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Stakeholding The New Right and Freedom

Will Hutton

Mining Industry

Corporatism

**Newsnotes
Parliamentary Diary**

Editorial

The Stakeholder Economy and Why won't Tony Blair just shut up?

It is now widely accepted that Tony Blair will be the next Prime Minister of this country. This is a job he wants very badly. He says so all the time. He lectures people for being naive if they introduce other considerations into politics beyond a calculation of how Tony Blair can become the next Prime Minister. "You can't do anything without power", he says with feeling.

Why exactly does he want to be the next Prime Minister? It's not paid particularly well. Probably less than his wife. Certainly less than the TV executives he "networks" with. And yet the job involves long hours. He knows he will get attacked in the press a great deal. But however poor the working conditions are, at times, there is a unique status attached to being Prime Minister which money simply can't buy. That status comes from winning an election and will be conferred on whatever genius or fool from whatever social background takes up the office.

Mr. Blair often lectures people on their responsibilities - teachers, pupils, parents, workers. (Less so if they have got real power like business leaders or media barons.) Prime Ministers have responsibilities too. One of them is to behave in a dignified way. To know when to be silent. To know the difference between the important and the unimportant. Because if they don't know, who does?

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Editorial - from Page One

Baldwin is a much underrated Prime Minister who kept a National Government together without the aid of the sort of whipping which dominates modern Parliamentary politics at a time of great domestic and international turmoil. He was noted for doing the Times cross-word in preference to reading the political commentary.

Ronald Reagan was much derided for not being very clever. He liked to read Tom Clancy novels for instance. But he was the most popular President since Lincoln. He had a small number of important concerns, one of them being winning the Cold War. Reagan used to go to sleep in the afternoons.

Blair really doesn't need to be in the news all the time. But he seems to care about little else. "Grabbing the headlines" and "setting the agenda" have become ends in themselves. It has got to the stage where the fact that Tony Blair has "grabbed the headlines" is reported in the newspapers as news.

In a leaked memo last year a New Labour spin doctor, Philip Gould, observed that New Labour was not fit to govern because it did not have a project to match that of the much admired Margaret Thatcher.

This analysis, though embarrassing when said publicly, seems to be an accepted truth in Labour circles and throughout the media. Regardless of the massive opinion poll leads which Labour already enjoys and regardless of the fact that the Conservative Party has done anything but conserve for the last 15 years. And maybe the Labour Party would benefit from occupying the vacant political ground.

Hence the "stakeholding economy". The determination for the focus of attention to remain on the leader meant that it had to be announced with trailers and fanfares as if Blair himself had personally thought of it.

Stephen Dorrell observed that stakeholding means whatever Tony Blair wants it to mean at any moment in time. Mr. Blair has an army of aides and advisors and spin doctors and consultants around him. He also has a Shadow Cabinet, a Parliamentary Party and a party in the country.

But they are not forces in themselves. Even the Browns and the

Cooks and especially the Prescotts only have bit parts in the Tony Blair stage show.

The fact that the New Labour Party is in the business of creating a Young Country - one which has no past - meant that the idea had to be presented as if Blair had thought of it while opening his Christmas presents. It is a new idea. It has no lineage. Because that way it cannot be pinned down. These are not isolated criticisms about Blair's "style". They will severely curtail his ability to achieve anything of value in politics.

Although stakeholding has (at the time of writing at least) "grabbed the headlines" and received acres of coverage no-one actually knows what it means. Even the very clever people who are paid to figure things like this out on our behalf.

We have already outlined the reasons for this: (1) Blair only wants to be Prime Minister and believes to do so he must not cause offense to any identifiable group and therefore stakeholding is a mass of contradictions.

(2) Blair rejects history and tradition as a matter of strategy. He boasts about making the Labour Party anew. He boasts about his ideas being new. Therefore his major new speech is not to be seen as the development of a body of ideas (possibly stretching back for decades). There are no reference points with which to understand it. So no-one does. We are forced to engage in textual analysis of Blair's speeches and interviews. And these are contradictory for reason number (1).

(3) The focus is on Blair himself despite the fact that this will undermine the dignity of the post of Prime Minister when he takes it up. Textual analysis of the speeches of the other members of the Shadow Cabinet serves only to confuse the situation further (this is discussed at greater length in this issue of this magazine).

If Blair genuinely has a new and important message to impart, the resources of the Shadow Cabinet should be devoted to popularising it. Therefore they should at least know what it is.

This magazine is not opposed to new or big ideas. New ideas and new politics are part of the reason why it exists. But new and big ideas are dangerous - that is something the Tory Party used to

understand. That is why it has forums in which they can be discussed openly so that hopefully some of the side effects can be identified in advance.

The atmosphere of mutual hostility and distrust at the top of New Labour does not suggest that these forums exist. In fact there seems to be irritation when new ideas are treated as being more than "slogans" or soundbites and therefore have implications worth exploring.

Maybe New Labour should try to walk before it can run. Big ideas are important. But how about some small ones that might make a difference to ordinary people's lives. Some of their small ideas won't go a very long way to undoing the social vandalism of the last decade and a half - laws about noisy neighbours or providing more "consumer information", or greater rights for transsexuals.

This is the paradox at the heart of the New Labour world view. Politicians should be "grabbing the headlines" all the time. Tony Blair should be an omnipresent figure. We are (it is said) now in an election campaign which could, God help us, last about 18 months and we have new, big, radical (or a combination of all three), ideas emerging almost daily.

And yet Tony is forever telling us that we are all at the mercy of global markets (though the main feature of his foreign policy is to extend the scope of these). So we must be more competitive however unpleasant that may be. We can't have higher taxes because Middle England won't accept that.

We can't be humane towards the victims of the global market (which we can't change) because of what Rupert Murdoch's papers might say. We can't have more borrowing or take risks with inflation or have legislation affecting companies unfettered rights to make money because the City of London won't like that.

Though Tony Blair talks a lot all he ever says is - "like it or lump it". We should keep our heads down and work harder for reasons of national pride. Back in the days when Baldwin didn't say much there was still an Empire, national pride motivated many people, there were no global capital markets other than ones Britain controlled and politicians *did things*.

Spinal Station

Arwenia - was relevant because of the name.

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Politicians in general, and Blair in particular, just don't have the will to be politicians anymore - showing leadership or taking responsibility for things.

Ask what will be done about the economy and the answer is an independent Bank of England. Someone else's problem.

Ask what will be done about the state and the answer is a "written constitution and a Bill of Rights". Someone else's problem.

Ask what will be done about the world and the answer is "the United Nations". Someone else's problem.

We have decided to produce this magazine on a monthly basis partly because it is necessary to comment on the fast moving events in the news. But these events will continue to be placed in perspective. That perspective in an analysis of politics which has remained stable for more than two decades.

Talk is cheap. Most people have got lives to lead and don't have the energy to follow the twists and turns of politics. They want a small number of principles. Clause 4 was one of those principles. The onus on the people who ditched that principle was to replace it with something equally solid.

When a new idea comes along and it is not related to the idea that came along before it people are bound to become cynical and apathetic.

Politics is too important to be merely a game for those who benefit in a direct personal way by generating, commenting on and ditching one big idea after another.

A Visit to Tower Colliery

by John Clayden

"Tyrone in the Seat of Power" was the headline in the Cynon Valley Leader - The United Kingdom's Community Newspaper of the Year - when we arrived in Aberdare on the 15th December, 1995. Underneath the headline was a photograph of President Clinton and our hosts - Tyrone O'Sullivan and his wife Elaine. Confirmation of the impact the miners' buy-out of Tower Colliery was having on the surrounding community.

We were a group of unemployed men from Northumberland who had come on a fact-finding visit to the last deep pit in Wales, which is now a workers' co-operative.

Going Underground

At the pit head we were greeted by Tyrone, the former Lodge Secretary, in his personnel manager's office.

Across the road in the lamp room we were kitted out with overalls, helmet, lamp and respirator, to go down the pit. One of our group, we told the miner in charge, had worked underground in

Ashington pit for many years, as an electrician.

"What we call here, a motorbike", said the Welsh voice. "You have to kick 'em to make them work, see."

This made sense. Ron had admitted that electricians underground were notorious for finding a transformer to sleep on when they had a slack period.

Under the care of Gwyn Roberts, one of the organisers who had saved the pit from closure, we got into the unlit cage, and I watched through a hole in the floor, as a little square of light, the bottom of the pit some 650 metres below, got steadily larger as we travelled down the shaft.

There was an initial impression of warmth, but on passing through an airlock, we found ourselves in the cool breeze of the ventilation system.

It was a long walk to the face along a spacious sloping tunnel which we shared with dangerous conveyor belts. It was lit a good deal of the way by fluorescent lights. Ron pointed out the spark-free switches and the transformers which were large and warm.

There are no toilets, no canteen, no smoking and, at the face, no light. Miners - Ron said become good story-tellers to pass the time in the dark.

Further on we made our way by the lights on our helmets, like working on a building site at night by torch light.

The Coal Face

At last we reached the face, the coal dust imparted a misty quality to the light from the headlamp.

The face stretched for three hundred metres at right angles to the road we had come in on. It was about six feet high and the roof was supported by a continuous row of hydraulic props which would move forward as each pass of the cutter chewed off eighteen inches more coal from the face. Between the face and the props was a chain driven conveyor on which large chunks of coal were travelling and which was what enabled the cutting machine, now out of sight at the far end of the tunnel, to traverse along the face.

Seeing the wall of coal, so far down below the surface, graphically illustrated the scale of time that has passed since it had once been forest.

We agreed to wait an hour until the cutter reached our end of the face, and spent the time chatting in the dark. We talked about fossils and the particular problems posed by the hard limestone geological fault they were having to contend with.

There was no mistaking the relaxed confident air of the miners, and this very much impressed the ex-underground worker in the group.

Three other ex-pitmen who had stayed at the top, where they had visited the workshops and were allowed to wander at will, were surprisingly enthusiastic when we met them later.

We asked the men at the face if things have changed. They said that now if for example the conveyor broke down there was not the old management panic, they knew they could take their time, confident they would make up the lost coal production later.

The Successful Co-op

Gwyn Roberts said they had increased their production to such an extent that for two months they only needed a four day week to fulfil their contract. Now they were working the extra day for an additional contract.

Gwyn said that at the end of their first year they had a 0.03% accident rate and there had been only one accident. Renewal of their accident insurance premium would be reduced by a third.

He said it was unfortunately the case that they were still forced to employ some contractors on six month contracts. The pay was good but until they had the capital they couldn't incorporate all areas into the Co-op.

Talking about the set-up loan, he said both the Co-op Bank and Unity Trust (the TU bank) had refused to loan them the money and they were forced to go to Barclay's who had attached strings - namely three of the five directors had to be management.

They had got round the problem by conferring immunity from dismissal on the worker directors whereas the management directors could be sacked by the shareholders who are exclusively workers, (managers will not have the option to become voting shareholders until after the loan is paid.)

As a further safeguard they stipulated that no decisions can be made in the absence of one of the worker directors, this gives them an effective veto of the meetings. In any case the loan would soon be paid off after which they would eliminate the category of management director and management could then become ordinary shareholders with the same voting rights as everyone else.

Comparisons

He informed us that there were only three unions in the colliery: NUM, NACODS and a manager's union. We made comparisons with the vast Mondragon Co-operative in the Basque country which is also unionised. Structurally there were similarities, in both companies they have a rule that no worker can remain a shareholder after leaving the company. The capital invested reverts to the individual concerned and they cease to be a voting cooperative shareholder.

This is to ensure that only those working have democratic control and to

stop the business falling into the hands of private shareholders. It was this fate which befell the cotton mill set up as workers' co-op in the last century by the Rochdale Pioneers.

The Webbs successfully used their influence in the labour movement to alter the entire direction of British Cooperation in favour of consumer co-ops, using the argument that this failure was proof that workers would never be capable of running their own businesses under capitalism.

We saw the approaching headlights of the cutting machine in the darkness, it was a dramatic sight, the front circular cutter on its arm, tearing up and down the face as it approached. The operator showed me how it was worked by remote control similar to the remote on your television set. Then on the press of a button each of the hydraulic props moved forward and the roof behind crashed down.

The shift was over and we were shepherded back to the entrance travelling prone on a succession of conveyor belts. We emerged at the pithead in swirling snow with our faces black with anthracite dust. At the meeting with Tyrone O'Sullivan which followed, some of us were wearing eye shadow even after persistent scrubbing in the pit head baths.

Interview With Tyrone O'Sullivan

The following is not a verbatim report, rather the gist of our discussion:-

Q. What motivated the miners to go for a buy-out of the colliery?

A. Tyrone. To save our jobs. We knew the mine was profitable and that was crucial. We knew the coal was good quality (although Heseltine had said they would never find a market); also because the pit is under a mountain there is no likelihood of claims for compensation due to subsidence.

We knew if the pit closed 90% would never work again or any job would be low paid. Also trust existed between the men and the Lodge Committee which had built up over the years. "You build trust by telling the truth".

The miners put up £1.93 million from their redundancy. We had to borrow £2.8 million, after buying the pit and paying £400,000 solicitor's fees we had £200,000 left to work with. The

banks said we would need two months to become profitable so that was when our first contract with British Steel was scheduled to start. However on the very first day we produced 1000 tons, and 8000 tons by the end of the first week. So from the start we were selling this coal for cash and we were in the black and could pay wages and bank fees.

We discovered that under the National Coal Board our coal had been blended with midlands coal and rock dust as duff for power stations (powder which is injected into generator furnaces). We negotiated a contract with British Steel and now produce our own top quality duff as well as peas and beans. We speeded up the turn-round time for waggons at our coal processing plant to 20 minutes and we found domestic markets in France and Spain for coal for district heating of housing estates.

Q. What support was available? Financial, business, training, moral?

A. Tyrone. They got £10,000 from the council towards the pit closure campaign and a Development Agency Training Grant of £100,000.

Unlike Budge (the private owner of a number of pits including Ellington in Northumberland) which gets a protected price of £42 per ton they have to sell at world prices.

The management had offered an inducement for them to take early redundancy as they were hoping to get the pit themselves.

At the first meeting when the co-op was suggested the 174 miners who turned up agreed to put up £2,000, later increased to £6,000.

An art auction had raised £10,000 and Screaming Lord Sutch and Billy Bragg had done benefits. They had not got support from local area NUM officials who were tied in to national policy.

Q. How is the pit run differently from British Coal days?

A. Tyrone. The top priority has to be safety and for that reason the same management structure exists with the same disciplinary procedures. He would have no hesitation in giving instant dismissal to anyone found smoking down the pit. However there was a great difference in the way the chain of management is carried out because the workers are at the same time shareholders and this means the manager knows his place because he is

accountable to the shareholders. Nobody is called mister.

Wages are from £400 per week for face workers to £304 for surface workers. He said he aimed to keep the lowest rate above the industrial average.

Against all managerial advice sick pay is at full rate but this has not led to abuse. Anyone with domestic problems is given time off on full pay to sort them them out. Often workers have returned to work before they are fully fit - after rugby injuries for example - and are given light duties.

Q. What connections do they have with the local community?

A. Tyrone. This year we have given a total of £22,000 to the community to encourage youth sport; for the unemployed centre in Aberdare and for the Mountain Ash Rugby Football Club. We will be making available 10 apprenticeships for unemployed young people in the area.

Q. Do you have any regrets?

A. Tyrone. Yes my main regret is what has happened to the industry under this government and we are wary that our success will be used to gloss over the destruction that has taken place.

Q. How many of the previous existing pits would have made economically viable Co-ops?

A. Tyrone. Definitely the last twenty on the list.

Socialism

I was interested to learn that Tyrone was an old friend of Jack Dunn, past leader of the Kent Coalfield and a consistent and able advocate of worker's control in the industry.

What struck me was how central the socialist outlook of the committee has been to the formation of the organisation as well as how it permeates the day to day running of the place and I asked how would they ensure this would endure. He said they had their own programme of education.

Tower Colliery has a history of socialism and solidarity which goes back to its involvement in the Merthyr uprising of the 1830's where incidentally the red flag was invented.

When an NUM Lodge Secretary died in the Spanish Civil War the branch made up his wages for his widow for the rest of her life.

Tyrone concluded by saying he hoped

that what they were doing would help to revive the morale of the working-class movement, show how underrated the understanding and perceptions of working class people have always been, and hoped that their experience would be a contribution to developing a socialist strategy for the future.

Notes on the News by Gwydion M. Williams

Snakeholders or Stakeholders.

With Thatcher rising vampire-like from her political grave, it is not so odd to find Mr Blair taking an interest in stakes. In as far as it means anything, it seems to mean a return to the norm for the second half of the 20th century. A moderation of Thatcherite excesses, which had seemed assured anyway until the European currency "snake" came apart under speculative power and aggression.

Let it be remembered that the system of 1950-75 worked far better than anything before or since. It was "capitalist" in the same sense that Casanova was chaste. Casanova did not have sex all the time. The system that rebuilt the democratic West after the disasters of the 1930s and 1940s allowed the amoral anarchy of market forces in between the gaps of wise social planning. It should never have been called capitalist.

Nor is what we have now properly capitalist, not in Europe nor America nor East Asia. It is just that the gaps between chunks of social plan have got wider. And more of the weak and vulnerable have fallen into them.

Thatcher supposed she was restoring old-fashioned English middle class hegemony. (Britishness outside of Southern England she never did understand.) Her hope was to restore two-nation Toryism in all of its Victorian ghastliness.

(She was good enough to confirm that she waged class war for the rich and privileged, just as I said a few months back.)

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The State & the Corporate Society

Accountable to None - the Tory Nationalization of Britain

by Simon Jenkins

published by Hamish Hamilton, 1995, price £16.99

Reviewed by Michael Craig

In 1979 the Tories set themselves a target which was to reduce the proportion of national income taken by the state in taxation to below 40 per cent. By its own measure Thatcherism failed. It is the contention of this book that the broader goal implicit in that target - that of "rolling back the frontiers of the state" was also not achieved.

Simon Jenkins sets out to examine what the Tories did as opposed to what they say they did. In my view he finds convincing evidence that they are very different things.

One of the most interesting questions in domestic politics at the moment is how the Right of the Tory Party will respond to this failure to reduce the size of the state. In her memoirs and subsequent speeches Thatcher does not provide much help for them.

She is not much troubled by self-doubt or reflection. She fails to ask questions about the enormous tensions between the need for tight control of public finances and the aim of greater managerial autonomy; between the operational and the political demands of running the public sector; between the desire to offer choice and the frustration which the Tories seem to feel when the "customers" choose the wrong things. Perhaps the Tories will begin to resolve these questions in Opposition.

This book also has implications for the Labour Party. Much of the politics of the 1980s consisted of the Opposition complaining constantly about cuts in public expenditure.

The public did not always see a depreciation in the quality of public services and therefore did not always believe these cries. Expenditure demonstrably increased in the Health Service and in policing for example. And yet the Tories certainly *wanted* to cut expenditure which is perhaps why their claims to be increasing it were also treated with suspicion.

The Labour Party would have benefited from a more subtle analysis of

to attempt.

I was confused by the following disclaimer, early in the book: "I have been asked whether this book is meant as an attack on Thatcher. It is not. It is an attack on aspects of British politics to which she partly fell victim." I don't think that rings true.

The book implicitly *is* an attack on Thatcherism, if not Thatcher personally. But by denying it and by being reluctant to express a personal view explicitly, he weakened an otherwise interesting and valuable book. When he did offer personal judgments they did not always correspond with the thrust of the book.

For instance he was very interesting on the detail of the internal market - he noted the "administrative inflation", questioned the benefit to consumers, noted that the decentralisation of self-governing trusts was undermined by external financial control, noted the packing of Trust hospital boards and yet said: "the virtue of the NHS reforms was that, unlike [the] poll tax, the concept was robust." and "As an exercise in structural reform, Thatcher's 'new' NHS was in my view her most emphatic public sector achievement."

Jenkins quotes Thatcher as follows: "Never let anyone say that I am *laissez-faire*. We are strong to do the things which government must do and only government can do." Therefore it is not paradoxical that Thatcher on the one hand sold off a greater value of state assets than had ever been done in history but at the same time increased the government's grip on many other activities in the public sector.

There were 144 Acts altering the structure of, or curbing local government, in some way. From her rhetoric it would sometimes appear that she believed that local government was part of the state but that central government was not.

This was due partly to a zeal for centralising power. But it is also because much of local government was socialist and therefore could not be tolerated. This is completely consistent with her determination to break the post-war consensus.

At first I thought that Jenkins was making an important debating point, but not necessarily one that it is worth basing a book upon. This was because when he pointed out that the Tories were centralising power, (contrary to

what they claimed to be doing), he implied that he was hostile to this "nationalisation" but rarely said so explicitly.

My own view is that there are often very good reasons to centralise power. People in any part of the country are entitled to expect the same standards of health care and education as are available elsewhere. Transport needs to be planned centrally and ideally internationally.

It is reasonable that much local expenditure is funded from national taxes because the alternative is that poorer areas with the greatest environmental, educational and health needs would have the smallest tax bases to fund services. Jenkins acknowledged this, thereby further weakening his central point.

Nigel Lawson, in his memoirs, records his suspicion of the Next Steps project (where some managerial autonomy was granted to dozens of organisations now including the Benefits Agency, and the Prison Service). Although he was an enthusiastic supporter of outright privatisation (even when that involved creating private monopolies) he recognised that there were some activities where market disciplines could never operate. He was concerned that greater managerial freedom would simply mean less Treasury control.

Jenkins cites this desire for tighter financial control as the reason for many of the instances of centralisation which took place. He argues that the Treasury was humiliated by the 1976 IMF bail-out and was paranoid about losing its grip on spending.

In practice this often meant the public sector ditching its social responsibilities in the way that the private sector had been encouraged to do. Since wages are the main cost in the provision of most public services, short-term contracts were introduced, trade unions were weakened, and people were sacked. In addition an undeclared incomes policy has been maintained for the last three years.

Unlike the private sector, however, sacking people rarely results in "savings" to the public sector as a whole because the displaced become a cost somewhere in the social security system. The new breed of imported, well-paid, thrusting entrepreneurs in the

public sector are not too bothered about this because it doesn't affect their bonuses. It does explain though why the Tories spent the 80s cutting services yet failed to reduce total taxes (though they did manage to reduce their relative impact on certain well-off groups.)

While I believe it is desirable that the trading part of the public sector, eg the Post Office should be granted greater financial freedom I see no advantage in the Inland Revenue or the judicial system taking risks and behaving in an entrepreneurial manner. Unlike the private investor the taxpayer has nothing to gain from risky business.

However if there is a determination to pursue this new management culture I have some sympathy for Lawson's view. There is a danger that if the Treasury takes a more "hands-off" approach that the new entrepreneurial management will take advantage of the situation. With ever more stringent performance targets to meet there is a greater temptation to cut corners. Or to take risks with what is public money.

Jenkins correctly points out that the new managerialism is therefore at odds with the greater budgetary control and the audit culture which developed in Whitehall in the late 80s. What is the point of all these well-paid business studies graduates bursting with ideas if they have little discretion because of financial constraints and the need to conform to the average as expressed in some league table or Charter? Jenkins reports a rail company manager as follows: "My room for management manoeuvre is confined to a paint pot and a travel brochure".

It is this discussion of the managerial and audit culture which is the most important part of the book. In a sense this does represent nationalisation in a way that is extremely unwelcome.

The great reforming government of Atlee "had put in place a rough and ready tripartism. Public services were authorized by the national government, their level fixed and partly financed by local councils, and they were administered by the professions. Until 1979 Whitehall ministries ran no schools, built no houses, employed no scholars and commanded no police (except in London). Even the health service was mostly delegated to the medical profession."

The new order was one in which only one model was acceptable. And that was managerial rather than professional or collegiate. It was in the late 80s that the cult of the management consultant began. Institutions could not be trusted to govern themselves. (Even ones which had done so for centuries, such as universities.)

Outside "experts" had to be brought in. Jenkins notes that in 1994 an ad for a part-time "quality auditor" for the Higher Education Quality Council read "management experience in relation to education is preferred but not considered essential."

Aside from being supporters of the Tory party the boards of trust hospitals are stuffed, not with people who know anything about healthcare, or even representatives of the community the trust serves, but people with "financial expertise".

The trouble with all this is that management must be done by numbers and statistics and league tables. The managers don't know about the services which they are managing. Management is seen as an independent discipline which is taught in business schools.

Therefore what is important is what can be measured. Like a cost. What is not important is what can't be measured. Like a benefit. It is very "inefficient" to have policemen walking the beat. They will stumble across a crime about once every 30 years. But the public find it reassuring. And they are the "customers" after all.

Jenkins points out that this managerialism has meant that the people the public trust and respect - doctors and nurses and teachers - are less important. The people the public do not trust - accountants and lawyers and PR men, are more important.

In the guise of acquiring neutral technical advice from management consultants, the Tories have politicised the Civil Service. Instead of dispassionate advice the Tories bought what they wanted to hear. Jenkins observes that their greatest blunders - the poll tax and the fragmentation of the Railways - were introduced in the face of Civil Service opposition.

Fortunately the roots of a politically neutral, career Civil Service run very deep in this country. A brief survey of the world's governments will quickly

reveal how precious an administration which is not corrupt is. The onus must be on the Labour Party in government to revitalise this tradition rather than changing the consulting and PR contracts.

Blair's recent comments about stakeholding do not indicate to me that he is likely to reverse this form of Tory "nationalisation" (just as he lacks the courage to reverse their privatisations.) Indeed I doubt that he has even considered that it has taken place.

For him stakeholding is about *individuals*. This sentiment is now being echoed by John Monks, Joan Ruddock and others. Though this could not be admitted, they seem to aspire to a return to nineteenth century liberalism in the same way that Thatcher did.

Blair explicitly and forcibly rejects

corporatism. But in doing so he will travel the same path as Thatcher. Nineteenth century liberalism does not acknowledge the existence of civil society - trade unions, professions, chambers of commerce, churches. The market is merely a set of individuals. It is not created. It just is.

What this book illustrates is what would be obvious to anyone with a less dogmatic frame of mind: the only alternative to having society run by corporate bodies of one kind or another is that it is run by the State.

Thatcher denied the existence of society. If she had succeeded in wrecking corporate society and not replaced it by central state power, in the manner which Jenkins describes, then her observation would have come true - there would be no society.

newsnotes continued

But Britain's advantage in the 19th century was simply that Britain was the first nation to massively industrialise. And this brief advantage was used in such a way that the rest of the world had little choice but to industrialise in turn.

British hegemony was a lucky fluke. Thatcher's disruption of the post-1945 order was simply a disruption. Historians of the future will surely say that it was during her time as PM that British sovereignty effectively ended. She can only try to shift the blame, while Major and Blair just drift with the tide of events.

more newsnotes on page 10

Peace Process - latest!

There will be an immediate end to attacks by all sides. The cessation of hostilities will be permanent. Proximity discussions will be followed by direct all-party discussions. And Diana will be allowed to keep her royal titles.

Parliamentary Diary

by Kevin Brady

Harman to that

Defending her decision to send her son to a grammar school in Kent, Harriet Harman said she was opposed to selection and the 11 plus examination. But the fact that her son was 'selected' to attend the school as the result of doing well in an examination would suggest that there is something not quite right with her logic.

She claims, rightly, that every child should have the opportunity to have a good education. She must know, however, that for schools in inner-city, working class areas to be able to offer a good education, a Labour government will have to commit a lot of resources. And there is no sign of that happening.

As the mother of young Joe, her position is understandable. As a Shadow Cabinet Minister it is indefensible. She can, if she wishes, allow her son to take an examination to attend the school of her choice. She can also, if she wishes, pay for private health care. Or buy shares in privatised utilities. She can do all these things, as a private citizen or even as an ordinary MP, as regrettable as it may be. But as a member of the Shadow Cabinet she is bound firmly by

Party policy. So she should have done the decent thing and resigned.

That she did not suggests that she, backed no doubt by the Labour leadership, did not wish to send out the wrong message to middle class voters, upon whose support Labour depends. The message that her stance clearly spells out is: Don't worry, you have nothing to fear from a Labour government.

Poor defence

The case of Mohammed al-Mas'ari proved once and for all that Labour no longer stands for the defence of human rights. Given the opportunity to undermine the corrupt, despotic Saudi Arabian regime by defending one of its leading opponents, Labour said nothing.

Perhaps it didn't want to upset the voters in the defence industry constituencies, whose support it needs to help it win the election, whenever it is held. What it also shows is that Labour has probably given up on its policy of defence conversion, for it will now surely be virtually impossible to sell it the voters.

So, we can expect a Labour government to continue selling arms, including tanks, to the Saudi royal family, which they will use to suppress any physical expression of opposition. The Saudi's can be assured therefore that although there may be a change of government here, there will be no change of policy.

Going to the dogs

A Labour Party consultation document "Enjoying the countryside" says that while shooting "is often the most appropriate, humane and selective method of controlling pest species" it "cannot endorse hunting with hounds". Consequently, "A Labour government will make Parliamentary time available for a free vote on the abolition of fox-hunting, deer-hunting and hare-coursing with dogs".

If Labour cannot endorse hunting with hounds, why is it going to allow a free vote on its abolition, which could result in defeat and ensure its continuation? Is this another example of Labour not having the guts to do what is necessary?

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What's a Free Society?

by Gwydion M. Williams

The big trouble with freedom is that people will insist on using it.

It's easy set up a free society, provided everyone understands that it is free in the sense of free to do whatever your neighbours don't take exception to. A group of like-minded people can live pretty much as they please on that basis.

But then along comes someone else with different ideas of how to live. They will insist that "free" includes their freedom to live as they please. If it's a minor matter like standing on their heads when they say their prayers, we might manage to be tolerant. But the things that some people will understand as "freedom" just have to be seen to be believed.

The United States of America was the classic "free society". Also the land of Lynch Law, which put limits on public discussion of just what freedom really was.

The Cold War was fought with the West proclaiming Freedom and asserting that any limit on Freedom was unacceptable. People back in the 1950s really did think of themselves as 100% free, apart from certain limits made necessary by hostile enemies of Freedom. They were quite unready for a new generation who thought that Free really did mean Free.

Does Freedom include Free Love, for instance? And if it does, how free? Should there be severe punishment for sadomasochists (as is officially the case in English law as now stands.) Should suicide be legal, or should we go back to hanging failed suicides? (as used to happen). Also does Freedom include the right of two consenting animals to fight each other with lethal weapons? Many societies have allowed or even encouraged duelling as a way of solving personal quarrels. It only ceased to be socially respectable in European culture in the 19th century. Is this an aspect of the "Nanny State", in urgent need of abolition?

When people say "free", they really mean free-for-me. I should be free to do as I please. Others people should also be free, but not when it displeases me. Also (up to a point) I may make use of others to enhance my freedom.

The American idea is of rootless drifting individuals, choosing freely from a limited list of options as to how to live life. There is freedom in the sense that the controls are internalised, or imposed unofficially by neighbours. This is equivalent to tribalism: Except that such a system is vulnerable to social mobility and the existence of visible alternatives.

The internalised controls that had kept America more or less stable were changed by greater contact with Europe. In Europe, the state frankly and openly imposes certain standards, and there is less need to impose rigid conformity on individuals. Europe asks that you obey the law. America asks that you remold yourself so that you cannot possibly want to do things contrary to the "American way of life". It is a vastly more coercive and intrusive system.

Isolationists in the USA correctly noticed the consequences for their way of life. But now the culture has changed, and no one wants what they once wanted. The currently fashionable and acceptable version of internal controls have to be seen as "real" human nature. "Real" human nature is what most people really did see as natural a couple of generations back.

What the present generation still years for, even if they lack the self-discipline to actually live that way. And while the majority will not curb itself, they can be ferociously moralistic in their treatment of minorities and dissidents.

Typical of this is the US approach to psychiatry. Europe will leave people alone if they are doing no real harm. US custom is far more intrusive - the sight of someone freely doing what others do not do is rightly seen as subversive. One wonders what they would have made of Socrates, were he reborn in America and started making subversive remarks and claiming to have

an inner "daemon" or voice that spoke to him.

The ancient Athenians tolerated him for years. They only finally condemned him to death after some of those who he had influenced became tyrants who massacred and oppressed the population during their period of rule. One suspects that the US authorities would have needed no such provocation. he would have been arrested as a vagrant, forcibly medicated after he told them about his "daemon" and perhaps rehabilitated as a happy hard-working and well-adjusted stone-mason.

America is the most artificial of all societies. It is constantly reinventing itself. Most recently, California has been reinventing America. California offers a future in which you will be able to talk to people all over the world, and have nothing worthwhile to say to them.

Microsoft tycoon Bill Gates put himself on the front of his book *The Road Ahead*, standing next to a road. He stands alone, and the road is going nowhere.

The USA can justify itself as a champion of freedom, only by constantly shifting ground and including or excluding things from its concept of free. "Free" used not to include the right of women to have the same sort of lives as men. It used to include the right to practice racial discrimination, except that foreigners saw this particular sort of freedom as a restriction on freedom. So the open and formal distinctions were abolished. But since people balked at using state power to force through integration by "positive discrimination", discrimination was not ended.

"Defence of freedom" is nonsensical. Defence may be very worthy and necessary, but it is inherently a restriction on freedom. It is dishonest and short-sighted to pretend otherwise. No one had the guts to say that they were willing to curb real freedoms during the Cold War. A perfectly reasonable limitation, an unwillingness to let enemy sympathisers keep government jobs, was turned into an absurdity by a ludicrous pretence that this was not in fact an restriction on freedom.

The "House UnAmerican Activities Committee" was wonderfully well

named, in a way those pompous idiots would never have suspected. By blurring over the distinction between National Security and the right of minorities to express unpopular opinions, they produced a blend that most Americans came to see as profoundly UnAmerican.

The concept of "UnAmericanism" was a public expression of the neighbourly coercion that had always kept America controlled within an abstract framework of freedom. Only when society got more mobile - freedom as expressed by the motorcar - it became ever more easy to get away from one's neighbours and form a new neighbourhood in which you can do the coercing.

In the modern world, competition is the greatest limit on freedom. Freedom to compete means that one is allowed to advance oneself by taking away other people's freedom. one gets a chain reaction - everyone does it to everyone else. Farm workers get employed as unskilled labour in factories that put artisans out of work, and then these newly rootless workers drop traditional shops etc. in favour of the cheapest prices. Europe busts up the traditional sophisticated societies of East Asia in the 19th century, and they in turn undercut Europe and America as the 20th century draws to a close.

Free has a very simple meaning. It means "not controlled". Few really believe in freedom in that sense. They just supposed that people can be controlled without burdensome necessity off actually controlling them. Or else there is "punishment of wicked", seen as good in itself. One has the problem of "wrong sort of freedom". One puts no limits on freedom, only on what is defined as freedom. One can easily have perfect freedom, if "improper" choices are defined as being no part of freedom.

Right wing thinkers spend half their time complaining that people like themselves are not free enough. The other half of their time, they complain that people unlike them are much too free. It is not put quite that - interference with freedom deemed to be necessary deemed not really an interference with freedom. And all existing freedoms established by radical protest are deemed to be things that would have happened anyway.

Talk of freedom is often be a

convenient cover for cultural chauvinism. Our rule-book allows real freedom and only stops people from doing things that they may think they want but are actually no part of freedom. Everyone else's rule-book is both tyrannical (it forbids what we allow) and immoral (it allows what we forbid).

I am not a "relativist". There are good grounds for calling some cultures better than others. There are certainly grounds for calling some cultures freer than others, but freedom is only one of the good things in life. And in politics, saying that one is "for freedom" like a

restaurant saying just that it serves food. Many different understandings of what is edible - we tend to eat wild honey but not locusts. Yet no one objects to lobster. Likewise our view of what is and is not proper freedom has many cultural biases.

An unequal society is of advantage of privileged class. And the less privileged classes may also find they cannot change this situation without utterly altering their own nature. Life as "potatoes in a sack" - local and static and particular - is quite satisfying to almost all of those who grow up in it.

More Newsnotes

Ecstasy and Hooch

When one lot of pushers are called criminal and another lot go to the House of Lords and into government, what point trying to lecture the young on morals?

The young today are under more pressure than ever before. There is the lure of possible wealth, but also the fear of no job at all for the ordinary or the unlucky. And television pushes all sorts of substances as supposed cures for their problems.

It is part of human nature that the young will do silly and wild things. Over the centuries, human societies have made practical allowances. Most have some sort of official "coming of age" - we badly need it, now that most of the population has dropped organised religion. And there were sensible protections, like restricting alcohol and making beer odd-tasting with the bitter flavour of hops.

Alcoholic lemonade and illegal drugs are part of exactly the same process. If the state is no longer allowing to stamp some definite shape on the society, then everything will go its own way and into complete chaos. Cue for Adam Smith's "Invisible Hand", of course, but where is it?

Murder drugs shock horror terror

I have said before that vigilantism is futile, since it is only a minor additional risk in the dangers of a professional criminal life. Also ordinary citizens

who try vigilantism will soon find that life is not at all like the movies.

Successful vigilantism can only be practised by criminals, by police or by guerrillas. Why be shocked if an unemployed guerrilla army should step up the vigilantism it had been practising all along.

War is conflict between organised armed forces. Vigilantism is illegal criminal action that is conducted, not for personal profit or hatred but in the hope of suppressing other forms of criminality. IRA vigilantism does nothing to compromise their cease fire. They did not, after all, make any promise to become pacifists.

Y criminality

The point of right-wing thinking is not to find truth but to evade responsibility. A greedy ruling class finds that crime and commerce go hand in hand. So some other cause must be found - genes for instance.

Genes may play a role. But it has been pointed out that the strongest genetic contribution to crime is the Y chromosome, the thing that makes the difference between men and women. Still, most men not violent criminals, and some women are. It seems to be a small matter compared to the overall competitiveness and greed of the society.

99% of crime is based on greed and selfishness. So if these things flourish within mainstream society and are praised as noble and good within mainstream society, what effect is this likely to have on potential criminals?

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from page 12

market economy must be embraced without reservation". (An Agenda for Britain, p19). I regard Field's ideas as extremely dangerous because they represent a move towards reprivatizing the welfare state in a way which I would have thought would be anathema to you, one of the most effective and fluent defenders of the welfare state as it has existed successfully for the last 50 years. I also regard it as dangerous to engage in the sort of scaremongering which is his stock-in-trade because his starting point is that the welfare state is unsustainable. This will encourage those who can make their own provision to do so making the prophecy self-fulfilling.

Blair has not publicly repudiated the Portillo/Field interpretation. But he has rejected the Major/Heseltine/Mawhinney interpretation. Clearly they touched a raw nerve. Blair responded, "To attack it as corporatism is absurd." and "The idea that we are going to give power back to the trade unions is an absurdity" and even more petulantly he said, "A stakeholder economy is not about giving power to unions or women's cooperatives or any of the rest of the rubbish that the Conservatives have been saying this week."

You conclude your book by saying, "One of the best means of rebalancing the relationship between employers and employees is stronger and more responsible unions: 'stakeholder' unions, with formal rights of representation and even participation in decision-making." Which places you at odds with the Leader of the Opposition. Or does it?

Trade unionists must be stakeholders because *everyone* either is, or should be. Blair has said, "We need a country in which we acknowledge an obligation collectively to ensure each citizen gets a stake in it." and "the creation of a stakeholder economy which involves all our people." Therefore in the Blairite version *trade unionists* will have a stake but *trade unions* won't have any power or any legislative support for the notion that their members have rights to not be treated as disposable commodities. What does this all mean?!

It seems to me the core of your thinking is that Britain must move from a society in which the values of finance are dominant to one in which the values of production are dominant. You argue that without a recovery of the manufacturing base there can be no substantial reduction in the levels of unemployment never mind a return to the levels of the Keynesian Golden Era.

Surely Blair's speech to the CBI in the autumn would have been the opportunity to begin to raise some of these issues in an atmosphere which would be by no means hostile. But he did not mention company takeovers. He did not mention that rates of return need to be lowered. He did not mention that investment needs to be raised. He did not mention that corporate taxation needs be raised. He did not mention lifetime employment. He did not mention the systemic irresponsibility of banks and pension funds. He did not mention the importance of a stable international financial system. He did not mention Germany. He did not mention Japan.

He did say, "The real fear is that by being part of it [the Social Chapter] we may in future agree to the import of inefficient practices to Britain". He did describe welfare benefits as "a drag on the economy". He did say, "I welcome too the announcement of CBI studies on the Private Finance

Initiative". He did say, "Controlling inflation is an essential prerequisite for sustainable economic growth". He did say (clumsily), "Britain needs successful people in business who can become rich by their success, through the money they earn."

Of course it is possible to point to comments which Blair has made that indicate that his views are much closer to your own. You have noted the following statement, "It is surely time to assess how we shift the emphasis in corporate ethos - from the company being a mere vehicle for the capital market to be traded, bought and sold as a commodity - towards a vision of the company as a community or partnership in which each employee has a stake, and where the company's responsibilities are more clearly delineated." However, I agree with Stephen Dorrell when he "accused of Blair of Alice-in-Wonderland politics, in which the phrase meant 'whatever I [Blair] choose it to mean.'" And that depends on who he is talking to.

How can that be a proper basis for the development of a form of politics which you argue will be bitterly opposed by entrenched and powerful interests? You have said in *The State We're In*, "If a mandate for change is to be won via a parliamentary majority, then it has to be argued for vigorously before and during an election campaign - otherwise change has no mandate." I agree with you wholeheartedly. But I do not believe the flurry of media interest before the Harman furore began, welcome though it was in some ways, represents an adequate debate.

For instance Mo Mowlam intervened as follows, "Tony Blair's vision of a stakeholding economy can, for me, be defined in one word 'people'". Blunkett on *The World at One* said it was, "the creation of new learning opportunities", which I believe to be a meaningless phrase. On the same programme he denied fiercely that stakeholding had anything to do with "Hutton or Handy." Gordon Brown, echoing the new Clause 4 (remember that?), states that stakeholding means, "A country run in the interests of the many, not the few." Beckett said it was something to do with "interest groups" while for Blair, Monks and Ruddock it is all about "individuals".

I find it sad that while your ideas have made such an impact on the public, faced with the chaotic nature of the current debate your response has been muted. (January 17) "In short, in all five key areas [The firm and the City, macroeconomics, the welfare state, education and technology] he [Blair] ventures something towards the stakeholder conception." Of course he does. But he also ventures something away from it as well.

An article which you wrote for the Guardian published January 22 was entitled, "Time for Labour to put some spine into its stakeholding idea." I believe the problem is much more serious than that. It is not that Labour is offering a weak version of stakeholding. They are falsely appropriating the term and rendering it meaningless. I urge you to use your influence to prevent this from happening.

I have real doubts about whether New Labour can make any impact on the problems which you so eloquently describe in *The State We're In* but I believe the politics of stakeholding must be taken up in earnest eventually and the debate must be kept alive until that time.

Yours sincerely,
Michael Morrison

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Hutton, Blair & the Stakeholding Society

[Will Hutton is the author of *The State We're In*, reviewed in L&TUR No. 51]

An open letter to Will Hutton by Michael Morrison

Dear Mr Hutton,

I have read your *Guardian* column for many years. I have been impressed by your performance when addressing public meetings. I read *The State We're In* with enthusiasm. I can think of no comparable figure on the Left whose ideas are so coherent, convincing and inspiring. The problems you discuss are deep-rooted and not susceptible to clever technical fixes. But I don't believe your work can be reduced to that. You have demonstrated how difficult and yet vital it is to establish social and economic structures which secure the benefits of cooperation in an ideological environment which is utterly hostile to anything but the reign of unfettered markets.

It is this enthusiasm for the ideas which you have been developing and popularising which makes me puzzled and disappointed by your response to the "stakeholder economy" concept as articulated by Tony Blair in his Singapore speech and subsequently. You concluded your book with the declaration that the scale of the change required is unparalleled in peacetime. I agree with you. And yet you have cautiously welcomed the confused and contradictory comments from Blair as if they represent an important contribution to the project which you outline. I'm afraid I do not share your optimism. I believe there is a real danger they will serve only to discredit the notion of stakeholding. At the very least the flaws in Blair's sloganising must be addressed.

In your book you argued passionately that the rentier class must be denied the right to pursue the highest short-term financial gain without accepting any corresponding social obligations. You have warned that the political and financial interests of this class are deeply entrenched. It is probable that an attempt to alter their privileged status will fail. But what possible hope can there be of success if before such a battle commences Blair raised the white flag and declared, as he did on *Breakfast with Frost*, that stakeholding has no legislative implications?

Is that because stakeholding is not, in fact, the "big idea"? It is merely a "slogan" or a "theme". In that case my understanding of it and Tony Blair's are at odds. It took a great deal of legislative effort on the part of the Tories to persuade the managers to treat workers as disposable factors of production because this behaviour is not "natural" whatever the New Right theorists may say. ("Downsizing" does not come naturally to the Japanese or the Germans, for example.)

However Blair is not against legislation per se. He merely wants one side of the industrial divide to be the subject of legislation (although he denies that there are sides anymore). Blair has made it clear that he will not reform any but the

most minor of the anti-trade union laws which the Tories introduced in the 80s. He is happy to see unions placed within a strict legal framework but not their employers. How does that fit into stakeholder ideas about the recognition of mutual interests and obligations? It fits more into the Thatcherite ideas of everyone's interests being dependent on the right of management to manage and the right of capital to seek the highest return.

This interpretation is supported by Blair's contention that stakeholding is about *individuals* "getting on". Is that what it means in Germany? Or in Japan? I see no sign of that in your book which concludes with the following summary: "the values which *The State We're In* celebrates - inclusion, commitment, stakeholding, citizenship, the public good, cooperation - do represent a challenge to the simplicities of modern Conservatism." Does the idea of individuals getting on by adapting more rapidly to the demands of the global market represent such a challenge? I don't even believe it is meant to. In Singapore Blair described the New Labour as "the party of business". In the *Daily Telegraph* he wrote, "We see our task as not abandoning the 80s, but building on them." I cannot believe that you accept the view that stakeholding is merely an extension of Thatcherism (which you have described as "a bankrupt ideology").

However I am not the only one who has interpreted Blairite stakeholding as being compatible with Thatcherism. That was Michael Portillo's view. Perhaps Portillo's comments were merely designed to be mischievous. They are supported by Frank Field (who has a major role in Chris Smith's current review of welfare provision). He wrote in *The Times*, "In one sense, the concept is the child of the early post-war drive towards a property-owning and shareholding democracy." One of the themes of your writing is an attack on Britain's unusual and damaging culture of widespread, diversified share-ownership which reduces still further the commitment which a shareholder has to the firm which he is investing in.

Field regards the emergence of the stakeholder idea as being a sign that his time has come. Blair announced the "slogan" in Singapore and choose to add another ingredient to the already thick soup. Stakeholding has got something to do with their system of forced savings which New Labour is now looking at admiringly. *The Economist* quoted the current Singapore Prime Minister warning people to ensure that had adequate personal savings otherwise they would be destitute in old age if their family did not support them.

This relates to Field's proposals that people should have greater ownership of their pension capital. As a socialist I have deep reservations about the views of any man who says, "The

A week is a long time in the present.

Wittgenstein - water / Deleuze myky.

Lenin's speech.

Wittgenstein's advice
a woman