The 1970s

What really happened?

Tom Unterrainer

John Medhurst's political history of Britain in the mid-1970s, *That Option No Longer Exists,* is an important corrective to union-bashing narratives and what he calls a 'massive and almost monolithic re-writing of history' This book is significant not only because it succinctly deals with the history of the time, but also because it recovers the vital role played by individuals and organisations otherwise consigned to the footnotes of other studies. Medhurst opens his book by skewering – amongst others – the BBC's narrative of the 1970s. He writes:

> 'when the BBC's Chief Political Correspondent Andrew Marr made and presented a major five part history of post-war Britain, the episode on the 1970s briefly mentioned that Labour under Harold Wilson was elected in 1974, and then jumped straight to the "Winter of Discontent" in late 1978/early 1979 … In official BBC history the Labour government of 1974-1979 had one theme and one terminus only – massive strike action that led to the election of Margaret Thatcher.'

By focusing on the period from 1974 to 1976, Medhurst recovers the BBC's 'missing years'. In so doing he shines a light on key moments that reveal much about the politics of the time and which present a challenge to those of us on the left engaged in 'thinking-and-acting-through' the current political situation.

The 1974 Labour government did not spring from the ether unencumbered by history or recent political strife. During Harold Wilson's tenure as Prime Minister between 1964 and 1970 his government 'had attempted little substantial reform of the economic and political structures of

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contemporary Britain' despite what Ken Coates described as 'that vigorous reforming socialist approach which had been so cleverly conjured up by Mr. Wilson in the months before his victory in 1964'. In fact, as early as 1966 – when driven by a tiny parliamentary majority to seek a new mandate to rule – Wilson demonstrated how much trust the trade union movement should invest in him. Just weeks after an election that returned an additional 92 Labour MPs, Wilson addressed the Scottish TUC insisting that all other economic considerations would be subordinate to the imperative of 'balancing the nation's books': 'speaking with all the authority at my command I have to tell you that the one thing that can stop us is a rise in industrial costs'. So what were these 'industrial costs' of which Wilson warned, and how far was he prepared to go to prevent them from threatening his beloved balanced books?

When one group of workers, represented by the historically moderate National Union of Seamen, claimed a rate of £60 for a 40-hour week at sea, Wilson demonstrated just what his main concerns were. Having rejected a three per cent pay offer from the employers (on the same day as agreeing a substantial donation to the Labour Party), the Executive of the National Union of Seamen announced preparations for strike action. On the evening that the strike began, Wilson appeared on television to denounce it as being 'a strike against the state, against the community'.

The wrangles over incomes policy, trade union action, economic planning, and the relationship between the Labour Party and wider Labour Movement persisted throughout the late sixties and into the 1970s. The incident described above is but one of many that fed into a wide-ranging process of debate and organisation which itself came into sharp relief in the years immediately preceding Wilson's third election victory. A further factor that undoubtedly fed this process is identified by Medhurst as the '1970-1974 Conservative government's political and legal assault on the trade unions' where the 'legislative crux of its attack was the Industrial Relations Act' through which the state would effectively regulate and circumvent effective strike action.

Wilson's record from 1964 to 1970, the experiences of Conservative rule, and long-standing efforts to plan, organise and mobilise from parts of the left fed into Labour's 1974 election manifesto and ultimate victory.

Medhurst pays particular attention to the remarkable role played by a group of socialists and trade unionists attracted to and grouped around the Institute for Workers' Control. Starting out in 1964 as a 'gathering of some eighty academics, socialist journalists, and a handful of trade unionists', by 1968 the 'Sixth Conference on Workers' Control' was attended by 'five

hundred delegates, mostly from trade union branches and shop stewards' committees'. The conferences provided a forum for discussion and dialogue 'in which workpeople and academics, trade union activists and technical specialists, students and union leaders, have been able to meet and test out ideas on one another', according to Ken Coates.

Significantly, these discussions 'outside' of official trade union structures found expression deep inside the Labour and Trade Union Movement. The Labour Party National Executive – 'under the tutelage of … John Hughes, Bill Wedderburn and Jack Jones' – commissioned a report on workers' control in the late 1960s; detailed plans for sections of industry were discussed, drafted and argued for in workplaces and on union conference floors; the central IWC slogan of 'open the books' was on everyone's lips and in several important unions, IWC supporters won leadership positions. Where the Scottish TUC could sit politely in witness to Wilson's demands in 1966, it looked increasingly unlikely that such 'politeness' from the unions would endure.

At the same time, a lengthy and detailed re-examination of the sorts of economic policies that a future Labour government should pursue began: 'the groundwork had been done in the early 1970s when' Stuart Holland 'presented papers to Labour's NEC that formed the basis of the industrial strategy laid out in Labour's Programme 1973. The core of Holland's philosophy was that the State, in alliance with the trade unions, must take a leading strategic role in the pursuit of socialist economic policies', writes Medhurst.

The mix of general political radicalisation around Vietnam and elsewhere; focused and ongoing initiatives to discuss and take action on workplace and trade union issues; a re-engagement with and detailed exposition of socialist economic reforms; and the leftward move taken by sections of the Parliamentary Labour Party, and those around Tony Benn in particular, fed into Labour's Programme for Britain 1973. Described by Michael Foot as 'the finest socialist programme I have seen in my lifetime', by the time Edward Heath asked 'who rules Britain' – and received his reply – very little was left.

> 'The result of the February 1974 election gave Labour 301 seats and the Tories 297. With Liberal and Nationalist MPs holding the balance Labour lacked a Parliamentary majority, making it difficult to pass politically controversial legislation.' (Medhurst, p55).

Wilson must have been delighted at the opportunity to forgo implementing the economic plans of Labour's radical manifesto. The Wilson who narrowly won the election in February 1974 was the very same man who

attempted to hold the unions to ransom over wages in 1966. The same logic that dictated the argument that 'to reduce unemployment the books must be balanced' and that to 'balance the books we must have wage restraint' remained at the heart of Wilson's economic thinking. As in the 1960s, this apparent concern over unemployment was cover for the real concern of keeping the international money and trade markets happy.

Wilson was able to offer something to the unions in February 1974: the Social Contract. Medhurst describes the initial purpose of the Social Contract as designed to deliver 'progressive social legislation to benefit working people in return for contained wage demands and industrial peace'. This 'progressive social legislation' was to include commitments to full employment, increased public planning, 'an extension of industrial democracy within industry including statutory requirements to disclose information to trade unions', and an extension of public ownership – to name but a handful of examples. The unions' decision to hold off from a full confrontation with Wilson when the Social Contract was still on the table cannot be condemned and, indeed, Medhurst calls it 'a mature and obvious choice'. All the more so when Tony Benn was working away in the Department of Industry. Benn saw the Social Contract 'as a means of selling Holland's interventionist programme for industry and of providing an opening for industrial democracy'. Nevertheless, where Jack Jones and Benn saw opportunities to deliver for the working class – albeit falling short of the 'fundamental and irreversible change' promised – Wilson saw the Social Contract as little more than a 'political trade-off'.

The nature of this trade-off became clearer when Wilson called a further election in October 1974. The result provided Labour with an additional eighteen seats in Parliament and a working majority, but the actual barriers to implementing Labour's own democratically decided policies remained.

> 'The structural faultlines of the British economy, driven by the City's failure to support long-term investment in British firms and the dominance of financial and *rentier* values over wider social and industrial priorities, were paralysing growth … Instead of research, reinvestment and restructuring most British companies would rather simply lay off workers, prompting industrial militancy in response'. (Medhurst, p58)

Medhurst also points to an event – little recognised at the time – which laid the foundations for the tumultuous events that followed: 'the relaxation of Competition and Credit Control, which loosened the Bank of England's control of the ratio of banks' deposits to lending', which was implemented in 1971 by Edward Heath's government. This mixture, coupled with

Wilson's refusal to pursue Stuart Holland's economic plans, harness the IWC's overflowing repository of plans for industry and industrial democracy, and sidelining Tony Benn in the aftermath of the October election left the Labour government with nothing but a disastrous course of action.

> 'In June 1975 there was a severe "run on the pound". The stock market went into free fall and in the absence of an interventionist price and import control policy the only way to appease the markets and avert increasing deflation was to contain the unions' pay claims'. (Medhurst, p121)

The thousand delegates attending the TGWU's annual conference in June/July that year supported pay restraint by a large majority – testament to 'the level of grass roots support within the unions for the basic approach of the Social Contract at the time'. The TUC, in turn, agreed to a cap of no more than £6 per week on pay claims. At the time, union leaders believed this cap to be a just and fair concession given the circumstances.

Whilst the trade union movement demonstrated restraint, capital did not. Money flowed out of the country with no economic instruments, no policies, and no strategy from the Labour government to stop it. Next stop: the International Monetary Fund.

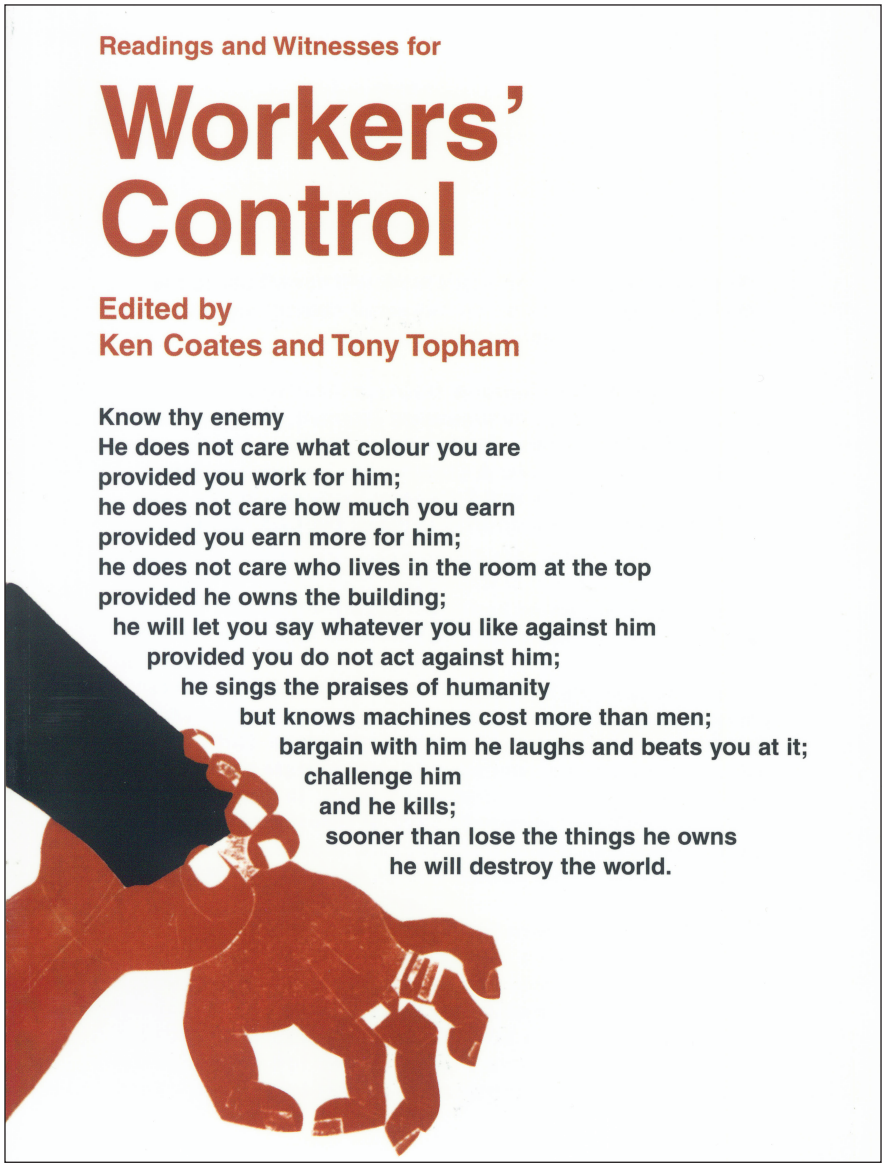
Far from bringing the British economy to its knees, the trade union movement bent over backwards to accommodate the demands of Wilson and Chancellor Healey. Far from being to blame for wrecking the British economy, socialist economic strategies were never applied – even with a democratic mandate from the Labour Party at large and the nation itself.

In an important volume of essays that could and should be read in conjunction with Medhurst's work, Ken Coates attacks the grotesque and intellectually corrupt actions of Wilson and Healey at this time:

> 'Like all such evolutions, this reduction of alleged social democracy to its opposite offers a variety of unedifying spectacles. See, there goes Mr Healey, pregnant with the whitewash bucket underneath that dirty mac, up the ladder by the barn-wall to touch up the slogans. "Four legs good, two legs better" we now read, where once it said something about squeezing until the pips squeaked.' *(What Went Wrong,* p15)

Medhurst's book has a great deal more to offer than what has been outlined here. Not least, the volume of detail he weaves into his always lucid writing is in no way reflected in this selection. In addition to highlighting the work of Ken Coates, Stuart Holland and the IWC, Medhurst paints a vivid picture of the cultural atmosphere of the time and offers some

interesting vignettes of the self-styled revolutionary groups on the fringes of the movement.

There is certainly a great deal more to write and say about the work of the IWC and of Ken Coates, in particular, stemming from this period.

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