

LABOUR INTO THE EIGHTIES

Edited by
David S. Bell

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PREFACE

The origins of this book lie in a trip to France in June 1976 when Peter Holmes, Saul Estrin and I went to visit the French Planning Ministry. It has taken some time actually to get the project under way but thanks are due to many people. In particular I should like to thank Christopher Helm for his encouragement, Gilles Martinet for his advice and his time, and other people too numerous to mention, who have given their advice over the last year.

It is only fitting that I add a dedication to friends in the French Socialist Party whom we met on that visit, particularly to J.M.B., M.B. and G.V. in Paris and P.B. and B.D. in the Nord.

David S. Bell



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1 INTRODUCTION

David S. Bell

This book is not meant to be a *post-mortem* on the Labour Government of 1974-79; there is already one excellent book on that subject by P. Townsend and N.B. Bosanquet¹ and there will no doubt be many more to rake over that dismal record. Nor is this book meant to be a contribution to the internal debate within the Labour Party, although most of the contributions touch on issues which will be of central concern to that discussion as it progresses. Rather this book is meant to be a series of socialist policy proposals relevant to specific areas of decision making. In other words, each of the authors is answering the question as to what sorts of policies and what particular measures they would recommend to the Labour Party for acceptance in the eighties.

The proposals are naturally — given the small space — somewhat limited, but it has been left to each author to decide what he will suggest: there has been no attempt to impose an over-all view. Even if it were possible, this book is not an attempt to upstage the manifesto; it is merely a contribution, a series of modest proposals. Each chapter has a short conclusion laying out the detailed points of policy, but in the body of the chapters the authors review some of the alternatives and give substantive reasons for the conclusions they have reached. All the authors are members of the Labour Party and they are all dealing with areas of decision making with which they are familiar either professionally or as members of the Labour organisations.

Unfortunately there are many policy areas which ought to have been covered but which do not have separate chapters devoted to them. Northern Ireland has, for various reasons, no chapter and this is probably the most unfortunate gap because that province will undoubtedly remain one of the most difficult problems that any government will have to face in the eighties and is an area where policy has been unimaginative when it has not been crudely repressive. There are likewise no separate chapters on human rights (i.e. police powers) or trade unions or foreign policy or devolution, etc. The only excuse is that it has not been possible to include everything. Some areas are changing so rapidly that any formulated policy proposals would soon be out of date — this was the case with Zimbabwe — and others, like devolution, have passed rapidly out of the front rank of issues into the *oubliettes* of the

seventies. The only consolation is that there will be issues for the 1980s which we have not even begun to anticipate.

However, this collection of papers covers a wide spectrum of political, economic and social problems. In the chapters that follow the authors have taken different policy aspects for analysis and discussion. Although there is some overlap on different areas, most of the fields are clearly defined. Thus Peter Holmes (Chapter 1) deals with the problem of the need for an over-all economic strategy, David Marsden (Chapter 3) tackles the problem of the labour market, Saul Estrin discusses, in Chapter 4, the contribution that planning could make to economic policy and John Goode (Chapter 5) writes about the need for an energy policy in eighties Britain. These four chapters form the specifically economic part of the book. By contrast, Chapters 6, 7 and 8 deal with social problems. These are the contributions by Geoff Driver on British minorities problems, by John Gunnell on education, and by Robert Elmore on social services in general. The last three chapters deal with separate policies, but ones where Labour, even if in opposition, could still have an impact. These are Chapter 9 on local government by Tony Eddison, Chapter 10 on the Labour Party itself by Dianne Hayter, and a final chapter on the Common Market.

Peter Holmes, in his chapter on growth and unemployment, discusses what should be the general nature of a Labour economic policy in the next decade. He discusses both monetarism and import controls but his view starts from the standpoint that the death of Keynesianism has been much exaggerated. Unemployment and low productivity, he suggests, are the two main problems which, to be solved, necessitate the control of inflation. Firms must be encouraged to move into the world market and exports should be expanded through the restoration of competitiveness.

It is stressed by Peter Holmes that there are no easy answers; thus he rejects import controls because there are hidden costs, the reduced availability of imports would cause price rises, and import controls benefit only import-competing industries. In a position such as Britain's in the eighties, he suggests that the least bad alternative for our severely uncompetitive economy is a substantial devaluation combined with policies which will make this strategy acceptable. This is practically the opposite of Tory Government policy but, so Peter Holmes argues, devaluation will not provoke trade retaliation and will help the strongest part of the export sector.

However, along with devaluation Peter Holmes argues the necessity for a voluntary incomes policy which is realistic as well as politically

effective at 'grass-roots', shop steward, and factory floor levels. Low productivity could be tackled by productive public investment through the extension of the National Enterprise Board (NEB) and a more active state financing role where investment is genuinely productive. Incomes policy, pay restraint and investment could lead to expansion if competitiveness is thereby restored, but there are no simple solutions.

Chapter 3 is David Marsden's discussion of labour market policies for the 1980s — that is, employment and jobs — which come 'at the crossroads between the problems of efficiency' and of 'obtaining a fair distribution of jobs and incomes'. These will, he notes, be among the major concerns of the next Labour Government because of the need to adapt skills to demand and because of the distributional questions of social justice which are involved and which should not be forgotten. Amongst other problems, he deals with industrial democracy, the microprocessor revolution and rapid technical change, and social problems such as inequality and conditions of labour.

His conclusions concentrate on four areas: the problems of adaptation to change, industrial democracy, unequal employment conditions, and working conditions. On the first point, he argues for continuing retraining possibilities throughout working life and the need to readjust the apprenticeship system. Secondly, he argues the case for joint decision making and industrial democracy not only as an end in itself but also as a contribution to the solution of wider problems of industry. Thirdly, he states the need to reduce inequality of employment conditions in the labour market and help shift the disproportionate burden from certain groups (young, unskilled, immigrants, etc.). Finally, there is, he argues, a need to improve the conditions in which many people work, in particular the over-long hours.

In the fourth chapter Saul Estrin considers the potential contribution that the much-canvassed idea of planning could make to the solution of contemporary British economic problems. He examines how planning could improve resource allocation in a market economy, studies the relevance of the planning process and then suggests some planning methods and institutions. He deals with planning as a policy tool for achieving better production and exchange within a market economy.

Saul Estrin discusses the French form of Indicative Planning, which is intended to reduce resource misallocation which arises from inconsistencies or lack of information, and the role for an Investment Plan which would have targets and an incentive structure to aid implementation. The chapter concentrates on Investment Planning which, he

argues, as a refinement of Indicative Planning, could be justified under guarded conditions though these mean the provision of information and, if necessary, incentives to ensure consistency but not state control of investment.

John Goode's chapter deals with the economics of energy in the 1980s. Britain has nominally had an energy policy since 1945 but a comprehensive and consistent policy, suited to needs and resources, has never been fully developed. This is a problem which Britain will not be able to escape as, in the long term, North Sea reserves will run out and hence energy is a subject which will be of concern in the coming decade. John Goode discusses the Labour Party's attempts to formulate such a policy and the Conservative response to Labour's energy programme. He sees a need to reformulate energy plans to go beyond 'seventies' ideas to take into account ecological, environmental, international (and Third World) and ownership objectives. He notes a need to continue Tony Benn's policy of opening up debate on energy issues and calls for a scheme of job creation to enhance energy conservation.

Though race and race relations have been a part of British politics since the early 1960s, they have not been treated rationally nor have they received the sort of attention they deserve. Geoff Driver argues for a need to go beyond mere equality of opportunity for every individual towards an acceptance of the legitimacy of the collective concerns of minorities which, so far, have been treated as 'outsiders' in Britain. He stresses the need to acknowledge that the minorities are not just aggregates of individuals but groups which possess distinctive community affiliations and that this calls for something more than the mere recognition of individual rights, even though these are important. He reviews education, policing, policy, law and social policy in this light before he makes recommendations on future policy.

Bernard Nossiter, the American commentator on British politics and society, has noted the pressing need for action on the United Kingdom's racial problems and has stated that this (along with Ulster) may well be the paramount difficulty of the 1980s. Geoff Driver puts the case for a radical reappraisal and for a Labour Party initiative in an area where, although rather unclearly against discriminatory practices, the party needs to enhance community interests. He suggests that the Labour Party should become acquainted with developments in the minority communities and should increase its membership in these groups. In politics generally, he says, there is a challenge to go beyond rhetoric towards the practical implications of pluralism.

Conservatives entered the eighties boasting of a radical alternative to

Labour's education policy and claimed that 'socialist principles' had ruined standards in schools and colleges. John Gunnell examines the Conservative programme's boast in his chapter on labour and education but he points out that an education policy will be needed which local government can apply despite the national opposition that will come from the Thatcher Government. In his chapter he argues for a radical policy reinforcing the egalitarian thrust of post-war Labour in this sphere. Conservatives will try to reverse the comprehensivisation started by Labour but Gunnell argues the need to go beyond the limited measures so far tackled and diminish the power of the private sector.

John Gunnell deals with the nursery, primary, secondary and higher education policies which Labour should be introducing in the eighties. He notes that, in the recessionary atmosphere of the coming years, the working class will suffer and he maintains that the completion of the comprehensive system must be made the top priority, particularly as this can be done without any demand being made on more resources. (He also calls for policies to bring internal democracy to schools.) However, his call for more effort for post-16 levels of education will, he notes, need cash, as will his suggestion for a mandatory awards system. He details these and other policies in his chapter which tackles one of the areas where the Conservative re-creation of an unequal society will become more obvious as the eighties progress.

Robert Elmore's contribution, 'Social Service Policy' (Chapter 8), focuses particularly on a social policy adapted to an era when resources are likely to be relatively fixed and when there will be no big economic expansion. He starts by considering the political principles on which social policy ought to be based, goes on to estimate the likely nature and intensity of the social problems of the eighties and then makes some suggestions for Labour Party policy. His main conclusions are that attention ought to be directed towards extended educational resources, additional work opportunities, developed methods for measuring the outcome of social policies, an attack on discrimination, flexible retirement, a review of the education system, a programme of 'preventive' social policy, the monitoring of social change by an agency for that purpose, reconciliation of European social policies, and a more open attitude to social and economic planning. Robert Elmore is concerned to ensure the progressive reduction of market criteria in social policy, social integration, equality and mutual co-operation in a programme which can efficiently get the best out of limited resources.

Tony Eddison takes as his starting-point the general confusion in

local government policy since the Second World War, despite the strong policy lines in other areas. He addresses, in Chapter 9, two critical areas: the tension between centre and locality, and the support for local politicians to do their job. These issues involve the problems of local democracy and accountability as well as of administrative efficiency, and Eddison discusses the paradox of the calls for stronger local government which have, as yet, remained unanswered.

In considering the lessons of the seventies he suggests that there are two basic areas where change has to be sought. The first area is the position of local government finance (a problem that appears elsewhere in Europe) which has been tackled before, in the Layfield Report — amongst others. Tony Eddison reviews the case for a local income tax and suggests that the argument has not been properly settled. In the second area, he believes that there is need for a rethink on the policy controls between levels of government — that central government 'will have to let go'. He also stresses the need to support the local councillor to revitalise democracy and enable local authorities to govern by reducing the obstacles they have to face. Finally, he states his belief that the health authorities and the police have to be brought under much more direct political control in a conclusion which invites a re-consideration of the current local position and a need for fundamental reforms in the 1980s.

Dianne Hayter's analysis of the Labour Party (Chapter 10) deals with problems of internal organisation and democracy as it applies to Labour itself. As she points out, this chapter is different from the others in that it deals with an internal matter — and one which currently causes the most political division within the movement. The conflict between right and left in the party has somewhat envenomed these issues. Dianne Hayter has, however, made a number of proposals. She argues that the single most important reform needed is to build up membership but that this is of a piece with the financial problem of a Labour movement which is on the verge of being bankrupt; thus control of finance has to be revamped. Detailed suggestions are made for a recasting of Labour's organisation in the regions, in the National Executive Committee leadership, in policy making and finally in the workplace. This chapter is somewhat larger than the others because the subject with which it deals is of evident concern to Labour members and will no doubt remain a major preoccupation to a party in opposition for the next few years.

A final chapter takes the contentions and divisive issue of the Common Market and discusses what policies the eighties will demand