

Import Controls - on the Left's terms

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Paul Levine's article in the December issue of *Marxism Today* deals mainly with the introduction of general import controls as an essential balance of payments measure during reflationary expansion of the economy by a future left Labour government (on the assumption that the economy would still be in recession). He says little about the present position regarding import controls, though he claims 'The possibility of their implementation . . . even by a Tory government is a very real one', and expresses fears that 'import controls are double-edged and can take quite a different form in the hands of a right-wing government opposed to reflation'. This, it seems to me, reflects a general failure in the Alternative Economic Strategy debate on import controls to analyse the current state of affairs under the present Tory government as the essential starting point for developing an alternative strategy and, even more pressingly, for assessing the political validity of the labour movement's current demand for import controls now.

The primary reason for this demand is obviously to protect jobs, as Levine makes clear in his opening remarks. It is therefore essential to establish to what extent import controls would achieve this aim or, looking at the matter from a different angle, to what extent import penetration is the cause of job

loss. In his analysis of the economic background, Levine gives two reasons for the fall in manufacturing employment: a shift from manufacturing to services and, as 'a major reason', Britain's lack of international competitiveness. Further on, he refers to the Government's deflationary policies that suppress domestic demand. But nowhere does he make any mention of the present basic cause of unemployment — namely, the worst economic crisis of the postwar period — nor to the factor of rising productivity which now increasingly causes employment to fall even faster than the fall in output. The effect of this crucial omission in Levine's analysis is to give the impression that, since lack of competitiveness is 'a major reason' for job loss, then import controls will solve the unemployment problem.

The main cause of the recession

In fact, the major problem for the labour movement is how to safeguard employment in face of the current severe recession. The present crisis is a complex one to understand because of the new factor, since the 1930s 'world' recession, of the growing internationalisation of production under the diktat of the multinationals and the emergence of newly industrialising states within the capitalist world system which both cause structural shifts in the location of industries. Nevertheless, it still bears the classic features of a crisis of overproduction, of a restructuring of capital within the economy, and of a rise in the technological level of production. In this situation, the trade union movement has to organise its own classic response to the crisis by fighting against redundancies and plant closures, for a shorter working week, and for public spending on any inevitable redeployment of labour. Its political leadership also has to raise the demand, which has now at last tentatively appeared on the agenda, of abolishing capitalism with its crises for ever.

While Levine makes the point that 'a

narrow focus on the deteriorating trade performance can divert attention away from the Government's own deflationary policies', his analysis of the causes of unemployment falls into that very trap of diverting attention away from the major cause — the economic crisis which requires its own specific response from the labour movement as a matter of priority.

Within the context of the capitalist crisis as the major cause of unemployment, the question of import controls is nevertheless important because an integral part of the crisis for the UK stems from its lack of competitiveness within the international system of capitalist production. (The rising level of import penetration, it should be realised, is partly due to the increased specialisation of trade in manufactures among the advanced industrialised countries with which Britain now increasingly trades and does not only reflect the uncompetitiveness of British goods.) Before discussing the demand for import controls, however, it is essential to start with an analysis of the present position regarding them and of Tory policy on this matter.

Import controls: the present situation

According to a recent piece of research, in 1979 nearly half of Britain's trade was subject to non-tariff controls, ie, quotas, anti-dumping duties, etc, although, according to my own calculations, tariffs totalling over £1bn amounted to only 2.5% of the total value of UK imports. On the whole, however, Britain does not control imports from its main industrial competitors — the other EEC countries, the United States, or Japan. As a member of the EEC, it is of course unable to put tariffs or quotas on imports from other EEC member states which now supply 45% of all UK imports. Furthermore, the EEC, which negotiates all trade agreements on behalf of the UK as only one of its 10 members, places virtually no import restrictions on the US (which supplies

roughly another 10% of UK imports) for the very real fear of retaliation. For example, the quite small import quotas on US synthetic fibres imposed only in February last year were not renewed in December because the US was fully prepared to introduce retaliatory quotas on British wool textiles from January 1981 (*Hansard*, 15 Dec 1980). The only significant, though limited, import controls imposed by the EEC on a major industrialised power are the voluntary quota restraints on Japan which apply to nearly a third of Japanese exports to Britain, including cars and steel. The *realpolitik* of import controls at the present time seems to be that the three economic blocs which dominate the capitalist world economy, intermeshed as they are through their multinationals, are wary of a slide into protectionism among themselves, though Japan seems the most vulnerable to any such development.

Instead, the EEC as a bloc has first recourse as a measure of protection to import controls on goods from the Third World, the socialist bloc and to a less extent a small number of non-bloc industrial nations such as Sweden or Australia. There are, for example, duties on cheap food from Britain's traditional Commonwealth suppliers imposed as part of the EEC's Common Agricultural Policy. Secondly, under the MultiFibres Arrangement there are tariffs and quotas on 95% of clothing and textile goods from Third World producers: these are countries with which Britain has a large surplus in manufactures and whose ability to purchase more British exports is thus directly dependent on their ability to sell their own products to Britain. Thirdly, there are quota and price restrictions imposed since 1977 on steel imports from non-EEC suppliers: seven OECD countries including Japan but not the US, and five E. European countries. Lastly, there are various EEC controls on a range of products such as shoes and electronic consumer goods from Third World and socialist countries and a few of the smaller OECD countries. (It is not always fully realised that Britain does not benefit from the revenue derived from import duties because it hands the lot straight over to the EEC as a major part of its contribution to the EEC budget.)

Constraints on import controls

The Thatcher government's policy on import controls is in fact largely determined by the interests of the British multinationals which on balance favour membership of the large Common Market free from trade barriers and which are wary of starting off a spiral of protectionism with the other two major

industrial powers of the US and Japan. The fact that in the mid 1970s 30% of all UK exports were between multinational companies and their associated companies abroad indicates the kind of multinational interest that now acts as a constraint on any easy recourse to import controls. Nevertheless, in this particular period of crisis, import controls have had to be introduced selectively, against non-EEC countries and preferably against 'non-bloc' countries, in order to give some measure of relief from severe recessionary pressures to the steel, motor and certain consumer electronic industries and to textiles, clothing and footwear. Even here, though, as the recent Indonesian case has shown, the need to retain access to fast-growing export markets acts as a constraint on import controls. It forms no part of government policy, however, to use these partial controls in order to compel industry to take measures to improve its competitiveness since its whole objective is on the contrary to leave the field free for the multinationals to invest in Britain — or not, as the profit motive dictates. General import controls are not possible so long as Britain is a member of the EEC. In any case the Government's policy is to use North Sea oil export revenue to provide a surplus on the balance of payments in order to prevent a repetition of the damaging postwar 'stop-go' brake on any future sustained expansion of the economy, whether resulting normally in the course of recovery from the crisis or triggered off initially by reflationary measures. (This policy of exporting much of the country's oil resources reverses the previous Labour government policy of keeping the major part of it for use in new 'downstream' industries.)

The labour movement demand for import controls now must be assessed in the light of this analysis of the current crisis as the major cause of unemployment, the present position regarding import controls, and the Thatcher government's economic policy in general. Firstly, the point has to be made very strongly that the vast majority of jobs are being lost not because of a 'flood' of imports due to 'unfair competition' but because of the recession and the associated restructuring and growing technologisation of industry — lost, that is, because of the kind of crisis that is endemic to capitalism. Secondly, that membership of the EEC makes it impossible for any government to use import controls as a significant instrument of economic control, whether selectively to safeguard industries or generally to ensure successful reflation. Thirdly, that the loss of jobs through the lack of competitiveness of capitalist industry can only be reversed with any guarantee of success through greater social control via

nationalisation and planning agreements — and, for this, a left Labour government is essential. Import controls can only be used by this government on a limited scale against non-EEC countries as a largely protectionist device to ease the pressure of recession. In this situation, political pressure by trade unions and by others including industrialists, added to the underlying pressure of recession, can force the government to increase import controls in certain cases and thus save jobs — but only to a limited extent and usually at the expense of the weaker economies.

Import controls in perspective

This is not to deny the importance of the demand for import controls but to put the matter into perspective as a partial action in defence of jobs and as raising the demand for more control over the economy and hence employment. Failure to analyse and evaluate the Thatcher government's policy on import controls gives rise to false illusions that this government is capable of introducing comprehensive selective and/or general import controls, whereas the determination of its policy in the interests of the multinationals, especially UK membership of the EEC, makes it quite unable to do so. False illusions such as these are an obstacle to the labour movement understanding the need for a frontal campaign against the crisis and for an alternative socialist strategy of planning the economy as the only sure guarantee of jobs.

Similarly, failure to analyse the present system of import controls as bearing hardest on the newly industrialising countries in both the capitalist and socialist world economies, whilst scarcely affecting the advanced industrial nations, has meant that the labour movement has not been fully aware of the strong discrimination against developing countries and therefore of the need to oppose this, as called for in repeated conference resolutions. At the moment, only the World Development Movement motivated by a Christian belief in 'one world' which socialists profess to share is currently campaigning actively against import controls on Third World products.

The demand for import controls to protect jobs in the current recession and as an instrument of planning under a future left Labour government is an important demand by the labour movement which reflects its desire for greater control over the economy and hence employment but the demand must be put in the perspective of the crisis as a whole and the labour movement response to it and used as a yardstick of the fundamental inability of the Thatcher government to meet working class and legitimate national demands.