

# **Labour & Trade Union Review**

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## **Prescott on Transport**

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# John Prescott on Labour & Transport

Some time in 1991 or 1992, the nation's transport system will hopefully be the responsibility of John Prescott, Labour's current spokesman. He will be in a position to implement the measures in the policy document *Moving Britain into the 1990s*. On the 23rd of November we interviewed him about this and other matters. As well as making some very justified criticism of Tory cost-cutting, and the way it has damaged safety, he discussed the complex problem of how Labour can ensure that public ownership or public regulation will reliably produce quality public service. He also says why he thinks that it will be impossible to repeal any part of the Tory Trade Union legislation without repealing the lot.

**L&TUR** *Can I begin by asking you whether you think there are any lessons to be learned about transport provision and, indeed, the provision of other services, from the last Labour government?*

**J.P.** I think the most fundamental lesson to learn about transport is that the Tory experiment failed. Their idea was that you would have a better transportation system by de-regulating, removing public subsidies and introducing competition, and thereby removing the concept of cross-subsidisation that has been at the heart of Britain's transport policy. Cross-subsidisation means providing services in rural areas as well as urban areas, early in the morning and late at night, and recognising that you have to give public subsidies to maintain a high quality service.

Now cross-subsidisation is accepted in Europe, and they have built very good transport systems. Over here it is an ideological difference. So we can go back to reaffirming our view that a good public transport system needs to be planned, needs to be integrated. It requires to have quality standards set for it and requires to receive a public subsidy for that. This has always been true, but two major factors are now beginning to affect it. One is that we have the most congested transport system of any in Europe, which is now costing us a lot of money. (The CBI says twenty-odd billion.) This is going to bring social costing back into the argument - it has been out of the field for a while.

The second factor, equally fundamental, is the environment. If you now say we are all concerned with the ozone layer and the emission of exhaust gases like carbon dioxide, this should require you to say that these must be reduced by 20% by 2005. (This is the figure according to the Toronto Conference or the UN Conference.) This will require you to to

do something about the private car.

We cannot accept that cars can expand by all of 100% (according to the Department of Transport) in the next 10 or 20 years. The implication of that for the environment will be that instead of getting a reduction of 20% you'll get a plus of 20%. Consider congestion, the environment and the major problems of safety that we've got in our transport system. We've got these because everybody's put them on the back burner because they want to run transport systems like businesses, instead of looking to quality and safety.

These are the major factors that anyone approaching transport today has got to take into account. And I think that *Moving Britain into the 1990s* was a step in that direction - recognising that and beginning to build on what the successes were previously. Obviously making British Rail and the rest of the public sector more accountable than they've been in the past, because they weren't a real paragon of virtue about accountability as a public nationalised industry under Labour.

**L&TUR** *You mentioned private cars and the way they congest our cities and towns and cause pollution and so on. Some people see road pricing as a solution. What are your views on this?*

**J.P.** Well, in the report we made it clear that we were somewhat sceptical of it. I don't like the idea that the price mechanism determines everything. You know, you provide it depending on where the supply and demand applies.

Let me take just that argument if you like. Patricia Hewitt and those people produced a report about pricing, and they gave as an example that in London you could charge £4. I get to think that if you charge £4 for the entrance of the car, first of all you'll still get people paying it, and carpark places at about £10 in some cases. They'll pay it, and then

they'll begin to argue that we've still got to reduce the cars because we still have congestion and there are not enough parking spaces.

So you'll up the price, and every time you up the price the advantages and privileges that go with having more money mean that you purchase the right to mobility. You do it in the sense of an unequal distribution of wealth, that wealth determines your accessibility and mobility. I'm against that; that's why I believe in public transport systems.

What I feel might happen is that a political lobby of people paying out money will then begin to argue for building more car places. They'll say 'we are paying an extra levy to come into the city and we're entitled to have that money used for car places'. Now that just feeds the vicious circle.

We said in our report that perhaps there is an argument to look at about road pricing. We're sceptical of it - as socialists we are bound to be sceptical of the belief that the price mechanism shall determine the allocation of resources in that sense. There is a role for it, but we don't see it in this. If you do use a price mechanism, in whatever way - and it may be limited - then use those resources directly for funding the provision of a better transport system. Have it directly connected - a tax almost that's imposed, which has as its direct requirement that it is spent on public transport.

The answer to transport in our cities is not increasing those charges in that way, because I think that in many ways our problems in London have been accentuated by cars. We have more company cars than anywhere else in the world. We give a greater level of subsidies to private cars than we do to public transport. And we use company cars more often than they do in other counties. I think that is a wrong sense of priorities and we need to reverse it.

So we hold to our judgment on road



pricing. We don't know how it's defined at the moment either. A policy on pricing car parking is road pricing. Putting money in a meter is road pricing. So there may well be some role for it. But you can't determine the allocation of resources between public and private simply by the price mechanism.

**L&TUR** *I don't think anyone would disagree with you when you say that public transport should be run for the benefit of the consumer. But are you confident that a policy of investment plus consumer pressures will be enough to ensure that Labour's Transport programme will be successful?*

**J.P.** Well, if you say that good politicians carry out what they promise, I would say to you particularly so if it is a pressing political issue. And there is no doubt that transport's at the top of the list. Neil Kinnock has said in his speech that there will be priorities, and that we have to limit those priorities, and that one of them will be transport infrastructure.

The reality of transport infrastructure is that it is everybody's daily experience. It is at the top of the list not only because of the terrible tragedies, the failures of safety. But also because of people's daily experience on the road, the rail or aviation. They find that it is a very poor experience; that congestion is playing a major part in it. They are pushing more and more people into fewer and fewer carriages, in order to maximise revenue instead of comfort and quality of service. Also women are scared to go on our railway system when it isn't crowded.

The experience is so bad that it will play a part in the next election. And it will probably be highlighted by the fiasco of the Channel Tunnel - you know, that private money can't provide. Or, if it does, it does it on a less safe basis because it hasn't got the money. Things like putting tunnel passengers inside trains with their cars. Or, indeed, the real problem of snarling up in Kent, the whole business without a proper railway system.

So it is going to be top of the list. And I think that makes me confident that our commitment to public transport will put it at the top of the list. There is one qualification on that. It costs an awful lot of money. I mean I just have to recognise that. You want a cross-London link, there are two or three proposed at six billion pounds. The Channel Tunnel link is costing about two billion or three billion pound. I mean, you are talking about really big money. The trade deficit is going to get worse and the recession

is going to build on that. I think we all have to say, if we are honest, we have to see what cash is available.

*"I'm a great decentraliser myself. I think the party has been far too obsessed with centralisation. Thinking that if we've got power and control of the levers everything will operate."*

**L&TUR** *Where do the trade unions fit into all this? You have described the role of the consumers and investment and government and so on. Is there a role for the trade unions? And if so what is it?*

**J.P.** We have described that in *Moving Britain into the 1990s* as well. We've probably given more emphasis to the consumer, and accountability and decentralisation of decision-making in our transport system than previous documents have done. But we also see a very strong role for trade

unions at their place of work. To get rid of that offensive legislation that means you can be sacked if you say something about the safety of British Rail. So we see on television people's faces actually distorted and their voices distorted so that a manager does not find out about their complaints about safety.

*(The same technique of faces being distorted was used for protecting the identities of Chinese students telling the truth to the media about the army's massacres, and until very recently for East European protectors. L&TUR.)*

That is totally unacceptable. It does raise the question about decision-making in each industry, about what is the role of the unions. One of the problems is that the unions have never been able to make up their minds about whether they want to participate in management decisions, or whether they want solely to object.

I believe in industrial democracy and I

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think it is about time we sorted it out. And I don't mean a workers' director on the board as the kind of answer to it. It involves decision-making at all levels. Therefore we do look to see some kind of decentralisation in that; the recognition of the union contribution.

In transport we should go back to putting safety under the Health and Safety Commission. That automatically gives them a statutory right in safety which is denied them because they are all exempt from it in the transport sector. We need a much more positive role for the trade unions in that.

There is also a part for unions to play in national planning and transport. We talk about a national transport forum where the unions, consumers and everybody can start a proper debate about the priorities of transport. It would be independent of the ministers and the Department of Transport, not controlled by them, and playing some part in the debate and in the formulation of policy. And also in the regions, and this is where we talk about a decentralisation by the Passenger Transport Authorities.

Unions will play not only an important part in the formulation of the policy, as will elected representatives, but in some cases they will then be dealt with under the ESOPS. (*Employee Share Owning Purchase Schemes*.) It is not our intention to scrap these ideas of ESOPS. What we are going to ask, nevertheless, is to see that every bus company, whether it is private, public, co-op or whatever, will meet the public standards that we set down for it. That it will meet the network provisions - not just to be competitive by price and profitability.

We will set quality targets; we will set network targets; but you'll have a franchise for it. Because every two or three years - say three or four years if you like, a period of time - if the consumers don't like the service, or if some local authorities don't like the service, they will be able to appeal against the provision of that licence.

So there will be accountability in a much more direct form than there has been before. But the unions will play a very active part. And we make a point in British Rail about the low quality of management. We do believe management has been very underestimated, and that the quality has to be improved. And workers have a part to play in that.

**L&TUR** *Well, I'm glad you've raised that John, because the statement actually says that a Labour Government will expect a much better performance from British Rail management. And then it*

*goes on to say that this will lead to a more efficient service with a better motivated work force. Now, how will a Labour Government actually get a better performance from British Rail management? It is not enough to expect a much better performance, you have to actually get a much better performance.*

**J.P.** To give them a clear direction as to what we as the public expect of them. They are not a privatised industry. And the trouble is that for the last decade they have been trying to run it as a privatised industry, meeting the government's financial requirement that it cuts its public subsidy.

Something like two billion pounds has been taken out of the industry. How did they manage that? They reduced workers by 5,000 a year. They actually reduced the quality of the service. They have less trains available and push more people onto them. They put up the level of prices, reduced the quality.

It has been a never-ending decline in the provision of the service. And no other railway system in Europe has been asked to meet those kind of targets. The tragedy for them now - as Bob Reed has said this week, the management is totally demoralised. Well, he should know because he imposed this policy with such enthusiasm, and convinced the government they could do it. Now he is saying they are totally demoralised. Well, it is true they carried out the orders to the letter, and in fact got ahead of the target times. They reduced the public subsidy faster than even the government required of them.

In those circumstances safety undoubtedly has been affected. Without a doubt after the hidden report of Fennell shows it has been affected. And we have paid a heavy price. That policy is now in tatters. What the management want from us and what the workers in the industry want from us - from government - is the acceptance that it can't all be raised by fares. That means there's public money involved, under the P.S.O. They need a fair public service obligation - public subsidy given to them. They want targets set for four or five years - they have three-year targets at the moment.

We've said, we are going to expect you to run the railway, that's the finance we are going to give to you, we'll expect it to be run efficiently. And that's a challenge to all of us, for the consumers' interests, and it's the unions as well, to run it efficiently. More than that: we are going to set quality standards. We expect to have quality standards determined about cleanliness, punctuality,

the business of how many people can crowd on to a train, a proper investment programme. Once we've set that, and hammered it out as the programme, then we say to management, get on with the job. We might even consider whether or not to have an 8% real rate of return that we expect from the railways, which is also crucifying them. Wouldn't it be better to have a lower rate of return, to have low interest if you like, so that they can meet the kind of targets we are setting.

Having set the target framework, having given them a financial framework, we then say, even though publicly owned, we don't want Secretaries of State interfering, or setting impossible financial targets so that British Rail can't meet the quality targets. We will then set up a public interest commissioner. And that public interest commissioner will judge British Rail against these new targets. And, by the way, I intend to put these new targets into a new Railway Act. The present Railway Act of 1975 does lay down safe standards, but that has always been defined in terms of mileage of track, rather than quality of service. So they've kept the mileage of track, but quality of service has been affected.

When we've set standards, we would open the matter up to examination, let people complain about whether British Rail is meeting them. At the moment the Monopolies Commission investigate rail. What we would do is give the Public Interest Commissioner exactly those kinds of powers. To examine its fares policy, examine the policies it is carrying out in its business structures and plans. It is a matter of public debate and public accountability. At the end of the day, if you had a chairman who won't face the criticism made of him in that way, he then goes.

**L&TUR** *At the end of the day it will be you, the Secretary of State for Transport, who will be responsible for the way the railways are run. You will be accountable to Parliament. Will this Public Interest Commissioner be accountable to you?*

**J.P.** He has to have a political accountability, which could be to the Quality Control Commissioner. The Labour Party is going to set up this Quality Commission. A number of areas like water, electricity, gas are going to have regulators not just for price, but also to set out the quality standards. So it is not only the railways that receive the role of the Public Interest Commissioner. They could be set up as a separate body that may well be like the



Health and Safety Executive. It has to be accountable to the Department of Employment. But it has its own statutory rights and powers that are put into a Bill. So, whereas I'd be accountable to Parliament for the financial remit, I want the public to be putting the pressure on for the accountability of obligations in quality that we give them.

The Commissioner is there to see that those standards are interpreted properly and would produce a report every year. I do want to stop Secretaries of State, including myself, from actually saying 'this is what I want you to do, but I'm not giving you enough money - just get on with it'. At the moment you've got British Rail saying 'I can't run it on this'. Government says 'yes you can, I've given you money, get on with running the system.'

There needs to be someone holding the ring. And, frankly, parliament is not the best way. It is a political institution, and whilst we've got the Transport Committee which can look at these matters and can produce a report, governments can ignore it. They take more notice of the Monopolies Commission enquiries, don't they, than the Transport Select Committee. I want to make that kind of power much more publicly open.

If management feel that the monies being given to them are inadequate to maintain the system, let them say it to the Public Interest Commissioner, who can then say, 'there's not enough money here, and safety's being cut'. So we don't have to have a hidden report to tell us about it after so many people have died. We get written into the system public accountability, of a sort that even the Secretary of State has got to watch out for, and doesn't control.

**L&TUR** So what you are really saying is that a Labour Government will give British Rail the money to get on with the job, and simply leave it to the Public Interest Commissioner to supervise the way BR actually does the job?

**J.P.** To see that they carry out their obligations. You've got to remember that the Secretary of State appoints the Chairman. The Chairman's got to forever worry about the Secretary of State, doesn't he? He might say yes as things are now. For example, when he goes to the Hidden Report and says, 'of course I received enough money for safety.' If he said otherwise the Secretary of State would soon be putting him down, wouldn't he? But all the evidence clearly

shows he did not have enough money for safety.

So I want to say, yes, let's have that accountability, but then I have to fight to get the money. And let's say I get one billion pounds public service obligation cash, and that is as much money as I can get out of the Treasury. I'd be somewhat assisted in that, if the Public Interest Commissioner said, 'I'm sorry, this is going to affect the level of safety'. I'd just go to the Treasury and say, this industry has statutory obligations. Change the statutory obligations, if you like, but while they are statutory, I'm obliged to get money to meet these obligations.

*"The experience is so bad that it will play a part in the next election. And it will probably be highlighted by the fiasco of the Channel Tunnel - you know, that private money can't provide. Or, if it does it, it does it on a less safe basis because it hasn't got the money."*

Doing things like that would protect me from myself. It would protect British Rail from anyone who I might have less faith in - take Paul Channon, or people like that. They just screw the chairman to the deck. He doesn't whine, he just carries out their policy. And in a few more years, they'd make him a knight or something. There are too many pressures for those kind of deals, which the public

eventually suffer from - whether it is a Labour Secretary of State or a Tory one.

I want to open up the game. If I believe my policy is right, I'll have to argue publicly with the Public Interest Commissioner. Let the public make a judgment whether the views I hold are correct or not. But I'd be accountable, and I'd have to debate it.

**L&TUR** Let's look at the role your programme seems to give to local assemblies. You actually encourage the Scottish Assembly, for instance, to have strategic responsibility for transport. It seems to us that that could conflict with an integrated national policy. Could you elaborate?

**J.P.** I'm a great decentraliser myself. I think the party has been far too obsessed with centralisation. Thinking that if we've got power and control of the levers everything will operate. A lot of things would show that this is not so, despite the mistakes we've made about not applying it properly. But there is a good democratic argument for decentralising decisions. If you have regional governments then you set up transport committees like the PTAs, accountable to the elected representatives. This allows consumers and unions to have a part in the decision making.

In any decentralisation, you are left with the basic question of what its job is. How does it conflict with national policy? National policy can't be simply the total result of what happens in the regions. We would say that there





are certain things the region must do with a transport system. They must provide efficient, safe, quality standards. They must make a contribution to a switch from the private car to public transport, to meet the environmental objectives we want.

Even in the rail system, we'd probably allow some money to be available to the regional governments. They could negotiate priorities with British Rail. But we wouldn't allow Tory councils to say 'we don't want any rail system so we're cutting it off.' The Railway Act would lay down what the minimum requirement was.

There are other problems. For example, it is ridiculous that the motorway system doesn't go from Newcastle up to Scotland. The judgment was made in the past that there weren't many vehicle movements, so they didn't build a motorway. We've now got to look at the road infrastructure. Say to ourselves, how do you get from A to B. Heavy lorries are going to carry 80% of our goods. So they must stay on special roads we've built for them, roads that become trunk roads. You then don't have to build all the bridges up to the standards of 40 ton or 50 ton lorries as we are doing at the moment. That's a nonsense, not a good use of resources.

Doing things like that would protect me from myself. It would protect British Rail from anyone who I might have less faith in - take Paul Channon, or people like that. They just screw the chairman to the deck. He doesn't whine, he just carries out their policy. And in a few more years, they'd make him a knight or something. There are too many pressures for those kind of deals, which the public eventually suffer from - whether it is a Labour Secretary of State or a Tory one.

We couldn't have local authorities deciding whether to build their part of the link. There is a national infrastructure which has to be governed. It is the same with the railway system. It is nonsense to have missing links like Derby not electrified. It's that way at the moment because of the 8% rate of return requirement, or because British Rail has not got enough money to do it. We would want to fill in those links.

Then take aviation. Traffic is going to increase about 100% over the next 15 or 20 years. Should the south-east airports take all the traffic? And build more roads to Heathrow? 20% of the traffic coming into Heathrow wants to go north. In our policy, the important point is to use route licensing. Not in the interests of the British Airports Authority, or the interests of British

Airways. But in the interests of the community, in seeing that we get a fairer redistribution of aviation to the regional airports.

That also means relief on some of your other infrastructure. Remember, 20% of the people using Heathrow want to go north. They are probably coming down and going back by car. Let's get those cars off the M1 and M6 and M25! At the moment they are absolutely blocking the bloody place up.

That is why we have a National Transport Forum. To look at those questions, and to ask, at the heart of all this argument, how do you best relieve congestion. Consider the cost. Because we are not going to get rid of all of it for at least a couple of decades - that is the scale of the problem.

**L&TUR** *But what if some hard decision had to be taken on a conflict of interest? Between, let us say, a Scottish Assembly and an assembly for the North of England. Would you see your role as Secretary of State to arbitrate finally between them?*

**J.P.** Yes, it has to be. We are a unitary government. While we want to decentralise, I don't think we can afford to give up the total responsibility for how our infrastructure develops.

Sometimes the problem can be caused by leaving it to the regions. Look at the bus requirements in the south-west. They have more cars down there because there are less buses. People would like to move around in buses, but the authorities have not been prepared to provide the subsidies. They have closed down the services.

**"We expect to have quality standards, cleanliness, punctuality, the business of how many people can crowd on to a train, a proper investment program."**

Now I believe that people, whether they live in the North, East, South or West, require certain basic transport provisions. It is all about their mobility. And because of the priorities we are now putting on congestion and the environment, it is important that they chose public transport. There will be conflicts, but at the end of the day Parliament and the Secretary of State must decide that.

But while the Secretary of State and the elected national government has the overall priority, I do want to weigh the odds in favour of the regions. That means of course having a civil service

that's much more decentralised - that doesn't see its future down in London while it acts in the name of the north.

**L&TUR** *I think our worry would be that if you had too many important decisions taken by local assemblies, it could complement some privatisation plans. One form of privatisation might be on a regional basis.*

**J.P.** You might have a privatised bus company, for example. But what we're saying is that it is important to get the accountability and quality standards in. We are not going to nationalise every bus service. I am not sure that is the way forward anyway, and I'd certainly have a lot of problems with those people who have got shares and AESOP arrangements. (That is why the government encouraged them to do that.) So I don't think that it is a major issue for us.

We might have public and private mixing along, we are not too worried about that. What we are concerned about is the quality of the provision of the service. Its safety, its cost and all that. There we have a very direct role, and I think our energies should be in that. But overall, not let the market decide the network services. We've seen that in the deregulation of buses. We want to set a standard, and they have to meet it. It might be Jones the Bus and it might be a municipal service providing it. But it will be integrated, it works between them and works to a network concept.

**L&TUR** *As the question of nationalisation and privatisation has come up - one of the virtues of nationalisation is the very fact that it is a nationally integrated service. Would you see that as a big feature of your policy?*

**J.P.** I wasn't a fan of National Bus. To be fair to it, it had very different financial obligations than other sectors. It was not able to carry out any kind of cheaper fares policy. But I just think that bus services don't have to be provided nationally. I think they can do that locally and regionally.

With railways it is a nonsense to try to go back to the age of regional rail companies. The 'golden age' of railways as private companies is a myth. Many of the problems of getting the best out of railways, much of the problem of integrating them, comes from the fact that they were all planned as separate private companies.

They all fed down on different lines to London. Everything goes north-south. The real problem in our transport system



is going east-west, or immediately out of that north-south axis.

I think there is very much a role for a publicly-owned national rail service. But even there I want to make it regionally accountable. Because if you look at the Passenger Transport Authorities, many of them have negotiated with British Rail. Using some of their resources, more effective tuning of the rail services to the provision of buses in their area. So we have some integration. And I'd like to give them negotiating power in the regions to meet those requirements better.

***"The requirements of the north are different from those of the south. Those in the south want to deal with environmental problems. Those in the north certainly want a line that can properly carry passengers and freight fast up to the north, fast movement through the most congested part of the United Kingdom. That will require public money."***

**L&TUR** *It seems to me that British Rail and the rail system has got to become much more important as a form of transport once the Channel Tunnel is open. How will a future Labour government ensure that the benefits that would accrue from the Channel Tunnel actually expand outwards from the south-east to the north and the other regions, as well as to Scotland and Wales?*

**J.P.** I think that this is a very critical question. And, again, it is best to recognise the weakness of the present system - such as that people linked to the private market would make an assessment from what income they can get from it. The costs that they give to build the system will be very much influenced by that. What we have got now is the link to Swanley. It is already on congested lines. They are going to be using capacity that we desperately need to move people around in urban areas.

The requirements of the north are different from those of the south. Those in the south want to deal with environmental problems. Those in the north certainly want a line that can properly carry passengers and freight fast up to the north. A line which is up to the new continental standards. And that requires a new line, in my view. That is why we recommend it in that sense: to get a fast communicating link, to electrify and to build integration centres.

Now you have to meet those two

things together. The needs of the south, the congestion they have in London and the environmental issue. And in the north, fast movement through the most congested part of the United Kingdom. That will require public money. And that is why we thought it was a nonsense for the government to make it clear that there would be no public money available.

It is all a private bill procedure, and they are in a real mess over it. And therefore the needs of the north will be reflected regarding the private bill. Because when it comes before the House of Commons, you can bet your life Tories from the north and Labour from the north will just vote against the bill, and it won't get anywhere. That's what will happen if they see the northern interests affected by a mishmash of promises down in the south. That is the real political pressure I am trying to harness at the moment. I say to the government, 'delay your bill, look at the options which are available, and go back to thinking about a new link.'

If you go back to thinking about a new link it has got to be public money.

That raises questions for us. Do we simply treat the public sector investment like we did in the past, where the Treasury rule says that this is public sector borrowing, so you can't have it? That is damned nonsense. The French don't do that. And we have an agreement that we look at the whole rules of how you finance public sector

industries so that they can go and borrow on the private sector. And they may be able to get low interest rates. There are strategic projects that we need for decades. And the short-term market view of 5 or 10 years is completely inadequate for it. That is what British Rail is going to show us, and is already showing us at the moment in the fiasco of the channel tunnel and its link.

**L&TUR** *We are not convinced that the transport infrastructure will be in place to take advantage of the channel tunnel in 1993. So that will mean that the next Labour government will have to act very quickly indeed to make sure that the infrastructure is there to allow the advantages to spread out to the regions, Scotland and Wales and so on. But the question that arises from this is how does a Labour government propose to balance the need to get new transport links established quickly? Especially with the need to take account to environmental protection?*

**J.P.** That is a very fundamental question. That is why we have said that the National Transport Forum should at least start looking at the remit of how we get the infrastructure correct. We do need the resources, and will have to look at what resources are available. In each region we'll be encouraging everybody to start a campaign and to look at what the missing links are in their area. Neil Kinnock has said it is one of our priorities. With the agreement of the Executive, I am now launching an



**"Two Billion Pounds has been taken out of the industry"**



initiative. Over the next two years we will begin to get that information back. So that when we come to fight the election we will have a very clear idea of what we want as a government. We don't want the National Transport Forum sitting down and saying 'we will produce in two years'. We are going to have to have a very urgent programme, a costed programme. We will be able to say right, these are some of the things we want to do.

We also have to wait and see just how far the government has gone in its road programme, and what has happened eventually about the tunnel. These are crucial issues. But though we can be quick in decision, we can't speed up the engineering of a project like this. We talk about vital decisions now, the benefits of which will come after another election, presumably still with a Labour government.

There are real problems for us, but at least we will make it a priority. People will join in the debate then, instead of having government White Papers coming out and saying, now, double up the payment, the fight is with the treasury. The public is not even in the debate as things are. They only use the public transport system and find it is not working.

**L&TUR** You have given a more positive view regarding the trade union role in what you said earlier than the document does.

**J.P.** Unless you want a page which says 'we believe in trade unions'. The document is all the way through about trade unions actually participating. What we have not done is produce a transport policy for trade unions. I think that is a significant point. We have not done

what we always did in the past for transport documents: the bit for rail, the bit for shipping, the bit for ... everything, and then the Labour Party in the last chapter says 'we believe in integration'. The each union looks at each section and says 'ah, I've got my bit in, have you got your bit in?' And they never integrated any of it, right?

That was the past way. We thought that was nonsense, and it is far better to do it the way it is done in *Moving Britain into the 1990s*. There is a very positive role for the trade unions. But what we have not said there is that the whole new role that we have for trade unions in the positive framework of law. Entitlement to participation and information and things like that, will be alongside transport. Because a railway worker or a shipping worker will have the same rights we advance for all workers. At the heart of it is participating in the decisions.

*"When we've set standards, we would open the matter up to examination, let people complain about whether British Rail is meeting them... To examine its fares policy, examine the policies it is carrying out in its business structures and plans."*

**L&TUR** We are aware that the next Labour government is committed to repealing most of the Tory legislation on trade unions..

**J.P.** It's going to repeal all of it, there's no little bits you can keep of it. There is nothing you can keep of this legislation.

**L&TUR** The leadership certainly

hasn't come out and said that the whole of the legislation will be repealed, to the best of my knowledge...

**J.P.** He hasn't denied that it is going to be done. You will have to repeal it because anybody who knows the Tory trade union legislation knows how interconnected it is. There's no little bits you can take out of it. You have got to get rid of the lot. You still might have to come to balloting, and we could go into the arguments of that, put it in the rule book. It all has to go.

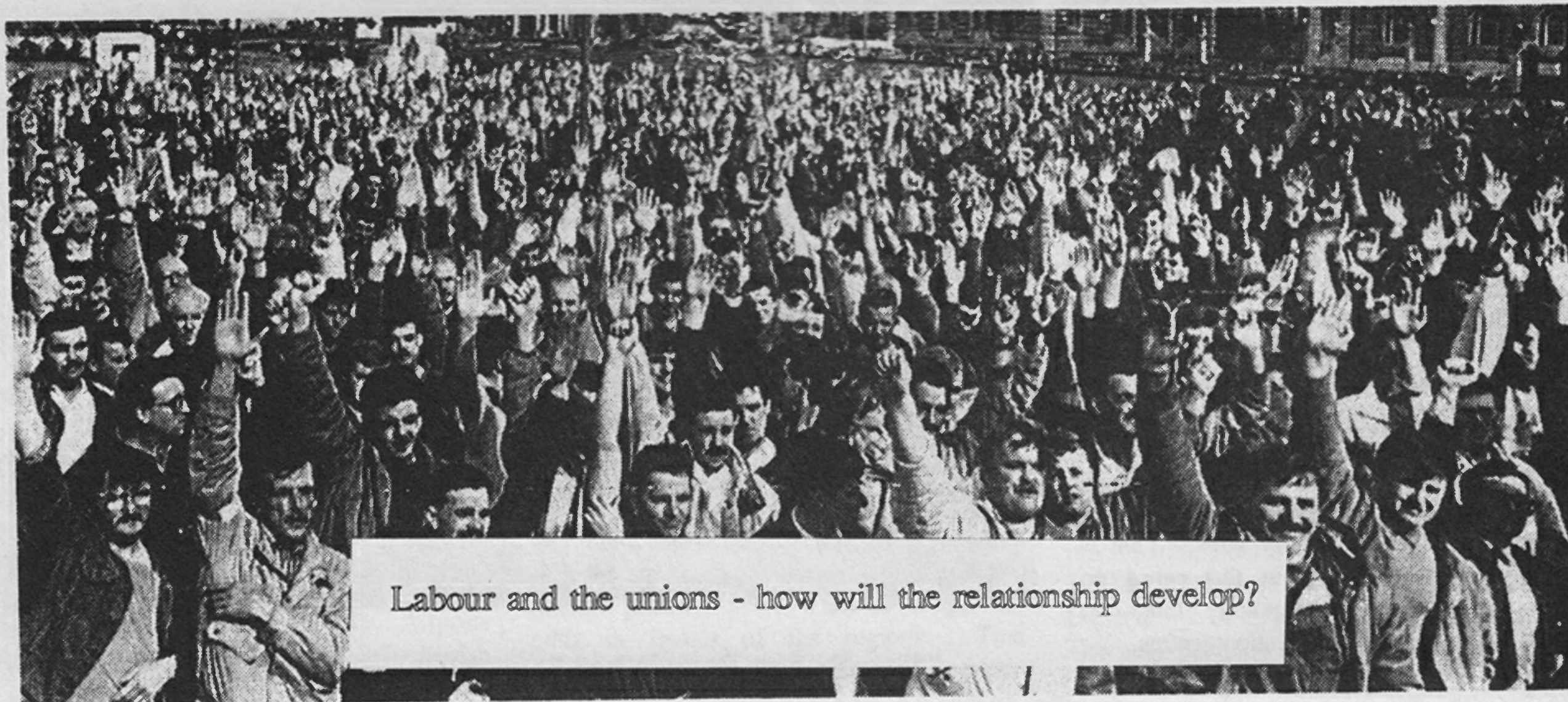
But on this last question - it tends to feed the view of distance between the unions and the party. I think sometimes people make these speculations, and it is allowed to continue, because to profess that we are friends of the unions is seen as the same as being in the unions' pockets.

If you look at disputes - the question of the ambulance workers came up in the executive yesterday. There is a very close identity between what Robin Cook says and what the unions have been doing. We were putting what clearly was a public interest - supporting the unions' complaint about their members being paid less than inflation.

There is no way the Labour Party can be distanced from the trade unions. But there are some general secretaries who are going around, as you know, ...

**L&TUR** ... making a virtue of it?

**J.P.** Yes. That is a debate that goes on within the movement. I don't think there is any doubt in anybody's minds about our alliance with the trade unions. We sit down and discuss our policies and come to agreements before we go to Conference. Nobody will be able to break that link. It is an essential part of the movement.



Labour and the unions - how will the relationship develop?



# Red/Green versus Green Party

*Madawc Williams argues that the positive ideals of the Green movement have always been a part of the Left and Labour Party tradition. Labour should not tail-end the Green Party on environmental matters, nor does it need to do so.*

"Thatcher's talking about ten per cent this and five per cent that.... in 1939 we didn't say 'well, we'll try for a ten per cent reduction in Nazis this year and see how it goes. We'll see if we can afford to fight the Nazis, we'll see if we can afford to send up Spitfires to stop us being bombed.'

"So we'll see if we can afford to stop our food being poisoned, our cities being flooded. It's an astonishing mentality. Why is it that we can see our human enemies, but we can't see the enemy in ourselves."

Thus speaks Alternative comic Ben Elton (Labour Party News No. 16). And as far as it goes, it's fine.

Sad to say, most Labour Party people, including Ben Elton, have been tail-ending the Green Party lobby on matters that are now called Green issues. People accept the view of what is and isn't important put forward by *Greenpeace* and *Friends of the Earth*. But, though these are non-partisan organisations, they are part of the same anti-growth lobby who are trying to push an anti-Labour political programme by identifying it with some very basic and necessary concerns about the state of the world.

Porritt, director of *Friends of the Earth*, is also a founder of the Green Party. His ideas dominate the whole outlook of the wider Green movement. *Friends of the Earth* literature gives him publicity, as well as promoting various more or less worthy causes. And Porritt's long-term aims are not just to save the planet from pollution, but also to carry through a radical but definitely non-socialist transformation of society. Some of his aims could be shared by socialists, but a lot of them could not. Tail-ending Porritt's sort of Green Politics would be fatal for Labour.

Labour has a 'Green' heritage of its own, and one that is much older than the modern Green movement. It started out as a way of improving the environment for working people. This involved many things - political rights, homes, jobs, good wages, as well as *environment* in the narrower sense that Porritt and his ilk would use it. All classes have a common interest in seeing that the planet doesn't get poisoned. But the way it is done can vary. Porritt wants it done for the

benefit mostly of the middle class - thus issues like factory safety just don't get a mention. 'Petty-bourgeoise is beautiful' is more or less their attitude, though I'm sure they'll object to my putting it like that. They want neither socialism nor large-scale capitalism. They want what the petty-bourgeoisie has always wanted - a small-scale society based on private property.

"It is inevitable that greens should find themselves at odds with the conventional socialist analysis of class politics" says Porritt. (Seeing Green, page 226). Also "... one must of course acknowledge that the post-industrial revolution is likely to be pioneered by middle-class people." (Ibid, p 116). True, his long-term hope is for a society of perfect equality. But his understanding of what people need in the immediate future is a very middle-class one.

Green Party politics are pure anti-growth greenery. They represent a stratum of young anti-nuclear green urban middle-class people - YANGUMs for short. They have no interest in the welfare of the working class, or indeed of anyone who isn't a Yangum. They hate growth for the same reason that a large stratum of the middle-class have always hated growth and change - it threatens to undermine their positions of modest power and privilege.

Porritt can even say "There may well have been a time, at the start of the Industrial Revolution, when Adam Smith's assertion that the sum of individual decisions in pursuit of self-interest added up to a pretty fair approximation of public welfare, with the 'invisible hand' of the market ensuring that individualism and the general interest of society were one and the same thing." (Ibid, p 116). This is pure Green Thatcherism. It could only be true if you identified 'public welfare' with the interests of the middle class and ruling class. The working class was squeezed down to a level of poverty that you'd only find these days in the Third World, by the operation of the 'invisible hand' of the market at the start of the industrial revolution.

Labour would never have been open to the Green onslaught if it had continued to pay serious attention to William Morris's

*News from Nowhere*, subtitled 'An epoch of rest'. The Green Party's vision of the future is no more than a rehash of the vision of William Morris, repackaged and stripped of some of its more generous aspects. It is Morris with the socialism removed, in so far as it can be removed without destroying the entire vision. 'News from Suburbia', in fact.

At the time when Morris wrote, the working class had suffered a great deal from industrialism, and had had only a limited number of benefits. Large portions of the working class were living at more or less the minimum level the capitalists could get away with. In the context of the 1890s, Morris's vision was a generous one. In the context of the 1990s, where there is a real possibility for a decent life with modern technology being extended to the whole world, the Green movement's vision is a bad one. The poor must stay poor, and the prosperous be returned to poverty, 'for the sake of the planet'.

Naturally enough, Green Party ideologues like Jonathon Porritt are careful not to say a single word about Morris. Porritt actually says "The task confronting 'green' socialists in Britain is therefore enormous - and they will find that there's a great deal more to green politics than simply nicking our slogan". (Ibid, p 228). The old Chinese saying, 'thief crying stop thief', seems appropriate.

Labour has always had a concern for the environment, both in the broad sense of the entire world human beings actually live in and the narrow Green sense of the natural world excluding man. Though it has to be admitted that during its last two periods of power Labour did very little to implement any of these policies. The world has grown so interdependent that no national government can really control its own future. As Michael Alexander put it, "The Labour Party cannot build socialism in Britain, because there is no longer a British economy. There is only a British sector of a global economy" (L&TUR No. 10).

The Trade Union movement has been floundering since the 1970s. Having seen off the Heath government and established themselves as the power in



the land, most of the trade unions had no idea what to do next. A minority wanted workers control, real power for workers over their environment, their place of work. A rival minority wanted Britain turned into something very much like an East European state and economy - a more fashionable option in those days. The majority rejected both options, and then for want of anything better to do undermined the Labour government in the 'Winter of Discontent'. We all know what came next.

This year's TUC Conference had a few motions on Green issues. The whole drift of world opinion is towards more care for the total global environment: the Green Party and the wider Green movement is only a part of that drift. But, as usual, the Trade Unions mostly took a very narrow view of the matter. Not realising that the problems are global, they called for a phasing out of nuclear power and a ban on the import of toxic wastes.

Neither of these are wise policies. The British nuclear industry has a good safety record. For the number of people it employs, it is one of the safest industries there is. Living next to a nuclear power station is much safer than living next to most chemical plants. There are several quite dangerous chemical plants situated in densely populated parts of London, but everyone forgets about them in their hysteria about ultra-safe nuclear power stations. And of course, a British ban on nuclear power would do nothing at all to protect us from another Chernobyl. The USSR has no intention of giving up its own rather dangerous and badly-designed power stations. We could declare Britain a nuclear-free zone, but nuclear isotopes have a way of drifting over national boundaries regardless.

So too do chemical toxins. There is a logic to taking certain pollutants to special plants that have the skills to make them safe. By all means, make strict regulations. Call for jail sentences, not just fines, for businessmen who dump pollutants. (Businessmen will risk fines, because making and losing large sums of money is a day-to-day matter for them. But prison has a stigma, and the threat of it would make them behave.)

A total ban on the import of chemicals, when there is no one who can safely deal with them in their country of origin, and when there are such people in Britain - that's daft. The next group of foreigners who find a load of obnoxious chemicals will probably quietly and illegally dump them rather than face world protest when they try to dispose of

them in a safe and responsible manner.

The working class is the product of industrial civilisation. Before industrialism, most of us were poor and downtrodden in a way that people today can hardly conceive of. Nineteenth-century city slums were appallingly bad - read Engels' *The Condition of the Working Class in 1844* to see just how bad. Yet people fled to those slums from the countryside. Rural life was no arcadian paradise for the vast majority of our ancestors.

Engels, incidentally, understood the interconnectedness of the world very clearly. In *The Part Played by Labour in the Transition from Ape to Man* he says:

*"Let us not, however, flatter ourselves overmuch on account of our human victories over nature. For each such victory nature takes its revenge on us. Each victory, it is true, in the first place brings about the result we expected, but in the second and third places it has quite different, unforeseen effects which only too often cancel the first... Thus at every step we are reminded that we by no means rule over nature like a conqueror over a foreign people, like someone standing outside nature - but that we,*

*with flesh, blood and brain, belong to nature, and exist in its midst...*

*"... we are more than ever in a position to realise and hence to control, even the more remote natural consequences of at least our day-to-day production activities. But the more this progresses the more will men not only feel but also know their oneness with nature, and the more impossible will become the senseless and unnatural idea of a contrast between mind and matter, man and nature, soul and body, such as arose after the decline of classical antiquity in Europe and obtained its highest elaboration in Christianity."*

The Leninist variant of Marxism largely forgot about this side of things, in its struggle for economic growth in competition with capitalism. Marxists in the Labour Party have also tended to give this view of Engels (repeated in more complex forms by Marx) vastly less attention than it deserved. But that viewpoint has always been there. Socialists do not need the likes of Porritt to tell them that human beings are a part of nature and depend on the well-being of the other parts.

Engels, indeed, was more perceptive than most of the Greens. He recognised

## Why the Miners lost, and how they could have won

The defeat of the 1984-1985 miners' strike was taken as a sign that Thatcherism had become all-powerful. Since then, some unions have won major strikes (although others have lost them) and Thatcherism looks to be one the slide.

Back in 1984 and 1985, we said that the defeat of the strike was due to bad tactics and folly. Also that Scargill and co. had created the situation by rejecting workers control in the Mining industry when Tony Benn had both the power and the desire to give it to them.

We hadn't set up *Labour and Trade Union Review* in those days, but we did produce pamphlets. And some of them are still available:

<b>The Miners Debate Workers Control.</b>	70p
<b>Thinking About the Miner's Strike</b>	60p
<b>The Pit Strike in Perspective</b>	60p
<b>Tribune and the Miner's strike</b>	90p

Also **Bullock A-Z**, a guide to the report of the Committee of Inquiry on Industrial Democracy. Produced in 1979 by Athol Books and the North London Workers Control Group

60p

All five pamphlets

£3

Prices include package and postage.



that destructiveness was not unique to industrial society, or even to specifically to humans: "... all animals waste a great deal of food, and, in addition, destroy in germ the next generation of the food supply. Unlike the hunter, the wolf does not spare the doe which would provide it with the young next year; the goats in Greece, that eat away the young bushes before they grow to maturity, have eaten bare all the mountains of the country." He might also have mentioned parasites - mosquitoes, liver flukes, tapeworms and a great variety of other creatures that do nothing but harm to other creatures. There are more species of parasites than there are species of free-living creatures. This is something people should remember when they talk as if nature (excluding man) was entirely benevolent and harmonious.

Socialists must seek to improve the total human environment. Since Western Europe has a food surplus, it makes sense to encourage farmers to grow less food and to use methods like organic farming that will be better for the land in the long run. Also, since very large numbers of people like to visit the countryside, which is also the farmers' workplace, it would be sensible to pay farmers compensation for the inevitable trouble that visitors from the city will bring.

The Green Party basically stands for 'protecting the environment' *instead of* a decent life for ordinary people. They aim for a particular sort of future, and then use popular and justified fears about the environment to try to create that sort of future. A lot of their judgments are bad. Porritt didn't think to mention the Greenhouse Effect in *Seeing Green* (published 1984). He should have known about it - it's been discussed in places like the magazine *New Scientist* for a lot longer than that. But he missed it.

Now all the Green movement spokesman are emphasising it, ignoring the possibility that it might turn out to be less drastic than expected. (For instance - if higher temperatures meant more of certain types of cloud, this would greatly limit the effect and stabilise the world's weather. If it meant a greater snowfall in the Antarctic, the feared rise in sea levels might not happen after all. These are possibilities that scientists are still looking into - along with others that might mean things would be worse than expected.)

The Green Party are unlikely to amount to much electorally. In so far as they have an effect, it will be to finish off the centre parties. They may take people of a YANGUM persuasion who are currently in the Labour Party - frankly I think that Labour would be better off with them gone. If people regard other issues as more important than securing a decent life for ordinary people, then the Labour Party is not the place for them.

Labour must carve out its own role - as the representative of people who were *created* by industrial society. A true red-green perspective must start from this: only industrial civilisation gives the possibility of human freedom for everyone. Pre-industrial societies flourished on the basis of the work of an oppressed and politically inert majority. Clearly, long-term threats to human survival must be dealt with. But they can be. The capitalists are already doing this, in their own way. Read papers like *The Economist* to see how fast the ideologists of the Free Market are reacting to the changing climate of opinion, and to the understanding that their own long-term interests are at risk. Socialists too must respond in their own way and for their own causes.



## Tom Paine Defended

against Michael Foot

is a pamphlet by the Bevin Society. It looks at Paine and Burke, and why modern British politics should be considered as a merger of their ideas.

Price £1, postage included.

Available from **The Bevin Society**,  
26 Aden Grove, London, N16 9NJ

## Jesus of Montreal

Film review by Walter Cobb.

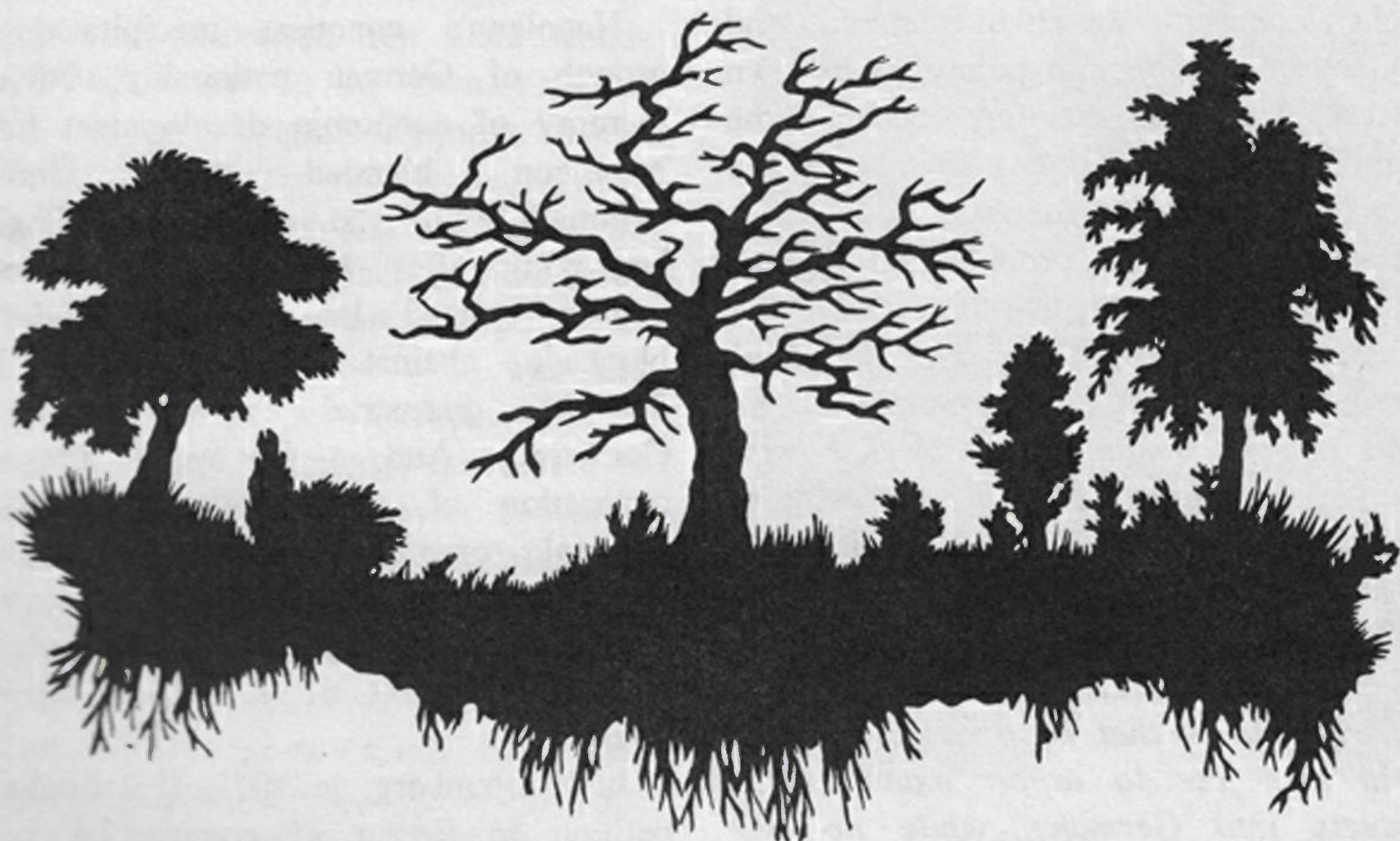
Films about religion used to be dull and priggish. More recently - and with the notable exception of *The Gospel according to St Matthew* - they have tended to be both silly and pointlessly offensive to people's deeply held religious feelings. This film manages to avoid both traps.

It concerns an actor who is given the task of modernising a passion play, a play depicting the crucifixion of Jesus. But he goes much further than anyone expects, upsetting the authorities. Meanwhile, real life events start shadowing the Gospel life of Jesus. Thus, the actor is tempted with a profitable career as a conventional actor, against a backdrop of a view of the city from a skyscraper

There is a lot of humour in the film - but it also gets close to the real feelings that the founders of Christianity probably did have. Naturally, events culminate with the actor's death. As for the resurrection - well, I won't give the plot away, but you get an intelligent conclusion. Also one that avoids the sort of routine special-effects supernaturalism that you find in far too many films nowadays.

The larger social context is also interesting. It is a French Canadian film, and the position of the French-speaking minority in English-dominated North America does have a parallel or two with that of the Jews in the Roman Empire at the time of the historic Jesus.

One or two religious extremists have objected to the film. But I think that it will appeal to most Christians, as well as to the non-religious and members of non-Christian religions. I saw it at the London Film Festival, I hope that it will be going on wider release soon.





# Europe - Lawson & List

The 19th century German Customs Union is barely known about in Britain. But it was very important in the development of a united Germany. Brendan Clifford looks at what it was and was not. He also demonstrates that Adam Smith's *The Wealth of Nations* was based on an illusion - it took for granted a political framework that had to be carefully created before 'free trade' became a possibility.

While Nigel Lawson was still Chancellor he appeared on *Question Time* with Ted Heath. Heath baited him on the subject of the European Monetary System (EMS). Having to make some reply before the watching millions, and being obliged to make it in accordance with the Thatcherite world-vision, he compared the EEC with the German Customs Union of the early 19th century, the *Zollverein*.

The EEC, like the *Zollverein*, he said, was a free trade area. There was no need for a free trade area to have a common currency. The common currency of Germany did not come about until the Customs Union had been superseded by the establishment of a common state.

The *Zollverein* being the only historical precedent to guide the development of the EEC, it is obvious, Lawson said, that the establishment of a common European currency would mark the establishment of a European state, or "super-state".

But if the *Zollverein* is the only historical point of reference for the EEC, it is as well that it should be understood what the *Zollverein* was and what it was not. And what it clearly was not was a cosmopolitan free trade area encompassing a number of independent nation states — which is what Thatcher wants Europe to be.

It is true that the Customs Union functioned without a common currency. When the German state was established in 1871, it had seven different currency areas, each with its own separate legal tender. A central mint office was established in 1873, and the new state currency then displaced the local currencies very quickly.

But, in historical reality, the *Zollverein* was not a free trade area at all in the sense in which the term is now used. It was both a practical and a theoretical denial of the legitimacy of the economic philosophy of free trade advocated by Britain. It was a negation of cosmopolitan free trade.

The movement of German nationality began immediately after the battle of Jena in 1806. Its inspirational document was Fichte's *Lectures On The German Language*. And the Prussian

Army played its critical part in the battle of Waterloo in 1815.

Napoleon had provoked the emergence of German nationality. German nationality contributed to his defeat. But, on his overthrow, the Congress of Victors at Vienna buried German nationality under a restoration of part of the old array of petty German states.

The German Confederation established in 1815 consisted of 39 sovereign states, each with its own King, its own money, its own commercial laws, its own transport system, its own system of weights and measures, and its own customs. And each German state was economically a foreign state to all the other German states.

*"It was easy for Adam Smith, at a moment when Britain, with its skill in statesmanship and its national economy which had been made powerful by national political economy, seemed destined to rule the earth, to take the universal state as his framework. But it turned out that the British Empire was not to be the basis of the universal state."*

Germany was balkanised in the English interest, and was bombarded with English free-trade philosophy. Only the Prussian Government was immune to English pressure or blandishment, and conducted an economic policy in its own interest. Prussia therefore became the example for progressive elements in the other German states to follow.

Friedrich List, the prophet and theorist of the *Zollverein*, put it like this:

*"Prussia gained her title to rank amongst the European powers not so much by her conquests as by her wise policy of promoting the interests of agriculture, industry and trade, and by her progress in literature and science..."*

*"Meanwhile all the rest of Germany had for centuries been under the influence of free trade — that is to say, the whole world was free to export manufactured products into Germany, while no one*

*consented to admit German manufactured goods into other countries. This rule had its exceptions, but only a few. It cannot, however, be asserted that the predictions and the promises of the school about the great benefits of free trade have been verified by the experience of this country, for everywhere the movement was rather retrograde than progressive. Cities like Augsburg, Nürnberg, Mayence, Cologne etc. numbered no more than a third or a fourth part of their former population, and wars were often wished for merely for the sake of getting rid of a valueless surplus of produce.*

*"The wars came in the train of the French Revolution, and with them English subsidies together with increased English competition..."*

*"Next followed Napoleon's Continental blockade, an event which marked an era in the history of both German and French industry... Whatever theorists, and notably the English, may urge against it, this much is clearly made out... — that, as a result of this blockade, German manufacture of all and every kind for the first time began to make an important advance..."*

*"But with the return of peace the English manufacturers again entered into a fearful competition with the German"* (The National System Of Political Economy, 1841, 1904 Eng edn, p68-9).

Napoleon's conquest precipitated the growth of German nationality, but the memory of economic development under Napoleon blended with German nationality in the period of English hegemony after 1815. The extensive market created by Napoleon and his blockade against English goods had fostered industrial development in Germany. And, a few years after the restoration of petty German states, a national organisation of businessmen (the *Handelsverein*) was established, with branches in all the states, to press for the establishment of a unified German market.

In Wurtemberg, in 1822, List drafted a petition in favour of commercial union and was imprisoned in a fortress by the



King. He was released after a few months on the condition that he renounce Wurtemberg nationality and leave the state. He went to America, founded a German-language newspaper, worked out his ideas on national economy, returned to Germany as American Consul at Leipzig, and became a German national force.

He summarised his views in a Preface to *The National System Of Political Economy*:

*"I would indicate, as the distinguishing characteristic of my system, Nationality. On the nature of nationality, as the intermediate interest between those of individualism and of entire humanity, my whole structure is based..."*

*"I have been accused by the popular school, of merely seeking to revive the (so-called) 'mercantile' system. But those who read my book will see that I have adopted in my theory merely the valuable parts of that much-decried system, whilst I have rejected what is false in it; that I have advocated those valuable parts on totally different grounds from those urged by the (so-called) mercantile school, namely, on the grounds of history and of nature" (ibid xlii).*

List counterpoised his national system of political economy to Adam Smith's cosmopolitan political economy of universal free trade. And he argued, with reason, that universal free trade is not political economy at all.

The Zollverein was a free trade movement only insofar as it was a movement to establish a unified German market and remove the obstacles to economic growth posed by the independent states of the German Confederation. Its object was to establish free trade within the nation. In its world view it was from the outset a protectionist movement, and rejected the philosophy of universal free trade which England advocated in its own national interest (as the strongest economy in the world).

The Zollverein was not a free trade movement without political power, such as Thatcher Toryism wants the European Community (EEC) to be. It was the economic agent of a vigorous national movement — and a national movement is a kind of political power even before it becomes a national state. The Zollverein was never without political orientation. It was part of a national development in which a national state was implicit from the start. It was an economic movement in a supra-economic medium. And the national dynamic which carried it along allowed for considerable flexibility and

anomaly in economic matters in the short run — such as the persistence of seven independent currencies until a few years after the establishment of the national state.

The EEC cannot be a free trade area of that kind because it is not the economic aspect of a national development.

But, though the EEC is not a national movement, the ideas of the theorist of the Zollverein are not without relevance to it. Even though List used the term "national", and that term was entirely apt for the Customs Union, his reasoning was not nationalist in the narrow modern sense. (His defence of Napoleon shows that.)

His essential point was that sound economic development required a combined agricultural and industrial base organised by a political framework. He rejected the English free trade propaganda which represented the individual entrepreneur as the basic and adequate unit of economy, and a world consisting of atomised entrepreneurs in a cosmopolitan market as the perfect form of economic organisation. He treated the productive power of the individual as a function of the arrangement of the national economy, or the political economy:

*"The example of Holland, like that of Belgium, of the Hanseatic cities, and of the Italian republics, teaches us that mere private industry does not suffice to maintain the commerce, industry, and wealth of entire states and nations, if the public circumstances under which it is carried on are unfavourable to it; and*

*further, that the greater part of the productive powers of individuals are derived from the political constitution of the government and from the power of the nation" (p27).*

The free trade of the Customs Union was like the free trade within the United Kingdom, rather than like free trade within a system of independent nation states. The states of the German Confederation had a formal sovereignty conferred by the Congress of Vienna, but the substance of Germany had been permanently affected by the French Revolution and the Napoleonic era. There was a feeling abroad that Germany was destined to become a single state, and the Zollverein was a product of that sense of destiny.

But the free trade of the Zollverein was less perfect than the free trade of the United Kingdom, and its imperfections were not removed until after the formation of the state. Perfect free trade (leaving aside the form of international plunder which sometimes goes by the name of free trade) can exist only within what List usually called a national economy but sometimes called a political economy. There had been perfect free trade within the United Kingdom since about 1820 when it became a single political economy.

The Zollverein was an expanding free trade area amongst the obsolescent states of the German Confederation. But unobstructed free trade was not achieved until the Zollverein was superseded by the German state.



Politics, not money, makes the world go around



The Common Market is a product of politics no less than the Zollverein was. It gains its dynamic from a sense of destiny, which cannot be described as national, but which is certainly political. And it will not be a perfect free trade area until it becomes a political economy — an economy structured by a common political framework.

But, because the dynamic of the EEC is not national, each phase of development must be worked out more systematically than was necessary in the case of the Zollverein.

The statesmen of the Common Market are undoubtedly familiar with the history of the Customs Union and have learnt from it. But when Thatcherites make reference to the experience of the Customs Union, they only bring out their own essential ignorance of both European history and of political economy.

***"Nigel Lawson has revealed that, as Chancellor, he gave up the attempt to count the quantity of functional money in the economy, and only counted M Nought, i.e., banknotes in circulation. This was the ultimate lunacy which followed from treating paper money as real."***

There is only one English history of the Customs Union that I know of: *The Zollverein* by W.O. Henderson, published in Cambridge in 1939 (not the best publication date). Nigel Lawson, now that he has lost faith in the magic of monetarism, would do well to find it and re-educate himself with it.

Henderson says straightforwardly that *"the Zollverein alone could not have brought about the economic progress that Germany achieved between 1834 and 1871"* (p340). And, without having any particular axe to grind, he draws three *"lessons of general significance"* from the history of the Customs Union, which are of relevance to the development of the Common Market:

*"In the first place, the actual establishment of a customs union is only a first step towards the attainment of the objects for which such a union is founded..."*

*"Secondly, a customs union would generally appear to be a half-way house... Its members must sooner or later decide if they are to go backwards or forwards. If they go back they revert to their old position as independent tariff units. If they go forward they unite their*

*economic organisations as far as possible. Common tariffs are followed by common systems of internal taxation... They adopt the same weights and measures, the same coinage, the same railway tariffs, the same code of commercial and maritime law, the same legislation with regard to regulation of industry and workers. Some of the early difficulties of the Zollverein were due to the fact that its members failed to see this clearly. They seem to have hoped to secure the advantages of economic union and yet to preserve a large measure of economic independence. Only when they recognised that economic unity means more than the establishment of a single tariff were the full benefits of the Zollverein secured. The tendency towards uniformity is seen also in the gradual whittling down and eventual disappearance of the special financial privileges secured by a few States (such as Hanover) when they first entered the Zollverein. This absorption of the middle-sized and small German states into a wider economic system may perhaps... be one explanation of why Hanover and the South German States when to war with Prussia in 1866. The main reason was obviously a political one. They wanted to preserve a balance between the two German Great Powers and they sided with the weaker against the stronger..."*

*"Thirdly, the history of the Zollverein gives little support to the argument that an approximate equality of economic development and similarity of economic interests in the various regions forming a customs union are essential if such a union is to be a success. It would be difficult to find an area of the same size with greater economic diversity than Germany in the early 19th century... These differences were neither insuperable difficulties to the founding of the Zollverein nor did they prevent its expansion. Indeed, perhaps the most striking achievement of the customs union was to contribute powerfully to the welding of these divergent areas into a single prosperous economic unit"* (p343-4).

The war referred to above is the Seven Weeks War, the war between Austria and Prussia in the summer of 1866. Because the South German states supported Austria, it also had the character of a civil war within the Zollverein. The Zollverein was therefore dissolved. Through Bismark's statesmanship, it was re-formed on a stronger basis in 1867, with the full participation of the South German states. In the new Zollverein, the veto which individual states had on decisions no longer applied.

Developments thereafter proceeded rapidly towards the formation of the German state in 1871.

The importance of a common currency to free trade has clearly increased since the time of the Customs Union. In those times, money had its own value determined by its cost of production as silver and gold. The only problem about interchangeability of the various German currencies was that they were not all divisible by a common factor — that they were not multiples of a common basic weight. The problem is essentially different and infinitely more complex today, with money being a form of marked paper guaranteed by the state. Rates of exchange are now a matter of economic policy between political economies. There is no natural rate of exchange. In bygone days, two travellers meeting in a desert might have figured out an approximate rate of exchange between the silver coins of different states by biting them and weighing them, but the physical form of currency notes gives no clue to their relative values.

***"Germany was balkanised in the English interest, and was bombarded with English free-trade philosophy. Only the Prussian Government was immune to English pressure or blandishment, and conducted an economic policy in its own interest. Prussia therefore became the example for progressive elements in the other German states to follow."***

Ten years ago the Thatcher Tories seemed to have lost sight of the crucial difference between real money (money which had its own value based on the cost of producing the metal from which it was made) and paper money. The monetarist vision in practical politics depended on treating paper money as real — though I seem to recall that the theoretical guru of monetarism, Von Hayek, more realistically, but less practically, based his scheme on a return from paper money to gold and silver.

Nigel Lawson has revealed that, as Chancellor, he gave up the attempt to count the quantity of functional money in the economy, and only counted *M Nought*, i.e., banknotes in circulation. This was the ultimate lunacy which followed from treating paper money as real. And it was accompanied by a massive form of fictitious, but conditionally functional, money in the



form of credit created by private banks.

And it would seem that, at the same time as Lawson narrowed his scrutiny of money down to natural banknotes (thereby treating them as if they were gold and silver, and handing actual monetary policy over to private enterprise), he was trying to get sterling into the most artificial and highly managed monetary system in the world, the EMS. He lost his belief in "free floating" between exchange-rates so that they might find their own level, because he came to appreciate that, in the era of paper money, there is no natural exchange rate between currencies because all currencies exist by virtue of public management.

At the time of the Customs Union, the Prussian Thaler, the Hamburg mark, and the South German florin all had different weights of silver (14, 34 and 24 units of a Cologne mark of fine silver respectively); and they broke down into different quantities of smaller coin (for example, the Prussian and Hanoverian thalers, which had the same silver weight, broke down into 30 groschen and 300 pfennig in the case of the Prussian thaler and 24 groschen and 288 pfennig in the case of the Hanoverian Thaler: and the relative values of the small coin of coinages based on different silver weights were of course even more difficult to work out.)

The existence of the different German coinages was of itself only a practical inconvenience in the way of trade, since coin values were objectively set by silver content. Fluctuating exchange rates between paper currencies which in themselves have no value at all, and whose operative value is a function of political economy, constitute a much greater obstacle to trade, and an obstacle of a different kind. Uncertainty, even in the short term, is added to inconvenience. And that uncertainty not only provides scope for currency speculators, which in turn aggravates the uncertainty, but it almost makes currency speculation a necessary part of trade.

The EMS is an arrangement which facilitates free trade by curbing currency fluctuations. But monetary obstacles to trade will not be removed until the Common Market has a common currency. And then of course a common currency will signify the existence of a Department of a European State.

But it was a very English illusion to believe that a free trade area in the full sense could exist without a corresponding political framework.

List, in his criticism of Adam Smith,

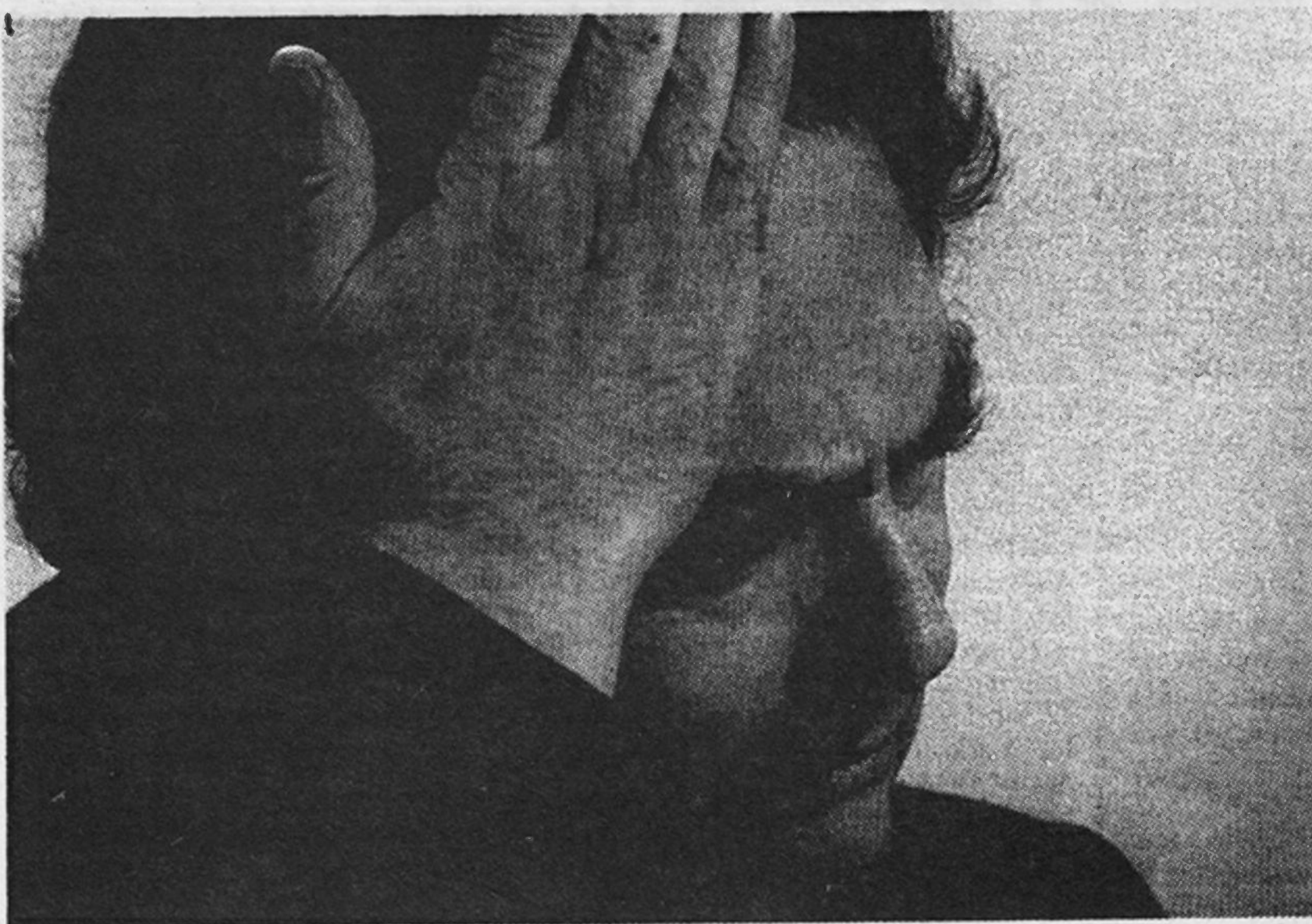
says that Smith tacitly assumes the existence of a universal republic as the political framework of trade. And: "J.B. Say openly demands that we should imagine the existence of a universal republic in order to comprehend the idea of general free trade" (p98).

I suppose it was easy for Smith, at a moment when Britain, with its skill in statesmanship and its national economy which had been made powerful by national political economy, seemed destined to rule the earth, to take the universal state as his framework. But it turned out that the British Empire was not to be the basis of the universal state, and therefore what List calls Smith's "cosmopolitical economy" has proved to be of little practical use in the world, even though *The Wealth Of Nations* has remained a famous book.

And List, in place of the customary reasoning that trade generated peace, argued that peace generated trade, and that politics generated both:

*"The popular school [ie, English political economy, which then dominated the German universities] has assumed as being actually in existence a state of things which has yet to come into existence. It assumes the existence of a universal union and a state of perpetual peace, and deduces therefrom the great benefits of free trade. In this manner it confounds effects with causes. Among the provinces and states which are already politically united, there exists a state of perpetual peace; from this political union originates their*

*commercial union, and it is in consequence of the perpetual peace thus maintained that commercial union has become so beneficial to them. All examples which history can show are those in which the political union has led the way, and the commercial union has followed. Not a single instance can be adduced in which the latter has taken the lead, and the former has grown up from it. That, however, under the existing conditions of the world, the result of a general free trade would not be a universal republic, but, on the contrary, a universal subjection of the less advanced nations to the predominant manufacturing, commercial and naval power, is a conclusion for which the reasons are very strong... A universal republic..., i.e. a union of the nations of the earth whereby they recognise the same conditions of right among themselves and renounce self-redress, can only be realised if a large number of nationalities attain to as nearly the same degree as possible of industry and civilisation, political cultivation and power. Only with the gradual formation of this union can free trade be developed, only as a result of this union can it confer on all nations the same great advantages which are now experienced by those provinces and states which are politically united. The system of protection, inasmuch as it forms the only means of placing those nations which are far behind in civilisation on equal terms with the one predominating nation,... appears to be the most efficient means of*





furthering the final union of nations, and hence also of promoting true freedom of trade" (p102-3).

A century and half after that was written, the "predominating nation" of those times has been comprehensively displaced from its predominance by the "political economy" implemented, in succession by America, Germany, Japan, France, etc. etc.

Thatcher uses the verbiage of free trade when opposing the establishment of

European free trade. She drivels on about the Mother of Parliaments when confronted with the brute fact that the art of statesmanship has passed from Westminster to the more vigorous representative assemblies of Europe. Following Adam Smith, she sees the household as the microcosm of the general economy, and she carries this to the logical but absurd conclusion of denying the existence of society. She is the quintessence or the dregs of a misconception of the world which was

once grand but is now piffling.

By contrast, Charles Haughey, Taoiseach of the Republic of Ireland, has emerged as one of the statesmen of Europe.

Charles Haughey's assumptions about the world are European because he developed in a political culture whose political economy has Friedrich List as its source. Arthur Griffith's Sinn Fein consisted very largely of List's political economy.

## POLICY STATEMENT

# The Bevin Society

## Aims and Purposes

*The Bevin Society was set up several years ago, but lapsed as individual members became involved in other matters -- including setting up Labour & Trade Union Review. It has now been re-founded by some of its original members, and given a clearer statement of aims and objectives. We reproduce them here.*

The aim of the Bevin Society is to develop a programme for the Labour Party that will make possible a comprehensive collectivist reform as the framework for a more widely based individualism.

The Bevin Society is essentially a development from a group in the Institute for Workers' Control which actually supported workers' control when it was a possibility of immediate practical politics: when it was proposed as a radical economic reform by the Bullock Committee.

The leadership of the Institute for Workers Control opposed the Bullock proposals on woolly ideological grounds, as did Neil Kinnock and most of the trade union leaders.

### The 'right to manage'

The "right of management to manage" was the conservative cry of both the left and right of the Labour movement, as well as of the budding Thatcherites. But 'management' is not a detached element operating between capital and labour. Management must be an agency of capital or an agency of labour.

Conservatism, or the continuation of the status quo, was not a practical possibility in the seventies. Labour had grown too powerful to enable the existing arrangements to continue. Both the leaders and the militants of the Labour movement lived in a fool's paradise, believing that the trade union movement could refuse to become the basis of management and yet retain the power to paralyse the management based on capital.

The status quo was doomed. The only question was whether Labour would become the basis of management, or trade union power would be weakened so that a management based on capital would again be effective. When the leaders of the Labour movement declined to enact a radical reform in the Labour interest, it was only a matter of time before a radical reaction restored the managerial power of capital.

### The lost chance

If the Bullock Report had been adopted by the Labour movement it is likely that it would have become a watershed in British history comparable to the Beveridge Report (which established the Welfare State). It would have altered the framework of economics and politics, and opened up an array of new and stimulating conflicts and contradictions.

Because the Bullock Report was rejected by Labour, the Labour movement has ever since been disoriented in the face of successful capitalist reaction.

### A static socialism

There were reasons of petty vested interest involved in the rejection of the Bullock Report. But much more important than these was the essentially static character of socialist ideology of all varieties in the movement. Socialism was a vaguely imagined eternal harmony, a secularised version of the state of affairs following the Day of Judgement.

Some dreamed of a Leninist revolution as the means by which it would be established, while others imagined a systematic scheme of reform through social engineering. The Bullock Report was equally unacceptable to both because it was obviously not a recipe for eternal harmony.

A similar approach would have led to the rejection of the Beveridge Report in the 1940s. And there were those on the left as well as the right who rejected it.

### Recovering the dynamic

But the Labour outlook in those days was not confined to visionary dreams of a final condition of things, and to empty rhetoric following from those visions. Ernest Bevin and Clement Attlee were determined to enact the practical reforms of the day, and to develop through its conflicts while leaving eternal harmony to the metaphysicians.

The Labour movement is now in the doldrums because during the past two generations it has not developed out of the experience of that group of effective reformers who transformed the conditions of working class life when they came to power -- and who came to power because they had impressed society with their capacity for radical and realistic reform.

The Bevin Society intends to regain for the present generation the experience of the Bevin-Attlee era, and to develop out of it a capacity for thought and action in place of the slogan and the gesture which are now the stock-in-trade of the Labour leadership.

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*The Bevin Society is at present running on a fairly informal ad-hoc basis. If you'd like to see something established on a more formal basis, or if you'd just like a discussion, please contact us.*



# Labour's Economic Policies

Martin Dolphin looks at Labour's new economic policies and how they might work out in practice.

The question which I wish to address in this article is what will happen if Labour becomes the next government and tries to implement the economic policies outlined in the final policy review document *Meet the challenge, Make the change* (MTCMTC). It is first necessary to consider how Labour understands that we have arrived at the present economic juncture characterised by persistent high unemployment, high inflation and balance of payments problems. In the review document they state:

*"The record trade gap shows how uncompetitive we have become. It is the unmistakable sign of an economy that cannot pay its way. We are losing our share of world markets. The skills gap between us and our competitors is growing alarmingly. We invest less than our trading partners and competitors in basic science, research and development, and new technology. We have allowed our transport and communications networks to run down. We burden our industry with high interest rates and an overvalued currency. We concentrate on short-term issues, to the exclusion of the longer-term investment on which our economic success depends. Unless we learn the lessons of these failures, we risk a future as a depressed periphery on the edge of a Europe whose economic centre of gravity has moved decisively away from us."* (MTCMTC p.9)

So the basic problem is too little investment in education, R&D, science, transport, communications and other areas which is exacerbated by high interest rates. This lack of investment has made us extremely uncompetitive which in turn has caused unemployment and balance of payments problems. For the present let us accept as true the premise that the basic economic problem is caused by chronic underinvestment. How does Labour propose to get investment up to the levels which it considers adequate? At this point the Japanese are introduced. The document goes on to say that the Japanese

*"... realise, as we do, that in very many areas of the economy the market and competition are essential in meeting the demands of consumers, promoting efficiency and stimulating innovation, and often the best means of securing all*

*the myriad, incremental changes which are needed to take the economy forward; but they also realised that the market had to be directed and managed within an industrial strategy developed in consultation with government if it was to serve the national interest. Government in other words, should have a developmental as well as a regulatory role."* (MTCMTC p.10)

The words to take note of here are "industrial strategy". The Tories had a MTFS - medium term financial strategy, Labour will have a MTIS - medium term industrial strategy administered by a transformed Department of Trade and Industry.

*"The new DTI will be strengthened to become a powerhouse dedicated to raising the quantity and quality of investment in British industry, just as MITI has done in Japan. It will develop a new pro-active role providing continuity, consistency and commitment to the processes of economic development. The task will not be to pick winners but to create the conditions in which winners can come through, an environment that nurtures wealth creation in all its stages."* (MTCMTC p10-11)

*"We see the need for a new investment institution whose brief will be to seek out opportunities for investment in new technologies, either by establishing companies itself, or in partnership with existing firms. It will be expected to evaluate investment proposals against a set of strict 'alternative commercial' criteria which although allowing it to accept a lower initial rate of return, a longer pay-back period and higher risks than would suit the City, would not allow it to bail out lame ducks."*

*"The function of what we will call BTE British Technology Enterprise would not be to create an ever-growing state-owned sector. It would be instead to help establish new industries which could then be sold on to socially responsible shareholders, such as the company's employees through a democratic Employee Share Ownership Plan. It would retain a golden share in any such company in order to protect it from hostile take-over or asset-stripping..."* (Ibid, p11).

These quotes give, I think, a good idea of what the Labour Party's industrial

strategy is all about. However the industrial strategy is to operate within an overall macro-economic strategy. Now the tools of macro-economic policy are usually interest rates, exchange rates and fiscal policies to raise the general level of demand but the document has little to say on these matters other than on inflation. The policy review argues that inflation is has different causes and therefore cannot be treated with just one remedy. Causes of inflation which are beyond the governments control are external commodity prices. Other factors such as indirect taxes and public sector pay and prices, are wholly under the control of government. Yet others, such as profits and interest rates, are influenced by government policy. When it deals with how Labour will deal with wage inflation in the Public Sector the document reads remarkably like a conservative policy document:

*"Labour's attack on inflation will.....be aimed at specific inflationary pressures as they arise. We shall ensure that prices under our control will be restrained as far as possible so that they do not push up the inflation rate. We shall get interest rates down. In the public sector, we shall provide clear guidance to management as to the financial structure within which they must operate and then leave them free, subject to our firm commitment to a national minimum wage, to negotiate wage settlements within that framework. If they fail to meet their fixed targets, they will not be given the soft option of raising prices, but will be replaced. On pay generally, we reject a pay policy or any form of pay norm as being unhelpful and unworkable. We shall make it clear throughout the economy that our emphasis is on investment rather than consumption, and that money spent too generously on consumption today could prejudice jobs and services tomorrow."*

*"Our national strategy for industrial growth and skills training will help to remove the bottlenecks and overheating which at present push up inflation whenever we try to expand. Increased production will cut overheads and help to reduce unit costs. An improved balance of trade will mean that in the long run we can combine full employment and a satisfactory trade balance with a currency*



which appreciates in response to the strength of the real economy." (ibid, p14).

I think I have summarised fairly the Labour party's current economic proposals. In future articles we shall address the question of whether the UK's problems stem basically from underinvestment. In this article I shall limit myself to considering what is going to happen when Labour tries to implement these proposals.

The funds to finance a major investment program of the kind envisaged by Labour do not come out of thin air. They must come from sum mixture of cuts in current consumption or from capital inflows. With capital inflows one could limit the cuts in current consumption but it is unclear how long the outside world would be prepared to provide the capital inflows and so it is likely that any serious investment based policy must involve some sort of squeeze on the main source of consumption demand, wages. This is clearly going to run into problems with the trade unions which are still fervent supporters of free collective bargaining. Now there has been a case recently where a government engaged on a radical investment led growth path to improve its economic performance. This was in Sweden in 1982.

"In Sweden a deal which traded lower real wages for higher investment was only acceptable to the unions because of the parallel movement towards a significant degree of socialisation of

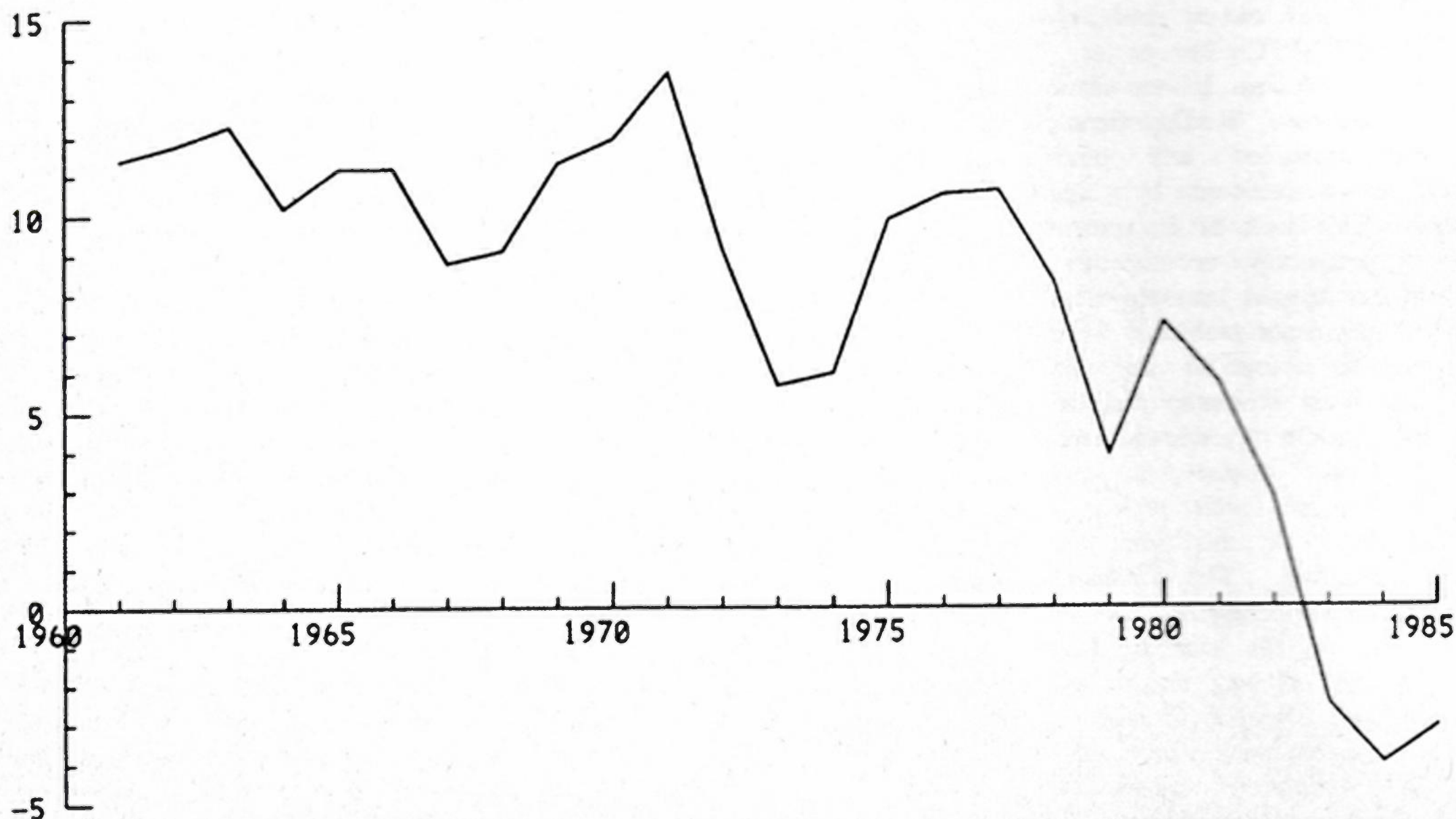
investment via wage earner funds.....

"In 1982 the social democrats accepted that the economy required a substantial shift of resources into industrial investment. This required a shift in the wage-profit share in national income. This was only politically workable if economic democracy were substantially extended. The means to this extension were Wage Earner Funds, by which a share of profits of all companies was transferred to these union-based funds, to be invested in equity. The macro-economic complement to this was a 16 per cent devaluation, unaccompanied by large wage increases, which had the effect of reducing real wages and increasing profits. This strategy seems to have worked, with the Swedish balance of payments position sharply improving, and full employment being maintained despite a slightly deflationary fiscal policy aimed at reducing public sector deficits." J. Tomlinson, *Macro-Economic Management and Industrial Policy* in P. Hirst and J Zeitlin (eds), *Reversing Industrial Decline?* (Berg: Oxford 1988).

Now the UK is not Sweden and the social and political institutions which permitted the policy to be successful in Sweden, in particular the long history of corporatist behaviour, do not exist in UK. Union control over investment resources appears to be at variance with UK unions' perceptions of their own role. Even the Hammond/Edmonds faction to which the Labour leadership would look for support do not see investment as an

activity in which unions should be involved. If the unions and work force are not partaking either directly or indirectly in investment decisions and do not see clearly how they will benefit from these decisions then we cannot assume that they will support the switch from consumption to investment implied by the Labour Party proposals. (In some areas such as investment in the NHS there does appear to be a preparedness to accept a reduction in consumption through increased taxation). In the Swedish example, despite the long corporatist traditions, the workforce need very definite guarantees in the form of equity before they accepted the investment strategy. Now Labour do make noises in their review document about the importance of industrial relation for a successful economy but they go nowhere near confronting the political problems implied by their investment strategy. A massive investment programme of the size outlined can only be carried through if a sustained political battle is fought to win the support of the electorate for considering the long term. The UK is obsessed with the short-term. The financiers in the City for whom a day is a long time have their counterpart in the Trade Union movement where nothing is considered other than this year's pay rise. If Labour do not wage this political battle their economic policy will be 'sound and fury, signifying nothing'.

£1985 bn



The UK manufacturing account into deficit in 1983 for the first time



# The End of an Illusion

Peter Brooke starts from the commonly held view that Marxism is a religion, and argues that it has failed because its idea of man was inadequate, unworthy of its own religious spirit.

We may not be witnessing the end of the Russian Empire, nor the end of Soviet Russia as a great world power, nor even the end of the Communist Party of the Soviet Union. I suspect, on the contrary, that the latter has a great and very surprising future ahead of it. But it does seem pretty certain that we are witnessing the end of Marxism-Leninism as a great religious ideology.

The idea that Marxism was a religion was developed within the Bolshevik Party by Anatoly Lunacharsky, who described it as "*the fifth religion formulated by Judaism*". (Judaism I know, Christianity I know, Islam I know, but what is the fourth?) Theoretically, Lunacharsky was a philosophical enemy of Lenin, whose *Materialism and Empirocriticism* (1908) is a polemic against the 'Godbuilders', Lunacharsky and his very interesting friend and brother-in-law, A.A. Bogdanov. Some time ago I saw in a Marxist bookshop - I think it was the Trotskyist Bookmarks in London - a little volume entitled *Lunacharsky on Lenin*. Knowing something of the abuse heaped on Lunacharsky by Lenin, I was interested to see how he had responded. What I read was a series of the most extravagant panegyrics, mainly written in the 1920s. I concluded that he was not someone worth pursuing.

But of course I was wrong. Lunacharsky's *Religion and Socialism* (1908) argues that "... religion is enthusiasm and without enthusiasm it is not given to man to create anything great." I think it was Lunacharsky who coined the term 'Godbuilding' and he joined the Bolsheviks as opposed to the Mensheviks because of their voluntarism: they were not hamstrung as was the Menshevik Plekhanov by the need to act only within the limits of a supposedly scientific analysis of what was empirically possible. Religious enthusiasm was the means by which men could be formed into a community which would transcend the limits of the possible and thus attain to the status of God. His panegyrics on Lenin were part of a strategy of Godbuilding. *Religion and Socialism* laid the theoretical basis for what later became known as the *Cult of Personality*. And Lenin, who was perfectly capable of knowing the value of

ideas to which he was theoretically opposed, knew what he was doing when he appointed Lunacharsky Commissar for Education, with virtually complete power over the whole field of education and culture. He held the post from 1917 until 1929. Greatly maligned as the 'cult of personality' has been, all the successes of Marxism-Leninism were based on it.

The idea that Marxism-Leninism is a religion was developed from outside Bolshevism by a one-time friend of Lunacharsky's from his student days - Nicholas Berdyaev. Berdyaev deserves to be looked at again now that Marxism is in disarray. He was one of the remarkable group of Russian Marxists who turned to the Orthodox Church before the Revolution, at least partly under the powerful influence of Dostoevsky and Vladimir Soloviev. In 1909 he contributed to a collection of essays entitled *Landmarks*, which provided a rallying ground for those who felt (rightly as it turned out) that Russian Marxism was destined to fulfil the prophecies of Dostoevsky's *The Possessed*. The collection of essays edited by Solzhenitsyn, *From Under the Rubble* was modelled on *Landmarks*.

According to Berdyaev: "*Psychologically, socialism is not sceptical; on the contrary, it is a faith and claims to be a new power at the service of humanity. Utopian Saint-Simonism and scientific Marxism are equally imbued with religious pretensions, putting forward a complete philosophy of life for the resolution of all its problems...*"

"*Socialism is messianic ... The proletariat is the New Israel and all the attributes of God's chosen people are transferred to it; it is to be the liberator and redeemer of mankind and to establish the Kingdom of God on Earth ... The proletariat is the new Messiah, organiser of an earthly kingdom, in whose name the former Messiah was rejected because he preached a kingdom that is not of this world ...*"

"*Sovereignty does not belong to the proletariat as to a 'fact' but to the proletariat as to an 'idea'; the 'idea of the proletariat' must have world dominion. In this sense, then, Socialism is not an empirical realism but an idealism. The mission of guarding the proletarian idea*

*is confided to a minority elected by the spirit of history, forming a group of those sentient ones who know and understand the true faith ...*"

"*The socialist state and society are of the type of a religious denomination, not secular and civil, but sacred. It does not profess indifference to religions as a liberal-democratic state does but defines the truth of a certain faith and imposes it by force, so that there is a dominant creed and those who do not accept it must find themselves in a situation analogous to that of the Jews in the old Christian theocratic societies. The socialist state claims to be a sacred state, infused by the grace, not indeed of God but of Satan - but still a grace.*" (*The End of Our Time*, pp. 182-186.)

It is this aspect of faith that is crumbling with astonishing speed, apparently all over the world. As a world-religious system, bringing hope and the possibility of purposeful action, Marxism spread with equally astonishing speed. In less than a century, it had taken over half the world's population. Only twenty years ago, it was possible for many people in non-Marxist countries (including myself) to believe that in one form or another it was the destiny of the world. Now we can see that if Marxism-Leninism, with its simple central tenets, its holy scriptures, its hierarchical organisation, its prophets, its orthodoxy and heterodoxies, resembles a religion, it has proved to be a bubble of a religion. None of the world's great religious systems (those that preach kingdoms 'not of this world') have either spread so fast - not even Islam - or collapsed so quickly. If Christianity is in decline, it is a decline that has been going on for about 500 years. It is impossible to imagine that the Marxism-Leninism of the 21st century will have anything like the vigour of Christianity even today.

What, then, does Marxism lack that the great religions possess? The answer must lie in its inadequate idea of the nature of Man - an idea that is unworthy of its own religious spirit. The absurdity of Marxism as a religious system lies simply in this - that it sees man as nothing other than a collection of appetites. The 'faith' and the idea of the sacred which delighted Lunacharsky and repelled Berdyaev do not have an object





higher than individual comfort and consumption. It cannot climb higher than Benthamite Utilitarianism, which is the only possible atheistic philosophy. That vast, rosy, religion-coloured cloud wrapped round it was an illusion which - as Stalin and Mao knew - could only be maintained by encouraging a constant mood of hysteria and crisis. Neither Stalin's successors nor Mao's were up to the job (which in any case becomes more difficult as time goes on). Because it proposes a *visible* end to all human existence, Communism cannot survive visible failure, whereas the real religions, for which the end is *invisible*, understand that failure is a necessary part of human striving, and are not unduly upset by it.

But all this brings us to the question:

what are we? Because all the literature I have seen so far on the changes in the Communist world is based on the assumption that these countries are going to imitate *us*. But our society is based on exactly the same theory of human nature as the Soviets'. If the positive, idealist, generous, Utopian side of Marxism is defeated, the negative, basic materialism which sees the economy as the sole motivating force in human affairs seems to be absolutely and everywhere triumphant. It is the whole basis of the present government's philosophy and of everything that is solid in the platform of the opposition. It is really the triumph of Bentham rather than of Marx, but I have long had the notion that the great effort of the Left

Hegelians (at least of Feuerbach, Marx and Stirner) was to try to think themselves into a British empiricist caste of mind. The difference is that we don't make a religion of it. Our 'culture' is nakedly cynical and I believe that the last shreds of the religious spirit that enabled us to fight the last war have fallen away from us. I doubt if we could fight another war now.

The collapse of Marxism-Leninism seems to make nonsense of a very large part of the world's collective experience of the twentieth century - the more so if the end result is the extension across the world of something that resembles modern Europe or America. It is my hope that there is that in the Russian, Polish, and maybe even Prussian soul that can only be profoundly repelled by us; and some evidence that this may be the case is provided by Solzhenitsyn, who quickly lost interest in us and is devoting all his time to a massive attempt to understand how the Russian Revolution came about. That revolution and its consequences have been the great adventure of our century and it will be a very heartening thing indeed if it is the Christian Solzhenitsyn who gives it its lasting form.

## L&TUR £5,000 Appeal: Why we need your money

Thanks to all those who have sent something to our appeal. But we still need more.

What we're doing is trying to shake up left wing politics - force it to shed some comfortable illusions, and develop a more adventurous as well a more realistic attitude. An attitude that will enable more of the fine old dreams of a just society to be translated into reality. Naturally, it doesn't make us popular. But it has to be done, if future generations of socialists are not to experience the same sort of heart-breaking failures that have been happening since the 1960s.

No one associated with L&TUR gets paid anything - except for the printer. Until recently we were able to rely on a special relationship with a printer who gave us a bargain rate. In effect, he was subsidising us out of solidarity, just as

all the people who contribute hundreds of hours of unpaid labour time to L&TUR have been subsidising it.

Sadly, this arrangement came to an end. We now have to pay for normal commercial printing and this has doubled our costs. We have been able to survive in the short run only by raising the sales price to £1.50 and considerably increasing our sales. We may or may not be able to continue to do the second of these. But, in any case, to guarantee our longer term future we need to be able to print L&TUR ourselves. Only in this way can we hope to keep costs to a minimum and maintain a reasonable price for the magazine.

We are therefore planning to obtain our own printing equipment, and we estimate that we could do this with £5,000. But neither L&TUR nor the Ernest Bevin Society have any financial backers. There is only one way in which we can hope to raise this money - from *you*, our readers. If you value what we are doing and want to see us continue the good work, you can help make this possible by sending us a donation - and please make it a substantial one! This is definitely an emergency and we don't have much time

to reach our target.

But once we have reached it, with your help, we shall be able to do many things which we haven't had the resources for in the past. As well as the magazine, we could produce pamphlets on a wide range of subjects, developing the ideas put forward in L&TUR in greater detail and depth. And we could publish reprints of important articles and essays by earlier socialists and trade unionists which are still relevant to the British labour movement today, but which have been forgotten and allowed to go out of print - things that people need to be told about, and won't get from anyone else but us.

We're now beginning our fourth year of operations, we've shown that we can develop our thinking, expand our sales network and improve the quality of the magazine. We have managed this without raising the sales price before now, and without asking for money from anyone. But we now need the active support of our readers. We would not be asking for it otherwise. So please send your cheques, large or small, to Labour & Trade Union Review, 114 Lordship Road, London N16 0QP...soon.



# Notes on the News

by Madawc Williams

## The Cold Peace

As we go to press, the 'radish' regimes of Eastern Europe are collapsing. They are 'radish' because the people running them were only red on the outside. (The term used recently by Lech Walesa, but has been around since the 1970s, if not before.)

The 'radish' regimes came into being after Krushchev destroyed the legitimacy of Stalin's way of doing things with his secret speech. There had been many idealistic Stalinists before 1956, there were very few afterwards. But Krushchev, and Brezhnev after him, refused to let Eastern Europe dismantle the police-state structures that Stalin had imposed on them. Such systems could only be run by 'radishes', people who operated the state machinery on a basically corrupt and cynical basis.

Right wingers in Western Europe are assuming that the fall of the 'radishes' means the end of serious socialism in Eastern Europe. They assume that Eastern Europe will meekly accept a take-over by Western capital, and the loss of the basic welfare provisions that the 'radish' regimes did indeed provide them. I doubt this. People who have carried through one revolution will be more than ready

for another. People who are shocked by the modest privileges of their now-disgraced party leaders will not be happy with the much more drastic inequalities that a serious East European Thatcherism would inevitably bring.

And if we in Britain can manage to dump Thatcher in 1991 or 1992, we could be part of a worldwide move towards more socialism and more democracy.

## Another inevitable trend

For most of the 20th century, people have been expecting world politics to carry on in whatever pattern they were at that point in time. And world politics has continuously and unexpectedly moved on to some new pattern.

The end of the Great War led to a brief period of chaos and change. This soon ended, to be replaced by a brief period of capitalist prosperity, up until the crash of 1929. After this the 'inevitable trend' was towards right-wing authoritarian regimes. In the 1940s, it was assumed that capitalist democracies were suffering an inevitable drift towards totalitarianism. The 1950s were another era of capitalist prosperity, and after 1956 the inevitable return of the Communist Block to capitalism was widely believed in.

Come the 1960s, and the prosperous and peaceful nations of the Western Alliance were faced with a sudden unexpected rejection of their values by the best of their young people. This was contained, but then the weakness of the

USA after its ignominious retreat from Vietnam seemed to signal an inevitable trend towards Moscow-style communism taking over the world. From the mid-1980s, after Thatcher managed to avoid the inevitable U-turn that Heath's followers had been predicting, the new inevitable trend was towards a vigorous capitalism reducing the economic role of the state. This was strengthened by the success of capitalism in the 'Little Dragon' countries of East Asia.

The current 'inevitable trend' is a slight modification of the previous one. The vigorous new capitalism has encouraged right-wing authoritarian regimes to return to parliamentary democracy. Most dramatically in the Philippines, but more substantially in Spain and in Latin America. Meanwhile, Gorbachev's reforms are seen as marking the end of serious socialism.

We're about due for something wholly new and unexpected. If people on the left sit back and assume that it will *inevitably* be a drift back leftwards, then quite possibly it won't be. Labour has a good chance of forming the next government, but it could end up as a period of quiet before the next bout of radical Toryism. Nor are the prospects good for a revival of state planning. What needs to be affirmed is the basic socialist moral position - *everyone must benefit from the prosperity of the society they live in.*

## Germany at the heart of Europe?

There has been some understandable panic at the prospect of Germany becoming once again central in European politics. Understandable, because of memories of Hitler, and of Imperial Germany in the previous era. But nevertheless panic, not justified caution. Both Imperial Germany and Hitler's Germany were made inevitable by the set-up in the rest of Europe.

In the 19th century, the Germans entered the modern world to find themselves second class citizens. It was a world dominated by vast militaristic empires. Under Prussian leadership, they built an empire and military machine of their own. Had they not done so, it is likely that there would still have been a World War One. Perhaps between Russia and Britain, perhaps between Russia and France - who knows? But it would have come one way or another.

After losing the world war, the Germans made a serious effort to be peaceful capitalist democrats - even though the Versailles Peace made them second-class citizens again. Through no fault of theirs, that system 'broke down,



Marx isn't smiling



and Germany was particularly badly hit. Hitler promised to set things right - and by introducing the pattern of state spending we now call Keynesianism, he did revive the economy. He also restored Germany to equal status with other Great Powers, as Britain and France weakly conceded to him what they had denied to German democrats. This left him so powerful that he could go ahead and start World War Two. Most Germans were content with what they had. Hitler pushed on after the Munich agreement because he wanted to fulfil his private dreams of a 'Greater Germany'.

Defeated and divided after 1945, the two Germanys were finally given an equal role in the rival Eastern and Western blocks. Formally speaking, Germany is still under military occupation by the four wartime allies. But this has long ceased to be more than a formal truth.

In a united democratic Europe, no one nations or even any two together would be powerful or numerous enough to rule the rest. In any case, left-right divisions should become more important than national differences. Already this has been happening in the European Parliament - multi-national blocks form on ideological lines. Labour in Britain would find itself in a natural alliance with Socialists and Social Democrats in the rest of Europe against British Tories. This should be the pattern of the future.

### War and Lord Aldington

If Jeffrey Archer could get half a million for being falsely accused of consorting with a prostitute, then it is not unreasonable to pay Lord Aldington three times more for being accused of being a war criminal. Especially since Nikolai Tolstoy and Nigel Watts made a conscious decision to target him for accusation, producing a pamphlet and circulating it to his friends and associates. The general scale of damages must certainly be reduced, by leaving it to the judge to determine the amount paid when a jury finds that there is a libel. But within the existing scale, it is far from unreasonable.

I was not surprised that Nikolai Tolstoy lost his case. I knew him from another context - a book about Merlin the magician. And from this I knew him to be careless and inaccurate, given to drawing conclusions not justified by the facts. ('Merlin' was probably at least two men called Myrddin or Mervin, and not originally associated with Arthur, who was not a king in the oldest known forms of the legend.)

The facts of the repatriations had been known in some circles since the 1950s.

Tolstoy, (of the same family as the author of *War and Peace*, but not a direct descendent), gained publicity by accusing specific individuals of guilt. His accusations against Harold Macmillan (Lord Stockton) gained some publicity, but libel does not apply to the dead. He was however foolish enough to also accuse Lord Aldington, who was still alive.

Without doubt, the individual rights of the Cossacks and Royalist Yugoslavians were ignored. Moreover, the Royalists suffered from a confusion with the Cossacks, who had indeed been fighting for Nazi Germany. *Some* people in the British establishment must have known what would happen to them. But Tolstoy was no less arbitrary in calling Macmillan and Aldington war criminals, because they had a role in what is now seen as a totally unjustified action. It should also be remembered that some undoubted war criminals did manage to slip into Britain among groups of refugees who were not handed back. War and its aftermath tends not to be fair to individuals.

References have been made to the Nuremberg War Crimes trials. The truth is, these did ignore the individual rights of those put on trial. It was often a matter of guilt by association. No doubt it was genuine guilt in many cases, but not in all cases. In the same spirit, 'Lord Haw-Haw' was hung for making Nazi propaganda broadcasts. By a bit of legal ingenuity, he was found to be a traitor even though he had openly sided with Hitler and was not a British citizen.

### H<sub>2</sub> Ho Ho Ho

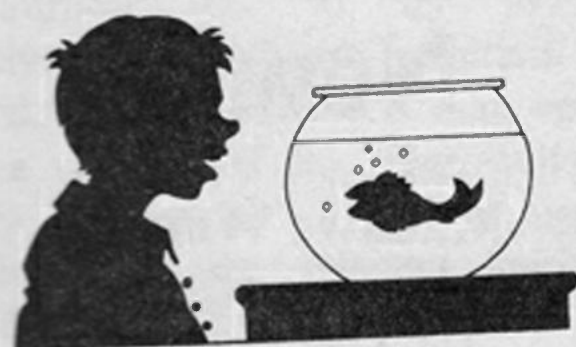
Just in time for Christmas, Mrs Thatcher managed to make a large gift to the rich and greedy. The loss-making water privatisation has left a lot of well-off people with shares that can now be sold for rather more than their cost price.

While Tory politicians are explaining how they came to make another such gift to the share-owning classes, the lucky recipients will be laughing all the way to the bank. Unless they get run over and urgently need an ambulance, that is.

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As we go to press, the ambulance men are still on strike. Thatcher is showing that she is still an 'iron lady', she will not pay these vital workers a small pay rise even though the public backs them against her by a remarkable 14:1 ratio.

The trouble is, there is no *market rate* for ambulances. It could be run on that basis - crews negotiating rates for treatment from people lying bleeding in



the road, or dying of heart attacks. Even the Libertarian Right would not go as far as that. But ambulances are an efficient and generally admired public service. Therefore she resents them - just as she decided to abolish the efficient public provision of water. Therefore she is prepared to let the service suffer damage.

Thatcher has said from time to time that the NHS is safe in her hands. I'd reckon it would be safer in the hands of the Yorkshire Ripper!

### 'Mrs Thatcher has been reelected leader of the Communist Party...'

By chance, Mrs Thatcher's reelection came just at the time when East European 'Communist' leaders were dropping off like flies. That must have contributed to a BBC World Service announcer having her reelected to the wrong side. But there's a deeper point - party loyalty is as important to Conservatives as to Leninist Communists. A rebellion of one-sixth of the party is no small matter, in Conservative terms.

Also like Leninist parties, Tories have a way of quietly and ruthlessly ousting





leaders who lose the confidence of the inner circle. Mrs Thatcher should beware the ides of March.

### Arrow in the Blue

Early in November, the Blue Arrow-County NatWest affair led to eleven arrests. Things have gone quiet for the present, as legal work proceeds. Yet it's such a big matter that I have to make a comment.

As the *Independent* put it, "These were not people in some third-rate fringe bank that had strayed into a world in which it could not cope; they were not people who the City establishment would regard as on the ragged edge of acceptability. From elder statesman to rising star, all were at the core of some of the best houses in the land." (November 10th 1989.)

It is notable that National Westminster, a large and well-respected clearing bank, has never the less had its reputation damaged by involvement with the world of share-dealing. Clearing banks provide a service. Share-dealers grow rich by playing complicated games with money. The City is essentially a game of *Monopoly* played with real assets. (Indeed, I recall that the game was devised by a loser in the real-life process.)

What those accused are supposed to have done is to have made a flop look like a success. Not all that unusual in the world of finance. Except that now they are being accused of breaking the law. Meanwhile, the rest of us pay crippling

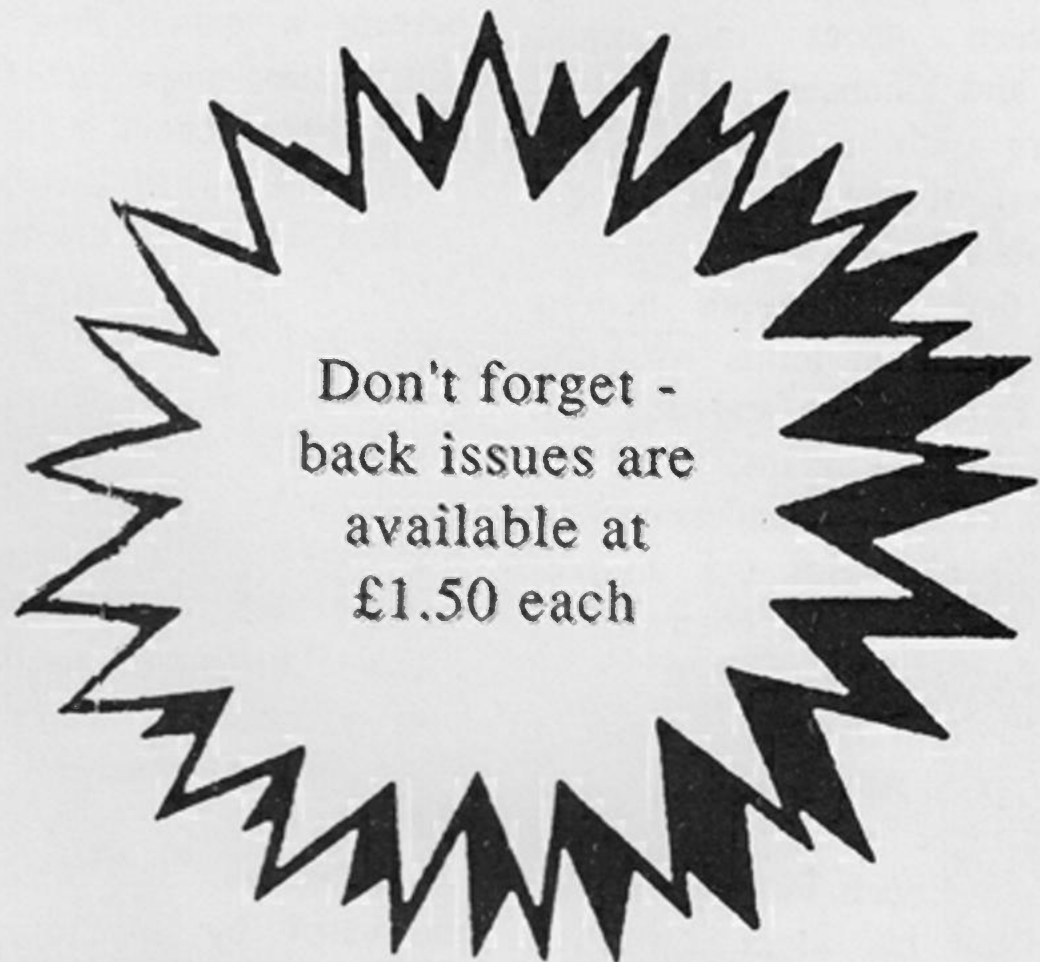
interest rates to 'maintain City confidence'. They may not have much confidence in us, but frankly a lot of us don't have much confidence in them. Britain's industrial prosperity was created in the North, especially the Manchester/Liverpool region. It was frittered away by the City and other ruling circles in London. Never mind being an obstacle to socialism - City values can't even run capitalism successfully.

### The blobs that become human

Parliament has to decide if small blobs of jelly are to be given the same status as human beings. Human beings start out as fertilised eggs, and before that as unpaired eggs and sperms. But it is somewhat unreasonable to treat a

fertilised egg as human before it has a few recognizably human characteristics.

The proposal is that research be allowed on pre-embryos. Up to 14 days, the blob of cells resulting from a fertilised egg may lead on to one embryo, or to two, or to nothing at all. Under normal conditions, many pre-embryos are lost before there are any signs of pregnancy. If these lost blobs acquired a human soul at the moment of fertilisation, the God alone knows what happens to that soul. Small prehuman blobs have little chance to do anything either good or evil! Belief in Christianity need not mean a rejection of research on pre-embryos. And indeed, the Archbishop of York has said that he finds it ethically acceptable.



## The Call of the Wildflower

**The Savour of Salt.** A Henry Salt Anthology, edited by George Hendrick and Willene Hendrick. Centaur Press 204 pp. £12.95. Reviewed by Michael Alexander.

One important aspect of Labour politics has been members of upper class who ceased to believe in what they were doing. Henry Salt was someone whose humane feelings started with animals, and later extended to the poor. He became guilty when it first dawned on him that the meat he ate came from killing animals. Later, he also realised that he was in part living on an unearned income that came from other people's work.

(That is to say, it was an income that someone else had earned and not received.)

Salt's arguments for vegetarianism convinced many people - including Mahatma Gandhi, who was already a vegetarian by custom and habit, but unsure of its justification.

One of his books - *The Call of the Wildflower* - caught my attention by its contrast with Jack London's *The Call of the Wild*. Salt and London represent different aspects of socialism. Salt lived from 1851 to 1939, neatly bracketing the rather shorter life of Jack London. I don't know if they knew of each other - if they did, there would probably have been mutual disapproval. Yet both represented necessary aspects of the socialist cause.

Much of Salt's work was for animal rights. He assumed that the "Rights of Beasts" meant that both meat-eating and animal experiments should be forbidden. I do not accept this - human beings are

after all omnivores. We were hunter-gatherers for tens of thousands of years before we developed agriculture, and to deny meat-eating is to cut off part of our basic nature. Yet I can see that Salt has a serious point. Ignoring the right of animals can very easily lead on to ignoring the rights of other humans. (Though it should never be forgotten that Hitler was a strict vegetarian.)

On a wider view, Salt stood for ethical socialism. As an ex-Leninist, and someone who was expecting the ignominious collapse of East European non-ethical socialism for years before it actually happened, I can see that a *sense of ethics* is something that the socialist movement needs to recover. Ethical behaviour usually does pay off in the long run. Ruthlessness may be needed in emergencies, it is very unwise to make it a matter of routine. The way ahead lies somewhere between the *Call of the Wild* and the *Call of the Wildflower*.



# Gorbachev's Puppet

**Jack Lane** argues that Gorbachev, though no longer interested in the ideals of the Bolshevik Revolution, is interested in spoiling the development of the EEC into a political union. Thatcher's 'Little Englandism' makes her his natural ally.

Thatcher's claim that she can do business with Gorbachev has become rather ironic in recent weeks with her concern about rapid changes in Eastern Europe that he has set in motion.

It would be only natural for a traditional Tory to be expressing caution about such things and to be expressing some virtues of the existing order. But Thatcher is no such animal. If millions of people are rushing towards a more market-orientated society - why are there any reservations being expressed? Why is there concern about maintaining existing borders and alliances? This does not really square with an ideology that sees an extension of the market as the solution to all problems.

The fact is that Gorbachev's actions have raised in very stark terms what the future shape of Europe may and may not be. Europe is up for grabs, and that raises issues that cannot be understood or determined by people with the simple-minded attitude of economic determinism that Thatcher thrives on.

She has to strive to find a footing in this fluid situation. And the only way she feels comfortable is in sliding into Little Englandism. Enoch Powell may be dead politically but his ideas are alive and well in Downing Street. He at least had the virtue of openly developing and proclaiming a consistent anti-Europe, pro-Russia position based on what he

considered to be Britain's ultimate interests.

Powell believed that Britain should steer clear of all political involvement with European nations and play the balance of power game that had served her so well in the past. Britain and Russia should adopt the position of referees from the sidelines and fish in troubled waters as it suited them.

He was blind to the fact that Europe had stopped playing the game. Two world wars made sure of that. Europe had become a team. And that has been the single most important fact in influencing Gorbachev's behaviour.

Gorbachev has tried every trick in the book to break up the team. He offers to make it bigger with his pan-European ideas, but the object of the exercise is to break up what has actually been a success - the E.E.C.

His schemes raise the possibility that that captain of the team, Germany, might transfer and set up his own team in Middle Europe, or just leave the team and play on his own. The result would be the same for Gorbachev - a disorientated Europe.

Gorbachev is obviously no longer motivated by anything to do with the Bolshevik Revolution. He now regards that as being of no more significance than that it was "not a mistake". (The Guardian, November 11th 1989.) That

is a pretty back-handed compliment to the people who established the state of which he is in charge. One thing is certain - he needs to show some evidence of success, and soon. Russian self-respect, if nothing else, will demand it.

Increasing uncertainties within and around the Soviet Union, along with praise from Thatcher, Bush, the Pope, the Queen etc. is hardly a criterion for success if Russia has any pride left.

What better prize could he deliver than a disunited Europe - a Balkanised Europe. Russia could cope with that - it would feel happy and superior, happy *because* it was superior.

Thatcher is his unwitting puppet in all of this - that is the business relationship between them. That is her real 'special relationship', and it is quite clear that Bush is distancing himself from her as quickly as good manners will allow.

Labour has in the European issue - as in so many others - a perfect opportunity to make up for a lot of its past misguided policies and to display a bit of statesmanship.

Ernie Bevin put Europe on its feet after World War Two. It has gone from strength to strength. The time is ripe for a great leap forward towards political union and an opportunity to make European values a force in the world.

