

LABOURISM AND THE LABOUR GOVERNMENT

John Saville

"Whoever is in office, the Whigs are in power."

THE argument that all political parties in Britain, who style themselves reforming and progressive, behave like conservatives when in office and have done so for the past hundred years, has received increasing support from the evidence of the last few decades. In general terms, the behaviour of Liberal Governments before 1914 and of Labour Governments after do show remarkable similarities. Their administrations can usually be relied upon to lose their political nerve some time before they have to face the electorate once again: serious factional quarrels commonly develop between various ministerial groups and there are often resignations: the legislative programme of social reform is normally well below the expectations of their followers in the country; and above all, the foreign policy of their Conservative predecessors is never deviated from. These are not, in general, propositions to which members of the present Labour Party in Britain are likely to agree, whichever political wing of the Party they belong to. The Labour Party adopted a socialist constitution in 1918 and its members genuinely believe that Labour politics are concerned with some degree or other of radical change. It is a matter of sober fact that the left wing of the Labour Party have always assumed that the achievement of socialism will be possible through the Labour Party, as the only mass political organization of the British workers, and that the assumption of office by Labour will be the starting point for the advance to socialism. Here, for instance, is the editorial in *Tribune*—the leading journal of the Labour left—written immediately after the General Election of Spring 1966 which returned Labour to power with an unassailable majority:

"The argument now is about the implementation of Socialism in Britain. We believe that the leaders of the Government know that well; they know also that the whole Labour movement will support them in their efforts to establish socialism. But should they instead decided to take the path of compromise they can expect a sharp reaction from the whole Labour movement."

It is, no doubt, the long intervals between Labour Governments in Britain that have encouraged the illusions that encrust the movement

concerning the socialist potential of a future Labour Government. It is worth emphasising that after the establishment of the Labour Party in 1900—in a country where manual workers have formed the majority of the electorate—it took **45** years, two world wars and the most serious economic crisis that industrial capitalism has ever experienced before a Labour Government was elected with a workable majority in the House of Commons. Not to put too fine a point on it, this is hardly a success story; and it is understandable that the long wait for the promised land has nurtured the fond hopes of a socialist initiative in those who have been tilling so patiently the stony soil of twentieth century Britain. So far, moreover, the experience of office has not been followed by scepticism or disillusionment on any extended scale. Despite their obvious incompetence, the two Labour administrations of **1924** and **1929** were minority affairs, and the long interval of time between **1931** and the majority Government of **1945** was sufficient to allow the magic of socialist rhetoric once again to rehabilitate itself. Political memories in most parties and political groupings seem to be a curious mixture of elephantine persistence and almost total oblivion. and certainly in the Labour movement, memories of past follies of Labour administrations have had plenty of time to fade and grow dim, before the next shock is administered.

Myths and illusions form an interesting and often an extraordinary part of the political behaviour of many individuals who make up the Labour movement. If this were not so, the cultivation of private gardens would perhaps be carried on even more vigorously than is already the case; and nowhere is the matter of myth so pervasive than in the record of the Labour Government of **1945**. This is the example often used to attempt to disprove the thesis about the generally conservative nature of self-styled reforming Governments. Even for those who do not accept the exaggerated views of social transformation the Labour Government was supposed to have brought about: "in my opinion the Labour Government between **1945** and **1951** did in fact appreciably modify the nature of British capitalism"—the memory of a Government which broadly carried out its mandate from previous Labour Conferences and which established the Welfare State is still a very sympathetic one; and mention of the National Health service is usually sufficient to attenuate more critical views.

It is true that the Labour Government after **1945** broadly carried out the programme which Labour Conferences had agreed upon. By **1948**, the nationalisation proposals of Let Us Face the Future—except for iron and steel—had been placed on the Statute Book and the Government had brought into operation its universal insurance system and the National Health Service. Given the problems of transition from

war to peace and the acute economic problems of post-war Britain, the Government was not unreasonable to claim credit for its achievements. It had kept faith with those who had voted it into power and it could make this claim with some justification. The real question remains: what was the nature of the social change involved? Did the Labour Government do any more than continue the line of social advance that the Liberals had begun in 1906? What is the historical assessment of the 1945 Government in post war history, looked at as a whole? It is the answers to questions of this kind that provide a very different picture from that which is usually accepted of these two post-war Labour Governments.

What remains in most people's minds is the social security legislation of the Attlee Government. The claims made by Labour apologists are that the system of welfare benefits introduced after 1945 were superior to those of any other advanced industrial country, and that this comprehensive system was complemented by a major **re-distribution** of income that had begun during the war and was continued in the years that followed. Neither claim is today acceptable. The belief that income and wealth were redistributed in favour of the working people has now been thoroughly exploded, and the intellectual constructs which the Labour intellectuals—Strachey and C. A. R. Crosland in particular—erected upon these supposed facts have now demolished themselves. The evidence was reviewed in the 1965 *Socialist Register*.¹ By the early 1960's acknowledgement of the inequalities of income and wealth began to be discussed in **official** Labour Party statements and the facts provided an essential part of the propaganda which the Labour Opposition used during the General Election of 1964. The other leg to the argument about the 1945 Government—that its social **security** programme represented a major achievement of universal application—has been undermined both by research into the facts of **contemporary** Britain as well as by the increasingly unfavourable **comparisons** of the British social services with those of other countries, in particular with the Common Market countries. Mr. **Richard Crossman** has recently noted that the Beveridge system of flat-rate contributions and benefits, which formed the basis of the national insurance scheme introduced after 1945 "was obsolescent years before it was **introduced**";² and there has grown up in the past ten years or so a body of literature which has analysed the welfare state policies of 1945 in terms of their greater material and financial benefits to the middle classes rather than to the working people. The middle classes, in fact, get a good deal more than their share of the public social services, in particular education: they draw as well special extra benefits from their occupations, such as sick pay, pension schemes, regularity and security of employment, substantial fringe payments in

cash and kind; and in addition there are the concealed social services provided for by tax concessions of many kinds. The middle class tax payer can claim for children, for old age, for mortgage payments, for life assurance: and until recently, untaxed capital gains, and the many ways of legally avoiding tax by the use of covenant payments, have been open to them, and have been widely used. The fact that the middle classes do not think of tax allowances and tax concessions as social services is beside the point. They are. In 1958 children's allowances paid to every mother cost the State £120,000,000; child allowances on income tax were worth £320,000,000. Mr. Brian Abel-Smith summed up in *Conviction*: "The middle classes get the lion's share of the public social services, the elephant's share of occupational welfare privileges, and in addition can claim generous allowances to reduce their tax liability. Who has a Welfare State?"⁴ A further and more recent comment is also worth quoting since it comes from one who has no prior sympathy with the general ideas of the Labour movement. Sir Roy Harrod in 1963 produced a volume for the Economics Handbook Series edited by Seymour Harris of Harvard University. It was written mainly for the American academic market, and after discussing the social welfare measures introduced by the Attlee government. Harrod summed up:

"Whereas Labour should be given credit for enthusiasm and efficiency in putting through the necessary measures, it is not clear that there is much in the items, as listed above—apart, perhaps, from the free health service—that either constitutes a radical departure from pre-war British policy or is widely different from what the Conservatives would have done. Foreign ideas about all this have been very much out of balance."

The administration of Mr. Attlee that took power in 1945 had only the vaguest idea about the structure of the social services which it wanted to alter and improve. It took what was to hand, and the results were much more modest than was recognized, either by friend or enemy, at the time. The British legislation has been matched and in most respects improved upon by the development of social security schemes in Western Europe from about the middle 1950's onwards; and it is now clear, although hardly a novel analysis, that such measures are a necessary and essential part of the structure of advanced industrial societies. They serve a number of purposes. They help to take the edge off the harshness and insecurity which is a built-in characteristic of industrial life: they are the partial safeguards against the accidents of ill-health, sickness, disability or death of the wage earner and his family. From a strictly economic point of view it is inefficient to have large numbers of illiterate or semi-literate workers, since increasing degrees of skill are being demanded by the develop-

ment of technology; and it is equally uneconomic to have a working force that is ill-fed or sickly. The differences in the scope of social welfare legislation in individual countries, between America for example, and Britain, are largely the product of different political environments and above all of the strength and **vigour** of the respective labour movements. It is certainly the pressures of the movement in Britain that have been responsible for much of what has so far been secured; but having made this general point, the basic similarities between countries of differing climates of opinion should also be **recognized**.⁶

In other fields of economic and political life, the conservatism of the Attlee government was even more pronounced. The administration took office in the closing months of the war; and when the war ended, in August 1945, it was confronted with the immense task of switching a war economy to a peace-time basis. Millions were waiting to be demobilised from the armed forces: there was widespread bombing destruction and the housing problem was acute. A traditionally **export**-orientated economy had to begin paying its way in international terms, a problem made more acute by the abrupt termination of Lend-lease at the end of the war. The Government inherited an economy whose pre-war record, in terms of its general rate of growth, industrial structure, productivity and the overall balance of payments, was unsatisfactory. The staple export industries of the pre-1914 era—especially coal and textiles—experienced serious excess capacity and unemployment during the inter-war period, and were contracting too slowly. By the end of the thirties the British economy had only partially re-adjusted itself to the new world conditions. The share of British exports in world trade was falling steadily, and during the 1930's there were deficits in most years on the balance of payments current account. While during the war years there was some improvement in productivity in certain sectors of the economy, pre-war industrial productivity as a whole was probably not overtaken until mid-1947, after which time the increase was considerable. Exports had fallen in the later stages of the war to about one-third of the pre-war volume. In sum, Britain was faced with a major economic effort, but by 1950 the economy had made a remarkable recovery. Industrial production was rising fast, productivity was increasing at a faster rate than in the pre-war years and export volumes, above all, had shown a notable rise to 75 per cent above the 1946 level while import volumes were still below the 1938 figures. Looked at after twenty years there is no question that the transition from war to peace was accomplished much more successfully than after world war one, and in a number of respects certain of the structural deficiencies of the inter-war period were now being **remedied**.⁷

The crux of the matter for socialists is, however, of a different order. What was it that was being remedied, and in whose interest? Did the Labour Government after 1945 do any more than effect a transition to normal peace-time functioning of an economy whose foundations and structure were basically unchanged? A decade or so after the propaganda smoke of the immediate post-war years had cleared, and economists and statisticians began once again to look carefully at the class structure, it was discovered that Britain in the early 1960's exhibited all the economic and social characteristics that had been the intellectual stock-in-trade of Labour propagandists of the 1930's and earlier periods. In particular, to quote Professor James Meade, "no less than 75 per cent of personal property was owned by the wealthiest 5 per cent of the **population**."⁸ Full employment and the rise in living standards had not touched the basic divisions of society into the property-owning minority and the remainder of the population who worked for wages and salaries: for the concentration of income from property was even more marked than property ownership itself, with 92 per cent of income from property going to the same five per cent of the population. This was certainly not the result of the years of Tory "freedom" since 1951, although the Tories did their best; but since there had been no inroads of any fundamental kind in the ownership of wealth, all the Tories had to do was to manipulate the tax structure, in the interests of the wealthy, to ease the pressures here and there, and to offer more possibilities of profit to private enterprise.

When we look back at the economic policies of the Attlee government it becomes only too plain there was never any intention, on anyone's part, to do other than pursue a line of economic and industrial orthodoxy. Of the industries which were nationalised, coal and the railways were virtually bankrupt, and any Government would have been forced to provide massive financial support for the large scale investment that was required to achieve some degree of efficiency.

Nationalisation was one possible method out of several, and the way it was **carried** through in these two industries left unaltered the structure of industrial relations, rapidly increased the burden of debt, which provided an increasing rentier income to property owning individuals and corporate institutions, and offered a cheap service to the capitalist sector of industry. The same considerations apply to gas and electricity, also nationalised by the Attlee government, but coal and railways have a special place since the opportunity for a radical solution could easily have been taken. There is now a considerable literature on what has been called the "subordination" of the nationalised industries "to the short run needs and interests of capitalist **industry**";⁹ and it makes **sorry** reading indeed. In their dealings

with the private sector of industry the Attlee administration just carried on the controls it inherited from the war. The machinery of consultation and control, involving a close relationship between industry and the Government, had been fully developed during the war years, when not even Mr. Crosland is anxious to claim that socialism was advancing steadily, and the system had been bitterly criticized both inside and outside the Labour Party. Those who were involved in planning and the operation of controls continued to be drawn mainly from private industry, as they had been during the war years. For most of the period of the first Labour Government the principal industrial advisor to the Board of Trade was the chairman of the British Rayon Federation. The Capital Issues Committee set up during the war was taken over by the Labour Government: its functions were to approve or deny new issues on the capital market, and it was composed of seven bankers, stockbrokers and industrialists. The only representative of the Treasury, no doubt included to safeguard the interests of his socialist ministers, was secretary to the Committee and took no deliberative part in its discussions. So the list can be extended:

"The leather controller at the Board of Trade until later 1951 was an official of the United Tanners' Federation. The match controller in 1946 was an official of Bryant and May, Britain's largest producer of matches, and for a time had his offices on the firm's premises. The paper controller was the Chairman of the largest paper manufacturing firms. The footwear controller was a director of the shoe manufacturing firm of Dolcis, and the hosiery, furniture and tobacco controllers or advisors were trade officials. Employees of Distillers Ltd., occupied the top posts in the Molasses and Industrial Alcohol Control of the Board of Trade, and the Cotton Control according to a Government spokesman, was 'largely recruited from Liverpool's cotton firms'. The Board of Trade's largest control, through most of the period, the Timber Control, was almost entirely staffed by industry people, a number of whom, occupying senior position, were unpaid."¹⁰

What is good for General Motors. . . ; but controls, even when your friends are administering them, do get in the way, and most of industry, while recognizing a good thing when it was presented to them, clamoured for the free, mostly uncompetitive market. The Government agreed with the business men, and from about mid-1948 there was a substantial dismantling of controls and a shift to the market system.

Through its controls and machinery of planning the Labour Government in the post-war years was giving administrative expression to the views of the war-time Coalition Government in its White Paper on *Employment Policy* of 1944. In this, the view was given that there would inevitably be a transition period in the first years of peace during which there would still be required the rationing of consumer

goods, the allocation of raw materials and other types of control designed to ease the difficult problems of transition in a situation of scarcity. The bitter experience of the years which followed 1918 were in everyone's mind, and a free-for-all, with immediate removals of all controls, was not in the interests of business in general, and it carried unpleasant political implications. What was needed was an orderly progression to the point where scarcities had been largely overcome and where above all labour had come to appreciate the difficult nature of the economic problem; and then would come the time for private enterprise to flourish like the bay tree. The crux of the matter was the attitude of labour in general and of the trade unions in particular. There had taken place a notable radicalisation in political opinion during the war, of which the rejection of Churchill and the Tories at the General Election of 1945 was the obvious expression. The Labour Government tried to win the support of business, and it did not wholly fail by any means; but it was crucial to ensure the acceptance of the trade union movement for its policy of austerity, wage restraint and no utopian nonsense. To cut a heated story short the Government, with the full co-operation of most of the trade union leaders, won the considerable propaganda battle for the peaceful transition to the years of the businessmen's bonanza in the 1950s. In the six years after 1918, and not including the year of the General Strike, some 187 million days were lost through strikes and lock-outs: in the comparable period after 1945 the figure was just short of 13 million. There were important differences in the climate of political and industrial opinion in the two periods, but there can be no doubt that a Conservative Government in office after 1945 would have been unable to extract the high degree of industrial discipline and the general loyalty to the Government that the Labour Party was able to achieve. Britain in these years after 1945 was being made safe for the era of profiteering, capital gains and expense account rackets that followed the resumption of office by Britain's traditional rulers in 1951. The great majority of tradeunionists were not aware, of course, of what was in store, and again it was the smokescreen of propaganda being put up by **both** Labour and Tories that contributed to their mystification. Labour went on telling their own supporters that they were part of a great social revolution the like of which had never previously been seen in the country; and the Labour intellectuals kept on repeating the story in the years which followed, and embellishing it with sophisticated theoretical constructs such as that provided by Mr. Crosland in the *New Fabian Essays* of 1952, in which he explained to any puzzled manual worker who happened to read the article, that he was no longer living in a capitalist but in "a qualitatively different sort of **society**".¹¹ Important though this mystifying discussion was, in inducing bewilderment in the minds

of Labour supporters — since the facts of work-a-day life were in sharp contrast with what the workers were being told about the social revolution of which they were supposedly the beneficiaries—even more helpful in encouraging loyalty to the Labour Government were the screams of apparent pain coming from the other side of the fence. "I have not forgotten", John Freeman wrote in 1959:

"... the tension of rising to answer questions or conduct a debate under the cold, implacable eyes of that row of well-tailored tycoons, who hated the Labour Government with a passion and fear which made them dedicated men in their determination to get it out of office and to limit the damage it could do to the world which they saw as theirs by right."

What the ineffable Angela **Thirkell** called the Brave New Revolting World was hated with a fury that nearly knew no bounds by the British middle classes. What Mrs. Thirkell put into the mouth of one of her characters—a university teacher—was echoed up and down the land by a middle class that thought itself surrounded by the enemy:

"What is interesting, though I must say even to a philosopher damnably galling and uncomfortable, is that we are living under a Government as bad as any in history in its combination of bullying and weakness, its bid for the mob's suffrages, its fawning upon unfriendly foreigners who despise it, its efforts to crush all personal freedom:"

The middle classes were being told by reputedly sober journals like the *Economist* that "At least ten per cent of the national consuming power has been forcefully transferred from the middle classes and the rich to the wage earners".¹¹ Against the background of shortages, from which, of course, the ordinary working people suffered much more than the middle income groups, the British middle classes firmly believed in the hostility of the Government towards them. Most of the press said the same thing, and the unrelenting vigour of complaint and opposition against the Labour Government inevitably consolidated the ranks of its own supporters. There were many matters of policy upon which the labour militants disagreed with their Government, but the alternative? The way the Tories were carrying on in the closing years of the forties made it abundantly clear that they were of the same breed, in many cases the same personalities, as those of the years of the Hunger Marches, appeasement and the betrayal of Spain. Fighting on two fronts is always a difficult exercise and to oppose the Tories in *toto and* the Labour Government on many counts was not a technique of class battle which appealed to many, or at which many were competent.

There were several fundamental issues on which there was profound disquiet. The wage freeze was one, but of greater significance was the foreign policy of the Labour Government taken over from the **Con-**

servative Party without change. The Foreign Secretary was Ernest Bevin, a shrewd, rough, parochially-minded trade union leader with a genuine ability for administrative work which he had showed to great advantage during the war years, but who was quite incapable of seeing through the sophistication of his Foreign Office officials. The Foreign Office, like the Canadian Mounties, always get their man, and they hooked Ernie Bevin very properly. Bevin in some matters was simply an unpleasant man: before a working class audience he was a demagogue; and he had an overweening arrogance that at times was unbelievable. What follows is a short extract from his speech at the Labour Party Conference in 1946, when he had already begun his virulent anti-Soviet propaganda and policy:

"I said to Maisky [The Soviet Ambassador] on one occasion: 'You have built the Soviet Union and you have a right to defend it. I have built the Transport Union and if you seek to break it I will fight you'. That was a proper position to take up. Both were the results of long years of labour. After that there was a slightly greater respect for my view. I think that is fair.'"

The Foreign Office loved Bevin: so did the other Tories in Westminster. In Greece and Palestine, and in a hundred and one corners of the world where the British Empire continued its usual bloody if now tattered existence, Bevin was to be found pursuing straight Tory policies. He was a front runner in the Cold War and set the example for later Labour Foreign Ministers of acquiescence in American policy when the American State Department called their allies to order. Being economically beholden to America no doubt made it easier for Bevin to agree on behalf of Britain. The Cold War **was** a confusing phenomenon, and Stalinism inside Russia made it only too easy to sell the Cold War to the British Labour movement. Its consequences have been disastrous. Throughout the post-war era, Britain has remained a more or less happy, and usually quite docile, satellite of the United States. In a world ravaged by the struggle for colonial liberation, and by the fierce nationalisms of the under-developed countries, Britain has pursued consistently repressive policies towards the emerging nations; and in Europe she has underwritten the tensions of the Cold War. In Greece, Palestine, Malaya, Egypt, the Persian Gulf area, Guyana and today Vietnam, the name of Britain is the name of a country which has steadily fought alongside the old, decaying social and political forces which are obstructing and, where possible, strangling progress; and she has done this either on her own account or at the instigation or with the support of the United States. Viewed from afar, a Labour Government succeeding a Conservative Government is the change from **Tweedledum** to Tweedledee. There is no change.

The Labour Governments of 1945 to 1951 began these post-war

policies. On a world scale, or looked at in historical perspective after twenty years, the social legislation of the Attlee Government is but the long overdue, and certainly modest, offering of a rich society to the majority of its population who are producing its wealth. The Attlee administrations engineered the change-over from a war to a peace economy with remarkably little social disturbance. In this matter and in this matter only there was a crucial difference between a Labour and a Conservative administration; and in the way that the transition was effected, the Labour Governments disillusioned its own militants, encouraged a far-reaching cynicism among the more non-political workers, brought the name and ideal of socialism into disrepute, and, by its streamlining of the economy, provided a spring-board for the rich to take off into the profiteer's paradise that was the outstanding feature of the 1950's.



How it comes about that those who win elections with socialist phrases on their lips—and most are not conscious hypocrites—and then proceed to administer a capitalist society, which they have previously denounced, in as efficient a way as possible, is one of the central ironies of modern British history. For socialists who have **struggled** to put their leaders in power, it is tragedy.

Politics is about power: the sources of power and their political expression; and the leaders of the British Labour Party have always had a markedly narrow understanding about the nature of the problem. For them, power means Parliamentary power. They have been told by constitutional historians that there are no restrictions upon the ability of the British Parliament to legislate what it likes, in terms of individuals or things. Parliament is a sovereign body, and for the Labour Party leadership power means control of the Government, and politics is concerned with Parliament and the winning of majority government through the ballot box. The argument that the owners of property will not allow themselves to be legislated out of existence is **not** one that is meaningful to those who have been nurtured in this tradition. It is an attitude and a belief that in Britain amounts to an act of faith, and it antedates by many years the foundation of the Labour Party in 1900. It has, however been given a very special flavour by those in the Labour tradition since verbally at least the movement has been dedicated to **transforming** capitalism into something different. But long before the labour movement adopted an official constitution that was socialist, the British labour movement was already enveloped within the myths and illusions that the main path to social progress lay through Parliament. It is, indeed, one of the wry turns and twists of history that in the country where the demand for the vote first

became a political issue of a radical-revolutionary kind for the masses—in the Chartist period in the first half of the nineteenth century—the successful achievement of the vote by workmen has been accompanied by an adaptation to the Parliamentary system it was originally intended to transform. Before 1850 universal suffrage meant democracy, and democracy was understood to mean social-democracy. In the years of Chartism, not only in Britain but over western Europe as a whole, democracy had not the emasculated and anaemic meaning that it has today. When the working people referred to themselves it was as The Democracy: used by the ruling classes it had all the prejudices of Edmund Burke's "swinish multitude". When Engels wrote of the programme of the Chartist movement: "These Six Points . . . harmless as they seem, are sufficient to overthrow the whole English constitution" he was only saying what his contemporary Macaulay was expressing specifically, that the enfranchisement of the proletarians would be followed by "great and systematic inroads" against property and the propertied classes. It did not happen. With the failure of the European revolutions of 1848, and the parallel decline of the Chartist movement in Britain, working class ideology became blurred and muddled, and working class aspirations, above the level of trade union activity, were diverted towards the achievement of the franchise in a now much narrower context. Increasingly, the politically conscious sections of the working class began to accept the Liberal Party as the party of progress, and parliamentarism on the national plane and town politics on the local, as the road to working class improvement. There is a good deal more to the working class tradition as it developed in the second half of the nineteenth century than this acceptance of the parliamentary road, and it was much tougher and called for greater stamina and self-sacrifice than is often recognized;¹⁸ but when all the qualifications have been made, parliamentarism as the way of political life did become a central part of the evolving labourist tradition.

It was the Fabians who articulated the labourist philosophy. Their philosophy, it needs to be emphasised, was grounded in an acceptance of historical inevitability as firmly as any of their marxist contemporaries. Sidney Webb constantly emphasised what he later described as the inevitability of gradualism¹⁹ and was always quoting historical examples to prove his point. He argued that the growth of an increasingly complex society would itself compel an increasing interference by the State, and that this would be reinforced by the development of political democracy; by which he understood the growing consciousness among the working people that political power now resided in them as the majority of the nation. Inevitably, Webb argued, the workings of political democracy would curtail the power of property

over the lives of ordinary people. Summarizing political developments in the decades prior to 1889, Webb wrote:

"The liberty of the property owner to oppress the propertyless by the levy of economic tribute of rent and interest began to be circumscribed, pared away, obstructed and forbidden in various directions. Slice after slice had been gradually cut from the profits of capital, and therefore from its selling value, by socially beneficial restrictions on its user's liberty to do as he liked with it."

The fact that this extraordinary and quite wrong-headed claim by Webb reads like a press statement from the contemporary Liberty and Property Defence League, whose activities were devoted to exposure of the Jacobin tendencies of Mr. Gladstone and spoliators of that **kind**¹⁹ must not obscure the general point that Webb is establishing. He was right to argue that the existence of political democracy would in time mean a growing response by the traditional political parties to the demands coming from below, and that unrestricted individualism could not provide acceptable standards of living for ordinary people. He called these reforming trends "unconscious socialism" which he was convinced were irresistible.

The Fabian theory of historical inevitability rests upon one major assumption: that the Government in a political democracy are in full control of the State and State power, and that upon the Government's ability to legislate there are no effective limitations. It is based upon the postulate of the State's neutrality: that any administration which takes power *ipso facto* is in full and complete control of its legislative programme. There is a famous passage which forms the conclusion to Bernard Shaw's *The Impossibilities of Anarchism* in which Shaw makes explicit the theory of the State underlying the Fabian confidence in historical inevitability:

"It is easy to say, Abolish the State; but the State **will** sell you up, lock you up, blow you up, knock you down, bludgeon, shoot, stab, hang—in short abolish you, if you lift a hand against it. Fortunately, there is, as we have seen a fine impartiality about the policeman and the soldier, who are the cutting edge of the State power. They take their wages and obey their orders without asking questions. If those orders are to demolish the homestead of every peasant who refuses to take the bread out of his children's mouths in order **that** his landlord may have money to spend as an idle gentleman in London, the soldier obeys. But if his orders were to help the police to pitch his lordship into **Holloway** Gaol until he had paid an Income Tax of twenty shillings on every pound of his **unearned** income, the soldier would do that with equal devotion to duty, and perhaps with a certain private zest that might be lacking in the other case. Now these orders come ultimately from the **State**—meaning, in this country, the House of Commons. A House of Commons consisting of 660 gentlemen and 10 workmen will order the soldier to take money from the people for the landlords. A House of Commons consisting of 660 workmen and 10 gentlemen will probably, unless the 660 are fools,

order the soldier to take money from the landlords for the people. With this hint I leave the matter, in the full conviction that the State, in spite of the Anarchists, will continue to be used against the people by the classes until it is used by the people against the classes with equal ability and equal resolution."²⁰

This belief in the neutrality of the State—which for the Labour Party, as for Bernard Shaw, has always meant the House of Commons—has been accepted by Left as well as Right within the Labour movement in the twentieth century; and when things go wrong, as they invariably do, and the hopes of the reformers are liquidated, then there is added some simple conspiracy theory of a banker's ramp, at home or abroad, or in combination. What has never been understood is the nature of economic and political power in industrial Britain, where two fifths of all private property is in the hands of one per cent of the adult population: where the wealthy groups are linked by social background, marriage and top business positions: where the identity between the wealthy and the politicians of the Conservative Party is very close; and where all the leading social and political institutions mirror the dominance of the wealthy classes. Britain is ruled by an élite which has its main economic basis in industrial and financial capital but with the old landed classes still important: its younger members use the leading public schools and Oxford and Cambridge as their private educational establishments, and the Conservative Party, the administrative grade of the Civil Service and the top managerial positions in business and banking as their providers of earned income. Britain is a profoundly conservative society with a traditional institutional framework within which political decisions are taken. The limitations upon the real power of the House of Commons are such that to accept the conventions of Parliamentary Government means to accept the impossibility of change that is radical in any meaningful sense. No leader of the Labour Party has ever considered stepping outside Parliamentary conventions or going beyond the constitutional proprieties of Parliament. When, as in the days of the 1926 General Strike, there was being revealed a naked confrontation of class interests, the Labour and trade union leadership fell over themselves to reach a compromise, which in the event became capitulation. As J. H. Thomas said at the time, and he was speaking for the Labour leadership as a whole: "I have never disguised that in a challenge to the Constitution, God help us unless the Government won" (3 May 1926); and since 1926 there has never been a challenge of any serious kind to the position of the ruling class.

When a Labour administration takes over the Government, they inherit a large bureaucratic apparatus that is continuing to administer the affairs of the country. The first thing a Labour Government does

is to carry on, using the accepted and traditional practices and procedures. Its ministers slip into the seats just vacated by their Tory predecessors, and are served by the same Civil Servants whose social background is attuned to Conservative traditions. Socialists even of a moderate kind are rare in the higher reaches of the Civil Service: left wing socialists entirely absent. Labour ministers are for the most part men who have spent many years already in Westminster: Parliamentary practices and procedures are accepted as right and proper and fundamentally unalterable, including the fiction of the neutrality of the Civil Service. Assuming that the Government has some reforming intentions, the complicated processes begin of drafting new legislation and then getting it accepted: first, from within the Civil Service and then by Parliament. The pressures on a Minister from his Civil Servants, from outside vested interests, from the Tory opposition in Parliament are intense and continuous; and the more radical the measure the greater the weight of opinion and interest with which the Minister responsible will have to contend. In the case of legislation that is genuinely reforming in intention the pressures to narrow its scope and limit its application will be unceasing and unrelenting: and the reform when it finally appears as an Act of Parliament will be a good deal more orthodox and limited than when it began its passage as a draft measure. There is, indeed, a general law of social change which can be applied to social and political reform measures in Britain. It is a law of delay, for to the conservative interests in society delay means life and an abundance of opportunities to trim, modify and limit reforming measures as they continue their long journey through political life. It is the density and tenacity of conservative institutions in Britain that defeats the genuine reformer and when reform is finally granted, often after years of weary struggle, its significance is usually exaggerated. The Labour leaders are inhibited in a fundamental way by their parliamentarism: by their unshakable belief that all the British are gentlemen and will play the Parliamentary game according to its rules. They have, it must be admitted, good reason for these beliefs since nothing has ever been done by the Labour leadership to cause the gentlemen of England to abandon their acceptance of the rules; but the record of the same gentlemen in other parts of the world, and on occasion in their own country, makes it abundantly clear that rules are adhered to simply because there is no point in abandoning a system that so far has provided satisfactory answers.

The Labour leaders, and even more their followers, are in a real sense still in a state of innocence. Most of them are not cynical about their ideas or their ideals: they do genuinely believe that by winning a Parliamentary majority they can then proceed to construct a new kind of society without any serious hindrance from those whom **exist-**

ing society exists to benefit. The only trouble with this belief is that it never works. Labour Governments in practice have never altered anything of a fundamental kind: they use the existing administrative machinery through which to develop their policies and what emerges is recognizable only in conservative terms: they spend their energies attempting to woo the business community to more dynamic paths of growth; and their social reforming programme is easily adapted to the workings of traditional society. In all this there is one difference only between the Attlee administration and the present Wilson Government: the former at least began as a reforming administration, while the Wilson Government has not yet achieved this rôle but has moved from its earliest days along the straightest conservative path.

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When Mr. Wilson took over the Government in the autumn of 1964 with an overall majority of three he inherited an economic crisis the responsibility for which he was able to insist lay with the Conservatives; and throughout the life of his first Government, until the General Election of the spring of 1966, this was a well-worn theme of Labour propagandists. There was much truth in the argument. The Tories had been in office since 1951, having themselves inherited an economy from the Attlee Government which, whatever its temporary difficulties, was not in bad shape at all. The austerity imposed in the immediate transition from war to peace and the emphasis upon the need to export had brought a high rate of growth in the last years of the 1940's, although this was soon to decline after the Tories returned to power. Business interests were decidedly opposed to any further restraints on the pleasant duty of making as much money as possible, and the victory of the Tory Party in the 1951 General Election was the signal for a decade of profiteering to begin. Between June 1952 and July 1955 the *Financial Times* index of industrial ordinary shares more than doubled, and there was another spectacular boom in share prices between 1958 and the middle of 1961. Gross dividends and interest received between April 1951 and April 1964 amounted to £18,536 million pounds. The average rich man, as a result of the rise in share prices more than doubled his capital in these thirteen years "without having to exercise his brains. If, however, he had invested his capital shrewdly in equity shares or made use of the professional brains available in the City he would have trebled it." While in industry proper, there were not the gambling possibilities of the Stock Exchange, or the licence to print money that was the case with commercial television, it was difficult for anyone not to make profits; and the abuse of the expense account, as well as the growth of fringe benefits—representing legal ways of tax evasion—all meant an extraordinarily plush decade for those who

already had money and could set it to work to earn more. There has never been a decade like it in the twentieth century: this, perhaps, is what John Strachey meant what he wrote of the 1945 Labour Government "appreciably" modifying the nature of British Capitalism.

During these years of money boom and profiteering, the British economy showed a much slower rate of growth than almost every other advanced industrial nation. Exports stagnated from 1951 to 1954, then showed a spurt between 1955 and 1956 followed by a further stagnation in the late 1950's. The balance of payments was almost always in a shaky condition with some years of serious crisis, 1964 being the most serious of all. While, therefore, it is legitimate to ascribe to the Tories the major responsibility for the worsening economic situation in the ten years before Labour once again came to power, what the Labour leaders forgot to mention was the part which overseas military expenditure played in the payments deficits, and the steady support which the Parliamentary Labour Party had always given to Tory foreign policy which was responsible for these deficits. Moreover, it needs to be emphasized that it was the Labour Government of 1945 that continued the pre-war pattern of colonial repression,²² and that within a few years after the end of world war two the Labour Government had re-imposed a defence burden of staggering proportions. Right through the three Tory administrations the Labour leadership accepted the basic assumptions of Tory foreign policy and the defence expenditures associated with that policy. "I doubt" Hugh Gaitskell said in October 1954 "if foreign policy will play a big part in the next Election—not because it is not important, but because Mr. Eden has, in fact, mostly carried on our policy as developed by Ernest Bevin, in some cases against the views of rank-and-file Tories".²³ The Tories, on their side, always claimed that Ernest Bevin was following their foreign policy. Churchill did this constantly, and Anthony Eden, in 1960, wrote that he was in general agreement with the aims of Bevin's foreign policy: "In parliament I usually followed him in debate, and I would publicly have agreed with him more, if I had not been anxious to embarrass him less".²⁴ The matter is not, of course, in doubt. Bevin was easily assimilated by the Foreign Office which continued its pre-war reactionary policy with his vigorous if ham-handed support.

The crisis in Britain's international financial situation cannot be wholly ascribed to overseas military expenditure: there was a basic failure of exports to grow and there was a rising curve of imports, especially manufactured imports, and both can be related to deep-seated structural deficiencies in the British economy. But the military burden is a central part of the general problem. As Enoch Powell said from the platform of the Conservative Party Conference in October 1966:

"He doubted if it was realised widely how much a part of our balance of payments was related to military expenditure, undertaken in foreign currency. Last year, for example, we earned a surplus of £273 million, and what converted this into a deficit of £354 million was the Government's expenditure in foreign currency, of which the largest item of £280 million was military. Thus our growing burden of external debt was not, as was often falsely alleged, to enable us at home to live beyond our means, but to finance our effort, and principally our military effort, overseas.""

Despite the balance of payments crisis, the problems that the Wilson Government were faced with when they assumed office were nothing like as serious as those of 1945; but by comparison his administration has made much heavier going of its difficulties than did the Attlee Government in its first two years. There is nothing on the Wilson agenda to compare, in 1967 terms, with the social legislation of the Attlee administration, modest though that was. The Wilson Government began by trying to achieve four objectives. These were:

- (i) To maintain the continuity of foreign policy, begun by Ernest Bevin after the war and continued **by** his Tory successors at the Foreign Office. This involved a support of NATO, a willingness to accept the highest defence burden in Western Europe and a general endorsement of American foreign policy.
- (ii) To overcome the massive deficit in the balance of payments in ways which would not parallel the **stop-go** policies of their Tory predecessors.
- (iii) To achieve a higher rate of growth in the British economy than had occurred in the previous ten years, on the understanding that this must involve considerable remodelling of industrial organization and of the economic and social infra-structure. This was perhaps the most successful appeal that Harold Wilson himself made at the 1964 General Election.
- (iv) To remedy the serious problems of poverty in Britain. The facts had become known from the late 1950s, and agitation about poverty questions had **formed** a large part of the propaganda of individual Labour Party candidates at the Election. It was hoped to introduce a new comprehensive social security scheme based on wage-related benefits.

These four objectives together made up what was grandiosely called the strategy of the Wilson administration. It quickly became apparent that these aims were incompatible one with the other and the problem was solved by the simple process of eliminating the awkward ones. Economic growth and the radical re-shaping of the social services have so far not seriously been considered, and what the country has been given is Tory stop-go with a much greater degree of deflation than the Tories ever introduced, backed by an unprecedented wage freeze. The central aim of Labour's economic policy, from the moment it took office, has been the defence of the pound sterling. The *Times* wrote in its review of 1966 that "to preserve the sterling parity . . . everything has been **subordinated**".²⁶ This is not the place to explain the extraordinary determination of those who control financial policy in

Britain to centre their whole economic programme upon the maintenance of the exchange value of the pound. "The Crown and the £ sterling" said the late Director-General of the International Monetary Fund, Per Jacobson, "are the twin pillars of British greatness";¹⁷ and the officials of the Bank of England and the Treasury, backed by the City of London, have been able to convince successive Chancellors of the Exchequer of the rightness of this absurd belief in the sacredness of sterling at the expense of everything else, including full employment and general well being. There are, naturally, some very powerful financial groups behind the maintenance of sterling, and by no means all industrial interests are neutral or opposed to the policy. The failure of the British economy to recover fully from the war—in the way that both France and Germany have—has made the problem difficult, but even more serious, from the point of view of sterling as an international currency, has been the consequences of British foreign policy and the high level of overseas military costs. Since no British Government has been willing to reduce substantially overseas military expenditure—for one thing because America would be decidedly **opposed**—or seriously to stem the flow of British private investment abroad, there is only one way of coping immediately with a financial crisis involving sterling, and that is by a severe deflation at home. This is the traditional Tory stop-go policy which Mr. Wilson made such fun of when he was in opposition but which his Government has **carried** through since they have been in office, with one or two twists added of their own. The root failure of the Tory policy of deflation was that after the crisis was over everything went on in the old way. There were no structural changes in the British economy, productivity did not grow in the proportion that the situation demanded and industrial managements continued their own easy going attitudes. Mr. Wilson, however, is made of tougher fibre. He is determined to get capitalism working more efficiently, and he takes his rôle of *plus royaliste que le roi* seriously. The first requirement was deflation which would lead to short time working and unemployment: the necessary background to a wage freeze. A sharp fall in the number of jobs available encourages what industrial personnel officers, and their academic counterparts, the lecturers in industrial relations, describe as better industrial discipline. Militant shop stewards organizations can be undermined: trouble-makers can be eased out, while the general insecurity of employment is sufficient to dampen down any wrong ideas among the ordinary non-political workers. As Sir Roy Harrod confirmed in a radio broadcast 15 December 1966 ". . . some industrialists have told me that the squeeze, involving a certain increase in unemployment, has been having a good effect on discipline in the factories".¹⁸ It is the increased insecurity of employment which gets

the wage freeze accepted in practice on the factory floor, although it is equally true that no Tory administration could possibly have introduced the legally-backed wage freeze without large scale opposition from the trade unions. This is what the Labour Government have achieved, and most commentators have accorded them proper recognition. In the same radio talk already mentioned, Sir Roy Harrod remarked that "... it seemed to me to be a rather marvellous thing, typical of the best that is British, that the *Labour* Government should take the unprecedented step of prohibiting an increase of wages for a period".³⁰ At bottom what the Wilson Government is doing is to help restore the profitability of British industry by forcibly holding down wages. The price standstill is of much less significance. It is a commonplace among financial commentators that the average net earnings of large scale industries in Britain are lower than those in the United States; and that profit margins in general have been slipping these past few years.³¹ At first sight this is a rather odd phenomenon since in the past ten years or so the United Kingdom has become a cheap labour economy by comparison with the most advanced of the Common Market countries.³² But British management is more inefficient than German and much more so than American, and such is the control by the oligopolies and trade associations in British economic life that increased costs can be passed on in higher prices and not absorbed by greater efficiency. In the long run, if the system is to become one of high productivity, managements must become more cost-conscious and generally more efficient, but this has now been true for many decades, and the easiest and most immediate way to restore a higher rate of profitability is to keep wages down. It is hardly a new theory that capitalism, as a dynamic system, is pivoted upon the rate of capital accumulation, and that whatever encourages accumulation will tend to improve the overall rate of growth of the economy as a whole. The classical economists argued the general point as the central problem of the capitalist economy and it is only muddleheads of our own time, like the present editor of the *New Statesman*, who can describe a wage freeze under capitalism as an historic process of "blundering into socialism".³³

There are other consequences of the present policy of deflation and wage freeze which require at least a mention. In the main, it must be seen as a policy of blood-letting mainly at the labour end of the production process but it also affects, although to a more limited extent, industrial companies and their managements. The economically and financially weak among enterprises tend to go to the wall as bankrupts or they are absorbed by mergers or take-overs. But this is a normal law of capitalist society and it is not a matter of initiating any new trend or development. Even more significant, for those who still nurse

illusions that the Wilson Government is capable of radical gestures, is the effect of the wage freeze upon the distribution of the national income. In the way that it has been carried through in Britain, it has left the lowest paid workers with their position unchanged. If the Labour Government is successful in achieving a long period of severe restraint on all wage increases—as against a wage freeze—the general effect will be to worsen the existing distribution of national income. It is now well established that inequalities in income distribution have been growing in the past decade, and this is now even documented from the official ~~statistics~~.²² When all the factors are taken into account which are outside the official calculation—among which fringe benefits are increasingly important—wage restraint for the manual workers can only mean that the national distribution of income will shift in favour of the salaried workers, especially those in the higher brackets, and even more to all those whose total income is not limited to rigid salary agreements. This is not exactly the outcome of Labour policy which was preached from election **platforms in 1964 or 1966.**

The Wilson Government has found itself narrowly confined in its promotion of domestic policies by its insistence upon the defence of sterling as its major economic objective and by the maintenance of a thoroughly reactionary foreign policy. The two are integrally related. From the earliest days of his Government, Mr. Wilson emphasised the central importance of the American alliance. When he visited the American President in December **1964**, soon after the Labour Government took office, Mr. Wilson underlined the main aim of his visit as "to do all in our power to strengthen the alliance and to make it more effective". The **Guardian** (10 December, **1964**) summed up the outcome of this Washington meeting as "a commitment to join more closely than ever in the global nuclear strategy of the United States". Mr. Wilson is not known as a man either of principle or of consistency, but in, this matter of allegiance to the State Department he has shown a remarkable firmness of purpose and resolution of will. He has also exhibited a growing sycophancy in his public statements on American soil. In Washington he is known as **LBJ's man**²³ and he tries desperately hard to please. At the July **1966** meeting with Lyndon Johnson Mr. Wilson responded to the President's toast by saying: "We are in Europe already and we can look forward to playing a bigger part in Europe if we can get the conditions that make this possible. But we would never do that if it meant turning our backs on our Atlantic loyalty and—if I can use the phrase from your White Sulphur Springs speech—our Pacific loyalty as well."²⁴ Like his Foreign Office advisors, Mr. Wilson holds fast to the belief that the United Kingdom has a special relationship with the United States: a relationship which supposedly stems from their common historical origin, a rough **approx-**

imation in language and, more to the point, their common devotion to the same ideals of anti-communism (which covers anything the State Department disapproves of) and a notable divergence from every decent principle in international affairs. Without doubt it has been useful for the United States to have as a docile satellite an imperialist country with bases round the world. As the *Times* Washington correspondent wrote in a remarkably frank dispatch: ". . . British colonial possessions were seen as an unrivalled if temporary network of bases and military facilities to serve American national security after the Second World War" (4 January 1967). But for years now the special relationship has been wearing thin. The Pentagon and the State Department are not quite as easily bemused as a Labour Party Conference, and what matters in their world is gross national product, the size of the armed forces and the efficiency of their hardware. By these standards the military usefulness of the United Kingdom to America is lessening steadily. The Suez fiasco ended Britain's effective rôle in the Middle East: the announced withdrawal from Aden is seen as the abdication of her influence in the Gulf area: and the way Rhodesia has been handled has hardly improved Britain's position in South Africa or in the black states of Central Africa.³⁰ There is further the minor irritation of British trade with Cuba and the more important refusal of Britain to contribute troops to America's obscene war in Vietnam. It is still helpful to the Americans to have a British presence East of Suez and always useful to have a compliant vote in the United Nations; but these things are hardly central to America's purposes. Mr. Wilson and the Foreign Office will, of course, go on trying: strength through economic and moral bankruptcy.

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There is one area of the world's problems where the Americans find the economic weakness of the British especially galling. For over half a dozen years now the Americans have been losing gold steadily, for two main reasons. The first is their large and growing overseas military expenditure and the second is the high level of American private investment abroad. The countries of Western and Central Europe have now become important holders of gold, and one of them, France, is pursuing a vigorous nationalist policy which at some points is anti-American. (The main reason why de Gaulle remains so strongly opposed to Britain's entry into the Common Market is because of Britain's satellite rôle towards the United States.)³¹ America above all else is anxious to avoid devaluing the dollar in terms of gold. Devaluation at the present time would offer large windfall profits to the holders of gold stocks and would offer increased opportunities for Continental Europe to buy out American investment in Europe and elsewhere. For

what is behind the conflict over rates of exchange and the parity of the dollar is the growing penetration of industrialised Europe by American capital. The American stake in Europe has grown very quickly in the past decade and France in particular has been reacting strongly against what they describe as "coca-colonisation".¹¹ The difference between European gold holdings and those of America are not yet sufficient to make devaluation an immediate objective from the side of the Europeans but if present trends continue—that is, the continuing loss of gold by America—two or three years on might well see a swelling demand from Continental Europe to take advantage of America's troubles. The Americans, of course, with their immense economic strength, are by no means without defence mechanisms, but they would have been exceedingly unhappy if devaluation had been forced upon the British in the last two years, and it is this which explains their much publicized generosity in rushing to the aid of the wobbly pound sterling. British devaluation would not inevitably involve an American devaluation of the dollar, but it is more than likely, and we can continue to expect American support for sterling in the future, with suitable obligations being added to those already **imposed upon** the British Government. It is worth adding here that if Mr. Wilson is successful in carrying through a severe deflation and then a recovery, based upon at least some improvement overall in the productivity and efficiency of the British economy, the enhanced strength of sterling would greatly assist the Americans in their struggle with European capitalism. This is assuming, of course, that Mr. Wilson continues along his appointed course as poodle to whoever is America's President. If Britain were to recover economically, and her satellite status to continue, the political consequences would be exceedingly dangerous. With American imperialism on the rampage, they will be dangerous whatever happens.

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The record of the Wilson administration in the first two and a half years of its life makes dismal reading for those who believed, and they were many, that the labourist tradition was capable of genuine radical change, even of change in a socialist direction. Before he became Prime Minister, Mr. Wilson was consistently putting forward a radical programme which, had it been carried into effect, would have altered many aspects of our social life. It was never, of course, a propaganda for change of a fundamental kind involving an attack upon existing property relationships, but there was a sense in his speeches of the need to cast away much of the old lumber and refurbish some parts at least of the structure of British society. Mr. Wilson's brave words soon wafted away once office was achieved, and they have not

been heard since. Abroad, the foreign policy of the Tories has been unchanged, with the qualification that when the Labour Party was in opposition there was at least some focus of active dissent in the left wing of the Party. Now there is very little. At home, the Labour Government has produced a more severe dose of deflation and wage squeeze than did the Tories in the past. Following the precedent of previous Labour Governments, and particularly that of 1945, the Wilson administration have drawn upon the business world for most of their new appointments outside the Civil Service: there has been no attempt to modify or limit the Toryism of the powerful administrative class of the Civil Service, and they remain as influential as ever: the old mumbo-jumbo of tradition and ceremonial continues at every point in British society. The leadership of the Wilson Government have long abandoned the rhetoric which sustained their followers while they were in opposition, and today the feeling of and for change is absent. So far we have been given Toryism without dilution.

When the Wilson Government first took office, and after they had increased their own parliamentary salaries and allowances, they began to remedy some of the elementary abuses in social provisions which had figured so prominently in Labour's election appeal, although in some cases, unlike the increase in parliamentary salaries, the change did not come into effect immediately. The National Health charges were abolished: there was a modest increase in pensions and certain allowances, and some, but only some, of the worst features of the Tory Rent Act were removed. There was little more, and how limited were the social horizons of the Wilson Government was strikingly exhibited by the abortive National Plan. The Plan, like so many of the other initiatives of the Government, was an elaborate piece of window dressing. It was conceived in euphoric ignorance, and when delivered, was still-born. But its assumptions concerning the relationship between the public and private sectors, and its estimates of the future development of the social services, are worth noting, revealing as they do the limitations of public policy the Wilson Government were imposing upon themselves, even in theoretical conditions that were always much too optimistic.

The National Plan assumed an increase in the Gross National Product of just over £8,000 million in a period of six years to 1970. Of this total just over half was to go in personal consumption, with less than £1,000 million being allocated to social and public services, excluding housing and roads. This would mean in 1970 that 3.9 per cent of gross national product was devoted to housing and about 4 per cent to public health services. These figures are well below the average for the advanced societies of Western Europe, and in the case of public health the proportion spent in Britain has not changed for

a twenty year period. The Labour National Plan assumed that both health and education would expand at a lower rate between 1965 and 1970 than in the previous five year period of Tory government. As Brian Abel-Smith comments somewhat tartly, **given** the official statistics of social services and their rates of growth in Tory and Labour administrations over the past decade "a man from Mars . . . might easily make a mistake in an attempt to identify the socialist ~~party~~".¹¹ In one minor sphere the Wilson Government has, however, achieved a striking growth rate: the cost of the Wilson administration (that is, of all Ministers' salaries and allowances) in January 1967 was just about double that of Sir **Alec** Douglas-Home's administration in 1963—~~and~~ is now running at around £740,000 a ~~year~~.¹²

By no stretch of the imagination can the Wilson government be considered a reforming government, even of the moderate kind that was represented by the first three years of the 1945 administration. Mr. Wilson is, of course, a much more efficient and competent politician than Attlee ever was, and his political nerves are certainly much steadier. His abilities have been well demonstrated by the ways in which he has reduced the Left within the Parliamentary Party to political impotence, first by including some of the obvious candidates for the leadership of the Left in his own administration, where their consciences are now safe in his keeping, and second, by confusing, bullying, cajoling and bemusing the back-benchers of the Parliamentary Left to the point where up to the time of writing (January 1967), there has never been any effective movement of opposition to Wilson's policies. While the record of the Parliamentary Left has not been much better than pitiful, it must be said at once that they have received only feeble encouragement from the Labour movement outside Westminster. The political side of the movement has been especially weak, as witness the absence of any sustained campaign against the support which Britain is providing for America's policies of mass destruction of the Vietnamese people. All along the line, but especially on foreign questions, the Left is either divided or ineffective, or more usually both. The political and intellectual degeneration that afflicted the British Labour movement in the 1950's is still exercising a powerful influence. Mr. Wilson's special brand of Toryism may in the end convince many of the incompatibility of Labourism and socialist policies, but there is so far no sign of a new political upsurge of protest, although these are movements **which**.in their nature are often hard to foresee.

By the end of 1947—two and a half years after the formation of the Labour Government—the political nerves of the Attlee administration were already beginning to crumble. The Tories were recovering fast from the effects of the election debacle of 1945 and their growing

strength and confidence was being reflected in a marked sharpening of hostility to Labour among the parliamentary Conservative Party. That these things have not yet come to pass in the first two and a half years of the Wilson Government cannot be wholly ascribed to the ineptitude of the present leadership of the Conservative Party, although that has made its own contribution. More important is that Mr. Wilson has been able to convince many Conservative voters in the country that the leadership of Britain is safe in his hands. His tough record of dealings with the trade union movement and the essential soundness of his foreign policy are well appreciated by the business community as well as by large numbers of middle class voters in general. Mr. Wilson, it is well known, is playing hard for the centre of British society. If his government manages to achieve a reflation of the economy and a higher rate of growth in the last two years of its life, a new range of social security benefits, on a wage related basis, may well be introduced to the Statute Book. Properly timed, and Mr. Wilson's mind is never empty of electoral considerations, the combination of full employment again with some improvement in social benefits will help to maintain the greater part of the working class vote, while a proportion at least of the middle class vote can be expected to remember the ~~firm~~ conservatism of Mr. Wilson's basic policies. The Labour Party could well break all traditions and come back to Westminster in 1970 with a thumping majority. If this happens we may indeed be on the threshold of a new era in British political life, when the permanent Labour majority, always theoretically possible in a country with a majority of manual voters, becomes a political fact and reality. Labourism will develop into a highly articulate philosophy and practice of the Scandinavian kind, although the class conflicts and social tensions in Britain are not likely to be so easily smoothed away as they are in Sweden. At least some things should become clearer as time moves along: that Labourism has nothing to do with Socialism: that the Labour Party has never been, nor is it capable of becoming, a vehicle for socialist advance; and that the destruction of the illusions of Labourism is a necessary step before the emergence of a socialist movement of any size and influence becomes practicable.

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In 1960 it was estimated that there were between seven and eight million persons living *below* a specially defined "national assistance" standard. The numbers of these poor are almost certainly growing, and have continued to grow during the lifetime of the present Labour Government. The minor reforms which the Wilson Government have introduced are no more, says Peter Townsend, "than hot compresses

on an ailing body politic". It cannot be too strongly emphasized that Britain does not need economic growth in the future to remedy its present basic inequalities. It is today a richer country than ever before, and the large and growing gap between public squalor and private affluence can be bridged without any further economic growth. We need, here and now, a major shift in the proportion of the national income devoted to public services of all kinds: to health and welfare services, to public housing, to education in all its aspects. Economic expansion will help, but only if this shift in the allocation of national income has already taken place: otherwise we reproduce the American situation of increasing public decay and abomination.

These things have nothing to do with socialism: that is an order of change of quite a different magnitude. They are radical policies well within the political comprehension of a Government determined to introduce a genuine programme of reform. They fit comfortably inside the assumptions of any reforming Government concerned to honour its pledges to the electorate . . . but not those of the present Wilson administration. Mr. Wilson himself has no aspirations along this road: nor, presumably, have his ministers. From social reform to social conservatism: this is the measure of the present-day degeneration of the Labourist tradition in Britain. "When they desire to place their economic life on a better foundation, they repeat like parrots, the word "Productivity". So Tawney wrote in 1920,⁴³ and he went on to ask the central question: Productivity—for what purpose? Now it is his party, the Labour Party, that is shouting the word again, hoping to persuade their own people that it is productivity, and not how wealth is distributed, that is important. And the former socialists who are now ministers in the Wilson government will continue to tell themselves as well as others that dribbling out monies for the Arts, or improving transport facilities, or introducing American technical know-how to British industry, has something to do with the movement along a socialist road.

And in the meantime, the poor and needy—the millions of **them**—drag out their drab and dismal lives.

NOTES

1. John Strachey, "Tasks and Achievements of British Labour" *New Fabian Essays* (1952), p. 182.
2. John Saville, "Labour and Income Re-distribution" *Socialist Register* 1965, p. 147 ff.
3. Richard Crossman, "The Lessons of 1945" *Towards Socialism* (1965), p. 153.
4. B. Abel-Smith, "Whose Welfare State" *Conviction* (1958), p. 63.

5. Roy Harrod, *The British Economy* (1963), p. 46.
6. For a discussion of various theories in this field, see Dorothy Wedderburn, "Facts and Theories of the Welfare State" *Socialist Register* 1965, pp. 127-146.
7. The paragraph in the text is based on Ch. I of G. D. N. Worswick and P. H. Ady (eds) *The British Economy, 1945-1950* (Oxford, 1952).
8. J. E. Meade, *Efficiency, Equality and the Ownership of Property* (1964), p. 27.
9. John Hughes, *Nationalised Industries in the Mixed Economy* (Fabian Tract 328), p. 1; and the literature these cited.
10. A. A. Rogow and P. Shore, *The Labour Government and British Industry, 1945-1951* (Oxford, 1955), pp. 62-3.
11. *op. cit.*, p. 38.
12. Quoted in R. Miliband, *Parliamentary Socialism* (1961), p. 291.
13. Quoted in D. Pryce-Jones, "Towards the Cocktail Party", *Age of Austerity* (eds. M. Sissons and P. French, 1963) p. 218.
14. *Economist*, 3 January 1948.
15. Quoted in K. Zilliacus, *I Choose Peace* (1949), p. 113.
16. An obvious point that ought not to have to be made; but historians fail constantly to note the central contribution of workmen to the achievement of political democracy.
17. The earliest comprehensive statement by Sidney Webb is his contribution to *Fabian Essays* (1889), "The Basis of Socialism: Historic".
18. *Ibid.*, pp. 78-9.
19. The Liberty and Property Defence League was established in 1883 to counter the socialistic tendencies of the age. The Earl of Wemyss was chairman, and the League included the usual combination of reactionaries and wealthy cranks who have always been found on the extreme right of British politics.
20. G. Bernard Shaw, *The Impossibilities of Anarchism* (Fabian Tract, No. 45), pp. 26-7.
21. N. Davenport, *The Split Society* (1964), p. 67.
22. Zilliacus, *op. cit.*; R. Palme Dutt, *The Crisis of Britain and the British Empire* (1957).
23. Quoted in R. Miliband, *Parliamentary Socialism, op. cit.*, p. 331, note I.
24. Sir Anthony Eden, *Memoirs: Full Circle* (1960), p. 5.
25. *Guardian*, 15 October 1966.
26. *Times*, 30 December 1966.
27. *Ibid.*
28. *Listener*, 15 December 1966.
29. *Ibid.*
30. W. A. H. Godley, "Pricing Behaviour in the Engineering Industry" *Economic Review* May 1964; and R. R. Neild, *Pricing and Employment in the Trade Cycle* (Cambridge, 1963).
31. John Knapp and K. Lomax, "Britain's Growth Performance: The Enigma of the 1950s" *Lloyds Bank Review*, October 1964.
32. This was a constant theme in the last quarter of 1966: see especially the *New Statesman* for 16 September 1966.

The most recent statement is R. J. Nicholson, "The Distribution of Personal Income" *Lloyds Bank Review*, January 1967.

34. So Anthony Howard reported in *New Statesman*, 10 December 1966.
35. Quoted in K. Zilliacus, *Labour's Crisis: Its Nature, Cause and Cure* (37 pp. 1966), p. 6.
"Why Washington and London are drawing apart" *Times*, 4 January 1967.
37. A well attested point. See *Monthly Review* (New York) December 1966.
38. "The U.S. Business Stake in Europe" *Newsweek* (New York) 8 March 1965.
39. B. Abel-Smith, *Labour's Social Plans* (Fabian Tract 369), p. 6.
40. *Times*, 4 January 1967.
41. P. Townsend, *Poverty, Socialism and Labour in Power* (Fabian Tract 371), p. 31.
The Sickness of an Acquisitive Society (1920), p. 5.