



Andrew Gamble

The Rise and Rise of the SDP



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The SDP is no flash in the pan. It has already changed the face of British politics. But what is it and where is it going?

The SDP as everyone knows has been breaking records. It has begun to clear the hurdles which have halted the progress of most third parties in the past, becoming in the process far mightier than its creators. Would Shirley Williams have won Crosby for example if she had been attempting to get back into Parliament as the Labour candidate? Callaghan once dismissed talk of centre parties as 'mere fluff' and many of its opponents still believe that something so unnatural and nebulous can have no serious future. They would like the new party to adopt the bubble as its emblem. SDP support they think will melt away as quickly as it has come.

The main basis for this belief is that, as Chris Husbands has demonstrated so clearly¹, the vote for the SDP is less a positive vote for the new party, its policies, and its leaders, and more a vote against both the other parties — their record, their leaders, and their mode of operation. But even if this remains true, and the SDP support proves as volatile as support for the other parties has become, this should give little comfort to the Labour Party. For the Labour Party would still need to ask why it is that this negative vote on every occasion that it has appeared should have been at the expense not only of an unpopular Conservative government but also at the expense of the Labour opposition. In periods of Labour government the unpopularity of the government has benefitted the main opposition party — the Conservatives. It is a remarkable paradox of the last twenty years that despite all the fiascos of its years in office Labour has often found it harder to maintain and rebuild support when it is in opposition than when it is in government.

Much of the comment on the SDP has naturally concentrated on the impact it has had on the Labour Party. It is bad enough that the major opposition party should fail to benefit from the record of the most unpopular Prime Minister and the most unpopular government since the war, a government which has presided over a doubling of unemployment to three million, an unprecedented slump in manufacturing output, and serious urban riots. It is even worse that it too should be losing support to a third party, and almost in the same proportions as the Conservatives.

The conspiracy theory

The most complacent and ill-founded response on the Left is to dismiss the SDP as a media creation, a conspiracy against Labour

designed to avert the danger of the election of a Left Labour government. The Alliance plan to introduce proportional representation is seen as a device to exclude Labour from government permanently. As the old Labour adage puts it 'When the gentlemen of England are losing the game, they change the rules'. The implication of this view is that the SDP represents nothing of importance and that its support is therefore ephemeral. Sooner or later support for Labour will come flooding back; the conspiracy will fail. Behind this notion lies the optimistic faith that nothing can stop forever the advance of Labour and socialism, because politics in Britain is centred around class and the fundamental conflict between capital and labour. It is unthinkable that politics could be organised around anything else.

Such complacency finds little support in recent historical and theoretical analyses of the political position and political prospects of the labour movement. Two major themes in such analyses have been firstly the reasons for the failure of the Labour movement to continue the political advance it achieved in the first half of this century, and secondly the nature of the class stalemate that has prevented governments of any party successfully countering Britain's relative economic decline. The analyses are to some extent complementary, but they differ in their estimate of what is most important. One analyses the problems of Labour from the standpoint of the organisation and representation of interests, the other from the constraints on the formulation and implementation of policy.

FORWARD MARCH HALTED

The first argument has been advanced most forcefully by Eric Hobsbawm². Labour's forward march has been halted, primarily because the movement has not adapted successfully to major historical changes that have occurred in the composition of the working class and the organisation of British capitalism. These changes have in certain respects increased the organisational strength and the militancy of the trade unions, but there has been no corresponding increase in the political capacity of the labour movement. Indeed Hobsbawm identifies popular resentment of wage militancy and union power as a major factor in explaining why support for the Labour Party has declined. The party has failed both to win votes from the one third of manual workers who have never identified with

the party of their class, and to win sufficient votes from new white collar and professional groups to offset the losses caused by the shrinking proportion of manual workers in the whole working class. The establishment of the SDP represents from this perspective a further stage in the political decline of the labour movement since it means the loss of an important section of the professional and white collar workers from Labour's coalition, a section which formerly looked to Labour and must be won for Labour again if the forward march of labour is to be resumed. Labour risks becoming a trade union party rather than a broad 'people's party' with which all those who want reforms and progressive change can identify.

The stalemate view

The second perspective does not dispute the current political weakness of the labour movement, but argues that it is largely the result of

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the stalemate between capital and labour which the earlier political and industrial advances of the labour movement created¹. Labour's failure to make further political advances is paralleled by the failure of capital to reverse the gains embodied in the post-war settlement. The countervailing power which each class has been able to exercise has prevented a government of any party from tackling or successfully overcoming the relative economic decline of the British economy. This failure has caused a polarisation in both major parties and the drawing up of increasingly radical programmes. But neither party in government has yet succeeded in implementing its programme or in permanently altering the balance of class forces which that would entail. One indication of how deadlocked this situation has become is that government has changed hands four times in the last twenty years. The rise of the SDP is explained from this perspective as a direct result of the latest failure — that of the Thatcher government. Thatcher's policies have not worked as they were intended to and the Government has lost considerable support, but the increasing polarisation between the two main parties has not been matched by a similar polarisation in the electorate. Fear of a protracted and possibly unresolved conflict between the two class parties has prompted a flight of electoral support to a third force which promises non-ideological policies and is not connected with either organised labour or organised capital. But even if this were to result in an Alliance government, the class stalemate would remain and an Alliance government would be no better equipped to deal with it. Once entrusted with responsibility for policy the hollowness of the SDP's 'rational' alternative would be quickly exposed, and the government might collapse. Then polarisation might begin in earnest, leading fairly quickly to a decisive trial of strength.

Different conclusions can be drawn from these perspectives for the future of the political system. The pessimistic conclusion is that if Labour cannot rebuild its popular coalition, then the rise of the SDP could signal a major change in the axis of the political system, the disappearance of class as the major basis of political alignment, and the banishing of socialist ideas and socialist politics to the sidelines. The optimistic conclusion argues that even if in the short run Labour loses ground to the SDP, the introduction of PR and the destruction of Labourism will present a major opportunity for the development of a mass socialist politics of the Left.

What is coming to be acknowledged in discussion of the SDP is the significance of its emergence. In assessing this significance both the perspectives outlined here have their place, but it is necessary to combine their insights in order to understand the role the SDP is

playing and could play in British politics. The debate suffers from viewing the rise of the SDP too exclusively from the standpoint of Labour and the problems of Labour. What needs to be done is to look at the impact of the SDP on the whole political system, and in particular its impact on the Conservative Party.

THE SDP AND THE TORIES

There is no doubt that the electoral success of the Alliance has been staggering. The individual by-election victories at Croydon NW and Crosby and the near miss at Warrington may not have achieved the greatest swings ever recorded, but unlike so many famous by-election victories in the past they were not isolated occurrences but form part of a distinctive pattern. The Alliance has been securing over 40% of the vote in the polls and has achieved that level of support in three very different constituencies, one of them a marginal. Their vote may well be essentially a protest vote, a vote against the two main parties, their records, their divisions, and their policies, but its scale also makes it more than that. The levels of support the Alliance has been receiving make it a genuine third force and a genuine alternative government. Nothing like it has ever been seen in British politics before.

It is not surprising that the old parties have begun to display signs of mild hysteria. One helpful computer projection after Crosby suggested the Conservatives might manage to hold on to one seat at the next general election. Yet although the Conservatives face the more immediate challenge from the SDP, the SDP will perhaps inflict more permanent damage on Labour. The reason why the Conservatives must fear the Alliance more in the short run is partly because the Conservatives are in government, and this Government and this Prime Minister are currently the most unpopular since polling began. Partly also it is because more Conservative than Labour seats appear vulnerable to the Alliance. The dispute between the partners in the Alliance over the distribution of seats arises because the Liberals wish to contest those seats where they are strongest and have built up a strong local party organisation. Many Liberals would prefer the SDP to contest safe Labour seats where Liberals have made negligible impact in the past. The implication is that the SDP leadership fears that the present poll rating of the

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Alliance will not be maintained, that the Alliance will as a result capture far more Tory seats than Labour ones at the next election, and that the Liberals if they contest the most 'winnable' Tory seats will emerge as the much larger party. There is no doubt that the SDP has already shown at Warrington, and in numerous local by-elections, that it can make substantial inroads into the Labour vote. But it seems strangely reluctant as yet to stake its future on it. The prospect of sharing in the pickings from the prospective electoral collapse to which Mrs Thatcher is driving the Tory Party seems more attractive.

A growing fear

The threat to the Conservatives, at least for the next election, is undeniably serious. They have held off third party upsurges before when they were in government — particularly the Liberal revivals of

¹ Chris Husbands 'The Politics of Confusion', *Marxism Today*, February 1982.

² Eric Hobsbawm *The Forward March of Labour Halted?* London, Verso 1981.

³ One presentation of this perspective can be found in Bob Rowthorn 'The Past Strikes Back' *Marxism Today*, January 1982.

1962-4 and 1972-4. But great though the support was that the Liberals attracted and spectacular though some of the by-election victories were, the Liberals' fatal handicap was that beyond their core vote (around 7-10% of the electorate), few believed they could form a government and this both placed a brake on the attraction of new supporters and encouraged others to drift back to their original party when the general election came. But the Alliance is a much more credible alternative government — Roy Jenkins manages to convey the impression that he is Prime Minister already — so there is correspondingly less reason for voters to return to the Conservatives when the election comes.

There are signs that some Conservatives are coming to see the Alliance as their main opponent at the next election. This is a prospect they might relish for their class but hardly for their party. For the Alliance will be immensely difficult to fight. The Conservatives will have to fight on the Thatcher government's record. Many sections of Conservative support in 1979 are now plainly disaffected, not merely those who have suffered redundancy and unemployment, but those skilled workers who were promised lower taxes and rising real wages and have so far experienced exactly the opposite. Thatcher's reign has created enough bitterness and resentment to sweep away governments with much bigger majorities.

One Nation

The Conservatives' fundamental weakness in the face of the Alliance is because the Alliance has descended like a swarm of locusts on the Conservatives' traditional sacred territory — the lush pastures of One Nation. The Alliance is proclaiming that it alone is the truly classless party, the party that puts nation before class, the party that is moderate and pragmatic in pursuit of the common good, and which has no association with any sectional interest. The Conservatives' riposte to these claims has so far been remarkably feeble. They have attempted to remind the electorate that Roy Jenkins and Shirley Williams are really socialists who supported nationalisation and punitive redistributive taxation when they were in office and

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were prepared to protect the legal rights of the trade unions. But even Saatchi and Saatchi will have difficulty in persuading many electors that Roy Jenkins is a socialist — a word which, as he admits, he has not had occasion to use for a considerable time. Not only will the Conservatives find it difficult to portray the SDP as inherently socialist, they will also find it hard to use the opportunity created by the revival of cold war ideology to brand them as pro-Communist, hence unpatriotic, and in league with the enemies of the country. A party which supports NATO and the EEC as fervently as the SDP can hardly be accused of that.

For sixty years the Conservatives' stance on ideology and policy has been determined primarily by their opposition to socialism and the need to develop a strategy to contain the increasingly assertive Labour movement. The strategy they evolved was based on projecting the party as the party of One Nation, articulating certain recurring and central themes of working class experience which helped substantial sections of the working class to identify more with the Conservative Party than with the institutions and goals of the working class and its Labour movement. The appeal of the Conservatives to the working class and particularly to those sections of the class not in unions, not in work, not in large factories, and not in working class communities, was partly pragmatic — a Conservative society promised greater avenues for individual advancement and

secure rewards for individual effort; partly hierarchical — the Conservatives symbolised social privilege and the established institutions of the state; and populist — the Conservative Party expressed certain widespread xenophobic, racist, sexist, and authoritarian attitudes. The party, so it claimed, understood the British people.

What will it become?

The Conservatives are encountering difficulty in responding to the SDP because they do not know what kind of party the SDP will in fact become. One wing in the SDP around Stephen Haseler and the Social Democratic Alliance, want the party to become a populist

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working class party. Its heroes are former leaders of the Labour Right, like George Brown, Ray Gunter and Bob Mellish. Such a party would be fiercely anti-intellectual and anti-socialist, and would seek to express directly what it believes is the unrepresented consensus of working class opinion, a consensus which is in favour of collectivist redistributive measures to secure workers' living standards, but strongly opposed to liberal policies on immigration and capital and corporal punishment. All this is combined with an aggressively nationalistic and pro-Western (although not pro EEC) foreign policy.

Such a party might undermine much of the bedrock on which the Conservative working class vote has been founded and which has been so essential to the party's success. But it is highly unlikely that the SDP will become such a party. Its leaders and its new members (so many of whom have never belonged to a political party before) appear overwhelmingly to share the attitudes of the liberal establishment and the liberal intelligentsia. The SDP will be a high-minded party far more influenced by John Stuart Mill than Robert Blatchford. This will aid the Conservative Party in holding on to their vote, but not much, since there is not much chance either of the Conservative Party choosing what has for some time been their best vote-maximising strategy and campaigning wholeheartedly for the anti-immigrant and pro-hanging vote.⁴ The party has toyed with it, and Powell in his campaign to halt immigration showed the enormous potential of such an open appeal. But an uninhibited populist campaign on race and law and order would split the Tory leadership, and would be hard to mount effectively while the party remains in government.

The Conservatives, therefore, will do well to escape a severe mauling at the hands of the Alliance. But they are likely to survive a fight back, and they have shown in every period of opposition since the war that when they are in opposition they act as a magnet for disaffected groups. They still possess immense if depleted ideological resources as the party of the established institutions of the state and civil society. On the other hand it is conceivable that the Conservatives might disappear; the next general election might lead to the formation of a National government, under cover of which a far-reaching realignment of political forces would take place. A large section of the present Conservative Party might then merge with the SDP to form a new Conservative Party (under whatever label) opposing the Labour Party. But once the electoral system had been reformed several small parties on the Centre and the Right could exist separately, combining to form a coalition government.

THE THREAT TO LABOUR

The possibility that such a reorganisation of the political system might mean an 'American' future for British politics — the permanent weakening of class as a basis for political alignment and the

permanent exclusion of Labour from government — is the conclusion most strongly associated with the first perspective discussed above.

The evidence is contradictory. Despite major social and technological changes the objective strength of the working class in Britain is still overwhelming, and has in some respects been strengthened in the last thirty years. The bulk of the class is composed of second generation workers, mobility into and out of the class is relatively low. Many skills and crafts have been eliminated, much employment in traditional manufacturing has disappeared, but this has been offset by the reduction of skills in many white collar jobs and the growth of unions in these new sectors, particularly the public sector, and amongst women workers. Most striking of all is that although the numerical dominance of the manual working class has declined, the pivotal position of Labour has increased because of the growing centralisation and interdependence of the economy. The comparison between the effect of miners' strikes in the 1920s, when there were four times as many employed in the industry as today, and miners' strikes in the 1970s has often been made. The greatest threat to this great underlying strength of the British labour movement are the twin trends of declining manufacturing output and rising unemployment, which in turn reflect the acceleration of trends towards automation of production in certain sectors and reconstitution of the industrial reserve army of the unemployed.

Politically the labour movement has proved incapable of arresting these trends or significantly influencing their impact. Its objective strength is not matched by its organisational capacity. It is true that trade unionism saw a significant expansion in the 1960s and 1970s, which is only now being halted or reversed. It is also true that the organisation of the class remains extremely strong in many sectors; trade union organisation has been weakened but not dismantled by high unemployment. But the political strength of the labour movement in no way matches its industrial strength and importance. The major victories on pay and trade union rights in the early 1970s were not reflected in lasting political gains. The Labour government from 1974 to 1979 was as defensive as its predecessor and in several

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important respects prepared the ground for Thatcherism. There have been two periods of Labour government since 1951 but neither proved adequate to stop the long-term decline in the party's support. Labour's vote has fallen at every election since 1951 (except in 1966). Individual membership has fallen by at least half, much of it in the 1960s. The labour movement has become less united than it was. Some of the fastest growing white collar unions have not affiliated to the Labour Party.

1945 — the missed opportunity

Labour has these problems because it failed to establish itself as the dominant party of government after 1945. What is now so often presented as Labour's heroic period between 1945 and 1951 was not perceived in quite so flattering terms at the time, and it ended with the ceding of the political initiative to Labour's political opponents. Evelyn Waugh is supposed to have said that between 1945 and 1951 the country felt as though it was under enemy occupation. In 1951 the siege was very definitely lifted. It is true the Labour vote remained remarkably loyal between 1945 and 1951 and was actually at its highest level ever in 1951 when Labour lost office. But it was still below 50%. Labour had failed to establish a dominant electoral position despite the great leap in its support which the wartime coalition brought and despite the mood for far-reaching egalitarian



reforms and reconstruction. Labour tried at that time to become the national party, redefining the symbols and the goals of the political nation, but it only had very limited success. The fundamentals of the old order were untouched.

The penalty for this failure to translate the overwhelming objective strength of the working class into organisational strength and political leadership has proved heavy. For the Conservatives returned to office failed to oblige Labour Party expectations by cutting back welfare expenditure and reintroducing policies of sound finance. They also took full advantage of the great world boom in the 1950s. The Labour Party was forced on the defensive and became unsure of its direction. It regarded itself as the main architect of the postwar reconstruction. This was always double-edged, because negatively it helped identify Labour as the party of the inefficient nationalised industries, the bureaucratic welfare services, high taxes and controls on everything. Above all it reinforced the party's image as the party of the trade unions. In the 1950s and 1960s Labour organised its national electoral strategy around two main themes — the defence of the achievements of 1945 and after 1960 the need for a sweeping programme of modernisation. But the failure to implement the modernisation plans has made the last two periods of Labour government most notable for defensive management of short term crises. At least, said Labour ministers in 1970, we have got the balance of payments right. It was about all they could say.

Its failures in office do not seem to have harmed the Labour Party too badly — at least, at the time. It is true that during the Labour governments' incompetent handling of the major sterling crises in 1966-7 and 1976 Labour support fell almost as precipitately as confidence in sterling. But in general the Labour Party in government has attracted support to itself as her Majesty's government governing prudently in the national interest. But in opposition the tension between the party as a party of the state and as a party of the working class reappears, because the balance between the party in parliament and the party in the country and in the unions is different than it is when the party is in office, and the 'anti-national' elements

⁴ cf Ivor Crewe and Bo Särilvik 'Popular Attitudes and Electoral Strategy' in Z. Layton-Henry ed, *Conservative Party Politics* London, Macmillan 1980.

of Labour come to the fore. Labour loses popularity and credibility primarily because the party is associated with the trade unions and with the Left.

'National' versus 'class'

The history of Labourism is the history of the rise of a party leadership which has sought to project itself as a national leadership, fit to take over the direction of the state as it is presently organised from the Conservatives. This has entailed the constant curbing of all those activities within the party which have attempted to identify the national interest with the class interests of the working class. The prize of political legitimacy is only conferred on parties which show themselves ready to operate within the constraints imposed by the British constitution which in turn reflects the political and institutional organisation of the British state. Only such parties appear as national parties in the conservative sense in which the political nation and national interests are defined in Britain. Widespread ignorance and passivity about politics in Britain allows ruling definitions about what is 'national' and what is 'legitimate' and what is 'patriotic' to shape popular perceptions of political events and popular ratings of political parties. The Labour Party was established not by the British state but by the trade unions and it has had a strong campaigning tradition in the past. But it has constantly been torn between operating within the state's own definitions of the 'national' and the 'legitimate' and the definitions which have come from working class experience and socialist politics. It has helped modify the former but it has also helped through the style of its politics to reinforce it, and so has been handicapped by the continuing presence of the latter. The result is that in the past fifty years the political space the Labour Party has created for socialist politics in Britain has never been secure and is now under fundamental attack. The failure of the Labour Party to relate more effectively to new social movements is symptomatic of the failure of the party to maintain itself as a

radical force in British politics. It is a paradox that so many of the leading policies which the party has put forward command considerable support in the electorate, whereas support for the Labour Party has plummeted because the 'anti-national' elements were seen to be gaining ground at the expense of the 'national' elements (in particular at the Wembley Conference and during the deputy leadership campaign).

THE SDP — ORGANISATION AND IDEOLOGY

The rise of the SDP relates directly to the plight of the Labour Party. All mass parties in Britain must attract working class votes. For the SDP the majority of whose leaders have come out of the Labour Party a politics that does not in some way relate directly to the working class is unthinkable. But for reasons already discussed there is little chance of the SDP emerging as a Mark II Labour Party. The SDP has no ambition whatever to be a trade union party, and no trade unions will be able to affiliate to it even if any wanted to do so.

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The party as yet has few people from working class origins either as members or leaders. It has attracted far more managerial and professional workers than rank-and-file trade unionists. It has begun to receive support and funds from some sections of business. The ethos of the party is strongly anti-socialist and to a lesser extent anti-collectivist and anti-union. It is not easy to see at this stage how the party will build up and maintain the kind of committed and loyal support which the other three parties have. Its main base may well lie among certain managerial and intellectual groups in the public sector and in the advanced technology industries. But how stable this support will prove is uncertain. Whether an image as the party of the microchip, the credit card, and the digital watch will give the party the kind of secure identity it needs, also remains in doubt.

One problem for the SDP is that as everyone knows it is not a grass roots party. It has not come about as the expression of some new and insistent social movement. The new politics of the women's movement, the ecological movement, the anti-nuclear movement, and local communities, are much more firmly rooted in the Liberal Party than they are in the SDP. The main issues which excite the SDP leadership are the EEC, constitutional reform, and economic management of a mixed economy. The focus of the party is on the state and the shortcomings in government policy. It does not spring from social movements outside Parliament and the existing organisation of the state. This is the reason for the now familiar contrast between the democratic and radical Liberal Party and the centralist and managerial SDP. Naturally the policy statements of the SDP leadership do not read like that. They abound with the need to widen democracy and to decentralise decision-making. But there are already considerable tensions between the desire of the leadership to keep control over policy in the hands of the parliamentary party and demands from the membership for more participation. Policies are gradually emerging but when they emerge they will tend to be policies drawn up by the prestigious expert committees the party has established, and are unlikely to be significantly influenced by the debates of the rank-and-file membership.

The party also lacks a clear ideological identity. One reviewer thought Shirley Williams' book *Politics for People* should be entitled 'Politics without Pain', so little did it confront the actual choices and dilemmas any SDP government would face. David Owen's book is more substantial but it is flawed by his desire to redraw the Left/Right divide in terms of centralists and decentralisers. It plainly does



not work. One of its more absurd effects in the terms that Owen poses it would be to make him a natural ally of certain currents in the Labour Left, represented by Stuart Holland, Tony Benn, and the Institute for Workers Control, against his former allies in the Labour Right.

SDP and the Labour Right

It is more fruitful to reflect on the issues that divide the SDP leaders from their former colleagues. Callaghan's recent epistle to the electorate in the *Daily Mirror* might after all be mistaken for an SDP policy statement. He expresses support for staying in the EEC, support for NATO, support for the present mixed economy. The national interest as Callaghan and Healey define it is practically identical with the way in which the SDP leadership defines it. But there is one crucial difference: the trade unions. The present leadership of the Labour Party wishes to stay within the Labour Party because it is content that the party should retain its strong links with the trade unions and should continue to protect the corporate privileges of the trade unions. The SDP leaders want a party and a government that is free of all overt entanglements with sectional interests. It wants no special relationship with the trade unions as an organised interest. It wants to project itself as a free-floating party available to serve the national interest without reservation or distraction.

- The electoral pay-off up to now has proved enormous. The SDP has thrown off the shackles that have chained Labour to its anti-national, class origins and perspectives. It threatens permanent damage to Labour because the Labour Party cannot sort out whether its primary responsibility is to oppose or to sustain the state. Labour's trade union connection and its socialist constituency parties suggest the former. But the policy perspectives and commitments of the majority of its MPs and its Shadow Cabinet point to the latter. Since Labour leaders can no longer harness the two and assert the overriding importance of the party's national strategy, Labourism is crumbling. By adopting certain elements of the Conservatives' One Nation strategy the Alliance is bidding for the working class constituency which the other two parties have increasingly abandoned.

THE SDP IN POWER

The rise of the SDP has therefore to be considered as far more than a bubble that has to burst. The party is playing and playing very well on one strand of the Conservative One Nation theme which has always been the key to electoral support. The SDP as a centre party is well placed to mobilise the very large numbers of electors who are not strong partisans of either party and who will vote for any party that can credibly promise less social and political conflict and greater economic prosperity. Apart from a major breakdown in the Alliance there is little that can damage the Alliance's image or entirely reverse the electoral gains it has made before the next election. Some kind of SDP participation in government is highly likely therefore, and its performance in government will be crucial in determining whether it holds its support or not.

Let us then suppose an Alliance government. If it is to survive for long it must do what none of its predecessors have done; it must find a way of reversing economic decline and easing the constraints on modernisation. The SDP is being careful not to arouse expectations by promising specific tax cuts or spending plans. But the expectations it has already aroused are nonetheless enormous. What its supporters expect are policies which will reduce conflict and halt the endless crises and cycle of decline.

A fundamental argument of the second perspective, outlined at the beginning, was that the SDP's electoral task is considerably



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easier than its task in government. There it will find that there are few options open to it. The debate on policy takes place on terrain that Thatcher has marked out, and to which Roy Jenkins, Britain's first monetarist chancellor, is no stranger. The SDP is a post-Thatcher party and the question it will have to answer is whether there is any significant alternative to the policies Thatcher has pursued. There are the alternative policies canvassed by the Tory critics of the government, but no one suggests that these, if implemented, would be much more than palliatives. They would not be sufficient either to restore full employment, or to make the economy expand again. Since an Alliance government would accept the same foreign policy commitments as the Thatcher government — NATO, EEC, and the liberal world economic order — its options are severely limited. To increase employment and output it must find ways of raising the productivity, efficiency, and profitability of British capital. The labour movement must be either coerced or cajoled into accepting a strategy which lowers wages and living standards, and cuts back all collective state services which are not sold on the market. The prospects are not encouraging. The Manpower Research Group at Warwick has recently concluded that there is no mix of policies which can reduce unemployment below 2½ million by 1984.

Two possibilities

There are two main possibilities for an Alliance government within these constraints. Either it could pursue a bold market oriented strategy which might carry out some of the reforms to establish a social market economy which loyal Thatcherites can only dream

about. Under this heading come measures not just against trade unions but against many of the social rigidities in Britain that obstruct the working of free markets. They could include action against private education and professional cartels as well as sweeping reforms of the tax system, the transfer of the ownership of council houses to their tenants, and a change in the funding basis of all the social services, including education and health, from collective taxation to private insurance. An Alliance government might find it easier to do some of these things than a Conservative government ever would. But it might choose instead to revive a form of modernisation strategy — selective intervention by government to raise efficiency, an incomes policy to restrain costs, and moderate

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reflation. From policy statements currently being issued and from the evidence of the SDP conferences last year, the second looks the more likely, although the temptation to explore the former may well be considerable.

Why should an Alliance government prove any more successful than either Thatcher or Callaghan? There are two main reasons why it might be. The first is the faith that Alliance supporters have in constitutional changes which the Alliance is proposing (most notably PR), which are intended to end adversary politics and create a stable, more open, and less centralised framework for the formulation and implementation of public policy. The trade unions it is argued will have to accept legislation on the statute book which no government will remove for them; capital will have to accept legislation establishing some form of industrial democracy. Policy making will be more consistent and less short term in orientation and less centralised in the hands of a small group of ministers and top officials. The ambiguity of the intentions of the Labour opposition towards business will be ended. This reduction in political uncertainty, combined with the imposition of permanent legal restraints on trade union activity and the pool of low cost labour power will bring at last the investment boom that has eluded every British government. If the Alliance retained business confidence (which Labour never managed) it might become the most interventionist government since the war and might transform government-industry relations.

One other ingredient is needed. The world economy must start to improve. If the election of an Alliance government coincided with even a mild upswing, then assisted by its constitutional reforms, the Alliance might be able to consolidate its position for a long period ahead. All devout supporters of the SDP must pray that Kondratieff

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got it wrong and that the next upswing in world capitalism comes a little earlier than he would have expected.

PROSPECTS FOR THE SDP

So far the argument has assumed that the next general election yields an Alliance government with a clear majority. But that would require the Alliance to poll over 40%, ie, to poll as well as its best level in the polls, achieved in 1981 when both Labour and the Conservatives were particularly unpopular. It might be gratifying to certain political commentators if the next election were fought between an unrepentant Thatcherite Conservative Party, the very moderate and reasonable Alliance, and a Bennite Labour party (provided, of course that the Alliance won). But the very success of the SDP, revealing as it does the continuing importance of the One Nation ground for mobilising electoral support, is likely to force the other two parties back to this ground. Indeed the process has already begun, especially in the Labour Party. The effect will probably be to start eroding the support the Alliance has achieved and slowing its progress, particularly as the next election approaches.

If support for the Alliance falls below 40% and support for the other two parties rises back above 30% then the result of the next election becomes wildly unpredictable. The Swingometer has not been invented which could begin to cope with it. A first past the post system is always arbitrary and creates anomalies, but these would multiply alarmingly if there were three powerful parties fighting every seat. It is certainly possible as some computer projections have demonstrated, that given the relative distribution of support, Labour could secure the lowest percentage of the vote and still emerge as the strongest party in seats. But really no one knows. It is hard to see how the present Labour leadership can do more than limit the damage to its electoral base. In electoral terms the SDP has most of the advantages and none of the disadvantages. This means that the old-style Labour coalition cannot probably now be revived, and the Labour movement will have to adjust to electoral reform, which in its early days it regarded as an elementary democratic

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reform, but like so much else never managed to implement when it had the opportunity.

Whatever the outcome of the next election (and no possibility is precluded at this stage), the prospects for the British economy are bleak and the political consequences of relative decline continue to multiply. It is not easy to foresee when and how the stalemate will be ended. The resilience of the British economy is far too often underestimated. There is no reason to expect a sudden and terrifying collapse in employment and national income which would bring a decisive contest. There does still exist a space which the SDP can fill provided that world economic trends are relatively favourable. But there will be great difficulties for the SDP's attempt to inaugurate a new era of modernisation. If it fails, or if the next Parliament becomes hopelessly deadlocked, the rise of the SDP may contribute to the fragmentation of political parties which will weaken political leadership and speed the drift towards the strong state that will increasingly be needed to contain the social pressures of a permanent pool of several millions unemployed and a decaying public sector. The period following the next election will show the answer to two key questions — can the SDP become the catalyst for significant modernisation of Britain's antiquated institutions and breathe new life into the economy? Or will this attempt at modernisation collapse as all previous attempts have collapsed? □