

# Discussion

## Thatcherism - a new stage? Bernard Dix

The opening year of the 1970s was marked by the election of a Tory government on an aggressively right wing economic programme. It brought to an end a six year period during which a Labour government had increasingly antagonised the most politically conscious section of the working class by its inability — or unwillingness — to tackle head on the problems posed by a capitalist society in crisis.

The closing year of the decade was similarly marked by the election of a Tory government on a right wing platform. Again this followed a period during which a Labour government had attempted to overcome the increasing contradictions of capitalism at the expense of working class living standards, with a consequential hostility from the most radical sections of the labour movement.

It would be tempting to draw an absolute parallel between these two situations, and to use the experiences of the 1970s as a template for determining the shape of the 1980s. To do so, however, would be to overlook the continuous process of development which has been taking place over the past ten years;

an appreciation of this is essential to any analysis of the present political scene as a point of departure for the current decade.

The 1970 Heath government took office on what is usually described as the Selsdon Man programme, which was intended to be a break with the immediate Tory past. Under this programme there was to be an end to the policy of injecting public funds into ailing private firms to assist them in times of financial crisis and to help avert the social and political consequences of massive localised unemployment. Another major feature was the abandonment of centralised government incomes policies; while pay increases in the public sector would be rigidly restrained there would be no government determined norm and the Industrial Relations Act would limit the ability of all unions — in private and public sectors — to push up wages. In total, the Selsdon Man programme was the first step in a return to the laissez-faire philosophy from which the Tory Party was cradled.

But the Heath government, whatever its original intentions, was rapidly confronted with contemporary economic reality. For some years international capitalism had been confronted by a steady decline in the rate of profit. Britain, with a continually diminishing status within world capitalism, was suffering worse than most and the hard line policy promised by Heath had provoked an aggressive response from trade unionists who were feeling the pressures of the economic situation; a continuation of that policy would have posed the danger of a deteriorating economic situation being aggravated by an explosive political situation. As the Heath Government read the scene, what was at stake was not merely the existence of *their* Tory Government but the survival of *any* form of government under which capitalism

could hope to exist in any degree of comfort.

### The U-turn

It was at this point what is now popularly described as the U-turn of the Heath government took place. It was possible because the Selsdon Man attitude was at that time peripheral to the then dominant core of Tory thinking. Although representing a massive shift in Tory government policy it could be accomplished without a night of the long knives amongst the Tory leadership because — at that time — there were no significant Tory leaders in a position to argue that the return to a laissez-faire philosophy should continue to be the central feature of the Tory approach to economic policy.

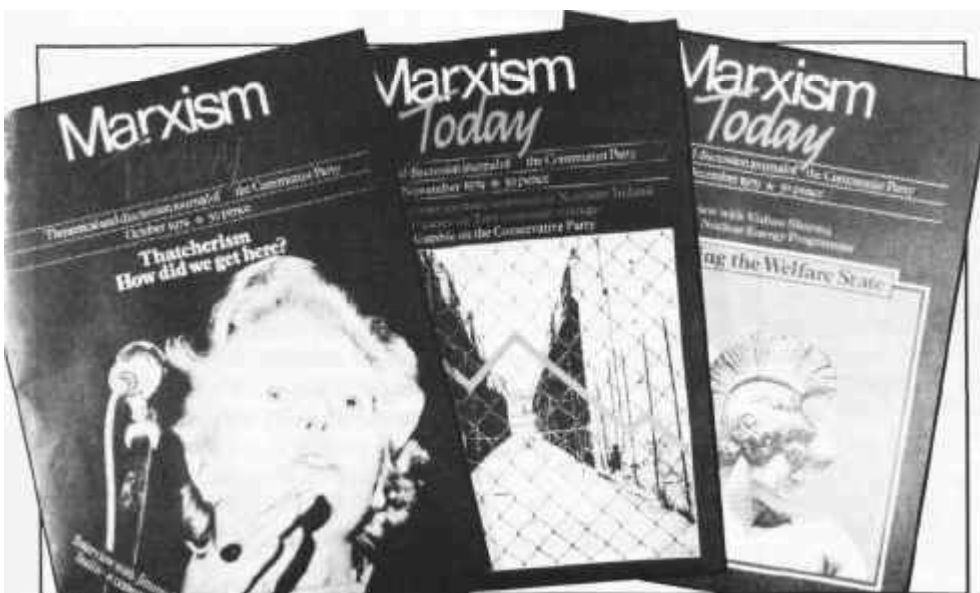
Despite the change of policy by the Heath government, however, the economic problems of international capitalism continued to impress themselves on Britain and were increased by the oil crisis of 1973. In an attempt to overcome this, the Heath government shifted yet again by introducing a statutory incomes policy. Ironically, it was this further retreat from the Selsdon Man programme which proved to be the final undoing of the Heath Government when it came into conflict with the miners.

The Labour government which took office in 1974 did so on the wreckage of a Tory Party torn by internal dissent which was resolved when the anti-Heath forces — who had been impotent during the U-turns of the Heath government — asserted themselves and installed the hard-line fundamentalist Thatcher as Tory Party leader. More important, however, the return of the Labour government coincided with a further rapid deterioration in the fortunes of international capitalism.

The years 1974-75 witnessed a slump of global proportions which culminated, in 1975, in an absolute decline in world trade for the first time in nearly a quarter of a century. Nor did subsequent years see any spectacular revival; throughout the whole period of the 1974-79 Labour government capitalism was plagued by retarded growth and recession.

### Crisis and Rationalisation

This deep rooted disturbance of, what was for capitalism, equilibrium coincided with rapid advances in technological potential which created the possibility of a massive expansion of productive resources. Cashing in, literally, on this situation, the major forces of capitalism throughout the world began a process of restructuring in order to restore and improve their profitability. The emphasis was on rationalisation: weeding out the least profitable activities, cutting labour costs and concentrating operations in areas—



by commodity and geography — where the rate of profit would be greatest. The alliance of the multinational corporation and modern technology began to make a major impact on the world economy.

The prospect that technological developments would confront the world with a second stage industrial revolution had long been foreseen by the Labour Party. At its annual conference in 1963 Harold Wilson made the keynote speech when introducing a policy document entitled *Labour and the Scientific Revolution*. He summed up the situation confronting Britain as follows: 'The problem is this. Since technological progress left to the mechanism of private industry and private property can lead only to high profits for a few, a high rate of employment for a few, and to mass redundancies for the many, if there had never been a case for socialism before, automation would have created it'. Such sentiments, however, found little echo in the policies pursued by the Labour government between 1974 and 1979. Instead of demonstrating how socialist economic planning could harness the potential of new technology the Labour government became obsessed by what it saw as the need to provide new sources of investment finance for the ailing privately owned manufacturing industry. Cuts in public expenditure, wage restraint, rising prices and growing unemployment were the burdens imposed on the working class in an attempt to divert resources to private manufacturing in the belief that increased investment would lead to increased profit which would in turn attract further investment. Managed capitalism — not the case for socialism promised by Wilson in 1963 — was the central feature of the Labour government's attempts between 1974 and 1979 to redefine Britain's place in a rapidly changing world economy. Economically, the policy failed and ended with Britain deeper in hock to the IMF and with an ever lower status in the pecking order of international capitalism. Politically, the policy opened the way for a hard line Tory government because, in the course of pursuing it, prominent members of the Labour government publicly undermined the case for socialism amongst the electorate. To give but one example, the arguments used by Labour Ministers to justify their attacks on public expenditure created the political climate in which the Tory Party could make cuts in public spending a major plank in its election programme — and win.

### Thatcher's Success

The election of the Tory government in 1979 was, therefore, markedly different from the election of 1970. Not only had the surround-

ing economic circumstances of international capitalism changed; so, too, had the philosophical attitude of the Tory leadership. The primeval stirrings of the 1970 Selsdon Man had become the fully mature beast of 1979. Building on the experiences of the working class under Labour and Tory governments between 1970 and 1979, Thatcher was able to convince large numbers of voters that the problems of that period were due to an excess of state interference in economic affairs rather than the inability of capitalism to overcome its contradictions. If, as Martin Jacques implied in *Marxism Today* (October 1979), today's Tory Government represents the acceptance of a new configuration of popular and authoritarian rightism it is an acceptance born of confusion and despair. An acceptance which gains its working class adherents because of the failure of Labour governments of the past decade to present an alternative. More important, when projecting to the future, it is an acceptance which in large part arises out of the failure of the Left of the labour movement to convey to the broad mass of traditional Labour voters the nature of the economic situation and the policies necessary to meet it.

Let it be said at once that this failure was not due to the absence of policy alternatives by the Left or efforts to propagate those policies amongst the wider labour movement. Rather it was a failure, in tactical terms, to appreciate the effectiveness of the right wing in deflecting the advances made by the Left.

Writing in *Marxism Today* (November 1979) Bert Pearce referred to the NUPE policy statement *Time to Change Course*, issued in 1976, as a coherent and sound policy for the entire British economy; and he asked why it did not make a bigger impact than it did. This is a pertinent question which merits consideration because it illustrates the difficulties confronting the Left during the last Labour government and indicates the kind of difficulties which will confront it in the future.

### The TUC and Alternative Economic Policies

The NUPE policy *Time to Change Course* was, in fact, but one stage in a continuous process of policy development which began in 1975 when, in response to Stage 1 of the Labour government's incomes policy, the NUPE Executive issued a detailed statement entitled *Inflation: Attack or Retreat?* This argued that the economic difficulties confronting Britain were the manifestations of deep rooted structural faults in the economy which required radical political intervention by the

Government in industrial and economic affairs; and it set out the framework of an alternative economic strategy. As a corollary, it argued that trade unionists would need to act on a broad political level because, given the nature of the economic crisis, it was inconceivable that unions could defend their members interests simply by acting through the wage negotiating machinery.

At the 1975 TUC the views set out in that statement found expression in a resolution moved by Ken Gill, for AUEW-TASS, and seconded by Alan Fisher, for NUPE. Despite support for the resolution by a number of the major unions, it was opposed by the General Council and defeated by Congress; in the process it came under sharp attack from a number of notable speakers. For example, Jack Jones of the TGWU said: 'The lesson we have learnt is that at all costs we have to keep a Labour government in office when it is there . . . The suggestion is that we must have a full programme or nothing. If we keep going that way we shall get nothing'.

It was following that defeat at the 1975 TUC that the NUPE Executive produced *Time to Change Course*, which expanded and brought up to date the arguments in its earlier statement. Then, in 1977, it produced yet another statement, *Fight Back*, which further developed the arguments in the light of the ongoing process of the Labour governments economic policies.

At the 1977 TUC, AUEW-TASS and NUPE again put forward a resolution which, after rejecting the theory that wage increases were a major contributing factor towards inflation, asserted that no incomes policy could succeed until an alternative economic strategy had been initiated. It then set out ten points which should be included in such a strategy — and those ten points embraced the major proposals set out in the NUPE policy statements and the earlier resolution defeated at the 1975 TUC. In moving the resolution, Ken Gill concluded: 'If we pursue it with the same dedication that sometimes we pursue our blind loyalty to the Labour government I have no doubt that we can win them to this policy and win the British people to vote Labour time, time and time again'.

On this occasion only one delegate, Frank Chappie of the EEPTU, spoke against the resolution. Len Murray announced that the TUC General Council had no position on it, and were prepared to leave a decision to the delegates. It was then endorsed by Congress.

### Democratising the Labour Party

Two years of vigorous campaigning by the Left — which included the massive November 1976 Lobby of Parliament organised by the 14 Unions combined in a

National Steering Committee Against the Cuts — therefore culminated in the adoption by the TUC of a radical alternative economic strategy which stood in direct opposition to the policies being pursued by the Labour government. It was a significant advance for the Left and one which was matched by similar advances at successive Labour Party annual conferences. The real questions therefore emerge: Why did these advances not make any impact on the Labour government? How was it possible, in the winter of 1978/79, for the Labour government to adhere so rigidly to its policy, that had been rejected by the labour movement outside of Parliament, that it engaged in what was to prove a suicidal conflict with the trade unions?

The principal answer is to be found, of course, in the structural relationships that exist between the Parliamentary Labour Party and the labour movement outside of Parliament. Hence the importance of the current campaign on the re-selection of Labour MPs, the election of the Labour Party leader and the arrangements for drawing up the Labour election manifesto. The details of the debates around these issues are sufficiently well known to require no elaboration. What does require consideration, is the significance of this campaign for the trade unions.

### The Role of the Unions

In *Marxism Today* (October 1979) Martin Jacques made the point that trade unionism cannot act as a substitute for political forms of consciousness, organisation and practice. In the generality, this argument can be conceded; but in the particular it requires very careful qualification.

British unions enjoy a special relationship — historical and organisational — which places them in a unique position to play a direct political role which is without parallel in international trade union history. This is readily appreciated by the mainstream of the Left, hence the importance placed on trade union activity. What is not so readily appreciated, however, is that given this special relationship a relatively small number of trade union leaders can carry a considerable amount of influence with politicians of all parties. A Labour Prime Minister will take more notice of the TUC General Council than of the Labour NEC or back bench Labour MPs. And if a Conservative Prime Minister can reach accommodation with the TUC General Council — as has happened often in the past — it can effectively undermine the Labour opposition in Parliament and have an important influence on the stance taken by the Labour Party Conference itself. Needless to say, the exchange works

two ways; union leaders in this position are just as much influenced by the politicians — often more so — than the politicians are influenced by the union leaders.

An extension of democracy within the Labour Party, particularly an extension which made the Parliamentary Party more responsive to the Party in total, would severely limit the ability of a small group of trade union leaders to wield considerable influence within the Party; which in turn would weaken their ability to reach any points of accommodation with Conservative governments. This would not be a bad thing, except in so far as it might create the danger that — frustrated by their loss of influence — some union leaders might begin to develop the argument for cutting their unions adrift from affiliation to the Labour Party. Indeed, such views are already being articulated by some right wing union leaders.

Given the current economic situation of international capitalism, Britain's position within it, the philosophy of the Thatcher

government and the right wing stance of the Parliamentary Labour Party, the need for trade unions to strengthen and extend their direct political role has never been greater. The major immediate task is to politicise the unions by substituting the mass involvement of union members in the Labour Party in place of the concentrated influence of a few leaders — which has all too easily been accepted as the political role of unions in the past. This will have a number of consequences. First, it will ensure a political content to the inevitable resistance that will build up amongst the unions to the economic consequences of the Tory government. Second, it will ensure that no deals are made between the Tories and the TUC. Third, it will strengthen the efforts of Labour Party members to secure the responsiveness of the Parliamentary Labour Party to Party policies. Taken together, these can make a major contribution to the revitalisation of the labour movement which must precede political victory over the Tories. D