

PRIME MINISTER

Well worth a read.

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"WHAT WENT WRONG":- A NOTE ON THE LEFT'S POST-MORTEM

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The following notes on "What Went Wrong", published by Spokesman Books, refer to articles by such left-wingers as Mr. Frank Field, Labour MP for Birkenhead, formerly of the Child Poverty Action Group, Mr. Stuart Holland, MP for Lambeth Vauxhall, a theorist of "Bennery", Mr. Michael Meacher, former Trade Minister, Mr. Francis Cripps and Mrs. Frances Morrell, political advisers to Mr. Benn in the last government, Mr. Geoff Bish, director of research in Transport House, Mr. John Hughes, principal of Ruskin College, Mr. Ken Coates of the Institute for Workers' Control (for which extreme left-wing organisation Spokesman Books publish these essays) and Mr. Michael Barratt-Brown and Mr. Tom Forester.

The most politically interesting essays are Coates's introduction, Field on the poor, Holland on general theory, Bish on relations between the Government machine and the Party and the drafting of the manifesto, and Meacher's description of techniques used by Civil Servants to frustrate left-wing Ministers and manifesto commitments during the last government. The whole series, however, fits into the Bennite Left's theory of how Labour Governments, particularly the last one, have gone astray, how social democracy is dead, and how only their policy can bring revival. The dismal course of the Labour Conference 1979 gives it added significance.

"What Went Wrong?" - Introduction by Ken Coates

This is a fairly garbled quasi journalistic/theoretical essay, with long, quotations from Tawney, but in addition to one or two useful passages it contains gems like the reference to "those who have been busy for two and a half decades emancipating socialism from the domination of ideas", and a reference to Mr. Healey "pregnant with whitewash bucket underneath that dirty mac."

The following indictment of the Callaghan Government of 1976-9 is useful, coming as it does from a similar left-wing source to those who now pretend there are infinite resources for spending:

"He had struggled to ride out a prolonged slump, in the hope of securing re-election during the few moments whilst the world economy rose over a minor bump of upturn before plummeting again down the next precipitous switchback. Within the restricted scope afforded by its creditors, his administration had tried to act humanely, by generating artificial youth employment measures, distributing small amounts of money for inner city rehabilitation, and a host of similar palliatives. But within the hostile world setting, the de-industrialisation of Britain continued its gathering decline, British competitiveness in manufacturing markets showed none of the prayed-for signs of recovery, import domination of key sectors of home trade continued. This manifest rot was not stopped by the oil boom if its effects were temporarily offset." (page 8).

Five pages are devoted to explaining why the Labour Party wish to abolish the House of Lords, and condemning the

fact that this "imperative ... was specifically disobeyed by Mr. Callaghan, who went to the point of exerting a personal veto (to which, it is arguable, he was not entitled) over writing no such commitments into the 1979 manifesto. An attack on how trade union leaders have been bought off by peerages is linked with one on the patronage of "quangos", and there is a useful table on page 25 showing the number and cost of public appointments in the gift of ministers.

Coates also attempts to demolish the view that the Labour Party needs to recover "the middle ground". He quotes the ITN/ORC poll in Labour Weekly showing that swings to Labour of 5 per cent in social classes AB and 2 per cent among the C1s, while the Conservatives had positive swings of 10 per cent in C2 and 9 per cent in DE. Coates describes "this lost ground" as "trade union ground, much of it, skilled workers, many housewives, and young people added on". With this in mind, it is these social groups which, it is thought, would be attracted by the left-wing analyses and policies developed in the rest of the book.

"Capital, Labour and the State", by Stuart Holland, MP

This note will not enter into the intricacies of Holland's theoretical reasoning, but will concentrate on the indictment he makes of past Labour governments, and his suggestions for the future, which appear to be a programme for the Bennites.

He opens by claiming that "Labour since 1974 has managed British Capitalism in a manner which would have been inconceivable for British Conservatism of either the Heath or Thatcher variety". Whatever this means, he continues by saying of the Labour Government:

"Its policies have failed to restrain an increase in unemployment of nearly a million to levels inconceivable to the consensus majority during the heyday of Keynesian politics. Its expenditure cuts have threatened the welfare state framework established as the main achievement of the post-war Labour government." (page 207).

He adds:

"The periods of Labour government since 1964 have left no major record of radical policies or irreversible advance. Indeed, the new Conservatives, under leadership from the most reactionary fraction of their Party and class, managed to appear radical to much of the electorate in May 1979." (page 208).

His real indictment, however, lies in:

"...The plain fact ... that the edge of Thatcher's axe was not only ground in the Treasury under a Labour administration, but fell and fell again in successive Labour budgets. The monetarism blue in tooth and claw, which we now see ardently advocated from government benches, was adopted against Party opinion by Labour ministers in the Treasury and Cabinet. ... We have seen leading spokesmen of the Party assume Tory terms of reference in their attack on the first budget from the

new government. Some have satisfied themselves by disputing whether wages and public spending under the last months of Labour's administration were too high, rather than challenging the principle that wages and public spending are themselves inflationary." (page 209).

An attack on Social Democracy follows:

"It is not that the 1974 to 1979 government tried Labour Party policies and found they failed, but that they failed to try those policies in the first place. What has failed has been not Socialism, but the pragmatic social democracy of the model associated with Hugh Gaitskell and his generation. This was itself shown in Anthony Crosland's efforts in Cabinet to oppose the savagery of the IMF terms, when he found to his surprise that those he had previously considered natural allies had abandoned commitment to high public spending and equality in favour of their new 'realism' of rolling back the frontiers of the welfare state to make room for private profit."

Holland also explains the shortcomings of the 1945 Labour Government, which Mr. Benn in public points to as a model. That government "was as reluctant to change key aspects of the distribution of power in society, or detach itself from Colonial wars (sic) in areas such as Malaysia as some of its predecessors and successors have been" (pages 224-5). Its prevailing ideology was not of Socialism, but of "progressive Liberal welfare state-ism within the power centres of the system. Keynes and Beveridge - both closer to the Liberal Party than to Labour - were the touchstones of the period, rather than Socialism or Clause 4."

Holland explains the successes of the moderates in the 1974-9 government by referring to the "blatant manner in which some ministers embraced the IMF as an alibi for the wage restraint and public spending cuts to which they were already committed ... having rejected party policy and conference decisions ... the government sought to isolate opposition from its own back benches by offering a formula of extended patronage to some and the threat of a Tory government to others." (page 227).

"What Should be Done?" Holland sums up his programme: "An active campaign of an accountable leadership for Socialist policies, and also a major reform and disvestiture (my emphasis) of the prevailing capitalist press." This would achieve "a transformation of State power". He continues:

"... It is crucial not only to ensure the genuine accountability of members of parliament through reselection, but also to ensure that the Leader of the Party, and the Cabinet, are elected and reselected by the Party as a whole. ... From 1948, the movement itself should have been able to remove some of the ministers concerned, or Attlee himself, not least since they already had been exhausted by five years of wartime government before facing the strains of the post-war period."

Holland sums up his programme:

- 1) "The right to equalised employment" e.g. a 35-hour week or a 35-week year
- 2) "The right to equalised personal income, including income from wealth" i.e. "major social redistribution of income".
- 3) "The right to increased social income" i.e. more spending.

- 4) "The right to socialised public services" - not only health and education, but "broad categories of housing, heating, power supply and transport would be provided on the basis of need rather than ability to pay." Private transport in central urban areas would be restricted.
- 5) "The right to a social control of work" (see below).
- 6) "The right to socialised planning":
"In bigger business ... such a right should include the right by workers' representation to pressure and negotiate change in big business behaviour over the broad range of corporate behaviour, i.e. the what, where, why, whose, for whom and to whom from which unions at present are effectively excluded. The framework for such negotiation has already been elaborated in the tri-partite Planning Agreements policy, as endorsed in successive Labour Party and TUC Conferences since 1974, yet hitherto neglected by the government. Such socialised planning would involve a major extension of public ownership into the big league firms, again on the basis of Labour Party and TUC policies."
- 7) "The right to open government"
- 8) "The right to open press and media". Holland proposes new legislation on the press "providing for the break-up and dissolution of any press enterprise controlling more than some 15 per cent of a given market and the sponsorship of journalists' and workers' co-operatives in the media ..."
- 9) "Socialised Corporate Planning accented on the top 100 companies which command half of output and employment ..."
- 10) "New public enterprise". This would include:
"Areas which are crucial for the effective use of public expenditure such as construction, health products and equipment, banking and insurance, and so on ... As an extension of the initial Labour Party strategy of securing a controlling public holding in 20 to 25 of the top 100 companies, there should be pressure for new public corporations in sectors at present dominated by monopoly interests."
- 11) "Open fiscal policy". Holland attacks the Labour government concessions on tax relief on stock appreciation, on which it "handed back to the private sector a sum in excess of the IMF loan on which so much was agonised and so much was sacrificed". He also attacks depreciation allowances on investment, R and D write-offs and regional investment grants.
- 12) "Planning of Foreign Trade" - this involves import controls.

"How the Poor Fared" by Frank Field, MP

This reviews in detail, and with very little Marxist theorising, the Labour government's record. Mr. Field sums

up as follows:

"Left to its own devices the 1974/9 Labour Government failed in four important areas to live up to its election promises. The numbers of poor grew rapidly and particularly the number living below the SB (Supplementary Benefit) poverty line. And with the rapid rise in the numbers of unemployed (up from 600,000 to 1,400,000 over the same period) the increase in poverty cannot be explained away on the grounds that a more generous definition of poverty has been adopted. ... These failures cannot be explained away entirely by the collapse of the 1974/9 Labour Government's economic strategy. The lack of a clear grasp by Parliamentary leaders of the key role social policies have in an all out attack on poverty and inequality also played an important part."

"Working Relations Between Government and Party" by Geoff Bish

Mr. Bish complains

- a) that the status of the NEC vis-a-vis the Labour Government was, in practice, that of a mere pressure group, just one among many;
- b) of the lack of involvement of the cabinet in party policy making;
- c) The lack of involvement by the party in government decision making;
- d) The procedure for drawing up the manifesto. When the No. 10 draft was first seen by the NEC on the very day the manifesto was to be presented to the press;
- e) Lack of consultation with the party members in the development of NEC policies.

Mr. Bish makes various recommendations, the most significant of them being "we need to ensure that the PLP leadership - are not only more closely involved than hitherto, in our policy making, but also that they become much more committed to the policies as they emerge."

Mr. Bish's second essay contains a blow by blow account of how much of the work of the NEC and Transport House was "overthrown" by the machinations of Mr. Callaghan as Prime Minister. It is an agonising, effectual account which, apart from describing the No. 10 draft on first sight as "appalling", contains few readily quotable indictments.

"Whitehall's Short Way With Democracy" by Michael Meacher

This consists of a detailed analysis of the various techniques used by Civil Servants in circumventing left-wing ministers who tried to carry out the Labour 1974 manifesto. It is largely an account of frustration, with notes of conspiracy, but a sinister element creeps in in the last paragraph:

- a "In short, the power system in Whitehall is in no sense a democracy, but rather a mandarin-dominated bureaucracy with only limited Ministerial control. If democracy is seriously intended, in the sense of electing a government with the effective power of enforcing its electoral pledges on the state officialdom, then this present power system requires a very radical overhaul.

That task has now perhaps become more important than the preparation of any specific new policy departure since only if the former is tackled can the latter be expected to be achieved. That is the measure of what now needs to be done at the centre of government." (page 186).

"The Growth and Distribution of Income and Wealth" by Michael Barratt Brown

This contains a number of tables and is worthy of detailed examination by those specially interested in Bennite economic theory. It contains the usual group of attacks of the Labour Government, such as:

"As long as productivity and growth are increasing, higher taxes for all and higher wages for the public sector are seen as being quite bearable. If, however, growth and productivity stop rising, as they did from 1974 right through to 1977, the Government's problem in a capitalist market economy becomes insuperable. Its only hope is to re-establish growth, but the Labour Government believed it could not do this without feeding the fires of inflation."

He concludes: "The lesson of the 1974-9 Labour Government is that no advantage is to be gained for ordinary people from failing to challenge these institutions at every point."

"Neutralising the Industrial Strategy" by Tom Forester

This is largely a historical/journalistic account of the sad fate of the industrial strategy, including on page 85 a useful table showing how the NEB was emasculated.

This includes such vignettes as quoting Adrian Ham, Healey's special assistant, as saying there was a "Whitehall-wide conspiracy to stop Benn doing anything." (page 91):

"Some senior civil servants went so far as to brief anti-Benn ministers behind the backs of their own ministers", he says. "They had this obsession about defeating 'Bennery' - a term coined in Whitehall long before Fleet Street picked it up." Ham says - as have others who were closely involved - that senior officials from the Department of Industry itself regularly briefed the Treasury on Benn's plans - the Treasury being the hub of opposition."

Another anecdote adds to Meacher's indictment of the civil service:

"Civil servants also show more loyalty to their superiors in the service - and to the Treasury - than to the ministers who tend to come and go. Ham says he remembers hearing one senior Treasury man telling a lower one: 'Try and please the Chancellor, but remember your promotion comes from us.' "

Forester concludes:

"If individual firms on the verge of collapse were big enough - like Ferranti, Leyland and Rolls Royce - they got bailed out because the consequences of them going out of business altogether were too horrendous to contemplate. But less spectacular collapses and failures, or the more usual and unspectacular steady decline in performance, were allowed to go unchecked. Not only had Labour's approach to industry almost come full circle, there was very little to choose between it and the policy operated in the Heath administration of 1970-4."

"The Abandonment of Full Employment" by Francis Cripps and
Frances Morrell

This commences by indicating the rising unemployment between February 1974 and March 1979, adding that it "was expected to rise to 2 million within 2 or 3 years." They add:

"We believe that high unemployment was a foreseeable and foreseen outcome of the policies they stood for and that they consciously chose to implement those policies instead of others which could have sustained full employment. ... The social democrats had to abandon either their support for the mixed economy or their support for full employment. The Cabinet decided to abandon full employment."

Cripps and Morrell date the decline from July 1975 when "TUC leaders were induced to acquiesce in the rough justice of a non-statutory wage policy under the secret threat of an imminent collapse of sterling ... They handed over most of the bargaining power and became powerless to prevent the framework of policies which made high unemployment inevitable. ... In effect, imports were rationed from 1975 onwards by the crude expedient of cutting living standards so that people had less money to spend on everything. The continuing de-industrialisation caused by this policy was such that when North Sea oil came on stream in 1976, its benefits were entirely offset by Britain's loss of manufactured trade. The oil-based boom, on the basis of which Labour might have hoped to win an election, never materialised and mass unemployment became endemic." (page 101).

Their explanation is as follows:

"Part of the answer lies in the historical development of the Labour Party, part in the use of patronage by an existing leadership to perpetuate itself, part in the lack of any mechanism by which the Parliamentary leadership could be held accountable. The secrecy surrounding Government work combined with the ruthless use by the Establishment of propaganda in support of free market policies to blank out coherent consideration of alternatives. Newspapers and television glamourised supporters of establishment policies and vilified those who supported the Labour Interest." (pages 101-2).

"Public Expenditure" by John Hughes

His conclusion is:

"The legacy of the lurch back to pre-Keynesian Treasury orthodoxies since 1975 is there not only in reduced public services, unkempt and obsolete public buildings, and potholes in the roads, but in an additional half a million or so unemployed workers." (page 123).

"Whatever Happened to Industrial Democracy?" by Ken Coates

He describes Mr. Wilson's intention in 1974:

"The lid had been blown off the British industrial/political system, and the third-time Labour premier saw himself as exactly the man to rivet it back on again." (page 125).

His conclusion is:

"... It is doubtful whether the Bullock Report will ever be debated again. A much more ~~apposite~~ reform was proposed during 1971, at the time of the UCS work-in, by Tony Benn. It would simply have required, as an annual ritual upon which continued registration as a limited company would depend, the depositing of a certificate of acceptability signed by the relevant work-people's representatives. This would enable the unions to negotiate whatever degree and style of participatory involvement seemed appropriate to them." (page 136).

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