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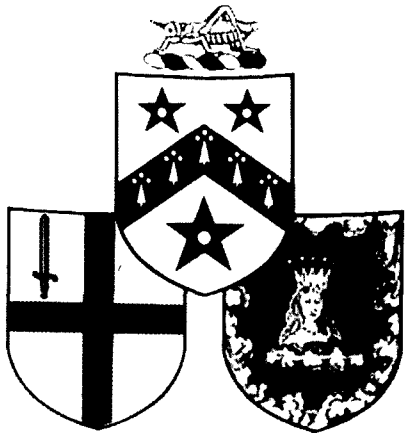

PREMIERSHIP

Lecture 11

'THE SEA-CHANGER': JAMES CALLAGHAN, 1976-79

by

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Jim Callaghan was, is and will remain a man of 1945. Over 20 years after assuming the premiership he described himself as 'original Labour' on the grounds that the 'old Labour' and 'new Labour' labels show 'rather a failure to understand the historical background.'[1] Lord Callaghan should be listened to on this and many other matters (not least the most effective way of operating a system of Cabinet government under duress) because he is the first and almost certainly the last Labour premier who could truly be said to have emerged out of the bowels of the Labour Movement in the century which began with the formation of the Labour Representation Committee.

MacDonald's formation was as a Liberal trade unionist; Attlee was from the wrong class to qualify for the 'bowel' accolade (though he was I think, the most radical left wing of the labour PM in policy terms); Gaitskell was a highly mandarin scion of the old imperial administrative class; Wilson's early tilt was towards Liberalism and he, too, was not of the working class. Mr Blair's roots in the Labour Movement, as another 'original Labour' figure put it recently, 'are comparable to those of a stick of celery.'[2] Compared to all of them, even perhaps to Neil Kinnock, Jim Callaghan is the genuine article thanks to the poverty of his early life in a widowed household in Portsmouth (his father had been a Chief Petty Officer in the Royal Navy), the shaping and advancement which came as a young trade union official in the interwar period, his service at sea during the Second World War before, with scarcely a pause, his being swept into Parliament as the 33-year old MP for Cardiff, South on Labour's high tide in July 1945.

If ever the old line about the 'university of life' applied to a politician who reached the very top it does so to Jim Callaghan though he remained regretful, almost chippy, about his not having attended a real one. Shortly after entering No.10 he said to an aide: 'There are many cleverer people than me in the Labour Party, but they're and I'm here.'[3] - a very Jim-like observation. And as he watched Mr Major's travails in the mid-1990s he said of him that 'John Major, like me, suffers from a

lack of higher education. It leaves big gaps in your knowledge which you have to fill from experience. Major's other problem', he went on, 'is that he doesn't have a strong core of philosophical belief against which he can judge things. Added to that, before becoming Prime Minister, he had only been a very short time in senior ministerial positions and had only been in Parliament a very short time.'[4]

By these criteria, Callaghan himself was very well prepared when in April 1976 he beat Michael Foot for the succession to Harold Wilson. At 64 he was four years older than Wilson, had over 30 years of unbroken experience in the House of Commons and was the only premier this century to have held all three great offices of state before acquiring the top job (the Treasury 1964-67, the Home Office 1967-70 and the Foreign Office 1974-76).

As for his philosophy, Jim Callaghan remained fixed about 1948 – a social patriot, a practical, moderate, very British socialist who put careful, sensible improvements to the lives and the life chances of the bulk of people way ahead of any overarching left-wing ideology. For the rest of the century he sounded – and was – a kind of composite of Clem Attlee and Ernie Bevin by another means.

Yet one can overdo the incarnation-of-Labourism line. For Callaghan was a transitional figure from Attlee's party to Blair's. The assumptions of mid-century centre-left politics had begun to fade and spall under the very man who, by both instinct and experience, embodied them. His rueful words to his Senior Policy Adviser, Bernard Donoughue, as the Prime Ministerial Rover swept round Parliament Square in late April 1979 during the electoral campaign which heralded a generation-long Conservative hegemony, have entered the lore and legend of British political history.

As Lord Donoughue recalled in his study of the Wilson and Callaghan premierships of the 1970s:

> [I] drew Mr Callaghan's attention to the recent improvement in the opinion polls, remarking that with a little luck, and a few policy initiatives here and there, we might just squeeze through. He turned to me and said quietly: 'I should not be too sure. You know there are times, perhaps once every thirty years, when there is a sea-change in politics. It then does not matter what you say or do. There is a shift in what the public wants and what it approves of. I suspect there is now such a sea-change – and it is for Mrs Thatcher.[5]

Callaghan had, in fact, to tack his politics in anticipation of that sea-change from the very start of his premiership three years earlier and, interestingly enough, it was in his response to a Bernard Donoughue initiative that this first became apparent.

For among the earlier sets of papers placed before him as he settled into the premiership was one entitled 'Themes and Initiatives' printed on the special green paper used by the Downing Street Policy Unit (Harold Wilson, its founder, had suggested this colour scheme as it would distinguish politically – attuned Policy Unit material from regular Civil Service briefing[6]). For any premiership-watcher, 'Themes and Initiatives' is a key text, not just for reasons of content but of context too. For its author Dr Bernard Donoughue, was the first senior policy adviser in No.10 who could be described as a professional political scientist since Professor WGS Adams headed Lloyd George's Prime Minister's Secretariat in 1917-18.[7]

Donoughue's preamble was, in effect, a treatise on the powers and limitations of late twentieth century British premiership. 'Any new Prime Minister', he told his new boss who inherited him from Harold Wilson,

> 'faces a paradox. He is the pre-eminent Minister and yet – because he has few statutory functions and less policy servicing than any of his Departmental Ministers – he may find difficulty in making a commensurate impact on his Government's policies.'[8]

Donoughue's argument was that, to be effective, a premier had to plan his interventions with care:

> 'He is, of course, inevitably drawn into – and shares responsibility for – major policy decisions (especially when they go wrong). He can also choose to take personal policy initiatives, which leave his own stamp on the Government, and possibly on history. But if he is to intervene personally, he should be selective, well informed and visibly effective.[9]

The choice of such interventions, Donoughue continued, 'is partly a question of personal inclination and partly a calculation of where the impact will be most impressive – especially with the next election in mind.'[10]

The rest of the briefing for Callaghan deals with suggested areas for possible intervention one of which, on education, led to the Ruskin Speech later in 1976 in which Callaghan not only gave his version of the traditional approaches to learning which should be sustained or restored but went on to float the idea of a core curriculum[11] which the Conservative governments that followed eventually implemented.[12]

Donoughue knew his man and tailored his 'social responsibility and social cohesion' theme to the new premier's strongly traditional values while recognising, as Donoughue put it, that such an approach 'if done with a heavy hand...could emerge as indistinguishable from "Thatcherism"[13] (possibly the first time that 'ism' was put down on paper in high policy-making circles at least). Donoughue's remedy for avoiding such confusion pre-echoed by nearly 20 years Tony Blair's approach to crime and criminality ('...if mixed with a continuing philosophy of reform and a genuine compassion for the underprivileged in our society, this approach of "tough honesty" could evoke wide political support – because there is no doubt that some

aspects of the current "permissive" social ethos have produced widespread misgivings'[14]) and by five years or so Conservative attempts to stress the pitfalls of a 'dependency culture' ('"Welfare"', Donoughue told Callaghan, 'threatens to produce a corrosive dependency'[15]).

But it was the factor acknowledged at the top of Donoughue's second page which came swiftly to dominate the political, governmental, national and global weather systems which buffeted and shaped the Callaghan administration and its policies and which led eventually to its loss of office at the polls (though it was a constitutional matter – devolution to Scotland – which was the occasion on 28 March 1979 of the first confidence vote to bring down a government since 1924).

'Economic policy', Donoughue declared starkly, 'can destroy a Government. Our problems are deep-seated and daunting...You will be inescapably drawn in over the central economic issues and unpredictable crises with wider political implications.'[16] And for students of the conduct of premiership, this – the so-called International Monetary Fund autumn of 1976 – is the terrain that remains of enduring interest. For it is Callaghan's attempts to manage the currency, spending and confidence crises of that year while maintaining the niceties and processes of collective Cabinet government and managing a simultaneous and highly secret operation involving personal economic diplomacy at the highest level, which have become a hotly debated and classic case-study of the practice of premiership as well as an intrinsically important benchmark in the (so far) 130-year long march away from economic and financial superpowerdom.[17]

The 1976 crisis is also a key element in the picture of Callaghan the sea-changer. In his famous speech to the Labour Party Conference that autumn he spoke hard economic reality to a resistant Labour movement. In a passage drafted by his son-in-law, the economist and journalist Peter Jay, Callaghan declared that:

> 'For too long, perhaps ever since the war, we postponed facing up to fundamental choices and fundamental changes in our society and in our economy. This is what I mean when I say we have been living on borrowed time...The cosy world we were told would go on forever, where full employment would be guaranteed by a stroke of the Chancellor's pen, cutting taxes, deficit spending – that cosy world is gone...We used to think that you could spend your way out of a recession and increase employment by cutting taxes and boosting Government spending. I tell you in all candour that that option no longer exists, and that insofar as it ever did exist, it only worked on each occasion since the war by injecting a bigger dose of inflation into the economy, followed by a higher level of unemployment.'[18]

This for me, ranks as one of the great postwar party conference speeches comparable, in Labour terms, to Gaitskell's 'fight, fight and fight again' at Scarborough in 1960[19], Wilson's 'white heat of technology'[20] delivered from the same boards three years later and Neil Kinnock's evisceration of the Militant Tendency at Bournemouth in 1985.[21]

Speeches are one thing; engineering a shift in entrenched attitudes and hard policy another and the memory of Callaghan's years as Chancellor (not to mention his unwillingness to back Wilson and Castle in taking on trade union power during the In Place of Strife spring and summer of 1989[22]) suggested that as Prime Minister he might not match up to a crisis of the increasing magnitude he faced from day one in No.10. (In fact it began in Wilson's last days when the Nigerians decided to diversify their holdings of sterling.[23]It ran on virtually unbroken until the days before Christmas, punctuated by the disappearance of Labour's majority in the House of Commons just as the economic gale reached full force in November 1976.

Callaghan, however, had learned from past experience. He was a genuine autodidact. Though as he admitted ten years later 'how, the City works...is a very deep mystery...and it isn't probably until you've been in office for a year or two that you really begin to discern the very intangible things that make the City work.'[24] By 1976 'he knew [the] little tricks' of the Treasury especially and 'when they were trying to pull the wool over my eyes,' as he put it to me.[25] He was from the first as Premier absolutely unrecognisable as the nervous tyro Chancellor in the mid-1960s.

As an official well placed to watch him in both periods put it:

> 'In the 1960s George Wigg [Wilson's Paymaster, or rather Sleuthmaster, General] would turn-up on one of his self-appointed missions to get intelligence from around Whitehall and report to Harold Wilson: "Jim's filleted again; send in a new backbone." At the time of the negotiations with the IMF, Callaghan had confidence, authority, assurance whatever he may have been feeling. The seemed to me to be a Prime Minister at the top of his powers in an extraordinary difficult situation.'[26]

As Shirley Williams put it succinctly: 'Being Prime Minister became Jim in a way that none of his other jobs did.'[27]

There are several ways of looking at the ingredients of the 1976 crisis. The big picture for Callaghan was of 20 years of fudged decisions which could be deferred no longer because, as he explained a decade later for the television series, All The Prime Ministers' Men, (which Phillip Whitehead and I made for Channel 4), 'what we were dealing with in 1976 was the delayed reaction to the five-fold [it was four-fold, in fact] increase in oil prices of 1973. That was when it happened and we were trying to put that right. That meant a reduction in the standard of life of the British people...We put it right.'[28]

Interestingly enough, a member of the current Conservative Cabinet while trying recently to convince me that the UK's relative decline had halted and that for the next 20 to 30 years Britain would do better economically than Germany and France, said, of the halting process in an intriguing backhand compliment to him that 'It started with Callaghan. Margaret did most of the rough stuff. What John Major did was to ensure there wouldn't be a counter-revolution by making the new economic liberalism more humane.'[29]

But, in the late spring and early summer of 1976 with the pound shaky and depreciating the future of incomes policy uncertain, the Government's majority wafer-thin and the Treasury's estimates of the Public Sector Borrowing requirement (current and prospective) rising, the Treasury had to draw on the UK's IMF stand-by credit as the Cabinet went into crisis mode and searched for cuts over seven Cabinet meetings between 6 and 21 July. But spending cuts of £1 billion, with a further billion coming from extra taxation, did not satisfy the markets. By the beginning of September, as Callaghan's Trade Secretary, Edmund Dell has recalled in his biting study of the postwar Chancellors, 'the Federal Reserve in New York confirmed that up to 30 June, Britain had withdrawn $1.1 billion from the $5.3 billion stand-by. The conviction was growing that the government would have no choice but to make an application to the IMF to fund its repayment obligations...On 29 September, with the agreement of Callaghan, [Denis] Healey, [the Chancellor of the Exchequer] announced that an application was being made to the IMF for support amounting to £3.9 billion, the largest sum ever sought from it.'[30] This then was the background to what was arguably the finest display of collective Cabinet government under stress of the postwar period, though Edmund Dell (as we shall see in a moment) disagrees.

Callaghan's strategy was a mixture of the simple, the arduous and precarious. He knew what he wanted – further cuts. 'There were', he told me later, 'reductions in the proposed expenditure for future years that had to be made, I had no doubt about that, irrespective of the International Monetary Fund or anything else.'[31] But as he 'knew it was quite possible for the government to break up, and it could have

been another 1931 [when the second Labour government collapsed unable to agree a set of cuts during another crisis of international confidence, splitting the Cabinet with Ramsay MacDonald lead a small Labour rump into coalition with the Conservatives and Liberals[32] – a political experience that had seared Callaghan's generation[33]].' 'So', Callaghan explained, 'I was determined that we should allow the Cabinet to talk itself out.'[34]

Arduous it was. It took 26 ministerial meetings (nine of them full Cabinets) to talk it out over two months.[35] Precarious it was because Callaghan had to persuade the money markets and the IMF to give the British Cabinet the leeway to talk it out while he, Callaghan, kept his Chancellor in suspense 'until the very end', as Healey himself put it, about whether he would have his Prime Minster's full backing.[36] Callaghan pushed the IMF as far down as it could go in its demands and engaged in top-level personal diplomacy with the US President, Gerry Ford, and the German Chancellor, Helmut Schmidt, to persuade them to use their political and economic muscle with the IMF in Britain's favour.[37]

Harold Lever, his deliciously unorthodox unofficial second Chancellor, was despatched to Washington as Callaghan's emissary.[38] To cap it all, Callaghan was determined once-and-for-all to make sure this was the last currency crisis in which the sterling balances (the debts accumulated within the sterling area during World War II) would hang, as William Armstrong once put it, 'like a sword of Damocles over the British economy.'[39]

Callaghan eventually pulled off all these tricks. His Cabinet, though spilt into four groups (the alternative strategists who pressed for import controls and a siege economy as an alternative to the IMF with Tony Benn most prominent and the Government's number two, Michael Foot, sympathetic; the sceptical centre led by Tony Crosland who argued the July cuts were sufficient; the Chancellor, Healey, with but two allies initially, urging that the bullet be bitten in terms of serious cuts; and the Prime Minister's men who would wait to see which way Callaghan finally jumped.

Callaghan squared all these Cabinet circles. As one aide put it who witnessed Callaghan's very private crunch meeting with his two biggest dissenting colleagues, Michael Foot and Tony Crosland: 'They pressed him very hard. Jim told them "Together the two of you can defeat me...A Prime Minister must stand shoulder to shoulder with his Chancellor." All the skills Jim had accumulated were brought into play. It was a bit like Churchill – all his life had been a preparation for this hour.'[40]

The final settlement, embodied in a 'Letter of Intent' sent to the IMF, was of cuts in planned public expenditure (£1.5 billion taken out of the 1977-78 total and £2 billion trimmed from the 1978-79 estimates), plus the sale of £500 million-worth of government shares in BP and formal targets to be set for money supply and domestic credit expansion.[41] The Cabinet agreed these measures on 2 December 1976, the moment, according to Tony Benn when the Croslandite social democratic wing of the Labour Party threw in the towel with Crosland going along with a Callaghan-Healey line he was convinced was both flawed and unnecessary for the sake of keeping the Cabinet together and Labour in power.

On 1 December Crosland told Callaghan bluntly: 'In the Cabinet tomorrow I shall say I think you're wrong, but I also think that Cabinet must support you.'[42] Callaghan's 'never again' requirement was met, too, the following month when a 'safety net' was negotiated for the sterling balances with the IMF and the central banks of the world's leading economies.[43]

It was Callaghan's misfortune – almost his tragedy – that such a formidable battery of skills were, in the end, largely devoted to holding the line, to buying time rather than to the constructive purposes to which he had hoped to devote himself when he had taken office nine months earlier. As he told me a dozen years later: 'I hadn't intended to get myself immersed in economic affairs. I'd had enough trouble with that when I was Chancellor of the Exchequer, and we had a very experienced Chancellor in Denis Healey...I just thought that my job would be to support him and allow him to get on with it while I did other things.'[44]

But, in that same interview, in the rueful, self-ironic way Jim sometimes has, he said of his Cabinet management in 1976:

> 'They could talk and talk and talk as long as they liked, everybody had a fair chance, and I told them to put in memoranda; we discussed their memoranda, we rediscussed their memoranda and so on, and eventually, by allowing them to talk themselves out, they all came to a common conclusion, and we preserved the unity of the Cabinet and of the party. It would have been a tragedy if we had spilt, and it was quite possible we might have broken up as in 1931. I don't put that as an impossibility, and I regard it as one of my minor triumphs – and goodness knows, I had few enough of them – that the Labour Party did not split in 1976, as it might have done.'[45]

Denis Healey rates this, as I do, as much more than a 'minor triumph'. In his memoirs he wrote of 'The consummate skill with which [Callaghan] handled the Cabinet [which] was an object lesson for all prime ministers.'[46] For Shirley Williams, too, it was 'a brilliant operation'.[47]

For Edmund Dell, however, who believes that Cabinets should practice not collective responsibility but 'collective tolerance' at such moments – leaving it to the PM, the Chancellor of the Exchequer and the handful of other ministers who understand the complexities and the realities – the 1976 Cabinet meetings were 'a farce and a dangerous farce at that.'[48] Of the Callaghan 'talk and talk and talk' strategy, all of which he sat through, Mr Dell said:

> 'Nine Cabinet meetings while the market was impatiently waiting for a decision. In a sensible system of government Callaghan would, after discussing with Healey and Foot and possibly, as a matter of amour propre, with Tony Crosland, have told the Cabinet "It is my responsibility. We have to cut public expenditure. Do not be so stupid as to resign, which actually I know you are not going to do anyhow and bring the Government down and let Thatcher in. The party would never forgive you." If he had said that after a couple of Cabinet meetings I am sure the Cabinet would have accepted it.'[49]

I am not so sure and nor was the former Secretary of the Cabinet, Lord Hunt of Tanworth who also sat through every meeting.

John Hunt, too, sat beside Edmund Dell at the Institute Historical Research seminar when he launched into what he saw as the dangerous farce of 1976. Hunt said: 'I do not believe that those nine Cabinets were purely tactical in terms of a rather cynical operation that had to be gone through in order to keep the lads together and to stop them resigning...I do not think collective responsibility is a myth. I think it is a reality. It is cumbersome. It is difficult. It has all sorts of disadvantages and it is possible it may need to change...probably under any of these systems it is going to be a bit of a shamble. But I do think it has got to be, so far as possible, a democratic and accountable shambles.'[50]

So do I. But where Edmund Dell is undeniably right in his judgement is that 'in days when media attention is greater even that it was in 1976, it would have been impossible to delay a decision so long, with the market waiting and apprehensive, and sterling on the brink.'[51] In the era of electronic news-gathering and the age of 24-hour, instant reaction money markets, a two-month play would very likely have to be reduced to one short, sharp act.

In that sense Callaghan must cease to be the model unless a modern premier was to imitate the intensely secret 'economic seminar' into which market sensitive discussions were taken in the IMF aftermath. At the suggestion of Callaghan's hugely influential Principal Private Secretary, Sir Kenneth Stowe,[52]discussion on matters such as interest rate changes or the uncapping of sterling went into this 'seminar'-like forum which, with the Central Policy Review Staff, the Policy Unit, the Cabinet Office and that one-man alternative strategist, Harold Lever involved, as well as the traditional and narrower configuration of the Treasury, the Bank of England and the No.10 Private Office, was wider than the older insider track traditionally followed for such discussions but much narrower even than the Cabinet's Economic Strategy Committee let alone the full Cabinet itself.[53]

Callaghan was not a collective operator in all circumstance. Like his first mentor, Clem Attlee, he kept his nuclear weapons policy inside the narrowest and tightest of circles,[54] away even (unlike Attlee[55] or his second mentor, Harold Wilson[56]) from the Cabinet committee structure. Callaghan told me that on matters like the replacement of Polaris, 'it was always traditional, and nothing new, for nuclear issues to be discussed in a small group'[57] (plainly unaware of the Churchill model which had embraced full Cabinet when the decision to make a British Hydrogen bomb was taken in 1954[58]).

Naturally on matters to do with intelligence and security he was super-secret. Here unlike his equally traditional attitude to the maintenance of official secrecy in other, less sensitive areas (where even Denis Healey was critical of him)[59], Callaghan had both a sure and a justifiable touch. He commissioned a still secret review of recruitment to the Security Service, M15[60], which has helped to transform the people-side of that agency over subsequent years. And he used his 'C', Sir Maurice Oldfield, the 'Chief' of the Secret Intelligence Service, M16, to let the Argentines know in 1977, when a degree of harassment was underway in the South Atlantic, that a hunter-killer submarine lay undetectable and in wait between the mainland and the islands should their Navy try anything serious against the Falklands. Though the Franks Inquiry said there was no evidence that the message

got through, I have reason to believe that it did. As a former M16 officer put it: 'This kind of personal involvement was right up Maurice's street. The message would certainly have got through.'[61]

In a manner that should still be an model for his successors in No.10, Jim Callaghan laid great stress on keeping personally well-briefed on the small problems which could suddenly flare up and inflame a government – the Falklands, Gibraltar and Belize were the examples he like to quote.[62] His naval background was the key here.

The full flavour of Callaghan, the ex-Navy man and careful keeper of the watch, came over beautifully when he explained this for the viewers of All The Prime Minster's Men. He had, he said,

> 'my own personal source of information. Because of my background, I asked the Admiralty every week to send me a map of the world, about the size of this blotter in front of us here, which set out the position and disposition of every ship in the British Navy, including all the auxiliaries, so that I could know exactly what we could do and how long it would take us to get to the Falklands and where we needed to be. That is the kind of thing I think a Prime Minster must do. There are small things he must do and large things. That's one of the small things he must do that can save a very large catastrophe.'[63]

Callaghan had a sharp sense of where to go in Whitehall to get his information and he liked it to be served up plain and unvarnished. I am sure he appreciated Oldfield's reply when, at his first meeting with the SIS 'Chief' as incoming Foreign Secretary in March 1974, Callaghan had inquired 'Sir Maurice, what is your job?' 'My job', said Oldfield, 'is to bring you unwelcome news.' [64]

Callaghan was skilful at making the best use of his direct inputs of policy advice – from the Central Policy Review Staff and the No.10 Policy Unit as well as the formidable Private Office line-up he enjoyed of Ken Stowe[65], Tim Lankester[66] and Patrick Wright.[67] Of the CPRS he said: 'I found it very valuable...It was useful because it was able to stand back and take a long-range view of some matters and, also because of its wide range of knowledge, it was able to ask probing questions that were placed before Ministers when they came to Cabinet. The CPRS didn't have in any way a political role. The Policy Unit did have a political role. It would advise me, for example, about the political consequences of increasing the child benefit or of not increasing the child benefit.'[68] Both the CPRS and the Policy Unit were considerable feeders of alternative advice to the Prime Minster (alternative to the Treasury, that is) during the IMF Crisis.[69]

Callaghan made use, also, of his alternative information systems in the series of bilateral conversations he began with his Cabinet ministers. Unlike Eden's attempts to do this, Callaghan's worked well. He was steeped and marinated in both domestic, foreign and economic policy and he was good, too, at the personal chemistry.

He talked about these sessions in his memoirs:

> It had been my experience that Ministers used to ask to see the Prime Minister only when they had a personal problem or had run into a difficulty, and I decided to reverse this. So during the early months after I took office, and in pursuit of my intention not to become over-immersed in the Chancellor's economic problems, I invited other Ministers to come to see me individually and without their officials, to tell me about their work. We sat informally in the study at No.10 and I put to all of them two basic questions. What were they aiming to do in

> the Department? What was stopping them? I prepared for these chats by asking Bernard Donoughue and his Policy Unit, in conjunction with my Private Office, to prepare an overview of each Department's activities before I saw them, and Bernard would also suggest certain areas for me to probe.'[70]

The memoir describes how the Education Secretary, Fred Mulley, was one of the first to chat à deux and how Jim, reflecting Donoughue's 'Themes and Initiatives' paper, steered that nice and underestimated man across the 'three R's' and 'curriculum' territory about which, he told Mulley, he intended to make a speech.[71]

As with Callaghan the 'original Labourite', one must not paint a monochromatic picture. 'Big Jim', as the more sympathetic tabloids liked to call him, could also be tetchy Jim, especially when he was tired. Journalists and television interviewers were not the only people who could experience the sudden change from soft-edged to hard-edged and quite frightening demonstrations of irritated authority. Perhaps the capacity to inspire a little fear is part of any premier's armoury.

It was partly, I suspect, because the mature if not quite hard-baked Downing Street Callaghan had firm views about what he did not like – permissiveness, any sign of disrespect for venerable institutions whether it be the monarchy (he got on famously with the Queen[72]): the Labour Party and until that ghastly winter of discontent, the trade union movement as well. He had warm feelings for the Armed Forces and the Scouts. I put them in because of a wonderful, almost Arthur Lowe-like manifestation of this side of Callaghan when, during a select committee hearing in 1985, he was asked by fellow Labour MP, Austin Mitchell, about how minsters should behave towards civil servants?

CALLAGHAN: It is your responsibility to be polite, to be courteous, to listen to what is said to you and absorb it and be loyal to your Private Office so they can serve you the best of their ability.

MITCHELL: It sounds like a Boy Scout code.

CALLAGHAN: What is wrong with the Boy Scouts?'[73]

His respect for institutions, however, did not extend fully to Europe about which he had, I suspect, an old patriot's ambivalence that vied with a realist's appreciation of the price that would be paid if Britain found itself on the outside edge of an integrating community. His experience of 1967-69 put him off tampering with the House of Lords and the hours of slog in Cabinet and Cabinet committee on the Welsh and Scottish devolution legislation which eventually brought him down put him off the kind of constitutional engineering that devolution would require if the policy is ever implemented.[74] He believed, and still does, in first-past-the-post for Westminster elections and grew utterly fed up with the weekly, sometimes daily cobbling-together of majorities which he and Michael Foot were required to do especially after the demise of the Lib/Lab Pact in 1978.[75]

Callaghan, though intensely loyal to his Labour movement, was, however, a natural centrist. He found his relationship with left-of-centre David Steel easy and congenial during the Lib/Lab pact (unlike Denis Healey who could not abide dealing with John Pardoe and fobbed him off when he could on to his affable Chief Secretary, Joel Barnett[76]). I have a feeling that Callaghan would not have been averse to having Steel in the Cabinet with him if he had found himself the largest single party but without a majority after the 1979 election,[77] though not, I imagine at the price of proportional representation.

A vivid, mixed recapitulation of the pleasures and pains of his premiership, prompted by a question from me about the 'misfortune' of losing his majority so soon after reaching No.10, ended on that very point. 'It's never a misfortune to become Prime Minster,' he said

> 'It's always the greatest thing in your life. It's absolute heaven – I enjoyed every minute of it until those last few months of the "Winter of Discontent". But when you lose your majority it's jolly inconvenient, because you have to look at every piece of legislation, every piece of business that's coming up in the following week, to see whose support you're going to get, whether you're going to be able to carry on the Queen's Government or not...It doesn't make for good government. Those who believe that PR is going to improve our form of government are, I think, very much mistaken.[78]

That 'Winter of Discontent' – how it haunted him. Years later he found it difficult to talk abut the sequence of events which flowed from two factors – his determination to squeeze inflation out of the economy by sticking to a 5% pay norm after 3½ years of incomes policy; and his reluctance to call an election in the autumn of 1978 as his private polls indicated that he could expect to achieve no more than largest-single-party status and would be required to undertake still more majority-mongering with assorted Liberals, Scottish and Welsh Nationalists and Ulster Unionists.[79] To be broken by your own people, the trade union movement, to whose defence he had come in 1969 at the price of losing his seat in Wilson's 'inner Cabinet',[80] was unbearable.

His patience snapped in Cabinet, especially with Tony Benn who, in Callaghan's eyes, had been leading a kind of internal opposition, using the Party's National Executive Committee (which Benn then dominated) for this purpose almost throughout the premiership. Joel Barnett's account of the Cabinet meeting of 1 February 1979 captures both the sourness of the Callaghan-Benn relationship and the bitterness of the 'Winter of Discontent':

> 'The Prime Minster summed up what many of us wanted to say, when he put a question to Tony Benn: "What do you say about the thuggish act of a walk-out, without notice, from a Children's Hospital?" Tony replied that: "When decent people become irrational, something else must be wrong if they are driven to such desperate acts." Jim Callaghan's response was that he "had never in fifty years been so depressed as a trade unionist."'[81]

So depressed was he at this time that, for a couple of weeks, Callaghan appeared to be almost in self-imposed isolation in his study in No.10, bereft of ideas on what to do. 'I feel I've let the country down', he said to someone close to him.[82] A sympathetic Cabinet minister told me later 'I would have said he was having a nervous breakdown if I hadn't known him better.'[83]

For Jim Callaghan really did believe in a tightly United Kingdom with a salt-of-the-earth trade union movement that helped keep it taut. But his philosophy was not sectional, hence that outburst in Cabinet against Tony Benn. He was a genuine and a formidable embracer of the middle ground of British politics and he had, to borrow Enoch Powell's phrase, 'a tune to hum'[84] to almost every social strand.

His official biographer Ken Morgan, whose life of Jim, as the book is to be called, will be published next year,[85] captured this in his description of the day he followed his subject on a constituency tour – or rather, a walk – during the 1964 election:

> 'His political skills are of no ordinary kind. They stem from a remarkable control of his variegated constituency base in Cardiff South (or South East). To see Callaghan on the move in Cardiff, subtly adapting his approach as he ambles on from proletarian Splott through the mixed residential population of Llanrumney and on to the genteel villadom of Penarth, taking in myraid ethnic minorities in the old dockside communities en route, is to see a master craftsman at work, his technique tempered by a genuine humanity and directness.'[86]

'New Labour' are not the first people to try and embrace those parts that allegedly socialist parties cannot easily reach. Callaghan has recently expressed some irritation about both the spurning of the trade unions and the 'number of myths about the way we behaved which have been promulgated by the Conservative government and which somehow our own people...have come to accept.' 'I look to history to put it right,' he added.[87]

If, historically speaking, Tony Blair is a celery root in terms of his Labour movement pedigree, Jim Callaghan was and always will be a rather gnarled tree with huge, sturdy roots, a magnificent piece of political foliage which, in its prime ministerial flowering (except for those last dreadful months), was rather glorious to behold. We can safely say that we shall not see his like again. For the Labour Movement – and the Britain – that made him is no more.

'THE SEA CHANGER':
JAMES CALLAGHAN, 1976-79.
ENDNOTES

1. Steve Richards, 'Interview: Callaghan', New Statesman, 20 December 1996.

2. Private information.

3. Private information.

4. Private information.

5. Bernard Donoughue, Prime Minister: The Conduct of Policy Under Harold Wilson and James Callaghan, (Cape, 1987), p.191.

6. Private information.

7. John Turner, Lloyd George's Secretariat, (CUP, 1980), pp.2-3.

8. Bernard Donoughue to the Prime minister, 'Themes and Initiatives', 15 April 1976. Acquired privately.

9. Ibid.

10. Ibid.

11. James Callaghan, Time and Chance, (Collins, 1987), pp.409-11.

12. Kenneth Baker, The Turbulent Years: My Life in Politics, (Faber, 1993), pp.164, 168.

13. Donoughue, 'Themes and Initiatives',

14. Ibid.

15. Ibid.

16. Ibid.

17. For the best studies of the political economy of the IMF crisis see Edmund Dell, A Hard Pounding: Politics and Economic Crisis 1974-76, (OUP, 1991); Kathleen Burk and Alec Cairncross, 'Goodbye Great Britain': The 1976 IMF Crisis, (Yale, 1992). For the best encapsulation of the Callaghan-and-Cabinet government debate see Edmund Dell and Lord Hunt of Tanworth, 'The Failings of Cabinet Government in Mid to Late 1970s', Contemporary Record, Vol 8, Winter 1994, No.3, pp.453-72.

18. Callaghan, Time and Chance, pp.425-27.

19. Brian Brivati, Hugh Gaitskell, (Richard Cohen Books, 1996), pp.373-5.

20. Ben Pimlott, Harold Wilson, (HarperCollins, 1992), pp.303-5.

21. Michael Leapman, Kinnocks, (Unwin Hyman, 1987), pp.102-5.

22. Pimlott, Harold Wilson, p.531; Callaghan, Time and Chance, pp. 272-7; Roy Jenkins, A Life at the Centre, (Macmillan, 1991), p.287; Barbara Castle, The Castle Diaries 1964-70, (Weidenfeld, 1984), pp.650-1, diary entries for 12 and 13 May 1969.

23. Edmund Dell, The Chancellors: A History of the Chancellors of the Exchequer, 1945-90, (HarperCollins, 1996), p.423.

24. Sir James Callaghan interviewed for the Brook Productions'/Channel 4 Television series All The Prime Ministers Men, May 1986.

25. Peter Hennessy, Muddling Through: Power, Politics and the Quality of Government in Postwar Britain, (Gollancz, 1996), p.280.

26. Private information.

27. Private information.

28. Sir James Callaghan, All The Prime Ministers' Men interview.

29. Private information.

30. Dell, The Chancellors, pp.426-7.

31. Hennessy, Muddling Through, p.285.

32. David Marquand, Ramsay MacDonald, (Cape 1977), pp.638-70.

33. Callaghan, Time and Chance, p.47; see also his reference to 1931 in Tony Benn's, Against the Tide: Diaries 1973 - 76, (Hutchinson, 1989), p.677.

34. Hennessy, Muddling Through, p.285.

35. In Peter Hennessy, Cabinet, (Blackwell, 1986), p.91. I stated erroneously, that 'It took twenty-six separate Cabinet meetings to resolve the issue.' This was based on private information from an insider who had totted up the ministerial meetings required. When Tony Benn's diaries were published, it became plain that only nine of these had been full meetings of the Cabinet. Benn, Against the Tide, pp.620 - 90.

36. Denis Healey, The Time of My Life, (Michael Joseph, 1989), p.430.

37. Burk and Cairncross, Goodbye Great Britain, pp.64-7, 77-80, 91-4, 111-18.

38. Ibid pp.77-82.

39. Lord Armstrong of Sanderstead, former Permanent Secretary to the Treasury, used this metaphor in a conversation with me.

40. Private information.

41. Dell, The Chancellors, p.436.

42. Susan Crosland, Tony Crosland, (Cape, 1982), p.381. For Tony Benn's account see Benn, Against The Tide, pp.670-9. Mr Benn has made his point about the historical expiry of Croslandism in more than one conversation with me.

43. Dell, The Chancellors, pp.437-8.

44. Hennessy, Muddling Through, p.282.

45. Ibid, p.285.

46. Healey, The Time of My Life, p.431.

47. Private information.

48. Dell and Hunt, 'The Failings of Cabinet Government in Mid to Late 1970s', p.461.

49. Ibid.

50. Ibid, pp.467-70.

51. Dell, The Chancellors, p.436.

52. Private information.

53. For details of Callaghan's 'Economic Seminar' see Hennessy, Cabinet, p.92.

54. Ibid, pp.153-4.

55. Ibid, pp.124-34.

56. Hennessy, Muddling Through, pp.114-17.

57. Ibid, p.286.

58. Hennessy, Cabinet, pp.134-42.

59. Healey, The Time of My Life, p.449.

60. Private information.

61. Callaghan, Time and Chance, p. ;For the Franks Report see The Franks Report: Falkland Islands Review (1992 Pimlico edition of the 1983 report), p.18; Private Information from the former member of the Secret Intelligence Service.

62. He did so in his interview for All The Prime Minster Men.

63. Ibid.

64. Private information.

65. Went on to be Permanent Secretary at both the Northern Ireland Office and the Department of Heath and Social Security.

66. Went on to become Permanent Secretary of the Overseas Development Administration and the Department of Education and Science.

67. Finished his career as Head of the Diplomatic Service.

68. All The Prime Ministers' Men interview.

69. Hennessy, Cabinet, p.92; Donoughue, Prime Minister, pp.79-102.

70. Callaghan, Time and Chance, p.408.

71. Ibid. p.409.

72. Private information.

73. Seventh Report front he Treasury and Civil Service Committee: session 1985-86, 'Civil Servants and Ministers: Duties and Responsibilities', Vol II, p.225.

74. Callaghan, Time and Chance, pp.502-3.

75. Hennessy, Muddling Through, p.44.

76. Healey, The Time of My Life, p.403.

77. Private information.

78. Hennessy, Muddling Through, p.44.

79. Private information.

80. Callaghan, Time and Chance, pp.275-6.

81. Joel Barnett, Inside the Treasury, (Andre Deutsch, 1982), p.175.

82. Private information.

83. Private information.

84. Mr Powell has used this phrase in my presence.

85. It will be published as J Kenneth O. Morgan, Jim: The Life of Lord Callaghan, (OUP, 1998).

86. Kenneth O.Morgan, Labour People: Leaders and Lieutenants - Hardie to Kinnock, (OUP 1987), p.266.

87. Richards, 'Interview: Lord Callaghan.'