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Interview with
Peter Hain MP

The Budget:
Politics
Social Policy
Economic Policy

Russia

Ireland

The Voluntary Sector

Welfare State

Crime

"Democracy Now"

plus
Notes on the News
Trade Union Diary

Editorial 1

After the Budget, Politics versus Sound-Byte

Since the General Election, the Tories have been seen as a collection of headless chickens, running around with no apparent aim, and seeming not to have a clue what they were doing.

This is understandable. They ditched Mrs. Thatcher when she became an electoral liability. They did it by instinct. But that left a political vacuum which would take some time to fill.

They should have lost the election anyway, and gone into a period of opposition to redefine themselves. John Major did not look like a man expecting to win the election. He got on his soap box, made a few statements of principle - such as he didn't want to see a parting of the ways between Scotland and England - and pretty well said to the electorate: "I'm in your hands". He decided to bare his soul a bit and take his chances.

Things didn't work out as expected. Neil Kinnock saw to that. He had lost his soul. In Sheffield he alienated sufficient of the electorate by celebrating victory before the electorate had exercised its choice. (But this particular insult was merely one outstanding insult in a long catalogue of garrulous arrogances.

So Major, to his surprise, and to the surprise of most Tories, found himself in power, with a majority probably sufficient to see out a full term of office. The Tories now had to do in power what they should have been doing in opposition - redefining themselves in order to be again a "natural" party of government.

The result was a period of chaos. Every Minister, and indeed every backbencher, had his own view of what the Conservative Party should be. Few were reluctant to say their piece - and with as much force as they could muster.

The Labour Party enjoyed the spectacle immensely. They couldn't fail to win the next election! The media got so carried away with the public spectacle of Tory-eat-Tory, they imagined that their future role was the almost whimsical making and breaking of Ministers - and indeed Prime Ministers. They were having almost as much fun with politics as they were having with English football.

The Tory Party is not the English football team. There is purpose, even in its apparent madness. After the Thatcher certainties went out of the window, new certainties had to replace them. After Heath they had the luxury of nearly five years in opposition to reshape themselves. Now they had to do the business while governing the country.

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They had to decide where they stood on Europe, on the Welfare State, on international relations and, substantially, on the whole question of society itself.

Labour loved it all. They saw the Tories tearing themselves apart. Euro-rebels nearly brought down the government. Portillo, Lilley and Howard appeared on the point of pistols at dawn with Clarke, Fowler and Hurd. And Thatcher, Tebbit or Heath could always be relied upon to chuck toilet rolls in from the sideline.

There wasn't going to be this kind of carry-on in the Labour Party. No extremists here. Heads down, a few platitudes, and it's power at last come the next election.

Except this is how the Tories get their act together! There is much sneering at Tory Conferences. All stage managed! No debate! Well, at the last Tory Conference, everybody knew where everybody else stood. There followed a great ideological battle. This battle is not quite over. But a consensus is definitely emerging.

The development of a Tory consensus, of a Tory ideology, was the most important aspect of Kenneth Clarke's budget. Everybody had been, deliberately, openly involved in determining what should be in it. The Tories are getting their act together. It may not be enough for the local and European elections next year - though one would be ill-advised to bet on that. It will probably be more than enough for a General Election in 1995 or 1996.

John Smith was in a state of fury as he responded to the budget speech. Kind supporters in the media allowed that he was furious at Tory policies. His bluster and the brevity of his speech, as well as his demeanour, made it clear that it was the sight of the Tories getting their act together, when he was assured by his dubious advisors that this was impossible, that made him furious. That, and the collapse of Labour's "policy" of disengaging from politics in the hope that the Tories would defeat themselves.

Labour forgets that its own periods in office were preceded by open turmoil - most especially under Landsbury in the 1930s and under Gaitskell in the late 50s and early 60s.

Labour derides the Tories for not listening to the advice of professional enquirers and think tanks - it makes a virtue of the fact that it has no position on social policy until the Borrie Commission reports at the end of 1994!

But the Tories insist on being *political* above all else. Being political has become anathema to the likes of Blair, Brown, and the rest. Peter Hain attempted in the mildest way to be political. To rejuvenate the Tribune Group which Foot and Kinnock had emasculated. He was removed from the secretaryship of Tribune in an orchestrated coup by the Labour front bench.

(It is a matter of great concern that two of the very few principled members of the Shadow Cabinet who nominally supported Hain's attempt to open political debate in the Labour Party, failed to turn up to support him. We hope that this does not mean that John Prescott, who this journal invariably supports, and Kevin McNamara, who we almost never support, have not surrendered to the apolitical consensus which the spin-doctors at Walworth Road have been foisting on the Party. Can they be blind to the fact that while Peter Hain's moderate socialism is dumped on from a great height, Frank Field can peddle a line well to the right of Kenneth Clarke?)

This journal has tried over the years to counter the apolitical, smug, and ultimately self-defeating road on which the Labour leadership has embarked. We have made little impression.

The illusion that the Tories were tearing themselves apart hasn't helped. Perhaps the consolidation within the Conservatives which was manifested in recent weeks will stir a political awakening in the Labour Party. The Tories are getting their act together. That is good for politics. But it is not good for the future of ordinary people in Britain unless it provokes the Labour Party to develop a socialist alternative which puts the commom wealth before the private greed represented by Toryism in all its guises.

Editorial 2

Russia
The Incompetent Capitalist Revolution

Kenneth Baker MP, having recently been pensioned off from a position of leadership in the Mother of Parliaments, went to Russia to ensure that President Yeltsin's election was conducted according to the highest democratic standards. (It will be recalled that the reason the Russian Parliament, recently subjected to artillery fire, was held to be worthy of destruction by our Parliamentary leaders and our academic experts in democratisation, was that the Russian election of 1990, though not faulted at the time, was seen in retrospect to have Failed to meet the highest standard of the Parliamentary art.)

Mr. Baker appeared on Newsnight on December 10th and reported that everything was being done properly. It was suggested to him that the fact that he was himself an enthusiastic supporter of Yeltsin's Constitution, which was one of the matters being put to the electorate, might cause some people to doubt his impartiality. Nonsense, he said: Russia needs stability under a good Constitution in order to develop as a democracy and that is what Yeltsin's Constitution gives it. Look, he said, flicking through the latest daily edition of that rapidly evolving document, here you've got separation of the powers, a free Parliament, and an independent judiciary - what's wrong with that?

All that we can find wrong with it is that the free Parliament and independent judiciary, which were functioning organs of state a few months ago, have now been reduced to paper. And that even on paper they have been placed under strict curbs to help them resist the temptation to reassert themselves as active institutions of state. If Yeltsin could not tolerate the actual separation of powers established in the Courts and in Parliament by people who had been his colleagues in the opposition to the 1991 coup, is he now likely to restore what he destroyed?

The relationship between the Executive and the legislature is the most difficult of all relationships to establish when setting up a system of representative government. The Executive often feels a natural urge to strike off the head of the Legislature. What Yeltsin did to the independent Parliament was nothing unusual. All that was unusual was the wholehearted support given to him, even before the event, by the Anglo/American founders of the system of representative government. And we did not notice any dissent from the Labour Front Bench when Major declared support for the shelling of Parliament and the suspension of the Courts in order to 'safeguard democracy and the rule of law'.

A few generations back an informal institution known as the Fourth Estate was considered neccessary to liberal democracy. The Fourth Estate was the newspapers conducted by editors and journalists with critical faculties, and some independent knowledge of the world. But nowadays we only have the media. And any resemblance between the media and the Fourth Estate is illusory.

At crucial moments (as determined by the state) the media-creature must have the mentality of a serf. At less important times he is permitted to mimic a journalist of the Fourth Estate, but not when it counts. And we have noticed that amongst those to whom servility comes most naturally are some who not very long ago were active in the revolutionary vanguard. They have a similar political, or at least ideological, history to Yeltsin, and are therefore more attuned to him than the common or garden liberals of the Guardian variety because, like him, they are merely counterfeit liberals.

John Lloyd, the Moscow man for the Financial Times, formerly of the Communist Party, reported the shelling of Parliament under the headline: "*Hellish battle spells ignominious end for instigators of revolt*". He informed the world that "For the instigators of the revolt, Mr. Ruslan Khasbulatov and Mr. Alexander Rutstkoy...the end was

ignominious. Witnesses who met them as the troops entered the building spoke of men breathless with fear, desperately pleading for their lives." (We quote from Mr. Lloyds article in the Irish Times, October 5th.)

Khasbulatov, as Speaker of Parliament, had been on the barricades with Yeltsin in August 1991. He was anxious to make functional compromises between Parliament and the Executive, but was not prepared to collaborate in reducing Parliament to a Presidential rubber stamp. Yeltsin had majority support in Parliament to start with. He lost that majority by a blend of arrogance and incompetence. He was given extraordinary powers by Parliament for a year to improve the economy and the system of government. When he failed to do either, Parliament refused to renew his emergency powers. But he held on to them anyway in defiance of Parliament. Then he declared Parliament to be dissolved though he had no Constitutional authority for doing so.

When the Executive revolted against Parliament, Parliament responded by appointing a new Executive - which is in fact how Parliamentary government in England got established - as our Parliamentarians ought to know since every Autumn they go through the ritual of locking out Black Rod, commemorating the event by which Charles I was prevented from doing to Westminster what Yeltsin did to the White House.

(That the skirmishing which preceded the shelling of the White House had been contrived by Yeltsin as an excuse for doing what he did always seemed probable. The detail of it has now been given by Jonathan Steele in the Guardian of November 13th, 1993.)

Yeltsin was not as squeamish as Charles I and so Khasbulatov is in jail instead of being Russia's John Hampden. And because he lost he is, from a certain point of view, contemptible. But from another point of view it is the journalist, with liberal pretensions, who sought to make Khasbulatov despicable in his moment of defeat who is contemptible.

Sometime later Mr. Lloyd reported on Yeltsin's new draft constitution (the first draft of many drafts of the draft which was being redrafted up to the moment of voting). The headline was *"Firm stand by Yeltsin for a new legal order"*. Maintaining every appearance of solemnity, Mr. Lloyd reported in the new legal order the President can strike down laws passed by Parliament; that though Parliament can impeach the President "for treachery or very serious crimes, these do not include breaching the constitution"; and that the President may dissolve a Parliament which passes a vote of no confidence in him.

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If only Charles I had known that *this* was democracy and law, how different the course of English history might have been!

If Yeltsin's Constitution had been introduced six or seven years ago as a limited measure of liberalisation and guided democracy within the old state, perhaps it would have been progressive. But it is being introduced after the destruction not only of the old state but also of the framework of a liberal state functioning through a separation of the power which came into being after the 1991 coup attempt - and also after the dissolution of social order by the elements which Yeltsin fosters and represents. In these circumstances it is as liable to be a prelude to fascism as anything else. (In our comment on the events of last Christmas, we said Yeltsin seemed to be a sort of buffoon. That needs amending: he is a buffoon with artillery.)

The fascism of the twenties and thirties developed in the unstable condition of Europe brought about by Prime Minister Asquith's World War. That war had the effect of subverting what the British Government when declaring war said it was its intention to safeguard: the civilised order of Europe. In the post-war situation revolutionary socialist movements made government on the old lines impossible but were unable to dominate the chaos and produce a new political order. The various elements of society separated off from each other and tried to take off in opposing directions. The fascist movements in Italy and Germany took in elements from both right and left and restored a kind of national political life in the states in which the stalemate between left and right had broken it.

The great novelty in the Russian situation is that it is an incompetent capitalist revolutionary movement that has broken society up into its elements.

Postscript

The voting in Russia, in which the democracy gave the first place to a party which we are told is fascist, has put the wind up the propagandists in Parliament and the press who, without sufficient

reason, made an equation between the market, human nature, liberalism and democracy. Whether Zherinovsky is or is not fascist we have no means of knowing. The fact that the Yeltsin enthusiasts declare him to be fascist is in itself sufficient reason to doubt it. The Western media creatures in Russia - Yeltsinites all - made propaganda instead of reporting, so we lack the information to judge what has happened.

Until now it has always been assumed that one of the prime objects of fascism was to destroy Parliament. But when Yeltsin destroyed the Russian Parliament that assumption was promptly discarded.

To soothe Western liberal sensibilities Yeltsin decided to supply it with the fig leaf of a pseudo-Parliament - a Parliament whose function was to be a rubber stamp, as the Reichstag was from 1933 onwards. The referendum on the new Constitution dreamed up by Yeltsin, and voted on simultaneously with the election of the pseudo-Parliament, was designed to enable the President to rule by decree, as Hitler did while formally remaining Chancellor. (The Weimar Constitution was not repealed in Nazi Germany.)

Constitutionally, so to speak, Yeltsin may do what he pleases, without regard for the result of the "Parliamentary" election. There are substantial reasons, in the narrow ground of politics, for classifying him as a fascist, although an incompetent one. But on the broader ground of social relations he appears as an incompetent capitalist revolutionary who, by breaking society into its elements, has prepared the ground for fascism.

We are now in the third year of the capitalist revolution in Russia. The effect of the socialist Revolution on the outside world three years, or thirty years, after the event was stimulating. The effect of the capitalist revolution three years on is depressing, and threatens to be catastrophic.

Editorial 3

Ireland

The agreement, or joint declaration, of the London and Dublin Governments about Northern Ireland, has no obvious meaning. It is the kind of thing which only acquires meaning in practice. If its meaning in practice proves to be a definite commitment by the British Government to establish all-Ireland institutions as the opportunity presents itself, with a view to securing sufficient Unionist consent to an all-Ireland government to make its establishment compatible with what passes for democracy in Northern Ireland, then the end of the war is in sight. Repeal of Articles 2 & 3 of the Irish Constitution in these circumstances would, in effect, mean their transfer from Irish law to British policy.

But if the meaning proves to be nothing more than a willingness on the part of the British Government to pat the IRA on the head and say "good dog!" if it stops the war - which is how Michael Mates, fronting for the Government, presents it - then it is hard to see how the agreement could lead to anything. Admitting the IRA to the conference table after it stops the war is a worthwhile policy only if it is understood that the IRA has made a point by fighting the war and that this point will have high priority on the conference agenda.

The basic view of Northern Ireland taken by this journal is that it has been systematically misgoverned ever since its establishment because it has been governed outside the politics of the state. To remedy that we have supported the campaign to incorporate it into the British political system. Our motive in this has not been Unionist, but democratic.

The Province happens to be part of the United Kingdom, and so there is a clear moral obligation that it should not be excluded from the political system by which the United Kingdom is governed. We have always recognised the Republican aim of making it part of the Irish state as being a coherent alternative, and that continuing refusal to treat the Province as part of the UK politically strengthened the moral case of Republicanism.

Both Ulster Unionist parties have opposed the project of including the Province in the politics of the state. They have sought security for their "Constitutional position" in communal politics - in the preserving of the division of Protestant and Catholic as the basic political division in the Province - even though the communal structure of politics made it certain that the Catholics would remain a cohesive anti-Partitionist bloc - and an increasingly influential one.

The Campaign for Labour Representation tried to develop a political movement outside the communal structure. It was achieving considerable success, both in Northern Ireland and in the Labour Party, until Kate Hoey MP intervened and turned the issue into an appendage of Ulster Unionism. We commented on this development in this magazine in the March-April, 1993 issue as follows:

"In the 1940s there was a strong cross-community labour movement in Northern Ireland, based on an agreement to let the question of the Union rest. It was disrupted by the Anti-Partition League which succeeded in bringing that question to the fore. This time round the disruption has come from the Unionist side. But we think that the Nationalist disruption of 1948 was better calculated to serve the Nationalist interest then than the Unionist disruption of 1992/93 is to consolidate the Union."

Unionist disruption of the CLR by Hoey and her colleagues was undoubtedly one of the influences which helped to bring about the present turn of events, by handing the moral ascendancy to John Hume and Kevin McNamara, both of whom had been on the defensive towards the CLR until the summer of 1992, when Hoey gave the game away.

News in Brief

Yeltsin & Poland

Boris Yeltsin intervened in the recent Polish election to boost the chances of Lech Walesa's Catholic coalition slate. He did this in two ways. On a visit to the country he backed the Polish application to join NATO. The West has consistently rejected the applications of Poland and other Central European countries to join NATO on the grounds that it would strengthen the "conservative" opposition to Yeltsin. Yeltsin's behaviour in Poland therefore appeared contradictory.

However, it soon became clear that Yeltsin's apparent support for Poland's application was nothing more than a short-term ploy - as soon as the Polish election was over, he reneged on the commitment to back the Polish application.

The other thing Yeltsin did was to issue documents purporting to show that General Jaruzelski had asked the Soviet Central Committee to threaten to invade Poland if Solidarity misbehaved. These documents were intended to discredit the main opposition to Walesa, the reformed Polish Communists.

In the event, despite the best efforts of Walesa's Russian friend, and of his Roman friends, the Catholic slate was defeated in the election. The Government is being formed by a coalition including the reformed Communists and the farmers.

The "Voluntary" Sector

a need for reappraisal

by Angela Clifford

What should be our attitude to the voluntary sector? Many socialists would see the rise of 'voluntary' action as a consequence of the dismemberment of social services and a symptom of the general disintegration of the fabric of society over the past two decades. Others, however, like the idea of people doings things for themselves and for others in a decentralised kind of way. The general media attitude to 'voluntary effort' is to be supportive in an uncritical way.

One thing has become increasingly clear during this time: the word 'voluntary' itself has undergone a metamorphosis. It used to indicate that a service was provided altruistically. Nowadays the meaning has been subtly extended to include professional services provided with the assistance of public funds. The whole field of 'voluntary' action can cover a multitude of activities, of varying use to society and with very different social relations governing them.

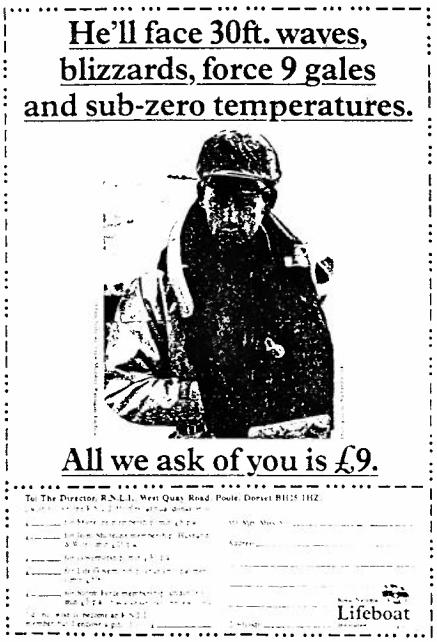
Because of the confusion surrounding the subject, it was with interest that I turned to Barry Knight's recent report, *"Voluntary Action"*, which was commissioned by the Home Office and 22 other funders, including business and charities. I found that the 25 researchers involved in the project had produced a report with little in the way of hard facts on the profile of the voluntary sector in the UK. Indeed, one researcher—Genevieve Reday-Mulday—had produced more factual information in the few pages on the French *"social economy"* than the other 24 had produced in the rest of the book. We learned that in France 1.5 million work in the social economy, with another two to four million helping on a voluntary basis, 70% of these being women. We also were told the turnover of the sector was FF 100 billion, with FF 60 billion concentrated in health and social service expenditure. Real conclusions could be drawn from this type of information.

When it came to the UK, however, a different methodology was used—one concentrating heavily on sociological methodology. Instead of facts, there were impressionistic 'in-depth' surveys of particular charities, their role, their workers, their mode of organisation etc., etc.—none of them named. What was particularly frustrating was that a chapter which 'analysed' 1,173 national voluntary organisations, with 26 tables, did not provide objective facts, only relative facts. Thus, instead of telling us the total income of these organisations, the researcher told us the number and percentage of organisations in 14 income categories. The same procedure was used throughout. This greatly undermined its value as a tool for social analysis and change.

a bloated industry?

Whatever the shortcomings of "Voluntary Action", it did make some interesting points—such as recommending the ending of the catch-all status of charities—and could have been the starting point of useful debate. John Major, however, has rushed in to close off discussion of change in order to further his current attempt to project a populist image, and Labour politicians have shown no willingness to grasp the nettle of cutting voluntary action down to size. It had been a tradition of the Labour movement to replace voluntary, charitable, individual provision of social services with statutory, generalised, and professional services, but little thought seems to be devoted to the new social revolution that is now required.

The first thing to note about the voluntary sector is that it is costly to society. Barry Knight does not make a lot of this point, but the fact is that any society registered as a charity may make whatever surplus it wishes without being subject to tax. And the Charity Commissioners (or the Inland Revenue in Scotland and Northern Ireland) do not discriminate amongst applicants, so long as their general remit falls within the guidelines—i.e., as long as they are not overtly political or commercial. So wide is the scope of charitable endeavour that it can include Baroness Blackstone's Institute For Public Policy Research, BUPA, private schools, and more esoteric institutions studying Zen Buddhism, Tolkien's imagery or whatever. There are many different ways of organising a charity. Many of them



the genuine article?

are run by oligarchies who effectively 'own' them. While charities cannot pay dividends to their owners, or salaries to their directors, there is no limit on the fees, salaries and tangible benefits disbursed by charities. And, while there is often a top tier of voluntary figureheads with only a general idea of their project, the real management is conducted by a professional tier beneath them. Sometimes there is a further tier of voluntary foot-soldiers beneath the professional management, or there are paid employees, or a mixture of the two.

Donations to registered charities, if covenanted, attract a tax bonus. Thus, £10 of taxed income so donated will be worth £12.50 to the charity. An advert for the "Charities Aid Foundation" (Reader's Digest, April 1993) also states "It will save you tax too", but I don't know how this works. Another device for attracting tax-free money is for a charity—which may not itself go beyond activity which directly furthers its objects—to set up a trading company which can engage in any activity. By covenanting company profits to the charity, the business avoids paying any tax. Naturally, tax-payers have to compensate for the taxes lost in these ways.

This point was high-lighted by Mr. Morison, a trustee of a charity, who recently wrote to the papers as a consequence of the publication of "Voluntary Action". He said:

"...charity, properly speaking, is a personal and voluntary matter. Why then are we, as taxpayers, compelled to contribute to countless causes of which we know nothing and of some of which we may disapprove?

"...The charity scene is getting out of control. Countless small organisations are becoming registered as charities with no other object other than getting tax relief..." (Letter to Financial Times, 19.10.1993.)

Mr. Morison thinks that in many cases the tax relief gained is small, and that the benefit of that is outweighed by the *"onerous legal and administrative obligations"* incurred. I am not in a position to comment on the total amount of tax lost to the Treasury by the charitable benefits. It is not a figure that is cited by Barry Knight's 309 page, A4 size printed report.

Another cost to society resulting from charitable status is in loss of Business Rate. A charity is only required to pay half the normal property tax—and this may be further remitted at the discretion of local authorities. Clearly, the shortfall income has to be made up by charging others more.

But the financial cost to society is not the main problem arising from 'voluntary' work. It is the disorganisation and personalisation of social welfare provision supplied by means of such institutions. Barry Knight shows that the areas of greatest need do not have the correspondingly greatest number of charities working there. The sort of area which produces volunteers is the sort with the least social problems. And there is an accidental element about where charities are located. The biggest single factor seems to be that an energetic person decides to do something about a problem and establishes either a new organisation or a branch of a national organisation. Another problem resulting from supplying services on a charitable basis is the discretionary element. After all Charity can never be a Right!

The socialist revolution of 1945 destroyed voluntary action in the UK for a generation to all intents and purposes. The Labour Government introduced the concept of *"rights"*, rather than *"charity"*; and those 'rights' were not the amorphous ones which come so readily to the lips of the under-employed these days. These were real "rights" corresponding to real contributions. The entire emphasis of Labour in those days was to promote the idea that social insurance involved specific payments made by workers in good times to ensure that they, their dependants and their class would be provided for when unemployed, sick, in the family way, or retired. This encouraged a non-sponging mentality, a sturdy independent outlook.

The Labour Front Bench has strayed close to abandoning that rationale for Social Insurance. It has tried to treat social contributions as just part of general taxation. That is a serious mistake. And it is one which plays into Tory hands. Mrs. Thatcher was elected on a policy of pushing back the state and reducing taxation. But Social Insurance is not taxation. It is a cost-effective and secure means of an individual providing for adversity. Privately-funded pensions and benefits cannot compare with the compulsory state-organised system, either in guaranteeing the amounts paid—or even if they will be paid at all (as Maxwell's pensioners have learned to their cost). Such payments also depend on the vagaries of the Stock Market and cannot be depended on. They may be an acceptable addition to compulsory participation in state-organised Social Insurance, but not an alternative. But a proper social welfare system cuts out the need for a lot of 'voluntary' effort.

Mrs. Thatcher was determined to revive the capitalist impulse in a society which had reached a socialist stalemate. Her chosen vehicle to wreck public services was to extol the virtues of voluntary, private, and commercial action to replace public provision. A new role was given to 'voluntary' organisations, and an ideology of *"active citizenship"* and 'charitable giving' was promoted. There had been plenty of voluntary organisations before 1945, and they had performed important social functions. For instance, they owned many hospitals which provided subsidised medical care. The organisation of the NHS led to their demise and the public benefitted by having a statutory service giving a standardised high-quality (and free) health service across the country. The introduction of the Hospital Trusts is in many ways a return to the pre-1945 patchwork position—except this time around the Boards are paid salaries, instead of working for nothing.

The disintegration of Local Authorities has provided further opportunities for commercialised 'voluntary' enterprises. Municipal Socialism was one of Labour's big strengths until the ideologues came to dominate thinking. Clearly, if there was going to be a cataclysmic egalitarian upheaval, the petty public services provided in particular localities were of little importance—indeed, they could

hold things up by providing diversions. Municipal Socialism came under a two-pronged attack, ideologically and through the trade unions. Wages were increased and the public service ethic whittled away until many services became tenuous to say the least. Two other connected factors contributed to the general disruption. Firstly, there was the amalgamation of Councils into huge units around 1974 requiring new Town Halls to be built, large bureaucracies to accumulate, a general dissociation from localities by staff and councillors, and local achievements lost in one amorphous whole. Along with this there was the huge injection of finance into localities, leading to spendthrift attitudes only now painfully being curbed.

These developments made Local Authority 'services' an easy prey to Thatcherite attack. Voters saw no sign of Labour self-reform and anything seemed better to the self-serving, inefficient and spendthrift arrangements so widely prevalent.

Many Local Authority services are now contracted out. And, while some have now been taken on by the commercial sector, others have been won by the 'voluntary' sector, some of which has become dependent on income derived from contractual arrangements with public bodies. There is a large variety in the 'voluntary' societies undertaking such work. Some of them are religion-inspired and constitute a modern form of 'souperism'. Others are philanthropic institutions characterised by superior career opportunities to those able to master sociological jargon. No doubt there are some genuine voluntary organisations out there too.

The worst of it all is that those personal social services which used to be provided in an organised, standardised and cost-efficient way by the NHS, have now been transferred to Local Authority administration by the Tories. These are now contracted out to a variety of providers to the detriment of those in need. Labour politicians do not seem to have asked themselves why the Tories—whose concern over the last 14 years has been to reduce the powers and functions of Local Authorities—have now given them this huge new role? The fact is that sections of the NHS can be first disrupted and then given over to private enterprise by this means. And the commercialisation of the voluntary sector which has occurred in recent years helps to blur the distinction between private and public services. After all, as the advert says, nobody in BUPA makes a profit.

Barry Knight makes grand claims on behalf of *"voluntary action"*. He sees it *"as the expression of self in a free and democratic society in which people... have a right to belong, contribute, and be cared for if things go wrong for them..., Ultimately, voluntary action is about relationships between fellow human beings, with our environment, with other beings on the earth, and ultimately about our relationship with ourselves."* The crucial point here is the emphasis on self-esteem. Thatcherism has made some people a lot better of by reducing taxes. Some of them feel bad about the resulting social problems and find charitable giving a useful (and sometimes pleasurable) way of easing their consciences. Naturally the donations are nothing like the amount they have saved in tax payments. But, unfortunately for the Thatcherite strategy, the new ideology has made people less inclined to give their labour free to charity. The decline in volunteers is highlighted in the Knight study. The enterprise culture means people feel they should be paid for their time, leading to the growth of professionalism and paid 'volunteers'. People also prefer to give to 'fun' causes and in 'fun' ways. The Thatcherite revolution has led to an increased need for altruism while diminishing its supply!

Knight identifies another problem. Many campaigning organisations have been diverted from their original remits into contracting for the performance of services for the state. This means that the original and the new roles are both indifferently performed. His solution is to do away with the idea of 'charities' as it presently exists—a phenomenon unique to the UK (and Ireland) within the EC. Instead, he suggests that campaigning organisations be no longer subsidised by the state in any shape or form (they can get funding from traditional private sources); and that they no longer perform services for the state. On the other hand, he proposes that other charities should turn themselves into agencies which will contract for and provide public services. These bodies will no longer be radical or campaigning, but professionally organised service-providers under strict regulation and with limits on pay and perks. These would exist alongside the overtly commercial sector as contractors for public services. Any tax-breaks they would be given would be related to performance.

There is a lot to recommend this approach as a temporary solution to the present chaos. The introduction of the National Lottery—with a fixed percentage of its income going to charity—would be a good opportunity to end the indiscriminate subsidy system presently in force. Knight's solution is by no means an answer to the destruction of the socialised services. While it is hard to envisage the clock being turned back with regard to these (except for the NHS which Labour will hopefully restore to a universal *system*), there may be a pointer to the future for Local Authorities in certain Scottish developments, where the Tory enterprise culture (and funding) has been harnessed to community and cooperative projects. But to people such a development, we need a new generation of down-to-earth socialists, able to rout the rainbow politics of the sociologists.

Welfarism and Social Nationalism

Gwydion M. Williams

[A year ago John Smith instigated the setting up of The Commission for Social Justice under the chairmanship of Sir Gordon Borrie. Its main purpose for Mr. Smith was to produce a basis on which to establish a social policy for the Labour Party. It is due to produce a final report in about year's time. This article is a contribution to the debate, such as it is, generated by the Commission. Further information on the Commission and its interm report can be found in the Information section of this magazine.]

The New Right claim that 'welfarism' has failed. They claim this at a time when their own system is visibly coming apart at the seams. They claim this after having pushed the world into its worst economic crisis since the 1930s.

It is time to reassert the merits of the New Deal / Welfare State system. It has been the most stable and successful of all of the numerous social reforms that we have seen during the 20th century. The 1960s and 1970s showed up some of the imperfections of the system. But the 1980s have clearly demonstrated that the alternatives can be far worse. Unjust, socially divisive, and not even particularly successful at wealth creation.

When Kenneth Clarke as Home Secretary proposed to 'reform' the police service, one police spokesman described his approach as 'don't fix it - break it'. This has been true of most Tory measures. Any idiot can disrupt an imperfect system on the pretext of making it better. The skill lies in genuinely making it better.

No private enterprise would employ a manager who simply ripped apart existing structures without actually improving them. That sort of person would be out on his ear after one or two bungles. That's how the capitalists see it when it is their own wealth that is directly at stake. When it is a matter of transferring public wealth to the rich and to the private sector, it is not surprising that capitalists take a more tolerant attitude. Not surprising that a similar tolerance is shown in newspapers and other media that are owned by rich people and which need advertising revenue to survive. But things are now so bad that even some business people are realising that the Tories do not actually know what they are doing.

There can be no going back to the 1970s. History does not work like that. But Thatcherism is not a serious alternative. Thatcherism blew up after less than a decade of power. The crash of 1987 was the decisive down-turn, whatever the myths put about by John Major's 'bastards'. Everything since has been an unwinding and revealing of the folly of the years 1979 to 1987. So apart from an updated version of the New Deal / Welfare system, what else is there?

The years just before 1914 are sometimes cited as a golden age. Possibly it was a golden age, if you were white and middle class and lived in a prosperous nation. A golden age, if you did not catch TB or polio or any of a dozen similar diseases that are now quite easy to cure. A golden age, if you were not greatly disturbed by the misery and sufferings of other people. A golden age, if you were female and content with a life confined to your own house, probably with an arranged marriage; or if you were male and fairly conventional in your sexual desires. (Though it was also something of a golden age for flagellators.)

Life for the bulk of the population in the 'prosperous' Britain of the 1900s is well described in books like Jack London's **The People of the Abyss** or Robert Tresell's **The Ragged Trousered Philanthropists**. In that epoch, most people were short and unhealthy - too unhealthy even for the army. Lack of acceptable army recruits was one factor that prompted the privileged to undertake some small measures of social reform. A fairly basic welfare state was created in the 1900s. A long way below what we have now, even after Thatcher. But much better than anything that Britain had had before.

In any case, that epoch destroyed itself in the Great War. Either by incompetence or malice, Britain got itself involved in a war with Germany, Britain's traditional ally in the wars of the eighteenth and nineteenth centuries. Foreign office ingenuity had somehow locked us into a united front with our former foes France and Russia, over issues where Britain could quite easily have stood neutral. Millions of young lives were wasted in a war that settled nothing. It was criminal folly for Britain to refuse Germany's offer of a return to prewar borders in the first few months of the war, after the conflict had frozen into a lethal stalemate.

This mad behaviour by the 'Powers That Be' led to dramatic new political experiments, during and after the war. Not only Bolshevism in Russia, but also Mussolini's Fascism in Italy, and Pilsudski's radical nationalism in Poland.

Please note that racism and anti-semitism had little to do with the birth of Fascism. Mussolini's followers had nothing against Jews - not until much later, when they came under strong Nazi influence. Pilsudski's radical nationalism did have an anti-semitic tinge to it. Indeed, many Polish Jews sought refuge in Germany in the days before Hitler's rise to power. And yet it was Pilsudski's heirs who stood up heroically to Naziism. They were the root case of Hitler's downfall, albeit at great cost to themselves.

These three movements - Russian Bolshevism, Italian Fascism and Polish radical nationalism - form part of a wider pattern. A pattern that is best called *Social Nationalism.* Nothing like it had existed before. Bismark had

combined nationalism with a concern for worker's welfare, but with the traditional *Junker* ruling class very much in control. Likewise Napoleon III had aped the forms established by Napoleon Bonaparte. In Russia, Italy and Poland, new political systems were established by new men.

This pattern has been repeated in many other countries since the 1920s. Most third world nationalism derives from one or other brand of Social Nationalism. Taiwan, Korea and Thailand, and also India, as well as places like Syria and Iraq. Something similar to Pilsudski's radical nationalism is now to be seen in China, even though it still calls itself Communist. And it may well be the end-point in the evolution of many of the former republics of the USSR.

It was not the only possible pattern, however. In the 1920s, the old order of Europe partly reasserted itself. The Communists, the radical nationalists and the Fascists were marginal forces for as long as the old order was more or less functional. Ordinary people showed an astonishing patience. They kept going 'as usual' in the face of gross incompetence by their governments and appalling greed by the ruling classes.

It was the Wall Street Crash of 1929, and the subsequent Great Slump, that caused the second great wave of Social Nationalism in Europe. Keynes told everyone who would listen that the slump could quite easily be cured within the exiting political framework. The world's economy had been thrown out of balance by crazy speculation, and only needed a firm lead from the government to right itself. But most governments martyred themselves to false economic doctrines.

During the 1930s, the only successful economies were those that ignored the market and used state power to organise everything. These were the years when Russia industrialised itself. And Adolf Hitler applied Keynesian methods, employing people to build new roads etc. and did indeed cure many of Germany's economic ills. He had no strong views on economics, but had a strong need to make himself popular. So he listened to the only people who could offer him a quick fix for unemployment. He began his career as a 'miracle worker' by a pure fluke. Any other government could have done exactly the same thing as Hitler did, without all of the dictatorship and race-hatred that went with it.

This indeed was exactly what Roosevelt's New Deal was about. He wanted a solution, and ignored those who told him that the population must be martyred to satisfy the market. Roosevelt showed that it could all be done within the democratic framework. He did indeed acquire more power than any US president before or since - at the time of his death he was serving an unprecedented 4th term. But the mechanisms of democracy remained in place.

No such wisdom was found in Britain at that time. There was the quasi-dictatorship of the 'National Government', an unprecedented combination of Tory, Liberal and part of the Labour Party under Ramsey MacDonald. But the Ramsey MacDonald government was a flop and a disaster. It tried to cure the slump by reducing government expenditure, which was pretty much like pouring water over a drowning man. Things went from bad to worse

Elsewhere in Europe something similar happened - democracies collapsing as conventional governments failed to meet the most elementary needs of their people. As far as anyone could have told at the time, the future belonged to one or other variety of Social Nationalism.

The man who upset all this was Adolf Hitler. By overreaching, he wrecked both Fascism and Europe. Gambling on creating a vast Nazi empire, he lost and discredited Fascism in general, leaving the world divided between Russian Bolshevism and American New Dealism. Hitler was a gambler who was almost bound to take one risk too many. Fascism was almost the norm for Europe when he came to power in 1933, and very influential elsewhere in the world. Within a dozen years he had totally wrecked it as a serious political force. Other forms of Social Nationalism continue, but the Fascist element has been discredited.

In the post-war world, the time was ripe for some extension of the New Deal system to the rest of the world. The British Labour government encouraged this with the Marshall plan. And both Germany and Japan were thoroughly reorganised. British and American administrators were able to reorganise those societies with much more freedom than they could ever have had at home. It is reasonable to conclude that this freedom had a lot to do with subsequent German and Japanese success.

France is another interesting case. Gaulism was the last completely successful form of Social Nationalism. When he was swept to power in 1958, lots of people called him a fascist, despite his heroic record in the war against Naziism. In fact he was wise enough to leave the mechanisms of democracy in place, allowing normal multi-party politics to resume after his departure. And at an economic level, his Social Nationalism worked spectacularly well. The Old Rightism of De Gaulle helped France to become a much richer nation than Britain - they were distinctly poorer than us in the 1950s. Old Rightism in its own time worked much better than the New Rightism of Thatcher and Reagan, neither of whom did anything to reverse the relative decline of their own nations

The big problem in the post-war world was the polarisation between Russia and America. America assumed that it was now 'Number One', but Russia was not at all inclined to accept this. Some sort of bust-up was almost inevitable. Even if it had not happened in Europe, China would have been cause enough. Even though Russia lacked the power to stop the Chinese Communists taking over, American public opinion was never likely to accept this. Nor did they understand that Chinese society needed a thorough shake-up of the sort that only the Chinese Communists were likely to deliver.

With the development of the Cold War, Stalin covertly devised an ingenious method of subverting the new system. Rather than frankly saying that it was their desire to overthrow and smash all possible rivals, Communists

would repackage themselves as 'super-reformists', deliberately pushing left-wing politics beyond what was possible at any given time. This was begun in the UK, where Communism was relatively weak, with the publication of **The British Road to Socialism**. People suppose that Communist 'reformism' began with Khrushchev, but actually the **"British Road"** never changed very much from what had been approved in Stalin's day. And at no time was it ever serious about reforms. Every actual and possible reform was subverted on the grounds that it was less than ideal. So that numerous chances for left-wing reform were missed, making something like Thatcherism inevitable in the long run.

Khrushchev, who had learned politics under Stalin, continued and extended the policy of sounding reformist without actually doing anything about it. Possibly in his own mind he was entirely sincere about reform, despite invading Hungary in 1956. It's a fairly academic issue now, anyway. Even if the man was an absolute saint, the actual results of his actions was to mess up the left. And it was Khrushchev who began the move away from the planned economy, the move that finally killed off the USSR, since twenty years of Stalinism had intentionally destroyed all of the classes or strata that might have been capable of spontaneously generating capitalism. The only practical result of Khrushchev's policy was to restore credibility to the idea of the free market.

The threat of revolutionary communism had led the traditional ruling classes to accept reforms and a curb on market forces. Since the economy in the 1950s and 1960s was working far better than any free market system had ever worked, these gains seemed permanent. But then you had the odd spectacle of the leaders of the Communist Parties through out the world suddenly falling in love with market forces. Without this unexpected gift from Moscow, characters like Hayek might have remained as scorned and obsolete in our time as Chesterton and Belloc were in theirs.

[Chesterton and Belloc were actually more substantial thinkers than Hayek: **The Road to Serfdom** is a poor copy of Belloc's **The Servile State**. They could feel in tune with a worldwide substantial and popular Catholicism, whereas Hayek had to look back to the failed liberal Catholicism of Lord Acton. Lord Acton was the fellow who said "*Power tends to corrupt and absolute power corrupts absolutely*". Like Pitt the Elder before him, who said "*Unlimited power is apt to corrupt the minds of those who possess it*", Acton knew that not everyone is corrupted by power. Such a view would make for cynicism and inaction, rather than pointing out a danger. It is sad that the only remark by Acton that anyone remembers is usually misquoted as "*Power corrupts*", as if it were unavoidable and not the fault of those who succumb. But Hayek is the only person I have ever come across who attributes the misquotation to Lord Acton himself. (Header to Chapter 10 of **The Road to Serfdom**.)

Given the mess the left made of things in the 1970s, the New Right needed no particular intellectual strength to come to power. They were backing the people who already had wealth, power, position and control over the media. They played on the greed and vanity of the mainstream - got them obsessed with small sums fiddled on social security by the poor, while thousands of millions were quietly shifted to the rich and out of the control of the society. But there was also a failure of left policies to gel in the 1970s. The Social Contract was the best way forward for socialism, particularly if it had been combined with Workers' Control. But the bulk of the left attacked it for the crime of being less than perfect. And the core of this self-destructive behaviour was the Communist Party, strong and well-organised and possessing great intellectual credibility.

The damage they did has set us back a generation and may set us back further. But at least they are now gone. And socialists ought to learn the lesson that societies can evolve in almost any direction. Any social movement that is going in more or less the right direction should be supported: you will never get perfection.

Social Nationalism is now breaking down, dissolving into a world market. The economic benefits for ordinary people can be greater - though not necessarily, as the East Europeans are discovering. The East Europeans used to exchange second-rate goods with each other. They broke those links so as to get hold of first-rate goods from the world market - but now have nothing much to exchange for them. So all of those economies are for the moment getting poorer.

It is now too late for them to correct matters: hopefully the world market will pick up again and absorb them. Or perhaps the genius of the New Right will wreck everything and we will descend into another cycle of rival nationalisms. It remains uncertain.

REPORT

Democracy Now in Brighton

How the campaign to bring Labour politics to Northern Ireland continues to be sabotaged.

Democracy Now held a fringe meeting at the Labour Party Conference in Brighton. It was held on the Tuesday evening at 5.30 PM. For fifteen years previously the Campaign for Labour Representation (CLR) fringe meeting was held at precisely that time. Kate Hoey and Nick Raynsford, co-leaders of Democracy Now, had previously appeared on the platform of CLR fringe meetings, as had the Chair of this Democracy Now meeting, Maggie Cosin. There is therefore no room for doubt that the Democracy Now meeting was deliberately organised to clash with the CLR meeting, with the object of driving the CLR out of business.

The message was that Democracy Now was taking over from the CLR. But the takeover was conducted in a manner that could only have been intended to give the greatest possible affront to the people who, as the CLR, had over fifteen years succeeded in putting party organisation in Northern Ireland on the Labour agenda. And all the speakers on the Democracy Now platform engaged in an elaborate pretence that the CLR had never existed and that the issue had origininated with Democracy Now "two years ago".

Insofar as any explanation or justification was given of this procedure -

a procedure strongly reminicent of the way Leninist parties took over from social democratic parties and resistance movements in Eastern Europein 1945-6 - it was that the amateurs of the CLR might have done worthy things in earlier years, but the time had now come for professionals to take over and lead the movement to rapid success. But we have heard no explanation from the professionals of why it made sense, when taking over from the CLR, to make such efforts to humiliate or enrage people who had devoted 17 years of their lives to the campaign, instead of conciliating them and trying to bring as many as possible of them along with the new departure.

The high-handed manner in which Democracy Now dealt with the CLR is justified only by success. And immediate success is what Kate Hoey promised various Labour groups in Northern Ireland if they would disown the CLR and declare their support for Democracy Now. But in the event Democracy Now only achieved "overwhelming defeat", as the Conference chairman described it, on a show of hands. (The CLR had succeeded in getting the issue debated at two Party Conferences. On the first occasion it got a reference back, and on the second, two years ago, it gained half a million votes on a card vote.

We give below some extracts from the speeches at the Democracy Now meeting. But, first, a word about the kind of meeting it was.

The CLR, having no wealthy members, had to hold its meetings at outlying venues. At last year's meeting, held about half an hour's walk from the Conference centre, about two hundred people attended. The Democracy Now meeting (backed by the new Daily Mirror) was held in a suite of rooms in a hotel alongside the Conference centre. Food was provided in the large room and the meeting was held in the smaller. But despite all this and An exhibition stall inside Conference all week attendance was about half that of last year's CLR meeting.

But the most important difference was that while the CLR made ample provision for discussion, and drew out disagreements with its policies so that they could be reasoned upon, and thereby changed people's minds, the Democracy Now meeting allowed such a limited period for discussion, and that discussion was so closely controlled by the chair, that it was for all practical purposes a closed meeting. Its tone was self-congratulatory. (We will consider later what it was congratulating itself about.)

Here is the gist of **Kate Hoey's** address:

"I would like to say one thing to start, that although I'm upset at being personally attacked, I think what we can say is that when you get attacked in the way we've been attacked from all sides, then you know you're actually winning the argument [prolonged applause]...

"I just want to say, following on from what Nick said about how he got involved, this is an issue which I must say I didn't really give much thought to or have much interest in despite my coming from Northern Ireland. But I would like to say, and draw attention to someone who is in this room, Bob Kydd, who is at the back, who was one of the stalwarts of the Northern Ireland Labour Party, who was one of the people who was an inspiration to me when I first got involved in Northern Ireland politics. And I'm delighted that getting older he's still managed to come over here today. Thank you for every thing you gave me when I was involved in the old NILP.

"I would like just to say that after I got elected I really did get inundated by letters from all over from people in Northern Ireland, across the sectarian divide - horrible word - it's the way we have to refer to things in Northern Ireland - congratulating me, saying how pleased they were that someone from Northern Ireland had got elected, not just to be an MP, but to be a Labour MP. And letters from people in England from Northern Ireland who were active in the Labour Party saying how good it was to have someone from Northern Ireland as a Labour MP. And this all ended up by saying: if only we could do the same.

"I realised that, certainly it kind of hit me, people don't believe you, but it's a very genuine feeling that suddenly I thought I have some responsibility to people in Northern Ireland - relatives, friends, who had not been able to make that one hour plane journey or the short boat trip and actually end up in England, and being able to become active members of the Labour Party. And so I began to think about the issue and actually began to say that I couldn't understand the reasons why people opposed it. But I suddenly realised that there was a real block in the Labour Party on this issue.

"A real block that actually if you put your head up over the parapet on it in the very early days two years ago you got very heavily shot down. And what has been so invigorating over the past year or two has been the real growth of support. And that has come because when you start to actually put the argument to people and talk around to constituencies, and talk to other Members of Parliament, you discover that there is a real ignorance about what's happening in Northern Ireland. And there was a real ignorance about the fact that people could not become members. So many of the constituencies, many of the constituency delegates to Conference, didn't actually realise.

"And because it's very difficult to get a motion to Conference - you all know coming from your own constituencies how every issue, every group that's supporting an issue, wants that issue to be their Conference motion. Imagine how much more difficult it is for people to campaign from Northern Ireland on the issue when they're not members and they're not inside. So in a sense Democracy Now was all about actually invigorating and meeting people within England, Scotland and Wales to start to take the issue up. And that's what's happened. And the growth of support has been very good indeed."

She then made some remarks about the trade unions, including: "I happen to be one of those people who believe that there is a great need to modernise the links between the trade unions and the Party." She asked why the T&G hasn't balloted in Northern Ireland. She said she had friends in the SDLP but if she lived in Northern Ireland she could not join it.

She then perorated: "We have seen support grow. There's no doubt we will lose the vote tomorrow. But there will be a card vote. And it will be the first time we will achieve what will be seen as a growing support. And I'm confident that by this time next year we will have changed attitudes within the Party, so that this time next year we will win that issue and will give the people of Northern Ireland the right to take part in a democratic party and join the Labour Party."

So much achieved since "the very early days two years ago" when it was hardly safe to "raise your head above the parapet " on the issue!! In fact Kate Hoey did less than justice to her remarkable achievement. The "early days" of Democracy Now were not two years earlier but only a year and a quarter. It announced its existence on July 12th 1992, and was confident of final victory by October 1994. Such rapid success hardly warrants a metaphor from trench warfare. It seems more like pushing at an open door.

(The card vote promised by Hoey did not happen. It was not called for. This was presumably because she knew that her vendetta against the CLR had alienated support, that most union support had fallen away, and that her card vote would have been smaller than the vote gained by the CLR two years ago. Four unions voted for the CLR motion and we understand that only one would have voted in support of Hoey this year in a card vote.)

Nick Raynsford, co-leader of Democracy Now, was particularly anxious to rebut the suggestion that Labour organisation was in conflict with the Party policy of achieving Irish unity by consent. He did it quite well. And as a practised orator, he paused to allow the appreciation of the audience to express itself as applause. But though the audience applauded some things with great enthusiasm, these pauses, which we have indicated, were met by silence.

He listed some of the arguments made against the CLR case - *correction*; the Democracy Now case. Humble apologies, Nick! -:

"The first is that if the Labour Party were to accept the reality of people in Northern Ireland being able to apply for and join the Labour Party and vote for Labour candidates ..., that this would somehow stand in the way of the Party's policy of achieving the unity of Ireland by consent. If I believed that was truly the case then I would think there were very sound grounds for hesitating.

"I am totally committed to the Party's policy of achieving the unity of Ireland by consent." [This statement was made in a manner designed to encourage the audience to indicate agreement, but it was met with stony silence.]

"But I don't believe that the Labour Party seeking to advance that case does any harm by seeking to do so in Northern Ireland as well as anywhere else. I can't see how logically it can harm the case if we have Labour Party representatives in Northern Ireland saying we are seeking to build support across sectarian divides, from all sections of the community, for the principle of achieving the unity of Ireland by consent. [Silence]

"It may be some people may take the view we are so bad at advocating our cause, or so incompetent in getting support for Labour, that it would be unproductive for us to be advancing this case in Northern Ireland. Some people may take that view. But I don't believe it. [Silence] I don't think anybody who really seriously thinks about it can believe it.

"We're *committed* to Party policy. [Silence] If we're going to make that Party policy work, we've got to be in a position to argue it, to engage in the debate, to take on the people who don't want to see a united Ireland, [Silence] and discuss it with them, and discuss the reasons. We won't do that if we are offshore, this side of the Irish Sea. [Silence]"

It was tough work, like trying to make a snowball roll uphill. Raynsford must have known what he was attempting , but nevertheless felt obliged to make the effort.

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The first public outing of Democracy Now was at a £3,000 stand in the lobby of last year's Party Conference. The stand was staffed by Boyd ("Ulster Will Fight") Black and four or five other Unionists specially selected and supplied with Democracy Now credentials and visitors' passes to Conference by Kate Hoey. They spent the evenings going around the Irish fringe meetings engaging in Unionist heckling, and in one case, at an Irish Society social, they pulled down the loudspeaker equipment.

Kate Hoey's confidential agent in [London]Derry, Kenneth Adams, later explained, when seeking support for Democracy Now from people who were not Unionist, that the conduct of the Democracy Now lobby had been improper. It could not be publicly acknowledged to have been improper, but steps had been taken to ensure that it would not be repeated. Nick Raynsford had become co-chairman, Mr. Adams said, and had been put in control of discipline, and had drawn up a code of behaviour which Democracy Now personnel would be obliged to comply with.

If that was so - and we have no reason to suppose that Mr. Adams did not truthfully convey what had been said to him - then Nick Raynsford's speech must be seen as an exercise in persuading a horse, who had been taken to water, to drink it, or at least disturb it with his lips. He failed. The code of behaviour worked reasonably well in the negative. The Unionist sloganising of the previous year was not repeated, but not even simulated support for Party policy could be elicited. And Boyd Black, the main Democracy Now activist during the past year, was kept out of sight.

(Mr. Adams, though enough of a socialist to see that last year's Unionist sloganising was imprudent at best, thought that there were strong extenuating circumstances for the behaviour at the Irish Society social because an Irish Tricolour was on display.)

All the platform speakers made reference to alleged personal abuse of Kate Hoey.

Nick Raynsford: "I am someone who doesn't indulge in the politics of personal abuse and vituperation... I only make this observation: that the increasing amount of personal abuse that is being heaped on members of Democracy Now, that it is grossly unfair that they should have to face. And I think particularly that Kate has an extremely raw deal in the way in which she has been personally abused in recent weeks. That is an indication of the strength of our arguments and the weakness of our opponents' arguments. [Hear, hear! Prolonged applause]"

Alan Johnson (of the UCW): "Now let me say something to you, Kate. I read that disgraceful document yesterday. And I tell you many people who oppose Labour representation in Northern Ireland came to me ... and said it was *the* most disgraceful [applause] ...I don't know whether it was written by a Unionist or ... a Nationalist. I think it was written by a misogynist. It was a disgraceful attack on people personally and on Kate in particular."

What were they referring to? None of them said.

A number of leaflets directed against Democracy Now were distributed at the Conference. The main one, both in content and scale of distribution, was that published by the CLR explaining why for the first time in 17 years it was not lobbying delegates or holding a fringe meeting. It described how Kate Hoey and her colleagues had acted to slot Democracy Now into the place of the CLR, to hijack the work done by the CLR over 17 years and bend it to Unionist purposes. There was no personal abuse of anyone in the CLR document. There may have been personal abuse in some of the others, but there is no doubt that it was the CLR criticism that hurt, and that it lent force to the criticism made in other leaflets from other viewpoints.

But the CLR criticism could not be replied to from the Democracy Now platform for two reasons: 1) because Democracy Now knew it was true, and were greatly pleased with themselves for having done what they were accused of doing; 2) because Democracy Now was asserting that it was the originator of the

campaign for Labour organisation in Northern Ireland and was therefore precluded from even mentioning the CLR, as that would have given the game away, and might even have brought down their house of cards on the instant.

(If the CLR had published personal abuse of Hoey, it would only have been paying her back in her own coin. Since last Summer, she and her confidential agents, Boyd Black, James Winston and Erskine Holmes, have relied chiefly on character assassination in their efforts to break up the CLR in Northern Ireland on religious lines.)

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The "discussion" at the Democracy Now meeting was pre-arranged. There was indeed very little inclination on the part of the audience to question or discuss. Most of them were in on the confidence trick being played, and were congratulating themselves on its success.

(That it resulted in "overwhelming defeat" on the Conference floor the following day was probably seen as a measure of its success by some of them. The only rational purpose one can find in this confidence trick is to disrupt a campaign which was becoming much too successful for Unionist peace of mind.)

Some members of the Labour Party Irish Society were among the few outsiders in the audience. **Harry Barnes,** MP began his speech thus: "When we came into this meeting there were people outside handing leaflets out. And one of these was the Labour Party Irish Society." He then proceeded to criticise the LPIS in the form of asking rhetorical questions about it. In the "discussion period" the LPIS members indicated that they wanted to reply to this criticism, but they weren't allowed to.

The main speaker in the "discussion" was Proinnsias de Rossa, leader of the Democratic Left Party in Ireland. (The Democratic Left came about through a split in Sinn Fein/the Workers' Party last year.) De Rossa has been in political association with Harry Barnes for many years, and, like Barnes, has opposed the extension of the Labour Party to Northern Ireland. De Rossa's leadership - he was financed by the Kremlin and Sir Nicolai Ceaucescu right up to the collapse of both, as well as by bank robberies - brought about a great decline in Workers' Party fortunes in the Irish Republic.

And in Northern Ireland the Democratic Left faction has declined to the verge of extinction. (The CLR in its first electoral outing at this year's local government elections came in ahead of it everywhere.) His Democracy Now speech, which was undoubtedly made by prior arrangement, suggests that a merger is in the offing. (As explained in a previous issue, the Official Republicans, Democratic Left in a previous form, were chiefly responsible for provoking the events of August 1969 in Belfast in which the present war began. Instead of accepting that responsibility they recoiled from it, retreated into fantasy, and have ended up in the North with a virtually Unionist position which has lost them Catholic support without gaining Protestant support.)

Here is De Rossa's speech:

"I'm also of Irish descent. I come from Dublin. My name is de Rossa. I'm a member of the Democratic Left in Ireland. [Get on with it. Sounds like a meeting of Alcoholics Anonymous - ed.] The Democratic Left is organised in Northern Ireland as well as in the Republic. I'm a member of the Irish Parliament, Dail Eireann. What I would suggest - what I want to do first of all is welcome Democracy Now and the campaign they have under way for organisation of the British Labour Party in Northern Ireland.

"Now that may sound like a turkey voting for Christmas. But the fact is that there is a need for political debate in Northern Ireland. And the more parties that are seeking people's votes in Northern Ireland as far as I'm concerned the better, because then they have to argue their position. Now, so as I say, I welcome it. There has never been in my view a democratic case against organising in the British Labour Party in Northern Ireland. There has been a tactical case. And over the years that has waxed and waned. It has been strong and it has been weak.

"But what I would suggest to you is, that in arguing the case for organising in Northern Ireland, you will inevitably come face to face with the reality that you have to reassess your policy on Northern Ireland with regard to unity by consent. Because inevitably the thrust of that policy will narrow your support into the nationalist areas only. And a Labour party in my view is not worth salt if it doesn't seek to represent working class people, working people, right across the community. So inevitably you're going to be faced with this clash of views about how Northern Ireland is to be governed.

"I don't want to take up all of the time. I do have a document here, if anybody wants copies of it I can give it to them, about what we consider to be necessary in relation to Northern Ireland. But could I make one final point, and that is, please, please, please, do not support the current idea of joint sovereignty in Northern Ireland. It will create utter and total outright civil war."

We suggest that de Rossa was assigned the function of saying what the Democracy Now activists wanted said - what they themselves said exuberantly last year, but were this year constrained from saying by Nick Raynsford's disciplinary code and elementary considerations of tactical prudence.

It is also interesting that only two years ago, at the Labour Party Conference, a CLR speaker was threatened with assassination by a leader of the military wing of Mr. de Rossa's party. The "tactical case" against what de Rossa now supports must have been very wrong indeed then!!

Notes on the News

by Gwydion M. Williams

The New Sacred Cows

Kenneth Clarke's budget was aimed at middle-income groups, skilled workers and white-collar employees, workers by hand and brain. The richest 10% and the poorest 30% got off more lightly, according to the **Institute for Fiscal Studies**. I suppose that the poor have nothing more to give - they are already embarrassing the rest of society with their suffering. But the big shift in the Tory years has been a piling of more and more wealth upon the wealthiest 10%, and even the wealthiest 2%. Any further increase of their prosperity can only come from middle-income groups.

But how do you sell such a policy to the mainstream of society, the people who are to be required to give up their modest prosperity to meet the needs of the very rich? You can of course claim that you are 'targeting' the poor and needy, even while more and more money accumulates with a small rich minority. Or you can 'leak' a number of blatantly foolish and obnoxious tax ideas in the run-up to the budget, so that people are very happy when these ideas

are not acted upon. Or you can play upon people's prejudice or vanity. The mainstream in America have been finagled into accepting a continuous drop in their standard of living. Tax cuts remain popular with the public, even though the rich have been the main beneficiaries.

Via the media, people have been sold the idea of the rich as the new sacred cows. 'The voice of money is the voice of God' - as I showed in my article in the last issue. This is *exactly* how Adam Smith saw it. In less blatant forms, the notion has got to all sorts of places. Even a lot of Labour party people now seem to believe it. State-interventionist welfare states have since 1945 managed a growth rate at least twice as fast as classical capitalism. East Europe, Leninism and the USSR killed themselves off while attempting market-orientated reforms.

Britain today is in an even worse mess than when the Tories came to power. And yet market mysticism remains the dominant creed. Money gained in the free market is always good, state activity is at best a necessary evil. Feed money to the rich, and you will be rewarded with a general prosperity. The minor fact that the very reverse has been happening does not seem to shake anyone's faith.

Lilley's notion of a 'don't care state' seems to have been set aside for the time being. With a whole deluge of pensions and insurance scandals breaking out, it is not the best time to try to persuade the mass of the population to give up the rights they have earned through payments of National Insurance. But if things pick up a bit, who knows?

And sacred cowboys

Supposing that you wanted to have one law for the rich and another for the poor. The establishment could quite reasonably have such a desire. Obviously they would want to crack down hard on the small fry who might try to steal from the establishment's wealth. But when one of their own kind comes unstuck after gambles that break both the letter and the spirit of the law, is it really *appropriate* to take such a hard line?

How might you handle such a matter in a democratic society? You could make the matter unreasonably complicated. If a mugger hits someone on the head with a stick, there is no need to give the whole history of the stick from tree to shop to scene of crime. You just concentrate on the one action that is clearly unlawful. But when it comes to grand fraud, you can find plenty of unimportant details to bore the pants off everyone. After everyone was heartily sick of the matter, the culprits could be set free with no legal stain on their names.

You could also tolerate safe havens for rich criminals. Burglars would be very hard to control if there were a few streets of London where they could stash their loot, a place where the police could not recover it nor even go looking for it. No one wants burglars, so it doesn't happen. When it comes to ordinary crimes, 'no-go' areas are not allowed to develop. But all sorts of peculiar little tax-havens do exactly the same job for those rich enough to use them. And no one seems to see anything wrong in doing business with firms registered in Crookhaven or the Dishonest Isles.

And supposing one of the 'top sort' does get convicted. No need to throw the book at them. Four to five hours community service per million pounds stolen is surely just and equitable. And then you get the remarkable matter of people being released with incurable illnesses from which they promptly recover. Or getting clean away when you would have thought someone would have been watching them carefully.

But I am of course just daydreaming. Who could suppose that there was any relationship between this fraudulent fantasy and anything *serious*.

Nuclear family? No thanks!

When Tories start calling something "traditional", then it is time to call the undertakers. They are a party that was originally formed to protect the rights of James Duke of York, later James II and then James the Exile, with Toryism acquiescing in the deposition of the king they were supposed to be defending. As they begun, so have they continued. After some 150 years of continuous history, they repackaged themselves as 'conservative' in the 1830s. But of the things that people in the 1830s would have seen as worth preserving, very little indeed has in fact survived the next 150 years of Toryism.

It was thus a very notable omen when Tory back benchers started talking about the 'traditional nuclear family'. I can remember a time when such things were not traditional at all. Back in the 1960s, 'nuclear families' were still remembered as an innovation of the 1940s and 1950s, as people started to let go of the wider and more genuinely traditional structure of the extended family. It was an American-led innovation, and a lot of people found it very satisfactory for a while. We 1960s people said 'fine, but why stop there? Working husband plus housewife and kids may be perfect for some people. But there are all sorts of other possibilities. Why stop just with the last decade's craze from America?" And that was pretty much how things worked out.

When the **Institute for Fiscal Studies** looked at tax burdens by type of household after the recent budget, guess who got hit the hardest? Precisely the traditional pattern of a couple with children and one wage earner. Single people - including single parents - got off very much more lightly.

If people in Britain had been serious about preserving family structures, they would never have allowed divorce. That was another American-led innovation in European culture. Did it never occur to people that increasing personal choice was not the best way to preserve established social structures? Radicals and reactionaries knew just what the issue was. But a vast middling mass supposed that they could have the best of both worlds. You no longer force people to make the best they can of a bad marriage. So of course, they no longer do so. Why is anyone surprised? With the stable small family business also very much on its last legs, nothing old or familiar is likely to last very long.

Clarke's budget signals that the Tory leadership know that the American innovation of 'nuclear families' plus fairly free divorce has simply not worked. It was a halfway house

between extended families and free individual choice. So single mothers are given a special childcare grant. It's much cheaper than letting the poor tykes grow up as criminals, even leaving aside humane considerations, as Clarke very probably does. And now we have a Green Paper on divorce that promises to make the process about as easy as buying a house, or may be easier. As Thatcher used to say, there is no alternative.

Child's Play 4 -
Rupert the Bare-faced

People say a lot of harsh things about the behaviour of Rupert Murdoch. Actually they are simply describing the behaviour of a mass of money, a self-regulating social structure of greed which has a man called Rupert Murdoch attached to it.

Murdoch has stripped newspaper publishing of any other purpose than accumulating cash. But he could not possibly have done this without the acquiescence or active support of very large numbers of people. There used to be an understanding that newspapers were supposed to do something at a social level. Churning out any old rubbish that would sell used not to be considered acceptable. But in an epoch were crudely greedy capitalist relationships were sweeping away the last vestiges of the culture of the older British ruling class, something like Murdoch was very likely to happen.

The man's individual personality is more a product of the times than a cause of them. I doubt if he was always like that. In fact his biography says that he was a bit of a leftist in his student days, being known then as 'Red Rupert'. Former leftists often make the very worst sort of cynic. (Julie Burchill and Martin Jacques spring to mind.) But they only become cynical in a social situation that other people have made.

Private Eye have a lot to say about Murdoch's misdeeds. But as the fag-end of the old ruling class, they can never see it as more than a personal failing. If that old ruling class had wanted to preserve itself, they should not have spread free market capitalism all over the world, imposing it on people who wanted no part of it. Their supposition was that their own interests would remain sacrosanct, above the vulgar business of money making. Of course it didn't work out like that. The vulgar business of money-making gets everywhere. And most of the practical defences against it get sneered at and undermined by **Private Eye**. Protection for anyone other than their own little crowd is seen as monstrous and unjust. Thus 'Old Strawhead' bangs on continuously about subsidies to the farmers, and never mind that more and more farmers keep on leaving the land as a whole way of life collapses. Vulgar market forces should be allowed to take their course, just as long as it is someone else who is suffering.

The Names
that none dare speak about

The network of financial institutions known as The City was created by London gentlemen in the 18th century. (Many of the institutions being the means whereby Quakers laundered the money they made from the slave trade.) Lloyds was originally a coffee shop where insurers were in the habit of meeting, just as the original stock exchange was a street when stockbrokers were accustomed to meet. But as the social power of the London gentlemen ran out, the whole thing has been falling apart.

Lloyds was supposed to be a nice little tax haven for the rich. But the insurance business is always chancy. And by an amazing coincidence, most of the bad risks ended up with the outside 'Names', while insiders continue to do well.

Financial service were supposed to be the big alternative as Britain''s manufacturing base ran down. We had the sophistication, or so they said. But if the main sophistication lies in foolish gambles or even outright swindles, what future for all this?

Labour

The view is widespread that debate is being stifled in the Labour Party. That view is not, however, entirely universal. The other night I heard the Labour leadership described in my local as master debaters. At least I *think* that's what the bloke said.

Crime and Morality

Why do people not commit crime?

by
James Clarke

The starting point for a sensible discussion of routine criminal behaviour should be to question why most people tend not to engage in it. But the question that is being asked is why a minority does.

The Home Secretary - one of the many upstarts who now hold positions of great influence in the Tory Party - asserts forcefully that there is an absolute moral law which is identical with the ideal of Thatcherite capitalism; that society consists of autonomous individuals with free will who know the moral law; and that crime results when a free individual voluntarily decides to do evil. He categorically denies that there is any connection between the escalating crime figures of recent times and the social conditions of recent times - if indeed such a thing as social conditions can be said to exist after Mrs. Thatcher's decree that society doesn't.

Tony Blair - who would now be our Home Secretary if it wasn't for Neil Kinnock letting him down - goes a long way with Michael Howard. But he likes to add that what he calls "community" has something to do with it. Howard, therefore, classifies him as a namby pamby liberal, one of those who encourage crime by excusing it. They excuse it because they baulk at saying that it is caused solely by the deliberate choice of an individual to do evil.

The Tory Conference resembled the feeding frenzy of a school of sharks when speakers exhorted the Government to deal with evildoers by birching and strangling them. And yet there was something abysmally human in it. And the jeers directed against Tony Blair's enigmatic references to "community" were not unmerited.

But Tony Blair is not alone in his

mutterings about community. Mrs. Thatcher, when to task in a recent edition of Woman's Hour (Radio 4) about her statement that there is no such thing as society, only individuals, pointed out that what she actually said was individuals and their families in communities. What is a community, then, if it is not a segment of society? Not the rounded local community of art, culture and economy such as existed before capitalism. That was done away with ages ago, and cannot be recreated amongst the atomised individuals of England's capitalist cities.

The French are currently being denounced for obstructing the conclusion of the present round of GATT negotiations. The ideal behind GATT is to transform the world into a single market of four billion economic individuals, each competing against all. Given free rein this ideal would depopulate a great part of the countryside of the world by extending the market for US grain. But France won't have it. It isn't that the French countryside is thickly populated in actual fact. Much of it is as thinly populated as the English countryside. But France has evolved as a peasant society since 1790, and it continues to retain the idea of itself as a peasant society long after a mere counting of heads would have shown it to be a predominantly urban society. This idea is part of its very effective national culture. And it sees no good reason to accelerate the decline in its peasant population just so that America will have a bigger market for its grain.

Britain was never a peasant country. Its countryside has always been owned by a landlord gentry and aristocracy who did as they thought fit with their tenant-farmers and labourers. The country was peopled by serfs rather than peasants, and was depopulated when it suited the convenience of the landlords.

English culture is urban culture. It may be that rural communities existed here and there for comparatively long periods. But they existed in relations of dependency with the gentry. They were not sources of national culture - apart from the gloomy novels of Thomas Hardy written when they were at the end of their tether. And because of the crucial role which the gentry played in them they could not carry their values into the process of urbanisation.

The gentry, with their town and country houses, influenced the development of the English city by mixing up physical pieces of the countryside with it, but that is a different thing. London has its great parks into which one can escape from the town in the middle of the town. Starting at Whitehall you can walk on grass land for about ten miles Northwards, crossing only a few streets on the way. In Paris by contrast grass is not allowed. And public spaces there and in other Continental towns are not designed for escape from urban environment, but for reproducing in urban conditions the conviviality of a densely populated countryside.

A sense of community may have been retained from mediaeval conditions into the present by Continental modes of development, and may form part of the national way of life. Such is not the case in England. And unless Tony Blair means by community more intense local policing supplemented by a vigilante network, it is hard to see what he does mean.

The mode of urbanisation in England was barbaric. It was not the evolution of a way of life, but the disruption of a way of life. And it coincided with the establishment of the British Empire, which also had disruptive effects on the English way of life. (If the empire had proved to be a coherent political entity centering on England, as it was widely assumed it would be at the beginning of the present century, the consequences would obviously have been different. But because England had geared itself up to be the core of an Empire which fell apart quite rapidly, the consequences of Empire were disruptive at home as well as abroad.)

The "English Revolution" of the 18th century, about which so much Marxist fantasy has been published in recent generations, was a colossal act of destruction of the historic English way of life, and of the communal practices which are the strongest influences producing moral behaviour. It demolished a way of life - tore it up by the roots - and in place of human culture it set up a welter of conflicting doctrines about life hereafter. Its work of cultural destruction made possible the barbaric mode of urbanisation and industrialisation in the 18th and early 19th centuries. Though the Puritan state only lasted ten years, the Puritan cultural assault on the national way of life continued for generations after 1660.

On the one hand Puritan cultural destruction broke the moral fabric of community and produced the free, or isolated, individuals who went into the barbaric mode of urbanisation and industrialisation. On the other hand the theological fervour which Puritanism injected into these new masses of individuals gave them the purpose in the hereafter which caused them not only to tolerate misery in the here-and-now, but to conduct themselves conscientiously.

The question that springs to mind when you look at England in those times is: how is this state of affairs humanly possible? It was possible because the masses of individuals in its lower strata were suffused with a theological vision of life. They were hard-working and law-abiding for a purpose. Their endurance was directed towards an end. But the purpose and end of their lives lay outside everything that was discernible in life.

The supernatural purpose which gave significance to lives which would otherwise have been sheer misery was subverted in the course of the middle third of the 19th century. The manifesto of subversion was Tom Paine's Age Of Reason, first published (and suppressed) in the 1790s. Paine was prosecuted for blasphemy by a disbelieving ruling class which could not see how the lower class could remain hard-working and law abiding if it was persuaded to doubt the supernatural purpose of its life.

In the event disbelief did not bring social disintegration because a secular socialist movement was forged in the period when Christianity was subverted. By the end of the 19th century the purpose for which privations were conscientiously endured was brought down from heaven to earth. Belief in progress towards a socialist end took over from theological belief. It was not assumed that the socialist end would occur "in the twinkling of an eye" - which was the Biblical time scale for

the supernatural end. There was a sturdy conviction that if a certain line of conduct was persisted in, a worthwhile end would be reached in a generation or two - or in a century or two. And in the meantime there was sufficient satisfaction in working towards that end, and achieving small but perceptible movements towards it.

Michael Howard and Co. point out that the working class was much better behaved during the slump of the thirties than it is now. And so it was. But that does not indicate that the working class was then in the grip of absolute moral values which had to be observed regardless of social privation. Moral conduct was a by-product of purpose. The working class was suffused with a sense of purpose. It was law-abiding because of a conviction that it would in the end achieve socialism by means of law.

The Tories who now complain of lawlessness have had it as a central object ever since 1975 to demolish the purpose for which the English working class has been law-abiding. But the Tories could not themselves achieve that object. It could only be achieved by a leadership of the Labour Party which took socialism off the agenda, which caused the branches of the Labour Party to wither as institutions operative in civil society, and which even conjured the working class out of existence by transforming it into a conglomeration of the nondescript poor - or is it "the less well off"?

For the first time ever the mass of the people in capitalist England is without collective purpose, and the law is the worse for it.

The Budget

Tory Benefits Policy

Dismantling the Welfare State?

by Joe Keenan

It will be some time before the implications of the benefit changes announced in Kenneth Clarke's Autumn Budget become clear. The bureaucracy charged with implementing the new procedures is already hard-pressed and under-staffed. It is already profoundly inefficient and can only become more so as privatisation and job cuts proceed. At the same time the long-term unemployed are becoming increasingly adept at identifying areas of opportunity in, and manipulating the intricacies of, the benefits system.

Those twin peaks of bureaucratic inefficiency and claimant sophistication make it impossible for me to see how projected cuts in social security spending of £2.5 billion over the next three years might be achieved within the Tory pledge, as stated by Clarke in his budget speech, that: "This government will never take part in any attempt to dismantle the welfare state. We intend to see a better welfare state well-run, well-targeted, and one that meets the priorities of modern society." [Guardian, 1.12.93]

It seems to me that substantial cuts in social security spending can only be achieved by a fundamental attack on the principles of the national insurance and welfare benefit system that was established by the post-war Labour government. And the elements of precisely such an attack can be identified in Clarke's Budget measures.

At present, and ever since the introduction of the system, there are two categories of benefit:- contributory and non-contributory. The main contributory benefits are Retirement Pension, Unemployment Benefit and Invalidity Benefit, which are payable to people who satisfy various qualifications of age, availability for work or unfitness for for fork, *and* who have paid a specified number of National Insurance contributions within a specified period.

Contributory benefits are strictly insurance benefits that have been contracted for - you expect to get out of the system in particular circumstances of age unemployment or illness, what you have put in. The beneficiary's circumstances otherwise, savings and so on, are irrelevant to the terms of the contract.

Non-contributory benefits, mainly Income Support and Housing Benefit, are equally subject to satisfying the qualifying conditions, but are not dependent on having paid into the insurance fund, and are entirely dependent on ancillary circumstances such as savings, dependents' earnings, and income from other sources such as works pensions, maintenance payments and so on. They are, in short, means-tested.

Now, it has long been the case that almost anyone qualifying for receipt of Unemployment Benefit will also be entitled to receive Income Support. The principle determining which of the two is paid in any particular case is straightforward to begin with - the higher rate of benefit is paid. As Income Support is usually worth a few bob more than Unemployment Benefit, many people who are entitled to receive Unemployment Benefit are in fact in receipt of Income Support. But, a minority of people who are entitled to Unemployment Benefit by virtue of their contributions do not qualify for Income Support because they fail the means test. At present those people have to be paid Unemployment Benefit for 12 months.

What Clarke has done is, while changing the name of the benefit, to arbitrarily and unilaterally change the terms of the insurance contract. The benefit will, from April 1996, be paid for only 6 months. When the newly-titled contributory benefit runs out, the insuree will have to reapply for the means-tested Income Support. Many will fail the means test. Many more will qualify for only a reduced level of Income Support. (This will especially affect married couples where, as is more and more the norm, both partners are forced to go to work to support a family.)

That fraudulent reduction of insured persons' receipt of benefits they have paid for is disgraceful, if not downright criminal. More important, I think, is the transparent strategy to marginalise the impact of contributory benefits within the National Insurance scheme.

A similar line of attack has, I think, been deployed against the contributory

Invalidity Benefit. I cannot at present comment on the plans to limit awards of Invalidity Benefit by establishing a "higher and more objective medical test". It is undeniable that the present medical referee system, which relies much too heavily on the judgement of family GPs, is incredibly inefficient and open to abuse; it has long been crying out for some measure of reform. Only time, experience of the application of whatever new criteria emerge, will enable anyone to judge the equity of the government's approach. There is, however, another point.

As with Unemployment Benefit and Income Support, there is a very substantial overlap in entitlement to the contributory Invalidity Benefit and the means tested Income Support. Many who qualify for Invalidity Benefit on medical grounds (submitting certificates of incapacity for work for 26 weeks or more) are equally entitled to receive an Incapacity Premium on top of the basic rate of Income Support. At present, an insured person (I take here a single man to simplify, dependents complicate the matter considerably) would tend to receive the higher-rated Invalidity Benefit on which there is no time limit.

The non-insured invalid on Income Support plus Incapacity Premium might well receive more per week overall than the insured contributer on Invalidity Benefit as a 20% higher rate of Housing Benefit is payable to claimants in receipt of Income Support. The financial differential between the contributory and non-contributory benefits is very narrow.

One of the measures following on the budget seems designed to erode that differential; in any event, deliberately or not, it will erode it. According to the Guardian report of 1.12.93: "Peter Lilley, the Social Security Secretary, announced that means-test benefits would rise by about 3.9 per cent next April - an increase he described as more than most people with jobs would receive - and that contributory benefits would go up by 1.8 per cent, in line with the prices index."

I do not have the figures to hand of the current rates of the various benefits to state categorically that those rates of increase will remove large numbers of insured persons from the scope of Invalidity Benefit and take them under the Income Support net (provided they pass the means test, and still with underlying title to Invalidity Benefit if they don't qualify for Income Support). I strongly suspect that it will; if not in April 1994, then certainly in the following April.

Invalidity Benefit is not currently subject to any time limit (other than that it is not payable after the age of 65), and I do not believe it would be politically possible for the government at this time to introduce any such limits. However, when, within two years at most, a substantial majority of insured persons have been moved from Invalidity Benefit and are in receipt of Income Support (to which the contributions they have paid are irrelevant), I cannot see the government finding any difficulty in changing the regulations governing future awards of Invalidity Benefit to introduce time limits of one year or perhaps even six months.

The numbers of people involved will seem inconsiderable and the changes concerned could easily be portrayed as a minor tidying-up operation to remove anomalies and even out the operation of the system. The present Labour Party is entirely capable of supporting it on those grounds.

But, once time limits are placed on receipt of the contributory Invalidity Benefit the scope, role and impact of the means test will have received another very, very substantial boost. Yet another plank will have been removed from the structure of the contributory, insurance-based, universally applicable, welfare state that we grew up with.

Moreover, in many speeches and interviews, Portillo and Lilley have made it plain that they look forward to an end to the present system of Retirement Pensions based on National Insurance contributions. All their talk is of a means-tested safety net to underpin private pension schemes.

It is inescapable that the three main contributory benefits within the welfare state are currently under attack. I cannot resist the conclusion that the welfare state itself is in the process of being dismantled.

The Budget 2

What is the Tory Economic Strategy?

by Michael Morrison

In the 1980s Tory economic policy centred first on money supply controls and then on exchange rate pegs. Now we return to a very old dogma: balanced budgets via the strict control of public spending. And why are unbalanced budgets bad? The so-called 'Treasury-view' dating from the 1920s is that high levels of government borrowing raise interest rates thereby 'crowding out' (intrinsically good) private sector investment. (The possibility of 'crowding-in' in which public investment in, say, the transport infrastructure, might make private sector investment more attractive is not acknowledged.)

But wait. Are interest rates not falling? Is there not an enormous global capital market to draw on when borrowing money? Had government borrowing increased by less than it did, who seriously believes the recession would not have worsened?

In 1991 the Treasury forecast this year's P.S.B.R., not as £50 billion (7.75% GDP) but as £7 billion. Apart from illustrating the fallibility of large scale econometric models in general this fact demonstrates the extent to which the P.S.B.R. is sensitive to assumptions about economic growth which are significantly overestimated. The debate surrounding the Budget hinges on whether the growth assumptions which it is based on - at least 5 years of growth of between 2.5 and 3% - are reasonable in an environment in which an increase in taxation and a reduction in spending, equivalent to 3% of G.D.P. by 1996-97 is planned. According to The Economist "if the economy grew by just 0.5% less each year, then the PSBR would still be stuck at 2% of GDP in 1998-1999."

So where is this growth going to come from? Investment? Despite the cheap prices available following the

collapse of the construction industry and low interest rates the government refuses to support major capital investment projects. The high speed rail link to the Channel Tunnel has been postponed to the next century, the Cross-Rail link has been postponed indefinitely while the Jubilee Line extension had to wait years for the arrival of private sector capital. In this Budget, Clarke announced a 50% reduction in capital spending, a relatively soft political target - down to 1.5% of GDP in 1995-96. How long can it be before the London Underground, one of the most expensive and least reliable metro systems in the world, collapses again for another day? Cuts in grants to Local Authorities will also undoubtedly yield cuts in capital expenditure next year, particularly in education.

Export demand is another possibility for stimulating the economy. Depressed European markets mean that taking advantage of exchange rate depreciation will be difficult and, although the American economy has been recovering for several quarters, it is on nothing like the scale of the Reagan credit boom which aided the Tories last time they engaged in an enormous contraction of the economy in the middle of a recession in 1981.

The remaining possible sources of demand are consumer expenditure and private sector investment to meet rising domestic consumer demand. How optimistic is it possible to be about this? Homeowners are still experiencing negative equity. Many of those that don't, still have painful memories of the last credit boom and/or still do not feel their jobs are entirely secure. The reduction in mortgage interest tax relief and the announcement of its eventual abolition is in itself a good thing. However, it means that the expectation of another house price boom in the near future cannot be sustained.

On top of Norman Lamont's £6.7 billion increase in taxes, the latest Budget added a further £8.4 billion next year and £15.2 billion in the following one. Council tax bills will undoubtedly rise next year. Consumers will now have to pay new taxes on insurance and air travel. In addition, car owners will have to pay motorway tolls and parents will have to pay more money for their children's university education. The net effect of all this is at least sufficient to place grave doubts on the ability of the economy to generate the levels of growth necessary to bring the Budget into balance by 1998. The Chancellor will have even less flexibility than usual following his decision to take £3.5 billion from the Contingency Reserve.

There are yet more problems in store. The use of further interest rate cuts (and consequent exchange rate depreciation) to stimulate the economy is still possible. However this route is constrained by the need to ensure that inflation stays at 3% or less. Any breach of this target will mean that plans to freeze public expenditure will mean real decreases. By 1995-96 Britain will be entering the fourth consecutive year of a public sector wage freeze (albeit one which does not involve senior Health Service managers).

A wage freeze of this length has never been sustained before, even in circumstances in which the Government had a much larger majority. It is one thing to declare strict cash totals for spending and another thing to ensure that they are met. Yet it is crucial to the Chancellor's budget-balancing plans. It seems that the main instrument of modern Tory economics is an incomes policy - but one that can never be publicly declared.

The idea of a public sector ethic has been steadily undermined over the last 14 years. Hundreds of millions of pounds are given to management consultants to think of ways to privatise or contract out more public services. The philosophy continues to be one of private good! - public bad! A value system based on money is promoted vigorously and then 5 million public sector workers aren't given any. The Tories of all people should appreciate that a wage freeze will increase labour turnover, make recruitment more difficult and reduce the qualifications of people who are employed.

Another consequence of the contracting out process is that, even apart from lofty notions of public service, people accepted lower wages in the public sector in return for greater job security. This implicit contract is being reneged upon. As the economy recovers, and the gap between public and private sector wages rises and is compounded each year, people working in the public sector will become increasingly demoralised. This does not bode well for our hospitals, schools and roads. How can it be reconciled with various Citizen's Charter initiatives, I wonder?

Much of the pre-Budget speculation centred around proposed extensions of VAT onto books and/or magazines - speculation which the Treasury did nothing to refute, resulting in a huge sigh of relief on Budget day. Although regressive, to the extent that books and magazines represent a substitute for films or other forms of entertainment, VAT, possibly at a lower rate, has much to recommend it. Particularly when the alternative is an attack on the public sector.

Can it be possible that after 14 years of Tory rule there are billions to be saved due to eradicating wastefulness and inefficiency? I doubt it. It has been suggested that the arrival of Chancellor Clarke would yield a new pragmatism in economic affairs. It is generally agreed that he makes Budget Day more entertaining than his predecessors.

However, the decisions to place such emphasis on deficit reduction and to carry out that reduction by freezing public spending, are a reflection of the Right's economic strategy. The planned deficit reduction can only be carried out if either the assumptions about economic growth, inflation and the success of the wage freeze prove accurate or in the context of a Portilloesque reduction in the role of the state.

Useful Information

1 Commission on Social Justice - summary of interm report

1. Welfare is now top of the political agenda. This publication, the second discussion document from the Commission on Social Justice, applies the values developed in our first report to the changing social, political and economic world. It starts from a simple proposition: that the policies and institutions designed to build the post-war peace fifty years ago are not adequate for the challenges of the 21st century.

2. Britain's welfare state was the child of John Maynard Keynes' economic revolution and William Beveridge's social conscience.

However, its fundamental assumptions - about full employment, the nuclear family, and the relationship of citizens to government - have been undermined by fifty years of history. There are new realities - a global economy based on skill and technology, family change based on the growing independence of women, political change based on new distributions of power - with which British public policy must come to terms.

3. The fundamental insight of the Keynes/Beveridge welfare state - that wealth and welfare go hand in hand - remains true today. Wealth pays for welfare, and social welfare should promote wealth creation. Social and economic policy depend on each other. To be an effective Commission on Social Justice, we must equally be a Commission on Economic Opportunity.

4. In our first publication, we defined social justice according to four key ideas: the foundation of a free society in the equal worth of all citizens; the right of citizenship that all citizens be able to meet their basic needs; the requirement that we extend to all citizens the fullest possible range of opportunities and life-chances; and the need to reduce and as far as possible eliminate unjust inequalities. In this publication, we set four objectives for public policy:

The Objective of Security

Security comes from the prevention of poverty; relieving poverty is a second best.

The Objective of Opportunity

What government can do *for* people is limited; but there are no limits to what people can be enabled to achieve for themselves.

The Objective of Democracy

The more decisions that are made by the people, the better those decisions will be.

The Objective of Fairness

Not all inequalities are unjust, but unfair inequalities should be reduced and if possible eliminated.

5. The challenge for the Commission is to achieve these objectives in a rapidly changing economic, social and political world. Social injustice in Britain today is shocking, but its roots go back well before the election of Mrs Thatcher in 1979. The industrialised world must today come to terms with three great revolutions:

The Economic Revolution
- a revolution of skill, technology and work.

The Social Revolution
- a revolution of women's life-chances.

The Political Revolution
- a demand for a new relationship between citizens and their government.

6. There are two economic futures for Britain. The low road promises low wages and low investment, high unemployment, and conflict over a shrinking national product. The high road is one of high investment and high return, where we compete in the market for quality goods and services by combining Savile Row service, Marks and Spencer quality and C&A prices.

7. The social revolution of women's life-chances demands action from government, including a fundamental review of social security, child care and social service provision. It also demands action from employers so that men and women can balance family and work commitments. And it requires changes within families, as relationships between women and men are renegotiated.

8. The political revolution is not a demand for less government, nor more government, but better government. Distrust of the political class is based on the growing distance between the debates of elected politicians and the everyday concerns of the people they represent. Participation and not paternalism needs to be the basis of a new relationship between those who govern and those who are governed.

9. The collapse of the conventional ideologies makes this a time of great political openness - a time to 'make the future'. That demands radical thinking. We suggest ten propositions about the strategies needed to advance social justice and economic opportunity in Britain. In brief, they are that:

- Social justice is about more than poverty - it concerns us all.
- Paid work for a fair wage is the most secure and sustainable route to financial independence; a modern form of full employment is central to social justice and economic efficiency.
- The tax system should help us fulfil our obligations to each other, as well as insure ourselves. Redistribution of income is a means and not an end; social justice demands revenue to meet basic needs and extend opportunities, but there are limits of principle and practice on levels of taxation.
- At a time of rapid social and economic change, public policy must be designed to help all citizens take advantage of change.
- Social justice demands a widening of access to wealth.
- The British economy requires a major shift from short term consumption towards long term investment in people, ideas and infrastructure.
- A strong community must support its families; we cannot expect families to shore up weak communities.
- Social cohesion has an economic value in itself, and strong communities are the bedrock of economic regeneration.
- Citizens' rights should be strengthened, and matched by new responsibilities.
- Changes in the EC can help make the UK fairer and stronger, but only if this country contributes a positive vision of a stronger and fairer Europe.

Summary of Labour Party changes

Conference Voting

(a) Prior to 1993 conference: Trade Unions about 90% of total vote, CLPs and other affiliates about 10%

(b) From 1993 conference onwards: Trades Unions 70%, CLPs and others 30%

(c) From 1994 conference onwards: "Abolition" of Trade Union block vote, that is, members of a trade union delegation to have an individual vote which they need not all cast in the same direction

Election of Party Leader & Deputy Leader

(a) Prior to 1981: Elected by MPs

(b) Since 1981: Electoral college drawn from the Trade Unions (40%), CLPs (30%) and Labour MPs (30%); block vote for Trade Union and CLP sections; up to affiliates to determine how the vote

was cast; later amended so that (i) in order to participate CLPs had to conduct a ballot of their individual members, (ii) Labour MEPs were included along with MPs and (iii) candidates had to be nominated by 20% (formerly 5%) of Labour MPs

(c) Next leadership election: Electoral college drawn equally from the Trade Unions, CLPs and Labour MPs/MEPs; Trade Union section determined by postal vote of all political levy paying members; CLP section determined by postal vote of all individual Labour Party members

Selection of Westminster candidates

(a) Up to 1987: By the CLPs' General Committees on which there is representation of party branches and affiliated branches of Trade Unions

(b) Last general election: Electoral college with up to 40% determined by Trade Unions affiliated to CLP, shortlisting by GC

(c) Next general election: One individual member one vote, shortlisting by GC

National Executive Committee

12 of 29 members in Trade Union section, elected by the Trade Unions alone at conference; they also have a vote in the election of the 5 members of the women's section

Interview with Peter Hain MP

Introduction

The Labour Party was not one of those socialist parties based on an ideology. It was always a conglomerate of conflicting, and even bickering, socialist bodies, syndicalists and trade unionists pure and simple. All felt that they knew better what was in the best interest of the working class, and that alone was what made each be a part of the Labour Party - and not any fellow feeling with any of the other factions. One of these factions was the Tribune Group. It was essentially the power base of those in sympathy with Nye Bevan.

Michael Foot made himself the heir to Bevan and he made Neil Kinnock his own heir. In the mid-80s Kinnock felt that electoral success was more important than principle. The Tribune Group had been a constant left-wing thorn in the side of Labour leaderships. Since Neil Kinnock had inherited the Tribune Group, he was in the unique position of being able to lance out that thorn when it came to abolishing any political centre that was not in harmony with the Party leader. Tribune vanished from the political scene - except as a cabaret at Conference.

Just over a year ago, Peter Hain was elected Secretary to the Tribune Group. He had never been part of any of the groups that made up the careerist clique which came to dominance in the Labour Party in the 80s. He was not part of the Labour Student Union circle. He had been a Liberal and an anti-apartheid activist. He was not part of the Local Government politically corrupt, sorry, correct, element that put career before principle in the rate capping battles of the 80s. A bit disconnected, some might say. Lucky old him! As a consequence we have noticed that he has that rare ability in the Labour Party today, the ability not only to think but to feel that it was the natural thing to publicly express his thoughts. That was what prompted us to seek an interview. That and the fact that elements in the leadership of the Labour Party could not tolerate someone on the left of the Party who was prepared to think in public.

They consequently, and successfully, plotted his overthrow as Secretary of the Tribune Group, and replaced him with someone who they presumably believe will return the Group to something that does not exist between Conference piss-ups. Peter Hain was given a copy of the interview to correct if necessary. This introduction was written later and does not imply his agreement. It is purely our assessment of him and of developments in the Tribune Group.

L&TUR: What implication does your removal from the Secretaryship of the Tribune Group have for the political debate within the Labour Party?

Peter Hain: I wouldn't see it in personal terms. I think what I sought to do—and I think most people would agree was relatively successful in conjunction with others —was to revitalise the Tribune Group, which prior to the Election had been effectively moribund, and had ceased to play any serious role as an independent force for debate and campaigning in the Party. Effectively it had discarded the mantle of Bevan and, in his early years, Michael Foot and so on, when it provided a vigorous forum for debate.

I think the coup against me was effectively mounted by those who didn't want Tribune to play that kind of role. The usual sorts of excuses were given, but essentially that was what it was about—which I think is disappointing. I doesn't matter personally, but it was disappointing because, if the Party isn't open to debate at the present time—after a fourth successive election defeat—and well before the next General Election—and if we're afraid of ideas—then that really is ominous.

But, as a result of it, and this had been happening anyway, there are all sorts of signs that there is a process of realignment on the Left. The Campaign Group is headed in a different direction. I don't know what will happen to the Tribune Group. I think its future is in question, but we'll have to wait and see.

L&TUR: It seemed as if the Front Bench was active in procuring your removal from the Secretaryship. In the past Tribune was almost an institutional part of the Labour Party. It was accepted that there would be different groups and that there would be a discussion between these groups, and that this gave a dynamic to the life of the Labour Party. Is it the case that some people on the Front Bench simply don't want discussion within the Labour Party at the minute?

P.H.: I think some people on the Front Bench—and John Smith is not amongst these by the way—and they identify themselves—only want discussion in the Labour Party on their terms. They are quite happy about that debate, provided it is on the terms set by the Right.

Others on the Front Bench not only disagree with that, and supported what I've been arguing, but actually turned up to vote for me, so there was an interesting division there between Shadow Cabinet members such as Ron Davis and Michael Meacher, who turned up actually physically to vote for me, and those like Gordon Brown and Tony Blair, who turned up physically to vote against me. There are a whole series of

other Front Benchers down the line who are split. So, it is not as simple as just the Front Bench versus the Rest. It is more complex than that.

What also happened—which the Tribune Group encouraged over the last year—is that the people more on the left of the Shadow Cabinet and the Front Bench strengthened their position this past year. John Prescott did; Robin Cook did; Michael Meacher did; and others—at the expense of those, the self-styled Modernisers, who are on the Right of the Party. A very complex process is unravelling here; it is not as simple as to say its the Leadership versus the Rest.

John Smith, for example, has adopted many of the ideas—such as full employment and a radical package of employment rights for workers—that others in the Shadow Cabinet have been seen to be backing away from. So I think he, to some extent, has accepted the agenda that we've been arguing for over the last year.

L&TUR: It seemed to us that you were making a very moderate restatement of the Tribune position, and we were astonished that there was this reaction against it. We judge from that that the attitude, certainly among a large part of the leadership, is still that the Party shouldn't have any policies. If it discusses ideas, that will focus attention on the absence of policy. Do you think that there is a continuation of the Kinnock attitude that the Party is best off without discernible policies that make it open to criticism?

P.H.: I think that there are two points here. The first is: yes, what I was arguing in many respects is a very modest Keynesianism, which I'm to the left of, really, and which the Left has traditionally argued has its limitations, but which in the current context, is seen by some sections of the Shadow Cabinet as being almost revolutionary, which is quite baffling, frankly. So, yes, it was modest.

To deal with the second point: you have to distinguish between the leadership—and the leadership is not one monolithic group—I think John Smith has moved more towards the arguments that the Left has been putting—and the self-styled Modernisers have fought back. The way they did that was to get rid of me from the Tribune Group. I think it was a sign of weakness on their part, that they were actually not confident enough to allow an independently-minded Tribune Group to pursue its historic role, rather than its recent muffled and muted role. I think it is a sign of their weakness: they were able to deliver the votes on the night, just, but it required a big effort from them.

L&TUR: On the other wing you have Frank Field, who seems to have complete freedom to try to bend Party policy away from what anyone would assume to be the Labour orientation. The leadership went to great pains to keep him as a functional element within the Party. The bias seems to be towards bending the Party that way. In the overall make-up of the Party, do you think the bias is still heavily weighted in the Frank Field direction?

P.H.: I wouldn't individualise it on Frank. I think that it's striking how those of us on the Left are seen as disruptive when we put a few ideas in the debate, and those on the Right are seen as a bit eccentric or, alternatively, as part of the mainstream, if they put up ideas that challenge Party policy. There is clearly a schizophrenia there which has to be addressed.

L&TUR: Is there such amnesia in the Parliamentary as a whole that they don't appreciate that you are actually a very moderate Tribunite, at least in what you publish? Can they genuinely think that you are some kind of way out radical who is incompatible with Party harmony?

P.H.: Well, I think that the ideas I have been putting forward have been radical, but I accept—around the debate that has been generated around full employment, about Keynesian strategy for increasing demand in the very short term, turning the British economy around—that is actually fairly moderate. In fact, the Guardian's Economics Editor is in line with that kind of policy, and some elements of the Labour Front Bench are not. So it is quite moderate, and I think it is indicative of two things: one, the unhealthy paranoia that still exists within certain sections of the Party at senior levels to anything that they can't control, any debate they can't control; and, secondly, the way that the Left has not been putting forward what I think is a serious economic programme capable of being taken up, and run with the Right.

What we've been engaged upon, what I've been engaged upon, is trying to generate a debate around which more radical ideas will then grow about what the Left's alternative is.

It is a sign of the weakness of the Left, and the lack of self-confidence over the past few years, which has got us into this sorry state.

L&TUR: Gordon Brown's response seems to have been entirely on the question of tax evasion. In your pamphlet I noticed you had that, but you also had an interesting idea that you had to have a diversion, so to speak, towards productive investment, as distinct from consumption. Is that a matter that would have general agreement within the Party, or has it been thought about at all?

P.H.: I don't know. I think it is an increasingly important debate for the Left to focus on, because I do think that the British economy is in deep structural trouble and is basically going down the plughole. This isn't the proverbial 'crisis of capitalism' that the Left has always seen as being tantalisingly around the corner, this is actually, I think, for real over the long-term. I think there is an enormous opportunity to make this argument about resources going into investment rather than consumption, because it opens up a whole debate about how you generate the investment, how you control the City and get it directing its enormous wealth for the benefit of the real economy, rather than the candy-floss economy, investment in manufacturing and production rather than tax cuts and instant consumerism.

There's a whole agenda there which is very exciting for the Left because it opens up a whole alternative to free market mania and gives us a coherence, which I think we can run with at popular level and which people can relate to. Because I think that people in their workplaces or on their dole-queues or at home understand that the British economy as they know it—the money-for-nothing, Thatcherite era—is over. They know that something serious is happening and is exhibited by the fact, for example, that the last Budget was

the biggest attack on the living standards of ordinary people—through tax increases and public spending cuts—that we've ever had in modern British history. I think that people understand that the economy is in trouble and they are looking for an alternative. That's why I think you are right to focus on that investment versus consumption choice.

L&TUR: In the GATT debate on television last week it was noticeable that there were no Labour Party representation at all. Would you have views about GATT? Would you sympathise with the French attitude towards GATT?

P.H.: I understand why the French, for example, sought to defend their local communities in rural areas. I think they've been quite right from their point of view to strike the best deal they can. What has been notable is that the British have not done that. So Welsh farmers, for example, are going to be very badly off as a result of this. I think that the old, declining industrial heartlands are going to be very badly off as a result of this as well. There has been no coherent critique of GATT from the Left.

L&TUR: I couldn't disagree with much that I heard Sir James Goldsmith say about GATT.

P.H.: Indeed. It is a sign of the lack of confidence on the Left that on many of these issues we are not putting forward any kind of alternative debate. GATT has been one of the biggest events of the international economy, and there has not been a serious critique of it.

L&TUR: That would be the ultimate free marketism, if you get the ideals of GATT put into effect

P.H.: —Indeed—

L&TUR: —and the effect would have to be catastrophic almost generally in the world, apart from a few a small oases that are are profiting from it. Goldsmith's argument was very coherent: that you do need at the present juncture something like protected national economies.

P.H.: I think that's one option. The other option—and we come back to the whole debate around Maastricht, for example—is if you are going to have a single market, which we have on a national basis at the moment and which is now going to happen on a European basis—and GATT is effectively inching towards this worldwide—you've got to have, unless you're going to have major economic blizzards literally destroying certain areas and certain regions of the world, in this case in Europe or Britain, then you've got to have strong central Budgets to redress the balance, in the case of Europe at the European level, for example, for investment in outlying and declining areas to turn them around; you've got to have a strong, interventionist central authority of some kind at a national level, at a European level, or if we are talking about GATT, at the world level. Now you don't have even the beginnings of those, and that's why the economic consequences are going to be devastating economically. So, I think we have to turn the debate around and to say, if there is going to be a single market, then there's got to be powerful interventionist forces to maintain high public spending, to maintain welfare levels, to generate the investment needed to compensate the regions that are being attacked.

L&TUR: That's a thing that quite surprised us in your pamphlet as well: that superficially you seemed to be anti-Maastricht, but when you looked at the fine print, you seemed to want to strengthen the European Parliament to make it representative, in order to get a real European Budget framework working. Is that a fair description?

P.H.: Yes it is. I think the Left has gone down a cul de sac in being 'Anti-European', in the sense of 'Anti-the Common Market' and 'Anti-the New Economic Order' in terms of the single market. Capital has gone European, if not global. It was always going to create a single market of some sort or another, just as capital went national in a previous century after being very localised. The Left can't resist that. You can't put up national protectionism and then pretend you can go your own way. What you have got to do is operate on the same terrain. That's what I was arguing for. The position the Left has got into is the worst of both worlds. In Europe the Left has supported Maastricht in its monetarist, economic framework, in its single market philosophy, but it hasn't created the democratic countervailing mechanisms to enable the Labour movement and the working class and the Left as a whole to exert any kind of influence over that.

L&TUR: Supposing the powers of the European Parliament are strengthened and you do get a European Budget, would you be prepared to see the Single Currency being implemented? It would seem to be contradictory to have a strong central Budget operating through different currencies?

P.H.: I don't have a problem in the very long term about the single currency. I don't think the Left should have a problem about that in the long term, or about a managed exchange rate, and so on. I have a deep problem about the short to medium term, because if you don't have a big central Budget, and if you don't have a powerful European force, what you get is the economics without the democracy. You get a single currency and you get a single market, but you have no method of regulating that, or dealing with its consequences. Because a single currency's consequences, and the single market's consequences, are going to hit poorer regions and focus wealth on what I describe as the hub of Europe.

L&TUR: Yes, if you don't actually have redistribution.

P.H.: Indeed, you can't have one without the other. I would be absolutely uncompromising about that. I don't want a single currency, I don't want any of Maastricht's economic agenda, unless I have political democracy. And that isn't Brussels versus Westminster. That is actually the democratically accountable body at the European level versus unelected officials and sorters of finances and business.

L&TUR: This would take considerable readjustment on the part of the traditional Left, to take on board what you are recommending?

P.H.: I think it will. But I think that's started to happen. I think that the debate we opened around Maastricht was

actually very important in that what emerged was not just, as it were, one tradition of the Left which basically says you can still go it alone as a national economy, and a more I think forward-looking socialist analysis which said, look capital has gone European and we have got to do so as well. The debate is about how you actually generate the mechanisms and structures in order for the Left to advance.

L&TUR: Do you find that you are getting a favourable response around the Left to what you are arguing?

P.H.: Yes, I do. I'm doing a lot of meetings: a couple of meetings a week around the country to local parties, and I'm finding the ideas are being very well received.

Trade Union Diary

by
Dave Chapel

Electricity - Generating profit

Efficiency has been the watchword of the privatised utility companies - and not of course profit. Efficiency means redundancy for anyone working in these industries. The layoffs at Telecom are by now legendary. Sack thousands of workers and profits go up, and so do the salaries and bonuses of the senior management, as well as the dividends of the shareholders.

There is a price to pay. And that price is being paid by those of us still in work. The sacked workers get the dole from the public purse and the taxes *they* used to pay are no longer being paid.

The latest "efficiency" profit figures come from the regional electricity companies. Dividends to shareholders have soared. Even the lowest (Northern Ireland) is paying an increase of 13%. Top of the pile is London Electricity with a massive 32% increase, bringing shares to more than double their flotation value.

London Electricity has laid off 1,000 workers, plus those sold on like chattels in the sale of electricity showrooms. (Seeboard, 16% increase, has announced hundreds more redundancies.)

Some years ago I was talking to a man from the Right to Fuel Campaign. I suggested that it would be a good idea to demand free fuel for domestic users. The costs of collection would be eliminated and over-consumption need not be a problem if everyone had modern heating systems - for example the kind that many local authorities operate centrally on their estates.

The man was horrified. He could think only of objections. The feckless working class was the essence of his position. Clearly he had been interested only in agonising about the "needy", and had given no thought to what a *right* to fuel might entail. I couldn't be bothered talking to him about the matter anymore.

I would find it very difficult to make my argument today. So long as electricity (or gas) supply was State owned, it could be operated on the basis of getting people to use as little as possible. Once it is privately owned, the energy companies must try to sell as much as possible, and therefore encourage as much consumption as possible. I could not in all conscience advocate free fuel in those circumstances. We pay more than enough towards their profits as it is.

Readers may be interested to know that when the chairman of London Electricity, John Wilson, retires next March, he will be replaced by Sir Bob Reid of British Rail. As they used to sing in the First World War - "they were only playing leapfrog"!

PS.

On the matter of fuel bills. You may be tempted to protest about VAT on fuel. While you're at it you could include a protest to the Labour Party at Walworth Road. Labour had the OK to table an amendment which would involve a specific vote on this matter, allowing Tories to vote against, and possibly leading to its defeat. Margaret Beckett's Department thought Gordon Brown's Department was doing so, and vice versa. Neither did. What about the taunt used by Labour against the Tories - nobody resigns anymore? Now the rest of us can be disconnected as well.

THORP & Jobs

The Government's decision to give the go-ahead to BNFL's Thermal Oxide Reprocessing Plant (THORP) has angered environment groups. But what else did they expect? Authorisation to build THORP was given by a Labour Government back in 1978 and its construction has cost close on £3 billion. The reasons for THORP: high uranium prices, the need to reprocess AGR fuel, extraction of plutonium for Britain's Fast Breeder Reactor, are not for the moment valid. Yet to have abandoned THORP would have led to huge job losses in an area where there is no alternative employment. (Many "environmentalists" it has to be said, would like to abolish all industrial workers - and not just "environmentalists" it has to be said!)

Most opposition to BNFL has generally failed to face up to the social effects of closing the whole place down (for that is what opposition to THORP is really all about), while being very vocal about pit closures. It is certainly questionable whether THORP is needed, but the anti-THORP lobby should care about the jobs of nuclear workers just as much as it claims to care about those of coal miners. Otherwise it is simply applying double standards.

An example of the level of debate often reached by "environmentalists" reaches me from Norwich. A UCATT representative attended his CLP to take part in a discussion on Sizewell, many of whose workers he represents. The Prospective Labour Candidate attempted to dismiss his arguments by dismissing his members as the type of people who would be quite happy to have built the gas chambers in Nazi Germany. [Full details of this incident will be published in a future issue.]

Fear in Recovery

If America is anything to go by, economic recovery in Britain as defined by this government won't do much to stem the fear of unemployment.

At the lowest point in the US recession, 550,000 jobs were lost. Employers learned the lesson that if sackings can help survive a recession, they can boost profits in more prosperous times. This year 600,000 were sacked.