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Adjustment through modernization: The transmission belt to Thatcherism 1964–1975

Defeat in the 1964 general election would act as a prelude to a decade-long struggle to construct a new statecraft strategy that would enable the Conservatives to win elections (the politics of support) and govern competently (the politics of power). The single-figure parliamentary majority that Labour secured in October 1964 would lead to a shorter-than-normal Parliament. Harold Wilson would dissolve Parliament in early 1966 and secured a larger parliamentary majority (of 99) as the Conservative vote fell further (11,418,433 or 41.9 per cent). The Conservatives did secure an unexpected return to office in June 1970 with a 46.4 per cent vote share and 13,145,123 votes, but the turbulence of office would contribute to two defeats in 1974. The February 1974 general election saw them fall back to 11,872,180 votes and the October 1974 general election saw a further reduction to 10,464,817 votes. Critically both contests witnessed a rise in support for other parties – notably the Liberals and Scottish Nationalists – meaning that the Conservative share of the vote fell significantly to 37.9 per cent and then to 35.8 per cent (Kavanagh and Cowley 2010: 350–1).

These events coincided with the leadership tenure of Edward Heath. It may be convenient for some Conservatives to use Heath as the yardstick against which leadership and governing incompetence should be judged, but this is to oversimplify. Heath would lead the party through a period of ideological turbulence. He would have to manage the conflict between progressives in the one-nation mould who believed that the Conservatives should remain situated in the centre ground and those on the right who wanted to pursue a more free market strategy. Heath struggled to manage this divide effectively. In that struggle his political reputation would be damaged (Fry 2005: 211).

His premiership would provoke a number of controversies: how should we interpret his objectives when entering office (is ‘Selsdon Man’ a myth?); how significant were the policy U-turns that his administration implemented (or were they acts of pragmatism?); why was the general election of early 1974 called; and what explains Heath’s removal from the leadership in 1975 (was it simply that Margaret Thatcher was the only alternative to Heath – i.e. ‘anyone but Ted’ or an ideological conversion?)? However, before considering the Heath government of 1970–74, it is necessary to consider the period of opposition between 1964 and 1970. This is a critical juncture. It appeared that the party was undertaking a significant strategic reappraisal which ‘appeared to herald a direct assault on the post war settlement’ and Conservatives post-war statecraft strategy (Taylor 2005a: 140). Retrospectively the Heath era can be viewed as the transmission belt between two traditions – the one-nation accommodation with the politics of consensus and Thatcherism and the politics of conviction. In this interim period, Heath would attempt and fail to construct a new form of Conservative statecraft. His failure can be seen as either the first abortive attempt to implement Thatcherism or an attempt to modernize the existing settlement to make it work more effectively, which failed.

Planning for power: Renewal between 1964 and 1970

The scale of their electoral defeat in October 1964 created a conundrum for the Conservatives. A comfortable Labour victory, and the assumption of a full 5-year parliament, would have provided the Conservatives with time to make decisions on their key questions: leadership succession (and the method of determining the succession) and intellectual and policy renewal (Garnett 2005: 192). However, the timescale in which such deliberations would take place was complicated by the possibility of Wilson dissolving Parliament to obtain a stronger mandate. The question was should the Conservatives seek a new leader before Wilson sought his dissolution?

Alec Douglas-Home lacked leadership credibility. His inability to retain power undermined him, confirming him as a ‘stop-gap leader who was bound to give way sooner or later’ (Campbell 1993: 166). These arguments carry validity but his subsequent performance as leader of the opposition also drew criticism. His limitations as a parliamentarian ‘were now far more damaging than in office’ (Blake 1998: 297). More importantly he was disinterested in the task of intellectual and policy renewal, so this process was delegated to Heath (Campbell 1993: 167).

However, Douglas-Home made a critical intervention in the short time that he was leader of the opposition. He recognized that the magic circle was no longer tenable and that it worked to the advantage of candidates

from elite backgrounds. What was needed was a meritocratic system which could allow the party to select a more socially representative leader (Fisher 1977: 195–7). However, the new democratic procedures would ensure that the electorate was limited to Conservative parliamentarians, and elections for the leadership would only occur when a vacancy existed. This would be when the incumbent chose to stand down (or died). That no procedure existed to challenge the leader was deliberate (Hutchinson 1970: 138). The new procedures assumed that a discredited leader would voluntarily stand down and therefore no rules on challengers needed to exist (Fisher 1977: 147–8).

The new procedures would involve a series of eliminative ballots up to maximum of three. Within the first ballot the leading candidate would be declared the winner only if they had an overall majority, plus a lead of 15 per cent over the second-placed candidate. If this was not forthcoming a second ballot would be called, in which alternative candidates could enter the contest. If no victor was forthcoming, then the leading three candidates would enter a final ballot in which Conservative parliamentarians could declare a second preference as well, which would ensure that a clear winner could be found once the least popular candidate had been eliminated (Bogdanor 1994: 81).

However, the new procedures did not remove the stain of illegitimacy for Douglas-Home. He knew that a campaign was being mounted to force him to stand down. That campaign was being initiated by allies of Heath. Heath did not actively campaign but he did nothing to discourage his supporters as they set about destabilizing Douglas-Home (Roth 1972: 184). When William Whitelaw (his Chief Whip) informed him that it may be in the best interests of the party for him to step aside, he did so. Upon resigning he informed the 1922 Committee that the party must complete the succession process ‘swiftly and efficiently’ and ‘with dignity and calm’ (Home 1976: 221).

The Conservatives were looking for a meritocratic figure who could effectively speak the language of modernization – that is, a Conservative version of Wilson (Butler and King 1966: 53). As R. A. Butler had retired from political life, and with Iain Macleod opting out, it was assumed that it was a straight choice between Heath and Reginald Maudling. Both were identifiable with the one-nation wing. Maudling was the pre-contest favourite due to his seniority and opinion polls showing he was the preferred candidate of floating voters (Roth 1972: 185). However, the succession contest was given greater ideological definition by the unexpected candidature of Enoch Powell. Powell knew that he could not win himself but he was keen to provide a platform for his views. His candidature would constitute a ‘foretaste of the alliance Thatcher successfully constructed to win the leadership . . . [through] . . . a combination of free market enthusiasts, [and] traditional right-wingers concerned about immigration’ (Evans and Taylor 1996: 145). Powell would secure a poor return of only 15 supporters, which

was unrepresentative of the impact of those views within the PCP. What they did represent was the fact that Powell was a 'strange figure' unsuited to leading a political party, or even advancing a political faction. His viewpoints may have gained adherents but he personally showed limited interest (or skill in) translating this into support (Shepherd 1996: 293). Ultimately, his participation in the contest was to be of little consequence, and no second ballot occurred, so his supporters' second preferences were never sought. This was because Maudling decided not to seek a second ballot. Heath had won 150 to 133 on the first ballot, and without the 15 per cent lead over Maudling a second ballot should have been required (Punnett 1992: 60). Maudling realized that he would need all of the Powell supporters (plus the small number of abstainers) to support him to defeat Heath. It was highly unlikely that this would be feasible and a demoralized Maudling understood this (Baston 2004: 255).

Heath's usurping of Maudling was probably aided by the positive impact that Heath made relative to Maudling in the short period of opposition under Douglas-Home. In addition to assuming the more significant role of shadow Chancellor, (with Maudling becoming shadow Foreign Secretary), Heath was appointed to Chair the Advisory Committee on Policy. Heath utilized this position to advance his leadership credentials at the expense of Maudling, and 'went so far as to forbid the Research Department to supply the papers coming out the policy groupings to Maudling' (Campbell 1993: 172).

The process of repackaging policy dominated the opposition era. It would culminate in the much-debated Selsdon agenda that was to shape expectations of what the incoming administration of 1970 would aim to implement. However, it would differ from the process of policy renewal post 1945 in two ways. First, in 1945 the parliamentary arithmetic enabled the Conservatives to engage in that process with increased certainty that policy could be developed in preparation for a 1949 or 1950 general election. Post 1964 they would be forced to face the electorate after only 18 months and the process was still in its embryonic stage. This was the view of Heath who concluded that although defeat in 1966 was disappointing it gave them 'the opportunity of developing the policy review which had been started in 1965' (Heath 1998: 282). The second difference between the renewal processes of 1945–51 and 1965–70 was in the purpose and presentation of renewal. Whereas the Butler-inspired renewal process had been about impressionism and establishing the broad trajectory of the policy agenda, the Heath process was far more detailed with a greater emphasis on the policy specifics. However, policy development was influenced by the need to maintain party unity, that is, to avoid increasing the divide between the free market Conservatives led by Powell, and the welfare state pragmatists led by Maudling (Gilmour and Garnett 1998: 222). As a consequence the policy review, (prior to 1966), became 'a way of avoiding tackling the most fundamental questions' and 'the process lost sight of the wood for the trees' (Ball 2005: 23).

In early 1966 the Labour administration was viewed as reasonably competent and was able to consolidate its appeal on a modernizing platform based around the meritocratic image of Wilson. This helped propel them to a comfortable victory in the March 1966 general election (Ball 2005: 17). By the standards of electoral politics today, the reaction within the Conservative party and within the press was restrained. That restraint reflected an acceptance that the defeat was the continuing 'working out of the unpopularity and decline of the party when they left office in 1964' (Ball 2005: 17). Heath had not had time to establish himself as the new leader and given that there was little expectation that they could win (Heath 1998: 282), there was 'only limited discernable criticism' of him (Rhodes James 1972: 99).

Of the impact of the policy review at this stage, Ball concluded that 'it suffered from the blunderbuss effect – a horde of small shots, but little that really hit the target' (Ball 2005: 17). After all, the policy-review process had to ensure that the programme of policies offered, or the narrative, was attractive enough to the electorate to win back power, while at the same time retaining the unity of the party. It also had to offer a credible governing approach through which policies that were proposed could be implemented. That process had an emphasis on practical solutions to problems rather than being philosophically driven. Those practical remedies were cloaked in the 'language of management consultancy' (Evans and Taylor 1996: 147). The ongoing process, which involved more than 30 groups, would feed into the 1968 statement *Make Life Better* presented at the annual conference of that year. It would then infamously culminate in the meeting at the Selsdon Park Conference in January 1970, that would aim to draw together the various themes and objectives of the process to form the manifesto for the next general election.

In rhetorical terms Heath was careful initially. Modernization implied change, he argued, but it was change that would build upon the achievements of the 1951–64 administrations and was thus within the existing policy framework. For example, he informed the 1965 Annual Conference that greater selectivity in welfare provision was about the 'modernisation' of, not the 'abolition of' the welfare state (Campbell 1993: 203). Thus Heath was acting as a balancer, arguing a line that built upon the one-nation era, rather than repudiating it, but at the same time showing sensitivity to the evolving right. Significantly, Heath tried to avoid discussing incomes policy for this very reason – Maudling was strongly in favour, while Powell and Keith Joseph were against (Campbell 1993: 204). Campbell notes that 'Heath had no strong views on the matter', but his 'prime concern was to avoid open disunity, so for the present he preferred to evade the issue, making no clear commitment either way' (Campbell 1993: 204).

There was to be an interesting comparison between how they dealt with incomes policy and their approach to industrial relations. Here the objective of the 1969 policy document *A Fair Deal at Work* was to address

the problem of unofficial strikes which was felt to be the primary issue with regard to industrial relations (Dorey 2001: 114). What was advocated was the creation of legally binding agreements between employers and trade unions, which could be enforced by a new industrial relations court. If it were deemed that disputes were threatening the national interest, then it was proposed to lead into a cooling off period of 2 months and a pre-strike ballot. The Conservative opposition was convinced that their framework was viable and they believed that once the legislation was enacted trade union leaders would regard further resistance as 'futile' (Garnett 2005: 208). This misplaced assumption would explain their position on incomes policy, as senior Conservatives 'assumed that a successful attack on militant trade unionism would in itself reduce much of the inflationary pressure from wage increases' and therefore they could avoid 'the need for tough deflationary measures which might increase unemployment' (Garnett 2005: 209).

The consequence of this approach was twofold. First, it would lead to rhetoric that would come back to undermine them when in office. So convinced were they of the imminent 'success' of their industrial relations policy this would 'obviate' the need for incomes policies. This then led to the following claim in their manifesto: 'we utterly reject the philosophy of compulsory wage control' (Dorey 2001: 112). A gap existed between this apparently clear claim and Heath's own attitude. He was said to be 'doggedly non committal' throughout most of the opposition era (Campbell 1993: 232). However, Heath was pulled towards this position out of 'political opportunism and rhetorical momentum, rather than conviction'. Adopting this rhetorical position (and thus rejecting Maudling's position), did not mean that Heath personally was embracing the position of Joseph (and Powell before his removal from the shadow Cabinet). Rather he had been persuaded by Macleod who considered it 'advantageous to take up the clearest possible anti-socialist cry before the election', even though Macleod personally 'did not mind if he had to reverse himself in government' (Campbell 1993: 232). From this Campbell deduces that this was entirely in tune with Heath's 'approach to politics' – that is, 'rejecting the *philosophy* of compulsion did not say anything about rejecting the *practice*, if in the Government's judgement it should become necessary' (Campbell 1993: 233). Thus the impending 'success' of their industrial relations legislation was inextricably tied to their hope that an incomes policy would not be necessary, and it would provide them with a means of addressing inflationary pressures within the economy (Garnett 2005: 210). Evans and Taylor conclude therefore that the 'entire policy-making process was marred by a serious omission' and that the Conservatives fought 'the general election of 1970 unprepared for the central problem which faced it' thereafter (Evans and Taylor 1996: 150–1).

It is fair to say that the opposition Conservatives were divided on a variety of issues (Fry 2005: 212). These would involve policy disagreements but also personal conflicts. The early period in opposition found Heath and

Whitelaw (his Chief Whip) struggling to contain dissension over Labour's proposed imposition of oil sanctions on the Ian Smith regime in Rhodesia (Garnett 2005: 195). While the leadership instruction was abstention, 50 Conservatives voted against the imposition of sanctions and 31 supported sanctions (Campbell 1993: 205). Nigel Fisher, who was a front-bench spokesperson on Commonwealth affairs, refused to abstain and supported the imposition of sanctions, and was thus forced to retreat to the backbenchers (Ziegler 2010: 196). As 80 Conservative parliamentarians rebelled against the instructions of the leadership, Wilson ruthlessly exploited the divisions within the PCP. The accusation that Heath was sacrificing principles in an attempt to preserve party unity (and then failing to do so) delighted the Labour benches (Campbell 1993: 204). Tony Benn recorded in his diaries that 'Heath is a pathetic figure, kicked this way and that, and is incapable of giving firm leadership'; the Conservatives are 'splintering before our eyes' (Benn 1987: 354).

Within months of this humiliation Heath was undermined by his own spokesperson on Colonial Affairs, Angus Maude. Writing in the *Spectator* in January 1966 Maude implied that Heath was a 'dry technocrat' and that the party had 'completely lost the political initiative' (Butler and King 1966: 20). Heath dismissed Maude. Within 18 months as party leader other significant figures from their governing years – Selwyn Lloyd, Duncan Sandys and John Boyd-Carpenter – were no longer within the shadow Cabinet. This caused considerable resentment. That Heath was also advancing younger and inexperienced Conservatives, such as Anthony Barber, Geoffrey Rippon and Peter Walker, aroused 'dissatisfaction among more seasoned representatives who thought that they had been overlooked' (Garnett 2012: 85). As a consequence his allies became dubbed the 'Heathmen' 'as if they constituted a specific faction within the party', an accusation that was compounded by the perception that Heath himself 'habitually treated Conservatives outside the new magic circle in a dismissive fashion' (Garnett 2012: 85). For example, when considering how Heath treated Edward du Cann (whom he dismissed as Party Chair in 1967), Wright suggested that it showed that Heath was a man who nursed grudges (du Cann had not backed Heath over RPM when at the Board of Trade) (Wright 1970: 387).

However, the primary internal party problem for Heath was the issue of immigration, which was becoming an increasingly salient issue within British politics. How should he respond to Labour's Race Relations legislation, which was designed to outlaw any kind of racial discrimination? The shadow Cabinet decided to accept the *principle* of the legislation but sought to *oppose* the legislation on the grounds of whether it could be effectively implemented. However, from the left Edward Boyle argued that the shadow Cabinet should back the legislation, fearing that opposition might allow Labour to portray them as racist (Ziegler 2010: 206–7). This is where Powell intervened with his infamous 'Rivers of Blood' speech. Noting the projected growth of the immigrant population, Powell observed

that his constituents feared that 'in this country in fifteen or twenty years, the black man will have the whip hand over the white man' (Shepherd 1996: 346–7). And to those who sought legislation 'against discrimination' Powell argued that they 'had got it exactly and diametrically wrong', as the real 'discrimination and sense of alarm and of resentment lies not with the immigrant population but with those among whom they have come and are still coming' (Shepherd 1996: 348). The Powell intervention caused anger within the shadow Cabinet. They believed that Powell had accepted the negotiated compromise (Whitelaw 1989: 80–2). Heath was appalled at Powell and his open defiance of his authority and the agreed position of the shadow Cabinet (Heffer 1998: 456). Powell 'had overstepped the rational limits of dissent' and Heath was 'outraged, not least because Powell had caused embarrassment' and 'now seemed to think that he was licensed to speak out without fear of dismissal' (Garnett 2012: 86). Heath wanted to dismiss Powell and informed a reticent Thatcher (who was arguing for delay) 'he absolutely must go' (Thatcher 1995: 146–7). Dismissal became inevitable when his shadow Chancellor (Macleod), shadow Home Secretary (Quintin Hogg, formerly Lord Hailsham), employment spokesperson (Robert Carr) and education spokesperson (Boyle) threatened to resign if Powell remained (Shepherd 1994: 500). Heath dismissed Powell on the grounds that his speech was 'racialist in tone and liable to exacerbate racial tensions' (Shepherd 1996: 351).

The furore that Powell created over immigration has come to historically overshadow the wider contribution that he was trying to make to the debates on the future of Conservatism. Powell would advance 'clear alternatives' to the policies that have been deemed to have failed by 1964; and his combination of free market ideas and hostility to immigration appealed to sections of both the middle and working classes (Gamble 1974: 115). Powell was the first prominent post war Conservative to advocate the doctrine of the free economy which was to dominate Conservative discourse in the 1970s and 1980s (Gamble 1988: 70–3). Indeed, Joseph claims that it was 'Powell who converted both Thatcher and himself' and there is some legitimacy to the argument that 'Powellism was a precursor to Thatcherism' (Evans and Taylor 1996: 162). Thus the impact of Powell was that he showed that 'there was an intellectual alternative to the modernisation of the social democratic state' and it was an alternative narrative for the Conservatives (Gamble 1988: 73). However, the timing of his advance and the controversy and distraction away from the economic arguments that flowed from his attitudes on immigration created a fear within Conservative elites that Powell's attitudes would alienate uncommitted voters and disrupt party unity (Brittan 1968: 145–55).

The culmination of their review of policy in opposition was to be a weekend meeting at Selsdon Park Conference (January 1970), which aimed to pull together the review process into a coherent package of policies for the next general election. In reality the meetings at Selsdon failed to address the central policy concern that would face an incoming Heath

government: inflation (Gilmour and Garnett 1998: 242). However, despite the ambiguity of this central issue Selsdon would acquire a significant influence upon the psyche of Conservatives over the next two decades. Of the five legislative priorities reported as agreed at Selsdon (tax cuts, trade union reform, law and order, immigration control, and higher pensions for the over-eighties), only three could be described as 'aggressively right wing'. But an impression of a substantive shift to the right was established in the press reporting (Campbell 1993: 265). The fact that the press briefings afterwards emphasized law and order so much, when it had hardly been covered during the policy discussions at the conference, was illuminating. This was a consequence of an ill-thought through and cynical intervention by Macleod. Heath was apparently worried about what to say to the awaiting press. Macleod advised: 'It's quite easy, Ted. Just tell them we believe in law and order that always goes down well' (Gilmour and Garnett 1998: 242). Therefore, although Heath did not really share the right-wing instincts that were being associated with him, the fact that the media made the link was partly his own fault as Heath 'compensated for rejecting the views of *laissez-faire* radicals by using their language' (Butler and Pinto-Duschinsky 1971: 46).

The politician that ensured that Selsdon entered the minds of the electorate was ironically Wilson. He attempted to exploit the suggestion that the Conservatives had lurched to the right by suggesting that they were planning to dismantle the welfare state. Wilson 'invented a composite model of the new breed of hard faced Tory – economically liberal but socially authoritarian' and christened this type of Conservative (and Heath) as 'Selsdon Man'. Wilson said that the Conservatives had 'an atavistic desire to reverse the course of 25 years of social revolution; what they are planning is a wanton, calculated and deliberate return to greater inequality' (Campbell 1993: 265). Campbell notes that

"Selsdon Man" was a brilliant phrase, but it rebounded on Wilson, first because it lent the opposition's earnest catalogue of humdrum policies precisely the cloak of philosophic unity and political impact that they had hitherto lacked, and second because it turned out that the electorate was at least as much attracted as repelled by them. At a stroke Wilson had succeeded, as Heath and all his advisors had consistently failed to do, in sharpening the Tories' image and opening up the appearance of a clear political choice between Labour and Conservative. (Campbell 1993: 265)

The difficulties that the Wilson administration had experienced had already contributed to an improving opinion polling position for the Conservatives in the 1968–69 period (Garnett 2005: 193). Their national plan, and the institutional apparatus designed to facilitate this – the Department for Economic Affairs – had failed to hit the predetermined growth target

of 4 per cent. Their economic credibility had been undermined by the humiliation of devaluation. This had occurred after the implementation of deflationary measures including expenditure cuts and a statutory 6-month wage freeze, which had been designed to stave off devaluation. The Wilson administration also struggled to grapple with the rise of trade union militancy, and more damagingly proposals advanced within the famous *In Place of Strife* (1969), which aimed to manage industrial relations more effectively, had to be withdrawn. With the PLP and the Cabinet divided on the proposals, a humiliated Wilson backed down (Tyler 2006: 462). These governing failings and internal party divisions should have provided opportunities for Heath as leader of the opposition to exploit, but doubts about his ability to propel the Conservatives to victory existed. Within Conservative Central Office concerns about his skills at campaigning were openly discussed (Garnett 2012: 84).

As the lead in the opinion polls that the Conservatives possessed began to narrow and then disappear, those doubts about Heath's 'stiff, odd, tense and humourless' public personality became more magnified (Campbell 1993: 189). The May 1970 local elections were particularly worrying because if they were replicated in a general election then Wilson would have a 50-seat majority. Shortly after those elections Labour pushed their lead up to 7.5 per cent in the opinion polls (Campbell 1993: 269). The opportunistic Wilson chose to dissolve Parliament almost a year earlier than necessary in order to exploit the current environment. There was a palpable fear of defeat within Conservative ranks (Ziegler 2010: 219).

A genuine concern among some Conservative elites was how to ensure that Powell would not assume the leadership after Heath was forced to stand down after the inevitable defeat (Carrington 1988: 214). Maudling and Whitelaw were so fearful of this prospect that plans were made for a meeting with Douglas-Home for immediately after the general election to discuss the leadership (Ziegler 2010: 219). However, Heath remained convinced that they would win, and despite doubts about his personal appeal the Conservative campaign was strongly focused around him as leader and alternative prime minister (Ziegler 2010: 219). With Labour doing likewise it contributed to highly personalized coverage to what was an 'unusually presidential campaign' (Butler and Pinto-Duschinsky 1971: 343–5). Personalizing the campaign in this way appeared to aid Wilson and not Heath, as the Labour lead increased to 12.4 per cent, whereupon Powell intervened (Hurd 1979: 18). Powell reintroduced the issue of immigration. Heath was now forced to answer questions on whether Powell could be a future Conservative leader, and whether he wanted to expel him from the party (Campbell 1993: 277).

However, with days to go before the electorate went to the polls, the supposedly smooth progress to re-election for Labour was undermined by worrying balance of payments figures. Senior Labour figures began to show their reservations. Barbara Castle doubted the size and durability of

the opinion polling lead: 'I wish there weren't another five days before the election!' she wrote in her diaries 'although Heath is making such a pathetic showing personally and is getting such a bad press, I have a haunting feeling that there is a silent majority sitting behind its lace curtains, waiting to come out and vote Tory' (Castle 1984: 805). The doubts that Castle had in the accuracy of the opinion polls proved to be justified. Against expectations Heath was victorious. He took great 'satisfaction that the experts, the know-alls and the trend setters had been confounded' (Hurd 1979: 26). There was a swing of 4.8 per cent which produced a total vote of 13,145,123 (and a vote share of 46.4 per cent) for the Conservatives, providing them with 330 parliamentarians and a working majority of 31.

Powell claimed his interventions on immigration contributed to the election victory (Shepherd 1996: 400–3). He was certainly a dominant personality within the campaigning period. The press association assigned two reporters to him as opposed to one for Heath, Wilson and Jeremy Thorpe, creating an impression that it was a virtual four-party campaign, as Powell (or reaction to Powell) took up about 20 per cent of all election coverage on television (Shepherd 1996: 392, 401). Whether Powell wanted the Conservatives to win was another question (Hurd 1979: 22). Due to his conduct in opposition and his difficult relationship with Heath, victory he admitted had 'sealed my exile' (Shepherd 1996: 403). With Powell marginalized, the Conservatives were back in office and appeared well placed to resume their role as the natural party of government. It was seen as a personal triumph for Heath, and a justification for the meticulous preparation that had been made while in opposition.

From the Quiet Revolution to who governs? The Heath government 1970–1974

The allocation of senior portfolios was predictable as Douglas-Home went to the Foreign Office, Maudling to the Home Office and Macleod to the Treasury. Douglas-Home would no longer be seen as an alternative prime minister, but Maudling and Macleod could have been seen (either by themselves, their supporters, or the media) as threats to Heath. However, these two heavyweights were to be removed from the equation. Macleod tragically died in July 1970. Maudling, meanwhile, became engulfed in scandal (alongside accusations of excessive drinking) and had to resign from the Home Office in 1972, despite protesting his innocence (Maudling 1978: 193–205).

When Macleod died Heath appointed Barber to the Treasury (a 'promotion too far' according to Fry 2005: 222), and when Maudling was forced to resign he appointed Carr to the Home Office. Walker, Rippon, Barber, Carr and James Prior were Cabinet ministers who could be described

as 'Heath's protégés if not creations' (Ziegler 2010: 242). Roth was more scathing in his appraisal. He noted that they 'seemed chosen favourites rather than obvious choices', and that their promotions indicated that Heath was keen to surround himself with those whose positions 'depended more on loyalty to him than to proven ability' (Roth 1972: 210). King felt that this meant that Heath had a 'weak Cabinet' because he liked to be 'surrounded by his friends rather than the most able members of the party'. King concluded, however, that this was because Heath was 'very suspicious and had good reason to doubt the loyalty of many serious members of his party' (King 1975: 9, 56). Heath sought the moral high ground by arguing that he could have 'bought support by giving places to potential trouble makers' but this was 'not the purpose of a modern government' (Heath 1998: 311). However, the Cabinet of Cronies accusation has to be tempered by the acknowledgement that both Thatcher and Joseph were members of the Heath Cabinet.

Despite high expectations when entering office, the Heath era would become remembered for its governing difficulties, that is, 'the record number of work days lost due to strikes, some of which severely dislocated life for millions of ordinary people, states of emergency, double digit inflation, a three-day working week, blank television screens, lawlessness and vandalism and, at the end, a crisis general election which the government lost' (Kavanagh 1996a: 360). These had not been the expectations when the Conservatives gathered for the 1970 Annual Conference. Here, Heath informed the party faithful that they had been 'returned to office to change the course and the history of this nation, nothing else' (Butler and Kavanagh 1974: 10).

This rhetoric built upon the assumptions that had underpinned the policy review in opposition. There was thus an expectation that his administration would reduce state intervention in the economy and lower public expenditure and income tax. Alongside the assumed pursuit of greater freedom in the economic sphere and greater competition with improved efficiency and greater productivity, was to be trade union reform, avoidance of formal prices and incomes policy, and increased selectivity in the allocation of welfare entitlements. The cumulative effect was that the incoming Heath administration was to challenge consensus politics. The logic underpinning these changes was that these measures would encourage enterprise and initiative, they would promote economic growth, and modernize the British economy, thus arresting decline (Dorey 2011: 92).

Their earlier rhetoric appeared to leave limited scope for ambiguity and would include numerous hostages to fortune. When promising a new style of government, Heath had emphasized in their manifesto his belief in securing 'long term objectives' as against 'short term gain' (the Wilson approach), and claimed:

I want to see a fresh approach to the taking of decisions. The Government should seek the best advice and listen carefully to it. It should not rush

into decisions, it should use up to date techniques for assessing the situation, it should be deliberate and thorough . . . *once a decision is made, once a policy is established, the Prime Minister and his colleagues should have the courage to stick to it* . . . courage and intellectual honesty are essential qualities in politics, and in the interests of our country it is high time we saw them again. (Campbell 1993: 271)

Claiming that the 'gap between the politician's promises and the government's performance will be closed' was naive (Kavanagh 1987b: 222). Nonetheless it could be argued that they set off with a clear set of objectives in order to modernize Britain, and that they pursued these with rigour in the initial months of government. Implementing the Selsdon agenda would mean, among other things, that they would

- 1 seek entry into the EEC
- 2 refuse to provide state assistance for 'lame duck' companies
- 3 create a statutory framework to regulate industrial relations
- 4 not introduce a compulsory incomes policy.

The most important objective was securing entry into the EEC (Turner 2000: 64). This position was held despite the fact that while negotiations were ongoing Conservative whips had calculated only 194 Conservative MPs were in favour of entry, 70 were undecided and 62 were hostile (Norton 1978: 67). Once negotiations were completed, the publication of the White Paper (in June 1971) would 'signal the beginnings of a drawn out parliamentary battle' (Crowson 2007: 38). On the advice of Francis Pym, his Chief Whip, Heath postponed until after the summer recess any parliamentary division on the principle of entry (Garnett and Aitken 2002: 96–7). However, Heath hoped that opinion within the PCP would be influenced by the fact that the majority of constituencies and activists favoured entry and that the 1971 Annual Conference accepted the terms upon which entry had been secured by 2,474 to 324 (Kelly 1994: 250). He also was to benefit from the position, and divisions around this, that the Labour opposition adopted. By officially opposing the terms of entry, Ball argues, Wilson put the question on a 'partisan basis' and this meant that it pushed the undecided within the PCP towards 'loyalty' to the party, even if they remained unenthusiastic about the principle of entry (Ball 1996: 317).

Exploiting the awareness of a significant body of pro-European Labour MPs (who they were confident would vote for the terms of entry), Pym and a reluctant Heath granted a free vote for the October 1971 parliamentary division on the principle of entry (Norton 1978: 70). Heath later admitted that he wanted a three-line whip, but that Pym (and Whitelaw) had persuaded him that a free vote would be 'healthier for the party' (Heath 1998: 378–9). It resulted in a majority of 112 for entry (356–244), with the number of

Conservative 'rebels' (39) outweighed by the number of Labour rebels (69) who defied a three-line whip imposed by the shadow Cabinet (Meredith 2008: 85–8). By the time the Bill received its final approval in June 1972 Heath had managed to win all 104 divisions, although 20 Conservatives rebelled at second reading, 31 rebelled on a pro-referendum amendment and 16 rebelled on the final reading which was won by 301 to 284. After the division, Pym announced that 'it has been a terrific battle, full of tension and drama, the determination and patience of the Conservative Party has been remarkable' (Norton 1978: 79). That Pym was 'relieved that it was over' was understandable as it had been the 'most persistent' example of backbench dissent that the PCP had experienced in the post-war period (Norton 1978: 79–80).

Entry was to be the primary legacy of the Heath government. That the Conservatives would within a few decades become overwhelmingly Euro-sceptic has caused further damage to Heath's reputation. The argument that the political implications of entry were 'disguised' during the parliamentary passage of the European Communities Act has been increasingly made (Young 1998: 246–51). In reality the passage of the parliamentary legislation would encapsulate the poolers/absolutists distinction that would come to dominate the debate in forthcoming decades. The Heath frontbench would argue that sovereignty would not be eroded, and rather it would be shared and enhanced as membership would increase the range of choices open to the British state. The attitude of Heath was that they should not obsess about institutional dynamics as there was 'no need to specify' on the 'theological principles of arrangements' (Lord 1994: 37–9). This ambiguity, and the resultant difficulties in securing parliamentary ratification, would contribute to the Heath European strategy suffering from a legitimization problem. Due to this Gifford concludes that Heath's government 'failed to articulate or institutionalise a coherent European project' that would persuade either the party or the electorate of the benefits of membership (Gifford 2008: 54).

Beyond successfully securing European entry the Heath government would experience a number of governing difficulties that would make a mockery of the rhetorical flourishes of their early months of power. A month after Heath delivered his famous Quiet Revolution speech to the October Annual Party Conference, his Secretary of State for Trade and Industry John Davies made an equally memorable intervention. Davies was the former director general of the CBI (1965–69), and within months of entering Parliament in 1970 he was put in charge of the new super ministry of Trade and Industry. Here he was to demonstrate the 'disadvantage of inexperience' (Gilmour and Garnett 1998: 248). That November he told the House of Commons that the government was determined to make 'industry stand on its own two feet or go to the wall', and that the 'consequence of treating the whole country as lame ducks was national decadence'. He concluded that the vast majority 'live and

thrive in a bracing climate and not in a soft, sodden morass of subsidised incompetence' (Bell 2004: 66).

Heath would later lament that Davies 'was trying too hard to prove his credentials' (Heath 1998: 330). As Campbell notes, it is less well remembered that Davies was more interventionist than his rhetoric in Parliament suggested. His comments to the Annual Conference a month earlier, about not bolstering or bailing out companies 'where I can see no end to the process of propping them up' had an important sentence before it. Here Davies did acknowledge that the consequences of abandoning 'great sectors of our productive community at their moment of maximum weakness', suggests he was more moderate than the 'lame ducks' rhetoric would imply (Campbell 1993: 310). But as Ziegler notes, Davies had given 'several hostages to fortune which fortune, as is its way, was in due course to deploy with some brutality' (Ziegler 2010: 333).

A considerable amount of time had been devoted to the industrial relations in the policy review in opposition. Once in government, Heath sought through the Industrial Relations Act of 1971 to change the climate of confrontation, and provide both new rights but also new responsibilities for trade unions as institutions. In his memoirs he was at pains to emphasize the 'fundamental difference' between his and Thatcher's later trade union reforms, in that his were done in the 'spirit of one nation Conservatism', as 'we had nothing against the trade unions as such' (Heath 1998: 409). The legislation would come into force in August 1971 and would involve the creation of a Registrar of Trade Unions and Employers' Association and the establishment of the National Industrial Relations Court which had the status of a High Court. However, the act was misconceived, as Gamble notes:

It was designed to deal with the problem of unofficial strikes and the growing power of shop stewards in some major industries, and it sought to do this by giving greater authority to the national union leaderships. The refusal of the trade unions, however, to trade some loss of their privileges for greater authority over their members destroyed the plan and soured relations between unions and Government. (Gamble 1988: 75)

By the time Heath departed Downing Street the legislation was deemed to have failed, and was seen to have harmed, rather than aided, industrial relations. Its non-viability would contribute in time to its 'tacit abandonment' and its inclusion in the list of U-turns that would be associated with the Heath era (Ball 1996: 329). It was naive to assume that if the trade unions would not accept a Labour administration legislating on trade union power (through the aborted *In Place of Strife*), that they would accept a 'Tory version' (Fry 2005: 221). Upon reflection a more astute political move would have been for the Heath government to have implemented Labour 1969 *In Place of Strife* proposals, because politically it would have been problematic

for Labour to oppose (Prior 1986: 72). While this may have been a tactical miscalculation, the wider strategic calculation that underpinned the Industrial Relations Act was flawed. Their commitment to operate without an incomes policy meant that containing inflation was dependent on the industrial relations legislation working. Its failure would contribute to the momentum that would lead to the infamous U-turns.

The difficulties for the Heath government started quickly. There was 'no honeymoon' and quickly the 'unprecedented combination of rising unemployment and rising prices produced an alarming and perplexing situation' (Ball 1996: 320). In the first year of office many of the commitments identified in opposition began to be implemented. In addition to commencing the legislative process on industrial relations, and beginning negotiations to enter the EEC, the government announced cuts (in the mini-budget of October 1970 and the budget of March 1971) in public spending, income tax and corporation tax (Kavanagh 1996a: 373). However, concerns began to develop about the fear that what they were trying to achieve was 'not understood or appreciated by the public' (Ball 1996: 321).

Although there was a growing feeling that the government had no 'idea of how to control inflation' (Ball 1996: 327), the root cause of the policy adaptations, or U-turns of 1971–72 stemmed from concerns about unemployment. By the beginning of 1972 unemployment hit the highest level since the winter of 1947 (Kavanagh 1996a: 373). Permitting a high level was 'counter to everything Ted believed in' (Prior 1986: 73). During the winter of 1971–72 unemployment rose above one million – a figure which Heath feared would be politically unacceptable to permit when seeking re-election. As a consequence their governing approach morphed back to the traditional corporatist and interventionist ways of the post-war era. In time, however, Ball argues the language of 'U-turn' would become 'impressed into the national consciousness' to such an extent that it would fatally undermine the 'credibility' of the government and Heath himself (Ball 1996: 328). The process of policy adaptations occurred at many levels and involved:

The rescuing of 'lame duck' companies

Having entered office with a firm commitment to have a 'hands off' approach to industry, and not use the state to bail out so-called lame duck companies making big losses, the Heath government proceeded to intervene and nationalize Rolls Royce in late 1971. Fear about social and political unrest eventually led to the rescue of the Upper Clyde Shipbuilders in early 1972. The Rolls Royce intervention could initially be viewed as an 'exceptional expedient' which was 'dictated by international obligations and defence considerations which in no way invalidated the principle of not propping up lame ducks' (Campbell 1993: 442). After all, Rolls Royce was the 'standard-bearer for British industry', and if it failed it would 'damage national prestige' (Ziegler 2010: 343). However, the rescuing of the Upper Clyde

Shipbuilders was different as Heath (and Davies) had earlier suggested that this was 'precisely the sort of company they were determined not to rescue' (Campbell 1993: 442). As it stood on the brink of going into liquidation a report, in which Nicholas Ridley (junior minister in the Department of Trade and Industry) advocated complete closure, was leaked. As the threat of civil disorder escalated Heath informed the Cabinet that 'it would be necessary to suspend, for the time being, the application of the established policy of accepting that, when concerns ceased to be viable, they should be allowed to go into receivership' (Ziegler 2010: 345). This bailing out of companies in financial difficulties 'caused much unease among government backbenchers and the contrast between words and action was commented on by supporters and political opponents' (Kavanagh 1996a: 370).

Adopting state-directed economic planning and regional development

Through the formulation and implementation of the 1972 Industry Act the government further contradicted their commitment to disengage. The Bill was fuelled by a view that the advantages of EEC membership could only be fully exploited if industrial capacity was strengthened. The Bill therefore made provision for two types of state assistance for industry – first there was to be financial incentives for investment in new plant and machinery; and, second, was the restoration of regional investment grants for areas suffering from high unemployment (Kavanagh 1996a: 373). Within Cabinet, Thatcher and Joseph publically accepted it while privately having reservations, but Conservative backbenchers were clearly unhappy especially as Wilson 'offered barbed congratulations to Heath on his belated conversion to sound socialist principles' (Ziegler 2010: 357). The scale of unease of the Conservative backbenchers was evident when Sir Harry Legge-Bourke, Chair of the 1922 Committee described the legislation as a 'socialist bill by ethic and philosophy' (Bell 2004: 73).

The abandonment of the industrial relations legislation and the search for a tripartite consensus

The Industrial Relations Act failed in the sense that the number of working days lost to strikes increased. In the first year of its operation (1972) Britain lost over 23 million man days in stoppages, which was the largest number since 1926 (Kavanagh 1987b: 222). It became virtually inoperable when the TUC decided that they would expel any union that registered under the Act, an action which 'effectively crippled' the policy (Kavanagh 1987b: 225). The National Union of Mineworkers (NUM) called a national strike for January 1972 demanding a 47 per cent pay rise for their members (Taylor 1996: 177). The Cabinet agreed not to refer it to the new institution – the

National Industrial Relations Court – fearing this would further alienate the NUM (Ziegler 2010: 350). Taylor suggests that instead the Cabinet, ‘raised the white flag’ by setting up a public inquiry under Lord Wilberforce (Taylor 1996: 177). Commenting on the scale of the crisis at the time, Hurd recalled that ‘the government is now vainly wandering over the battlefield looking for someone to surrender to and being massacred all the time’ (Hurd 1979: 103). The resulting report (produced within 3 days) offered the Government a way out, but a humiliating one at that with the offer of a 32 per cent pay increase being recommended (Kavanagh 1996a: 368–9). The ‘authority’ of the Government was badly undermined and it smacked of ‘surrendering to industrial muscle’ (Kavanagh 1996a: 369). In the aftermath, Heath informed the nation that ‘we must find a more sensible way to settle our differences’ (Campbell 1993: 420–1).

This apparent surrender to the NUM did tremendous damage to the self-confidence and standing of the Heath government, and undermined morale within all sections of the party (Whitelaw 1989: 124). There was a tacit abandoning of the Industrial Relations Act in the face of its non-viability, as the Heath government sought stability and growth through a ‘tripartite consensus’ (Ball 1996: 329). The objective through 1972 was to acquire agreement on a policy of voluntary pay restraint through inclusive talks involving the Government, the TUC and the CBI. It was a ‘clumsy though probably sincere’ attempt but it constituted a U-turn, and its eventual failure by the autumn would contribute to the fourth identifiable U-turn on incomes policy (Bulpitt 1983: 179).

The adoption of a compulsory prices and incomes policy

Gamble argues that the ‘biggest change of all’, and the ‘one which excited the loudest shouts of betrayal, was incomes policy’ (Gamble 1988: 76). As was mentioned earlier in the chapter, the manifesto for the 1970 general election had made it clear that the leadership opposed the philosophy of incomes policy. However, after the failure to secure a voluntary agreement for pay restraint involving the CBI and the TUC, the Government intervened in November 1972 to impose a statutory incomes policy. It should be noted that the demand for an incomes policy was ‘intensified’ by a severe run on the reserves which had increased inflation and concerns about a balance of payments deficit, leading to the government deciding to float the pound. This in turn would leave ‘them with no alternative to the restoration of wage discipline’ (Evans and Taylor 1996: 200–1). Indeed, Heath would later argue that by this time he ‘did not really believe it was practicable to fight on without statutory backing’ (Heath 1998: 414). However, the jettisoning of the 1970 manifesto commitment prompted Powell to ask whether Heath ‘had taken leave of his senses’ (Dorey 2001: 128). Stage 1 (a complete

freeze) and 2 (a phase of an egalitarian increases across the board) of the statutory incomes policy were successful, but the policy came unstuck at stage 3 (an increase of 7 per cent) when negotiating with the NUM in the winter of 1973–74. A year earlier when rebelling against the imposition of a statutory incomes policy Ridley claimed that Thatcher congratulated him for his stance, but was unable to join him (Evans and Taylor 1996: 201–2).

Increases in public expenditure

Between July 1971 and March 1973 the Heath government adopted classic Keynesian reflationary methods by increasing public expenditure (Kavanagh 1996a: 373). This contradicted their aforementioned commitment to holding down or reducing public expenditure, but it was deemed to be necessary in order to boost output and stimulate growth (Gamble 1988: 76). The reflating of the economy in 1972, in the eyes of Heath's critics, was the 'cause of the rampant inflation' of 1974 and 1975 (Evans and Taylor 1996: 201). It was done in an effort to 'spend its way back to full employment', and they were 'able to do so because the constraint afforded by fixed exchange rates had disappeared' (Gamble 1988: 79). However, Gamble notes that to 'keep the momentum of the expansion going' meant that the Heath government 'found itself obliged to intervene in markets more and more, and to try to control wages and prices directly' (Gamble 1988: 79). The experience of the Heath government was 'thought to prove the monetarist critique of Keynesianism' (Evans and Taylor 1996: 201). Anyway, the growth strategy, which was now described in Conservative 'demonology' as the 'Barber boom', was not sustained (Evans and Taylor 1996: 202). By early 1973 there were increasing fears among Conservatives that the economy was overheating. Moreover, the inflationary pressures created in late 1973 by the rise in oil prices 'removed any credibility' from the dash for growth strategy, and made 'some measure of deflation inescapable' (Gilmour and Garnett 1998: 282). The expenditure cuts of May and December 1973 were welcomed by many Conservative MPs, notably du Cann, who had been so vocal in his criticism about the rising level of expenditure (Ball 1996: 330). However, while Heath loyalists described these adjustments in economic strategy as 'pragmatic', to his critics they smacked of 'inconsistency'. More generally it could be said, however, that the Conservatives were giving the impression of 'confusion' with regard to their strategy (Ball 1996: 330).

Given the ideological turbulence maintaining party unity was an ongoing challenge. The Heath Government would experience a remarkably high level of backbench parliamentary rebellions. For example, while the last Conservative Parliament (1959–64) had experienced a rebellion rate of 11 per cent, the 1970–74 parliament would see government dissent rise to 18 per cent, and the 1971–72 session would have a dissension rate of 29 per cent (Norton 1978: 40). At the end of the rebellious year that was 1972, there was a 'growing conviction' among Conservative parliamentarians

that they were 'regarded as servants of a leader who has little regard for their affection, or their principles, and who considers them as cattle to be driven through the gates of the lobby' (Cosgrave 1972: 878).

Campbell concludes that 'it is easy in retrospect to trace the parliamentary party's rejection of Heath back to before 1974-75' (Campbell 1993: 510). There were clear 'warning signs' in 1972, as known critics of Heath were elected to positions of significance (Kavanagh 1996a: 375). Having left his junior ministerial role within the Department of Trade, Ridley was elected as chair of the backbench finance committee. Another critic of the economic policy reversals, John Biffen, was elected as chair of the backbench industry committee (Norton 1978: 241). Of perhaps greater retrospective significance was the election of du Cann as the new Chair of the 1922 Executive Committee. They had a relationship based on mutual distrust (Ziegler 2010: 354). Heath disliked du Cann for having voted for Maudling in the 1965 party leadership election, and Heath repaid him by dismissing him as Party Chair (in 1967) and then excluding him from ministerial ranks when the party returned to power in 1970 (Clark 1998: 457). Upon his election du Cann assured Heath 'You will have my full support, and I want you to know that I mean it,' but as Ziegler notes, 'he did not mean it, and the Prime Minister knew that he did not mean it' (Ziegler 2010: 354-5).

The perception that the Heath government had been humiliated by the 1972 miners' strike had created a view 'that it should never happen again', as their 'authority could not survive another such defeat' (Campbell 1993: 421). This mentality would put them on a collision course with the NUM in the autumn of 1973, as in party terms a 'second surrender to the NUM was out of the question' (Ball 1996: 345). The emerging crisis was initiated when the National Coal Board offered a pay increase of 13 per cent to the miners, which was within the parameters of the incomes policy that the Heath government had set down. Given that the NUM was seeking an increase of 40 per cent, they began an overtime ban in November 1973. Their claim coincided with the Yom Kippur war in the Middle East and thus their bargaining positioning was enhanced by the impending energy crisis created by OPEC imposing a fourfold increase in oil prices. Coinciding with this was a work to rule by engineers in the electricity industry, and action by train drivers, which created the cumulative impact of diminishing coal supplies and electricity power cuts. The subsequent imposition of a 3-day week to conserve energy supplies contributed to a heightened sense of national crisis and political impotence (Dorey 1995a: 124).

Ramsden concludes that Heath was left with two alternatives. Option one was pay whatever was required to get the miners to return to work, and 'fight another day'. Option two involved Heath appealing for the support of the people in the hope that a renewed and enlarged mandate could exert pressure on the miners where 'arguments had failed' (Ramsden 1999: 410). Option one was problematic for Heath in party terms as he was under

'pressure from backbenchers who would not countenance another sell out to the miners' (Kavanagh 1996b: 363). Option two was also problematic for Heath as he was personally deeply reluctant to engage in a confrontation that a 'Who Governs' style campaign would necessarily generate (Ramsden 1999: 412). The Cabinet was divided on which option to select and prevaricated. Carrington, Prior, Walker and Geoffrey Howe felt that a renewed mandate was the only way to defeat the miners. Polls suggested that they possessed a small lead and if they won a second election and had the prospect of five further years in office (till early 1979), they would be in a stronger position to take on the miners than continuing to the end of their current mandate. However, Pym and Whitelaw opposed the idea of an earlier election, feeling that it was unnecessary (Butler and Kavanagh 1974: 35). Taylor argues that Heath felt that he could avoid an early election as he (for too long) retained hope that he could persuade the miners to compromise, a view which was a 'remarkable testimony to Heath's self confidence; a self-confidence bordering on delusion' (Taylor 2005b: 97).

Press speculation began to mount that a general election would be called for the 7 February, but leading up to the 17 January (the last day at which Parliament could be dissolved for this to occur) Heath was gripped by indecision. Ziegler concludes that 'dithering had unfortunate consequences for the party', as it was claimed by some political commentators that they had 'considered holding an election, but had run away from the possibility because they thought that they would lose' (Ziegler 2010: 423). Had Heath gone then (by 17 January) it would have been a campaign against the miners' overtime ban, not a strike, but a week after deciding not to seek a new mandate the NUM voted for a strike (Kavanagh 1996b: 362–3). A reluctant Heath now felt compelled to go for option two, and called a general election for 28 February. In what would be his final broadcast as prime minister he informed the electorate that

the issue before you is a simple one. . . . Do you want a strong Government which has clear authority for the future to take the decisions that will be needed? (Clark 1998: 426)

That part of the statement created as many questions as answers – if the electorate needed a strong Government, did that mean the present one was weak? In what way was the authority of the current Government requiring a reconfirmation? After all, there was one and half years of the Parliament left. And what 'decisions' did Heath think 'needed' to be made? (Clark 1998: 426). The election 'was held in inauspicious circumstances, during deep winter, a three-day week, petrol rationing and a coal miners' strike' (Kavanagh 1996b: 351). Despite this Heath was remarkably confident of being re-elected and this was a widespread view. As Ziegler notes 'at the onset of the campaign it was taken for granted by almost everyone that the Conservatives would win' and 'in a time of emergency, the country was

bound to rally behind the established authority: patriotism would blend with self interest to produce a swing away from anarchy to security and stability' (Ziegler 2010: 432).

The prospect of the Conservatives being re-elected was not aided by Powell intervening and encouraging Conservatives supporters to vote Labour as this at least provided a route map out of the EEC (Powell was not seeking re-election as a Conservative.) (Shepherd 1996: 433–6). Moreover, there was a contradiction at the heart of the Conservatives request for a second term – that is, 4 years earlier they had emphasized how governments needed to stand aside from wage negotiations, arguing that this should be left to trade unions and employers, and yet now there were arguing that a statutory prices and incomes policy was necessary in the fight against inflation (Kavanagh 1996b: 351). The re-election campaign was further undermined when the director general of the CBI, Campbell Adamson, described the Industrial Relations Act as a 'disaster' and that it should be 'repealed' (Ziegler 2010: 433). If business was of this view it made it harder to defend and justify the approach that Heath had been adopting. It was an intervention that Heath regarded as unforgivable (Heath 1998: 516).

The answer to Heath's question 'who governs Britain' was inconclusive. The hoped for response of 'you and not the miners' did not materialize (Ziegler 2010: 435). The final opinion polls had given Conservatives confidence. Gallup had them up by 2 per cent; NOP, Harris and OPC had them up by between 4 and 5 per cent, and ORC projected a Conservative majority of between 60 and 80 (Campbell 1993: 612–3). However, once all of the results were confirmed, the Conservatives had the largest share of the vote at 37.9 per cent to Labour on 37.1, although Labour had more seats at 301 to 297. The Liberal surge in vote share at 19.3 per cent (and 14 seats) was a considerable advance on their 1970 share of 7.5 per cent. For Heath the deduction in the Conservative vote share (at 8.5 per cent from the 46.4 per cent in 1970) was a 'devastating rebuff' (Campbell 1993: 615).

Heath called a Cabinet meeting and noted that the Conservatives had secured the majority of the votes cast, and where 6 million votes had been for the Liberals, 'the nation would expect him to attempt the formation of a right-centre coalition before handing power to the Labour Party' (Ziegler 2010: 436–7). Heath felt that Thorpe was 'keen to enter a coalition' (Heath 1998: 518). However, Thorpe had significant reservations about serving under Heath, as he was sceptical when Heath informed him that senior Conservatives 'wished to continue to serve under his leadership' (Thorpe 1999: 114–16). However, the Liberals wanted a commitment to proportional representation. The Heath Cabinet was only willing to go as far as offering a Speaker's convention on electoral reform. Of the Cabinet meeting to discuss the Liberals terms for forming a coalition, Bogdanor notes the following: when Heath mentioned proportional representation, Thatcher responded with 'oh, no we couldn't' (Bogdanor 1996: 373). Bogdanor concludes that it 'was at this point that her hostility to Heath as a traitor to

Conservatism crystallised', in that he was 'prepared to sacrifice any chance of the Conservatives ever again achieving an overall majority on their own for the mere temporary renewal of power' (Bogdanor 1996: 373).

The idea of any arrangement with the Liberals crumbled when both Heath and Thorpe realized that they could not take their parties with them. The Conservatives were forced back into opposition. Before evaluating the endgame for Heath in the 12 months between March 1974 and February 1975, it is worth reflecting upon how his three-and-half-year government has been viewed. The Heath government is open to two interpretations.

The first interpretation is the right-wing critique that views 1970–74 as a failure, and that Heath personally must shoulder the responsibility as it was due to weak leadership (Bruce-Gardyne 1974; Holmes 1995). For them the success of Thatcherism a decade later 'made Heath's government look wrong-headed and indecisive' (Seldon 1996: 2), and thus the Heath era has to be defined as a failure as 'its initial right wing objectives' were 'abandoned in the face of difficulties' (Seldon 1996: 2). Thatcher concluded that 'the poisoned legacy of our U-turns was that we had no firm principles, let alone much of a record' to defend (Thatcher 1995: 240). However, such firm convictions have to be seen alongside Thatcher's own admission as to why she did not resign from the Heath Cabinet. She admits that 'those of us who disliked what was happening had not yet either fully analysed the situation or worked out an alternative approach' (Thatcher 1995: 220).

It is not just a charge of betrayal that fuels the Thatcherite critique. It is the charge of incompetence (Gamble 1988: 78). The performance of the economy under their stewardship had deteriorated rather than improved. Union power had appeared to have intensified rather than diminished, and with legislation to improve industrial relations being easily resisted, an image of Britain being 'ungovernable' gathered momentum (Gamble 1988: 78). Kavanagh notes that 'contrary to its 1970 manifesto the government at the end of its term presided over record levels of inflation and balance of payments deficits, public spending had increased by nearly 50 per cent in real terms, inefficient firms were propped up and a record number of days had been lost due to strikes' (Kavanagh 1996a: 363). Moreover, an 'effective' administration would secure re-election, and due to the above-mentioned reason, Heath led the only post-war administration to last only a single term, and they suffered a massive reduction in their vote share between entering and departing office. The 8.6 per cent difference between June 1970 and February 1974 was only bettered in the post-war period by the gap between Major's victory in April 1992 and his defeat in May 1997.

The second interpretation is that Heath was a pragmatist operating in difficult circumstances. This Heath loyalist position would counter the above Thatcherite critique by arguing that the government was a 'success, implementing most of its manifesto pledges', and 'showing flexibility in the

face of great difficulties' (Seldon 1996: 2). The memoirs of Heath present the defence case, as do those of insiders such as Walker, Prior and Gilmour, but these are interpretations in which the term 'U-turn' is hardly mentioned (Heath 1998; Walker 1991; Prior 1986; Gilmour 1992). The central plank to the loyalist argument is to stress the great achievement of the Heath era, entry into the EEC, although this argument becomes dependent upon your view on the merits of the European project. Hennessy suggests that rather than view Heath as a proto-Thatcherite, it is better to view his Quiet Revolution as an attempt to 'breathe new life, economic vitality especially, into the post-war settlement' (Hennessy 2000: 356). In that context, Hennessy argues Heath is not

so much a compulsive U-turner but more of a somersaulting moderniser – a premier prepared to execute great leaps of policy for the purpose of continuing to move more effectively in the same direction with its trio of interlocked signposts: full employment and a modernised economy well placed to take full advantage of the other great Heath ambition, membership of the EEC. (Hennessy 2000: 336)

Thus the ambition of Heath was a better consensus. He wanted to preserve the essentials of the post-war settlement (Hennessy 2000: 336). However, his capacity to achieve this was to be fatally undermined by circumstances beyond his control. There is a need to acknowledge the destabilizing impact of international economic trends. The ending of the Bretton Wood system of fixed exchange rates intensified the uncertainty, while the weakened economy was in 'no position to cope' with the outbreak of the Yom Kippur War between Israel and Arab states (October 1973), which 'led to the quadrupling of oil prices by OPEC countries' (Kavanagh 1996a: 380). Heath also had to devote considerable amounts of his time to the escalating conflict within Northern Ireland and this interfered with the time devoted to other governing difficulties. By March 1972 the decision was made to suspend the Stormont Parliament and impose direct rule from Westminster. The suspension of Stormont contributed to a 'loosening of the traditional Conservative links with the Ulster Unionist MPs' (Kavanagh 1996a: 369).

The Thatcherite critique in part rests on an 'exaggeration of the right-wing intent' of the incoming 1970 administration. Seldon argues that 'Heath and the shadow Cabinet allowed the [Seldon] conference and subsequent pronouncements to be invested with a right-wing ideological coherence that was neither intended nor deserved' (Seldon 1996: 13). Seldon concludes that Heath was

never a believer in *laissez faire*, but was a traditional Tory who saw the state as an essential deliverer of economic and social policy . . . so while some policies advocated at the 1970 general election, such as the rejection of an incomes policy and tax and spending cuts were more right wing

then offered by the party at any general election since 1945, the motives for the policies were *instrumentalism* and *opportunism*, not *ideology*. (Seldon 1996: 14)

Kavanagh suggests that the Seldon Man image associated with Heath, and used against him by his critics, stemmed therefore not from his ideological beliefs but from his electioneering rhetoric. He was not an ideologue; rather he was ‘consistent about ends, flexible about means: he was a pragmatist, concerned with pursuing the best means to achieving economic growth and greater personal freedom’ (Kavanagh 1996a: 367). Building on the communicative dimension, Garnett offers a similar critique:

At a 1970 election press conference he read out a brief which promised that a specific Conservative policy would “at a stroke, reduce the rise in prices.” The phrase had been carefully crafted: the abolition of Labour’s Selective Employment Tax (SET) would make prices rise *more slowly*, rather than reducing them overnight. But the words “at a stroke” had been chosen deliberately, to create the impression that Conservative policies would have an immediate impact on the rate of inflation; and if that persisted at a high level after the election, the Conservatives could hardly complain that the overall meaning of Heath’s declaration had been distorted when Labour critics used it against him. The 1970 manifesto contained an unwise repudiation of the “philosophy” behind the use of incomes policy as a means of containing inflation. This meant what it said – that is that Heath disliked the idea of incomes policy, not that he would never resort to such measures if they seemed unavoidable. But to his critics (especially on the right) such *semantics* were irrelevant; in their eyes it looked as if Heath had ruled out the prospect of an incomes policy, and when his government felt constrained to implement such a policy they bitterly resented this “U-turn.” (Garnett 2012: 88–9)

The Peasants Revolt 1974–1975

Resentment at losing power meant that it was inevitable that speculation would gather about whether Heath should retain the leadership. Heath wanted to remain and circumstances meant that this would be possible in the short term. He remained resolute even if he ‘seemed almost physically diminished’ by the impact of defeat, according to Cecil Parkinson, who concluded that ‘one just felt sorry for this desolate and lonely figure’ (Parkinson 1992: 48). He would retain the leadership (for the time being) for two reasons. First, the existing procedures for selecting the party leader only referred to when a vacancy existed – that is, there were no rules permitting a challenge to take place. Second, given that Wilson was leading a minority administration, it was possible that he could seek a new mandate at very short notice. This

was a significant factor for many Conservatives as Ziegler notes: 'to fight another election with Heath still leader might seem unpromising', but to 'fight it with a divided party and an unproven replacement at its head could be disastrous' (Ziegler 2010: 448). So, paradoxically, due to these circumstances Heath was 'impregnable but weak' (Ziegler 2010: 448).

The limited reshuffle that Heath conducted to his shadow Cabinet proved to be significant. With Barber wanting to stand down from frontline politics, Heath needed to appoint a shadow Chancellor. Rather than appoint Joseph he played it safe by promoting the more loyalist Carr. Thatcher concluded that Carr was 'committed to the interventionist approach that had got us into so much trouble'. By rejecting Joseph it was clear that Heath had 'set his face against any policy rethinking' that would acknowledge that their 'economic and industrial policy had been seriously flawed' (Thatcher 1995: 241–2). Denied the shadow Chancellorship, Joseph remained within the shadow Cabinet but without any portfolio. Heath acquiesced to this request from Joseph so that the latter was free to intellectually consider long-term economic thinking. To facilitate this Heath also agreed to allow Joseph to set up the Centre for Policy Studies (CPS). This was a naive move by Heath. Later Heath was said to 'feel betrayed when the CPS turned out to be an intellectual springboard for a determined challenge to his leadership' (Campbell 1993: 627).

Joseph was at his most provocative when he delivered a speech in September where he 'turned an open secret into open warfare' (Ziegler 2010: 452). In what was an 'unequivocal challenge' to the authority of Heath, Joseph questioned the prioritization of unemployment over inflation. He argued that by believing that we must overheat the economy to try to prevent unemployment at any cost simply fuels inflation, which in the long run only creates more unemployment. Keynesian thinking must be abandoned and the only cure for inflation is to control the money supply – that is, by government being more disciplined in terms of printing money (Denham and Garnett 2001: 259). Given the close proximity of the general election, Heath was unable to dismiss Joseph (Howe 1994: 168).

It is not surprising that the meetings of the shadow Cabinet were acrimonious as the differences between Heath and Joseph intensified. As a newly promoted member, Michael Heseltine observed that 'my first doubts as to Ted's ability to hold the party together stemmed from the brusqueness and brutality he displayed in the conflict' between himself and Joseph (Heseltine 2000: 157). Similar doubts about his unifying capabilities and political judgement were growing within the PCP (Behrens 1980: 32–3).

After defeat in October 1974 Heath was increasingly viewed as a three-time loser and thus an electoral liability (Wickham-Jones 1997: 74). His eventual successor felt that this reaction to another electoral reversal was delusional. She could not accept his analysis of the election campaign which was that it had been a good containment exercise and that the mechanics had worked well. Thatcher felt that Heath 'could not change' as 'he was

too defensive of his own past record to see that a fundamental change of policies was needed'. She concluded that 'everyone except Ted knew that the main problem was the fact that he was still leader' (Thatcher 1995: 261, 263). However, critics still faced the same conundrum that they faced in March – that is, the rules did not permit challengers and the contests for the succession could only take place when a vacancy exists, and Heath was 'too truculent' to resign (Baker 1993: 43). This was despite the fact that some, not commonly identified as enemies, were encouraging him to do so. Kenneth Baker told Heath: 'you had better resign now as leader if you don't want to be hurt, there are many people in the party who are out to destroy you – the malicious, the malcontents, the sacked, the ignored and overlooked, are all blaming you' (Baker 1993: 43–4). Heath could have chosen the option of voluntarily submitting himself for re-election to secure a renewed mandate. On this option Ramsden notes that Heath had decided 'with the convoluted logic of a trapped man' that 'he did not intend to fight a leadership contest because he wanted to stay on to resist the right wing'. But this 'only made sense if he thought he would *lose* a contest' (Ramsden 1996: 435).

If he would not resign, then his critics concluded that the rules would have to be changed so that a challenge could be initiated. Heath was now on a collision course with his old nemesis, du Cann, Chair of the 1922 Executive Committee. Heath did realize the danger that du Cann now was and offered him a place within the shadow Cabinet, which was rejected, presumably as du Cann felt Heath was attempting to 'neutralise me' (du Cann 1995: 204). Heath later condemned du Cann for 'undermining my attempt to unify the party' (Heath 1998: 529). In the aftermath of defeat du Cann informed Heath that the view of the 1922 Executive Committee was that Heath should resign and that if he did not then the rules governing the election of the leader of the Conservative Party needed to be revised (du Cann 1995: 200–2). Heath lacked the political authority to withstand the demand to review the party leadership selection procedures. Should that review require that Heath stand for re-election (i.e. permit a challenge), then Heath remained determined to stand (Critchley 1994: 143).

Ironically it was Douglas-Home who was put in charge of the committee that would re-examine how leaders of the party were elected. (The committee convened in November, and reported back in early December.) Their findings became known as 'Alec's revenge', given the assumption that Heath supporters had campaigned against Douglas-Home in 1965 (Ramsden 1996: 440). The committee would argue that there should be provision for annual elections for the party leadership. This would thus solve the dilemma of an unpopular party leader refusing to resign. If there was no challenge to the incumbent leader, then they were re-elected unopposed. However, if someone wished to initiate a challenge, they would need the support of a proposer and a seconder, and challenges would be permitted within the first 3–6 months of a new Parliament, or during the first 28 days of a parliamentary session. Also built into the new provisions was a proviso that

the 15 per cent surcharge should be of the whole electorate of Conservative MPs, rather than of those actually voting. This would make it more difficult for an incumbent to retain the party leadership, as abstentions would undermine the leading candidate almost as much as votes for an alternative candidate could. Due to this provision it was impossible for anyone to be elected on the first ballot, even if there was only one candidate, if half of the Conservative MPs abstained (Denham and O'Hara 2008: 21).

There is little doubt that the new procedures were designed with the explicit purpose of removing Heath. Given that the procedures permitted annual challenges, it meant that even if Heath were to survive a challenge in the first 3–6 months of the new Parliament, he would still be vulnerable (and more vulnerable than a new leader not tainted by defeat) to a challenge in the autumns of 1975–78, assuming that the Labour administration lasted a full 5 years. In the short term, however, speculation on who could challenge Heath centred on Whitelaw, Joseph and du Cann. Loyalty prevented Whitelaw from initiating a formal challenge, but his supporters worked on the assumption that their man could enter at the second ballot stage after an inconclusive first ballot had forced Heath to resign (Clark 1998: 454–5).

The rumoured challenges of Joseph and du Cann failed to materialize. Joseph undermined his prospects even before the new procedures had been agreed (Denham and Garnett 2001: 275). In October 1974 he delivered a speech that was designed to argue that the Conservative Party needed to construct a social policy platform that was geared towards the remoralization of society (Clark 1998: 461). Specifically Joseph suggested that social deprivation was caused by the increasing proportion of children being born to working-class adolescent girls. He appeared to be arguing that stricter birth control (i.e. promoting contraception) should be applied to girls of lower socio-economic groupings, whereupon he became denounced as a mad eugenicist (Blake 1998: 319). The negative publicity surrounding Joseph caused him to reassess whether he wanted to challenge Heath (Denham and Garnett 2001: 265–75). The du Cann candidacy was not forthcoming in part due to speculative innuendo that began to circulate about his financial circumstances, with the implication being that this could cause embarrassment in the future (Fisher 1977: 160–3).

With Joseph and du Cann now out of the equation, Thatcher decided that she would stand. She made her decision before the new procedures had been confirmed, and took the time to inform Heath of her intentions (Thatcher 1995: 266). Thatcher recalled that 'he looked at me coldly, turned his back, shrugged his shoulders and said "If you must"' (Thatcher 1995: 267). Heath recalls thanking her politely for warning him in advance (Heath 1998: 530). She was not deemed a serious threat to him and most felt that she was not seen as a conventional leadership aspirant. Her candidacy appeared to be 'indicative of the trouble Heath's critics had found in finding a potential alternative leader' (Wickham-Jones 1997: 75). Thatcher would later claim that her primary motive was ensuring that Heath was removed from the

leadership. In her memoirs she noted that 'it seemed to me most unlikely that I *would* win', but 'I did think that by entering the race I would draw in other stronger candidates who would be open to persuasion about changing the disastrous course on which the Party was set' (Thatcher 1995: 267).

As the first ballot approached (including a third maverick candidate, Hugh Fraser), it was widely assumed that Heath would win. The Heath camp believed that they had 129 firm supporters, plus an additional 10–15 who they thought would probably support him, meaning that they were expecting a return of around 139–44 (Ramsden 1996: 450). That their canvassing proved to be so inaccurate flowed from the ineptitude of the Heath campaign. Heath did little to try and persuade potential supporters (Baker 1993: 44), and in fact managed to alienate 'even those who should have ranked amongst his loyal supporters' (Cowley and Bailey 2000: 600).

When Thatcher secured 130 (47.1 per cent) to Heath 119 (43.1 per cent) with 16 voting for Fraser and ten spoiling their ballot papers, it was inevitable that Heath would resign and not proceed to the second ballot (Heppell 2008b: 62). With Heath now removed the best option for one nation Conservatives was to ensure that only one candidate went forward – that is, Whitelaw. However, his ability to carry all the Heath vote and extend it by sweeping up the abstainers, or those who voted for Thatcher or Fraser as protest votes, was undermined by the emergence of a bloated field of other new candidates, including Prior, Howe and also John Peyton. The fracturing of the non-Thatcher vote, and the fact that Thatcher was able to capture the Fraser vote, propelled her to the leadership with 146 votes to Whitelaw on 79, with Prior and Howe both on 19, Peyton on 11 and two ballot papers being spoilt (Heppell 2008b: 63).

The key question when evaluating the events of October 1974 to February 1975 is whether Thatcher should be viewed as an accidental leader. The accident thesis suggests her first ballot showing was a by-product of negative votes from parliamentarians willing to do whatever it took to remove Heath – that is, it was more a rejection of Heath, rather an endorsement of Thatcher (Gilmour and Garnett 1998: 298). Crewe and Searing subscribe to this point of view and conclude that many of her negatively induced supporters 'had no idea that she was about to hatch a new ideology and behind it march the party off to the right' (Crewe and Searing 1988: 371). However, alongside this anti-Heath personality-based argument we need to acknowledge an ideological explanation that challenges the Crewe and Searing interpretation. Research by Cowley and Bailey suggests that there was an ideological explanation to her victory (Cowley and Bailey 2000: 599–629). They managed to determine the voting behaviour of all but a handful of Conservative parliamentarians who participated in the 1975 leadership ballots. They then listed all of them on the Norton typology of Conservative thought – which identifies parliamentarians as being on the economic right (critics of one-nation Conservatism), or on the economic left (defenders of one-nation Conservatism) – and cross-referenced this to

their voting choices (Norton 1990: 41–58). From this they were able to conclude that ‘ideology was a key determinant of voting in both rounds of the contest. . . . The right – however defined – strongly supported Thatcher; the left – however defined supported Heath and then Whitelaw’ (Cowley and Bailey 2000: 628–9). This suggests that a significant body of opinion within the PCP was looking for not just a change of leader, but a change of direction (Ramsden 1996: 453).

Heathite modernization as statecraft

The party leadership tenure of Heath was a turbulent period for the Conservatives. They were engaging in a disputed process of adaptation that failed to provide a viable statecraft strategy for them. Although Heathite modernization managed the politics of support aspect and provided access to power by regaining office in 1970, it failed to demonstrate governing competence and political argument hegemony. As a consequence they were the only post-war administration that the electorate removed from office at the first opportunity. As the unravelling of the dimensions of statecraft evolved Heath struggled to effectively manage the party.

Heath had been interested in a managerial reform of the state. However, a small and growing band of neoliberals believed that the Selsdon agenda should commit the party to reducing the state. By advocating a managerial reform of the state within the contours of the post-war settlement, Heath was attempting to construct a new narration of Conservatism. It sought to transcend the waning appeal of the approaches that had defined the immediate post-war period which were associated with the one-nation narrative of Macmillan. But the Heathite approach struggled to withstand the surge of neo-liberal thinking over this period. At the beginning of Heath’s leadership this right-wing challenge was limited in number but by making limited concessions to their thinking, and using rhetoric that suggested more than limited concessions, Heath set himself on a collision course with this evolving faction.

Despite his own background as a successful Chief Whip under Eden and Macmillan, Heath proved to be a poor party manager. He did not communicate effectively with his own backbenchers and this led to an increase in parliamentary rebellions and an image of party disharmony. He was determined to avoid the ‘embarrassment’ of ‘compromises’ and ‘concessions’, as he wanted to get his legislation through ‘unchanged’ (Seldon and Sanklecha 2004: 55). As Conservative backbenchers could not influence policy through informal meetings with ministers (designed to secure compromises and then support), then if they disagreed with government policy, the only ‘available outlet for their frustration’ was parliamentary rebellion (Seldon and Sanklecha 2004: 55). Cabinet critics, such as Joseph and Thatcher, remained publicly loyal whatever their private reservations.

However, once in opposition these rebellious critics of Heath would provide the potential votes to remove him from office, and propel Thatcher in as his replacement.

Thus, the Heath Government of 1970–74 has to be viewed as a ‘critical’ period in the subsequent emergence of Thatcherism (Gamble 1988: 73). The contradictory policy choices that were pursued were a reflection of the difficulties of governing at that time. But they also reflected an internal battle within the party. It was an ‘intriguing’ Conservative Government for it was a transmission belt between two eras of Conservatism, as Seldon concludes:

It promoted elements of both the old and new worlds and was trapped uneasily as one paradigm was beginning to lose its hold, but the other model had yet to secure intellectual credibility or popular backing. (Seldon 1996: 1)

The performance of the Heath government discredited ‘adjustment through modernisation’ in the eyes of enough Conservatives to ensure the election of a new leader who would espouse a new narration of Conservatism. The failure of the Heath government would help ‘precipitate the birth of Thatcherism’ (Gamble 1988: 69). Later on Thatcherites would imply that the Selsdon agenda was the correct remedy, and that it was the U-turn which was the great failing of the Heath government. This would be to oversimplify. For Thatcherites the real lesson of the Heath era was the need to protect the autonomy of central government, and that this had been ‘seriously compromised by Heath’s search for agreement on incomes policy with the trade unions’ (Kavanagh 1987b: 236). Thatcherism would seek a ‘new method of controlling inflation without bargaining with trade unions’ and in doing so would restore ‘some autonomy to the centre’ – that is, a new narration of Conservatism through a new statecraft strategy. In this pursuit Thatcher would be more fortunate than Heath, as

the trade unions and the left wing of the Labour Party were more powerful and obstructive between 1970 and 1974 than they were after 1979 . . . [the Labour] . . . government’s resort to the IMF in 1976, the subsequent winter of discontent and collapse of the social contract, and the economic record of the Callaghan government had all discredited Labour and the unions by 1979. (Kavanagh 1996a: 385)