

## Editorial

# Reinventing Socialism

Among all the smiles and handshakes and touching reconciliations, and in the convenient amnesia which has fostered the governing coalition in Britain, we can hear the nearly noiseless cranking up of drawbridges and steady quiet preparation for battle. Once again, it is the unions which are to provoke all this attention, and above all, the public sector unions. The Government has declared its need to draw back from a fiscal deficit of 11.1% of output. The first six billion pounds worth of cuts have already been announced. More, many more, are to follow, as an autumn spending review festers in preparation. Government employees await the next move with justified trepidation. Almost seventy per cent of them are governed by agreements on collective bargaining. All these are in the sights of the neo-liberals who now regulate our affairs.

There are many prongs to their projected offensive. Tighter pay settlements were already conveniently announced by the outgoing New Labour administration. Privatisation will contract out a larger proportion of public services to private profiteers, who customarily discover convenient ways of eroding wage settlements. Not only must collective agreements be steered into the new culture of squeeze, but national pay bargaining itself comes under attack. Our new masters wish to reform what they call rigid pay structures and agreements such as those governing working conditions in schools.

Schools are not the only places in which conditions can be eroded by the decentralisation of bargaining. If you live in a poor area, then clearly you deserve poorer wages. Does the market not decree official parsimony? If the evaluation of your work gives you low ratings, then your pay deserves to be further reduced accordingly. Once this principle is established, even if you have good ratings you will be in competition with other people who do not, and this mean market will depress your earnings, too. Cutting pay and perks is a fine economy which will commend itself to our shiny new rulers. But overtime hours are also a tempting target. If overtime can be exacted without payment, this is more tempting still. As always, in times of stress, pensions quickly demand central attention. Mayhem has already been unleashed in many sectors, but we must expect that ferocious new attacks are in preparation.

How can the coalition cohere through the battles it has already determined to promote? Readers of *The Orange Book*, published in 2004 to reclaim

Liberalism, may be less doubtful than is fashionable, on this score. *The Orange Book* was edited by David Laws MP, who, before his hapless descent into politics, had been Vice President at J. P. Morgan and Company, and then Managing Director at Barclays De Zoete Wedd before becoming Director of Policy for the Liberal Democrats between 1997 and 1999. It may be that he was not altogether uncomfortable in his new role as axe man while it lasted. At least he never got to play it alongside Peter Mandelson, which fact may have terminated yet another undesirable career and example.

David Laws announced his reclaiming agenda by enunciating three principles which govern Liberalism. These began with freedom from all forms of oppression, and included oppression by the State, the tyranny of majorities, as well as ignorance, intolerance, prejudice and conformity. They did not include freedoms which might impinge upon the interests of the proprietors of big industries or commerce. The second key element of Liberalism was the belief that power should be exercised through accountable and democratic structures as close to the people as possible. These structures also did not include those of big companies, which might very well be improved by strong tests of democratic accountability. Would it not be nice to subject their Chief Executives to due processes of popular election and recall? But these might undermine the third strand of Liberalism

‘which is the belief in the value of free trade, open competition, market mechanisms, consumer power, and the effectiveness of the private sector. These beliefs are combined with opposition to monopolies and instinctive suspicion of State control and interference particularly in relationship to the ownership and control of business.’

True, Laws sees as an essential element of Liberalism, a fourth principle: Social Liberalism, as embodied in the instruments of welfare handed down to us by Lloyd George.

But the sovereignty of the market did not bring about the old age pension, which owes more to the admittedly feeble sovereignty of the electorate, and would, if allowed so to do, be likely to annul market dominance in short order. The sovereignty of the market has also proved an extremely insufficient guarantee of housing standards for poorer people. Indeed, market sovereignty itself has, during the recent economic crisis, done much to undermine the institution of markets. David Laws, it is true, is not now in a pole position to sort all that out. Whether his chosen substitute is up to the task remains to be seen.

It had fallen to the Orange champion to present the detailed schedule of the government’s project to slice that £6.2 billion out of governmental

## Once again we must ask: ‘Who governs?’

‘... The implicit premise of the coming retrenchment is that market economies are always at, or rapidly return to, full employment. It follows that a stimulus, whether fiscal or monetary, cannot improve on the existing situation. All that increased government spending does is to withdraw money from the private sector; all that printing money does is to cause inflation.

These propositions are a re-run of the famous ‘Treasury view’ of 1929. By contrast, Keynes argued that demand can fall short of supply, and that when this happened, government vice turned into virtue. In a slump, governments should increase, not reduce, their deficits to make up for the deficit in private spending. Any attempt by government to increase its saving (in other words, to balance its budget) would only worsen the slump. This was his “paradox of thrift”. The current stampede to thrift shows that the re-conversion to Keynes in the wake of the financial collapse of 2008 was only skin-deep: the first story remains deeply lodged in the minds of economists and politicians.

But this story alone does not explain the conversion to austerity. Politicians clamouring for cuts in public spending do not cite Chicago University economists. They talk about the need to restore ‘confidence in the markets’. The argument here is that deficits do positive harm by destroying business confidence. This collapse of confidence may come in several forms – fear of higher taxes, fear of default, fear of inflation. Deficits thus delay the natural (and rapid) recovery of the economy. If markets have come to the view that deficits are harmful, they must be appeased, even if they are wrong. What market participants believe to be the case becomes the case, not because their beliefs are true, but because they act on their beliefs, true or false ...’

*Lord Skidelsky, Financial Times, 16 June 2010*

spending. According to the *Financial Times* at least 30,000 jobs, and possibly more than 50,000, will be eliminated this year as a result.

‘But those tens of thousands of lost jobs and frozen posts will be just a small down payment – well under 10 per cent on the massive reduction in public sector employment over the next few years as the Chancellor follows up ... with an emergency budget in June and a full spending review in the autumn.’

An earlier recession, points out the *FT*, in the early 1990s, when the deficit amounted to only £50 billion instead of the current £156 billion, saw cuts

entailing 600,000 jobs ‘as public sector employment fell from just under 5.4 million in 1991 to 4.8 million in 1998 before growing again’.

Baby bonds are being squeezed out to save £320 million in 2010, and £500 million the following year, when they are finally eliminated. Something around £290 million will be saved by ending payments to the Future Jobs Fund, which had aimed to create 110,000 jobs for unemployed youths. Thirty million pounds will be saved by cutting out a thousand pound subsidy to employers who take on the unemployed. A bonfire of smaller quangos will also be carried through.

But Lord Freud, the turncoat Minister for Welfare Reform, has confirmed that very much larger economies are in prospect, as he gets to grips with welfare budgets, eliminating £5.2 billion which are estimated to be expended on fraud and error, that is to say ‘what we know about’. The implication is that there is more treasure still buried at the end of this rainbow. Is this all rhetoric aimed at assuaging the anxieties of the markets, or does it reflect a real commitment? Whatever it is, it does not represent ‘the limit of our ambition’ said Lord Freud. The Government plans to shift more than 2.5 million claimants off Incapacity Benefit to the new Employment and Support Allowance, which is to be accompanied by a huge welfare-to-work programme aimed at prising them into the labour market.

Small wonder that the Institute for Fiscal Studies pronounced its verdict that Britain now confronts ‘the longest and deepest sustained period of cuts to public service spending since the Second World War’.

It fell to David Laws to present his appetiser for the cuts to come, in his first speech to the new Parliament. According to the British newspapers, the then Treasury Chief Secretary apologised for ‘sorting out the mess in public finances’. Mr. Laws must have been surprised by the press he got, which presented him as a modern Demosthenes, railing against the over-mighty state, as if it were the evil Macedonian empire. Vigorous though our new axe man showed himself to be when faced with evil paupers, he shrank from more potent adversaries, such as the grossly excessive military budget.

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Sacred cows, of course, remain sacred. Worse, the sacred Trident programme, in spite of Liberal Democrat protestations of virtue, and genteel threats to postpone if not asphyxiate it, remains firmly in place as the keystone of defence policy. During the Election, Generals queued up to question the sense of this policy. Immense treasure will be lavished on new aircraft carriers, as well as the necessary new submarines to carry the expensive new missiles with their regenerated warheads. None of these

things will come cheap. Four of these important military commanders set their thoughts down for *The Times*:

‘It is of deep concern that the question of the Trident replacement programme is at present excluded from this process [of the *Comprehensive Strategic Defence Review*]. With an estimated lifetime cost of more than £80 billion, replacing Trident will be one of the most expensive weapons programmes this country has seen. Going ahead will clearly have long-term consequence for the military and the defence equipment budget that need to be carefully examined.

Given the present economic climate, in which the defence budget faces the prospect of worrying cuts, and that we have already an estimated hole in the defence equipment budget of some £35 billion, it is crucial that a review is fully costed and looks critically at all significant planned defence spending.

The debate has shifted significantly since the 2007 decision to proceed with replacing Trident. Internationally there is a growing consensus that rapid cuts in nuclear forces, starting with the US and Russia, but with the smaller nuclear states following, is the way to achieve international security.

There have been promising developments in the multilateral disarmament process led by President Obama, including the recent US-Russia nuclear arms reduction agreement.

Through the Nuclear Threat Initiative and Global Zero, a powerful line-up of international statesmen, including Mikhail Gorbachev, Henry Kissinger and Desmond Tutu, have added their voices to the call for a nuclear-free world.

Such a world would undoubtedly be a safer place, and while it remains a distant and challenging goal, opportunities to bring it closer should be given thorough consideration by any government.

Serious concerns have also been raised by members of the services and defence analysts about the strategic value of nuclear weapons and their relevance to modern warfare. Indeed, three of us wrote to *The Times* on this subject in January 2009. These fundamental questions about how and against whom our nuclear weapons act as a deterrent must still be answered.

The potential impact of a UK commitment to replace Trident on the international disarmament negotiations must also be considered along with its impression on other states. As the former head of the International Atomic Energy Authority Mohamed El Baradei put it: “It is very hard to preach the virtues of non-smoking when you have a cigarette dangling from your lips and you are about to buy a new pack.”

Any genuinely comprehensive review needs to weigh up all of these issues and answer the question: “Is the UK’s security best served by going ahead with business as usual; reducing our nuclear arsenal; adjusting our nuclear posture or eliminating our nuclear weapons?”

Should the review determine that there is still a need for a nuclear deterrent, a number of options may be more affordable than a like-for-like replacement of the Trident system, which has been described as a “Rolls-Royce” solution. The

state of the public finances requires each of these options to be carefully evaluated, alongside like-for-like replacement and disarmament.

It is no longer good enough to skirt round the question of what actual military value an expensive nuclear deterrent provides to our services by labelling the decision a “political one”. This decision will have a direct impact on our overstretched Armed Forces. Allowing the military’s views to be excluded from this decision will have consequences both predictable and regrettable.

It may well be that money spent on new nuclear weapons will be money that is not available to support our frontline troops, or for crucial counterterrorism work; money not available for buying helicopters, armoured vehicles, frigates or even for paying for more manpower.

Suppressing discussion of these issues or dismissing alternatives before properly examining them would be a big strategic blunder. All political parties must allow a full and open debate about the Trident replacement as part of the Strategic Defence Review.’

This broadside was signed by Field Marshall Lord Bramall, General Lord Ramsbotham, General Sir Hugh Beach and Major-General Patrick Cordingley.

The Generals are probably right that the budgetary constraints that are involved here may continue to ensure that foot soldiers may not receive the necessary boots in which to do their work. But some of us would like to keep the soldiers away from foreign deserts, and economise on boots as well as bombs. This means that the quarrels which divide the Labour Party remain by no means academic. The war in Iraq, and the senseless slaughter in Afghanistan, have not only outreached the liberal conscience, but also will bankrupt the neo-liberal treasury. How long before this happens? How soon can we expect to recover the wisdom of the late Harold Wilson, and withdraw from commitments East of Suez?

Paupers cannot afford to police the world, especially if that task requires that the world be subjugated again before imperial rule can hold sway. ‘Not again!’ is a good rule.

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Somewhat heavily promoted in the Labour Party’s leadership stakes is former Foreign Secretary David Miliband. In fact, some candidates had alleged that he was keeping quiet about the large number of nominations he had received, in order to minimise speculation that he has been the approved Blairite successor. Be that as it may, he has declared that the decision to invade Iraq in 2003 should not preoccupy the Labour Party in the discussions about its leadership. Two other candidates had criticised

the decision to invade, and David Miliband said that it was ‘time to move on’ in response to their arguments. But many of us believe that the only onward move that might be morally acceptable would be to the trial of the perpetrators, who lied us into a massacre.

The argument will not be closed so easily. Miliband senior reiterates the old story that every intelligence service in the world insisted that Iraq had weapons of mass destruction. He has also insisted that he had, at the time, read the 174-page report of Hans Blix (the so-called ‘Clusters Report’). His predecessor, Jack Straw, gave a tendentious account of this document which Hans Blix corrected:

‘That report was an analysis of what Unscm (United Nations Special Commission) before us had found, and what we in our analysis had found. It put the cases of unresolved issues in clusters, and lined out what Iraqis could do to help us to solve them. There was nothing sensationally new in this document.’

The document says in its introduction:

‘The principal part of this document thus presents clusters of “unresolved disarmament issues”, which are to be addressed by the inspection process (and Iraq) and from which “key remaining disarmament tasks” are to be identified and selected for early solution.’

Chris Ames of *Iraq Inquiry Digest* recalled this fact when responding to the former Foreign Secretary:

‘Which bit of “to be addressed by the inspection process” and “selected for early solution” did the allegedly very clever Miliband interpret as meaning: “cut short the inspections and invade Iraq”? And which bit of Blix’s rebuttal of Straw did Miliband not get?’

Worse, the hoary old claim that the world’s intelligence services were unanimous in asserting Iraq’s ownership of weapons of mass destruction had been decisively refuted by Vladimir Putin in October 2002:

‘Russia does not have in its possession any trustworthy data that supports the existence of nuclear weapons or any weapons of mass destruction in Iraq and we have not received any such information from our partners as yet.’

Neither, of course, had anyone else.

David Miliband cannot acknowledge the truth in these statements without repudiating Blair, which would mean repudiating the former leader’s diminishing band of supporters, who may be rather important electors in this electorate.

There are signs that war hysteria is receding. Fewer and fewer are those



prepared to admit that they were ever in favour of conquering Iraq, even if this would enable them to hang Saddam Hussein. More sturdy Liberals are discovering their long-term opposition to capital punishment, even for the demons of yesterday. The new upsurge of pacifism is also cautiously invading the Labour Party, where some leadership contenders seem to agree that there may not be many votes in future wars. Of course, the old wars were monstrosities, and should never have been begun. Several hundred thousand people have been killed, millions have been displaced, economies have been wrecked, and civil progress has been forced into panic-stricken retreat. There may at times have been some excesses in pacifist thought, but militarism has clearly been revealed as a murderous disorder in men's thinking.

The Labour Party will never recover until this begins to obtain due recognition, and its war drums are finally silenced.

But there is another re-evaluation which is vitally necessary to the recovery of political life in Britain. Socialism has to become again a normal part of political discourse. The decision to repudiate the Labour Party's Clause IV was presented as a revolt against archaic language. But archaic language could have been modernised without occasioning distress. No one was discussing the archaic language involved in the Ten Commandments, which could with profit have commended itself to Mr. Blair.

Cynics among us believe that the radical impulse to doing away with the Labour Party's constitutional commitment to some form of socialism was driven by the fashion for privatisation, and perhaps the desire that well-placed personages in the political firmament might also 'become filthy rich'. Be that as it may, now that *The Orange Book* rules, and an Orange Demosthenes can rant us all into more and more acute social distress, it is surely time that we must rediscover the antidote to market collapse, ruin in the banks, and capitalism in distress. The annulment of Clause IV notwithstanding, Labour nationalised failing banks. What terrifies surviving bankers is the thought that perhaps future governments might not be willing to follow this example. But who will agree to the reinvention of socialism as a last ditch saviour of an economic system in collapse? Might it not more commendably save the people?

That is why we devote some attention to the long lost issue of Clause IV, which served in earlier years to differentiate the emerging Labour Party from Liberal hegemony. The Liberals were the party of business, and the workers still tended to regard themselves as part of business, so that it was possible to invent Lib-Lab Members of Parliament. But the interests of business were not identical with those of employees, or the mass of the



ordinary people. Today *The Orange Book* apostles are preaching a doctrine which makes this abundantly clear, and for those who are slow to learn, they are implementing policies to match. If there was never any socialism before, it would be necessary today to invent some.

Socialism has, for all that, left us all with a serious problem over the years: how do we socialise the entrepreneurial function? This problem is brought no nearer to solution by selling off the Post Office to the highest bidder, especially when that bidder may in fact have tendered an offer which is lower than low.

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During this tumultuous meltdown of established verities, the newly discovered opposition has been trying to reorient itself. A number of left-wing Members of Parliament increased their votes during a General Election which saw the eclipse of several former stars of New Labour. It is true that two cheers have been heard, but the overall picture has not been encouraging. Alternative policies have been scarcely visible, and certainly insufficiently potent to challenge the new orthodoxy of neo-liberalism. True, Labour's neo-liberals have suffered a serious blow with the defection of *The Orange Book* reactionaries to the coalition. Their 'approach' is now discredited and in disarray. But the reincarnation of the Labour Party is by no means assured. It will be incredibly difficult to set in motion the reforms that could allow it to recuperate its strength from below. Swingeing changes have gravely undermined its former democracy. The Labour Party Conference has been not only housetrained, but broken, as all its effective powers have been leeches away.

The National Executive Committee, which was at times a strong upholder of the rights of the membership, has been taken over for the most part by poodles. Time was when new policies could be originated, quite literally, from the bottom up. Proposals put forward by ward parties could advance through the Constituencies up to the National Conference, and be carried into effect. A whole series of reforms of the Party structure were in fact initiated in precisely this way. No longer is this imaginable, unless the most serious changes can be initiated. And where could this be done but at the top of the Party? Its grassroots are parched and would find it difficult to identify green if ever they saw it. In this sense, what the Party would need to enter into a true recovery would be a process akin to *perestroika*.

It is true that reforms initiated from above can be blocked or reversed from above, unless they catch on and inspire new momentum among the democrats. Democracy requires not only self-confident advocacy, but a

minimum sense of possibility, of openness to change. That is what is likely to be initiated from the top, or nowhere.

The famous perestroika began when the most powerful people in the Soviet Union, the heads of the security services with their political nominees, understood that things simply could not continue in the manner to which all had become accustomed. Can things in today's Labour Party continue as they were? All the talk about a political class originates from registering the changes in the Labour Party which have not only disenfranchised, but to a large extent excluded, the victims of political policy. What Mrs. Thatcher began, Mr. Blair effectively consolidated. Not for nothing did Mrs. Thatcher boast that New Labour was perhaps her greatest achievement.

It is an extreme example to look at the evolution of the coalfields, with the obliteration of independent-minded political action, the affliction of mass unemployment, and the consequent loss of hope. But I think of a formerly vital trade union branch secretary, who, in order to survive, had to accept a job on minimum possible wages as a Securicor official, and work every hour that was obtainable, Christmas Days and other holidays included. What scope had he to practise the skills he had earlier learnt in forming social policy and mobilising to develop it? I think of other miners, their talents unwanted and unrecognised, languishing on the sofas in their kitchens, whilst their children trooped out of the houses to school and back, also profoundly uncertain of their futures, and steeped in that deep pessimism that is secreted in this culture of neglect.

Yes, there have been new kinds of work, new skills, and new sources of optimistic development. But, entrapped in the prevailing areas of distress, such developments have not, as many anticipated, created a vibrant new culture of democratic self-expression, of human growth and development, of confidence in our collective powers. In a way, New Labour was the political expression of this demoralisation, and the annulment of confident democracy in the Labour Party is its result. As it blanketed the country its influence was uneven: pockets of self-assertion remained. Freedom could never be completely extinguished. But institutionally, modern Labour is now virtually devoid of social aspirations. It is going nowhere: it offers freedom to none but the political classes themselves, and that freedom is a poor, stunted, miserably acquisitive and unhappy experience.

There remain large numbers of Socialists seeking forms of association that might give them the influence that they would need to associate those who wish to pioneer new social forms. But they, too, are mired in deep difficulties, because, not unnaturally, they seek comprehensive solutions to

the problems which have beset the overall Labour movement. The search for the one true way never stops. But if it is allowed to pose each reformer against all, then the one true way will never be found, because that way lies in democratic association itself, and only an ample movement which encourages both thought and action will ever permit it to be found.

We cannot create the perfect revolution in the village hall, but it might be in the village hall that we can agree on a common approach to sorting out a wide variety of problems, and maybe not only local ones, in collaboration. Raising our sights may then become possible.

It could be that no one will recuperate the Labour Party, in which case it will continue to shrink into ever-diminishing circles of recrimination and despair. But if it were possible to light again the flame of democratic aspiration, then no one can be sure that its finest days are not yet to come.

*Ken Coates*

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The Lib Dems are anti-Trident  
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That's the Coalition – and the  
'new politics' – in a nutshell!  
They're all Tories ... !**

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