public Discourse in the Mid-1960s", *History Workshop Journal* 47 (1999), p. 136.

<sup>41</sup> J.H.B. Tew, 'Policies Aimed at Improving the Balance of Payments', in Blackaby (ed.), *Economic Policy*, table 7.1, p. 305.

<sup>42</sup> Young, *Labour Governments*, Vol. 2, p. 35.

fell quickly, though it could not be cut back in Western Europe. In total, defence spending abroad and net of receipts did stay flat in nominal terms between 1964 and 1970.<sup>43</sup>

It is also important to see these problems as ministers did, given the statistics they had to work with at the time – all of which indicated they might avoid further crises. In the early summer of 1967 not just the Treasury, but also the National Institute of Economic and Social Research, thought that there would be a small basis surplus for the year as a whole.<sup>44</sup> The payments situation improved more than expected in 1966, in part because of the Government's own restrictive measures in July. By the time of the 1967 Budget, a surplus was expected in both 1967 and 1968.<sup>45</sup> As Roger Middleton has shown, the economy was expanding much more rapidly than anyone understood at the time, and in both 1965 and 1966 balance of payments forecasts got much worse suddenly, frustrating the efforts of both Ministers and officials to understand what was happening.<sup>46</sup> There was a systemic undercounting of exports that made the deficit look much worse than it really was.<sup>47</sup>

It was against this background of poor forecasting that Wilson's government made a series of errors that, looking back, made devaluation much more likely. SET could not take effect quickly during 1966 and was therefore ineffective as any restraint on demand.<sup>48</sup> Callaghan cut interest rates three times in the first half of 1967; Hire Purchase restrictions were relaxed.<sup>49</sup> Ministers were also simply unlucky, though depending on never being unlucky may be thought unwise at the best of times. As Wilson later noted, the Six Day War of 1967 between Israel and her Arab neighbours, and the consequent closing of the Suez Canal, made a huge difference to Britain: before its outbreak, the overall balance of payments deficit had closed to 'only' £87m. The crisis in the Middle East cost Britain about £200m in lost trade

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<sup>43</sup> Tew, 'Balance of Payments', in Blackaby (ed.), *Economic Policy*, table 7.3, p. 321 and table 7.4, p. 323; C.D. Cohen, *British Economic Policy 1960-1969*, London: Butterworths, 1971, table 8.5, p. 197.

<sup>44</sup> Davis, *Hard Labour*, p. 141.

<sup>45</sup> Cohen, *Economic Policy*, table 2.3, p. 17, and pp. 26-7.

<sup>46</sup> R. Middleton, *Inside the Department of Economic Affairs: Samuel Brittan, the Diary of an 'Irregular', 1964-66*, Oxford: Oxford University Press, 2012), table 4, p. 203. table 2, pp. 194-5.

<sup>47</sup> G. O'Hara, 'Towards a New Bradshaw? Economic Statistics and the British State in the 1950s and 1960s', *The Economic History Review* 60, 1 (2007), pp. 16-17.

<sup>48</sup> Dell, *Chancellors*, p. 334.

<sup>49</sup> Davis, *Hard Labour*, pp. 143-4.

over the whole year: it made a difficult situation much worse.<sup>50</sup> The most one can say about this is that Wilson's attempt at strategic orientation had not been able to rectify Britain's financial position before a run of international crises – inevitable in any era – derailed the whole effort to hold sterling's value at the same time.

### **'In Place of Strife'**

The other area in which the Wilson government has been found wanting is industrial relations, with a major White Paper on workplace reform – *In Place of Strife* – going down to ignominious defeat. The concept of establishing a new legal framework for employers and unions, in a country where the whole field had grown up piecemeal and on an *ad hoc* basis, was a powerful one. Here, too, the traditional narrative – of over-mighty unions resisting 'reform' – needs severe qualification. *Strife* would have made unions more powerful, not less. Collective bargaining was to be underpinned in law; compulsory recognition of trade unions was to be legally enforceable; workers would be reserved places in the boardroom.<sup>51</sup> The whole point of these measures was to re-centralise and rationalise power in the industrial relations system. For some years an increasingly powerful shop steward movement had been undermining the power of national unions, helping to make effective management more and more difficult.<sup>52</sup> *Strife* was an attempt to bring the trade unions within the law without the harsh, head-on attacks of the Thatcher years.

The emphasis on strikes was unfortunate, for although poor industrial relations surely did not help the British economy, its problems went deeper. The focus on relations between labour and management was overdone. Strike-prone factories such as Longbridge in Birmingham, owned by what became in this era British Leyland, in fact turned out successful models that dominated the home private purchase market until well into the 1970s. There is little evidence that Britain was particularly strike-

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<sup>50</sup> H. Wilson, *The Labour Government, 1964-1970: A Personal Record*, London: Weidenfeld and Nicolson, 1971, pp. 400, 440.

<sup>51</sup> S. Fielding, *The Labour Governments 1964-1970, Vol. 1: Labour and Cultural Change*, Manchester: Manchester University Press, 2003, p. 105.

<sup>52</sup> A. Thorpe, 'The Labour Party and the Trade Unions', in J. Mellory, N. Fishman and A. Campbell (eds.), *British Trade Unions and Industrial Politics, Vol. 2: The High Tide of Trade Unionism, 1964-79*, Aldershot: Ashgate, 1999, pp. 136-7.

prone in this period when compared to other developed nations, and most companies did not experience walkouts.<sup>53</sup> That focus was bound up with Wilson's view of what 'productivity' was in the first place, which he had imbibed during his time as a minister in Attlee's government: the question for him was one of *labour* productivity, and the correct use of the workforce given full employment. That was the thrust of the 1965 National Plan's declared intention to root out 'under-employment' in the 'wrong' sectors and using the 'wrong' techniques; behind the Wilson government's Productivity Conferences of 1966-67, virtuous though many of their recommendations were; and the creation of the a new Department of Employment and Productivity in 1968.<sup>54</sup>

The ideas in *Strife*, however, tested beyond limits what the Cabinet and the Parliamentary Labour Party would bear. Middle opinion, including within the Cabinet, was very sceptical that the relevant Secretary of State, of all people, should have the power to mandate ballots for strike action or impose a 'cooling-off period' of up to 28 days. Many reasoned that it would be far better to let an independent body decide on such matters. The Government's ideas also went far beyond what the Donovan Royal Commission on Trade Unions and Employers' Associations (1964-68) had recommended, partly designed as it was to outflank the Conservatives' attempts to reform industrial relations. Long-term policy formulation and short-term electoral calculation were both at fault here.<sup>55</sup> The whole plan had to be dropped, with only the consolation prize of reformed TUC processes in return – and a great deal of ill-will having been stirred up.<sup>56</sup> It was a rare Wilsonian misstep, though an entirely explicable one in the circumstances.

### **Progress to limits – but progress nonetheless**

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<sup>53</sup> A. Booth, *The British Economy in the Twentieth Century*, Basingstoke: Palgrave Macmillan, 2001, pp. 117, 148-9.

<sup>54</sup> J. Tomlinson, *The Labour Governments 1964-1970, Vol.3: Economic Policy*, Manchester: Manchester University Press, 2004, pp. 179, 183.

<sup>55</sup> P. Dorey, *Comrades in Conflict: Labour, The Trade Unions and 1969's 'In Place of Strife'*, Manchester: Manchester University Press, 2019, pp. 76-7, 44, 46-7; Crossman diary, 18 June 1969: A. Howard, *The Crossman Diaries*, London: Mandarin, pbk. edn., 1991, pp. 628-30.

<sup>56</sup> Dorey, *Comrades in Conflict*, 178-3.

If hostility to Wilson himself often originated with prior ideological commitment on Left and Right, it was also an entirely unrealistic outlook, failing to grasp at the forces arrayed against ‘Wilsonism’. His governments had to find a way between the international markets, the Parliamentary Labour Party and Labour membership; between employers and trade unions; between declining Commonwealth trade, General de Gaulle and popular scepticism about the EEC. At home, it wanted to build more New Towns, but found its way blocked by local authorities; to reorganise the NHS but became enmeshed in fiendish difficulties of jurisdiction and authority; to foster better race relations, faced by an increasingly-poisonous debate about immigration.<sup>57</sup> As with the proposals contained in *Strife*, it is all very well setting out to settle these issues from above: but they needed careful fostering from below, and much more time, if they were to come to fruition.

Even so, Wilson’s time in office involved a long list of enormous achievements, some of which were forgotten in the long years when his reputation was in the doldrums. Britain became a much more liberal, equal and tolerant place to live under his leadership, for instance. Although technically dependent on a series of free votes, capital punishment was brought to an end after direct assistance from Wilson as Prime Minister. Ministers were ordered to abstain if they objected; an initial attempt to filibuster the Bill was headed off with the help of the Labour Whips.<sup>58</sup> The 1967 Sexual Offences Act meant that a ‘homosexual act in private shall not be an offence’, so long as only two men over 21 were involved.<sup>59</sup> Jenkins as Wilson’s second Home Secretary secured crucial Parliamentary time for the key backbench Bill involved – despite, in this case, some ambivalence in both Wilson’s and much of the PLP’s minds.<sup>60</sup>

Labour passed the Equal Pay Act in 1970 – a measure which owed much to Castle’s perseverance – but the law would come into effect only in 1975, and still did not really grapple with the

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<sup>57</sup> B. Lapping, *The Labour Government 1964-70*, Harmondsworth: Penguin, 1970, , p. 12.

<sup>58</sup> N. Twitchell, ‘Abolition of the Death Penalty’, in P. Dorey (ed.), *The Labour Governments 1964-1970*, Abingdon: Routledge, 2006, pp. 332-3.

<sup>59</sup> ‘Sexual Offences Act 1967’, [https://www.legislation.gov.uk/ukpga/1967/60/pdfs/ukpga\\_19670060\\_en.pdf](https://www.legislation.gov.uk/ukpga/1967/60/pdfs/ukpga_19670060_en.pdf), accessed 11 August 2020.

<sup>60</sup> P. Dorey, ‘Homosexual Law Reform’, in Dorey (ed.), *Labour Governments*, pp. 347-54.

reasons for women's lack of access to training and promotion.<sup>61</sup> Wilson's 'University of the Air', the ambition of which was to teach remotely and to widen access to top-quality courses, achieved more than its founders could have hoped for. The Open University has, to date, welcomed more than two million students: it is one of Europe's largest universities, with over 168,000 learners, a quarter of whom live in the UK's 25 per cent most deprived areas.<sup>62</sup> Questions connected to the quality of life, as well as its equality, were also attended to. The appointment of a minister for sport and the setting up of the Sports Council gave sport a huge boost, backed up by the contemporary burst of investment in public sector leisure infrastructure such as swimming pools and youth clubs. Central government funding for sports grew rapidly, though not to the extent Labour had promised it would in 1965.<sup>63</sup>

The welfare state also continued to develop and progress. Supplementary Benefits were introduced to replace the invasive and discretionary payment of the old National Assistance benefits, with an additional earnings-related element (though with a means test for sickness, unemployment and widows' benefits).<sup>64</sup> These new benefits rose by some way faster than post-tax wages during the later 1960s. Since these benefits were paid as of right, and integrated more surely into the welfare system as a whole (replacing for instance the unpopular 'two book' system, under which other claimants could see who was on National Assistance), these benefits' stigma declined and take-up increased.<sup>65</sup> As wages moved upwards, benefits increased even more quickly, and public services improved, many of Labour's ambitions for a fairer society were gradually achieved. For these reasons amongst others, the Gini coefficient that simply and crudely measures income inequality hovered around the same level through the later 1960s, and then fell towards all-time lows just as Wilson left office.<sup>66</sup>

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<sup>61</sup> Fielding, *Labour Governments, Vol. 1*, pp. 131-2; 'Equal Pay Act, 1970', <https://www.legislation.gov.uk/ukpga/1970/41/enacted>, accessed 10 August 2020.

<sup>62</sup> Open University, 'Facts and Figures', <http://www.open.ac.uk/about/main/strategy-and-policies/facts-and-figures>, accessed 12 August 2020.

<sup>63</sup> G. O'Hara, *The Politics of Water in Post-War Britain*, Basingstoke: Palgrave Macmillan, 2017, p. 155; K. Jefferys, 'Sport Policy: An Unheralded Success Story', in Crines and Hickson (eds.), *Reappraising*, pp. 187-92.

<sup>64</sup> D. Fraser, *The Evolution of the British Welfare State*, Basingstoke: Palgrave Macmillan, 3rd edn., 2003, p. 276.

<sup>65</sup> M. Stewart, 'The Distribution of Income', in W. Beckerman (ed.), *The Labour Government's Economic Record 1964-1970*, London: Duckworth, 1972, tables 2.16-2.17, p. 100, and pp. 98-101.

<sup>66</sup> IFS Briefing Note, 'No Growth in Household Incomes Last Year – For Only the Fourth Time in the Last 30 Years', 28 March 2019, <https://www.ifs.org.uk/publications/14015>, accessed 11 August 2020.

The National Health Service was not only better funded: like the machinery of the central state and the welfare system, the aim here was to make the NHS more responsive, more accessible, more human. General Practice was in a state of crisis when Wilson brought Labour back to power in 1964. Family doctor numbers were declining; GPs were threatening to set up their own insurance system; a majority sent in undated resignations in a fevered bout of negotiations with the new health minister, Kenneth Robinson, and a handful actually did resign from the NHS. Eventually a large-scale package of support for group practices and help with staff and training averted the most serious threat to the NHS since its founding.<sup>67</sup> The building of Health Centres, which brought different practitioners together, and allowed for teamwork between different parts of the NHS, had fallen into abeyance during the 1950s: by 1958, only 28 new centres had been approved in England and Wales. Labour under Wilson gave them another start, with 131 opened by 1970, and 153 more either approved or being built.<sup>68</sup> Indeed, the Wilson government's understanding of the key role GPs played in the Service amounted to a type of NHS refoundation: without this new package for local doctors, the NHS might have locked up completely.

### **Final stretch, 1974-76**

Even Wilson's much-criticised premiership of the mid-1970s contained great successes. The government could hardly be blamed for the major part of the huge spike in inflation that occurred worldwide in the mid-1970s. The doubling of oil prices during the first OPEC shock of 1973, and its knock-on effect in commodity markets, was the main reason for that.<sup>69</sup> Agreement of a £6 pay norm with the unions, reached in late 1975, heralded a period of recovery and greater economic 'normality' than Britain had known for some years. That 'Stage One' of a new effort on incomes policy, to be followed by a relatively successful 4.5 per cent norm during the 'Stage Two' of 1976-78, did help to

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<sup>67</sup> N. Timmins, *The Five Giants: A Biography of the Welfare State*, London: Fontana, pbk. edn., 1996, pp. 222-3.

<sup>68</sup> G. O'Hara, *From Dreams to Disillusionment: Economic and Social Planning in 1960s Britain*, Basingstoke: Palgrave, 2007, p. 192.

<sup>69</sup> R. Coopey and N. Woodward, 'The British Economy in the 1970s: An Overview', in Coopey and Woodward (eds.), *Britain in the 1970s: The Troubled Economy*, London: UCL Press, 1996, tables 1.4-1.5, pp. 6-7.



bring the situation under control.<sup>70</sup> Although public expenditure rose very quickly in 1974 and 1975, not only could this be explained yet again by poor data (in this case, a £5bn Treasury underestimate of public borrowing) but by IMF and OECD advice to hold back from immediate deflationary measures.<sup>71</sup> From the publication of the February 1976 White Paper on public expenditure, the huge and unsustainable boom inherited from the Conservatives was deliberately slowed.<sup>72</sup>

Above all, Wilson's final term saw him fight and win a referendum that cemented Britain's place in Europe. The prime minister himself did not particularly care for 'Europe', or its culture, himself. He had little interest in what he regarded as the unrealistic aims or theology of Europe as a political project. But, in general, he thought first that Britain was better off in the Community than outside, and that secondly the British Left was more likely to hold together if the country was a member. Roy Jenkins and the pro-Europeans, committed as they were, could never have achieved what Wilson did, and the prime minister resented having to make up for what he regarded as their self-indulgence: 'wading in shit... to allow others to indulge their conscience', as he called it.<sup>73</sup>

Wilson promised the Left a referendum on the question to hold the party together, and then – when it came to renegotiating Britain's membership – showed a keen eye for what could realistically be won, and for what might be popular. Quite modest though not inconsequential concessions, some way from Britain's original objectives, were thus made to seem more important than they were.<sup>74</sup> The question of trade relations with Australia and New Zealand, he told officials, should be highlighted instead of the esoteric matter of the European budget. Wilson was also shrewd enough not to make the campaign about himself at all, staying above the fray for most of it, thus preventing the issue becoming a matter of his own leadership. His interventions in the referendum campaign itself came late and were sober, reasoned contributions, all the better to pose as the voice of reason in a heated, ideological

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<sup>70</sup> K.O. Morgan, *Labour People: Leaders and Lieutenants, Hardie to Kinnock*, Oxford: Oxford University Press, 1987, p. 258; D. Coates, *Labour in Power? A Study of the Labour Government, 1974-1979*, London: Longman, 1980, pp. 64-7.

<sup>71</sup> D. Porter, 'Government and the Economy', in Coopey and Woodward (eds.), *Troubled Economy*, p. 44.

<sup>72</sup> Coates, *Labour in Power?*, pp. 37-8.

<sup>73</sup> H. Young, *This Blessed Plot: Britain and Europe from Churchill to Blair*, London: Macmillan, pbk. edn., 1999, p. 274.

<sup>74</sup> M. Haeussler, *Helmut Schmidt and British-German Relations*, Cambridge: Cambridge University Press, 2019, pp. 80-5.

contest. It would be possible to secure free trade via EFTA, he conceded, but Britain would then have to accept all the rules of a free market without any say in setting them at all – an argument that David Cameron failed to land in 2016.<sup>75</sup> The Yes vote he achieved – 67 per cent - was a personal triumph that few others could have achieved.<sup>76</sup>

### **A leader with many faces**

As Labour struggled in the 1970s and the early 1980s, all those achievements seemed to wither. Wilson bore some responsibility for this, not just in trying to keep Labour together whatever happened, but in the speed, range and scope of the changes he had invoked. In many ways he had overpromised, with grand talk of 100 days of action in the mould of President Kennedy – only to preside over a culture of backroom deals, manoeuvring, unattributable leaking and personal retribution.<sup>77</sup> Most Leaders of the Opposition do this, and so do incoming Prime Ministers. As Dell once put it, ‘British governments have learned few lessons from the history of economic management... Political Parties continue to promise what they cannot deliver’.<sup>78</sup> But the intoxicating atmosphere of a rapidly-changing Britain, in its fashionable mid-60s mood, made the subsequent dawn of reality feel much harsher than it might have.

Wilson’s blizzard of images and poses did not help. He was, in Kenneth Morgan’s words, ‘an enigma... there was Dunkirk Harold in Churchillian garb, white-coated Harold caught in the white heat of technological revolution, Water Mitty Harold about to amaze the world with deeds that would be the terror of the earth, even World Cup Harold, appealing to the populist instinct for razzmatazz’.<sup>79</sup> One could add to this: statesman Harold flying to Washington to negotiate about Vietnam; joker Harold, taking on the hecklers; economist Harold happily picking through statistics with his advisers; ordinary Harold, walking on holiday in the Scilly Isles with Paddy, his Labrador dog.<sup>80</sup> In some ways, he was so

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<sup>75</sup> R. Saunders, *Yes to Europe! The 1975 Referendum and Seventies Britain*, Cambridge: Cambridge University Press, pbk. edn., 2019, pp. 82, 91, 114-7; Richards, *Prime Ministers*, pp. 39-40.

<sup>76</sup> D. Butler and U. Kitzinger, *The 1975 Referendum*, London: Macmillan, 1976, p. 263.

<sup>77</sup> Morgan, *Labour People*, p. 256.

<sup>78</sup> Dell, *Chancellors*, p. 553.

<sup>79</sup> Morgan, *Labour People*, p. 259.

<sup>80</sup> Pimlott, *Wilson*, 468, 605.

successful in image-making that he made too many, deepening the sense that there was nothing real behind the façade.

Just as there were many Mr Wilsons, so there were two Harolds in private. Wilson was usually a good judge of personality, spotting for instance that the veteran Left-winger Michael Foot was keen to play a constructive role in his government during the mid-seventies.<sup>81</sup> He was also notable for his sympathy and compassion, as his humanistic reforms and concern for ordinary voters demonstrated again and again. Benn, a bitter enemy in later years, was later to praise him personally: ‘he was a kind man and a man of imagination and... and although he’s been very badly hammered and I criticised him and he criticised me... I think I look back on my association with him with a great deal of – tenderness’.<sup>82</sup>

Britain, in the Wilsonian era, came to seem a lot like its leader: perhaps it had seen better days, and maybe its reputation had become a little shabby and dogeared around the edges. But it had also become a more human and more equal place to live and work, in which your birth and wealth had less and less effect on your later life. Most of all, despite devaluation and *Strife*, Britain’s strategic reorientation from world power to European state had been achieved and safeguarded. Sterling’s reserve role was dissolved. Britain’s bases East of Suez were closed. Human capital was to replace military might. Defence spending fell in real terms by nearly one per cent a year between 1963/64 and 1969/70: education and health spending, in contrast, rose by 5.5 per cent and 5.1 per cent respectively: the share of Gross National Product taken up by those two latter services sprang upwards.<sup>83</sup> Education spending overtook that on defence for the first time in 1969.<sup>84</sup>

For these reasons, Wilson’s transformation from ‘crook’ and ‘ghost’ to human leader, replete with narratives of defeat and victory, seems more than secure. Alan Johnson has recently summed up Wilson’s novel understanding of what Labour could do with those much-derided shifts of image and

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<sup>81</sup> Richards, *Prime Ministers*, p. 43.

<sup>82</sup> P. Hennessy, *Muddling Through: Power, Politics and the Quality of Government in Post-War Britain*, London: Indigo, pbk. edn., 1997, p. 266.

<sup>83</sup> Tomlinson, *Labour Governments, Vol. 3*, table 9.1, p. 202; Stewart, ‘Distribution of Income’, in Beckerman (ed.), *Economic Record*, table 2.19, p. 105.

<sup>84</sup> O’Hara, ‘Economic Policies’, table 3, p. 90.

tone. For Alan Johnson, whilst Wilson ‘recognised Labour’s enduring dilemma of how to speak persuasively for the poor, the secure worker and the socially mobile, he felt that if the Party could align itself with the public thirst for change and modernity it had a unique opportunity to become the natural party of government in the way that the Tories had been throughout most of their existence’. Only then could it reshape public morality, rights at work, access to education and public services.<sup>85</sup>

Wilson, above all, had a real and intuitive feel for the future. That included his concept of the ‘scientific revolution’: new telecommunications, networking and computer technologies were indeed to change the world. But Wilson’s surprising grasp of likely future trends also incorporated the need for Britain to find a strategic home inside ‘Europe’, cut her defence cloth to her means, link public and government closer together, expand education and healthcare and refashion Labour’s appeal to the emerging electorate of skilled workers and graduates: all fronts on which he made a great deal of progress.<sup>86</sup> These were formidable strategic achievements. It is long past time for Labour to take another long look at that list of the impossible turned into the possible.

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<sup>85</sup> Johnson, ‘Harold Wilson: Statesman and Visionary’.

<sup>86</sup> O’Hara and Parr, ‘Introduction’, in O’Hara and Parr (eds.), *Wilson Governments*, xii.

