

# Trade Unions

To show that the Industrial Relations Act was unnecessary, Wilson reached an agreement with the TUC in '73 called the Social Contract:

- The Unions agreed to co-operate in trying to control wage increases.
- The government promised to try to keep down prices & provide better welfare benefits.
- There would be a return to free collective bargaining over wages & no statutory incomes policy.

However, the wage increases still was above the inflation rate & it gave the Unions a lot of power - the leader of the Transport Workers Union was rated the most powerful man in Britain. However, the Social Contract did suggest that the Unions & government had shared goals, and that they could co-operate. This contract lasted until the winter of discontent in '78/79.

# Divisions Over Europe

Labour promised to renegotiate the terms for the British entry into the EEC & to hold a referendum on the issue. The entry terms were reduced so that Britain had to pay less to the EEC budget, and a date for the referendum was set in '75.

Wilson allowed his ministers to campaign for either side, which resulted in a 2:1 vote in favour of joining the EEC. This was proposed as a way to fix Britain's economic issues, and the issue of Europe & Labour divisions were hidden again.

# Shift to the Left

Many people thought that the Labour party had drifted to the right last time they were in power. To solve this, they had drifted back to the left during their time in the opposition. This was reflected in the appointment of two cabinet ministers:

- Michael Foot: he was appointed at the Department of Employment. He believed in strong social equality, and took over Callaghan from '80 to '83.
- Tony Benn: he was appointed as the secretary of state for industry. He was a strong socialist & anti-Nuclear weapons, and served under Wilson's previous cabinet.

While this shift to the left did happen throughout the party, as well as at the local level, it did cause problems during the '80s.

# **Shift to the Left**

(1974 Election)

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