Harold Wilson, ‘Selsdon Man’, and the defence of social democracy in 1970s Britain

Abstract

Harold Wilson’s attack on ‘Selsdon Man’ in the run-up to the 1970 general election has generally been seen as a flawed rhetorical gambit, which inadvertently gave coherence to Edward Heath’s policies. The subsequent invocation of ‘Selsdon’ by critics of Heath’s ‘u-turns’ has meant that the episode has mainly attracted scrutiny from historians of the Conservative Party. Yet the debate over Selsdon can also be seen as a landmark in Wilson’s transition from the ‘modernizing’ politics of the 1960s to a more defensive posture, in which he presented Labour as a bulwark against regressive market-liberal policies. This article explores Wilson’s critique of the ‘new Conservatism’ and argues that the themes which he established in 1970 played an important role in framing Labour’s opposition to the Heath government during the subsequent Parliament. In particular, his focus on the distributional effects of Tory policies dovetailed with an emerging body of social science research on income and wealth and so contributed to a ‘rediscovery of inequality’. In the turbulent economic climate of the mid-1970s, however, Labour’s efforts to protect working-class households from the effects of market pricing proved difficult to sustain in office. The rise and fall of this politics of ‘decommmodification’ has important implications for our understanding of the changing fortunes of British social democracy.

On Friday 6 February 1970, Labour Prime Minister Harold Wilson visited Nottingham to address an evening meeting of party workers. After

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fighting his way through a hostile crowd of farmers and anti-Vietnam War protesters, the Prime Minister used his speech to lambast the policy agenda which Edward Heath’s Shadow Cabinet had announced after its conference at the Selsdon Park Hotel the previous weekend.¹ The new Conservative policy, Wilson claimed, was ‘not just a lurch to the Right’ but signalled ‘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. The new Tory slogan is: back to the free for all. A free for all in place of the welfare state. A free for all market in labour, in housing, in the social services. They seek to replace the compassionate society with the ruthless, pushing society. The message to the British people would be simple. And brutal. It would say: ‘You’re out on your own.’²

Wilson returned to the theme a fortnight later in a rally at Camden Town Hall, in which he conjured up the figure of ‘Selsdon Man’—a sarcastic echo of the famous ‘Piltdown Man’ forgery.³ ‘Selsdon Man’, he warned, was ‘designing a system of society for the ruthless and the pushing, the uncaring’. If the Tories won the forthcoming election, Wilson claimed, they would ‘make life dearer for the many’ by raising indirect taxes and food prices, cutting welfare services down ‘to means-tested levels’, and pushing up rents ‘in a free-for-all in housing’.⁴

Labour’s subsequent defeat in the June 1970 general election has meant that Wilson’s ‘Selsdon Man’ speeches have not been well-regarded by historians. John Campbell, for instance, has argued that ‘Selsdon Man’ (though a ‘brilliant phrase’) ‘rebounded on Wilson’ because it made Edward Heath’s policies seem more coherent than they really were, ‘sharpening the Tories’ image and opening up the appearance of a clear political choice between Labour and Conservative’.⁵ Indeed, thanks to Heath’s subsequent ‘u-turns’—and the invocation of ‘Selsdon’ by his backbench critics, who returned to the hotel in 1973 to form the ‘Selsdon Group’—the episode has mainly attracted attention from historians of British Conservatism.⁶ Yet Wilson’s rhetorical assault on ‘Selsdon Man’

¹ The Guardian, 7 February 1970, 1.
³ ‘Piltdown Man’ was a set of fossilized remains, allegedly found in East Sussex in 1912, which was held to represent the evolutionary ‘missing link’ between apes and humans. It was exposed as a forgery in 1953.
⁴ Wilson, The Labour Government, 759, 760.
also offers a valuable lens for exploring how Labour’s political appeal evolved in response to the disillusionments of 1964-70 and the growing challenge of market liberalism. As Felix Römer has recently shown, the early 1970s saw a ‘rediscovery of inequality’ in the UK, in which ‘[t]he political salience of this topic and the creation of relevant knowledge were mutually reinforcing’.7 Wilson’s speeches contributed to this ‘rediscovery’ by placing the distributional effects of market-liberal policies at the forefront of Labour’s political argument.8 Though this strategy failed to bring electoral dividends in 1970, it helped to shift the focus of British political debate away from the positive-sum ‘growthmanship’ of the 1960s towards zero-sum questions of inequality and fairness, and so laid important political foundations for Labour’s narrow victory in February 1974—the only time since the Second World War that an opposition party has returned to government at the first opportunity.

The centrality of distributional concerns to Wilson’s critique of the Heath government has important implications for our understanding of British politics in the 1970s. Signs of economic malaise, class dealignment, and political disaffection were already visible by the late 1960s, and seemed to hit Labour particularly hard, as the 1970 election result showed, yet the decade that followed saw considerable resilience on the part of an apparently crisis-ridden Labour Party.9 As Guy Ortolano has recently pointed out, caricatures of social democracy as ‘an exhausted and discredited force’ in the face of the New Right risk obscuring important elements of renewal and vitality.10 The growth of trade union membership, the rise of New Left social movements, and the work of socialist economists such as Stuart Holland were all important sources of dynamism for the left, though they were not unambiguously welcome to a cautious and electorally-focussed Labour leadership. Alongside these radical currents, Labour’s political appeal under Wilson and James Callaghan also drew heavily on a bread-and-butter social democracy which foregrounded the threat that market liberalism posed to working-class living standards. If, as Ben Jackson has argued, ‘Social democracy has been above all an effort to constrain, and assert democratic control over, the commodifying power of markets’, then the 1974–6 Wilson

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8 Wilson reprised his critique of Tory policies during the 1970 election campaign itself—for instance, in an Election Forum programme with Robin Day on 28 May and in a party political broadcast on 1 June. Transcripts of these broadcasts can be found in British Library of Political and Economic Science (BLPES), London, Liberal Party papers, 9/13.
government can be seen as a high point of Labour’s interest in ‘decommo-
dification’.11 As the effects of the 1973 oil crisis worked their way through
the world economy, Labour sought to use the ‘social wage’ to protect liv-
ing standards and defuse inflationary pressures. Even before the 1976
IMF crisis, however, this strategy faced growing resistance from the
Treasury and ‘neo-revisionist’ Labour ministers, who saw subsidies as in-
efficient and worried about the burden which they placed on tax and
public borrowing.12

Wilson’s defence of the welfare state as a form of collective risk-
pooling and cross-class solidarity harked back to the ‘social patriotism’ of
the Second World War and the Attlee government, in which his own car-
ner as a Labour politician had been forged.13 As David Edgerton has
pointed out, the wartime themes of national production, social partner-
ship, and ‘fair shares’ returned to the forefront of British politics in the
1970s: in a sense, this was the ‘1940s redux’.14 As in the Attlee years, how-
ever, Labour’s egalitarianism also had its blind spots. For instance, des-
pite passing the Equal Pay Act on the eve of the 1970 election, Wilson
retained a highly traditional view of the ‘housewives’ vote’ which
assumed that many women were mainly concerned about food prices. If
‘Selsdon Man’ conjured up an image of male Tory politicians drawing up
a reactionary agenda at a luxury hotel near Croydon, it was the class ra-
ther than the gender implications that Wilson seems to have expected to
resonate. Racial issues were even more firmly marked off from the party’s
economic discourse, as Camilla Schofield has noted. To the frustration of
colleagues such as Tony Benn, Wilson believed that largely ignoring
Enoch Powell was the best way to defuse his appeal to white nativist sen-
timent.15 Indeed, Wilson’s political strategy from the late 1960s onwards
can partly be understood as one of using distributional issues to stem the
growing salience of ‘post-material’ divides which threatened to cut
Labour off from its ‘traditional’ base among the industrial working class.

This article takes Wilson’s ‘Selsdon Man’ speeches as a starting-point
for exploring how a particular strand of social-democratic discourse
around consumption, inequality, and state provision shaped the contours
of political debate in 1970s Britain. The argument is developed in five

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11 Ben Jackson, ‘Social Democracy’, in Michael Freedon, Lyman Tower Sargent and Marc
12 Stephen Meredith, Labours Old and New: The Parliamentary Right of the British Labour
13 The concept of ‘social patriotism’ is drawn from Ben Jackson, ‘The Rhetoric of
Redistribution’, in John Callaghan, Nina Fishman, Ben Jackson and Martin McIvor (eds), In
Search of Social Democracy: Responses to Crisis and Modernisation in the Western European Left
(Manchester, 2009), 233–51, at 240.
14 David Edgerton, The Rise and Fall of the British Nation: A Twentieth-Century History
15 Camilla Schofield, Enoch Powell and the Making of Postcolonial Britain (Cambridge, 2013),
284–5.
sections. The first section locates the critique of ‘Selsdon Man’ in the wider context of Wilson’s political thought and public rhetoric, and particularly his analysis of changes in Conservative ideology during the 1960s. A second section examines how the Labour leadership used distributional questions to frame its opposition to the Heath government between 1970 and 1974. A third section explores how these developments in Labour politics built on—and reinforced—the revival of academic interest in inequality which had emerged out of the 1960s ‘rediscovery of poverty’. The fourth section considers how this analysis might shape our understanding of 1973–4 as a solidaristic moment, in which the wartime language of ‘fair shares’ returned to British political discourse in the face of rapid inflation and moral indignation at the excesses of capitalism. The final section examines the limitations of Labour’s politics of decommodification and the challenges which it posed for Wilson and his colleagues after they returned to office.

‘Selsdon Man’ and the new Conservatism

Harold Wilson’s reputation has long been defined by the contrast between the dynamic leadership he promised in the 1964 election and the opportunistic figure which he increasingly cut in office. As the optimism of the ‘white heat’ period was sapped by a succession of crises from mid-1966 onwards, Wilson became ‘associated with tactical manoeuvres, lack of strategy and short-termism’; party membership fell, and Labour suffered heavy losses in local elections and parliamentary by-elections. By the early 1970s, the Labour left had become disenchanted by public spending cuts and Wilson’s failure to confront the United States more strongly over Vietnam, the trade unions by the row over In Place of Strife, and the Jenkinsite right by endless trimming over Europe. Wilson survived as Labour leader largely through his unrivalled ability to hold a fracturing party together, which forced him to develop a more collegial (and, critics said, reactive) style of leadership.

As historians have increasingly recognized, this familiar narrative arc must be treated with some caution. For instance, it is clear that much of Wilson’s shift from an insurgent to an incumbent style had taken place before the 1966 election, when he positioned Labour as the ‘natural party of government’ and won a landslide victory. There were also significant intellectual continuities in his thought, as initiatives such as the Industrial Reorganisation Corporation and the Open University gave concrete

expression to the vision of state-led modernization and social investment which he had canvassed over the previous decade.\(^{19}\) One area in which Wilson’s position did shift, however, was in his public critique of Conservatism. During the 1963–4 period, Wilson defined himself primarily against the ‘Edwardian’ style of Harold Macmillan and Sir Alec Douglas-Home and identified the Conservatives with a complacent aristocratic ‘Establishment’—presiding over ‘a nation of Gentlemen in a world of players’.\(^{20}\) By contrast, after Edward Heath took over as Tory leader in 1965, Wilson sought to exploit the party’s growing interest in the neoliberal ideas promoted by groups such as the Institute of Economic Affairs (IEA). The notes of the ‘Little Committee’ which developed plans for Labour’s 1966 campaign suggest that Wilson and his colleagues were impressed by the way in which the Democrats had portrayed Barry Goldwater as a right-wing extremist during the 1964 US presidential election:

> as in America, fear should be used as a theme. Here we are, the Party of planning which everyone knows is necessary, governing and getting on with the job, planning for the future, both as a nation and for each individual family, while [the] Tory Party is now standing for less state interference – does not mention planning at all – and is vague on social security… We can build up [a] shadowy case of what this sort of approach can mean – i.e. having to keep yourself pension-wise, health-wise, education-wise, house-wise, etc.\(^{21}\)

As the Tories ‘retreated from planning’ to the ‘old Conservatism of free for all’, Wilson sought to reposition Labour as the party of pragmatic and consensual governance, modernizing the post-war welfare state and defending the social values that lay beneath it.\(^{22}\)

As Adrian Williamson and Eric Caines have recently shown, Conservative policy-making under Heath was animated by the belief that sustained economic growth could best be achieved by restoring the dynamism of the private sector and the discipline of the market economy.\(^{23}\)


\(^{21}\) Bodleian Library, Oxford, MSS. Wilson, c. 1379, ‘Note of Meeting Last Night’, n.d. [autumn 1965].

\(^{22}\) MSS. Wilson, c. 1379, ‘Note of Meeting Last Night’; see also Labour History Archive and Study Centre, Manchester, Labour Party papers, minutes of Parliamentary Labour Party meeting, 29 October 1969.

\(^{23}\) Adrian Williamson, Conservative Economic Policy and the Birth of Thatcherism, 1964-1979 (Basingstoke, 2015); Caines, Heath and Thatcher in Opposition.
The Tories were particularly keen to improve incentives for ‘efficiency, hard work and saving’ by reducing the direct tax burden, and to encourage the development of private welfare provision by making public services and benefits more ‘selective’. Free-market activists such as Arthur Seldon of the IEA worked hard to push the party in this direction, arguing that many forms of state intervention were inefficient and that voters would welcome greater ‘choice’ in welfare. Heath and his colleagues recognized that it was politically impossible to abandon the universal core of the welfare state—such as education, the National Health Service, and state pensions—but they saw more scope for applying ‘selectivity’ on the margins, for instance by means-testing family allowances and increasing NHS charges. The Conservatives’ most ambitious plans for social reform lay in housing, where the party intended to scale back subsidies and require local authorities to charge ‘fair rents’ while expanding means-tested rebates and allowances. Shadow Chancellor Iain Macleod also hoped to make major savings by cutting Labour’s system of investment grants and industrial assistance, and by replacing direct agricultural subsidies with import levies as a prelude to British entry into the European Economic Community.

Wilson believed that Heath’s policy exercise made him ‘extremely vulnerable to attack’ as the Tories moved rightwards. In the run-up to the 1966 election, he unleashed Richard Crossman to mount a fierce and effective attack on Heath’s social plans, accusing him of seeking to create a ‘means test state’ and so reviving bitter memories of the Great Depression. As Labour’s poll ratings slumped and cultural tensions rose during the late 1960s, the defence of the welfare state became even more important for the party. Wilson’s ‘Selsdon Man’ speeches thus formed part of a broader attempt to highlight what Tony Benn called ‘the real human choices and differences in values that lie beneath the surface.

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27 Peter Malpass, Reshaping Housing Policy: Subsidies, Rents and Residualisation (London, 1990), 114–35.
29 Labour Party papers, minutes of Parliamentary Labour Party meeting, 25 November 1968.
arguments’, and ‘stir up Labour voters to realise what they would lose if the Tories were elected’. As Steven Fielding has noted, Wilson ‘sought to create an enemy that posed such a threat to the existing order’ that it would ‘rally Labour’s most disenchanted supporters back to the cause’. Significantly, Wilson’s critique of ‘Selsdon Man’ focussed not on the ‘law-and-order’ stance which Quintin Hogg unveiled at Selsdon Park, nor on immigration policy, but on Heath’s embrace of the market. Likewise, his defence of the welfare state focussed not on the quality of education or health care but on the multitude of ways in which public provision eased pressure on family budgets. For Wilson, the new Conservative agenda was ‘regressive’ in both a distributional and a temporal sense: it would reverse the social progress of the post-war period and turn the clock back to the ‘basic atavistic Toryism’ of the 1920s and 1930s.

Of course, the claim that the Tories posed a threat to working-class living standards was a longstanding staple of Labour campaigning. In the 1950 and 1951 elections, for instance, Labour ministers had warned that the Conservatives would increase unemployment, cut food subsidies, and raise the cost of living, and Tory strategists thought these ‘scares’ had been quite effective. The Wilson government’s record, however, made a straightforward identification between Labour and the welfare state more complicated than it had been under Attlee. Though public spending rose significantly as a share of GDP, the government’s plans were repeatedly scaled back, first in an effort to stave off devaluation and then (after this failed in November 1967) as part of Roy Jenkins’s efforts to improve the balance of payments and regain the confidence of the financial markets. In particular, the January 1968 cuts package reintroduced prescription charges (which Labour had abolished in 1965), postponed the raising of the school leaving age to 16 (from 1970 to 1972), and removed free school milk from secondary school pupils. Wilson and Jenkins sought to make a virtue of their readiness to kill the party’s ‘sacred cows’, as Tim Bale has shown, but this pragmatic approach faced severe criticism from the Labour left. The government also came under growing pressure from the Child Poverty Action Group (CPAG) over its slow and tentative response to the ‘rediscovery of poverty’ in working families, which

33 Labour Party papers, minutes of Parliamentary Labour Party meeting, 29 October 1969.
culminated in Peter Townsend and Frank Field’s controversial claim that the poor were getting poorer under Labour.\textsuperscript{36}

As the next election approached, Wilson hoped to repeat the anti-Tory strategy which had proved so effective in the 1966 campaign.\textsuperscript{37} Iain Macleod was determined to avoid giving Labour ‘footholds’ for an attack, but senior Tories privately admitted that their policies was politically vulnerable.\textsuperscript{38} On the tax side, the party’s plans for at least £1 billion of direct tax cuts were heavily weighted towards the better-off.\textsuperscript{39} ‘As soon as we try to construct any incentive tax policy involving a switch of tax from income to expenditure’, the Tory MP John Nott pointed out, ‘there is the almost insuperable problem of its consequent retrogressive effects.’\textsuperscript{40} On the spending side, Heath warned colleagues that means tests and charges ‘tended to penalize the middle income groups’, including many traditional Conservative supporters.\textsuperscript{41} Indeed, this was one of the main issues that emerged from the Selsdon Park discussions, as Brendon Sewill of the Conservative Research Department (CRD) noted:

At this Conference it was recognised that many of our previously announced policies, although right in themselves, were unlikely to be electorally popular since they involved higher prices, higher rents, and to some extent redistribution of income.\textsuperscript{42}

The Tories dealt with this problem by soft-peddling their interest in a Value Added Tax (VAT) and abandoning plans for a pre-election statement on economic policy, ‘on the grounds that although it would make our policy more credible it would open our tax proposals to criticism as being too regressive’.\textsuperscript{43} This calculated obfuscation sat uncomfortably with Heath’s promise of ‘a new style of government’ based on ‘courage and intellectual honesty’.\textsuperscript{44}

‘Calculatedly redistributive in the wrong direction’

Wilson’s lurid warnings about ‘Selsdon Man’ failed to prevent a Conservative victory in the 1970 election, as Heath and Macleod mounted

\textsuperscript{37} Benn, \textit{Office Without Power}, 279–83.
\textsuperscript{38} Robert Shepherd, \textit{Iain Macleod} (London, 1994), 484.
\textsuperscript{39} Martin Daunton has pointed out that Heath and Macleod’s decision to drop early plans for a wealth tax meant that the tax package was unbalanced: Martin Daunton, \textit{Just Taxes: The Politics of Taxation in Britain, 1914-1979} (Cambridge, 2002), 302–28.
\textsuperscript{40} CPA, CRD 3/7/26/14, John Nott to Anthony Barber, 9 September 1968.
\textsuperscript{41} CPA, ACP 2/2, Advisory Committee on Policy meeting, 19 June 1968.
\textsuperscript{44} Conservative Party, \textit{A Better Tomorrow} (London, 1970), 1, 2.
a remorseless assault on ‘Labour’s broken promises’—claiming that Wilson had put up taxes by £3 billion, raised the cost of living by 25 per cent, and allowed unemployment to reach its highest level since the war. ⁴⁵ As Charles Lockwood has shown, this reflected Tory strategists’ belief in the importance of ‘retrospective’ assessments of government performance as a driver of voting behaviour. ⁴⁶ The Conservatives’ private polling suggested that the result stemmed largely from disillusionment with Labour, and especially the ‘net conversion of approaching 1 million middle-aged manual workers who had previously supported Labour’, though Wilson was more impressed by the loss of the housewives’ vote over the prices issue. ⁴⁷

Tony Barber, who took over as Chancellor following Macleod’s sudden death in July 1970, implemented the Conservatives’ main fiscal reforms in two instalments. Firstly, Barber used an October 1970 statement to unveil the results of a public spending review, which involved net cuts of £330 million in 1971/2 rising to £1.6 billion in 1974/5, and to announce a reduction in corporation tax and a 6d cut in the standard rate of income tax. ⁴⁸ In the March 1971 budget, he added further tax measures—including a halving of Selective Employment Tax (SET), an increase in child tax allowances, and a cut in surtax for those with large earned incomes—which took the total tax giveaway to more than £1.1 billion. ⁴⁹ Barber also unveiled plans for replacing SET and purchase tax with VAT, and combining surtax with income tax in a single graduated scale, which would take effect from April 1973. ⁵⁰

Labour moved quickly to define Barber’s reforms as ‘mean and unfair’, the fulfilment of Wilson’s pre-election warnings. ⁵¹ In particular, the October package increased charges for NHS prescriptions, optical and dental treatment, and school meals; introduced charges for national museums and galleries; removed free school milk from 7 to 11 year olds; and removed benefit entitlement during the first three days of a period of sickness or unemployment. Many of these cuts were highly tangible, and

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⁴⁸ Parliamentary Debates (Commons), 805, 27 October 1970, 37–51. The spending reduction in 1974/5 was somewhat lower (about £1.1 billion) if changes to the system of investment grants were excluded from the calculation.


⁵⁰ Parliamentary Debates (Commons), 814, 30 March 1971, 1358–98.

⁵¹ Parliamentary Debates (Commons), 805, 5 November 1970, 1275.
aroused emotive reactions: indeed, Margaret Thatcher never managed to shake the ‘milk snatcher’ label she acquired in this period. Macleod had promised to tackle child poverty by increasing family allowances and ‘clawing back’ the benefit from better-off parents, but officials argued that this would be complex and inefficient; instead, Barber and Sir Keith Joseph introduced a means-tested Family Income Supplement scheme worth just £7 million a year—a tiny sum compared to the government’s tax concessions.\textsuperscript{52} In the debate on the October statement, Roy Jenkins claimed that a two-child family with average (male) earnings of about £27 per week would be worse off as a result of the new charges alone, even before taking account of the increases in food prices, council house rents, and rail fares which the government’s other policies implied. The whole package, he declared, was ‘calculatedly redistributive in the wrong direction’.\textsuperscript{53} Wilson similarly accused the Chancellor of ‘an exercise in fiscal regression’, and an independent analysis by C.V. Brown of the University of Stirling confirmed that ‘almost all of the individual items in the Conservative tax strategy would tend to increase the differential between the higher and lower income groups, and to worsen the position of households with children relative to those without’.\textsuperscript{54} Even the Financial Times columnist Samuel Brittan, who supported the tax cuts and thought the cost of the surtax changes was ‘trivial’, agreed that Barber had redistributed income from middle earners to high-income groups and that the spending cuts were likely to push up inflation.\textsuperscript{55}

The assault on the Conservatives’ fiscal changes served as the spearhead of a broader critique of what Labour saw as the Heath government’s ‘class’ policies. For instance, Wilson used his 1971 party conference speech to mount a wide-ranging attack on the government’s ‘free market philosophy’—‘seeking not the welfare of a people but a system of society characterized by the smart young men of the unit trusts, in a land fit for profiteers and speculators to live in’.\textsuperscript{56} This critique was fleshed out by reference to rising unemployment, rising council rents, and controversial trade union reforms. Yet few of these issues were unproblematic targets


\textsuperscript{53} \textit{Parliamentary Debates} (Commons), 805, 4 November 1970, 1125, 1120. Inevitably, this calculation did not take account of the increase in child tax allowances which Barber would announce in his 1971 budget.


for Labour, because unemployment fell again during the ‘Barber boom’ in 1972–3, and Wilson and his colleagues were embarrassed by militant left-wing resistance to the Industrial Relations Act and the Housing Finance Act, which allowed critics to accuse the party of condoning illegality. By contrast, tax and spending provided an area in which moderate Labour figures such as Jenkins, Denis Healey, and Shirley Williams—many of them under growing pressure from the grassroots left—could credibly claim to speak for the whole party.57

Labour’s criticisms of the 1970–1 tax and spending cuts may have been ‘predictable and exaggerated’, as John Campbell has suggested, but the private polls which the Conservatives commissioned from the Opinion Research Centre found that the episode had a lasting impact on the government’s image.58 Barber’s tax cuts were popular but quickly forgotten by many of the beneficiaries: by the end of 1972 ‘less than one-tenth’ of respondents spontaneously ‘mentioned the reduction of income tax as something the Government have done’.59 By contrast, four government decisions were ‘widely known and on balance disapproved of’: the abolition of free welfare milk, the increased price of school meals, the increase in council rents, and (more problematically for the left) Heath’s decision to admit the Ugandan Asian refugees expelled by Idi Amin.60 Younger voters were particularly likely to see the Conservatives as privileged and ‘heartless’, and drifted towards Labour and the Liberals.61 Sir Michael Fraser and James Douglas of the CRD suggested that the political risks of ‘redistributing away from the middle income groups’ could be eased by faster economic growth, but even at the peak of the ‘Barber boom’ in August 1973, polling found that ‘Labour still ha[d] an enormous advantage on “heart”’ issues.62 The Heath government thus entered the economic and political crisis of 1973–4 with a reputation for prioritizing the rich and ‘big business’ over other social groups, based on ‘highly stereotyped images of the two Parties’ social policies’.63

57 For a vivid portrait of the rise of the left at constituency level, see Geoff Horn, Crossing the Floor: Reg Prentice and the Crisis of British Social Democracy (Manchester, 2013), 96–121.
58 Campbell, Edward Heath, 328.
60 CPA, CCO 180/2/27/9/4, ‘Summary of the Opinion Research Centre Survey of the Government’s Record’.
Social research and the ‘rediscovery of inequality’

Wilson’s reputation as a schemer meant that his critique of ‘Selsdon Man’ was easy to dismiss as partisan manoeuvring. Nevertheless, his focus on the distributional effects of Tory policies also tapped into a wider ‘rediscovery of inequality’ which was already beginning to gain traction. As the sociologist A.H. Halsey pointed out in *New Society* in June 1970, student revolts and rising trade union militancy suggested that the strategy of ‘satisfying distributional claims by increased production’ which western governments had pursued in the 1960s had ‘not worked’. Halsey predicted that ‘the essential internal political problem of any government in the 1970s’ would be ‘to legitimate the share of the national income rather than to increase its size’, as debates over ‘ideologies of justice’ and ‘egalitarian principles’ became more salient.64

Research on inequality has long been intertwined with left-wing politics in Britain, as Ben Jackson and Jim Tomlinson have shown.65 Within the inter-war Labour Party, the morally-weighted critique of capitalism which R.H. Tawney articulated in *Equality* (1931) coexisted with a strand of Fabian empiricism, typified by Hugh Dalton’s efforts to quantify the distribution of income and wealth. Richard Titmuss brought these traditions together in his *Essays on ‘The Welfare State’* (1958) and his landmark study of *Income Distribution and Social Change* (1962), which helped to puncture post-war optimism about the equalizing effects of the welfare state by underlining the limitations of Inland Revenue statistics.66 Titmuss’s work highlighted the ways in which capital gains, occupational pensions, and ‘fringe benefits’ helped sustain differentials in living standards, and these findings shaped Labour’s thinking on pensions and tax reform during the 1950s and 1960s.67 As Jackson has pointed out, however, Titmuss shared Tawney’s suspicion of economics; partly as a result, he was more successful at demonstrating the weakness of official statistics than at making good their deficiencies, and the field of social administration which he nurtured mainly focussed on poverty and welfare institutions.68 For instance, Dorothy Cole and John Utting’s survey of *The

68 Ben Jackson, ‘Richard Titmuss versus the IEA: The Transition from Idealism to Neo-liberalism in British Social Policy’, in Lawrence Goldman (ed.), *Welfare and Social Policy in
Economic Circumstances of Old People (1962) and Brian Abel Smith and Peter Townsend’s landmark study of The Poor and the Poorest (1965) both adopted ‘head-count’ measures of poverty based on the National Assistance scale, even though many of these researchers were committed in principle to more complex conceptions of deprivation.69 As the 1960s drew on, however, Townsend and other left-leaning researchers realised that a narrow focus on the ‘poverty line’ risked playing into the Conservatives’ hands by justifying the selectivity agenda.70 Townsend argued that it was the ‘greatest error’ to think that ‘we can meet poverty by considering the poor alone and just developing policies to give them modest additions to cash income’.71 What was needed instead was ‘a more drastic and sophisticated strategy’ to change ‘the social and economic structure’, including action on tax, wages, employment, and prices.72 Many trade union leaders—themselves highly suspicious of means-tested benefits—agreed. As the Trades Union Congress put it in its 1971 Economic Review, ‘the issue of poverty’ was ‘an inseparable part of the general problem of income inequality’ and could not be solved simply by raising low-income households up to a ‘poverty line’.73

Partly under pressure from the poverty lobby and partly as a by-product of its incomes policy, the 1964–70 Labour government paid growing attention to income distribution.74 Wilson had made a casual pledge to seek ‘a narrowing of the gap between rich and poor’ during the 1964 campaign, which his government struggled to deliver on: ‘in terms of results, of narrowing the gap’, George Brown admitted at the 1969 party conference, ‘we appear to have achieved so very little’.75 Although critics such as Townsend accused Wilson of sacrificing social justice on the altar of financial orthodoxy, the government’s difficulties also reflected a Tawneyan focus on qualitative

70 This point was made forcefully by Bill Jordan in Paupers: The Making of the New Claiming Class (London, 1973), 7.
74 The Joint Statement of Intent with the Trades Union Congress and business groups in December 1964 declared that the government aimed ‘to ensure that the benefits of faster growth are distributed in a way that satisfies the claims of social need and justice’, and most of the government’s subsequent wage norms included exemptions for dealing with low pay; from 1967 onwards the TUC also adopted a non-statutory minimum wage target. See Colin Duncan, Low Pay – Its Causes, and the Post-War Trade Union Response (Chichester, 1981), 85, 87–9, and Peter Dorey, ‘From “Policy for Incomes” to Incomes Policies’, in Dorey (ed.), The Labour Governments, 73–91.
75 New Statesman, 3 October 1964; The Times, 2 October 1969, 5.
issues of status and social citizenship. Anthony Crosland’s efforts to dismantle the 11+ exam, for instance, would take years to have much impact on household incomes. As time went on, however, the government became increasingly sensitive to the immediate distributional effects of its policies. Wilson promised to protect the most vulnerable sections of the community from the inflationary effects of the November 1967 devaluation, and Treasury officials carried out distributional analysis to ensure that the government fulfilled this pledge, allowing Roy Jenkins to claim that his 1968 budget would reduce income inequality despite raising indirect taxes.76 As Peter Jenkins reported in the Guardian,

Labour members were blinded by science when the Chancellor threw out a reference to the ‘Gini coefficient’ which he claimed showed that his Budget would result in a reduction of inequality of nearly 1.5 per cent.77

The Treasury also modelled a range of policy options ahead of the 1969 and 1970 budgets in order to allow Jenkins and Wilson to choose between ‘different scales of fiscal progressiveness’.78 Outside government, Labour activists sought to revive the party’s interest in a wealth tax, though Wilson kept the idea out of the 1970 manifesto and told Robin Day on the BBC’s ‘Election Forum’ that he had ‘never supported’ it.79

By 1970, then, distributional questions were already moving up the agenda of the British left. Within academia, this egalitarian turn was given shape by Tony Atkinson’s work, first at Cambridge (1967–71) and then as Professor of Economics at the University of Essex (1971–6), where he became ‘the architect of modern public economics’ and taught a third-year course which formed the basis of his book The Economics of Inequality (1975).80 As Jim Tomlinson has pointed out, Atkinson’s landmark 1970 article ‘On the measurement of inequality’ was written ‘on a high

77 The Guardian, 22 March 1968, 22. John Diamond subsequently claimed in a written answer that the reduction would be 1.75 per cent, rising to 2 per cent in October 1968 when a further increase in family allowances took effect, though Samuel Brittan pointed out that most of the progressive impact came from a one-off ‘special charge’ on investment income: Financial Times, 3 April 1968, 13.
theoretical level’ and highlighted the value judgments involved in any inequality measure, but he also galvanized empirical research into income and wealth and sought to deal with the gaps in existing data which Titmuss had highlighted. For instance, in his second book Unequal Shares (1972) Atkinson estimated that the richest 5 per cent owned more than half of all personal wealth in Britain, and called for capital gains tax reform and a new lifetime receipts tax to help deal with this ‘extreme degree of inequality’. 

While Atkinson added economic gravitas to the network of social researchers who clustered around the Labour Party’s Social Policy Subcommittee and journals such as New Statesman and New Society, the Oldham West MP Michael Meacher provided an important link with the parliamentary party. Meacher had lectured in social administration at York and the LSE before entering Parliament in 1970, and he made energetic use of parliamentary questions and private research to highlight distributional issues: for instance, he carried out research in winter 1970–1 which suggested that the personal wealth of the richest 5 per cent of the population was up to three times as great as generally thought, and estimated that the Treasury was losing up to £650 million per year from the avoidance and evasion of death duties. Meacher believed that wealth inequality was ‘not marginally but probably massively increasing’, and claimed that the Heath government’s policies involved ‘redistribution on a scale unprecedented in modern times’ in favour of upper-income groups. By autumn 1971, he estimated, the government had transferred £400 million to the top 1.5 per cent of the population through tax cuts, and the wealthy would gain at least another £200 million from housing finance reforms and rising asset prices.

This emerging body of research into inequality helped push the issue up the political agenda, but it also had a number of limitations. The data involved was patchy and inchoate, as Roemer has pointed out: ‘the statistical machinery for estimating the redistributive effects of social policies or planned reforms of the tax/benefit system was still in its infancy’, official wealth statistics ‘only covered taxable estates’, and incomes data ‘offered only limited coverage of the extremes at the top and notably at the bottom of the income spectrum’. Estimates of current trends (such

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86 The Guardian, 11 January 1971; see also Meacher’s calculations in The Times, 29 December 1971, 8, and 8 February 1973, 16.  
as Meacher’s headline-grabbing claims) tended to be particularly speculative. Simple summary measures of inequality (such as the Gini coefficient) lacked the prominence they would achieve during the 1990s and 2000s, and many socialists continued to focus on pay relativities and wage and profit shares rather than on the distribution of household incomes. If taxing wealth offered a totemic cause for the left, it was also a problematic one, since debate tended to focus on the idea of an annual wealth tax, which Wilson, Callaghan, and Jenkins had rejected between 1964 and 1970 and to which Atkinson agreed that the practical objections were persuasive. Finally, left-leaning researchers arguably tended to underplay the degree of equalization which had taken place in Britain since the First World War (Fig. 1) and to overstate how quickly and dramatically the Heath government’s policies were likely to reverse this. As a result, the early 1970s ‘rediscovery of inequality’ may have helped Labour to justify its opposition to Barber’s tax cuts, but it offered a more fragile basis for the further attack on wealth and income differentials which many Labour activists favoured.

88 The classic example, of course, is Andrew Glyn and Bob Sutcliffe, British Capitalism, Workers and the Profits Squeeze (Harmondsworth, 1972).
89 Whiting, Labour Party and Taxation, 189–95; Atkinson, Unequal Shares, 158–61.
Social justice and the ‘social contract’

Labour’s social policy experts found it easier to attack Conservative policies during the 1970 Parliament than to develop a coherent (and costed) agenda of their own. Nevertheless, the notion that the Heath government’s policies had increased inequality provided an essential rationale for the ‘social contract’ which Wilson negotiated with the trade unions through the TUC/Labour Party Liaison Committee in 1972–3. The February 1973 statement on Economic Policy and the Cost of Living declared that Labour would ‘reverse the regressive social and taxation policies of the present Government’, ‘aim for a large-scale redistribution of income and wealth’, take ‘direct action’ to stabilize ‘the prices of those items that loom largest in the budgets of workpeople, such as food, housing and rents’, raise pensions to £10 per week for a single person and £16 for a married couple, and phase out charges in the NHS and other social services. These policies were intended to create a context in which workers might reasonably be expected to moderate their wage demands, though without the unions making any formal commitment to achieve this. As Patrick Bell has pointed out, the Liaison Committee’s focus on living standards also provided a way for Wilson to marginalize the more contentious elements of the left’s economic agenda, such as the proposal to nationalize twenty-five large companies which was viewed with deep suspicion by many on the right of the party.

The ‘social contract’ is often seen in retrospect as a political dead-end, which (in Bell’s words) ‘ensured the ineffectualness of the Labour government’ in the late 1970s. Nevertheless, it is important not to overlook its political resonance in the context of 1973–4, as Heath tried and failed to secure consent for his pay policy. As the sociologist John Goldthorpe pointed out at the time, statutory wage restraint inevitably focussed attention on ‘differences between occupational rewards and conditions’ and helped ‘bring issues of equity and fairness into greater subjective salience’. Heath’s justifications for his incomes policy consistently ‘emphasized the idea of the Government as the trustee of the national interest’—holding the ring between capital and labour—and his February 1974 election campaign leaned heavily on a rhetoric of ‘fairness’, yet this rhetoric was belied by the government’s tax cuts and by the gains which the ‘Barber boom’ had produced for investors. Companies’ gross trading profits rose from 12.7 per cent of total domestic income in 1970 to 14.7 per

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92 Bell, The Labour Party in Opposition, 180–1, 236.
93 Bell, The Labour Party in Opposition, 239.
95 Campbell, Edward Heath, 421.
cent in 1973—their highest level since 1965—and housing and commercial property prices raced upwards particularly strongly, at least until the bubble burst in autumn 1973 with the onset of the secondary banking crisis.\textsuperscript{96} The high-profile collapse of London and County Securities at the end of 1973 added to the sense of corporate disrepute fostered by the Lonrho scandal in May and June, which even Heath described as ‘the unpleasant and unacceptable face of capitalism’.\textsuperscript{97} In this tense climate, Wilson’s version of social patriotism turned Heath’s analysis on its head: national unity had been fractured by Tory politicians and business leaders, not by trade union members.

‘Scandalous economics’ helped open up the political space for ‘emergency economics’ in the context of the 1973 oil shock and the continuing rise in inflation.\textsuperscript{98} In particular, the trade unions’ belief that Labour should focus on stabilizing working-class living costs dovetailed neatly with Wilson’s desire to foreground ‘traditional bread and butter issues’ in order to rebuild the party’s support among housewives and older workers.\textsuperscript{99} Wilson made living standards the main theme of Labour’s February 1974 campaign—claiming, for instance, that prices had risen by 35 per cent (and food prices by 50 per cent) since the 1970 election.\textsuperscript{100} The manifesto’s famous commitment to achieving ‘a fundamental and irreversible shift in the balance of power and wealth in favour of working people and their families’, though often interpreted as a reference to nationalization plans, also underlined the party’s renewed egalitarian ambitions. Under the influence of left-wing activists, Labour now promised to introduce the kind of ‘annual Wealth Tax on the rich’ which Wilson had resisted in 1970. The party also pledged to establish ‘a standing Royal Commission to advise on income distribution’—an idea which had first been proposed by Meacher and Field, then taken up by the union leader Jack Jones, and eventually took shape as the Royal Commission on the Distribution of Income and Wealth under the chairmanship of Lord Diamond.\textsuperscript{101}

\textsuperscript{96} For gross trading profits, see Economic Trends, no. 279 (January 1977), 14; for the property boom and the secondary banking crisis, see Margaret Reid, The Secondary Banking Crisis, 1973-75: Its Causes and Course (London, 1982), 58–69.


\textsuperscript{98} These terms are drawn from Tom Hunt and Liam Stanley, ‘From “There Is No Alternative” to “Maybe There Are Alternatives”: Five Challenges to Economic Orthodoxy after the Crisis’, Political Quarterly, 90 (2019), 479–87.


\textsuperscript{100} Butler and Kavanagh, The British General Election of February 1974, 85.

\textsuperscript{101} For Meacher and Field’s proposal, see The Guardian, 25 January 1971, 6. The Diamond Commission compiled a vast amount of statistical material on income and wealth distribution but studiously avoided making clear policy proposals, to the frustration of some on the
As Edgerton has noted, Labour’s focus on subsidizing working-class consumption and allowing the unions to shape the development of the ‘social wage’ gave the 1974–6 Wilson government a distinctive flavour.\textsuperscript{102} The new government quickly froze rents (pending the repeal of the Housing Finance Act), raised pensions, and scrapped museum charges, while Denis Healey’s March 1974 budget set aside £500 million to extend food subsidies (covering bread, milk, butter, cheese, and tea) in an attempt to hold down the retail price index and so avoid triggering the ‘threshold agreements’ inherited from Heath’s pay policy.\textsuperscript{103} Together with a highly progressive set of tax measures—including an increase in the basic rate of income tax from 30p to 33p, a top rate of 98p on investment incomes, a new capital transfer tax, and a consultation on a wealth tax—this made ‘the first six months of the Labour government’ seem to some left-wingers ‘like a reformist utopia’.\textsuperscript{104} In the reaction against ‘Selsdon Man’, Wilson went some way further in subordinating market values to social values than his 1964–70 administration had done. As it turned out, he also went further than the Labour government would prove able to sustain in the face of recession, growing tax resistance, and unsympathetic financial markets.

‘Selsdon Man’ and the waning of post-war social democracy

Perhaps the most enduring legacy of the ‘new political history’ of the 1980s and 1990s has been to focus historians’ attention on the importance of language, both as a tool of political leadership and as a constraint upon it.\textsuperscript{105} In this vein, Wilson’s ‘Selsdon Man’ speeches—and the way he developed their themes through the 1970 Parliament—provide a telling example of how politicians can construct narratives out of disparate and contested social phenomena. In an era when party loyalties were becoming more contingent and class-based identities were starting to weaken, Wilson sought to reconstruct a binary distinction between Labour as the party of social solidarity and the Conservatives as exponents of a selfish and divisive individualism. If Wilson’s warning of Tory cuts invoked memories of the 1921–2 ‘Geddes Axe’ and the 1930s household means

\textsuperscript{102} Edgerton, \textit{The Rise and Fall of the British Nation}, 407.

\textsuperscript{103} For Healey’s expansion of food subsidies, see \textit{Parliamentary Debates} (Commons), 871, 26 March 1974, 297–8; for the significance of the threshold agreements, see Duncan Needham, \textit{UK Monetary Policy from Devaluation to Thatcher, 1967-82} (Basingstoke, 2014), 81–2.


\textsuperscript{105} See, for instance, Lawrence Black, ‘“What Kind of People are You?” Labour, the People and the “New Political History”’, in John Callaghan, Steven Fielding and Steve Ludlam (eds), \textit{Interpreting the Labour Party: Approaches to Labour Politics and History} (Manchester, 2003), 23–38.
test, his focus on indirect taxes and food prices carried echoes of an even older current of popular radicalism. By linking up Heath’s plans for tax cuts and trade union reform with changes to agricultural support and the welfare state, Wilson portrayed the Conservatives’ free-market agenda as an act of class warfare which would harm ordinary people and widen social inequalities. To the Conservatives’ language of individual aspiration, affluence, and choice, Labour counterposed an older ‘moral economy’ based on fair wages at work and fair shares in consumption.\textsuperscript{106} The narrow Labour victories of February and October 1974 suggest that this bread-and-butter social democracy retained considerable purchase, particularly among working-class voters in the north and midlands. Nor was dissatisfaction with the Heath government’s fiscal policies confined to the Labour ranks, since Jeremy Thorpe’s Liberal Party—which took almost 20 per cent of the vote in the February election—also argued that greater social justice was a prerequisite for an effective counter-inflation policy.

If Wilson’s appeal to social solidarity provided a powerful frame for Labour politics in opposition, however, it also papered over significant fault-lines within the party which would re-emerge in government. This was particularly true in the context of 1974–5, when the combined effects of the ‘Barber boom’ and the 1973 oil crisis meant that the Labour government inherited a toxic combination of recession, rapid inflation, a rising budget deficit, and balance of payments problems. Plans for an annual wealth tax foundered in a Select Committee, and capital transfer tax actually raised less than the estate duty which it replaced, while corporation tax changes were constrained by concerns about profitability. As a result, the burden of paying for new social spending fell largely on income taxpayers, raising concerns about work incentives and complicating Healey’s efforts to control the wage-price spiral.\textsuperscript{107} Though some trade union leaders (such as Jack Jones) were prepared to treat the ‘social wage’ as a substitute for higher take-home pay, this trade-off was much less satisfactory to many rank-and-file union members.\textsuperscript{108}

The ‘social contract’ also had double-edged consequences for the politics of the welfare state. During the 1960s, Wilson had achieved some success in framing social policy as a means of supporting economic modernization—for instance, through educational expansion and the introduction of earnings-related unemployment benefits.\textsuperscript{109} Under the

\textsuperscript{107} Whiting, \textit{Labour Party and Taxation}, 232–46.
influence of the TUC and the poverty lobby, however, new social spend-
ing under the 1974–9 Labour government was more overtly ‘welfarist’,
focussed on price and rent subsidies, child benefit, and above-inflation
increases in the state pension. This strategy may well have had progressive
distributional effects—indeed, income inequality fell to its lowest
recorded level in Britain in the late 1970s—but it also allowed concerns
about ‘welfare dependency’ and the ‘crowding-out’ of productive invest-
ment to take on a sharper form.110 As Healey and some other Labour
MPs privately recognized, the government’s focus on collective provision
and staple goods ran against the grain of a growing demand for personal
freedom, agency, and choice, which (as Emily Robinson et al. have
shown) resonated well beyond the New Right.111 This sense of shifting
political imperatives contributed to the contentious rounds of spending
cuts which Healey embarked on from 1975 onwards in order to reduce
the Public Sector Borrowing Requirement without resorting to further
increases in the tax burden.112 The Labour left, by contrast, blamed the
government’s difficulties partly on Wilson’s failure to implement the
party’s industrial programme.113 From a Marxist perspective, expanding
the ‘social wage’ without establishing control over private investment
merely exacerbated the ‘structural dependence of the state on capital’.114

Even at the end of the 1970s, however, the defence of working-class liv-
ing standards in the face of market liberalism remained a powerful theme
for Labour. In the wake of the ‘winter of discontent’, Callaghan launched
the party’s 1979 election campaign by challenging Margaret Thatcher to
answer three questions:

How many jobs would be lost by Conservative policies? Where was
the money coming from to pay for their tax cuts? How were they going
to keep prices down?115

Labour developed this challenge vigorously in an attempt to focus voters’
attention on the implications of Thatcher’s policies: for instance, Shirley

110 Alan Gillie, ‘Redistribution’, in Michael Artis and David Cobham (eds), Labour’s
111 Emily Robinson, Camilla Schofield, Florence Sutcliffe-Braithwaite and Natalie
Thomlinson, Telling Stories about Post-War Britain: Popular Individualism and the “Crisis”
of the 1970s, Twentieth Century British History, 28 (2017), 268–304; Stephen Meredith,
‘Rethinking Revisionist Social Democracy: The Case of the Manifesto Group and Labour’s
112 The classic ‘insider’ account of these cuts is Joel Barnett, Inside the Treasury (London,
1982).
113 See, for instance, Ken Coates (ed.), What Went Wrong: Explaining the Fall of the Labour
Government (Nottingham, 1979).
114 James O’Connor, The Fiscal Crisis of the State (New York, NY, 1973); Adam Przeworski
and Michael Wallerstein, ‘Structural Dependence of the State on Capital’, American Political
115 David Butler and Dennis Kavanagh, The British General Election of 1979 (London, 1980),
187.
Williams and Alf Morris claimed that Tory plans for rents, school meals, and VAT ‘would add £4.75 a week to the average family budget’.\footnote{CPA, 4/30/5/74, ‘Minutes of a Meeting held in the Chairman’s Office on Friday, 20th April 1979 at 10.30 a.m.’.} Conservative strategists privately felt that these attacks were quite effective in blunting Thatcher’s momentum, though they did not prevent her from winning a majority.\footnote{Butler and Kavanagh, \textit{The British General Election of 1979}, 325–6.} Yet in the context of deindustrialization and growing individualism, appeals to the ‘narrow economic interests’ of the working class brought diminishing returns.\footnote{Roy Hattersley, for instance, warned that ‘the appeal in 1979 on narrow economic interests could [not] be repeated with any greater success’: Labour Party papers, Shadow Cabinet minutes, 12 January 1983.} Campaigns against ‘Tory cuts’ and regressive tax changes remained the staple diet of Labour politics during the 1980s and early 1990s, but failed to achieve the electoral impact which they had done in the Heath years, despite clear signs of rising poverty and inequality. As privatization and local government reforms rolled back the frontiers of the welfare state—most obviously in housing and public transport—the decommodifying aspirations of the left drifted further out of reach, even as the quality of state education and the NHS became more salient. When Labour finally returned to power, it would do so on the basis of a very different kind of social democracy.