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## ***Introduction***

James Callaghan had a resolutely working-class background, and during it he experienced genuine poverty and hardship. The early death of his father as the main breadwinner left his family reliant on charity at a time (the 1920s) when the UK welfare state was far more limited and conditional than the post-1945 more universalised model. Pension improvements for widows under the first Labour government (1924) eased the family's burden somewhat, and this personalised, first-hand benefit of a welfare policy reform would play a significant role in the young Callaghan's initial politicisation. This challenging family upbringing could therefore certainly be said to have shaped his formative commitments to the egalitarian focus of the Labour Party, while also reflecting the very positive impact of government social policy on everyday lives. It subsequently strengthened Callaghan's political commitment to a more comprehensive and paternalistic welfare model that aspired to keep the poorest members of society out of the clutches of desperate poverty. As his political career took shape, this made Callaghan naturally sympathetic to those social groups who relied on the welfare state to maintain the basic standards of everyday living, and this attitude was further consolidated by him representing a working-class area of Cardiff in Parliament from 1945 onwards, right up until his retirement as an MP in 1987. Such experiences certainly influenced his burgeoning political outlook in the immediate post-war years, and after serving as a junior minister in the trailblazing 1945-51 Attlee government that established the modern welfare state, he got a major opportunity to put his values and beliefs into practice during the 1960s as Chancellor of the Exchequer (1964-7). In this more senior ministerial role, he had major responsibility for delivering Labour's manifesto commitments to increase old age pensions and abolish some charges for medicines, actively contributing to the ongoing expansion and evolution of the British welfare state in the process.

## ***Social policy aims and aspirations***

Yet it would be as Prime Minister between 1976-79 that Callaghan arguably had the greatest opportunity to craft a social policy direction that would potentially establish a personalised legacy for the class of people he originated from. As outlined in his autobiography, Callaghan

was driven throughout his political career by admirable social principles for high public office that stemmed from his upbringing, as he summarised:

*Central to the purpose of a Labour Government is responsibility for eliminating social wrongs and promoting social well-being. The class system had grown less rigid during my lifetime but it was still a millstone that hampered progress, as was gross inequality*<sup>1</sup>.

The tone of these above comments reflected a sense of Callaghan's deep commitment to addressing social injustices that stemmed from the class system, yet which was also aligned with a pragmatic awareness of the unerring resilience of various long-term socio-economic issues that were difficult to eradicate from British society. Such comments also highlighted the difficulties facing Labour governments in particular when it came to resolving deep-rooted poverty and social inequality, which was a long-standing cause and priority associated with that particular party. In terms of outlining broader social policy goals, in May 1976 Callaghan mapped out his longer-term objectives for the forthcoming decade (yet which he never came to fully deliver), and he wrote down that his aims for 1980 were to *'resume our social aims in housing, education, health and welfare to build a cohesive society'*<sup>2</sup>. This clearly indicated his desire to strengthen the effectiveness of the welfare state and broader social policy, in alignment with the principles of the universalised model of 1945. Yet to what degree he was likely to fulfil such positive aims in the late 1970s remains a matter of significant conjecture, and they arguably faded away and were drowned out by the somewhat chaotic and crisis-ridden ending of his premiership in the spring of 1979.

### ***The context for delivering welfare provision and social equality***

Consequently, as Prime Minister in the very testing economic conditions of the mid-1970s, Callaghan's strong personal commitment to maintaining the required levels of welfare support in the name of delivering a fairer and more equal society became a much more difficult square to circle. The welfare state was the key engine to lever these social goals, but on a longer term scale, demographic changes had placed considerable and growing pressures on the country's welfare provision, evident in the fact that between 1945-75 *'the proportion*

*of GDP spent on the main welfare services rose from just 5 per cent to around 20 per cent*<sup>3</sup> (incorporating all core elements of the welfare state). In addition to this, approximately one-sixth of the population had moved above the pensionable age due to a rise in life expectancy (fuelled by improved welfare provision), and NHS spending had risen from an estimated £500 million in 1951, up to £5596 million by 1975<sup>4</sup> (a tenfold increase). In short, Beveridge and the architects of the post-1945 welfare state had perhaps not factored in such demographic trends and improved levels of public health, which entailed that the financial costs of maintaining the post-war welfare settlement had risen significantly over three decades up until the point that Callaghan's premiership commenced. Within the context of such longer term trends and an increasingly sluggish economy, Callaghan came to 10 Downing Street in the spring of 1976 amidst an atmosphere of significant economic strains impacting on the government's capacity to deliver core public services, and which culminated in his administration taking a loan from the IMF later that year. Some have described this bleak scenario as representing a prevailing environment of 'stagflation'- specifically a combination of a stagnant economy, rising unemployment and surging inflation<sup>5</sup>.

This turbulent atmosphere placed tremendous pressure on the maintenance and delivery of the post-war model of welfare provision that Callaghan believed was vital for the well-being of the poorer social classes from where he originated. The most urgent challenge was arguably to reduce the scourge of inflation, which impacted on the costs of everyday goods for ordinary people, but also crucially on the costs of delivering the welfare services that the government provided, namely in terms of purchasing materials and paying wages. Yet this drive to reduce public expenditure costs and to instil greater economic stability entailed tough implications for social policy, potentially further worsening the everyday living conditions of the poorer classes, and therefore making Callaghan's aspirations for a more equal and socially just society far more difficult to fulfil. Within this context, and in the shorter term at least, the first obvious signs of trouble in meeting such social policy aspirations were the demands imposed by the IMF loan, which would cast a major economic cloud over most of 1976<sup>6</sup>, and which was undoubtedly one of the most serious crises of post-war British politics. On this basis, one of Callaghan's first notable instructions to his Cabinet, via the calculations of his often-besieged Chancellor Denis Healey, was to tackle such spiralling public spending levels by asking ministers to identify approximately £1.5 billion of total spending

cuts in order to meet the initial IMF loan requirements of \$3.9 billion dollars<sup>7</sup>. Callaghan himself observed that his ministers *'were obviously concerned to protect their cherished programmes'*<sup>8</sup>, including Secretary of State for Health and Social Services David Ennals. Indeed, in such key departments, at the heart of the government's social policy agenda, such cutbacks would have an inevitably negative impact on both welfare recipients and the public sector workforce, despite attempts to curb bureaucratic costs rather than frontline welfare provision. Difficulties in dealing with the workforce saw ministers like Ennals facing an ongoing battle over pay with disgruntled NHS workers in particular during the 1976-79 period. Yet the need to address the spiralling levels of public spending remained the political priority for Callaghan's administration, and the narrative of economic retrenchment and wage restraint to 'balance the books' was particularly epitomised by his often-quoted 1976 annual Labour Party Conference speech where he declared that *'We used to think you could spend your way out of recession'*, before warning delegates that such an option no longer existed due to the country's weakened economic state.

This speech appeared to mark an initial admittance by senior Labour figures that the country had reached the end of the so-called 'years of consensus', and Callaghan went on to declare in this speech that if such an expansive 'Keynesian' option was pursued as some of the Labour left wanted, those who suffered most would be *'the poor, the old and the sick'*<sup>9</sup> due to the further public raft of expenditure cuts that he claimed would have to follow. Yet in delivering his speech, Callaghan appeared to be making a symbolic retreat from the interventionist commitment towards full employment and a more egalitarian society, and in doing so left-wing critics could claim he was departing from the fundamental principles of the 1945 Beveridge welfare settlement. While Callaghan was conscious of some relative short-term pain for the heavily unionised public sector workers in terms of pay reductions caused by this economic squeeze, on an electoral level this also ran the risk of alienating some of Labour's key voting groups in the build-up to the next general election, due in 1979. Indeed, what had notably hampered Callaghan's government in this specific policy area was the fact that due to the escalation of the welfare state in both size and cost over the course of the post-war era, it had *'generated massive new lobbies of political interest (of both consumers and producers) .... (who) had an active interest in seeing the size and resources of the public sector expand'*<sup>10</sup>. This meant that both the producers (workforce) and the users and recipients

of the welfare state had a vested interest in seeing it continue to expand, thus benefitting them in terms of both employment and social rights respectively. A specific criticism to consequently emerge from the political right was that the producers (notably the unions) had too much power and control, at the ultimate expense of the users. Such a scenario put the Callaghan administration in a particularly difficult position when it came to making cutbacks in the social policy sphere, creating the potential for it to antagonise some significant bodies of public opinion (namely welfare recipients and those working in the welfare system), who both formed key components of the Labour electoral coalition. Yet Callaghan nevertheless firmly believed that it was only by taking such harsh but responsible economic decisions that in the longer term his government could maintain *'the living standards of the sick, the poorest, the unemployed and the pensioners'*<sup>11</sup>, which again reflected both the social welfare policy priorities and practical political calculations at the heart of his political agenda. This suggests that amidst the tough economic decision-making taking by his administration during its first year in office in particular, it was society's most vulnerable who (for varying reasons) appeared to be at the forefront of Prime Minister Callaghan's thoughts.

### ***Analysis of Callaghan's social policies- tackling poverty and inequality***

Consequently, as economic conditions gradually improved during 1977-78, Callaghan could claim that his government's capacity to invest in core areas of social and welfare policy improved likewise. Yet while particularly conscious of cultivating the support and loyalty of welfare users, Callaghan's administration increasingly appeared to lose patience with another core group of traditional Labour supporters (the trade unions), and history tells us that in resisting the more extreme wage demands of the welfare state's workforce he ultimately sealed his own political fate. Yet despite Callaghan's sense of justification for his course of action in this specific policy area, academic policy experts from the left continued to criticise what they perceived to be the ongoing failure of 1945 Beveridge settlement in tackling persistently stubborn levels of poverty and inequality, and highlight how Labour governments (such as this one) particularly struggled to address what was one of their core policy priorities. Brian Abel-Smith was one such prominent figure from this tradition, and his background in social policy had been developed in research work with Professor Richard Titmuss of the London School of Economics, and then in a further research capacity on the Guillebaud

Enquiry (1956), which explored the ongoing cost of the National Health Service. Following on from his 1950s conclusions that the NHS established from 1948 was indeed an affordable public service model, Abel-Smith would argue that governments should be doing more in the welfare policy sphere, particularly those that were Labour-led with more interventionist and welfarist political instincts. In partnership with sociologist Peter Townsend, Abel-Smith was also responsible for establishing a new so-called 'poverty line', which appeared to prove that despite the extension of a more comprehensive welfare state after 1945, poverty had actually increased in Britain from the 1950s onwards, specifically for the most vulnerable groups unaffected by the 'era of prosperity'. This 'poverty line' would form the basis for the somewhat controversial and damaging argument that even under Labour governments after 1945, poverty had risen. Within such a context, there were various key welfare policy areas that provided Callaghan's government with the potential to notably benefit poorer citizens during a relatively short period of time in office, namely child benefit, housing and the NHS.

### ***Child Benefit***

Abel-Smith and Townsend were therefore advocates of a more effective and expanding welfare state, and they authored the 1965 book *The Poor and the Poorest*, which in its focus on the impact of poverty on children in particular, inspired the formation of the Child Poverty Action Group (CPAG) in 1965. The director of this organisation between 1969-79 was Frank Field, who went on to become a Labour MP for 40 years, and was briefly Minister for Welfare Reform during Tony Blair's first administration in the late 1990s. During the Callaghan era, Field emerged on the political left as a critic of this administration's social policies, and in this specific role he gained much of his welfare policy expertise, while formulating various criticisms of government failings in this policy sphere in the process<sup>12</sup>. Abel-Smith went on to become a special (expert) adviser to Secretary of State Ennals between 1976-78, and in 1977 he was influential in instigating 'The Black Report' (reporting back in 1980), and which formally concluded that the post-war welfare state had so far failed to tackle long-standing socio-economic inequality. All such developments reflected ongoing concerns on the political and academic left with how the post-war welfare model was performing for those that needed it most, both during Callaghan's government, as well as under the Wilson Labour administrations that preceded it during the 1960s and earlier 1970s. Nevertheless, some

positive social policy innovation did take place during the period 1976-79, but its implementation proved to be problematic and the government gained limited credit for it. As an example, under significant pressure from charities such as the CPAG in particular, Callaghan inherited responsibility for implementing the 1975 Child Benefit Bill. This involved the merging of existing state allowances, replacing family allowance with a benefit for each child, (which was more generous in terms of working to the advantage of larger families in particular). This innovation marked a further widening of the scope of the original 1946 Family Allowances Act, which had always been paid directly to the mother, while being universal in its application and not means-tested. Yet by the time Callaghan took office, this generous manifesto pledge had encountered some resistance in terms of cost, as well as concerns about removing an existing child tax allowance for men to fund an inflated level of child benefit paid directly to women. Some feared this would be electorally unpopular, including Chancellor Healey who observed its potential to *'cost us male votes because it would mean a switch from the wallet to the handbag'*<sup>13</sup>. Frank Field exposed these various objections with support from sympathetic (anonymous) leaks from a civil servant named Malcolm Wicks, who would also later become a Labour MP. Field (who maintained the identity of his anonymous source until after Wicks' death) recalls:

*'Child benefit was a commitment in the two 1974 manifestos..... I was incensed at the whips alleging that backbenchers were against the scheme..... (and) this purported survey was used to convince trade union leaders that, without backbench support, they should withdraw their support for a reform that had been prominent in two party manifestos. Once the anonymous article I wrote was published in New Society, under the headline "Killing a Commitment"..... (it led to) the embarrassment of the prime minister and chancellor misleading their colleagues in cabinet, in the unions and on the backbenches'*<sup>14</sup>.

Economic conditions certainly created some political resistance and this ultimately played a part in the way this social policy was introduced. The government's image was consequently damaged in terms of its apparent commitment to progressive welfare reform, yet while this particular policy's roll-out was delayed, it was eventually phased in between 1977-79<sup>15</sup>,



representing a notable welfare expansion and contributing to the *'biggest increase in real family income for a long time'*<sup>16</sup>.

### ***Social Housing Policy***

In the housing domain, providing and constructing significant levels of state-subsidised council houses had been a staple of Labour governments since the 1920s in terms of addressing social hardship, poverty and providing minimum standards of housing. Callaghan's government was able to maintain its provision of this social policy to a degree amidst difficult economic conditions, but its rate of construction did steadily fall throughout the administration (see table one), which can be viewed as a criticism in terms of meeting the social needs in this area. As an example, the approximate 85,000 council properties built in 1979 compared poorly to almost 200,000 a year during the mid-1960s. Yet the government would defend its record in social housing policy by highlighting expenditure cutbacks required after 1976, but concerns about volume of social housing built were also fuelled by concerns about quality (which spanned previous Conservative governments also). This was related to the fact that during this period, various issues and problems were being highlighted about the quality and durability of many of the high-rise 'futuristic' council housing blocks that were being built (so-called 'streets in the sky'). Influenced by European trends in architecture, many such high-rise structures appear to have been built cheaply, and would quickly prove to be unpopular with tenants and have limited lifespans in most cases. As a further complication for this policy area, there had also been a steady growth in the number of council tenants buying their properties from the early 1970s, as had been encouraged by the Heath Conservative government of 1970-74. Callaghan's Environment Minister (with responsibility for housing) Peter Shore acknowledged that Labour should react to such a trend which reflected some degree of popular demand, and in 1977 he issued a government green paper that acknowledged that home ownership was a *"strong and natural desire"* for many citizens, and that such aspirations *"should be met"* by the government<sup>17</sup>.

#### **Table One: Council house dwellings built between 1974-79 (approximate thousands)**

<b><u>Year</u></b>	<b><u>England &amp; Wales</u></b>	<b><u>Scotland</u></b>	<b><u>Total</u></b>
<b>1974</b>	99.4	16.2	<b>115.6</b>
<b>1975</b>	122.9	22.8	<b>145.7</b>
<b>1976</b>	124.2	21.2	<b>145.4</b>
<b>1977</b>	121.2	14.3	<b>131.1</b>
<b>1978</b>	96.8	9.9	<b>106.7</b>
<b>1979</b>	75.0	7.9	<b>84.9</b>

Source:

*John English (ed.), The Future of Council Housing, (1982) and*

*ITV News, Key events in history of UK council housing (19th September 2018),*

<https://www.itv.com/news/2018-09-19/key-events-in-history-of-uk-council-housing/>

However, perhaps reflecting the more collectivist instincts of the left, Shore explored the prospect of shared equity/ownership schemes, encouraged the development of housing associations and also housing provision via charities or other (non-state) social bodies, hoping such measures would provide the catalyst for much-needed inner-city regeneration. Yet Labour's social housing policy at this stage ultimately remained aligned with the conventional Beveridge model that the bulk of council housing would be primarily maintained by the state via local authorities, and there remained approximately 6.5 million council-owned houses when Labour left office in 1979, representing an estimated third of all housing occupancies in the country. However in tough economic conditions, the ongoing cost of providing such housing stock to the required standards remained a problem that needed addressing. Consequently, this post-war social housing equilibrium would be transformed by Thatcher's populist 'right to buy' policy, which began to significantly deplete local authority housing stock from 1980 onwards. It could be argued that in adopting this policy, Thatcher radically tackled the longer term affordability issue of how the government could deliver such a volume of social housing within the welfare state, yet in a much bolder and often destabilising way (for both ideological and political reasons) than the Callaghan government ever did.

## ***NHS funding and expenditure***

The creation of the NHS has been viewed as perhaps the most enduring and monumental legacy of the Attlee administration of 1945-51, and subsequent Labour governments in particular viewed this core public institution with a degree of both reverence and awe. Its socially egalitarian implications have therefore been a key challenge for successive governments to maintain, particularly those of the political left. The Department of Health and Social Security was at this time a fused ministerial portfolio at the hub of social policy-making, so on this basis the NHS also came under the remit of David Ennals. As already alluded to, healthcare workers were a key part of the public sector workforce, and during this decade were involved in ongoing pay disputes with the government amidst a turbulent period of industrial relations. However, in the Callaghan government's defence, spending levels on the NHS were reasonably maintained by the historical standards of the decade. Although measured by a percentage of GDP the rate did fall slightly compared to the Wilson Labour administration (1974-76), it was favourable compared to the Conservative government of Heath between 1970-74. Nevertheless, the annual rate of NHS spending growth during the Callaghan government did significantly drop after 1975-76 (see table two).

**Table Two: Annual changes in NHS spending**

<b>Year</b>	<b>% annual change</b>
1975-76	+7.4
1976-77	+0.3
1977-78	-1.5
1978-79	+1.5
1979-80	+0.7

Source:

The King's Fund, John Appleby,

*How does this year's NHS budget compare historically?* (11<sup>th</sup> May 2016),

<https://www.kingsfund.org.uk/blog/2016/05/how-does-this-years-nhs-budget-compare-historically>

Yet this trend again has to be seen within the context of the more stringent economic conditions imposed in the wake of the IMF loan, which evidently impacted on the government's public spending commitments. While this can be seen as a negative in terms of the funding levels required in terms of meeting the inexorable and unlimited service demands of the NHS, the rate of the spending fall as a percentage of GDP was relatively slight (see table three), and service levels could therefore be seen to have been maintained to sufficient standards to benefit the poorer social groups who used and needed it most. However, both the trade unions and wider public demand always wanted more, while a steadily rising and ageing population placed ongoing strains on the service.

**Table Three: NHS spending during the 1970s**

<b>Year</b>	<b>UK population (millions)</b>	<b>NHS spending as a % of GDP</b>
1970	55.6	3.6
1971	55.9	3.7
1972	56.0	3.6
1973	56.2	3.7
1974	56.2	4.2
1975	56.2	4.5
1976	56.2	4.4
1977	56.1	4.2
1978	56.1	4.1
1979	56.2	4.0

Adapted from sources:

John Appleby, Nuffield Trust, *70 years of NHS spending*, (21st March 2018)

<https://www.nuffieldtrust.org.uk/news-item/70-years-of-nhs-spending>

and Uk Public Spending,

<https://www.ukpublicspending.co.uk/uk-national-healthcare-analysis>

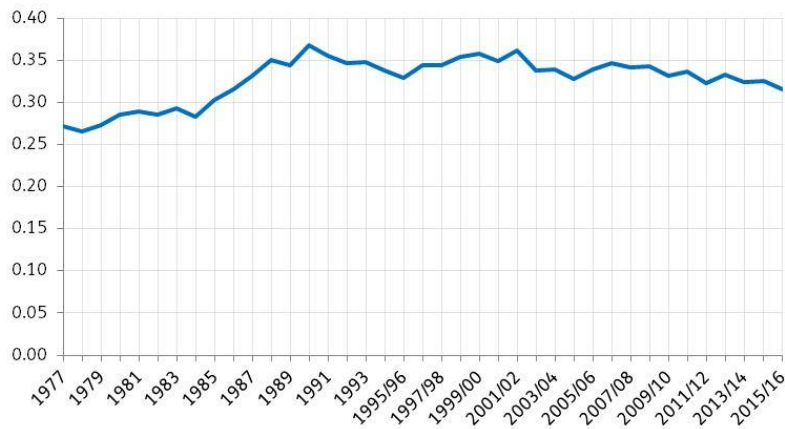
### ***Conclusion- success or failure?***

Callaghan undoubtedly inherited something of a political 'poisoned chalice' from 1976 onwards, with a whole range of challenging socio-economic policy problems piled up on his in-tray from the moment he became Prime Minister. He would later claim that despite the economic and industrial turmoil that dominated his premiership, the continuous Labour government of 1974-79 had in fact managed some notable social policy successes amidst very difficult circumstances: *'We had protected the weakest in the country during our period of office, and in some areas had increased benefits, notably those of children,'*<sup>18</sup>. In re-emphasizing his pragmatic political streak, Callaghan would refer to this political approach as *'practical Socialism.... ensuring the nation met the needs of those who were unable to help themselves'*<sup>19</sup>. He could also point out that the Labour vote in 1979 had actually numerically risen since the October 1974 general election, although as a national percentage it had dropped, and the Conservative opposition vote had of course improved even more. Callaghan himself argued that despite his electoral defeat, the consolidation of reasonably solid Labour electoral support suggested some degree of success on various policy fronts since 1976, most notably in relation to the ongoing delivery and protection of key public services and social policy, which reflected *'how much steady understanding and support existed for what we tried to do'*<sup>20</sup>. Indeed, the post-war era up until 1979 saw Britain becoming a more equal society, and the 1970s as a decade is now viewed as arguably the most egalitarian of the entire 20<sup>th</sup> century, and Callaghan could rightly claim that his government played a part in maintaining this status<sup>21</sup>. Subsequently, in the years that followed this administration the gap between rich and poor in the UK has consistently widened, creating more inequality in the process (see figure one below). As the IFS has commented, the *'general pattern is of increases in social equality during the 1970s, followed by rising inequality in the 1980s and 1990s'*<sup>22</sup>, so on this basis perhaps the Callaghan administration deserves some credit when it comes to the question of how it managed social inequality and wealth variations within British society. This may well be its most positive enduring legacy in this specific policy area.

### **Figure One:**

## The UK's Gini score for income inequality

Equivalised disposable income across UK households, gini coefficient from 1977-2015/16\*



\*Calendar years to 1993, financial years from 1994/95 onwards

Source: ONS, Household Disposable Income and Inequality dataset, 2016



### Cited in:

Robert Joyce, Fifty years of income inequality, Institute of Fiscal Studies, (16th May 2017),

<https://www.ifs.org.uk/publications/9231>

It is also true that by the late 1970s an improving economy and falling inflation rate had allowed core public services to be secured and maintained in the longer run, but on a political level increasing numbers of voters were clearly unsatisfied by the ongoing sense of crisis and the inexorable growth and ongoing cost of the welfare state. Indeed, the overall welfare (social security) budget had steadily risen throughout the 1970s, from approximately just over 7% of GDP in the early 1970s, to 9% by the early 1980s<sup>23</sup>. While some of this increase could be linked to the IMF loan and a subsequent rise in unemployment benefit, the ongoing costs of social security had been on a steadily upward spiral since 1945 due to longer term factors such as population growth, increased eligibility and more generous payments. Notable free-market bodies such as the Institute for Economic Affairs (IEA) had been arguing since the 1950s that expanding welfare costs were ultimately unsustainable in the longer term and would prove to be a drain on the country's economic performance, and it was during the 1970s that such warnings seemed to be coming to fruition. On this premise, the flourishing New Right agenda and some of its key figureheads such as Sir Keith Joseph and Margaret

Thatcher, (inspired by the writings of Hayek), offered a libertarian critique of British welfare provision, and saw the opportunity for a radical and ideology-driven restructuring and eventual 'shrinking' of what they viewed as a bloated and inefficient welfare state if the Conservatives could win the 1979 General Election. This focus on expenditure retrenchment was a key element in how they eventually secured this electoral victory that ended Callaghan's premiership, and it reflected the Conservatives' ability *'to tap into a growing (if inarticulate) strain of popular disenchantment..... about the state of the welfare state'*<sup>24</sup> and specifically its ongoing cost and affordability. This more economically prudent and neoliberal analysis chimed in with the country's mood after the IMF crisis, aligned with fears about 'dependency' and people getting 'something for nothing' that was prevalent among financially stretched skilled workers in particular. This socio-economic group would go on to form a vital component of the Thatcher electoral coalition in the years ahead.

Other recurring criticisms continued from the left, featuring claims that that while the Callaghan government staved off the most destructive potential cuts affecting social policy, in practical terms this entailed that by engaging in such 'firefighting' it lost any coherent focus on tackling inequality and redistributing wealth. Some left-wing critics could also validly question whether Callaghan's paternalistic tendencies were wholly compatible with greater egalitarianism and redistribution. Anti-poverty campaigners and charities like the CPAG, advised by academics such as Brian Abel-Smith, continued to lament that unacceptable rates of poverty still existed in one of the world's strongest economies and richest nations, and by implication this was a condemnation of Labour's consistent failings in this policy sphere<sup>25</sup>. As a specific negative observation, one commentator has remarked that during this embattled administration of 1976-79 the *'poor saw little improvement in their lot. Child Benefit, introduced in 1976, appeared to be a big spending increase, but in reality it largely replaced child tax allowances. Then the economy just went off the rails'*<sup>26</sup>. David Piacaud, an academic and another advisor to this government claims that *'Previous Labour governments failed to make any real impact on poverty because they were knocked off course by the macro-economy.....(and that) under Callaghan, any redistribution ground to a halt because the IMF stepped in'*<sup>27</sup>. Piacaud also had links with Abel-Smith, and both had been a source of expertise and knowledge to successive Labour governments during the 1960s and 70s in the field of social security and child poverty in particular.

In addition, the sense of prolonged economic crisis had in turn created a stagnant welfare state environment which became complacent and lacked dynamism, and which has been described as existing in 'a routinised pattern of incremental growth and institutional torpor'<sup>28</sup>. The nature of these varying criticisms highlight the dilemma faced by the Callaghan government when it came to social policy delivery- specifically that the political left argued it was not spending sufficient money on tackling poverty and inequality, whereas the right claimed it was spending too much and in an inefficient and bureaucratic manner. This had been a long-standing and recurring pattern of simmering debate since the establishment of the post-1945 Beveridge welfare legacy, and in the context of a crippling economic crisis it appeared to peak during Callaghan's three year tenure as Prime Minister, before further evolving in a markedly different direction under a Thatcherite policy agenda during the 1980s. Given the various globalised political and economic trends of the 1970s, it is perhaps doubtful whether any government of the left, conspicuously tiring after five continuous and difficult years in office since 1974, could have stopped the advent of New Right ideology and its more radical alternative solutions for both the British economy and associated welfare delivery. This could perhaps cushion some of the criticisms and negativity that have been directed at Callaghan's social policy record, as his government did manage to avoid the more volatile levels of socio-economic instability that various vulnerable groups experienced during the next decade.

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<sup>1</sup> James Callaghan, *Time and Chance* (1987), Ch.13, p.395.

<sup>2</sup> *Ibid.*, Ch.13, p.398.

<sup>3</sup> Chris Pierson, Social Policy, in *The Ideas that Shaped Post-War Britain* (David Marquand & Anthony Seldon, eds., (1996), Ch.7, p.151.

<sup>4</sup> *Ibid.*

<sup>5</sup> First said to have been used by Conservative frontbencher Iain MacLeod, Hansard, House of Commons, 17<sup>th</sup> November 1965.

<https://hansard.parliament.uk/Commons/1965-11-17/debates/06338c6d-ebdd-4876-a782-59cbd531a28a/EconomicAffairs?highlight=stagflation#contribution-2c3e32e7-7c5b-47b8-bfd3-16c3dbd2a001>

<sup>6</sup> See Kevin Hickson, *The IMF Crisis of 1976 and British Politics*, (1976).

<sup>7</sup> See James Callaghan, *Time and Chance* (1987), Ch.13, p.423.

<sup>8</sup> *Ibid.*, Ch.13, p.434.

<sup>9</sup> James Callaghan, speech to Labour Party Conference, Blackpool, 28<sup>th</sup> September 1976,

<http://www.britishpoliticalspeech.org/speech-archive.htm?speech=174>

<sup>10</sup> Chris Pierson, Social Policy, in *The Ideas that Shaped Post-War Britain* (David Marquand & Anthony Seldon, eds., (1996), Ch.7, p.151.

<sup>11</sup> James Callaghan, *Time and Chance* (1987), Ch.13, p.447.



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<sup>12</sup> See Frank Field, *How the Poor Fared*, in Ken Coates, *What Went Wrong: Explaining the Fall of the Labour Government*, (1979).

<sup>13</sup> Denis Healey, *The Time Of My Life*, (1989), Ch.21, p.448.

<sup>14</sup> Frank Field: *My life with Malcolm Wicks' secret*, *The Guardian*, 19th January 2014, <https://www.theguardian.com/politics/2014/jan/19/frank-field-secret-life-malcolm-wicks-identity>

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<sup>15</sup> See The National Archives, *The Cabinet Papers, The Beveridge Report and child benefit*, <https://www.nationalarchives.gov.uk/cabinetpapers/themes/beveridge-report-child-benefit.htm>

<sup>16</sup> Denis Healey, *The Time Of My Life*, (1989), Ch.21, p.449.

<sup>17</sup> Brian Wheeler, BBC News, *A history of social housing*, (14th April 2015), <https://www.bbc.co.uk/news/uk-14380936>

<sup>18</sup> James Callaghan, *Time and Chance* (1987), Ch.13, p.511.

<sup>19</sup> Ibid.

<sup>20</sup> James Callaghan, *Time and Chance* (1987), Ch.13, p.564.

<sup>21</sup> See House of Commons Library, *Income inequality in the UK*, (Published Monday, May 20, 2019), <https://researchbriefings.parliament.uk/ResearchBriefing/Summary/CBP-7484>

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<sup>23</sup> Andrew Hood and Laura Oakley, *The social security system: long-term trends and recent changes*, Institute of Fiscal Studies, (November 2014),

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<sup>24</sup> Chris Pierson, Social Policy, in *The Ideas that Shaped Post-War Britain* (David Marquand & Anthony Seldon, eds., (1996), Ch.7, p.152.

<sup>25</sup> See Nicholas Bosanquet and Peter Townsend, *Labour and Equality*, (Fabian Pamphlet, 1972)

<sup>26</sup> Anthony Browne, *How give-away Gordon is robbing the rich by stealth*, *The Observer*, 19th September 1999, <https://www.theguardian.com/politics/1999/sep/19/labour.labour1997to993>

<sup>27</sup> David Piachaud, cited in *ibid.*,

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