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National Debt is an Irrelevant Statistic

The unifying framework of Sunak's budget is that the size of the national debt is a critical concern. Hence, he has done the minimum possible to get the country through the next 6 months while sending a clear signal that there will be a return to austerity and increased unemployment will be tolerated, so that the national debt can be reduced.

Labour needs to confront this unifying framework directly and state boldly that the size of the national debt is an irrelevant statistic. The relevant statistics, that should be used in determining economic policies, are the rate of unemployment and the rate of inflation. The existence of unemployment is, if anything, a clear indication that the size of the fiscal deficit is too small.

The claim, that the national debt is an irrelevant statistic, will no doubt startle many readers of this column. It is indeed a difficult idea to grasp. We shall consider below, why this is the case and discover that national debt might be more appropriately renamed as national wealth. First, however, let us make an additional claim: the Labour Party will never be able to effectively oppose the reimposition of austerity and advance the cause of working people if it does not understand why the national debt is an irrelevant statistic.

Without understanding the irrelevance of the size of the national debt in determining economic policy, the Party will end up sounding inconsistent and unconvincing. In this context it is interesting to consider Keir Starmer's response to Sunak's austerity budget on 3rd March. Starmer made strong and valid points about the last 10 years of austerity-led economics. The following day, Shadow Chancellor, Anneliese Dodds, and Shadow Works and Pensions Secretary, Jonathan Reynolds made equally strong condemnations of 10 years of Conservative austerity. This works reasonably well in the House of Commons debating chamber. However, in interviews on 'Newsnight' or the 'Today' program or 'PM', listing the failures of austerity has limited value. Labour has to put forward its own policies but then the question, 'How will you pay for it?', always leaves Labour interviewees struggling. The Labour Party believes that national debt

does matter but cannot explain how its policies can be implemented without increasing the national debt. This leaves it sounding confused and inconsistent.

It is not easy to grasp that the size of the national debt is an irrelevant statistic. Our natural tendency is to assume that government debt is the same as household debt. We all know that household debt is a burden. If you have a mortgage, you have to allocate part of your monthly income in interest and capital payments. These payments will typically continue for some 25 years. In particular you know that, if you do not make all the required interest and capital payments, you may lose your house. So everyone, quite understandably, sees debt as a burden.

How can it be that private debt is a burden while national debt is an economic irrelevance?

To answer this question let us first clarify what national debt is. Each year a government spends money. It also levies taxes. If, in any year, the government spends more than is levied in taxation, that difference is known as a fiscal deficit. If the government levies more in taxation than it spends, the difference is known as a fiscal surplus. The national debt is just the cumulative sum of fiscal deficits and fiscal surpluses over time.

If an individual wants to spend more than they earn, they must borrow from a third party. But it's not the same for the UK government. Because it is a currency-creating state, the UK government does not have to borrow money to finance expenditure. That is the critical difference between the economics of a household and the economics of the UK government.

When the UK government wants to buy products or services it simply instructs the Bank of England (BoE) to mark up the bank accounts of the suppliers of those goods and services. The BoE by law must do as it is instructed. When Rishi Sunak, correctly, decided that the health of the nation required that some 20% of the workforce should not go to work, he instructed the BoE to mark up the bank accounts of those furloughed workers with 80% of their pre-pandemic wages. Sunak did not have to check whether he had the funds available to do this. The UK

state is a currency creating state and can always purchase anything that is for sale in its own currency including labour.

As a result of furlough spending and a pandemic induced decline in economic activity, the difference between government spending and taxes levied, the fiscal deficit, increased by some £400 billion pounds in 2020-21. Since the national debt is just the cumulative sum of fiscal deficits over time, therefore, in 2020-21, the national debt increased by £400 billion to a total figure close to £2,000 billion.

Since our personal experience of debt is that it is a burden, it is only natural to think that an increase in the national debt must be a bad thing.

But the term national debt is misleading. We associate debt with borrowing from a third party. UK National Debt does not involve borrowing from anyone. It is simply the cumulative difference between what a currency-creating state has spent into the economy and what it has levied back in taxes. National wealth might be a better name than national debt since, if the state has spent more into an economy than it has taxed out, the private sector is wealthier by that amount. When the UK state issues bonds it is not increasing the national debt. That has already happened since the state has already spent more money into the economy than it has taxed out. The private sector is wealthier by that amount of money. Issuing bonds simply allows the private sector to convert this money into a riskless interest-earning asset.

A currency-creating state is not **financially** constrained. It does, however, face real resource constraints. Rishi Sunak discovered this in the first wave of the pandemic. He had limitless funds to buy PPE for frontline NHS staff but there was no PPE to be bought.

It is important that members of the Parliamentary Labour Party understand the true nature of government spending in a currency-creating state. They will then realize that the size of the national debt, or national wealth, or whatever we choose to call it, is an irrelevant statistic. They should instead focus on the statistics that are important: **unemployment and inflation**.

Unemployment and inflation are the main statistics that members of the PLP should use to evaluate and criticize government policies. From this perspective, how should we then evaluate Rishi Sunak's proposals to raise corporation tax in 2023 by 7%, freeze personal allowances and limit NHS wage increases to 1%?

Corporation tax

The first effect of government taxation is to reduce demand because people have less disposable income. A drop in demand will likely increase unemployment. However, if a government spends back into the economy an additional amount, equal to the increased taxation, it will add demand back into the economy and so increase employment. The net employment effect of the increased taxation and increased government spending will be close to zero.

Rishi Sunak does not intend to match his increased taxation with increased spending, because the purpose of his increased taxation is to reduce the national debt. But, increasing taxation without increasing government spending will increase unemployment. The Labour Party should therefore oppose any increase in corporation taxation whose sole purpose is to reduce that irrelevant statistic, 'the national debt'.

For equity reasons Labour could support an increase in corporation tax that is matched by an equal increase in government spending. The only time an increase in taxation should be supported, without a matching increase in government spending, is when the rate of inflation is too high, which is certainly not the case in 2021. In a situation of high inflation, taxation can be legitimately used by a government to take demand out of the economy.

Freezing Personal Allowances from 2023 until 2026

Freezing personal allowances will, like a tax increase, reduce disposable income. It will therefore reduce demand and will likely increase unemployment. Since the Labour Party should evaluate government policies by considering their effect on employment and inflation, rather than their effect on the irrelevant national debt, the Labour Party should oppose the freezing of personal tax allowances without additional actions to increase demand and therefore employment. Yet we understand that the Labour party has decided to support the freeze for the same reason that Sunak proposes it – because it will reduce the fiscal deficit.

Wage increases for NHS employees

Should Labour support a wage increase of more than 1% for NHS workers? Would a greater than 1% wage increase lead to increased inflation or unemployment? Let us assume that the chancellor will not try to match the increased costs of the NHS with an

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Labour and the Housing Crisis

by Eamon Dyas

On 22 March 2021 the *Guardian* reported that in four London boroughs 40% of the households residing in those boroughs were in receipt of housing benefits. In other words, close to half of the households are currently having to get help from the authorities to cover the basic costs of renting a place in which to live. The London boroughs impacted by this shocking statistic are Newham, Haringey, Barnet and Hackney. This is an abysmal state of affairs and yet it is one which Labour at Westminster has been eerily silent despite the existence of the Party's perfectly credible 2019 housing policy.

What is even more abysmal is the fact that the *Guardian* report was based on a document produced by the Conservative thinktank Bright Blue and not one produced by the Labour Party. Unfortunately, this is just another example of the current failings within the party. There was a time when any serious social problem that affected the disadvantaged would see the Labour Party not only taking leadership in exposing the problem but in the formulation of a solution. Unfortunately, like other issues highlighted in this magazine, the Labour Party appears to have lost its way in this regard.

The Tory Bright Blue report was published to coincide with the launch of a cross-party commission on social security reform in the wake of the Covid pandemic. This commission includes the likes of Jack Monroe, the food campaigner, and

the Labour peer and social policy expert Ruth Lister as well as Stephen Crabb, the former Tory work and pensions secretary.

Other features of the Bright Blue report dealing with housing highlight the following facts:

While on average the proportion of all households receiving state support for housing costs has increased by 2.8 percentage points across all English local authorities outside of London in the first nine months of the pandemic, this rises to an average of 5.9 percentage points in London.

There has been, on average, a 3.7 percentage point rise in the proportion of all households claiming state support for housing costs in the average urban English local authority in the first nine months of the pandemic as opposed to a 2.3 percentage point rise in the average rural English local authority.

17 of the 20 English local authorities with the highest increases in households claiming state support for housing costs in the first nine months of the pandemic were in London.

The growth in claims for state support for housing costs is driven mostly by those renting privately. In February 2020, 53.3% of households on Universal Credit which received the Housing Element were renting socially, while 45.5% were renting privately. By November 2020, the proportion reversed, with 45.1% of households renting socially, while 53.5%

were renting privately.

In 212 out of 317 English local authorities (66.8%), the proportion of new claimants of state support for housing costs in the first nine months of the pandemic who are privately renting is above 60%.

(See: <http://www.brightblue.org.uk/shaky-foundations-press-release/>)

Although it serves the useful function of highlighting the housing benefit issue the Bright Blue/all party commission is not specifically targeted at the housing problem *per se*. Rather it considers housing benefit as part of the general issue of social security benefits and only in the context of the post-Covid recovery. However, even allowing for the abnormal conditions associated with Covid it does highlight a serious underlying social problem when it comes to housing in London – but one that is not served by the nature of the Bright Blue report or the associated commission to investigate the social security payment system.

Social security embraces everything from Disability Living Allowance to State Pensions as well as Housing Benefit. But Housing Benefit is quite unique in the family of social security payments. While it does have a relevance to other aspects of the social security system any insights into the problems underlying Housing Benefits requires an acknowledgement of its direct relationship with the fluctuations in the property market. As such, while it is part of the network of social security benefits it needs a specific investigation in its own right into how the fluctuations in the property market influences the payment of Housing Benefits. Part of such an investigation also needs to look at the way in which the housing policies

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increase in taxation. Then demand in the economy will likely increase by the extra disposable income that the 1.6 million NHS workers have received. If it is not possible to increase production to match this increased demand, then there might well be a small inflationary effect. However given that unemployment is likely to rise to at least 6.5% over the next year, it seems likely that extra production could be achieved, and so there will be no inflationary effect. Indeed, there would instead be an increase in production and a reduction in unemployment. So that's a win-win result.

Another possibility is that other workers might resent the decline in their wages relative to those in the NHS and attempt to bid up their wages resulting in an inflationary wage spiral. This seems unlikely. It is widely accepted that NHS workers were generally exemplary in their efforts to protect the population and save lives.

So, using our criteria for evaluating economic policy, asking whether it increases unemployment or inflation, we could support a larger increase for NHS staff as it will likely reduce unemployment but not increase inflation because more can be produced to match the increased demand and, furthermore, the increase in NHS wages will not be resented by other workers.

Unemployment and Inflation are the relevant statistics

We end this column by stating, in summary, that the size of the national debt is an irrelevant statistic, that the relevant statistics, that should be used in evaluating economic policies, are the rate of unemployment and the rate of inflation and finally, that the existence of unemployment is a clear indication that the size of the national debt is too small.

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of successive governments have influenced the fluctuations in the property market and how those fluctuations in turn influence the supply of homes and the payments from the public purse.

Over the past four decades Governments of both persuasions have exerted an influence on the housing market deliberately and consistently as a matter of policy. Whether that influence was indirectly exercised through the deregulation of the finance sector or the direct influence of the policy of selling off council homes it cannot be denied that the current situation has arisen in the wake of such policies.

Thus, any investigation into the housing crisis must begin with the role that government policies have had in generating that crisis. It also needs to establish the extent to which the impact of these policies was compounded by the reduction of central government grant by both Tories and Labour administrations to local authorities over the years. The combined effect of these twin policies has left local authorities devoid of the means of instituting any meaningful public housing programme while at the same time compelling them to sell their existing stock.

At the time those policies were formulated they were not based on empirical evidence or pragmatism. Rather, they were the result of an ideological commitment to the belief that the market could be relied upon to eventually come up with the required solution to the ongoing need for housing. A coincidental policy pursued by the Thatcher Tory government at the time was the commitment to deregulate the financial sector. While the thinking behind the decision to deregulate the City of London was more broadly based it is inconceivable that it was not also taken without an awareness of how such deregulation would “free up” the necessary capital for investment in the property sector. And it is also inconceivable that the decision was made without knowing that this would also have the effect of stimulating the council homes sell-off scheme through the provision of mortgages to those who previously would not have had access to such finance.

From the perspective of the local authorities these policies have led to an increasing reliance on the private property developer as the main vehicle for the supply of social housing and it has been a disaster.

The legacy of those policies has now evolved over a period of nearly fifty years and it has become an issue of real import for Labour. The way in which the party handles it will determine if it is serious in offering a real alternative to the current Tory government. As housing is a basic human need it is a particular problem for those local authority areas under Labour control. However, it has to be said that the recent omens do not look good for Labour’s ability, or willingness, to honestly address the housing issue that now confronts it.

It is important to remind ourselves of the extent of the housing failure and the implications of a Labour neglect of its responsibility to get to grips with the problem. The bald fact is that since 1979 (when the

Thatcher Tories came to power) the stock of local authority homes has fallen from nearly 6.5 million to just around 2 million in 2017 (the statistic for the latest year that I have been able to find).

It has been claimed, with some justification, that the actual social impact of this is less dramatic if it is acknowledged that sales of local authority council homes has had a commensurate impact on the numbers in need of such homes. In other words, the purchasers of council homes no longer require access to council homes and therefore the overall demand for such homes inevitably decreases. However, the beneficial (if that is the right word) effect of this on the numbers of those in future need of council homes was always going to be temporary. After all, the factors that create the poverty associated with the need for social housing do not evaporate because swathes of social housing are sold off. Those factors continue to assert themselves with the arrival of each generation in need of housing.

We can see how housing needs in England have gradually reasserted themselves since the initial surge in home-owners after 1979. In that year, before the council home sell-off took effect, the level of home ownership was 55%. By 2007 this had risen to a peak of 71% in 2003. Presumably this was because of the huge swathe of council house sales. However, by 2016 the figure for home-owners had declined to 63% and it remained at that level in 2018. (Note: these figures only apply to England. The figures are slightly different for the UK as a whole).

Additionally, the statistics for the age group 35-44 – the age group that represents the first generation of potential home-owners after the council home sell-off – also confirms a marked decline in the number of home owners since then. According to a report in the *Guardian* on 10 February 2020:

“Home ownership has collapsed for adults in their prime working age, according to the official figures that show those in their mid-30s to mid-40s are three times more likely to rent than 20 years ago.

“In a reflection of surging house prices and a lost decade for wage growth since the financial crisis, the Office of National Statistics found that a third of 35-44-year-olds in England were renting from a private landlord in 2017, compared with fewer than one in 10 in 1997.

“The government statistics agency said home ownership had become increasingly concentrated among people over the age of 65. Almost three-quarters of adults in the generation that includes baby boomers born after the second world war own their own homes outright, up from just over half in 1993.

“Against a backdrop of rising generational divisions in modern Britain, the ONS linked Margaret Thatcher’s flagship right-to-buy policy with the boom in home ownership among older Britons, as well as a slump in social housing

across the country.

“Since the launch of the scheme in 1979, which allowed social housing tenants to buy their homes at reduced prices, the proportion of council properties in Britain has slumped from 33.2% to only 17.6% in 2017.” (Home ownership among people aged 35-44 has plunged – ONS, the *Guardian*, 10 February 2020).

It is reasonable to conclude that this new generation of people seeking homes will include a significant proportion of those in need of the social housing that is no longer there. Such was the dearth of suitable housing for those in need that in 2017 the BBC reported that local councils were spending millions of pounds in buying back homes they had previously sold at a discount under the Right-to-Buy schemes. And, as was to be expected, these homes were being re-purchased at rates that were multiples of the price the councils had been paid for them in the first place. In the case of Islington Council the sum spent was more than £6.2 million in buying back properties it had originally sold to tenants for less than £1.3 million (see: “*Town Halls buy back Right-to-Buy homes*”, BBC, 3 May 2017).

But this madness is only one aspect of the legacy of the policy of reliance on the property developer to supply social housing. For, aside from the failure to meet the re-emerging demand for council housing there is the ongoing cost in terms of the provision of housing benefits for those forced to meet the costs of private renting.

The extent to which this additional feature of the social housing crisis continues to divert resources from where they could be used to build new local authority housing into the private sector was revealed in a recent news report in the *Hackney Citizen*. Remember, Hackney is one of the boroughs reported in the *Guardian* on 22 March 2021, as having around 40% of its households on housing benefits. Ten days prior to the report in the *Guardian* announcing that fact the *Hackney Citizen* carried the following:

“Councillors have expressed bitter disappointment at housing figures that lay bare the borough’s ‘poor performance’ in delivering socially rented homes – including a year in which the borough saw only a single new one.

“According to statistics for new housing in the borough – through both council and private developments – the council came close to hitting its five-year target of 7,995 homes between 2015 and 2019.

“However, over 5,200 of these were at market rates, while just 227 were for social rent.

“In 2019, just one socially rented home was successfully delivered.” (Hackney Citizen, 12 March 2021).

Just to reiterate. In Hackney, a Labour borough with around 40% of its households

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What Am I Going to Do Next? Part 4: Colleges of Further Education.

By Dave Gardner

What are FE colleges?

This month I am going to look more closely at the infrastructure for vocational education and training in England and Wales to see how fit it is to tackle youth unemployment. I will then consider how local Labour parties and trades unions can work to improve their fitness for purpose, so that the 'levelling up' agenda becomes a property of national and local labour movements, arguing that this is an opportunity to engage with some of the main concerns of the electorate in ensuring good, secure jobs in their localities.

The key institutions are the Colleges of Further Education (FE Colleges for short). There are 259 including sixth form colleges in England and Wales. In England they cater for 2.2 million students, of whom over a million are between 16 and 24 years old. This contrasts

with around 1.5 million of the same age group at university.¹ FE Colleges teach everything from the most basic preparation for work courses and remedial literacy and numeracy, through technical courses at various levels to supporting apprenticeships to advanced technical qualifications and degrees. They also, like schools, teach A levels. They really are in some ways 'jacks of all trades' but absolutely critical to the provision of work-related know-how in England and Wales. Any prospect of success in providing know-how for skilled and semi-skilled jobs depends on the health of the FE colleges.

Despite the numbers of young people they cater for, their total income was around £7 billion a year in 2017/18. In England, all

¹ <https://www.hesa.ac.uk/news/17-01-2019/sb252-higher-education-student-statistics/numbers>

institutions of higher education had a total income of £34.5 billion in 2018/19. Approximately £500 million of FE college income is for higher education. This means that universities get around £34 billion per year in income, nearly 5 times that of FE Colleges for similar student numbers. Furthermore, the Tory led austerity years from 2010 led to a total loss of income of around £1 billion up to 2019, representing a cumulative cut in income of around 12% for FE colleges according to the Institute of Fiscal Studies. The Labour Party puts the loss to 16-19 year old education at 21% in real terms since 2010. These numbers tell their own story, of both historic and recent neglect of a sector of vital importance to communities and the economy. Universities have the political clout and social prestige both to escape serious cuts and to command the attention of the government largely, at the expense of the FE colleges. In any attempt to deal in the medium and long term with youth unemployment, these colleges will be a vital resource. At least the White Paper that I wrote about last month recognises that. Whether the Tories have a coherent plan and adequate funding for the sector is another matter.

A Bit of History.

Until 1993 FE colleges were run by their local authorities. They are now independent charities run by governing bodies with an overwhelmingly business interest. They are responsible for their own finances and are expected to be commercially viable. In practice this has meant that they are often obliged to compete with each other, particularly colleges in close geographical proximity. Money from the state has tended to be awarded on an annual basis, although the White Paper proposes 3 year financial settlements to allow for more long-term planning. Extreme financial pressures that made themselves felt from 2010 onwards have led to numerous mergers, loosening the local affiliation of many colleges.

It is vital to understand that unlike

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in receipt of housing benefits, only a single social housing unit was made available in 2019! But local authorities should not be held responsible for this failure. That responsibility lies with those in central government who originally perpetuated the myth that the market and private property developers could be relied upon to meet the needs for social housing and then went about creating the legal framework to facilitate that myth.

While the ultimate responsibility lies with Thatcher's Tory government and its subsequent adherents, the New Labour government of Tony Blair in 1997 cannot escape its role in creating the toxic legacy. The combined effect of the Thatcher and Blair governments that spanned the decades of the 20th and 21st centuries left councils like Hackney in an impossible position when it comes to supplying its social housing needs.

Yet, it was a legacy that continued to avoid being named for what it was. In the entire period since the end of Blair's New Labour government in 2007 there has been no serious challenge within the Labour Party to the reasons for the housing problem legacy. It took until 2019 for a serious policy to emerge that addressed the ongoing effects of the legacy. On 21 November of that year Labour announced its Housing Policy under which it promised:

Scaling up council house buildings so that we are building 100,000 council homes a year by the end of the parliament, a more than 3,500% increase.

Building at least 50,000 additional genuinely affordable homes a year through Housing Associations by the end of the parliament.

At least 150,000 new council and social homes a year within five years, delivering the biggest council housebuilding programme since the years immediately after the Second World War, and the biggest overall affordable housebuilding programme since the 1960s.

This radical policy emerged under the leadership of Jeremy Corbyn and at last it seemed that the party was finally making a serious attempt to address the housing problem. Unfortunately, the way in which this new policy emerged was through a "layered" approach. It existed on top of arguments that had been sanctioned and legitimised by the Labour Party for the previous twenty years without directly confronting those arguments or those powerful elements in the party who continued to hold them. In failing to confront and discredit the ideological basis of Blair's New Labour project and those who continued to act as its advocate, Labour under Corbyn chose to pretend that it was a crisis that emerged from policies and influences that were historically outside the party's control. This fatal flaw was to go on to ensure that the attempt under Corbyn's leadership to formulate a decent housing policy did not survive his replacement as leader by Keir Starmer.

I will go into the reasons for this and the continuing incapacity of Labour to get to grips with the housing problem in the next issue.

the majority of universities, Colleges of FE are locally rooted. They respond to local economic needs and their students and clients are overwhelmingly local. Unfortunately, the 1993 changes in governance encouraged rivalry and competition between colleges rather than the co-ordination that had previously existed, together with an increasing duplication of provision, leading to inefficiencies on the one hand and huge gaps in necessary provision on the other. Without a drastic change in governance, it will be difficult to change the destructive competition between colleges significantly. To make matters worse private training providers (PTPs) were encouraged to financially undercut the colleges. PTPs are extremely variable in quality and it is only now, in the White Paper, that they will be subject to more rigorous scrutiny. The proliferation of providers has made it more difficult for employers and potential students to discriminate between what is good and what is not so good, causing further problems in providing quality vocational education. The last 28 years of market-led reforms and financial constraint have led to the sector now being in a critical state.

The immediate financial slide into the abyss has been halted, although the sector remains vastly underfunded when compared with universities. However, much will need to be done if the Colleges are to provide some of the means of regeneration of their localities. They won't be able to do it on their own either. The fact that the colleges undertake a huge range of necessary activities makes it difficult to locate particular specialisms near enough to those who wish to access them. On the one hand FE Colleges are bound to cover a huge range of occupations and levels of study. On the other hand, they are expected to serve local communities. These two requirements are in tension with one another and this can only be resolved by a government prepared to put further resources into the system, but in such a way that these two aims can be met as closely as possible.

This is not easy. It is theoretically easier in large, metropolitan areas where populations are concentrated and transport links are good, where different specialisms and levels of study can be located within reasonable access of all those in the metropolitan area. Even here, inadequate funding of public transport or insufficient subsidy

to the transport needs of young people can make this a challenge, as is the case, for example in London, where bus journeys off principal transport axes can take a very long time. It is much more problematic in non-metropolitan areas and even more so in rural ones. There are inevitably going to be compromises and there are real choices. You either build more colleges in those areas which currently lack them or you improve access to the colleges that exist. There is a third option, which is much less suitable for 16 than it is for 18 year olds, which is to give some colleges a limited amount of residential accommodation.

If the government is serious about providing all young people with a reasonable range of opportunities, not just those who wish to attend a university, then it is going to have to plan for coverage which includes everyone who wishes to engage in vocational education or further study. Essentially this means targeting a minimum journey time on public or publicly funded transport for attendance at a course of choice. This can be done in either of the two ways suggested or through some compromise between the two. If the government is serious about reviving the economies of local communities it will not do either to concentrate investment in those metropolitan areas that are the population and economic centres of their regions, like Sunderland-Newcastle in the North East or Bristol in the South West. Too much emphasis on economies of scale will disadvantage the very areas most in need of investment. But even a cursory look at current FE provision suggests that there is already too much concentration and far too few facilities in non-metropolitan areas.

To summarise. If colleges are to serve local communities and economies they must be located in reasonable proximity. Where student numbers cannot justify a particular specialism, that specialism should be located within a minimum target time by publicly funded transport, which need not be a bus, but could be a minibus or communal taxi, organised by the college but ultimately centrally funded as a part of the college budget allocation. Furthermore, a good mix of courses should be available to all young people within an area within a reasonable transport time, using free and publicly funded transport. I

should add here that the same principle needs to be applied to apprenticeships. Although apprentices are employees, an apprenticeship wage will not be sufficient to sustain substantial transport costs. There are other costs that will have to be covered if those who are not going to university get a fair deal. This includes investment in up to date equipment, and properly paid and trained teachers, who also have good opportunities for industrial secondment to keep up to date with their specialism.

Governance of colleges needs to be radically reformed so that all stakeholders are properly able to ensure that no single interest group determines how they are run. Local Authorities need much-enhanced representation and trade unions should also have a place alongside local businesses, as well as the staff and students of the college. The main mission of colleges should be to support their local economies and communities within a local and regional plan. They should have the responsibility to ensure that they are financially viable, but they should not be allowed to compete in terms of provision offered or in charging for publicly funded courses. Without co-ordination between colleges, it will be impossible to construct coherent regional plans that are going to work. The prime responsibilities of governing bodies should be to support local economies and communities within budget, and to co-ordinate with other providers, central government and employers to ensure the best possible provision for their region

Where does the Labour Movement fit in?

There is substantial work here for local labour parties, local councils and trade unions, working with local colleges, universities, young peoples and employment charities, to do an audit of local needs and to draw up plans along the lines suggested. These should then be incorporated into the campaigning of local parties and trade unions, showing local people that their needs have been given careful thought and that there is something here that a Labour government could implement. So far, the Tories' attempt to level up has been lacking in detail and where it is evident, as in the White Paper that I discussed last month, it is inadequate.

***Ernest Bevin: Labour's Churchill* by Andrew Adonis**

A review by Brendan Clifford

Lord Adonis, who was a Junior Minister in the Blair Government, has written a book about Ernest Bevin. Bevin was an organiser of working class power. Blair's great object was to dissolve working class power in order to free the Labour Party from it.

The Labour Party was formed during the First World War because the Liberal Party—which was the governing Party at the time—split. It had launched the World War in 1914. It split in 1916 because, in launching the War, it had bitten off more than it could chew. The stress of conducting the War was too much for it so it split and the more 'radical' Liberals, led by Lloyd George, formed an alliance with the Tories. Lloyd George became Prime Minister but the substance of the Government was Tory.

A Labour Party was then organised by Arthur Henderson in time to contest the 1918 Election.

The Lloyd George/Tory Coalition won the Election by a landslide but Labour came in ahead of the Asquith Liberals and acquired the title of Official Opposition.

It is possible that, if Lloyd George had not split the Liberal Party, the Labour Party would not have been formed. Henderson, a Trade Union organiser, had been a Liberal in politics, as had many other Trade Union leaders, until the Liberal Party split. They would possibly have remained Liberals in politics, if the Liberal Party had held together in running the War it had started.

Until the Liberal split, the Labour and Socialist political organisations had been propaganda bodies lacking either the strength or the will to challenge the Tories and Liberals in a bid for power in the state.

The British electoral system is designed to function as a two-party system. It inhibits the growth of a third party. The Liberal split was therefore crucial to the emergence of Labour as the Opposition party—the officially recognised alternative governing party.

Blair saw that 1918 event as a tragic accident. The way he saw it was that an accident had split the "Radical" movement, and established a limited sectarian interest in its place. His mission was to heal the rift that had opened up in the Radical movement

in 1918. He would do this by freeing Labour from the vested interests of organised labour and remaking the Labour Party into a free-ranging political party, such as the Liberal Party had been.

The first thing that had to be done was abolish Clause Four of the Party Constitution, the ball and chain that bound it to organised labour. And then he aimed to dissolve working-class organisation by mass immigration which could be used to subvert restrictive practices.

Blair might be described as Anti-Bevin, in the way that the Pope is described in the Articles of the Church of England as Anti-Christ. And Blair was outstandingly successful in destroying, around the year 2 000, most of what Bevin had constructed in the quarter of a century after 1920.

It was a virtuoso performance. But, in the doing of it, the performer drew all the life out of the Party, wrought havoc in the world, and left a Party which is neither the one thing nor the other. Bevin's heritage is gone. And who would think of Lloyd George when they look at Sir Keir?

So why, and how, does a Blairite write a book about Bevin? The why is possibly that he sees that Blair's charismatic, irrationalist, influence deprived the Labour Party of specific meaning, leaving it a hulk, and that is not entirely satisfactory. The how is that he treats Bevin as having been in the main anti-Russian, and he sees anti-Russianism as the coming thing:

"Having seen both communists and fascists close up, Bevin never fell for the left delusion, harboured by Cripps and Bevan, that a common front with communists was the way to deal with the fascists. In his view they were as bad as each other and fundamentally the same threat to democracy and trade unionism" (p118).

"Just as Bevin harboured no left-wing sentimentality that communism was on a spectrum with democratic socialism, so he understood that fascism was radically different to conservative nationalism. Endemic revolutionary violence and totalitarianism made communism and fascism fundamentally similar and equally dangerous.

"The equation of fascism and communism, and the imperative to resist both, was Bevin's most

fundamental and consequential insight as a national leader. Surprisingly few others saw it this way. Most on the democratic left saw communism as better than fascism... Beatrice and Sidney Webb, ...amid Stalin's purges, brought out their infamous book *Soviet Communism: A New Civilisation*. On the right, particularly in Christian movements..., it was vice versa: communism was morally far worse and more threatening than fascism because of its atheism and hostility to private property. Moral relativism was indeed deeper and broader on the right than on the left. Supposedly moderate nationalist and Christian parties promoted the fascist right to an extent that social democratic parties refused to support the communists, most starkly the Catholic Centre Party in Germany, which endorsed Hitler's Enabling Act. This was true even when social democrats were in 'popular front' coalitions with communists to keep out the right, as in France in 1936 with Leon Blum's government. Among truly 'nefarious practices', high on the list must be popes Pius XI and Pius XII's deals, as heads of the Catholic church, with virtually all Europe's fascist dictators in the 1930s. Not that this was unique to Catholics among the Christian churches: a quarter of Germany's protestant clergy had joined the Nazi Party before 1933.

"None of this relativism clouded Bevin's judgment, least of all religion. He saw communism and fascism through the same prism of totalitarianism. 'If you do not keep down the communists you cannot keep down the fascists', he told the 1934 Labour conference... 'Our friends on the Continent failed at the critical moment to maintain discipline as we propose to do now. This is where they went wrong and they got eaten out and undermined. When they had to take action, half of their members were in one party, half in the other'...

"Bevin had witnessed revolutionary fascism at first hand. Travelling through Germany in 1932... this is what he saw: 'The position in Germany is rapidly approaching one of civil war. Outside the Volkhaus in one of the towns we saw armed Social Democrats acting as pickets with other members of the Party inside also fully armed protecting their property against the Hitlerites and the Communists...'

"Bevin was more strong-minded and

consistent even than Churchill, for he never suffered Churchill's fondness for Mussolini... Churchill was impressed by all dictators that he met... By contrast, Bevin was never overly impressed by meeting dictators, including Stalin when he confronted the communist monster at Potsdam in 1945.

"This is significant because it was Mussolini, not Hitler, who initiated the foreign aggression crises of the 1930s and got away with it. Churchill prevaricated but Bevin saw the Italian fascist dictator for what he was..." (p 118-124).

Bevin in the 1920s and 1930s was the founder of a Trade Union, and the amalgamator of Trade Unions. He built up immense Trade Union power on an independent basis and used it with restraint for Trade Union purposes within the sphere of *laissez-faire* capitalism or something approaching it.

He advocated restraint, but did so on factual rather than moral grounds. The English working class—or proletariat—inherited from the 19th century was lethargic in temperament rather than volatile. He was not opposed in principle to the use of force, and he said repeatedly that only force would impress the capitalists, but he knew that revolutionary appeals would be met with indifference.

The *Triple Alliance* (the Miners', Railway and Transport Unions) confronted Lloyd George with its potential power in April 1921, *Black Friday*. He responded by saying that he commanded no power equal to it, but that, if they used their potential power, they could only do so by taking over the conduct of the state. Were they ready to do that? They weren't, so they accepted defeat without further contest.

The General Strike was a repeat of that event on a larger scale with more serious intent, but the outcome was the same.

After 1926 Bevin sought ways of engaging with capitalists with a view to making arrangements with them. That approach could be described as *corporatist*. And corporatism was seen as the hallmark of fascism. It was criticised on those grounds by the Communist Party. The difference, however, depended on how it was done.

A quarter of a century after Bevin's death a Royal Commission, chaired by his main biographer, Alan Bullock, recommended the setting up of a Workers' Control structure in industry, in which the organised workforce in an enterprise would have representation in management equal to the capitalist shareholders. The Communist Party was

against it, of course, as class collaboration designed to ward off class revolution. But so was the non-Communist Labour Left—the Parliamentary Socialists that Bevin despised. And so was the basic inertia of the working class. Only a few Trade Union leaders who remembered Bevin supported it.

The Communist Party went into drastic decline about a dozen years later. And so did the Trade Union movement.

The CP might have exercised a retarding influence on Workers' Control development, but it was only one of many such influences. But, apart from that, it was one of the main influences keeping Trade Unionism alive.

The workers under Capitalism do not spontaneously arrive at a sense of class interest. The working class is the propertyless element in society and property is the basis of cohesion in the other classes. Bevin appears to have understood this and to have sought to establish a property basis of working class interest, and he had the idea that a job might be established as a form of property. Blair scotched that notion when he declared that in future nobody could expect to have a *job for life*. That declaration was scarcely noticed by the Parliamentary socialists.

The culture of apprenticeship was rooted out of English society by the progressive forces establishing Capitalism, and attempts to restore it have been treated as eccentricities—for example, William Morris and *Merrie England*, or the Guild Socialists after the Great War. Free labour was the ideal of Capitalism and it was largely realised in England where Capitalism was founded. Free labour meant labour which was nothing in itself and which could be shaped and re-shaped according to capitalist requirement.

Bevin noted a falling off in artisan support after the attempt at a General Strike. Although he was the organiser of general labour in the 20th century, his beginnings were in the socialist groups at the end of the 19th century. He was aware that early socialist movements in the working class were artisan movements. I suppose the artisan was to some degree a survivor of the apprenticeship system.

The opportunity came for him in 1945 to try to give some structural effect to his ideas. But Prime Minister Attlee diverted him away from the sphere in which he had wide experience and great expertise, and made him harmless by giving him the dirty job of holding as much as possible of the Empire that had undermined and disgraced itself in all that it had done between 1934 and 1945

to build up Hitler into dominance in Europe until 1939 and then to break him down by a war that was bungled from the start.

When Bevin "*confronted the communist monster at Potsdam*" in 1945, it was by grace of the communist monster that he was in a position to do so. It was nobody but the Communist monster who had broken the power of Germany.

What Britain had done from 1934 to the Spring of 1939 was to facilitate Nazi Germany in breaking the restrictions of the Versailles Treaty by building an Army and a Navy, occupying the Rhineland, and merging with Austria, and after that by taking over the Czech arms industry. Then, on a sudden inspiration, Britain decided to make war on Germany, but made no serious preparations to wage war. Poland was left to go under.

After declaring war it did nothing much for eight months in the way of fighting.

When Germany responded to the declaration of war on it, it withdrew from the battlefield after a reverse in the first battle. Then, safe behind the Royal Navy, it kept the war going with pin-pricks. Its purpose was not to prosecute the war itself but to keep Europe in ferment in the hope that the war would spread. It did spread. In 1941 Hitler took on the Communist monster, and suffered his first reverse.

Three years later Britain was hustled back onto the battlefield by the United States while the German forces were being held and pushed back by the Monster.

The war was fought by two forces between which, to Adonis's eyes, there was no difference. Fascism and Communism were the same thing.

His comment on Churchill's weakness for Mussolini is highly disingenuous. Churchill was "*charmed by Mussolini*" because, as he explained in the article from which Adonis quotes a sentence, Mussolini had found the antidote to Leninism which was threatening to spread through Europe and destroy its civilisation. He said straightforwardly that in Italy he would have been a Fascist, but that "*in England we have not had to fight this danger in the same deadly form. We have our own way of doing things*". (The full text of the *Times* report of Churchill's statement is given in the Aubane edition of Elizabeth Bowen's espionage reports, *Notes On Eire*.)

The "*danger*" was the destructive effect on organic capitalist society of the form of *total war* waged by Britain in

1914-18, and the punitively ideological peace settlement imposed by Britain at the end of it. Britain, as victor, imposed revolution on the vanquished, and revolution tends to break society into its elements and set them in conflict with each other. In Russia Lenin and the Bolshevik Party mastered the chaos and set about establishing a socialist society by directly abolishing private ownership of the means of production, and organising production of goods for use without the capitalist market and the civilisation that went with it. In the broken bourgeois civilisation of post-1918 Europe Leninism made considerable headway.

Mussolini was a radical socialist before 1914. In 1914 he added expansionist nationalism to his socialism. In 1914-15, under British influence, he was instrumental in bringing Italy into the War as a British ally, with British promises of a reward in the form of a large tract of Austrian territory. He did this against the opposition of both the Socialist Party and the Catholic Church. The country could not settle down when the War ended, and Britain did not deliver all that it had promised, until Mussolini made his wartime combination of nationalism and socialism into the functional system of fascism, ended the free conflict of fundamentalist parties, and restored State authority.

Churchill, in the early twenties, had written newspaper articles on the question of whether the Parliamentary system of conflicting political parties could cope if the parties in conflict were a Capitalist Party and a Socialist Party. He concluded that it couldn't if each party was effectively representative of its cause.

The Parliamentary System of Government and Loyal Opposition could only work if the differences between the parties were slight. In England they were slight—and the defeated Liberals flocked into the Labour Party in the 1920s to ensure that they remained so.

In post-1918 Europe they were not slight. In a fundamentalist conflict of principle Communism seemed likely to win. That outcome was averted by the fascist movement, which overrode the conflict of parties by drawing from each in a way that kept Capitalism functional. Democracy was a late addition to capitalist government. It was suspended when it proved to be politically destructive. Fascist countries not involved in the 1939 War returned easily to democratic forms when authoritative national states had been consolidated, e.g., Spain.

Countries which underwent

Communist development had great difficulty in reverting to Capitalism and its political forms when required to do so.

It is amazing that Lord Adonis, with the experience of the last forty years to learn from, should see Communism and Fascism as being the same thing under different names.

With regard to Trade Union organisation: Bevin operated in a powerfully-developed capitalist society with a stable political structure. It was not possible that what was done in Russia after the collapse of the Tsarist autocracy (Britain's ally) could be done in England.

And it was not possible that what was done in England could be done in Russia. There was no ground in Russia for capitalist-democratic Trade-Unionism. Capitalism did not exist in Russia as a national system. There were small pockets of it in a vast peasant society. For there to be a possibility of reformist democratic Trade Unionism, Capitalism should first be let have a few generations of complete freedom to develop itself, with all that this implies.

The Communist Party did not destroy the Tsarist State. It fell apart of its own accord under the stress of the expansionist war into which Britain had lured it with the offer that it could keep Istanbul if it took it from the Turks. When the Tsarist State fell apart, the forms of capitalist democracy were not strong enough to take command of the situation. The Communists took command and by-passed Capitalism in the construction of a socialist economy. Trade Unions play a very different part in the construction of a socialist economy than they did as forces of resistance in capitalist economy.

When the capitalist world fell into conflict with itself—democratic capitalism against fascist capitalism—the democratic wing proved to be helpless against the fascist wing. It was not a resurgence of capitalist democracy that broke the power of Fascism, but the fascist assault on Communism.

Bevin organised British society for total war, though the British war effort was less than it had been in 1914, and after June 1940 the outcome depended on others. The arrangements he made laid the basis for the 1945 Labour victory and were the foundation of the welfare state. He was then removed from the domestic scene and Labour affairs passed into the hands of the Parliamentary Socialists who had harassed him as a kind of British Stalin during the War.

The European settlement made while

he was Foreign Secretary was based on the meeting point of the opposing Armies in the Grand Alliance against Germany, the Russian and the American. The USA had built up enormous production capacity during the War and it subsidised a restoration of advanced capitalism out of the wreckage the War had wrought in Western Europe. It did this as an anti-Russian measure.

Lord Adonis seems to have a particular *animus* against the Catholic Church, and he attributes the formation of the West German state to Bevin. It was actually brought about by German Christian Democracy in alliance with the USA. The Christian Democratic leader, Adenauer, had experienced British conduct in Germany after 1918 and was intent on preventing a repetition of it after 1945.

The Catholic Church (enabled by its diplomatic 'deal' with the German State) had maintained a mass passive resistance to the Nazi movement, while the Protestant Churches were absorbed into it, and this was the ground for the rapid assertion of German national interest after 1945, as compared with 1918.

As late as 1942 Churchill was saying that he had not prolonged the War in order to preside over the dissolution of the British Empire, but that is what he was doing. By continuing the War after Britain had lost the capacity to wage it with any prospect of success, and by replacing the strategy of fighting the War with the strategy of spreading it, he was handing it over to others. And neither of the relevant others, the Soviet Union and the USA, saw the continuation of the British Empire as being to its advantage.

And in 1941 Churchill hastened the decline by seconding the US ultimatum to Japan and precipitating the Japanese assault. Japan had been the protector of the British Empire in Asia until Britain, under American pressure, ended its alliance with Japan in the early 1920s. Ending the alliance marked Japan down as a political enemy. Backing the American ultimatum in 1941 made it an actual enemy.

Bevin's first war as Foreign Minister—the war against the Anti-fascists who had asserted Malayan independence from the British Empire, an attempt to retrieve a bit of the Asian Empire that was shredded by the Japanese—is hardly mentioned by Lord Adonis.

In a final chapter, called "*Failures*", Lord Adonis brands Bevin as an Anti-Semite. That deserves an article in itself.

Bevin's speech to the House of Commons, 21 June 1944.

This is the speech that Ed Miliband refers to in his rejection of the March budget, see Parliament Notes. It lays down full employment as a priority:

"In laying down that it is the primary responsibility of the Government to maintain a high and stable level of employment, we are turning our back, finally, on past doctrines and past conceptions and looking forward with hope to a new era."

The Welfare State is not enough: "it's not enough to remedy, we should cure."

It is more important to commit to full employment than to decide between private or public ownership of industry:

"Some say that all benefits of enterprise arise from private industry, and some say they arise from public ownership. Well, I have seen a bit of both. I have seen enterprise absent from public ownership and I have seen enterprise completely absent from private ownership. Therefore, the question of how you can give effect to decisions as to who will own industry, is not prejudiced by this White Paper."

Bevin puts down the Communist MP Willie Gallagher:

"We have had many marches of the unemployed.

Mr. Gallacher (Fife, West) And good marches, too.

Mr. Bevin The hon. Member may have enjoyed them but the unemployed have not."

Ernest Bevin introduces the White Paper on Employment policy, June 1944

Taken from Hansard, HC Deb 21 June 1944 vol 401 cc211-310

A NEW PRINCIPLE OF GOVERNMENT

The Minister of Labour (Mr. Ernest Bevin) I beg to move, "That this House takes note of Command Paper No. 6527 on Employment Policy and welcomes the declaration of His Majesty's Government accepting as one of their primary aims and responsibilities the maintenance of a high and stable level of employment after the war."

I think that this Motion is one of the most important that has been debated in this Assembly for many years. It embodies the most important principle that has come before the House for a very long period. In laying down that it is the primary responsibility of the Government to maintain a high and stable level of employment, we are turning our back, finally, on past doctrines and past conceptions and looking forward with hope to a new era. Unemployment has been the subject of many Debates in this House. We have had many marches of the unemployed.

Mr. Gallacher (Fife, West) And good marches, too.

Mr. Bevin The hon. Member may have enjoyed them but the unemployed have not. We have had these marches of hungry men, demonstrating their poverty in a highly civilised society, during a century in which wealth has accumulated at a rate unprecedented in the history of the world. From 1886, when the late John Burns led the London unemployed through Pall Mall, onwards to the Northampton bootmakers, right down to the miners, between the two wars, we have had this horrid spectacle of unemployed men, not refusing to work, but asking that society should so organise itself that work might be provided and their families maintained. During that period, all through the end of the 19th century and the first part of the 20th, there were tremendous agitation and disturbance. It is difficult to convince a great many people that, prior to the introduction of the employment exchanges and unemployment insurance, unemployment did not exist to the extent that it did afterwards. It did, but it was not known. Statistical knowledge was not available, and the public was not aware of the intense suffering that ensued. But during that period the House of Commons and the country became conscious, and realised that the State could not be inactive when faced with the evils arising from mass unemployment.

If we take the period from the seventies right up to the outbreak of this war, we have only had really full employment under three conditions—the making of armaments for impending war, during war, or on the discovery of more gold fields and the expansion of credit. On other occasions, unemployment in cycles has arisen from time to time. The problem became so acute that the State had to decide to introduce social services,

and an attempt was made, following on the work, which I am sure the House has been pleased to see honoured, even late in the day, of Sidney Webb and Mrs. Webb in the break-up of the Poor Law, to regularise assistance in its various forms. It was followed by new measures, which were tried out during the depression. There were a tentative public works policy, training, transference schemes and, lastly, the Special Areas. But all these were merely measures to minimise the effect of unemployment, not a recognition that unemployment was and is a social disease, which must be eradicated from our social life. The State's job up to this date has been to deal with the after-effects of the disease, and not to take active measures itself to promote and maintain economic health. This Motion is an assertion that, while there will still be difficulties to contend with, and the social services must continue to play their part, the first consideration must be the way to remove the cause. Having tried relief in all its forms, we now propose to diagnose, and we hope to cure.

The Government welcome the fact that Parliament is—I hope irrespective of party, and with widespread agreement—at last facing this problem as a fundamental issue. We are, indeed, grappling with the problem which is uppermost in the minds of those who are defending the country to-day, at home, overseas, and in those bitter fights across the Channel. With my right hon. Friend the Prime Minister, I had an opportunity of visiting one of our ports and seeing the men, of the 50th Division among others, going aboard ship—gallant men, brave men with no complaint. They were going off to face this terrific battle, with great hearts and great courage. The one question they put to me when I went through their ranks was,

“Ernie, when we have done this job for you, are we going back to the dole?”

Mr. Pickthorn (*Cambridge University*) For you?

Mr. Bevin Yes, it was put to me in that way, because they knew me personally. They were members of my own union, and I think the sense in which the word «Ernie» was used can be understood. Both the Prime Minister and I answered, «No, you are not.» That answer of «No» to those brave men, going aboard those ships to fight, was an answer which, I hope, will be supported by the House, and I hope that policy will be directed towards making that answer a fact, not only for them but for future generations. There is an obligation on all of us to bend our abilities and our energies to finding the right solution, and not to dissipate energy merely in destructive criticism.

The Government have come forward not only with a statement of their objective, but with an outline of the practical measures for attaining it, which, with the support of Parliament, they intend to operate with full vigour. I am convinced that although of course Governments may change and, I hope, will change—I should not like this job for ever—any party which faces the people of this country at a General Election and refuses to accept the principle of full employment, will not be returned to this House. It may be argued that we ought to have laid down a carefully-designed blue-print, a plan worked out for every phase which might conceivably arise. But I suggest that, in a changing world, such a course is impracticable. It is in the attitude of mind, the direction of Government policy, in the whole of Civil Service, as well as Ministerial, support, that this problem must be faced with a view to adjustments being made, from time to time, in order to

achieve the objective.

The Government do not claim that the White Paper is the final solution of this problem. The proposals do not raise the question, for instance, of whether industry will, for ever, be privately or publicly owned. Some say that all benefits of enterprise arise from private industry, and some say they arise from public ownership. Well, I have seen a bit of both. I have seen enterprise absent from public ownership and I have seen enterprise completely absent from private ownership. Therefore, the question of how you can give effect to decisions as to who will own industry, is not prejudiced by this White Paper. The proposals of the White Paper will operate, whatever the ownership of industry may be. There are those who have gone “cock-a-hoop” in certain parts of the Press, because they think that we who represent the Labour Party in the Coalition Government—and I do not apologise for it—and who have made our contribution to this White Paper, and to all the other great social changes which have come before this House, have abandoned our principle concerning what we think the right ownership for industry ought to be. What we have tried to do, is to devise a plan which, however you may decide the ownership of industry by adjustments which may have to be made, seeks to attain its objective.

Humanism is a philosophy of joyous service for the greater good of all humanity, of application of new ideas of scientific progress for the benefit of all. *Linus Pauling*

He is a man suffering from petrified adolescence
Aneurin Bevan On Winston Churchill

Listening to Italy

by Orecchiette

ALL CHANGE

Mario Draghi became Prime Minister of Italy on 13 February following the resignation of Giuseppe Conte.

Conte had served two Prime Ministerial terms. He was nominated by President Sergio Mattarella and given a parliamentary vote of confirmation, but he has never held an elected post. He had a background as a law professor and had voted on the centre-left. The largest governing party *Five Star (M5S)* suggested him as an independent and impartial Prime Minister who would act as a non-political coordinator. His role was to keep the uneasy peace between the two largest and very dissimilar parties: the populist *M5S* and right-wing *Lega*. He was very effective in the role, gaining credibility and authority as time went on. He coped with the Covid crisis and introduced significant pieces of legislation, such as a minimum wage and a reduction in the numbers of parliamentarians. He also nationalised *Alitalia* the Italian national airline, *ASPI*, the Italian highways company and *ILVA*, Italy's largest steel company.

Conte resigned after Matteo Renzi's tiny *Italia Viva (Iv)* party withdrew its support and destabilised his second administration. This was a *M5S* and *Partito Democratico (Pd)* centre-left coalition Government. By the end he had become the longest serving independent Prime Minister with a very high national approval rating of 65%. A few days after leaving office he joined *M5S* as a member. He later said that he would like a political role. Beppe Grillo, founder of *M5S*, obviously seeing his popularity as an asset, offered him a senior role, seeing him as a senior figure capable of leading the Movement's relaunch. 72% of *M5S* members gave him their overwhelming support, thereby changing their management structure from a small group to a single leader. This happened in a party opposed to the personalisation of politics.

M5S is a curious body, run as a

private company, with the *Piattaforma Rousseau* - a web platform used for member discussion and voting. This was set up by Grillo's co-founder Gianroberto Casaleggio and has been run since his death by his son Davide. In recent years the fall in national vote share for *M5S* has been "*dramatic and constant*" (*ilgiornale.it*) and the Movement are very concerned about the national elections in 2023. There have been serious internal divisions and, in comparison with the operating styles of all other parties, it palpably lacks leadership, focus and drive. No other *M5S* politician has the winning charisma of Grillo and he has always said that he does not want to lead the group.

M5S has several structural problems. Casaleggio's *Rousseau*, takes in the funds for the organisation, but discord among members and parliamentarians has resulted in non-payments and a cash crisis. Casaleggio also issued a manifesto with his own organisational and political demands. Action obviously needs to be taken to de-escalate what was described some time ago as "*fratricide*", which is not only damaging *M5S* but could end in legal battles.

There is a long-standing rule that no *M5S* politician can serve more than two terms. In fact, as Ivo Diamanti (*La Repubblica* 22 March) wrote, *M5S* is "*a party of the anti-party - a non-party, an alternative to not-voting*". And the Movement views itself as THE non-corrupt political alternative to established parties and career politicians. Many candidates for the next election - with reduced numbers of seats available - welcome the chance of a candidature. Other well-known figures don't share the enthusiasm as they will become ineligible to stand again. Grillo was quoted in *La Repubblica* (25 March) as saying that "*We will not abandon those who finish their second term*". Grillo's sudden entry into the Movement's decision-making was unexpected and if it continues it could compromise Conte's role. A *La Repubblica* editorial (30 March)

examined his possibly anomalous position.

Conte has drawn up his priorities for the Movement, which include a continuing but expanding emphasis on the environment. Also, as Diamante says, it might change its Statutes and become a political party. The irony of an avowedly anti-establishment group becoming part of the establishment has not been lost on commentators.

The question of a future alliance with the *Pd* under its new leader is also being considered. Views within the Movement encompass all the possible options while there are those who reject any cosying up to established parties. Nicola Zingaretti, the *Pd*'s previous leader, had a reasonable working relationship with *M5S* but he resigned as *Pd* party leader at the beginning of March. And although "*Zinga*" appears to have gone, he has not left the scene and has positive working relationships with Draghi, Conte and the new *Pd* leader Enrico Letta.

Zingaretti has also been President of Lazio since 2013, and, as a mark of his popularity, was elected for a second term. His background is left of centre and moves to take the party to the left caused tensions and precipitated his resignation as leader. He was a member of the European Parliament and at one point was on Rome's City Council. It is being suggested that he might stand as the mayor of Rome in forthcoming elections. This would cause uneasy tensions between the *Pd* and *M5S* as their mayoral incumbent, Virginia Raggi, is standing again. Her reputation for competence is tarnished and a candidate with confident authority could unseat her.

The *Pd* under Letta is obviously different. Several parliamentarians have defected back from Renzi's newly founded *Iv* party, two of them calling Renzi "*unscrupulous*" for the way that he brought down the Conte Government. Others might follow.

Continued On Page 13

Diary of a Corbyn foot soldier

by Michael Murray

Dictionary definition of a foot soldier:
“...a dedicated low level follower”

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Content: “The weaponisation of Suspension in the Labour Party.

(1) “And these are the people who are going to change the world?”

(2) “The weaponisation of suspension”

(3) “ACAS guidelines on Suspensions compared to Labour rules and procedures”

(4) “Rescue or Recuse?” Nobody’s perfect, not even the NCC

(1) “And these are the people who are going to change the world?”

Back in God’s time, I spent the bones of a year on suspension, pending dismissal from a job I loved.

Back then, even, I would have been aware of the Shakespeare’s evocative line: “You take away my life when you take away the means whereby I live.” But it wasn’t the threat of being deprived of my livelihood or my life that kept me from not being able to sleep for a full week after receiving THE LETTER; it was feeling robbed of a core sense of purpose - of identity. Rightly or wrongly, my work was my life.

It was an awful year. I’d decided

to present myself for work each day, and I did, to be able to demonstrate in a tribunal, or court if it came to that, that I had made myself available for work. I had to endure a noxious rumour machine, black-balling and, of course, the “white wall treatment,” where you’re sat in an empty room and given no work: all aimed at breaking you, so you walk away. “Strong grounds for Constructive Dismissal,” I hear any trade unionists and HR Managers, who may be reading this, say. Indeed, that was one option. But the line I took was that if they could prove I’d done anything deserving dismissal, then I should be dismissed.

Late on, when things were at a stalemate, I learned on good authority that there was no case against me which would justify dismissal, or would stand up in an Employee Appeals Tribunal if it went to that. What began as a threat of Dismissal was changed to a Final Written warning - and, finally to a written warning for something to which, I accepted, I was obliged to plead guilty: not answering a particular letter.

The reason I didn’t answer was that its contents made me so angry, I didn’t feel able to respond without incriminating myself: it was a letter very like the “when did you stop beating your wife” letters sent to suspended members in the Labour Party. Not very professional, my response, I know. If I was asked then,

or now, to advise someone else in that situation, or course, I would say write the following: “I have passed your letter to my lawyer/union and will be in touch.” Arse covered.

In the event, having worked out my time to retirement doing the work I loved, I was actually asked to stay on, on a consultancy basis - which lasted several years until I had to draw the line under full time work for medical reasons.

All this happened in a trade union body, by the way. And that colours my attitude deeply towards the disciplinary principles and procedures of the Labour Party - to the point of an inclination to relive my own experience, when I listen to and feel the pain of virtual strangers now facing suspension and expulsion from a movement I know they love. Suspension, not as a last resort where all other options have failed or have been tried and found to be inappropriate, but as a weapon of authoritarian control, like wartime executions: “pour encourager les autres.”

Something else comes back to me, again uninvited, as I despair at the ongoing suspension of good people, many of whom have given their whole lives in the labour and trade union movement. Something a colleague - actually “my line manager,” whispered in my ear, as we left a particularly rancorous, toxic meeting during the long drawn-out process. Gesturing back over his shoulder: “And these are the people who want to change the world?” On another occasion, when I was about to lose my cool he said to me quietly: “Michael. Courage is grace under pressure.” Hemingway, of course. But it was precisely what I needed to hear. It was like being yanked back from the edge of a precipice. And, as I write this now, with my head, I’m reminded that, indubitably, the body remembers ...

(2) The weaponisation of suspension

My suspension happened decades ago. But just recently, I got a phone call from a fellow Corbyn foot soldier I’d first met in the camaraderie of a “Hackney on Tour” canvass in another constituency telling me he’d been suspended. What for, I asked. “Oh,” he said, “they say I may have breached Rule 2, 1.8.” “You may have?” “Yes, may.” “Nothing more specific?” “No.” “Have you read Rule 2, 1.8?” “Not yet.”

“2, 1. 8” - or, to make full reference to it, Labour Party Rule Book Chapter 2, Clause 1, Sub-Clause 8. It is cited in

Continued From Page 12

According to Giovanna Vitale (*La Repubblica* 14 March) the new leader “won’t radiate napalm ... it’s not his style”. Does Letta’s name seem familiar? He was the Prime Minister from April 2013 to February 2014, managing a coalition of the centre-left and centre-right. He has government ministerial experience, has been a Euro MP and was Deputy Secretary of the *Pd* for four years.

His programme is liberal rather than centrist and Alessandro De Nicola, writing in *La Repubblica*, sees him as a liberal democrat in the same distinctive mould as previous leaders such as Cavour, Mazzini and others less well-known outside Italy. Their uniting factor according to him is that they were men of thought and action.

Renzi offered cooperation to the *Pd* at his *Iv* party’s recent Convention. He couldn’t resist a bit of mudslinging and he attacked Beppe Grillo as “prejudiced and unscrupulous”. But opinion polls (30 March *affaritaliani.it*) give *Iv* an average of 2.5%, while Letta’s *Pd* & *M5S* have both advanced a few points to 19% and 16.3% respectively.

Meanwhile, according to *Ipsos*, Draghi has an unassailable lead at 61%, although *affaritaliani.it* says that he is sliding a few points and counts his average as slightly lower, with Conte coming up in second place. However, his job couldn’t be more difficult with Covid and the tensions over restrictions common to other European countries. Beppe Grillo paid him a complement – widely reported on 26 March. Draghi is “not just a cold banker without a soul”.

many suspension letters as if was well known, clear, comprehensible. But - and I touched on this in my last diary entry - it isn't. Uncritical mention is made of it occasionally in media coverage of suspensions; at Labour Party meetings too, by people who haven't looked it up and, thus, remain in awe of it. Which, without the shadow of a doubt, is the effect intended.

To appreciate how it has been used in the weaponisation of suspensions in the Labour Party, to serve factional interests, it really has to be read in its entirety, I now realise. As you read it, ask yourself, if you were the one told that you had breached "2, 1.8." would you be any the wiser, having read it, of what exactly you were being accused?

From the point of view of natural justice it is important that you do - otherwise, how can you prepare your response, whether an admission of guilt, or mustering a defence against a charge, or charges?

Perhaps, most important of all: how can you be expected to accept that suspension might well be a fair, necessary and unavoidable procedural measure when you don't know of what you are being accused?

There follows the full, verbatim text of "2, 1.8" from the 2020 Labour Party Rule Book:

"No member of the Party shall engage in conduct which in the opinion of the NEC is prejudicial, or in any act which in the opinion of the NEC is prejudicial, or in any act which in the opinion of the NEC is grossly detrimental to the Party. The NEC and NCC shall take account of any codes of conduct currently in force and shall regard any incident which in their view might reasonably be seen to demonstrate hostility or prejudice based on age; disability; gender reassignment or identity; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex; or sexual orientation as conduct prejudicial to the Party: these shall include but not be limited to incidents involving racism, antisemitism, Islamophobia or otherwise racist language, sentiments, stereotypes or actions, sexual harassment, bullying or any form of intimidation towards another person on the basis of a protected characteristic as determined by the NEC, wherever it occurs, as conduct prejudicial to the Party. The disclosure of confidential information relating to the Party or to any other member, unless the disclosure is duly authorised or made pursuant to a legal obligation, shall also be considered conduct prejudicial to the Party." (Underlining added to highlight the subjectivity of this Rule, a whole

other point of contention, which we'll pass over here.)

There is a darker side to the story of the suspension mentioned above, withheld until now in order to expose as fully as possible the reality of Rule "2,1.8," and how, as one of the main justification of suspensions it has become a weapon of choice of Labour's "new management," as it seeks to stamp its authority on the Party.

The subject of the story, a highly regarded voluntary community worker of many years and accomplishments had made it to a Labour branch short-list of candidates for the upcoming local elections. The letter of suspension arrived on the eve of the meeting of the relevant selection panel. His name was removed from the panel and the Labour candidate selection proceeded without him, after, it has to be said, a majority, albeit a slender one, shamefully voted in favour of getting on with the selection rather than postpone it to seek clarity on the reason for the decision to suspend the member. Solidarity can sometimes be in short supply when most needed.

Some, closer to those events than I, surmised that when the May elections have been and gone my friend may well, sooner or later, get a follow-up letter, lifting the suspension. But "2, 1. 8." will have achieved its purpose - again: denying a left wing candidate a fair crack of the whip. Because there is abundant evidence, in the burgeoning alternative left media - the MSM chooses to look the other way - that the case mentioned here, is far from unique.

We, the members, being the majority of the Party, have to take the lions' share of the responsibility for not challenging a Party rule that opens the door to the wholesale abuse we've seen at every level in the Party for some time - and long before the installation of "new management." A rule that's an invitation to people at different levels of the open-ended delegated authority of the NEC to subvert the democratic process by the tactical use of "shoot-first ask questions later" suspensions. That Rule is Chapter 6 Clause 1A & 1B:

Chapter 6 Clause 1A. *"In relation to any alleged breach of the constitution, rules or standing orders of the Party by an individual member or members of the Party, the NEC may, pending the final outcome of any investigation and charges (if any), suspend that individual or individuals from office or representation of the Party notwithstanding the fact that the individual concerned has been or may be eligible to be selected as a candidate in any election or by-election ... the powers of the NEC and General*

secretary May be exercised ... through such persons as may be designated."

(My underlining, MM)

Chapter 6. Clause 1B. is a repeat of 1A, as regards suspension of members "who may be eligible for selection as a candidate in any election or by-election" but with specific reference to breaches of Chapter 2, 1. 8. which have different procedural outcomes for reasons that don't concern us here.

Before we conclude, we're going to take a look at some of the general principles and practices of suspensions in disciplinary and grievance procedures. Members keep hearing terms like "natural justice" and "due process" bandied about. But I'm not sure they can envisage what they look like in practice. Here is how they would look as regards suspensions.

(3) ACAS guidelines and Labour Disciplinary Rules

The ACAS Code of Practice and guidelines on disciplinary and grievance procedures are intended as *a minimal approach* to dispute resolution and good employee-employer relationship. Their relevance to the Member-Labour Party relationship was argued in the two previous articles on the Labour Party Rule Book: not the least of which being that ACAS, as we know it, owes its existence to a Labour Government.

Suffice it to say here that they constitute a valuable guide to the practical application of the principles of natural justice and due process to which the Labour Party aspires.

On the latter point: there is an exception within the Party rules themselves. The Standing Orders of the PLP has incorporated much of the ACAS guidelines described below into its procedure for dispute resolution. There is also a Grievance procedure, not to be found in the main body of the Rule Book and, even, mention of conciliation and mediation as a pre-disciplinary stage, to be found in most high-trust organisations. How this works in practice, I don't know. Paper never refused ink.

Likewise, there's a rule in the Party Rule Book that MPs should belong to a Trade Union and should encourage their own full and part-time employees to sign up. But, I wonder, in my ignorance, when was the last card check? I suspect in Blair's time, but I may be wrong.

Here is a brief precis of the ACAS guidelines for the place of suspensions in dispute resolution:

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Notes on the News

By Gwydion M. Williams

The Covid Olympics

I was hoping that the whole Olympic cycle would be shifted by two years. Tokyo 2022, by which time Europe and the USA might have finally cleaned up their act. Then Paris 2026 rather than 2024, and so on.

That's not happening. And rather than slip another year, Japan will go ahead without the vast human crowds that mostly come:

"IOC reduces accreditations for Tokyo Games

"The International Olympic Committee Executive Board has decided that only people who have essential and operational roles will be granted accreditation for the Tokyo Olympics.

"The IOC announced on Friday that the Japanese government said it needs a significant reduction in the

number of accredited participants who do not have operational roles.

"Top officials responsible for the Tokyo Olympics and Paralympics decided this month that overseas spectators will not be allowed to attend the Games due to the coronavirus pandemic."¹

Most of the world has a lot more infections than Japan. Western governments felt it better to let its citizens die or suffer debilitating 'Long Covid', rather than be seen as authoritarian. This has allowed a mass of fast-breeding viruses to produce varieties that are even more infectious. And while we've not yet seen a strain immune to current vaccines, experts fear it will come.

Japanese governments are traditional conservatives. They support inequality, a lower status
1 https://www3.nhk.or.jp/nhkworld/en/news/20210327_13/

for women and bad treatment of immigrants. But they also accept responsibility for the lives of all their citizens. So even the normal internal celebrations are being toned down:

"The start of the torch relay usually marks the beginning of Olympic fanfare. This time, though, the mood is subdued because of the pandemic. For organizing committee officials, the priority is to avoid infection clusters related to the event. They are urging fans to watch a livestream of the relay from the safety of their homes."²

I've long wondered why people were so keen to go to sporting stadia, when you see a lot more on television. And this Olympics will be almost wholly a television event.

The Covid crisis was dealt with sensibly in East Asia. Japan has had 71 deaths per million, whereas the UK has had 1,856 and Brazil 1,438.³ But in the UK, deaths are trending down. Brazil with a Denialist President is now first in daily deaths. And if you adjust for population size, 4th behind Hungary, the Czech Republic and Bulgaria.⁴

Japan remains cautious. They need the USA to make them feel secure without gigantic military spending. But they also need trade with China. And hope for a good Olympics to remind everyone that they are still 3rd or 4th in the world.⁵ 4th behind India if you allow for the relative cost of local goods.⁶ Regardless, Japanese have comfortable lives, and do not share the USA's obsession with making the wider world a shallow copy of themselves.

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"An employer should consider all other options before considering the suspension of an employee. It should be a last, not a first resort...there should be no assumption of guilt ... suspension should not be used as a disciplinary sanction ...

"During a suspension ... an employee should be kept regularly updated about their suspension, the ongoing reasons for it, and how much longer it is likely to last..."

"It is important that the employee is supported during this time and is able to contact someone at the workplace to discuss any concerns they may have..."

"If the re-instated employee has concerns with the way their suspension was handled, and it cannot be resolved informally, the employee could make a formal complaint, called a grievance ... the organisation should have one in place. "

If these are a sample *minimal* standards being proposed for employing organisations, how much more relevant could they possibly be to an organisation with the democratic socialist aims and objectives and working methods outlined in the Labour Rule Book? Is the referral of suspended members to the Samaritans for support in a stressful process good enough? And, if the Party wants to plead poverty for not properly discharging their moral duty of care to those suspended, should it be suspending members in such large, unmanageable numbers in the first place?

(4) "Rescue or Recuse?" Nobody's perfect, not even the NCC

The following can be seen in the 2020 edition of the Labour Party Rule Book. "Rescue," we know. "Recuse," less so. "Recuse" is the verb. "Recusal" the noun. It's a legal term, meaning someone involved in the determination of a case where they may have a 'conflict of interest' or lack of impartiality, "recusing" themselves, excusing themselves from the case, in plain English.

Chapter 1 Clause IX B1 *"The guidelines may include criteria to which members (of NCC, MM) may have regard in deciding whether to **rescue themselves** from hearing any particular matter."*

2 <https://www3.nhk.or.jp/nhkworld/en/news/backstories/1573/>

3 <https://www.worldometers.info/coronavirus/#countries>

4 <https://www.worldometers.info/coronavirus/#countries>

5 [https://en.wikipedia.org/wiki/List_of_countries_by_GDP_\(nominal\)](https://en.wikipedia.org/wiki/List_of_countries_by_GDP_(nominal))

6 [https://en.wikipedia.org/wiki/List_of_countries_by_GDP_\(PPP\)](https://en.wikipedia.org/wiki/List_of_countries_by_GDP_(PPP))

Brexit – English Self-Harm

I'd expected Brexit to be bad for Britain and good for Continental Europe. Now it is happening even faster than I'd expected:

"Europe's trust in Britain has gone. We're now a problem, not a partner..."

"UK politicians overestimate how much time is spent in Brussels thinking about Brexit. The peak of trauma and caring came immediately after the referendum. There was a phase of anxiety that the separatist impulse might be contagious. That passed when Westminster curled itself into a writhing ball, unable to digest the reality of what the electorate had ordered. No one who saw that from inside the EU fancied a portion of what Britain was having."⁷

All of the drawn-out negotiations have not produced a system useful for those who need it:

"Exports to EU plunge by 40% in first month since Brexit..."

"In a reflection of the Brexit impact, UK goods exports to Ireland fell 47% in January, the sharpest fall among main trading partners."

"While the government has admitted to 'teething problems' at the start of the new relationship, business leaders have warned that lengthier delivery times and higher costs are likely to remain as an endemic feature of Brexit."⁸

Trade between Britain and Continental Europe is a huge proportion of Britain's trade, but it turns out that we need them a lot more than they need us. Continental Europe can easily turn elsewhere. And the Chinese have certainly noticed:

"Global Britain's post-Brexit gamble backfiring as China, EU leave the UK behind..."

"When former British Prime Minister David Cameron went ahead with the Brexit referendum, he was far from alone in figuring that, even if his gamble went awry, whatever Britain's problems were then would pale into insignificance with those of the EU. Pessimistic tea-leaf reading

⁷ <https://www.theguardian.com/commentisfree/2021/mar/24/trust-britain-covid-vaccine-compromise>

⁸ <https://www.theguardian.com/business/2021/mar/12/exports-to-eu-plunge-in-first-month-since-brexit-uk-economy>

of the EU had flooded the British media after the 2008 global financial crisis."⁹

This has come on top of a pandemic that speeds up the general decline of small independent businesses:

"British high street lost 11,000 shops in 2020, study shows

"A further 18,000 may close in 2021 as researchers fears full impact of Covid crisis has yet to come."¹⁰

The Tory Party needs the votes of such people, but its top leaders have mostly been happy to see them go extinct.

On a slightly different matter, I also suspected that Brexit would be covertly used as an excuse to dump Northern Ireland. The top leaders with their global outlook may well see it as an unwanted burden. As I read it, this is happening quite fast.

Stage magicians wave handkerchiefs to make the audience overlook what the other hand is doing.

This lot wave the Union Jack, and their targets fall for it.

Cotton Wars

China as a whole no longer cares what the West thinks about China. Outside of Hong Kong, none of them see us as useful or helpful.

Inside of Hong Kong, protest has ceased to matter and they are now much more tightly controlled. I described the protests as '*Hong Kong Committing Suicide*' back in August 2019, and this has proved sadly accurate.¹¹

I drew attention to a stray mention that even anti-regime Chinese outside Hong Kong were offended. The Wise Persons of the West's China policy must have ignored this. Decided that if China were kicked a few more times, a popular movement might start.

It has indeed started – but the exact opposite of what the West's leaders

⁹ <https://www.scmp.com/comment/opinion/article/3124659/global-britains-post-brexit-gamble-backfiring-china-eu-leave-uk>

¹⁰ <https://www.theguardian.com/business/2021/mar/24/british-high-street-lost-11000-shops-in-2020-study-shows>

¹¹ <https://www.quora.com/q/mrgwydionwilliams/Hong-Kong-Committing-Suicide>

were after. As China's *Global News* reports:

"On Wednesday night, sports brand Nike became a trending topic on China's Twitter-like Sina Weibo. Netizens found the company's statement from last July which said 'Nike does not source products from the XUAR (Xinjiang Uyghur Autonomous Region) and we have confirmed with our contract suppliers that they are not using textiles or spun yarn from the region.'

"As the saying goes, you will always reap what you sow. After more than half a year, Nike has finally paid the piper. It is losing its reputation in the Chinese market."¹²

Chinese journalists understand that the companies are reacting to all sorts of pressures:

"If the Western society finds it hard to understand Chinese people's strong sentiments, then just imagine how the Western public would react if these companies make anti-Semitic remarks in the Western countries..."

"H&M cannot really back off because Western public opinion has already regarded the company as a victim of China's so-called suppression, and it is already entrapped in the Western political correctness. During the West's demonization of Xinjiang, many unscrupulous scholars fabricated lies, and many politicians blindly opposed everything China did. And as a multinational company, H&M was under pressure to choose to offend the Chinese market."¹³

And what about the BBC, once globally respected as an honest news source?

"While H&M's physical stores in China remain, it is no longer possible to hail a taxi to the shops using an app and consumers can't shop online. Instead China is championing local brands."

"China is accused of committing serious human rights violations against Uighurs in Xinjiang."¹⁴

The article supposedly gives the background. But never mentions

¹² <https://www.globaltimes.cn/page/202103/1219413.shtml>

¹³ <https://www.globaltimes.cn/page/202103/1219492.shtml>

¹⁴ <https://www.bbc.co.uk/news/world-asia-china-56533560>

that the protests come from people dedicated to making Xinjiang into an independent East Turkistan Republic. Or that some of these separatists tried terrorism. And that some of the exiles are part of global Islamic extremism.

At one time Uighur terrorism and extremism were freely reported in Western media. Back in 2015, when the so-called Islamic State caused alarm, *The Guardian* had the following:

“Joining the fight against Isis would be a huge test for China...”

“If only because of the involvement of its citizens – the execution of a Chinese traveller by Islamic State and the reported deaths of three of a group of Chinese tourists caught in the hotel siege in Bamako...”

“But there is a strong reason why the People’s Republic will want to keep involved, in the form of its long-running struggle against Uighur Muslims in its huge western territory of Xinjiang. Beijing insists that the recurrent violence there is the work of fundamentalists and extremist agents crossing from the republics of central Asia.”¹⁵

But when Islamic extremists became less of a problem, ‘reality’ shifted. It’s not like Orwell’s *1984*, with Winston Smith rewriting older articles about facts that no longer please. But with a vast mass of news that overwhelms most people, the effect is the same.

But who gets hurt?

Chinas’ leaders must be glad to see their citizens turning away from foreign brands, which maybe had more prestige than they merited.

Globally, most Muslim countries have backed China over Xinjiang. They and most of the world outside Europe have trouble with separatist movements. Also extremism among young Muslims, taught an extremist version of Islam by schools funded by Saudi Arabia, with Western approval. The same culture that produced Bin Ladin and al-Qaeda, who stuck to the logic of what was taught when the

actual rulers of Saudi Arabia showed that they were hypocrites. And lots of young men with an uncertain future follow similar paths, including abducting schoolgirls in Nigeria.

Most of the world wants such movements crushed, and loses little sleep about whether or not the methods have been harsh.

Abnormal is the New Normal

We’re in the early stages of a long climate deterioration. I’m confident that human civilisation will survive. But all civilisations will be changed, maybe for the worse.

Mass starvation and major wars are likely. But the people in control of nuclear weapons are unlikely ever to see their use as sensible.

What could happen is neglect when things get worse.

“Australia’s Worst Floods in Decades Quicken Concerns About Climate Change

“In a country that suffered the harshest wildfires in its recorded history just a year ago, the deluge has become another awful milestone...”

“The country is one of many seeing a pattern of intensification — more extreme hot days and heat waves, as well as more extreme rainfalls over short periods...”

“Because global temperatures have risen 1.1 degrees Celsius, or about 2 degrees Fahrenheit, over preindustrial levels, landscapes dry out more quickly, producing severe droughts, even as more water vapor rises into the atmosphere, increasing the likelihood of extreme downpours.”¹⁶

But believers in New Right values get more extreme as the world turns against them:

“Canada’s main opposition Conservative party members have voted down a proposal to recognize the climate crisis as real, in a blow to their new leader’s efforts to embrace environmentally friendly policies before a likely federal election this year.

“The rejected motion included the willingness to act against climate

risks and to make highly polluting businesses take more responsibility to reduce greenhouse gas emissions.”¹⁷

Look after the money, and all will be well.

There is a fault in reality. Please do not adjust your mind.

The West Buggers Up The ‘Third World’

Western influence depends on life being decent for ordinary people. This was widely accepted till the 1980s. But then Thatcher and Reagan denied it was necessary. Tony Blair and Bill Clinton swallowed this doctrine, and concentrated on social liberalism. Including armed aggression against various successful authoritarian regimes that offended them.

It hasn’t worked.¹⁸ And there is increasing rejection of Western values:

“On gay rights, young Africans share the intolerance of their elders...”

“In many parts of the world the young are far more tolerant than their elders of lesbian, gay, bisexual and transgender (LGBT) people. But with a few exceptions, such as in Botswana, which decriminalised homosexuality in 2019, young Africans seem to be almost as homophobic as their grandparents...”

“83% of young Africans said that more should be done to protect the rights of ethnic minorities, while 64% agreed that ‘sexual harassment is a problem in my country’. Yet 69% disagreed with the statement: ‘My country should do more to protect the rights of LGBTQ people.’

“This is not because robust protections for gay rights are already in place. On the contrary, at least 32 African countries still criminalise gay sex, and openly gay people are often abused, beaten up or worse. Only one country, South Africa, has genuinely gay-friendly laws (eg, it allows same-sex marriage). Even there, outside urban liberal enclaves gay people are

15 <https://www.theguardian.com/commentisfree/2015/nov/24/china-isis-uighurs-xi-jinping-xinjiang>, and more at my blog <https://www.quora.com/q/mrgwydionmwilliams/It-s-Not-Free-Speech-If-I-Don-t-Like-It>

16 <https://www.nytimes.com/2021/03/22/world/australia/australia-floods.html> (pay site)

17 <https://www.theguardian.com/world/2021/mar/20/canada-conservative-party-climate-change-real>

18 <https://labouraffairsmagazine.com/problems-magazine-past-issues/the-west-fails-in-five-civilisations/the-west-fails-in-five-civilisations-2/>

at serious risk of being attacked or even murdered.”¹⁹

The West was mean and meddlesome from the 1990s. Everyone is returning to their older values, which include various sorts of intolerance.

In the Republic of India, almost anything is OK that does not harm humans or cows. But they will not remove a never-applied law against homosexuality inherited from British rule. Refuse to accept the latest Western trends.

Even the hopeful African views about ethnic minorities may come largely from a knowledge that they would be on the harsh side of it in much of the world. Mutual antagonism between various Black African peoples is all too common.

Snippets

‘Wide Boys’ of the Suez Canal

Britain used to have a fine and famous Merchant Navy. But it was cheaper to switch to giant ships and cheap foreign labour.

Business became a matter of doubtful deals. It was once confined to a fringe who were scorned as ‘Wide Boys’. But now it is most of them.

The ship that got stuck in the Suez Canal was dangerously large, and probably had too few crew for safety. But everything now is about gambling.

I’ve done a blog about it: you can find more details there.²⁰

*

Good Trends

“China’s rural revolution: the architects rescuing its villages from oblivion...”

“Caizhai has always been known as a centre of tofu. But, before this facility was built in 2018, families would produce small batches in their home workshops. They struggled to make ends meet, as the conditions didn’t meet the food safety standards for the tofu to be sold in supermarkets, while the younger generation saw little incentive to stick around in the countryside and join ailing family businesses.

“Now, however, with a newly formed village co-operative running this purpose-built factory, they are processing 100kg of soybeans a day, supplying nearby schools and workers’ canteens, and selling the improved

product – for almost double the previous price – to retailers in the cities. Around 30 younger villagers, who had been lured away by metropolitan life, have returned to Caizhai to join the production team, and visitors have increased 20-fold. They are drawn by an increasingly widespread nostalgia for the countryside, to see traditional tofu-making in action and get a taste of village life, creating demand for further cafes, guesthouses and related businesses nearby...”

“In each case, we have tried to make something that restores the villagers’ pride in their local identity, as well as bringing in visitors and creating a local economic network.”²¹

A lot of China’s supposed capitalism in the post-Mao era was cooperative, disguised under the bland brand-name ‘Township and Village Enterprises’. And it continues to work.

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Unwelcoming Anglos

“More than three-quarters of Chinese-Australians said the country is a good place to live, but just 36 per cent agree that ‘democracy is preferable to any other form of government’.

“The Lowy Institute think-tank also found that almost a third of Chinese-Australians said they have been verbally abused and 18 per cent reported being physically attacked or threatened because of their ethnicity over the past 12 months.”²²

The same survey found that 43% of them were more favourable to China’s system of government since the Covid-19 crisis.

The New Right has been expert at using democratic forms to prevent democratic outcomes. But how long can they get away with it?

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Czechs Imperfect

Something beautiful might have emerged in Czechoslovakia in the late 1960s, had Brezhnev not crushed serious reform. Reforms with a likely outcome similar to post-Mao China.

With Czechs and Slovaks now peacefully separated, the outcome is far from beautiful:

“Czech MPs to debate compensation bill for women as state refuses to acknowledge ‘attempted genocide’

“Until now, the Czech government has not officially acknowledged or

²¹ <https://www.theguardian.com/artand-design/2021/mar/24/chinas-rural-revolution-architects-rescuing-villages-oblivion-tofu-rice-wine-lotus-tea>

²² <https://www.ft.com/content/0c7db822-bc05-4e82-910b-90c28907d716> (pay site)

compensated Roma women ... for a government-led eugenics agenda from the early 1970s until it was officially abolished in 1993. No one knows how many women were affected. The European Roma Rights Centre says hundreds of women were systematically sterilised throughout the 1990s with the last-known case as recently as 2007.”²³

*

Greed Good for Medicine?

Boris Johnson said so. But the UK messed up everything before the vaccines. And succeeded only by relying on the NHS.

This also applies in the wider world:

“European governments are often seen in the United States as free-spending, liberal bastions, but this time it was Washington that threw billions at drugmakers and cosseted their business.

“Brussels, by comparison, took a conservative, budget-conscious approach that left the open market largely untouched. And it has paid for it.”²⁴

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Mending Rather Than Ending

“Tough new rules aim to make electrical goods last longer...”

“New legislation aims to tackle ‘premature obsolescence’ in electrical goods – short lifespans built into appliances by manufacturers so that customers have to buy new ones sooner – and make them more energy efficient.

“The rules include a legal requirement on manufacturers to make spare parts available to consumers, which aims to extend the lifespan of products by up to 10 years and cut carbon emissions from the manufacture of new goods.”²⁵

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Old newsnotes at the magazine website. I also write regular blogs - <https://www.quora.com/q/mrgwydionmwilliams>

¹⁹ <https://www.economist.com/middle-east-and-africa/2021/03/04/on-gay-rights-young-africans-share-the-intolerance-of-their-elders> (pay site)

²⁰ <https://www.quora.com/q/mrgwydionmwilliams/Wide-Boys-of-the-Suez-Canal>

²³ <https://www.theguardian.com/global-development/2021/mar/08/czech-republic-roma-women-forcibly-sterilised-scandal>

²⁴ <https://www.nytimes.com/2021/03/20/world/europe/europe-vaccine-rollout-astrazeneca.html>

²⁵ <https://www.theguardian.com/environment/2021/mar/10/tough-new-rules-aim-to-make-electrical-goods-last-longer>

Parliament Notes



Budget Debate 9 March 2021

This is Ed Miliband's speech against the budget. His standpoint is Ernest Bevin's speech in 1944 advocating full employment; this is the 'Bevin test'.

"We cannot build private sector success on the back of public sector austerity. The cuts of the last decade have made local services worse, squeezed demand and undermined the crucial infrastructure of business success."

But on the question 'How will you pay for it?' Miliband has a (he hopes) crowd pleasing reply: 'There IS money, since the government found money to redecorate a room in Downing Street and to give Cummings a pay rise'. Addressing Miliband on his own terms one could reply to that reviving the economy costs a lot more than redecorating Downing Street. But Miliband has framed his response wrongly; there is no national household budget for reviving the economy, the government can spend as much as it needs to achieve its objectives. Miliband accepts the Thatcherite terms of debate.

Edward Miliband, (Doncaster North) (Lab)

I want to start by quoting a speech given in this Chamber 77 years ago, in June 1944, by Ernest Bevin, who was then the Minister of Labour. He said:

"With my right hon. Friend the Prime Minister, I had an opportunity of visiting one of our ports and seeing the men, of the 50th Division among others, going aboard ship...The one

question they put to me when I went through their ranks was, 'Ernie, when we have done this job for you, are we going back to the dole?'...Both the Prime Minister and I answered, 'No, you are not.'"—[Official Report, 21 June 1944; Vol. 401, c. 212-13.]

The circumstances of this *Budget* are, of course, very different, but the sentiment is just as relevant. As we come through a very different national crisis, how do we in our generation do right by the British people? Some 120,000 people have died from covid. Our way of life has been dramatically restricted. Our key workers have stepped up and put themselves in harm's way for all of us. Businesses have shuttered to protect our health and have faced incredible strain. The British people have been nothing short of heroic.

While the crisis has revealed the best of our country, it has also laid bare the deep flaws in the way our institutions and economy are run. In the words of the OBR [Office for Budget Responsibility],

"the UK has experienced higher rates of infection, hospitalisations, and deaths from the virus than other countries."

We know that is partly because of higher deprivation, inequality and poverty. We know we are deeply unequal, both within and between our regions. Even before this crisis, 2 million of our fellow citizens faced destitution. That means they lacked at least two of the following basic essentials: shelter, food, heating, lighting, clothing or basic toiletries. That should shame us all in one of the richest countries in the world.

We know our public services are deeply underfunded, from health to social care. We know, too, that the world of work is characterised by deep divisions of power, which meant some workers were safe and some were not.

This chasm between the spirit of the British people and the reality of how our country works demands from us that we face the Bevin question once again, of how we transform our country not just on jobs, but on public services and on inequality, too. This challenges us all, whatever party, to think bigger and more boldly. Of course that is hard, in the dire circumstances we face coming out of this pandemic—the public finances are under strain and the economy will take time to recover—but they are far less dire than those Bevin and his colleagues faced after 1945, and they thought big about the kind of country we could be. They raised their sights in the face of adversity.

While I would praise some of the measures taken by the Chancellor, I do not believe that a fair-minded observer would say that the Budget passes the Bevin test. On jobs, according to the OBR, even by 2025 unemployment never even gets back to pre-crisis levels. On welfare, the Budget tells people on universal credit that they need to go back to living on £74 a week from September, just as unemployment starts to peak. On the next crisis—the climate emergency—the Budget rejects a green stimulus and cuts green spending, as I will explain.

On public services—I do not think the Business Secretary

talked about public services—the Budget appears to draw the extraordinary lesson from the crisis that public services need less resources, not more. In total, £17 billion has been taken out of departmental spending since Budget 2020, which was before the crisis, despite the greater needs and despite all that has been revealed in the pandemic.

What does building back better mean when unemployment is higher as far as the eye can see, the welfare state goes back to the way it was, the green revolution is ducked and public service spending is cut? This Budget fails the Bevin test and the build back better test. Why? I think it is because the Government have not truly learned the lessons of the past decade.

To be fair, the Government have been remarkably open about the failure of the last decade. The Business Secretary referred to the “Build Back Better” document that they published. It is a very interesting document, perhaps not for the reasons intended. There is a striking chart that shows the long-standing productivity gap between ourselves and our competitors, but it shows something else. In the past decade, we have not addressed our long-standing weaknesses, but fallen further behind. The productivity gap has doubled with Germany and is up by three quarters with France and one quarter with the US. Government getting out of the way did not work. Markets left to their own devices did not work and austerity did not work, so the question for the Government is: what are they going to do differently in the coming years from the last 10?

We needed first of all—the right hon. Members for Maidenhead (Mrs May) and for Tunbridge Wells (Greg Clark) have made reference to it—an industrial policy that intervenes at scale to

help growth sectors and industries to succeed. There is one pre-eminent test on that, which is the green stimulus. To give some context, President Biden has pledged a \$1.7 trillion green plan over 10 years. Germany has committed €40 billion over two years and France €30 billion over two years. Even what the Business Secretary claims—I will come to that shortly—is a fraction of that amount over the decade.

Let us take the infrastructure bank, as the Secretary of State talked about that. The OBR is highly revealing on the infrastructure bank: the annual spending of the bank is going to be just a third of the amount of its predecessor, the European Investment Bank—£1.5 billion a year versus £5 billion a year. So, not more investment, but less. What is the OBR’s verdict on the infrastructure bank? It says that

“given the scale of its operations (at around 0.1 per cent of GDP a year) and the fact that it replaces only some European Investment Bank activity, we have not adjusted our economy forecast.”

In other words, the bank has absolutely zero effect on growth, from all of those green measures that the Business Secretary talked about.

One of the most interesting things about the Budget—but which has perhaps been less remarked on—is that the growth returns to trend is up just an anaemic 1.7%. That is incredibly low by historical standards. This is low growth and low ambition.

A green stimulus could have helped our crucial manufacturing sectors, but instead they were left out in the cold. On steel, where is the £250 million clean steel fund, which was promised two years ago? There is no mention of steel in this 110-page document. On offshore wind, we are way off the Government’s target of

60% domestic content, and the negligible resources in the Budget simply do not measure up. On the automotive sector, I want to say something positive: it is good that the Government have brought forward the date of the petrol and diesel phase-out to 2030, which is what we called for. But I say to the Business Secretary that the rhetoric of ambition is not matched by financial support for this crucial sector. The Society of Motor Manufacturers and Traders said in reaction to the Budget:

“This is an opportunity lost”.

Germany is investing a total of €7 billion for transformation; we are way off that. The Government seem almost allergic to support for these sectors.

Let us take another area that everybody agreed could create hundreds of thousands of jobs, and I do not think the Business Secretary mentioned this either. It could help people in every community in our country: home insulation and retrofitting. We need a transformation of our housing stock. People may forget that the flagship policy of the Prime Minister’s 10-point plan was the green homes grant. The Business Secretary was given personal responsibility, as the Minister of State, for the green homes grant. He told us the Government would learn the lessons of the green deal, which had been a complete disaster:

“We’re completely focused on trying to make this a much better roll-out, and we’ve learned our lessons...We need to make sure that the right projects are identified, and that we can get the money out”.

It would “pave the way”, he said, “for the UK’s green homes revolution.”

What has happened? The project has been a complete fiasco on his watch: contractors not paid; installers forced to make

lay-offs; homeowners unable to get the grants—not a long-term comprehensive plan, but a piecemeal, privatised approach characterised by shambolic delivery on his watch, and he said not a word about it. He would be welcome to come in and say something about it now; he obviously does not want to. And no wonder: now the Government are cutting more than £1 billion from the green homes grant scheme as it has been such a disaster.

Is this just an accident? No, it is not. The failure on the green homes grant and on green manufacturing is all part of the same problem. The Government are good at talking about a green revolution; they will the ends, but not the means—a proper, thought-through industrial strategy. Indeed, tragically, we now have a Secretary of State for Business, Energy and Industrial Strategy who does not believe in industrial strategy. If I can put it this way, he is half the Secretary of State he once was. Any self-respecting organisation would have asked him in the interview when he was applying for the post of Secretary of State for Business, Energy and Industrial Strategy—although Secretaries of State do not exactly apply, they are offered the job—“Do you believe in industrial strategy?”

We got suspicious when in one of his first acts he tore up plans for the industrial strategy White Paper, and we thought, “How curious.” Then on Thursday we found out he had abolished the Industrial Strategy Council set up by the right hon. Member for Maidenhead. I hope the right hon. Lady will not take it amiss if I say that I admired some of her work, and this is one of the things I admired. I pay tribute to her and the right hon. Member for Tunbridge Wells; they learned the lessons of our history and said,

“We need Government, business and unions working together on this joint enterprise, coming together to address the challenges our country faces.” And, goodness me, do we need this now as we seek to recover from coronavirus.

I have to say to the Business Secretary, who is new to his job, that this decision has caused consternation—I do not think that is too strong a word for it—in businesses up and down the country. Make UK said that it causes

“significant concern and frustration within manufacturers of all sizes across the UK.”

The director general of the British Chambers of Commerce said that the strategy’s demise was a

“short-sighted step that ministers will come to regret”.

All around the country, thanks to the work that was done, local chambers of commerce and local enterprise partnerships have spent years working on local industrial strategies. Now they are wondering what they are supposed to do with them, because the strategy seems to have fallen out of favour.

People might think that is just an accident. It is not an accident. I know that the Business Secretary dismisses his past pamphlets as the work of a maverick Back Bencher, but it is not a coincidence, because this—it is very interesting—is what he wrote:

“The draining of effort from our psyche has been replaced by a sense of entitlement.”

I do not know quite what that means. He continued:

“It has also led to a false belief in the value of industrial policy.”

I thought he had put all that behind him, but clearly not. He is so ideological—so dogmatic—about the free market that he had to get rid of the industrial

strategy, and therefore he cannot deliver the partnership between Government and business that the country needs.

Let us turn more generally to business support. Businesses have made huge sacrifices in this crisis, as I said, and they face huge challenges in recovering from the pandemic, added to which are the billions of pounds of red tape as a result of the implementation of the Brexit deal. Even when the health crisis is over, businesses will take a long time to recover. We welcome some of the measures talked about by the Business Secretary, but there are still important groups that I believe are left out: two thirds of the excluded self-employed are not helped by this Budget, including limited companies, many freelancers and others; supply chain businesses are still left out; and whole sectors, such as the wedding industry, are ignored. Their plight will hold back the recovery.

We know that business debt is one of the biggest threats not just to individual businesses but to the recovery as a whole. Some £70 billion of business debt has built up during the crisis. In December, the Federation of Small Businesses reported that the proportion of those businesses describing their debt as “unmanageable” was 40%. The OBR says that, on current plans, the Chancellor will have to write off £27 billion of those loans.

In these circumstances, a sensible Chancellor would have been creative, yet he still refuses to budge. We have a scheme from the Chancellor with no links to profits, no ability to restructure and no ability for management or workers to develop creative solutions. He is just leaving it to the banks. Well, even the banks are telling him that that is very risky. If we face a wave of insolvencies, it will be at the Chancellor’s door. The danger is that this holds back

the recovery, and it certainly fails the Bevin test.

Many of the businesses facing those debts are on our high streets, in retail. What is the single biggest long-term change that those businesses require? It is to address the deep unfairness that high street shops face against online retailers. I am sure that the Business Secretary is familiar with that problem. The Government launched a review of business rates not in the last **Budget**, not in the **Budget** before, not in the one before that, but six years ago. In fact, they launched the review so long ago that I was Leader of the Opposition when they did so—it is that long ago! A long-term **Budget** would have finally taken action in this area, but instead we got more delay.

I turn to the measures that were taken. On the so-called super deduction, we will welcome any measure to help business, but I point out, as we think about our capital stock and investment, that the OBR says that that measure

“does not affect the long-run level of the...capital stock”.

In other words, it will make a difference to the timing of business investment, but in fact, according to the OBR, business investment is expected to fall significantly in 2023 and 2024, and there are real questions about why this measure is targeted just at plant and machinery, which is only one fifth of business investment. Then we have freeports, which have been tried for 30 years. I am afraid that all the evidence is that, at best, they may displace economic activity from one area left out of prosperity to another a few miles away.

The problem is that the Government simply do not get that we cannot build private sector success on the back of public sector austerity. The cuts of the last decade have made

local services worse, squeezed demand and undermined the crucial infrastructure of business success. People might wonder, “Well maybe they’ve learned their lesson.” I fear they have not. Again, this was not very clear from the **Budget** on the day, six days ago, but in a year’s time, for many of our public services, it will be austerity all over again. Next year, for current services in transport, housing and local government, and other so-called unprotected areas, public spending will be cut in real terms by £2.6 billion. Let us be clear: growth is anaemic, because their measures are so weak, so they turn to a strategy they tried from 2010 of cutting current spending and raising taxes on ordinary families. I fear they have not learned the lessons. They cannot grow the economy if they are giving tax cuts with one hand, but cutting the services that communities and businesses rely on with the other.

The issue is not just about resources, but about who spends them and where they are spent. We are the most regionally unequal country of any major developed economy and the most centralised. The levelling-up fund is a centralised pot of money to be determined by Ministers, and we are starting to discover where the money is actually going.

Salford is the 18th most deprived area in the country, but it is placed not in the category of most need—category 1—but in category 2. Barnsley is the 38th most deprived area and is also in category 2. Richmond is 256th out of 317 for deprivation, but it happens to cover the Chancellor’s constituency, so it has found its way into category 1. The Government have said this is based on objective criteria, so what are they? Again, I am very happy to give way to the Business Secretary if he wants to explain what these objective criteria are.

If it is all above board, why have they not published the criteria? Of course, they have form on this—the towns fund, the crony outsourcing of contracts to donors. The British people have a right to expect that the money meant for the most deprived areas is spent in the most deprived areas.

Ministers do not get the role for Government, they leave it to the market; they cannot tackle the inequalities we face; and, far from leaving austerity behind, for many it will look like austerity, feel like austerity and it will be austerity.

Of course, we have the most egregious example of all in the decision to cut the pay of nurses and NHS staff. They more than anyone have been the heroes of this crisis: they have put themselves in harm’s way for all of us. The Government promised a pay rise in the NHS plan. They did not just promise it; they legislated for it and they walked through the Lobby a year ago to vote for it. The Business Secretary was put up on “Question Time” on Thursday, as this decision was breaking, to try to justify this broken promise, and this is what he said:

“When I look at people in the hospitality sector, in aviation, in retail, many of them are very... worried they won’t...be in a job in two or three months.”

Kwasi Kwarteng *indicated assent.*

Edward Miliband

He nods. As if that is somehow a justification for cutting the pay of nurses. What is the world in which their plight justifies cutting the pay of our nurses? I have never heard anyone, in a year of discussions, in any of those sectors say to me, “I’m finding it hard, so Government should cut nurses’ pay.” People would only say that if they believe in a race to the bottom or they believe in levelling down.

Before the Minister says

everybody needs to tighten their belts, he should be careful, because it turns out there is plenty of cash to spend millions on a Downing Street makeover for a media briefing room that has not been used; to spend hundreds of thousands of pounds to pay off the man the Home Secretary was accused of bullying; and to give Dominic Cummings a 40% pay rise. The truth is it is one rule for them and another rule for everyone else. Let them not ever try again to tell people in this country that we are in this together.

Beneath the rhetoric, the Government cannot be the answer to the problems of the country. They may have produced a document charting 10 years of failure on productivity, but they have not changed their view. The answer to 10 years of failure cannot be more of the same. This should have been a **Budget** with a plan to respond to the climate emergency by creating the jobs of the future; and a **Budget** with a plan to help business through the crisis and beyond with debt restructuring, providing a decent pay rise for our key workers and dignity in the social security system, rather than plunging the most vulnerable into deeper poverty. This is a **Budget** of low ambition for Britain. The post-war generation would never have accepted such a meagre vision as that presented by the Chancellor and the Government. They never would have, and neither should we, and that is why we will vote against the **Budget** tonight.

not individual go it alone institutions, a circle has to be squared”.

It is clear that Sir Simon Stevens and NHS England have been pushing in a different direction from that contained within the 2012 Act. Not overtly, that would be political suicide. But in a far more subtle manner. While not ignoring the major institutional changes the Act brought about they have attempted to limit their effects and push their operation in a different direction.

Within that framework Hancock’s announcement of a new NHS white paper looks more like a development of the Stevens plan rather than a complete U turn from 2012. So what exactly is Hancock proposing? First and foremost the market is to be substantially reduced. It has not functioned as intended and has hindered the integration of services, out goes competition and competitive tendering. There will now be a duty to collaborate across all healthcare, public health and social care systems.

Integrated care systems are to be established on a statutory footing through a NHS ICS board which will include local authorities. This body will be responsible for the day to day running of the NHS, including planning and allocation decisions. The establishment of these partnerships will bring together the NHS, local government and other partners such as voluntary organisations and the social care sector. Integration and co-operation are the new competition.

According to NHS England the new NHS ICS body will receive a single budget which will merge the budgets for general practice with acute and other services. It will also take on the commissioning functions of the CCG’s and some from NHS England. Its governing board will be comprised of representatives of NHS trusts, local authorities and general practice and others “determined locally”. This would also include representative from the large international medical corporations which are currently making significant inroads into general practice.

These reforms will also place the Secretary of Health back in charge of the NHS and other arm’s length bodies (ALB’s) through new statutory powers. The secretary of state will be able to intervene in service reconfiguration changes without the need for a referral from a local authority by using the statutory instruments contained within the bill to transfer functions either within the NHS or possibly external organisations.

However there is much that is left out of this Bill. The massive workforce shortage is completely ducked. The secretary of State will only have to publish once to every Parliament the roles and responsibilities for workplace planning. There is at present no plan for dealing with the current massive shortfall in staffing levels across all areas of the NHS.

The Bill also maintains that patient choice will be maintained. Of all the reforms contained in the 2012 Act this has proven to be one of the most popular with the public and clinicians alike. There is at present no clear indication from the Secretary of State of how this is to be accomplished. The white paper simply states that an integrated care model will provide patients with clear information on how and where their care is delivered.

One of the big omissions from this white paper is the government completely opting out of reform of the social care system. Clearly the social care system needs fundamental and far reaching reform. Both Johnson and Hancock are both on record stating as such. It can be argued that Covid has only hastened the need for major reform of this sector, with such a far reaching reform of the system why not now.

I suspect that many in Labour will want simply to oppose the Tories on this bill highlighting the concentration of power in the Secretary of State combined with the ability to award contracts to external bodies as has happened during the pandemic. But with the Tories clearly attempting to shore up their support in the newly won seats in the North I think this would be a significant mistake.

Labour should be highlighting the clear failure of the market and the new emphasis on co-operation as being more efficient at delivering public services. As many of the same failed market functions have been imposed on other sectors, particularly local authorities, Labour should make the case for the removal of the market from these sectors as well.

Hancock's NHS Reforms

Pete Whitelegg

On the 11th of February Health Secretary Matt Hancock announced wide ranging reforms to the current structure of the NHS. In the House of Commons Hancock said

“At its heart, this white paper enables greater integration, reduces bureaucracy and supports the way that the NHS and social care work when they work at their best: together.

It strengthens accountability to this House and, crucially, it takes the lessons we've learned in this pandemic of how the system can rise to meet huge challenges”

“Even before the pandemic, it was clear reform was needed: to update the law, to improve how the NHS operates and reduce bureaucracy.

Local government and the NHS have told us they want to work together to improve health outcomes for residents.

Clinicians have told us they want to do more than just treat conditions – they want to address the factors that determine people's health and prevent illness in the first place.

And all parts of the system told us they want to embrace modern technology: to innovate, to join up, to share data, to serve people and, ultimately, to be trusted to get on and do all of that so they can improve patient care and save lives.

And we've listened – and these changes reflect what our health and care family have been asking for, building on the NHS's own long-term plan.”

The Health Secretary was clearly marking a fundamental change of direction from the Lansley reforms of 2012.

The Health and Social Care Act of 2012, piloted through the House of commons by Health Secretary Andrew Lansley, created a completely new internal landscape for the delivery of NHS services. Primary care trusts and strategic health authorities were abolished. The Secretary of State would no longer be responsible for the running of the NHS, these responsibilities

would be devolved to the Head of the NHS, currently Sir Simon Stevens.

Replacing the primary care trusts and strategic health authorities were hundreds of Clinical Commissioning Groups(CCG's). Currently there are 135 CCG's which are responsible for approximately two thirds of the NHS budget, some £80 billion in 2019/20. Comprised of doctors and other health professionals in a geographical area they are responsible for the purchasing of services for their local community from any service provider that meets NHS standards and costs. CCGs are overseen by NHS England including its Regional Offices and Area Teams. These structures manage primary care commissioning, including holding the NHS Contracts for GP practices NHS.

Many of these service providers will of course be other neighbouring CCG's. But the Centre for Health and Public Interest estimated that in 2013–14 there were about 53,000 contracts between the NHS in England and the private sector, including contracts for primary care services.

According to Christian Mazzi, head of health at Bain & Company, in September 2015 70% of CCGs had failed to monitor their private sector contracts or enforce quality standards. 12% had not carried out any visits to private providers, and 60% could not say if they had done so.

Essentially then the 2012 Act extended the scope of the market within the NHS. The internal market was first introduced in 1990 and separated the role of purchasers and providers within the NHS. The 2012 Act was intended to open up the internal market to external competition.

To implement all the changes contained within the 2012 Act was going to be a mammoth undertaking both in terms of its institutional changes and in personnel. By 2014 the head of NHS England, Simon Stevens (now Sir Simon Stevens) had produced a plan to implement

the 2012 Act, the Five Year Forward View (FYFV).

This was not so much a plan more a subtle reinterpretation of the broad direction of travel. The internal and external market functions would have to remain but, there would be “meaningful local flexibility in what payment rules, regulatory requirements and other mechanisms are applied”. There was to be a big role for the centre: “the national leadership of the NHS will need to act coherently together”.

Simon Stevens appeared to recognize fairly rapidly that the process of change indicated by the 2012 Act needed subtle reinterpretation rather than outright opposition. Rather than allowing the market let rip he sought to impose some coherence from the centre while at the same time devolving much of the day to day clinical functioning to local bodies.

Over the intervening years there has been a process towards integrating services. The number of CCG's has fallen from 225 to 135. In so doing many of the clinical and other health services have a far more integrated feel to them. But there is also no doubt that many of the contracts that regulate the relations between CCG's and other parts of the health services hinder the development and application of new and cost effective treatments and services.

Since 2015 Stevens has clearly been pushing back on the logic of competition and chronic underfunding, he has stated that “ there is also value in a forum where key NHS oversight bodies can come together regionally and nationally to share intelligence, agree action and monitor overall assurance on quality”. He clearly recognised that the entire financial, legal and transactional mode of the current NHS system was not up to coping with the increased demands being placed upon it together with sustained underfunding: “our future lies in networks and health systems,

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