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The Week

A NEWS ANALYSIS FOR SOCIALISTS
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AFTER GEORGE BROWN'S DAMP SQUIB:—

A SOCIALIST ALTERNATIVE FOR LABOUR

54 Park Road, Lenton, Nottingham

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AN ALTERNATIVE POLICY FOR LABOUR

This issue of The Week, produced especially for the Labour Party Annual Conference, deals exclusively with George Brown's National Plan and an alternative to it. The Plan is the logical conclusion of the disastrous policies pursued by the Labour Government in its first year of office. We show, in the extracts from the big business press, that this Plan has not nothing whatsoever to do with socialism or socialist policies. The big business community, through their journals, are grudgingly - although somewhat sceptically - in favour of the essential ideas of the Plan. The Financial Times even warns Mr. Heath not to be too critical of the Plan! Had there been any measure in this plan which in any way encroached on the power and social position of big business in this country a howl of criticism would have gone up. This is, in a negative sense, powerful proof of the correctness of left wing criticism of the National Plan.

Ken Tarbuck, in his article, places the National Plan in context. He points outs its essential neo-capitalist nature and how it follows from the decision made by Mr. Wilson to attempt to deal with the crisis of British capitalism by using traditional Tory methods. Mr. Tarbuck also relates this particular episode of the crisis of British capitalism to a long term conflict.

We have reprinted the final part of Ken Coates' article "Labour's first year" in which he argues that the left needs to fight - and organise - around a new programme. This, we think goes hand in hand with an assessment of the National Plan. It covers, moreover, the problem of how to fight, which in many cases raises just as many problems.

Only a few more words need to be added to this introduction. This pamphlet is both a call to action to fight and organise for certain things and the initiator of a discussion. The main lines are clear; for instance, would anyone now claim that Mr. Wilson is a man of the left? Or again, would anyone now seriously say that the appointment of some of the traditional left wing leaders of the Labour Party to Cabinet rank guarantees left wing influence on policy? On the other hand there is still plenty of room for discussion on such topics as how the left should organise. Or on the topic of the relevance of particular types of struggle. There is, too, a need to discuss certain economic problems in light of experience and as part of a general strategy. Some feel that there is a place for devaluation as part of an all-embracing anti-capitalist strategy. But discussions such as these cannot and will not prevent the left, at Blackpool and after Blackpool, uniting and getting on with the struggle to save the British Labour Party from the fate which has stricken some of its continental counterparts.

That such a struggle can only be on the basis of a real fight against Toryism must be made clear. The whole basis of the weakness of Mr. Wilson and his team is their unwillingness to fight big business at home and abroad. The key to understanding the difference between the programme we are putting forward and that of Mr. Wilson's is that ours presupposes anti-capitalist measures. There is no substance to the argument that this is impossible because of Britain's reliance on the all-mighty dollar. Cuba, France, and a host of other countries are living examples to the contrary.

THE NATIONAL PLAN- A PATTERN EMERGES by Ken Tarbuck

The great flourish with which "The National Plan" was brought forth by George Brown has, quite rightly, been greeted with some caustic comments, and indeed even vulgar raspberries in certain quarters. That this should happen is not surprising, because any careful reading of the document shows that it is easily faulted. However, despite the fairly obvious failings that most of the professional commentators have seized upon, this plan will make sense , given an insight into its underlying strategy. Behind the rhetoric about "getting Britain moving", modernisation", and all that, there is one very plain fact. It is this- that the Wilson Government does not intend to take even one small, tiny step towards a socialist solution to the problems facing Britain.

This journal has consistently warned about the dangers inherent in a prices and incomes policy within the context of a market economy. What the plan reveals is that this policy is central to the neo-capitalist strategy of the Labour Government. Therefore, discussion of the plan is not possible without also reviewing other connected aspects of government policy up to the present.

British capital today is in the grip of a profound crisis of situation and orientation, the elements of which have been developing since at least 1945. Firstly, it suffers a crisis of empire, as a result of the loss of direct control of large areas of the colonial world, and also the gradual loss of trading preference in most of the Commonwealth and other Sterling area countries. This has been highlighted by a decline in Britain's share in world trade, and a decline in the volume of Sterling area trade. Secondly, there has been a failure to maintain Sterling as a really viable reserve currency in its own right. Keynes, in 1945, spoke about the pound looking the dollar in the eye. For this to happen, it was necessary to build up the British gold and dollar reserves. Pre-war, Britain's short-term liabilities overseas could be matched by its reserves. Post-war, these short-term liabilities have been running to about 4- 1 against the reserves. This has engendered perilous instability, the fruits of which were seen last November, when, far from looking the dollar in the eye, the pound was abjectly cringing at its feet. Thirdly, there has been a continuation of long term structural changes in the British economy. These have two aspects. The first one is that of regional stagnation and decline, which was initially somewhat masked by the immediate post-war boom, but which since has emerged as a persistent factor. The second aspect is the concentration and centralisation of the ownership and control of wealth. This is expressed in the growth of the giant firms, with an attendant monopolisation of industries, and an integration between industrial and financial capital. This process is, of course, intimately connected with the growth sectors of the economy. Fourthly, there has been a clear cycle of production. Cycles have been approximately of four years duration, which indicates a speeding up of this process within the capitalist economy. This can be attributed to a combination of state intervention, via monetary, fiscal measures, and increased public expenditure, with the accelerated rapidity of technological obsolescence in the newer and advanced industries, particularly those connected with defence. The speeding up of the cycle has had the effect of smoothing it out to some extent, because of the time lags involved between investment decisions and their coming to fruition.

This has produced the stop-go economy, which has been, not one of boom and deep-going slump, but one of boom and stagnation or mild recession.

However, all this has led to a sluggish economy, persistent inflation, private opulence(for some) and public squalor. The use of Keynesian measures to rectify this process came home, with its brood of problem , to roost last autumn. At the same time as we consider this story we must underline another aspect of the problem. While, on a world scale imperialism has been in retreat and decay, and on a national scale, certain sectors of the economy are stagnating, other sectors are growing and developing. Capitalism has a dynamic of its own, even in decay, and this engenders its own problems and also its own solutions.

Unless socialists pose socialist solutions, neo-capitalist ones will be imposed. This is the essence of the present debate around Labour's policies. What had the Labour Government done up to the publication of the Plan? If we itemise the economic measures, they will help to map out the line of march that the plan projects forward in detail.

1. Raised the Bank rate to 7%(since reduced to6%) and initiated a credit squeeze.
2. Raised the standard rate of income-tax by 6d.
3. Raised the tax on petrol by 6d.
4. Introduced Capital gains tax.
5. Brought in Corporation tax.
6. Raised National Insurance contributions.
7. Raised the tax on tobacco.
8. Increased tax on wine, spirits and beer.
   Imposed 15% surcharge on imports(since reduced to 10%)
9. Extended export credit facilities
10. Abolished tax relief on business entertainments.
11 Raised pensions and other welfare benefits(belatedly)
12. Cancelled the TSR2.
13. Taken some steps to curtail the outflow of capital.
14. Raised loans from overseas banks, and put the economy in pawn.

Taken together these measures represent a hefty deflation of demand especially if we also take into account Mr. Callaghan's July measures, which put a squeeze on consumer credit and rephrased public investment(which is a polite term for cutting it). Th se who argued that the April budget was not deflationary will soom be eating their words. Taken together, all these measures add up to a net withdrawal of approximately £500 million of demand from the economy, which, by anyone's book, is a large amount. It is even larger if we take into consideration its multipler effects, which could give an ultimate deflation of something in the region of £7-900 million.(Ultimate, because the full effects of the tax changes won't be operating until next year.)

In assessing what has happened it is important to remember the sequence of events. When Labour assumed office there was already a very heavy deficit on the balance of payments, which was running in the order of £800 million a year. Moreover, there was a more-than-usual aggravation of the problem, partly due to wage increases and partly due to rising import prices. What has to be noted is that a large part of the deficit was made up by the export of long-term capital. This was around £400 million, being nearly double that of previous years. No doubt the prospect of a Labour Government being elected in October helps to account for this.

The raising of the petrol tax and the imposition of the 15% import surcharge were the first measures which the Labour Government took to help remedy the situation. However, far from gaining the confidence of the 'Gnomes of Zurich', they seem to have precipitated a flight from Sterling. This has been compared to the bankers' ramp of 1931 in some quarters. But the difference in the two situations is very marked. Whilst private speculative funds moved out, the central banks of Europe and the U.S. came to the aid of Sterling. There have been some lessons learned since 1931. The collapse of the pound could have, and almost certainly would have, led to a collapse of the dollar, which would have engendered a crisis of tremendous magnitude throughout the capitalist world. This is the difference from the 1931 situation: whilst it is true that intercapitalist rivalry and competition is increasing on an international scale, it is also true that there is now a great fear of any repetition of the type of collapse witnessed in 1929-33. Therefore we have the spectacle of Britain's competitors and rivals coming to her aid on an unprecedented scale.

It has been suggested that what the Labour Government should have done to have righted the balance of payments was to have devalued the pound. This seems, at first sight, to have considerable merit in the eyes of those who wish for a vigorous assault on the 'City'- and hence on the bastion of British capitalism. Devaluation, it is suggested, would have ended the dominance of the 'City' and given British exports a competitive edge in world markets. But the truth is that there is no longer a sharp division between financial and industrial capital. The 'City', today, is only <u>one</u> of many bastions that have to be stormed. As to the effects of devaluation on exports, these would be two-sided. Firstly, it would lower the price of exports to overseas buyers. But secondly, it would raise the price of imports. The idea of the advocates of devaluation is to stimulate exports and cut imports, and in the process close the deficit gap. It might have been possible to have mitigated the rise in the cost of living that this would have entailed, by price controls and subsidies for essential foods, but these measures cannot be introduced overnight, and there would necessarily have been a time-lag. This would have entailed a bigger assault on living standards than has already taken place. There were other crucial reasons for not devaluing last October. It might have had only marginal effects on exports. The success of devaluation depends on two things. One is the elasticity of demand for the goods and services supplied by Britain. Devaluation would presuppose that it would have been possible to sell sufficient goods abroad to cover the difference between the old value and the new lower one, <u>plus</u> enough to cover the trade-gap. Even if we grant that there were sufficient buyers, there remains the supply position. In a situation where the economy is running at full, or near full, capacity, the problem of increasing the quantity of goods for export is not an easy one to solve in the short-run. And this was just the position that Britain was in last October. Had devaluation been undertaken it was quite likely to have worsened the position of the balance of payments.

The 15% import surcharge was the most direct method that the Labour Government took to remedy the crisis in the balance of payments, and it does seem to have had some effect on imports. But was this the right choice? There are a number of reasons to think not. It would have been much preferable to have imposed import quotas. Such a step would have involved physical planning. The fact that the surcharge was chosen gave some clear indication as to the Labour Government's predilections. The use of the surcharge can be sharply faulted, because it is a blanket -regulator, making no distinction between essential and inessential imports(leaving aside those food and raw materials which are not affected) -falling indiscriminately on manufactured and semi-manufactured goods. These are the categories of imports which have been rising the fastest over the last few years. Ever so many of them are essential, since British firms are unable to meet the demand, for example, for computors. Those that do come in now, allowing for the check in their import, are helping to push up costs, and thus prices. Uncertainty has also been introduced for many importers, beaause they don't know how long the surcharge is to continue. This has produced some very unfavourable reactions from Britain's trading partners, especially those in the EFTA countries, which can be explained by the fact that they become uncertain as to whether or not they should try to absorb the surcharge, or part of it, instead of passing it on to their customers. If they absorb, this means that the surcharge is having no effect upon the British balance of payments, but of course it also eats into profit margins. Socialists may shrug at this, but the fact remains that so long as Britain has to trade with other capitalist nations(indeed any other nation) it needs to do so in a way that will not invite discriminatory retaliation. This has not happened so far, but no-one says it won't if the surcharge is maintained for very long. Indeed the French attitude to the recent loan cannot wholly be put at the feet of an obstinate old man.

The use of import quotas would have been much more effective from all points of view. <u>It could have been the first step towards effective planning</u>. Such quotas could have been applied in a discriminatory way, so that essential materials would not have been affected. Furthermore, with price controls enforced, quotas need not have pushed up costs in Britain. Lastly, they would have probably not distressed the EFTA countries.

The next item that needs to be looked at is the Bank rate, and the credit squeeze. We have been told that the original 7% Bank rate was necessary to engender confidence abroad, but the plain fact is that this confidence was not, and still is not, forthcoming from the holders of 'hot money',i.e.private, speculative, short-term funds. Why else is it still necessary for Wilson to make threatening noises about speculators and then immediately go dashing off to see the Lord Mayor of the City of London? The use of this discredited method of controlling investment, the ineffectiveness of which was amply demonstrated in the Radcliffe report of over six years ago, is a continuation of Tory policy. Moreover, as socialists, we are bound to oppose a method that substitutes the priorities of the market-place, that is, those with the biggest purse, for those of social need. The famous promise for lower interest rates for house purchasers, seems to have been quietly interred, along with many of Labour's other election promises. It is of little use talking about expanding house-building by local authorities, when at the same time present interest rates are placing a crippling burden on such projects. The present rent-struggles in the London area are the fruits of long years of high interest rates, and this policy continues the trend We mentioned earlier the reasons why the foreign Central Banks came to the aid of Sterling. These very reasons gave the Wilson Government a a verystrong hand, holding which they could have refused to follow the dreary deflationist path they have chosen. However, to play it also needed a strong nerve! In the event, whilst Mr. Brown has been chirping about expansion, all the foundations for growth have been undermined by the policies that Mr. Callaghan has pursued at the Treasury.

The April budget was thus a deflationary one, as is clearly being borne out by events. It is true that a capital gains tax has been introduced, but at a lower rate that the standard rate of income-tax. This is not a particularly socialist measure, and despite weeping and wailing, the more far-sighted of the capitalist sections class probably see it as a necessary price to pay for an incomes policy. The Corporation tax will probably only bring in a little more than existing company taxation. Neither of these taxes are in any way an assault on property incomes. They are merely a rationalisation of the existing tax structure. In the same way, the hesitant steps that have been taken to put a mild curb on overseas investment easily come within the ambience of the present framework. They place no control over the direction of the flow of investment, but merely moderate it to help the current balance of payments problem. What will have to be seen is how such policies affect the development of the Third World, and what the result will be for Britain's trading position. The emphasis, now prevalent, upon quick returns for overseas investment, could probably lead to further distortions of the economies of the underdeveloped countries. All in all, these add up to a bad set of measures, sickening in their timidity in the face of the interests of the property owners. The imposition of more taxes on beer and tobacco was extremely regressive, and follows the worst traditions of the Tory Chancellors. This type of tax falls heavily on the low-wage worker and the pensioner. However, the budget was presented as being 'fair', in order to sweeten the pill of the incomes policy. This is the crucial core of the whole complex of neo-capitalist solutions which have been revealed in the 'National Plan'.

In this context, we may turn to consider 'The Plan'. The idea that this document is a plan in any meaningful sense of the word dissolves at once on inspection. What we have is a whole series of projections based very largely on present trends. Such forecasts the NEDC has attempted in the past with only minimal success. What is presented is a model of indicative planning, "indicative" in the extreme, in which there is little or no hint of any real attempt to control the ecomomy, still less give it new goals. The principle element of the work is the shallow hope that by 1970 there will have been a 25% growth in the national income. The whole document is burdened by a narrow 'national' 'economic' rationale which shunts around global figures, and in the process sweeps the class nature of the economy under a corner of Mr. Brown's rug. There is no single hint in the whole document of a socialist challenge to the present capitalist social priorities. Just the reverse-"Most manufacturing industry and commerce is, and will continue to be, largely governed by the market economy" (page 2). "Care will be taken not to destroy the complex mechanism on which the market economy is based. The end produce of both co-operative planning and the market economy is an internationally competitive industry..." (page 3). This must seem very bewildering to all those in the Labour Party who had previously assumed that the idea of socialist planning was to eliminate "the complex mechanisms of the market economy." Surely it is reliance upon these very mechanisms which has produced the mess the country is in today? Yet we are told that the aim of a Labour Government is to preserve them! But Mr. Brown goes further - "Sometimes Government action may be required to strengthen the forces of competition, for example, by reinforcing legislation against restrictive practices." How Enoch Powell must have chuckled when he read that one! We have the spectacle of an allegedly socialist government marching forward under the banner of competition, when the whole concept of competition is at variance with the elementary socialist concept of co-operation. The idea that social relations can be left to the mercy of market forces is an anathema to this ideal.

"The first stage in making a plan is to find out the facts, not simply about the past but about the future intentions, potentialities and problems". With this we might agree - but did the Department of Economic Affairs really find out the facts? Did it go to the Old Age Pensioners and ask them what their requirements are? Did it go to the homeless, the newly married, the overcrowded, and ask them what their requirements and needs are? Did it go to the parents of children who suffer slum schools) Did it go to the dockers and ask them how they thought the docks should be reorganised? Did it go to the steelworkers for their opinions on the failings of the steel industry? Did it? Did it hell! To have undertaken such an approach would have required a determination to overthrow "the complex mechanisms of the market economy." Instead, the whole approach has been an elitist one, that of a small band of experts, going to the owners and controllers of wealth and property in this country, and asking them what needs to be done for them. Who, for instance, has decided that there ought to be 18 million vehicles on the roads of Britain in 1970? We all know that the giant car firms want to sell that many. That's what they are in business for. But do we need that many? Of course, if your vision of socialism is that of every family in the land sitting in Mini's, in traffic jams, on Bank Holidays, then such items won't unduly concern you. Even if such an increase in vehicles was desirable, the plan only allows for a 40% increase in road building, while the road traffic will have increased by 50%. We might ask, what sort of planning is this? We pick such items at random to illustrate the type of thought that has gone into this compilation.

However, we said earlier that there is a certain logic in this document. This comes most clearly in those sections dealing with rationalisation, investment and labour.

RATIONALISATION

"British industry faces the problem of the small size of many of its production units compared with those in the United States and some other countries....The scale of operations is very important to competitive survival and this seems likely to involve a considerable reorganisation of the size of the units of which British industry is comprised. While the Government are intent on getting rid of restrictive practices and preventing abuse of monopoly power they would intend to use their powers to hinder mergers which they are satisfied would promote greater efficiency....Where the Government can assist in the promotion of these desirable developments they are ready to do so and in some instances they may wish to take the initiative in helping to bring them about"(p.8). Now no-one will argue against greater efficiency on technical grounds, but surely what has to be asked is for what ends is it sought, who benefits? Since most of the economy is to be left in private hands what is projected here can only be a further concentration and centralisation of capital, with all the attendent growth of decision-making power outside the scope of ocial control. Such mergers will certainly "disturb the complex mechanisms of the market economy", but they will do so in a way that enables a greater expl ation and intensified alienation of the worker/consumer. The idea here is that the oligopolies should turn their competitive edge outwards to overseas markets, but will in fact have a captive market at home. Should we as socialists oppose these type of mergers? Obviously not, but we must demand that benefits from this process be channelled to the community. Only social ownership and control can do this.

Coupled with this scheme of rationalisation, it is proposed that investment in manufacturing industry will be stepped up at the rate of 7% a year. Slotted in with this as a projected rise in productivity, but this will be at a greater rate than the investment allows for. Even allowing for the increase in the labour force that is envisaged, this means that what is intended is a rise in profit rates to cover this. Two things need to be said here. Firstly, that the projected rate of growth in productivity, 3.2% per head per year, is much faster than the rate of growth over the last decade. Secondly, to achieve both the projected rate of investment and productivity will mean that there will have to be considerable speed up and intensification of labour in industry. The dilemma that is posed is highlighted by the expectation that there will still be a labour shortage in 1970. Leaving aside the extreme doubts that there are that these projections will be achieved, the central question for the working-class in such a situation will be, given that such measures entail the breaking down of many safeguards established in the past, what compen ations are being offered? The plan is silent on this, except to offer an increase in personal consumption, but apparently on the same pattern as today, which is to say that property-owners will be getting even richer and more powerful.

It is at this point that the in mes policy of the government becomes of vital importance to its plans. Without a labour-force that is docile and hamstrung, one that is prepared to accept a limitation on wages while profits are shooting up, there can be no hope of success. This is why George Brown has threatened to introduce legislation to enforce an incomes policy. But throughout all the discussion on this there has been no mention of profit or dividend limitation, or of the extension of accountability to the workers so that profitability can be seen and stopped by the unions. Once again the wage and salary earners are to carry the whole of the burden. To cajole them into doing so, the trade union movement will have to be emasculated.

In this light it becomes clear that, for the unions, this so-called 'Plan' is nothing but a hoax. Far from paving the way to a socialist Britain, if it is carried through we shall have a Britain in which the giant monopolies are more firmly than ever in the saddle. Fortunately, there are socialist alternatives to the neo-capitalist ones offered by the Government. Briefly, we set them out in outline. These immediately practical s eps would be the start of the process of carrying out the social transformation of Britain.

TO SOLVE THE BALANCE OF PAYMENTS

1. A drastic cut must be made in overseas militry commitments, and an end put to the "East of Suez" folly.
2. It is necessary to make wide import quotas, and to bring about an expansion on a wide scale of government overseas tradin based on long-term contract both with buyers and sellers.
3. Compulsory acquisition of British overseas assets ly the Government is required to enable it to mobilise adequate reserves.
4. We must put an end to private overseas investment- when we talk about use of resources let the government really control or direct their use.

HOME POLICY

1. The urgent nationalisation of the steel and docks industries is a vital need. They should be placed under workers' management.
2. Before any other steps are taken towards an incomes policy, open the books of all private firms to inspection by workers representatives.
3. Immediate help must go to local authorities to launch a real housing drive for a housing target of not less than 750,000 per year. This must be helped by allowing the local authorities to obtain loans from the Public Works Loans Board at much less than the prevailing rate of interest.(The Plan's "hope" for a half a million houses by <u>1970</u>, condemns millions of people to die in slums.)
4. There must be a national fuel policy that makes full use of our existing fuel supplies, which will entail a proper place for the coal-mining industry, far from a policy of pit-closures. The nationalisation of the oil industry will be required, so that a proper fuel policy can be worked out, not through competition of coal, oil or gas, but by integration.
5. The same considerations apply to the transport industry.
6. The setting-up of popularly elected regional planning authorities. is the only way to lead into a genuine national planning body. Such a body must be directly responsive to the needs of the people and not those of the market.

A MEMO FOR NEW READERS OF THE WEEK

This issue is not a typical issue of The Week. Our journal attempts to provide busy, active socialists with a digest of the main sources of information. It highlights those aspects of this mass of information which help socialists in their day-to day work. It is mainly on this basis that we have built up, in a comparatively short space of time, a national network of correspondents and subscribers. These correspondents feed in news items and local reports which means that all readers are kept up to date on both local and national developments.

A sample copy of The Week is readily available from:
The Week,
54, Park Rd.,
Lenton,
Nottingham.

The Times published the next item as **its first leader** the day after the National Plan was published:

"Whatever reservations may be held about some of the detailed arithmetic, the appearance of the National Plan deserves a warm welcome. It contains a first-class analysis of the British economy. More than this, however, it involves a greater commitment to long-term planning than has been accepted before, except in time of war. Not merely Mr. George Brown and his ministry, but the whole Government are committed in support of the plan. So, by implication, are both sides of industry. The statement published after last month's meeting of the National Economic Development Council said that both the Council and the economic development committees (the "Little Neddies") accepted their responsibilities "in overcoming the obstacle to growth revealed in the National Plan."

"Commitment by the Government also involves a willingness by the Labour Party to change some of their traditional doctrines for the sake of securing economic expansion. In the plan wage-related social benefits are given priority over the idea of a national minimum. More foreign investment in Britain is accepted as desirable. Advantages are seen in encouraging mergers and amalgamations to take place in certain industries. It is recognised that incentives may have to be offered to achieve the saving and investment needed to support the desired rate of growth. A non-party point of the greatest substance is that if the whole of the Government support the plan then at last the Treasury - and the Department of Economic Affairs - have gained supremacy over the spending departments." (our emphasis)

The Financial Times returned to consideration of the National Plan on September 18th, after having written about it in very much the same vein as the other papers I have quoted. It had this to say about reactions to the Plan:

"This sceptical attitude towards the Plan was plainly voiced both in the City and in the Tory party, when Mr. Heath at once accused Mr. George Brown of "ballyhoo". The Tories would be unwise to overplay this scepticism, since the Plan does contain several points of value to the economy and of real interest to businessmen. But two events have immediately shown how difficult it will be to keep close to the schedule the Plan lays down. The first event was the August trade figures, which showed a sharp widening of the gap between imports and exports, and thus a reduced likelihood that, in the near future, the Government will be able to provide the extra incentives the Plan requires. The second development, in a different field altogether, was the award of the equivalent of a 14% pay rise to Government workers in atomic energy. Such arbitration awards conform in no way to the Government's incomes policy, which is an integral part of the Plan.

"Having said all this, a good deal of the Plan has real merit in providing a guideline for industrial development. There is the reduced target that has been set for coal, which is now put at 170-180 million tons instead of Lord Robens' original 200 million tons; this painful downward adjustment has been easier in the context of a general statement of industrial aims. There is a fairly brave plan for agriculture, involving the amalgamation of small farms into larger units, and, more generally, the planning of investment five years ahead reinforces a trend already noticeable in the country's most efficient firms. On the labour side there is a useful exposition of the "manpower gap" with suggestions for the redeployment and re-training of workers to make good at least a part of the labour which industry wants but which it will not, under present circumstances, get...."

WHAT THE BIG BUSINESS PRESS SAID ABOUT THE "NATIONAL PLAN" from Dave Windsor

A survey of the big business press is instructive if one wants to gain an insight into the significance of Mr. George Brown's plan. For reasons of space I have concentrated on the key quotations in each case. Readers should, if they want to get a fuller picture, read the original journals; most of which will be available from libraries.

The Stock Exchange Gazette of September 17th had this to say in an article entitled "THE PLAN - Its message for investors.":

".....It would be a grave mistake to adopt the view that, because the socialists may not be in control much longer, the plan can be consigned to the wastepaper basket. It will, of course, be Mr. Heath's job as leader of the Opposition to pick holes in it. But it is a statesmanlike document and he will find it hard to quarrel with its aims. He will also be grateful for the thought and donkey work that has gone into it. He will find them invaluable in drawing up his own economic programme which is not likely to differ much in its intention."

".....it will mean a great upsurge in prosperity which will make many shares rewarding holdings at today's prices. The only threat to profits contained in the plan is that 'Profit incomes should be moderated through the working of the prices policy." Against this there is the statement that 'the Government is examining the present system of investment allowances to see whether changes are necessary to encourage private investment." The whole plan comes down heavily in favour of the intensive industries with a further bias in favour of those areas of higher-than-average unemployment."

It concludes:

"To sum up, the immediate investment message of the plan is blurred by the impact of the credit squeeze. But its medium-term messages will be studied carefully and higher investment ratings are likely to emerge for shares in industries to which cheerful five-year forecasts are attached." (our emphasis throughout).

The Investors Chronicle of September 17th had this to say in its "Stockbrokers notebook":

".....While the "National Plan" seems largely to confirm recent stock market trends, it represents a useful consensus of opinion about the prospects for various sectors of the British economy. To this extent, it should be a valuable handbook for the serious investor. But it might be dangerous to place too much reliance or its projections without taking other investment criteria into account....... On a straight investment basis, one has to be very careful. Specifically, to what extent are shares prices already discounting the projected growth for their sector? And how will profit margins - and equity earnings - fare, even if the hoped for expansion materialises?

"At the same time. the Plan provides some helpful pointers to some of the essential constituents of the long-term investors' portfolio. Correspondence with readers shows that many of them have too high a proportion of second-grade stock...in their portfolios. A selection of the leaders of the faster-growing basic industries would add a valuable element of stability. With share prices at quite reasonable levels, investors who have not already done so could consider such a move now. Bearing in mind the industry aspect and therefore sticking to market leaders, I would suggest

continued over/

Investors Chronicle continued/

the following selections on the basis of the National Plan: Allied English Potteries, Associated Portland Cement, Avon Rubber, Barclays Bank, British Petroleum, English Electric, Alfred Herbert, ICI, John Laing, Legal and General Assurance, Plessey, Radiation, Transport Development and Woodhall-Duckham."

As might be expected, that most political of the big business weeklies, The Economist, had quite a lot to say about the National Plan. Its leading article very extremely critical of the National Plan for not being "radical" enough. It is difficult to summarise the arguments but of particular interest is the following because it reveals an aspect of the plan which has received little attention elsewhere:

"...The last and biggest source of labour for expanding firms should come from the large numbers of workers who are underemployed in their present jobs. Mr. Wilson's government came into power on the wings of public realisation that in many industries two or three Britons are required to do the job done by one American worker. The age of government-sponsored management consultancy was about to dawn, and to get Britain sparkling with efficiency again on all its cylinders. In the plan, the job of sparking plug is laid on the part-time efficiency committees known as little Neddies. They are to be responsible or partly responsible for export and import-saving studies, speeding export traffic, encouraging standardisation, longer runs, rationalisation, improvement of management and the use of labour, training and retraining, seeing that investment is kept up, and making periodic reviews of how the plan in their particular industry is kept up. There are expected to be twenty of these little Neddies by the end of the year, meeting only occasionally, backscratching mutually with other committees. Almost inevitably the main work in each little Neddy tends to be done by one or two men, who often overlap from one Neddy to the other. This is a monstrous amount to expect from any group of twenty or forty people. But a massive drive to make more use of more professional management consultancy in pilot projects plays no visible part in the plan.."

Later on in the journal, in the business investment section, which is less concerned with politics and more with catering for its readership's need for advice, we read:

"After a bright start to trading the stock market showed little initial response to the National Plan - reading rather than dealing was the main occupation. Tobaccos weakened on the intention to step up the anti-smoking campaign, but there was no selling panic. As far as investors are concerned the main feature of the plan is the ommission of a section on profits. Perhaps turnover in the various industries will rise according to plan, but will profits rise in line? If prices are to be held down, so must costs if profits are not to be squeezed, and these, particularly taxes, can creep up persistently. By 1970 shareholders may want to see their dividends stepped up after a period of heavy plough back, and under the present system this would involve a big increase in tax payments. Investors will now have to ponder their problems, as they did when Neddy made its forecast in February, 1963. Then, after a brief period of excitement, the market settled down to the course it was following before the report, whose contents it had largely anticipated."

One might almost say, governments may come governments may go, plans might come plans might go, but the stock exchange goes on for ever!

WHAT WE MUST FIGHT FOR AND WE SHOULD FIGHT FOR IT

That is problem that Ken Coates got to grip with in the final part of his pamphlet: "Labour's first year". We have reproduced this section here but would remind all new readers of The Week that the original full-length pamphlet is still available (price 9d post paid) from 54, Park Rd., Lenton, Nottingham. The pamphlet contains a special study by Ralph Schoenman entitled "The nature of the Vietnam war" which is one of the most serious attempts to place the war in a historical perspective yet made.

A new programme

The work of elaborating a programme is not one which can be passed across to three part time research workers. It involves a whole protracted labour of discussion and education within a very wide area of the Labour Movement. Precisely what has gone wrong with the fourth Labour Government has been this old, elitist conception of programme. Policy is left to the wise, to the ones who know. Everyone else knocks doors. In the event, the knowledge of the wise was insufficient : what they needed was no longer an insight into the wickedness of the world, but the social understanding and the political staff with which to assault that wickedness. This can only be created in painstaking political discussion and organisation, starting from the fundamental premise that the richest source of socialist potential is the self confidence and self activity of the workers themselves.

The natural tendency which will emerge from the accumulating disillusionment of Labour's activists will be to seek immediate, partial solutions to what are global problems. There is diminishing scope for effective, purely local, trade union militancy though. Labour needs a socialist perspective, designed for practical application. To those who see the impossibility of piece meal solutions, there may arise the alternative of self immolation in a purely abstract and doctrinal socialism. The failure of labour to meet its immediate, bread and butter commitments may impel many on the left to reject all bread and butter demands as a deluding distraction, and to seek in their place to elevate a purified and spiritualised vision of commonweal as the motivating goal of socialist activity.

While it is acutely important to discuss the idea of socialism, and to widen constantly the circle of people for whom its problems are already a living reality, this can never be a sufficient answer to the difficulties in which we find ourselves today. It will not help the railwaymen to be told that "socialism is the only answer to Doctor Beeching", true though that aphorism may be. Unless we can offer some practical immediate steps to socialism, our railwayman is likely to choose either to belt hell out of someone in the union, or, more probably, to look for another job. Even slogans which in themselves could contribute to the growth of an explicitly socialist awareness, like the demand for an integrated transport policy, need to be linked inseparably with a whole series of complimentary conceptions, which taken together can form the mental bridge over which the workers may pass from capitalist to socialist forms of reasoning and action. Simple reiteration of demands for nationalisation alone do not form such a bridge.

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The programme which we need to elaborate, neither maximalist and entirely abstract, nor minimalist and blind, needs to lead from the particular ills of capitalism, as it is, to the general solution we have to offer, and from the partial, schizoid outlooks which are fostered by capital to a fully socialist world view. Such a programme must attack, not only the organisational failures, but the feel of capitalism, of subordination : it must expose its alienating effects plainly, so that they are devoid of mystery and terror. Clearly, in the fight against alienation which the workers suffer as producers, the major answering socialist response is the demand for worker's control. This becomes increasingly urgent as neo-capitalist rationalisations gather force. Workers' control of job organisation, the speed of work, re-tooling, is no mere panacea. It can very well be understood by shop stewards and local union officers as fitting present needs. But neo-capitalist reorganisation extends from new practices in the shops up to the attempt to elaborate a comprehensive policy for incomes : and so too can the fight for workers' control, as it takes up the demand for complete and democratic accountability, the opening of the books, and the abolition of business secrets. All the work of elaborating a detailed campaign on such lines can only be done in the creation of a movement for industrial democracy : no amount of blueprints will replace its living agents in the factories. At the same time, the struggle for self management in the nationalised sector can feed and inspire such a movement. This already began to shape up in the steel industry in the discussions around the new Bill : and its embryos can be clearly seen in the mines, the railways, and, among the white collar staffs in particular, in the other nationalised industries.

Outside the sphere of production, the New Left has frequently documented the manipulation of men as consumers. Here too, the socialist movement has a traditional answering response : the transition to welfare forms of distribution. Free public transport : free housing : these are no more utopian in modern Britain than the National Health Service or free compulsory schools. To a nation embarking on the structural change from capitalist to socialist organisation, they would not be frills, but essential means of obtaining a human focus on the inherited economic difficulties. If the Bow Group can put forward the notion that the roads be metered as a counter to the fact that rail computes its costs comprehensively while roads do not, cannot we respond by demanding the opposite kind of parity? Here surely is a real answer to Beeching, which would enable some true picture of the travelling needs of Britain to be compiled.

In a context of public welfare, norms of consumption, the pressure for extended public control of industry becomes enormous. Arising out of the pioneer movement of a fight for more welfare and a fight for workers' control at every level, the arguments about the need for more national isation cease to be ritual incantation, and take on a more and more immediate necessity. Around the central core of such a programme as this, there are many issues to be resolved. But if someone speaks out, to say that socialist options are possible and practical, then there will be an answering call from very many people in the unions and the workshops. Only if the left is silent is there danger : for then each worker feels alone, his doubts his own, his conscience an isolate, and therefore, his will paralized. Voices must be found to enunciate the new socialism. The left must organise.