

# Labour & Trade Union Review

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## Europe

Will Hutton and  
social democracy

Russian elections

Eric Hobsbawn

Parliamentary Diary  
Trade Union Diary  
Newsnotes

## Editorial

# Why Europe is different

This magazine has always been pro-European. This does not mean that we are in favour of the EEC/EU, though we are. We are pro-European in the sense that we are in favour of the political, social and economic orientation that has been prevalent on the Continent of Europe. And we are opposed to the Anglo-American political, social and economic orientation.

In this we find that we are virtually alone in British politics. Most British politicians are wedded to the Anglo-American outlook, and most of them seem unaware that any other system exists. They know that things are different on the Continent but believe these differences are either backwardness or corruption.

The European orientation is towards preserving social cohesion and stability into the industrial era. For instance, Europeans believe it is a good thing to maintain a farming system which preserves farming communities and thriving towns and villages. This has been the priority and not the maximisation of agricultural profit. Furthermore Europe has something to preserve. There has been a great deal of social continuity on the Continent. In Eastern Germany, for instance, this continuity has been maintained through Weimar democracy, Nazism and Communism.

England did not merely hunt its people off the land and into hell-hole factories but seems to believe that that is the nature of things. It's called progress. And Luddite is a term of abuse. (Elsewhere "progress" occurred through genocide and institutional slavery - the latter giving birth to Barclays Bank and some of the great institutions of the City of London.)

Marx's analysis of class was based on England. And this analysis has been adopted by all sides in British politics. The development of industrial capitalism and its destruction of all forms of existing social organisation was progressive as was its production of an industrial proletariat. (The Left differed

from the Right only in what it thought should happen next.) And the petty-bourgeoisie was a mere passing phase with all of them scrabbling to be the exploiters of labour, but most of them ending up as wage slaves. This analysis could not have been developed on the basis of Continental experience. Europe experienced many of the horrors of industrialisation but never made a virtue of them. And as the Continent, especially Germany, responded to developments in England effort was made by the state to minimise the class war.

The petty-bourgeoisie on the Continent was not, and is not, as Marx described it. It is a stable class - indeed *the* stable class. Very few millers or brewers or builders exhibit a great desire to become industrial magnates. Instead they are, along with the bureaucracy to which many of their class belongs, the glue which binds the society together.

England had no stable class. It was in a state of frantic class war. And the labour movement had to operate in that situation. The establishment of a stable social democracy could not be based on anything already existing, in contrast to the situation on the Continent. A social democracy would have to be designed and imposed by the state. That was the project begun by the Labour Government in 1945. It is unlikely that the creation of a stable society was a goal that was on anyone's mind. But that was very nearly what happened.

The Sixties and Seventies saw the emergence of a stable social class in England for the first time in centuries. What was unique was that this force for stability and conservatism was the working class. The working class just needed to settle in as a class responsible for setting the direction of economic and social organisation. Though the Wilson and Callaghan Government can be accused of being purposeless they at least facilitated this development - especially enabling the creation of a widespread system of industrial democracy. The Heath government certainly facilitated it by attempting to institutionalise the developing corporate system in the country.

But the majority of the powerful trade union leaders, saturated as they were with Communist Party ideology, wanted to go on with the class war, even though most of the "class enemies" had lost the stomach for it. Well, Margaret Thatcher came to power and gave them their class war in spades and now the working class can barely be said to exist as a class. Her project to atomise the population has had a lot of success and this is the project, which Tony Blair is most anxious to continue but at a greater pace. (He may exhort us to be nice to one another but the "social" organisation he proposes to create will only be got to behave itself by police measures. Even Jack Straw knows that.)

It is a mistake to assume that Mrs Thatcher

didn't want Britain to be fully a part of the EU or that she was conned into signing the Single European Act. She was no little-Englander. More like a Big-Englander. She was destroying society at home with a fair degree of success by promoting instability and demolishing the corporate institutions of civil society. She fancied her chances of doing the same with the whole of Europe. Her error was to underestimate the resilience of what William Rees-Mogg disparagingly described as Bismarkian Corporatism.

Mr. Blair talks a lot about corporatism. He is against it. And he is advised by ex-Communist Party people who understand it better than he does and are even more against it than him. They didn't like it because they wanted social instability and a permanent state of discontent as agents of Moscow. And they still don't like it now they have become converts to Mrs Thatcher's view of things.

Until the BSE crisis the rest of the EU had given up on Britain under John Major and was looking at the future of the Union in the context of a Blair victory in the near future. The reaction on the Continent to Mr. Blair's support for the British Government's non-cooperation policy in the House of Commons was one of astonishment. Blair was summoned to Bonn and Chancellor Kohl spent an unusual amount of time taking a closer look at the Labour leader.

The fact that a Blair Government would have the same or greater antipathy towards Europe must have been a factor in the speed with which some kind of agreement was hammered out with Major. (Take a bow Tony!) There would have been no percentage in it for the EU to drag things out in the hope of a change for the better in Britain.

It is inevitable now New Labour's policies in general will be more closely scrutinised by European politicians. If this is the case they will discover that a Labour Government "at the heart of Europe" will cause as much mayhem as a Conservative one. Indeed there are reasons to believe that a Labour government would be worse than a Tory one. It is conceivable that Major would welcome a deal which would keep Britain in a semi-detached position in the EU. That way the development of European unity would not be jeopardised. In contrast, Blair's one foreign policy statement has been to insist that Britain retain its influential position in all the international bodies it belongs to so that it can agitate for global free trade.

It is no accident that it is not just the Tory Right who are debating ending Britain's membership of the EU - getting rid of the British or at least sidelining them where they can do less harm, is the subject of political debate in the other EU states - and especially in the leadership of the German CDU.

Major on Blair  
"In this House he supported the non-cooperation policy because he didn't have the guts to oppose it. In Germany he opposed it because he didn't have the guts to defend it."

House of Commons  
June 24

Dr Kim Howells (Labour's  
Industry spokesman)  
"The European

Commission had better get off its Armani-clad bottom and start sorting out the protectionists in Germany and France."

source: *New Statesman*  
June 7

Karl Larmers (foreign  
affairs spokesman for the  
Christian Democrats in the  
Bundestag)

"British doubts [about  
Europe] are more deeply  
rooted. The British concern is  
about the destruction of  
national identity and the  
nation state, which is seen as  
the only legitimate expression  
of popular will. Germans, by  
contrast, say that there has  
long been a supranational  
reality created by our  
European civilisation."

"...We have been guided by  
a simple assumption: no state  
can force another state to  
integrate more deeply than it  
wants. On the other hand, the  
majority cannot be held up by  
a smaller group or an  
unwilling state."

source: *the Times*  
27 April

Tony Blair on the Social  
Chapter:

"I have no intention  
whatever of agreeing to  
anything and everything that  
emerges."

source: *Observer*  
June 23

## Editorial

# Hutton and the death of social democracy

A particularly cute soundbite which was favoured by New Labour for a couple of weeks was: "we mean what we say and we say what we mean." We have argued for months that the debate about stakeholding, trumpeted as Labour's "big idea", has been characterised by contradiction, ambiguity and evasion. That ambiguity is now at an end.

Speaking in a debate on Channel 4 with Will Hutton, Alastair Darling, Labour's City spokesman, destroyed any lingering hope that the Labour Party believes stakeholding has anything to do with European social capitalism. The Labour Party may have considered forming an alliance with Hutton when they appropriated the language he has popularised. If so, they have now rejected that course of action. To form an alliance with someone whose views are well known would have been to establish a position and be forced to defend it. New Labour like to leave the way clear for retreat.

Hutton, describes himself, not as a socialist but as a social democrat. New Labour pump out a smokescreen about left and right not mattering anymore (those were the *old* divisions). But even in their new elastic political spectrum they see no middle ground between Hutton and Thatcherism. They did not leave their options open. They have chosen Thatcherism. The head of the Institute of Directors congratulated Darling enthusiastically for this. ("Nobody's disagreeing with this at all. I'm one hundred per cent behind you.") The implications are breathtaking. Though we have become numbed to the disintegration of the Labour Party in the last 18 months this latest news still comes as a shock.

When the media analyses itself (as it often does) the sound-bite culture is held to be a malign, but inevitable, force of

nature, much like globalisation. Recently this view has been shown to be false. The Labour Party have been forced to come out from under cover of its soundbites. Not by the organised might of the Tory Party. But by the energy and self-assurance of one man. At the end of the third television documentary Hutton made for Channel 4 an uncomfortable Robin Cook gave a response. Three or four years ago Cook was Shadow at the DTI where he made many Hutton-like noises. So he was the one called upon to back down. He was not capable of treating Hutton with sufficient respect to mount a proper attack on his views. "We are not a revolutionary political context", whinged the man who will be Foreign Secretary in a Government which claims it will be in power for a generation. So we can do *nothing*. We may not be in a revolutionary context but the Labour Party is a revolutionary party. It now regards social democracy as too left-wing to contemplate - what other name can there be for that but revolution?

Hutton's contribution in the "battle of ideas" is unparalleled. For an individual outside party politics to have struck a chord with the public in this way is also unparalleled. He has established a political programme the way it used to be done. And the only way it can be done. By writing articles. By writing a book. By the hard slog up and down the country with meeting after meeting. Treating civil society with some respect and being rewarded for it. The Labour Party used to have the self-confidence to draw people like this in, on its own terms. The generosity towards the Labour Party which Hutton displayed in an interview with this magazine earlier in the year was proof that he was more than willing to negotiate terms. That generosity has not been reciprocated. The Labour Party's self-confidence has been shot to pieces.

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Darling's only response was to Hutton was to parrot Thatcherite dogma.

This leaves Hutton and the few others fighting for a European form of capitalism in this country dangerously isolated. Much of the audience in the debate were on his side. They gasped at the Thatcherites' determination to push on with their scorched earth policy. But their fears go unrepresented in the political arena. The Labour Party is unable even to adopt a position of indifference to those who have suffered at the hands of Thatcherism. The Labour Party was once socialist. It is now asocialist. It speaks in favour of "flexibility" (while occasionally complaining about job insecurity), it speaks in favour of takeovers (while occasionally complaining about short-termism), it speaks against employment rights (while occasionally complaining about poverty). It is logically impossible for stakeholding to be compatible trumpeting management's right to manage as it pleases which Darling did. The Labour Party's adoption of the term was fraudulent.

Forced to define stakeholding Darling said, "I think our concept of stakeholding and the vision that Tony Blair set out at the beginning of this year is a political concept and that is that it is the job of government to ensure that every individual has the opportunity to contribute for themselves and their families and that means it is the job of government to ensure that there is a decent education system so people have skills, so they can be adaptable and they are motivated. It means they have got to have access to roof over their heads and so on... That is stakeholding as a political concept - it's the idea that everyone should have a stake in their country."

That is the "vision". The "dream". The "big idea." The "moral credo". The "new social order." Stakeholding is the opportunity, nay the requirement, to participate in the labour market. A labour market without rights before two years of employment. A labour market characterised by insecurity and the reserve army of the unemployed. A flexible market where people are "adaptable". It would be a farce if it weren't a tragedy.

He went on, "And what we are talking about latterly is the corporate sense of that and it was the last Labour Government that started this process off because it is important that everyone should be fully involved and motivated in their enterprise

and that's easier done when you have got 6 or 7 people but when of course you have got a large corporation it's more difficult."

Darling also explained, "it is all very well to look at Germany or Japan and to look at the way their industry has grown up along with their banks and then compare it with this country. The fact is our histories are different - our economic histories are different, our social histories are different." It is Jack Straw who goes to New York to study their aggressive policing and so compete with the most reactionary Home Secretary this century. It is Chris Smith who goes to Singapore to study the privatisation of the welfare state and so "think the unthinkable." It is Tony Blair who believed the answers were to be found first in America, and then in Australia. More importantly, we have an admission that for all the shrill insistence that children should be taught languages in primary schools, for all the grand rhetoric about not being isolated from Europe the Labour Party still believes that our thousand years of island history disqualify us from participating in a civilised form of European capitalism.

Get your capitulation in first, seems to be the watchword of a party in ideological freefall (Dr Kim Howells recent remarks are a highly developed example of this doctrine). Perhaps they feel that once they have sacrificed everything there is to sacrifice their agony will be over. Maybe then the Tories will be nice to them. Sadly, the evidence from this programme is that it just isn't so.

The panel included David Marsland (a Thatcherite sociologist, which sounds like a contradiction in terms), Francis Maude (an ex-Treasury Minister), Ruth Lea (head of the Thatcherite Institute of Directors) and David Willetts (a social security minister). The depressing thing about the debate, apart from the collapse of the Labour Party, was that the Thatcherites appear not to have had a single thought in the last 5 years. Marsland declared, his eyes gleaming with manic enthusiasm that the revolution was only just starting - "Far from having gone too far we have only made a beginning [of privatisation of the public services]... the processes of modernisation are just beginning to touch on the tenured people", he said menacingly. As Richard Layard, a labour economist, pointed out their mode of operation is to rip up every institution in the society, look at its roots and see if it works. Willetts and Marsland described

Hutton as a "socialist planner". Appeasement is not possible with these people because they are fundamentalists. Now matter what violence Darling did to the most fundamental principles which give the word socialism any meaning. It was never enough.

Marsland: "what we heard from Mr Darling is a lot of eyewash. I mean it's playing safe eyewash compared with Will's radical eyewash but it was talking round and round an idea which in as far as it's clear it would be pernicious because it destroys enterprise, and in as far as it is other than that he talked about education. Local Labour people and Labour intellectuals have ruined the education system [enthusiastic applause from the audience] and now they have the cheek to promise that education is the front edge of what they are going to do. They killed it. They didn't believe in standards, they didn't believe in competition in schools and if we are going to let them get away with a new concept of stakeholding within which, apparently education is so important it's laughable."

Darling: "It really would be a lot better if you didn't abuse everyone who disagrees with you. You've got a point to make... don't just resort to that..."

Television debates are partially a means of communicating with the public. They are also a means of communicating with the political community, especially with your own side. No matter how high the opinion poll leads may be it is demoralising for Labour Party activists to see their representatives lose on television week after week. Bloated "radical" rhetoric combined with an explicit policy of "dampening expectations" serves only to depress and disorientate activists. I suspect this will be reflected in the numbers of Party members who bother to go and knock on doors at Election Time. Perhaps the leadership will welcome a low turnout as an encouraging sign that people have adequately low expectations.

Hutton has shown that it is possible to take up robust leftwing positions and to win. Instead of benefiting from and aping this Darling sided with the Thatcherites against Hutton. This meant that he was unable even to participate in the debate properly. He merely withdrew. Willetts pointed this fact out: "He has signally failed to defend the two policies which we know they have got. They've got the Social Chapter. They're committed to that. They are committed to a minimum

wage." Even with prodding as direct as this Darling still failed to defend the remaining things which the Labour Party stands for. In reply he said, "I repeat as far as the Social Chapter is concerned the Social Chapter will not introduce the sort of things you are complaining about. When you look at Germany or Spain and look at some of the things that people do complain about there it's all home grown legislation and nothing whatsoever to do with the

Social Chapter." If this sounds like an argument over tactics between people who are in basic agreement that is because it is.

As the Thatcherites talked in apocalyptic terms of the complete destruction of the public sector (I do not exaggerate), Darling made a minor point about possible difficulties with league tables (which is rich coming from the Labour Party who attacked the Tories for not introducing complex value-added

league tables in all schools.) As the Thatcherites praised the NHS internal market reforms (to hostile cries from the audience) Darling limply said "the problem arises creating a market where none naturally exists". What problems? What would the Labour Party do? No wonder Kim Howells believes the government has nothing to do if it is now the view of the Labour Party that markets are *natural* structures.

So capitulation failed to get the Tories off his back for even the duration of a television programme. It will also create massive problems for the future:

Firstly, Hutton's central point was not answered by the Thatcherites. A member of the audience who works in the City of London shamed Darling with her succinct expression of the problem which Labour wishes to ignore.

"Well everybody is avoiding taking responsibility for the problem. Everything isn't OK. The pension funds and the investment institutions are there to provide a retirement income for half the working population so they need British industry to be thriving over the next 30 years in order to prevent the sort of poverty that was being talked about earlier. So there is a common interest between pension funds as investors. They are not obscure bodies which belong to nobody. This is society's savings for the future."

"Unfortunately, you have rational activity for individual investors which becomes collective folly. It is rational each day to look at the market value of a particular stock, it is rational to sell out at a particular price. The problem is that you end up with a collective outcome which isn't the most efficient over the longterm. Now if pension funds were genuinely interested in a thirty year investment strategy they wouldn't be testing their performance every twelve weeks. They wouldn't be putting their fund-managers on performance related fees which can be artificially boosted by takeovers. The average pension fund in Britain puts very little money into investment. If a pension fund buys shares on a market, that's not creating anything new, it's the trading of paper. It's the relationship between the ultimate owners of industry who are the pension funds and those companies that we still need to look at."

The Labour Party constantly talk about competition and flexibility and global markets ("an open economy is a precondition for efficiency", Blair has explained.) They do not acknowledge that there can be a chasm between individuals behaving in a self-interested way and the social interest. And if they cannot see that then they will have little to do in government - if things are bad that is the way they must be.

Darling defended takeovers, "He [Hutton] is right that there is some takeover activity that has not been beneficial to any of the participants apart from the accountants and lawyers who charge very good fees for doing it but to argue that all takeover activity is bad or wrong is nonsense because there have been a number of cases where takeover or merger has been entirely satisfactory. "This is not good enough. When is a takeover beneficial? When is it not? What cases? "Entirely satisfactory?" For the employees who were sacked? This evasion isn't any help to anyone. An electricity worker in the audience put Darling's remarks in perspective: "I worked for Manweb, one of the electricity utilities and as its defence plan it got rid of 700 people when Scottish Power put their hostile bid in and when Scottish Power finally succeeded they couldn't get rid of anymore because they wanted to asset-strip by downsizing so they had already main plans to get rid of Head Office - so they are now closing Head Office at Manweb and that's another 350 jobs going ... Manweb's defence plan was to shed costs and that cost was people."

Secondly, the Labour Party may believe they have sided with the business interest. They have not. They have sided with the downsizers and the splivs. The people who are not prepared to spend money on training their workers and who consequently resist a training levy. The Thatcherites did not operate in the business interest. They were profoundly anti-industrial. The Labour Party, who are now defending this position must explain why German and Japanese capitalists are not anti-union or anti-minimum wage. The Labour Party must explain why low inflation has not produced the growth that was claimed for it. In fact they must explain why the Thatcherism they wish to defend against social democrats like Will Hutton resulted in lower growth.

Thirdly, Darling said, "At the end of the day I see the sort of changes we need as being a change in culture on the part of the management as well as the people who work there. And there is a limit on what one needs to do or can do indeed by changing the law." That's not good enough either. What changes? The Labour Party defends takeovers and Labour market flexibility. What objections has it got? What limit? What can be done by changing the law? What can't?

Darling "You can take a horse to the trough but you can't make it actually drink if it doesn't want to. The point that I would take issue with on privatisation...."

The Chairwoman pressed him, "But surely that isn't true. If you legislate..."

"In terms of running a company you create the sort of ethos and culture where everyone feels fully engaged in the success of that enterprise is not something which you can pass laws to ensure. The only way that can happen is if you get the cultural change that I referred to." That is a spectacular admission. It blows an enormous hole through the Labour Party's massive programme. They are saying that you can't change things by legislation. (How did the Tories manage it I wonder?) Mandelson in his book said that a Labour Government will have so much legislation to implement every Parliamentary day for 5 years will be insufficient. But legislation makes no difference, Darling claims. Chris Smith says he would like to help the unemployed. But he can't because there won't be enough Parliamentary time. They will be passing too many laws. But legislation makes no difference, Darling claims.

Eight months ago we wrote: "And now the stark truth is that the capitalism of European Christian Democracy is more effectively social than British socialism." Who will argue with this conclusion now.

## Russia a nation again (almost)

report

Gwydion M. Williams reports on the Russian election and below introduces a new occasional column which begins on the facing page.

In the interests of democracy, Yeltsin must be reelected regardless of what Russian voters may happen to put on their ballots. This message was clearly spelt out in the Western media before the first round of voting. And it was surely conveyed more bluntly by more covert methods to the Yeltsin Group and to anyone who might feel inclined to make trouble.

Crude fixes were OK for Albania, but for Russia something more subtle is required. In December's parliamentary election, the party led by General Lebed did unexpectedly badly. A man who looked as if he would be a serious alternative to both the Yeltsin Group and to the revived Communists was put out of action. This time round Lebed does unexpectedly well, emerging as a serious Third Force who can merge with the Yeltsin Group and make a Yeltsin victory sufficiently credible to avoid embarrassment (arising from rigging that was too obvious.)

From the viewpoint of the Yeltsin Group, the people with their hands on the levers of power, it could not have worked out better if someone scripted it. Which they probably did.

The *Independent* in its editorial of 19th June 96 conceded that in previous votes "extensive ballot-rigging probably took place". But they defended the virtue of the latest elections (And Richard Nixon never told a lie.) The *Independent* had previously endorsed the notion that Russians freely voting for enemies of the West is anti-democratic. They have to treat the present events as fully honest until at least 1997 or 1998.

The Yeltsin Group has engaged in some intelligent twisting of politics. To have excluded the revived CP completely

would be to invite coup or rebellion. To have them a credible threat helps the Yeltsin group. If the West tries pushing them, they can threaten to simply fall over. The liberal Yavlinsky got just 7.4% of the vote, less than the lunatic right. It is agreed that liberals are increasingly marginalised.

At his best, Yeltsin has more of the Leninist spirit than any Russian leader since Stalin. Banning the CP and collapsing the USSR is just what Lenin would have done if he was not in control of those power centres. Now the Yeltsin Group has made its own counter-revolution, a serious retreat from nihilistic right-wing radicalism. It effectively concedes that the 1993 revolt was justified and that the various factions of ex-Leninist must work together.

It is only with the USSR gone that one can say anything in favour of Stalin. It turns out that he is at least as popular as Churchill in Britain or Roosevelt in USA. Khrushchev by his "secret speech" broke the mainspring of Russian politics. It could not carry on with its old popular self-confident authoritarian ways. But nor could it change into anything else, Khrushchev made that very very plain with his 1956 invasion of Hungary.

Zyuganov and the revived Communist Party seem to me to represent an understandable but futile regret for lost opportunities. The ordinary membership might have revived the Leninist spirit any time in the 1960s or 1970s, had not Lenin and Trotsky built such a perfect and unbreakable dictatorship in the hands of the party leadership. Lenin had many followers but no one of equal standing whom he could work with. Trotsky for most of his life was not even flexible enough to keep many followers. Stalin

did no more than follow their example.

Back in May, Ken Livingstone was presenting Zyuganov as a sensible alternative to the "utterly corrupt Yeltsin administration". (*Guardian*, 21st May). This indicates naivete on Ken Livingstone's part. There is no important difference between utter corruption and pioneering capitalism. When there are no established property rights, and socialism had broken down, the public wealth might as well be plundered by those who are at least strong enough to do something with it. Corrupt Mafia-linked politics and business is morally objectionable but need not be unsuccessful - look at Italy, look at Japan. Capitalism is a very unnatural form of behaviour, and to expect the mass of the population to take to it is not very sensible. All property is theft in the beginning, and continuous squabbling over the booty of the downfallen USSR will do nobody any good.

Liberalism is gibberish smoothed out by experience - the things that ought to work but fail to work are just not tried again. "Conservatism" of the Thatcher type is merely Liberalism with the good intentions removed. Liberals in Eastern Europe really did believe in transcendental Selfishness. Too late they found that removing "unprofitable" parts of the economy did not make it richer and better.

### "Keywords" introduction

*You can define a zebra as striped grass-eating penguin, if you are new to zebras and only know penguins. You may then go on to define a lion as a gazelle-eating penguin. But at some point new words and categories are definitely needed.*

*My father Raymond Williams pointed out the complex changing nature of language in his book *Keywords*. He also intentionally kept it simple, giving the meaning and brief history without all of the philosophical pretentiousness of much left-wing thought. Key words are words you need to understand so as to think coherently about modern life.*

*Pretentiousness unfortunately remains very common outside of the L&TUR and a few kindred journals. Also the language has moved on. So I plan to give the *Keywords* treatment to some newly emergent terms of political significance.*

Gwydion  
Madwc  
Williams

### Stakeholding

## Key Words

The *Oxford English Dictionary* tells us that stake in the sense of pointed wooden stick is an inheritance from Old English. But from the 16th century, one also has stake as a gambling portion. "that which is placed at hazard, ... to be taken by the winner of a game, race, contest, etc.". The *Oxford English Dictionary* also says that it is "Of uncertain etymology", but may have developed from "on the stake" as a place where wagers were put.

This gambling term soon gained some additional meanings. One could have a stake in something, if one stood to gain or lose by the turn of events. Their first example, from 1784, is "with my most affectionate wishes for Dr. Johnson's recovery, in which his friends, his country, and all mankind have so deep a stake." But it was more often used of those who were said to have a stake in the country, taken to be those who hold landed property. This could also mean a shareholding in a company. (On a more trivial note, in US slang a stakeman was a hobo or tramp.)

Up until recently, a stakeholder was one who holds the stake or stakes of a wager. Or it could be one who has a stake in something, especially a business. There seemed no good reason to differentiate stakeholder from shareholder. But words with similar meanings sometimes do differentiate and take on completely new meanings. As with three adjectives derived from terror: terrifying, terrible and terrific.

For the word "stakeholder", the key moment may have come in 1976, with R. E. Thomas's *Government of Business*. "Three approaches are considered here, the shareholder approach advocated by free enterprise theorists .... the stakeholders approach, as portrayed by Dahrendorf, and the Marxist approach." This at least is the source cited by *Oxford English Dictionary*. The first recognised use of the word as Will Hutton has now popularised it.

But this in turn is only necessary because of all of the changes that have happened over the last twenty years.

Up until the 1970s, Western "capitalism" was much closer to the Stakeholder model than to the abstract no-nation model of capitalism described by Adam Smith and Karl Marx. The change to "proper capitalism" did not bring much benefit to ordinary Britons, and certainly not to "the nation" as traditionally understood. In the USA, 90% of the population have seen their living standard stagnate in what is still a very thriving and strong economy. Americans have so far blamed everyone except their own ruling class, the people who have actually profited from the breakdown of the post-war social order.

Up until the 1970s, it was assumed that there was a common "national interest" that would unite Labour and Capital and the Middle Classes. But since then one has had an emerging "Overclass" that doubts if it really needs the rest of Britain. Slick right-wing Tories pioneered the changes, pulling idiot patriotic Yahoos with them. Now New Labour has also capitulated to the Overclass, accepting a negative and shallow internationalism as the only possible realistic politics.

For this new class one may also need some additional new worlds. It is not really internationalist nor cosmopolitan, since any unwanted parts of the world are just "written off". There is also a shallow enthusiasm for new technology, which is expected to create a new world that is just like the old world, only with more computers. The ideas of the new Overclass could be called "Cyberpolitical", the viewpoint of someone living in an imaginary community.

### Russia report continued from page 6

It just made it poorer and worse, and the economy of the USSR has shrunk by at least a third during the period of "reform".

A free market is one in which you personally are free to do the things you feel like doing. No-one outside of an economics textbook runs a free market for the benefit of just anyone who happens to come along. America is a land of protectionism and hypocrisy. Market forces would have turned Russia into a land of paupers plus a few plutocrats sitting on valuable raw materials. Now Russia is asserting itself once again.

BBC *Panorama*, in its program Back to the USSR, had a homeless woman in Moscow complaining, "They don't think of us as people. We're not wanted anywhere." Much the same as has been done in Britain, in fact, but much more drastically. And it is likely that the Yeltsin Group with Lebed incorporated will make some adjustments, make a large coalition of those who have done reasonably well out of the changes, ignoring the vast mass of the excluded that Zyuganov might have done something for. But it will probably be done slickly and cleverly, and Russia will gradually revive.

Some sort of crack-down on crime and corruption should be expected. The bigger crooks could welcome crack-down on the small fry, a closing down of cowboy outfits and a reduction of squeezes that are so gross that foreigners are put off.

It will all be done the Western way, hypocritically and with vast blasts of misleading information. The losers in the recent Kremlin power-struggle misunderstood, thinking that they could get away with calling off the elections. This is not what Western interests wanted. Not open suppression but a quiet plausible fix to satisfy public opinion.

None of it is admirable. But what else could the Russian people wish for? Realistically, there is no other alternative except anarchy, break-down and civil war.

Gwydion M. Williams

## Notes on the News

## More pay for MPs?

Parliament began with representatives. As long as the MPs represented properly, they were not expected to be much good at anything else. Some of the best of them were nothing much outside of Westminster. Lloyd George, for instance. And the best of the Thatcherites were Norman Tebbit and Thatcher herself. Tebbit was a rather ordinary airline pilot. Thatcher a failed industrial chemist who got herself a rich husband. Both of them only became important through their role as politicians.

Heseltine is the opposite. A man who grew rich and then went into politics. And might as well not have bothered, for all the good he has so far done. He betrays his origins as a schemer who grew rich because his schemes happened to work out in one brief historic era. A man who boasts of how he grew rich by paying his debts as slowly as he could without illegality is not a man likely to lead a regeneration of British industry.

## Voting with their wombs

In the early 19th century, the Tory Party did include some serious and effective conservatives. The first rush of industrialisation had uprooted communities that had mostly been stable since the Saxon and Danish invasions. Toryism insisted on some sense and order in what was then a disintegrated and demoralised workforce, well described in Engels's *The Condition of the English Working Class in 1844*.

Tories in those days were quite ready to insist that being ordinary or even poor was quite OK, you were still part of the nation. It stood against the 19th century Liberal error that saw no merit in the bulk of society beyond the fact that it occasionally threw up men like them. (Looking at the characters who did rise

from poverty into great wealth, "threw up" is indeed a very suitable term.)

Late 20th century "Toryism" is now dominated by the bits of 19th century Liberalism it absorbed after the Liberal collapse in the 1920s and 1930s. The thrown-up stratum of rich ambitious characters see no reason at all to give up anything that they have got their hands on. Society does not exist, and anyone who is not living as a semi-detached suburban Mr Jones must be viciously attacked. Attacked even if they would genuinely like that option yet find it closed to them.

"Defending" marriage has involved dumping extra burdens onto parents. Very nice for those with plenty of money, and a nightmare for the rest. They have destroyed married life so as to save it. Vast extra burdens are dumped on those who try to stick to the traditional lifestyle. Children are classed as "too expensive" for the society, but their parents are supposed to manage with less and less help.

The result has been just what one would have expected. The percentage of live births outside marriage rose from 19.2 in 1985 to 33.9 in 1995. The modern Tories are "conservative" in same sense that Casanova was a virgin.

## Football management hooliganism

It has always been understood that some of the big-match tickets get disposed of through devious channels. It is a recognised perk for those who run the game. But other tickets are also supposed to be available for ordinary fans. This did happen for the quarter final, with people getting tickets if they were keen enough to go down to Wembley and queue. But for the semi-final, and entire crowd was kept waiting and then left disappointed. (I was inspired to write this item by the

Monday morning complaints of one such person, a fellow with a house and a car and a regular professional job who was amazed to find that such treatment can apply even to people like him!)

Another person complaining about tickets, was David Mellor. In the House of Commons on June 7 he said that he paid £65 for his tickets to the England-Scotland game (on 15 June). His ticket bore the stamp "severely restricted view". "Who the hell wants to pay £65 for a good view, let alone a severely restricted one."

While I don't have a lot of sympathy for Mellor in particular (he can afford it) he is at least a bona fide football fan. The problem is increasingly tickets are sold to agencies on behalf of corporate customers. Suppliers can be wine and dined, deals can be done, meanwhile the much abused fan is left outside.

New Labour  
New Scotland  
New Britain

Speaking on the *World at One* in defence of Tony Blair's latest policy shift, to hold a referendum about Scottish devolution, George Robertson, Labour's Scottish Shadow commented on the discontent on the backbenches about the matter. "Some of them are disturbed by the way the policy came out and so am I" (27 June). Does this mean that even he wasn't told about the change of plan? And if he was does he not have the authority to do something about it?

Gone are the days when the Labour Party was aware of currents of feeling in the regions. Now everything seems to be run from Islington.

The *Guardian* reported, "Mr Blair will argue [defending the decision in Scotland] that radical changes like the revision of Clause 4 were fought tooth and nail, but did not produce the mass resignations feared." The implication of this is that resignations are the only thing that will be listened to. So far John McAllion MP and Lord Ewing have resigned.

Not telling other members of the Shadow Cabinet, never mind the Parliamentary party, what you are up to seems like a strange way to go about a project which is designed to decentralise power.

Kevin Brady

## Parliamentary Diary

## The Wrong Track

According to a Written Answer on 4th June the costs to the Government (ie the taxpayer) of the Railtrack flotation totalled £42.5m, including £24.8m Commissions, whatever that means. It remains to be seen whether it was money well spent.

A number of the train operator franchises have been granted to the private sector. For instance South-West trains have been run by the private sector since early this year. So far, privatisation has not made a scrap of difference. Trains continue to run late, are over-crowded and customer-staff relations are as bad as ever.

Things will no doubt improve, but at a cost. Huge investment is required in rolling stock, track and infrastructure which can only be paid for out of so-called efficiency savings and improved revenue, through higher prices. As in the water industry, the shareholder will benefit at the customer's and employee's expense. Where is the Labour Party's stakeholding now?

As and when

Peter Kilfoyle, Labour member for Liverpool Walton, whom I seem to recall was "imposed" on the constituency by Walworth Road after the death of Eric Heffer in 1992 is well versed in New Labour speak. During a debate on standards in education on 11 June he reminded the House of Commons that Labour has consistently said that it "will provide extra resources for education, as for other areas, as and when the economy allows."

This, of course, is no different to the Tories' approach to public spending and light year's away from that of a socialist party. If kids in crumbling schools in run down working class areas have to wait for the economy to improve before

Labour will increase expenditure on education, then their parents ought to vote Liberal Democrat. They, at least, are committed to increasing spending on education through a higher income tax levy.

## Benefits revisited

It seems that whenever Labour hasn't a clue what to do about a particular issue, it says it will set up a Commission or a Review, which will come up with the answer. The National Minimum Wage is one example of this. It now appears that it intends to review the benefits system, or at least that part of it related to young people. This certainly seems to be what Malcolm Wicks, Labour member for Croydon North-West, told the House of Commons on 12 June.

Asked by Liz Lynne, Liberal Democrat member for Rochdale, if Labour was committed to restoring benefits to 16 to 18 year olds, Wicks replied: "There is no point in us undertaking a review if we know all the answers before the review." He added, ominously, "We are looking rigorously at the resources and the policies, so that, when we take our place in government, we will have the policies that Britain needs."

This sounds suspiciously as if Labour is "thinking the unthinkable" and planning a slimmer benefits system. John Redwood will be delighted, of course, but he and others like him in Parliament, won't suffer as a result. Labour's slogan ought to be: "It will hurt. But it won't work."

The following fell off the edge of the third column on page 14 of the last issue: "Mandelson, though not having a clear idea of the new order he wishes to create is also impatient of checks on his (indirectly exercised) power." Apologies to confused readers and annoyed writer.

## The NHS - safe in our hands

On June 20 the *Guardian* reported that Tony Blair gave "his first speech devoted entirely to health since becoming leader." He also "wrote" an article in the *Daily Express*. In this, to an audience of millions, he explained that he had "been visiting hospitals away from the glare of publicity." If he keeps up like this he could become as publicity shy as the Princess of Wales, also known for her hospital visits. Anyway, we know the policy now.

(a) the NHS "will be at the heart of New Labour's plans for Britain"

(b) "we must encourage innovation and new technology"

(c) He notes that a party called "Labour" created the NHS.

Apparently it was their "proudest creation." Hard to see what that has got to do with a entirely new party called New Labour.

(d) "I want to take the NHS back to its fundamental principles"

"It must be a modernised health service."

"It [the change] does not turn the clock back"

(e) "I want all patients to have a choice of the hospital consultant their family doctor can refer them to."

"Choice" that word sounds good. Probably one of the fundamental principles. Personally, I don't like the way you have to wait in hospitals. It's not like Marks and Spencers....

"New Labour believes you cannot run the NHS like a supermarket".

Also Blair is aggrieved that, "Senior Tory Ministers are now openly talking of the NHS being reduced to a safety-net service."

On 19 September 1995 Healthcare 2000 published a report which recommended "an end to a universal health service free at the point of delivery." (the *Times*) One of the members of the committee was Patricia Hewitt who gave no indication that she had any reservations about its conclusions.

Stephen Dorrell dismissed the "crisis report". "I haven't been convinced that they [funding problems] have become... more difficult to reconcile than they have in the first nearly 50 years of NHS history."

Dave Chapel

## Trade Union Diary

If you're on the dole - think of it as an "opportunity"

I've said here before that Labour policy on unemployment is not to attack the problem but to attack the unemployed. Any notion of a full employment policy has gone. We are constantly reminded about the "global economy," ie competing for starvation wages, and the need for "flexibility". For instance, defending the decision to deny workers rights before 2 years of employment David Blunkett said, "We have to recognise that we live in a global economy. We have to be flexible and realistic." Peter Mandelson has even told us that we should look upon being sacked as "an opportunity".

There may be no policies for unemployment but there are lots of policies for the unemployed. The civilised social security system introduced by Reg Prentice, as a member of Mrs Thatcher's Government in the early 80's, is to be abolished. Each claimant is assigned to a DSS official who will not only harass this unfortunate but can determine how much benefit is paid - fixed rates of benefits will be a thing of the past. A New Labour spokesman said, "This will allow local decision-makers flexible use of resources for benefits, training and special employment measures for individual claimants."

In L&TUR no 54 we reported on a meeting at the House of Commons addressed by Chris Smith. He said to reduce unemployment benefit entitlement, as the Jobseekers' Allowance does, was to take from people what was already theirs by right. National Insurance Contributions are there to fund periods of unemployment.

On June 25 the Financial Times reported as follows, "Mr Smith made it clear Labour would not reverse one of the government's main social security reforms - the Jobseekers' Allowance."

Instead, benefit may be paid in a lump sum to start a business or to "buy"

training. More education and training is all the Labour Party have got left as a solution to our economic and social problems. Yet they are proposing that the unemployed and not the employed pay for it. But if this doesn't work out, the claimant may have to live on fresh air.

## The Post Office dispute

At the centre of the current Post Office dispute is a piece of industrial quackery called Total Quality Management, another fad dreamt up in the United States. At the core of it is a system called "team-working" which sounds eminently sensible. A "team" of almost 15 workers share a job and organise how it is done. Each is supposed to be able to do the other's job - but each job is discrete with exact and known bounds.

The system was introduced in the US Mail service six years ago and has now been abolished as it has, in the words of Joseph Mahon, vice-president of the US Postal Service, "become an entrenched bureaucracy that is unresponsive to the mainstream goals of the postal service and is unable to address the root causes of conflict in the workplace."

Under total quality management sorting out who did what had become a bureaucratic nightmare. The sharp division between tasks meant that although each knew the other's job there was no overlapping, with inevitable delays when one worker handed over to another.

An example of this is an experiment by the Royal Mail last year at its Rathbone Place sorting office in Central London. Before the experiment a sorter would sort, usually overnight. The delivery worker delivers. Before delivery, however, he does a final sort to suit his route and the order of packing in his post bag.

Under the new-fangled scheme an

"efficiency" expert decided that it would be better if his bag was all neatly packed in the morning and all he had to do was deliver.

The result was first delivery about lunchtime or later and lots of wrong letters to wrong addresses - the letters for each address having been neatly and efficiently tied together before the postman gets to work. The Post Office offered a grovelling apology to local businessmen. And now they want to extend the scheme nationwide!

## Minimum Wages

When Bill Clinton ran for President he decided to do a Blair and go for the vote of the haves. He too counted on American workers voting for him anyway - they had suffered badly for their brief support for the Republicans. Now, facing re-election, he has been forced to take account of the workers' interests.

Since 1979 the US minimum wage had fallen in real terms by 20% for men and 30% for women. Real poverty was rife. Finally, the unions started to get their act together. Only 50% of Americans vote - and most of them are better off. The unions concentrated the time and effort of their activists in getting out the working class vote. For the most part they have targeted individual Districts and States irrespective of Party - though the American TUC, the AFC/CIO now backs the Democrats.

This has resulted in over 100 Republican Congressmen, many of whom were publicly against the very idea of a minimum wage, joining the minority Democrats to pass a Clinton Bill increasing the minimum wage by about 21%. This still has the minimum wage at only \$5.50 an hour, but it's a start.

Another factor helping the situation has been the formation of the American Labour Party with seven affiliated unions. Its spokesman described its politics as being somewhere between Britain's "Old Labour" and the European Social Democrats.

Meanwhile back in the last bastion of Thatcherism, Nick Raynsford MP has assured an audience of spivs, sorry businessmen, that New Labour would set a British minimum wage at a "very, very low level."

## Labour's Job Insecurity

Just before the recent GMB conference John Edmonds, GMB

General Secretary, said that job insecurity would bring workers back into the unions. "Unions will start to see their membership increase in this economic climate." They were the "only check against unscrupulous employers."

This was reported in the business section of the *Times* on June 10. I looked at several papers in the course of the following week for reports of this conference. I found none. It wasn't news.

Workers don't join unions because things are bad, but because they think unions will improve their situation. The GMB is to be congratulated on its recent success in restoring negotiating rights with the French refuse collection company Onyx in Westminster and Wandsworth.

But on the general question of insecurity it has a major problem. The Labour Party has made it abundantly clear that it will not address the problem when, as is likely, it forms the next government. It refuses to protect employees - especially part-time and short-term employees - against unfair dismissal. And it sees future employment patterns being increasingly part-time and short-term.

Mr Edmonds has only to listen to those who make Labour policy to see that job insecurity is not seen as a problem to be solved but a mode of existence which they favour. He must be familiar with the recent pronouncements of Blair, Brown, Field, Howells, Darling, Short, Raynsford and the rest.

The ironic thing is that the GMB can do something about job insecurity, but chooses not to. As things stand Kenneth Clarke's approach to the future is well to the left of Gordon Brown's. The GMB and the other unions are still a powerful force in the Labour Party. They are still in a position to reverse Labour's lurch to the Right. So far they choose to keep quiet.

Their line is that a Labour victory is all important. It isn't. A Labour victory on the terms laid down by Tony Blair would be worse for workers than a Tory victory. Mr Edmond's members have nothing to lose by him (along with the T&GWU, Unison and the others) putting his foot down and refusing to tolerate the Thatcherite madness that is increasingly dominating Labour's thinking.

## Letters to the editor

## Teachers unashamed

From Eamonn O'Kane  
Deputy General Secretary  
NASUWT

The uncharacteristic ignorance displayed by Dave Chapel in his piece "Teachers' Shame" in his Trade Union Diary (no 55, June) should not go unremarked.

He berates the teacher unions for the stance taken over the exclusion of pupils at two schools, one in Nottinghamshire and the other in South Tyneside. It is not clear which incident he refers to since he appears to mix up the details of the incident in South Tyneside with the way in which the *Daily Mail* treated the story of the exclusion in Nottinghamshire. Furthermore, he writes about the role of the "unions" in the events but the only union involved was the NASUWT, rather as in the same way later on in his article he describes how "the teaching unions won a moral victory over the Government over the last three years" when, in fact, it was the NASUWT alone which initiated and fought the campaign over the National Curriculum testing and assessment.

More importantly, Dave Chapel asserts that we calculatedly ignored the circumstances of the case by distorting the facts. That is not so. In both these cases, in South Tyneside, and in Nottinghamshire there were long histories of the behaviour of the pupils which were quite rightly, not disclosed in public by either the schools or the NASUWT. In the event, the respective parents went to the press and partial versions leaked out.

The critical point, however, is not that the union wishes to deny such youngsters an education, but that it is adamant that they will receive it elsewhere.

There is, at times, in our schools a level abuse, verbal and sometimes physical, directed at teachers which is virtually inconceivable to those outside the system. Nobody much wants to talk about it, least of all the Government, the

Opposition and even some teachers' unions. We can all speculate about the reasons for it but teachers daily have to live with the consequences of it. Time and again we have put it to the Government that something should be done - building more Pupil Referral Units to which expelled pupils could be sent, increasing youth employment, re-introducing some form of apprenticeships, backing schools when they decide they have had enough of a violent or disruptive pupil.

What has the Government done?

They have given LEAs the right to build more Pupil Referral Units but have carefully avoided providing the money for their construction or staffing. Instead, they have set up a semi-judicial independent appeals panel to hear cases where the LEA has supported the school in its decision to expel a pupil. Dave Chapel labours under the impression, as so many do, that LEAs, in Nottinghamshire and South Tyneside, wished to return the pupils to the schools but, in fact, both LEAs agreed with the schools' decisions and it was the appeals panels, often made up of local dignitaries with little or no knowledge of the running of the schools which overturned the LEAs' endorsement of the schools' actions.

In these circumstances, therefore, the teachers turn to their union for support and we willingly provide it as we have done for several years in similar circumstances.

Dave Chapel seems to think that the union is demanding that the expelled pupils receive no education at all. I have already referred to the Pupil Referral Units where, in fact, the pupil who was expelled from the Nottinghamshire school now is and in many other circumstances the youngsters are transferred to a neighbouring school with the willing agreement of the teachers in the receiving school.

Dave Chapel can work himself into a fine old moral frenzy if he wishes about our supposed "demeaning ourselves and becoming the Government's greatest apologist" but such a stance will produce only contempt from NASUWT members who look to the leadership of their union to provide the same sort of clear-headed, undogmatic and strong direction which Dave Chapel only a few months ago was eulogising.

Yours fraternally

Michael Morrison

**"Blairspeak"***an analysis of New Labour's policy making mechanism*

*Regular readers may recall that last month I ridiculed some remarks by Tony Blair in the June edition of Prospect magazine. I believe this article demands more serious treatment because it provides evidence of Blair's most fundamental thoughts about ideology, values, ideas and policy.*

The thrust of the article was his assertion that "if Labour is to dominate for a generation we need to fashion a comparable settlement" [to that of the 1945 Labour government]. In the same article he said the centre-left "has a chance to set the terms of debate for a new period in politics 'beyond the age of individualism' of the last 17 years, but different, too, from the old post-war settlement." Thus the new settlement must be comparable to '45 (while not "turning the clock back") yet different from it. He also talked about joining the "four pillars of Labour's political agenda."

A recent theme of Tony's, which I also noted, is a call for a "constant engagement in the battle of ideas." He calls for a new relationship with the "intelligentsia". He calls for ideas from the Left or the Right. He calls for ideas from outside the Party. "There is a pressing need for continued debate to deepen these ideas, refine them, toughen them up."

In the same article he explained, "the totalising ideologies of left and right no longer hold much purchase." It seems we live in the era of compromise and pragmatism. There are no all encompassing ideas. The professional politician is a technician, calmly, neutrally examining the thoughts of experts and dispassionately selecting the optimum. This is made possible by the fact that there are no factions in his party - for there is only unity. There are no vested interests in society - merely One Nation. Employer and employee are in it together against the impersonal forces of the global market.

So, New Labour needs ideas urgently. Although there are no all encompassing ideas. Of course, New Labour already has ideas. By the lorry-load. Tony Blair

speaks of his "dream". Tony Blair speaks of his "vision". Tony Blair wants to create a "new social order". Tony Blair wants "a skills revolution" and "a revolution for schools." The Labour Party has a theory not just of distribution, but of wealth creation, Blair has explained. The Labour Party intends to run the economy without boom and bust. And of course there is the "big idea". And the "big idea" is "stakeholding" which we now know is in fact merely a "slogan". (He attacks the media for being "superficial", arguing that they "cramp political debate" because of their "compulsion to crunch a subtle or complex idea into a lurid headline." Good point.)

Last year the Labour Party formally had another big idea. It was Clause 4. It was not a slogan. Tony Blair regards the destruction of this as the single most important achievement of his leadership, according to Mandelson's account. Blair writes (in the *Prospect* article): "We have cleared out the deadwood of outdated ideology, policy and organisation and made the party relevant again to many thoughtful people." It was replaced by a new Clause 4 which in principle is more Leftwing than the old one. It now speaks not of simple, achievable goals like collective ownership but of running society in the interests of the "many not of the few."

So new ideas are needed. But the abandonment of the old ones was vital because they were "deadwood". However there were other things that weren't abandoned. In fact they were retrieved. Blair explained, "modernization of Labour has been in part about trying to get the party back to these traditional values" [which are "the rejection of injustice, the

commitment to solidarity and democracy, the embrace of mutual responsibility"] (*My Vision of Britain* p5). So, modernisation is about going back to the past (but only "in part"), while not "turning the clock back" because that is impossible.

If the plea for ideas is to be taken seriously it means that Clause 4 was destroyed without a set of ideas to replace it. That is an extremely reckless way to behave. Far more important than a policy or two here or there. Yet this is Tony Blair's greatest achievement, and one which he has received much praise for. For instance the *Sunday Times* (June 9), congratulated Blair on his revisionism saying it was evidence of him being "clever", having "energy", "panache" and "chutzpah". Destruction is held to be a lot better than inactivity. No doubt Tony values the opinions of the *Sunday Times* very highly.

This is a very unstable situation. The Labour Party could be in power any month now. There can be few governments in history which didn't have at least some idea of what they wanted to do before they came to power. Almost any political biography will describe how grand schemes thought up in the calm of Opposition will be whittled down by the realities of government (particularly in the case of the Labour Party which will have almost no governmental experience.) Blair admits this (*Prospect* - June): "By trying to convert ideas into policy you often discover their weaknesses, or even the incompatibility of two different values you cherish." Thus he is admitting a lack of ideas now and recognising that it is unlikely to get much better in office in less than a year's time.

So what is he doing about it? Articles appear in newspapers and magazines by the dozen with the name "Tony Blair" underneath them. In dozens of others he offers comments. There is no subject too trivial or personal for him to express an opinion on. For instance he smacks his children but feels guilty about it, we learn. No item is too serious either. For instance ex-CND member Blair is prepared to press the button. This is fortunate really. To declare otherwise would be an extremely expensive waste of hardware. "but we have a nuclear capability and it's important we retain it whilst we are under any type of threat elsewhere in the world." Janet Bloomfield, of CND felt that "any type of threat" was a bit vague. "A plague of Libyan locusts?" she wonders. But that's

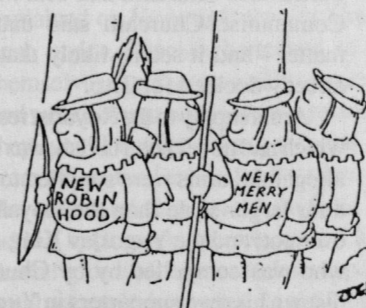
the problem with these articles they are not often very enlightening. Unless you are interested in Tony's views on "long-ball football" or where he was in the famous day in 1966.

I don't know whether Will Hutton would describe himself as a member of the "intelligentsia" but he is a journalist and as Blair explains "the walls between academia, think-tanks, industry and the media are being broken down by people who cross traditional divides." On page 3, we argue that those his ideas are coherent, popular and not very leftwing the Labour Party has rejected them without offering an explanation beyond the assertion that legislation makes no difference. This places Blair's impassioned pleas for "engagement in the battle of ideas" in perspective.

In one of his many interviews he trumpeted: "We've got a huge range of policies." (That was last September when presumably the Labour Party had less ideas than now, big or small). Where did these policies come from, though? The ideas haven't been worked out yet. How can you have policies without ideas, or at least ideas which you are not happy with, never mind a huge range of them. (Tony helpfully explains, "ideas still provide the basis for policy decisions.")

And what is the point of policies anyway, with or without ideas? Kim Howells declared there is nothing but the market. The government has nothing to do but produce people. It might be thought that such an observation, clashing as it does with economics, history, politics and experience would be as controversial as say, the suggestion that people earning £50,000 such pay more tax. But these comments went unrebuked.

Of course, Clare Short may be right and "Socialism means a strong market economy". That would be very convenient indeed.



"We're going to leave the rich alone and just spend the money we have more wisely"

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Dr. Kim Howells and the theory of countervailing power

continued from page 15

to some notion of "Britain" as the entity requiring government assistance. This is a critical difference of emphasis. It is companies which succeed or fail in business, not countries...

"My message is simple: the days of continual meddling in Whitehall in the sharp end of the market have gone and must not return. Labour's role must primarily be one of helping to tap the enormous potential of people for technological innovation, product development, production efficiency, sales expertise and financial skills."

This is not the politics of Adam Smith. This is the politics of F.A. Hayek.

Had Dr Kim Howells been subjected to a week of abuse in the press and then been forced to resign from Shadow frontbench there might be some hope for the Labour Party. He was not attacked. In fact not only was this article cleared by Blair's office, it was written by a committee. It is not the product of Howells' personal collapse. It is a product of the Labour Party's collapse.

I particularly liked the bit about "monopolistic coal companies." Dr Kim Howells used to hold very different views from those expressed here. Within living memory in fact. But, insulting the intelligence of his readers and, humiliating people who once worked on behalf of a world view which he has now abandoned, his transformation is explained with nothing more than, "The world has moved on." Not in Germany it hasn't. Not in Japan it hasn't.

Why should we pay the slightest attention to what he says? The world might move on again. It might move on so that slaughtering the first born becomes a requirement. There is no alternative he will say. Or it might move back to where it was before.

Hayek regarded the activities of the state as an infringement on the liberty of the individual. It did not seem to matter very much whether that power was exercised with the support of civil society and following the acquisition of a mandate. To get aggrieved particularly about state power is in my view arbitrary.

States have unusual characteristics. They have, usually, a monopoly of military and police power. They can raise taxes. But some people can avoid taxes. Being poor is one way to avoid taxes, hiring an accountant may be another. No matter how poor you are or how high-powered your accountant is it is very difficult to avoid paying electricity or water bills. Clearly utilities exercise power.

This brings me back to Galbraith. It is as plain as day that concentrations of power exist. Ignoring them does not make them go away. Insisting that you are against all vested interests, does not make vested interests go away.

It is quite clear that the Labour Party are not in the least bit sympathetic to trade union organisation. David Blunkett recently announced that the Labour Party would renege on John Smith's promise to restore employment rights. Thus they do not accept the notion that concentrations of producer power should be met by concentrations of labour power. There are then two options. Either competition in product markets, according to the classical theory, must be insisted upon. This is a million miles away from a policy of laissez-faire. Concentration in industry is intrinsic to capitalism. It is a tendency which has been observed for more than a century and a half and in every part of the globe. It is an inevitable result of the expansion of the use of capital (something which, incidentally Labour favours - they are constantly complaining that there is not enough investment, but without explaining why that should be). But Labour must set their face against this. This must smash up thousands of companies. They should encourage their European partners to do the same, unless, of course, the forces of nature only apply in Britain.

The alternative to this is to admit that by supporting concentrations of consumers and concentrations of employers (as well as financial institutions) but resisting countervailing power from workers, New Labour is in fact seeking to promote the interest of capital and is indifferent to the deterioration in the position of labour. If that is the case they should stop mouthing off about being the party of One Nation. They should also change the name of their party. Again.

Eric Hobsbawn, a supporter if not a pioneer of the vigorous Labour movement into non-thought, writes in the *Guardian* (June 20) of the need "to talk about the publicly unspeakable, otherwise we shall really talk ourselves into the belief that states must abdicate before the market". The article was entitled "If the truth be told." It is not evident from it what truth he has to tell - unless it be that the Labour Party must tell lies in order to win power, and that this is not the best preparation for government.

He's griping about something, but what it is he doesn't say. It is not about Blair's "political stance", he says that everyone shares Blair's politics "except for a few paleolithic survivals." But what does he take Labour's political stance to be? Is it what Blair says it is? Or is it there something behind the "non-truth-telling which is imposed on any party believed capable of winning a general election." Is Blair telling lies or is he just talking? Is he misleading the public in order to gain the political power to implement a secret agenda, or is he a strictly a market research politician? And if it is the case that Blair is telling lies in order to win the election, what cause would Hobsbawn be serving if he blurted out the truth which the Labour leaders "consider publicly unspeakable". (Not that they need worry. He says nothing at all.)

A word about "paleolithic survivals": they are people who believe what Eric Hobsbawn was telling them during the sixties and seventies, when he was a Communist Party intellectual with a following in the Labour Party.

Eighteen years ago Hobsbawn delivered a Marx Memorial Lecture which was influentially stultifying. It was entitled "The Forward March of Labour halted." It was published in *Marxism Today*, of which Martin Jacques (today's meritocratic, globalist, pro-marketeer) was editor. And it was reprinted in the *Guardian*. It was a metaphysical survey of a hundred years of working class development in Britain - a survey which measured actual development against an ideal of "scientific socialism" which was taken to be the norm.

The Forward March kept up until 1951. Then there was stagnation. "If we are to explain the stagnation .... we have to look at the Labour Party and the labour movement itself. The workers ... were looking for a lead and a policy. They did not get it. They got the Wilson years."

Hobsbawn did not mention the two

**Eric  
Hobsbawn**

a commentary

Brendan Clifford on two guilty men

attempted initiatives of the "Wilson years": Barbara Castle's Trade Union Bill in the sixties and the Report of the Bullock Commission in the seventies. Because these reforms were designed to function in a mixed economy, the Communist Party exerted all its power in the trade unions and its influence with the Labour Left to defeat them. (And its influence was so considerable that Neil Kinnock thought it was a good career move to write an article attacking Bullock in the *New Statesman* on the grounds that it gave the workers only 50% representation on Boards of Management). The stagnation was as a result of the defeat of these measures.

Most of Hobsbawn's lecture consisted of a description of economic changes in the make-up of wage labour. That is the kind of thing he does. It seals up the mind in economic determinist resignation. Then he adds, "But Marxists are not economic and social determinists."

He concludes with the thought, "if the labour and socialist movement is to recover its soul, ... we, as Marxists, must do what Marx would certainly have done: to recognise the novel situation in which we find ourselves, to analyse it realistically and concretely, to analyse the reasons, historical and otherwise, for the failure as well as the successes of the labour movement, and to formulate not only what we would want to do, but what can be done. We should have done this even while we were waiting for British capitalism to enter its period of dramatic crisis. We cannot afford not to do it now that it has."

That has been the perpetual refrain of the British Communist intellectual as the Party used its influences to prevent what might be done from being done.

The "period of dramatic crisis" of British capitalism turned out to be a period of capitalist euphoria. And *Marxism Today* pioneered the destruction of socialist culture and of the capacity for thought. Tony Blair is the ultimate product of adaptation to a simplistic form of capitalist

**Brigadier Fitzroy  
Maclean**

an obituary

And so, Farewell, Brigadier Fitzroy Maclean. Diplomat, soldier, Churchillian buccaneer. Man of the ethnically cleansed Highlands and of the revolting Balkans; servant of a collapsed Empire in its afterglow of hubris. You have left us Sir Fitzroy. But your work is still in progress.

Brigadier Maclean, who died on June 15, was a son of the landscaped and depopulated Highlands of Scotland. As befits a post-Clearances Highlander, he was born in Cairo (in 1911). His father was a Cameron Highlander in the service of the state which was doing to other peoples around the world what it had done to the Highlands.

Fitzroy continued the spurious clan posturing of his family, being educated at Eton and Cambridge. He joined the diplomatic service and was posted to Russia in 1937 where he witnessed the trial of Bukharin and was appropriately horrified. In 1939 he resigned from the Diplomatic Service, became a Tory MP, joined the Cameron Highlanders, and took part in forming the SAS. In 1943 he became an agent in Churchill's personal diplomatic service which operated independently of the Foreign Office, and was sent to Yugoslavia to judge between the resistance movement of the Yugoslav Government which had resisted Hitler in 1941 and Tito's Communist resistance. He proposed that Tito should be supported, but advised Churchill that Tito was still a Communist. Churchill said that didn't matter - and it seems likely that he had already decided for Tito.

Arms supply to the Royalist resistance, which had never been lavish, was stopped altogether; arms were supplied to Tito on a far larger scale than the Royalists had ever got; and the Yugoslav King-in-exile who was compelled by Churchill to disown his own supporters in Yugoslavia and make way for a Tito Government. And Tito, with British arms, invaded Serbia from Bosnia in 1944 and subjugating it.

Having committed such a gross act of treachery, on a military pretext but no positive military effect, the British political establishment in the post-war period covered its tracks by sponsoring falsified history and adventure stories. And so Sir Fitzroy turned author and supplied the most influential of the adventure stories - *Eastern Approaches*. And this false Highlander was helped in his fantasy life by a present from Tito of a mountain villa in Yugoslavia.

Churchill and Maclean had arranged the subjugation of Serbia to Communism. And one of the reasons given for supporting Tito against the Serb Royalists was that Tito stood for the restoration of the pre-war Yugoslav state, while the Royalists were suspected of being interested only in a Serb state and of being anxious to let Croatia go its own way - the Croats in 1941 having welcomed in the German Army and declared an independent Croat state allied with Germany.

Half a century later the Churchill of our time, Margaret Thatcher, became an enthusiast for Croat independence and for the general break-up of Yugoslavia, because Serbia was said to be the last hold-out of Communist government in Europe.

Such is the capriciousness of British foreign policy.

In the obituaries Maclean, who was a friend of Ian Fleming, is referred to as the model of James Bond, Agent 007, licensed to kill. But none of them remarked that Maclean's activity actually did not have the aim of saving the world from Communism, and that what he helped Churchill to kill was Serbian democracy.

About five years ago, at the start of the Balkan wars, the television produced naturally turned to him as the expert who would make everything clear. It was his opinion that all this business of Croats, Serbs and Bosnians was nonsense. He explained on *Newsnight* that if a Croat, a Serb and a Bosnian happened to find themselves together on a railway carriage and were conversing about general affairs, they would not be able to tell that they were a Croat, a Serb and a Bosnian. And the only way they could find out was asking each other: "Look now, I know that religion is all nonsense, but supposing you had a religion, what would it be?"

Such being the depth of his knowledge of Balkan affairs, Sir Fitzroy soon fell silent.

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wage as something they are backing away from, if it lacks moral force then I doubt it will make much difference. Especially if the emphasis is all on setting it at a level that satisfies employers.

A minimum wage may result in substitution of capital for labour. But the fact is that a minimum wage will make employees better off and employers worse off. That is the point. The Labour Party don't have the courage to make it.

There are two main instances where the Labour Party believes the market has got it "wrong". Poverty wages at the bottom of the labour market is one. The salaries of some businessmen, particularly those involved in privatised utilities is another. Other than that any legal market exchange is fine. It is more than fine. It is the height of virtue in a secular society. Blair has declared that we need entrepreneurs; we need people to become very, very rich.

In general the rhetoric of New Labour is about bowing before market forces. Particularly global ones. They are regarded as laws of nature. That is why the two instances where the market is "wrong", no doubt following opinion poll surveys, seem absurd. That is why the Labour Party are running away from them.

If the market is a force of nature as the Tories imply then to be in favour of a minimum wage is to be in favour of something unnatural. A market definitionally cannot be wrong. On the other hand to recognise that a market is a particular social arrangement for a confrontation between forces which are less and more powerful is to open a whole can of worms. If you open this can of worms you realise that there is nothing particularly unusual about someone working in Burger King for £1 an hour or for a privatised utility for £200,000 a year. They just happen to be extreme cases of how markets work. To suggest doing something about them is to prick the bubble of markets as forces of nature.

"Doing something" does not necessarily mean passing a law insisting that these amounts of money are unacceptable. It may mean promoting unions in Burger King or it may mean

direct state control of the utility because it is judged that the imbalance of power (for a whole variety of reasons) is unacceptable. It is making those sort of judgments which is the essence of politics.

This analysis may seem a bit naive. Surely it is all terribly obvious. It may be but it is not being treated as if it is obvious.

Let me quote at length the Labour frontbench spokesman for industry, who in a year's time is likely to be responsible for these sort of judgments:

"I want to send one main message to my colleagues as they agonise over the philosophic destiny of the party. Brothers and sisters, embrace competition!

"Forget industrial policies which have state subsidies as the knee-jerk remedy for every ailment. Forget desires to emulate the French and German governments which continue, barely legally, to use billions of taxpayers' francs and Deutschmarks to prop up monopolistic, flabby electricity, steel and coal companies. Forget protectionism, whether of the UK or EU variety.

"Forget the prospect of recreating huge ministries designed to second-guess the markets by favouring one particular sector against another. Forget the temptation to use the privatised utilities' regulators as substitutes for public ownership; use them, instead, to promote greater financial equity among producers, carriers and customers, and to curb excess profits and inflated salaries for boardroom bosses.

"The world has moved on. Labour's leaders have signalled their determination to get a "lost generation" of young people back to work, and to create within society and atmosphere of confidence and optimism. My exhortation in support of fairer and more vigorous commercial competition is a contribution to that project...

"Please note, by the way, that I use the expression "companies in Britain", rather than referring simply

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Michael Craig

analysis

## Dr. Kim Howells and the theory of countervailing power

About 2 years ago the *New Statesman* surveyed 100 or so Labour MPs to discover what authors influenced them most. John Kenneth Galbraith featured in the top 10 above, if I remember correctly, the Bible and Marx. (Perhaps because there are more laughs in Galbraith's writing than in either the Bible or Marx.) The themes of Galbraith's work must be tolerably well known.

For instance *American Capitalism: the concept of Countervailing Power* was first published in 1952. The ideas contained in this are both powerful and devastatingly simple. The theory of markets at that time concentrated, and still does concentrate, almost exclusively on the power of competition between firms as the mechanism for preventing them from doing what they would most like to do (being self-interested) which is exploit consumers. It was elaborations on this thought which justified extensive anti-trust legislation in the United States from the 1890s onwards.

Galbraith argued that not only did a competitive structure of companies not exist it would not be desirable for it to do so. That is because the affluence of Western societies is in large part due to the harnessing of capital which is only possible in large firms, with access to some measure of monopoly profit. It puzzled him that something as intrinsic to capitalism as the development of oligopoly should formally be illegal. (In practice the anti-trust laws meant that an existing monopoly position was not illegal, although trying to establish one was.)

If, as the economists said, the equilibrium of the system depended on the powerlessness of producers - each being one among many - market economies would be in a very sorry state. That set up rarely occurs. Fortunately, countervailing power has

developed ie from sources other than sellers of goods. Consumers benefited from the large buying power of the supermarket chains, or in some countries, cooperatives and, clearly, labour benefited from trade unions. Both of these concentrations were attempting to secure some of the surplus which monopoly capital acquires.

Producer concentration and therefore power had other implications. The story which producers like to tell is that their business is merely to respond passively to the will of consumers. If this were actually the case it is unlikely that being a business executive would have either the glamour or salary it often does. Galbraith argued at length in *The Affluent Society* that producer power, particularly if combined with political power, results in the manipulation of demand. It may then be that production is skewed in favour of private goods. The consumption of private goods becomes elevated in the culture.

Hence Galbraith's famous concern about the possibility of private affluence amid public squalor. For, he argued, there is a correspondence between public and private need. Far from public spending crowding out private spending which is the classical liberal assertion the opposite may happen. For example, the building of roads may promote demand for cars. It is also plausible that once a consumer has one car, one tv, fridge, microwave etc he may be less inclined to purchase an additional one. Demand for public goods, in contrast, such as health care, clean air, or education may rise as a society becomes richer.

The Labour Party are committed to lower taxation in this country and, by implication, think that the balance of public and private goods is wrong. There should be more private goods. When Blair talks about reducing the "drag" of taxation

he is implicitly assuming that public goods are a barrier to the proper consumption of cars and fridges etc.

In the *New Industrial State*, Galbraith developed the ideas in *American Capitalism*, studying the reasons for and implications of producer power. In the three decades since its publication public concern over exploitation by big business has declined (at least of its consumers, not its workers.) That is despite the fact that the tendency of industries to become more concentrated has accelerated in that period.

To observe that there may be a tendency for countervailing power to arise, however, is not to ignore the dangers of economic power. On the contrary it is to face up to the implications of it. For instance there are some situations where it is very difficult for countervailing power to develop. Unskilled, mobile or seasonal workers, for example in the agricultural industry, find it difficult to organise to oppose the power of employers. (Although, very few countries permit a competitive market to exist in something as important as food.) It is situations like this where the case for state intervention to promote employee organisation is at its strongest. Or to impose a minimum wage directly.

It would be wrong to always think in terms of unions as being the injured party. In the 1970s in Britain trade unions, though their origins were to defend members interests against a powerful employer, became powerful in their own right, and were capable of extracting surplus from employers. In an environment of rising prices there is a temptation for employers to collude with trade union power and pass the bill onto consumers. This magazine has long argued that the failure of the unions to accept the social responsibilities arising from their power ultimately led to a capitalist backlash.

I am in favour of a minimum wage, for the reason mentioned above. But I think the matter should be placed in perspective. If workers are organised, enjoy employment protection and the economy is run with the primary aim of producing near full employment there will be few employers who can get away with poverty wages. If these things do not happen, if the Labour Party makes it obvious that they regard the minimum

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