The wave of strikes in both the public and private sector against the 5 per cent Stage IV policy proved economically damaging and politically disastrous for the government. The widely held view that a Labour Government meant less industrial disruption than a Conservative Government turned out to have been a myth. The extent of the strikes, both in the length of their duration and in their individual bitterness, was the most acute since 1926.

The initial challenge to the government over the 5 per cent policy came in the private sector. The government hoped that sanctions against private sector firms would encourage them to stand firm and as early as September 1978 Denis Healey publicly declared that the government would not help companies who deliberately broke the guidelines. The first challenge to both the 5 per cent policy and the sanctions retaliation came when Ford car workers came out on strike in rejection of a 5 per cent offer. On 26 September the AUEW declared the dispute official and after a nine-week strike the company settled for 15 per cent. Unlike British Leyland and Chrysler, Ford were profitable and relatively efficient, with such an excellent product range that at the start of the strike there was an eight-to ten-week waiting list for all Ford models. There was no economic or moral reason why Ford workers should have been subject to the same 5 per cent norm as British Leyland or Chrysler workers. If ever there was a strong case for free collective bargaining it was over the Ford dispute. However, as Ford chairman Sir Terence Beckett rightly commented, the strike was ‘made into a political rather than an industrial issue’. Nor, given the sanctions policy, was the political dimension removed when Ford conceded the 15 per cent settlement. The decision to apply sanctions was, in any case, largely symbolic. Joel Barnett noted that:
Like the nuclear weapon, they could be counter-productive if used. Their use in this case was complicated by the fact that Fords had few direct contacts with the Government, other than supplying a small number of cars, ambulances and vans. There was, it is true, an agreement to provide large cash grants to build an engine plant in South Wales, but to cancel that would lose many jobs in an area of heavy unemployment. In any event, we could not cancel if we had wanted to, as the money was already legally committed. Still, we felt we must be seen to be taking some action, if sanctions, and possibly the whole pay policy, were not to collapse. To the intense anger of the Ford UK chief, Sir Terence Beckett, we imposed a fairly ineffective sanction of not buying Ford cars.\(^2\)

The sanctions policy did, indeed, prove counter-productive and in December Parliament voted against it, adding further humiliation on the authority of the government. On 13 December, four left-wing Labour MPs abstained and the opposition parties united to defeat the sanctions policy by six votes. It had been possible for the government to ignore the Labour Conference’s rejection by a 2:1 majority of the 5 per cent policy but parliamentary defeat could not be sidestepped. The government duly won the vote of confidence on 14 December but Jim Callaghan conceded at the start of the debate that the sanctions policy had been jettisoned. Moreover Mr Callaghan’s subsequent appeal to the CBI to hold back excessive pay settlements served only to undermine the government’s authority still further. Thus, as Peter Shore put it, the sanctions defeat ‘stripped us of moral power on public sector pay’.\(^3\) The way was open for the 5 per cent pay policy to be effectively challenged by a multitude of unions on a multitude of different issues – low pay, comparability, differentials, productivity deals or catching up with the lost ground of Stages I to III.

THE DAM BURSTS

The petrol tanker drivers were the next group of workers to defy the government although other groups, particularly in the public sector, had given notice that they would strike rather than accept 5 per cent. The drivers were T & GWU members and their militancy can be partly ascribed to the lead given by Moss Evans,