



Socialism 21

by Ken Coates

21st Century Socialism

The obvious difficulties which confront the British Labour Party afflict, in lesser measure, many of the other European Socialist Parties. At a time when mass unemployment remains a major problem in the most important European economies, when there is a worldwide debt crisis, and when there are profound threats to the global environment, it may seem strange that Socialist Parties are in crisis. Certainly crisis affects the world economy, which cries out for radical remedies. These are nowhere under consideration by the powers that be.

In *Socialism 21*, Ken Coates argues that underpinning all these difficulties is a crisis of national democracy, which arises because transnational corporations have established a framework of power which annuls the economic controls formerly available to nation states. Choice is thus confiscated, and governments are compelled to drift with the economic tide. Policies of full employment are no longer available to separate national governments. Increasingly, it becomes impossible to maintain policies of welfare or educational expansion. A new underclass of long-term unemployed is emerging, threatening the security of those who are actually employed.

The first part of this pamphlet, on twenty-first century socialism, seeks to establish what is necessary, and what is not, in the classic socialist prescriptions. To regain full employment there are two possible options, both of which may be tried together. The first lies in the pursuit of shorter working time, which may nowadays be subsumed under the general goal of a thousand hour year.

But shorter hours and working years will not be enough to recover jobs for all, and the policies of economic redistribution and recovery which are necessary now demand international co-operation. This is the subject of the second part of this pamphlet, which concludes with an appeal for a European Labour Forum, a general conference of Labour and Social movements all across the continent, to agree priorities, and to network for mutual assistance.

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1: British Socialism — into the Twenty-First Century

The morality of British socialism is captured in two very simple slogans: “Do as you would be done by”, as Charles Kingsley insisted, and, in the words of William Morris: “No man is good enough to be another man’s master”. Both these Victorian writers were working in an age when all women were voteless, and very largely without rights. Today, that majority of our population who are women will rightly question Morris’ male-dominated language, but not his equalitarian thought. Power does corrupt. It deforms the humanity of those who exercise it, just because it maims the growth of those over whom it is used. We are members of one another, and harm to one is damage to all. Kingsley’s socialism followed not only the teaching of Christ, but also the reasoning of Immanuel Kant, which argued that there is a categorical imperative, to treat all persons always as ends in themselves, and never as merely means to other ends.

Of course, power exists. Far from diminishing, it has assumed ever more untrammelled forms. And above all forms of power, in the twentieth century, looms economic power. At the top, this strides across frontiers and may intimidate governments, be they never so democratically appointed. At the bottom, it maintains very much the same moral order that the Victorians knew. In no factory are employees considered only in their human, personal light: each is measured, at least in large part, by strict external criteria of productivity and profitability. There are balance sheets, against which decisions will be weighed, but the real growth against which a humane society would assess itself, the individual growth and creative accomplishment of developing personalities, is nowhere taken into account. A recent sociological study showed that even in some very modern enterprises, most workers needed more skill and judgement to drive themselves to work than they were ever called upon to exercise in the tasks of their employment itself. Throughout companies, which may nowadays site their plants in outposts all around the world, there are still, even on the eve of the third age of advanced electronics, many occupations which can be adequately learnt in minutes, and then slavishly performed for years or even decades on end without change, leave alone positive human accomplishment.

In such treadmills toil many millions of people. For this reason, while "Do as you would be done by" is still a good motto, none of us can live up to it. In a society which does not accidentally transgress the golden rule, but is actually founded on the directly opposing principles of industrial subordination and the carefully drilled division of routine labour, there is no way that each can treat others as all might wish to be treated. In most of our factories and large parts of industrial and commercial life, boredom is as much a part of the atmosphere as nitrogen. Some sectors of our economy still expose men and women to conditions in which they actually become cripples. No person with any choice would actually wish to fill their lives with such employments, and that they are tolerated is a complete indication of how far we all are from upholding, still less enforcing any rule of common humanity. The best we can realistically do against such general inhumanity is to work for a world in which all of us may come progressively closer to displacing the bad rule by the good. To approach such a world, arbitrary power must be whittled away, so that its holders may first be made accountable to those over whom they rule, and ultimately, by the growth of people's capabilities and collective self-confidence, brought into a fully co-operative partnership, in which no human beings have any sway over others save by freely given, and freely revocable consent.

That many people have already, in the educational revolution which accompanies modern technologies and the growth of the welfare state, been able to escape from repetitious and soul-diminishing labour, into relatively useful and satisfying work of various kinds, only emphasizes what remains to be done. That educated workpeople also maintain strong trade union and other organizations, often administered in complex ways, in order to mitigate the abuse of economic power, equally emphasizes the possibility of doing it.

A country's wealth is in the talents of its people. Societies which restrict or stunt their people's talents are not only wasting their true patrimony: they are also inflicting a moral damage which is greater even than that involved in bearing many actual physical disabilities. If we have begun to recognize that it is deeply wrong to expose people to workplaces in which conditions render them deaf, or lame, is it not equally wrong to expose them to a mechanical existence in which their hours and years are simply eaten away, offering nothing but money in return, leaving them only a husk of leisure in which to live as creative, developing and loving people?

One time honoured solution which socialists have always advocated is that the area of leisure must be increased. Free time is the basis for all cultural development, and for perfectability in sport and a wide range of intellectual activities. It is vitally necessary for the work of nurturing children, although the rule of industrialism confiscates precisely the leisure of those young enough to be parents, because they are also robust enough to be most profitably productive.

Entering the twenty-first century, an age of robotics and communication at the speed of light, there is not only vastly enhanced scope for free time: leisure becomes a dire necessity. If work is not more equally shared, in diminishing quantities round a wider population, we shall evolve an horrendous new class system, in which a vast deprived mass of unemployed people, living on handouts from dolès which will be increasingly grudgingly administered, confront all those at work, as if with all their disadvantages, they were a favoured elite. Enforced unemployment confers no advance in freedom over regimented industrial labour. The one great virtue learned in the regiment is that of solidarity, which is confiscated in the dole queue. In all other respects, life outside the productive economy is a form of exile, of rejection. No community can afford to impose such punishments on any of its innocent members: to impose it upon millions of people is in itself a mark of grotesque social immorality.

Technological advances which could in theory take much of the drudgery out of work, are feared instead of welcomed, when they are regularly associated with the creation of still more unemployment. It becomes quite imperative to face this problem. A shorter working lifetime, with voluntary early retirement, shorter working weeks and longer holidays are only the beginning of a process of sharing creative space. It becomes possible to continue active education throughout a whole lifespan. Intellectual and physical development is no less feasible at thirty, forty or fifty years of age than it has been at seventeen or is again becoming at sixty-five. Just as in some countries it is necessary today to run literacy campaigns in which millions of adult people are taught to read, insular Britons could easily organize second language campaigns, in which men and women who were deprived of rudimentary possibilities at school now win the possibility of becoming fluent in one or several foreign tongues. Rapid technical change demands intensive scientific learning, and enhanced communication of new skills. It is entirely thinkable that life at work in the twenty-first century should be more devoted to learning than to what is nowadays called production. And here we face a major challenge: leisure itself will be more productive, the more creative work becomes. The enrichment of our free time by skills we learn in work will mean that leisure itself becomes a productive force. Industrialism imposed collectivism in the workplace and by way of reaction people sometimes become aggressively private in their private lives. A new, more relaxed industrial regime could mean a great increase in joint, social involvement in leisure activities of all kinds. The growth of community in such conditions would be more than a growth in the scope of personal life: it would change the way that people related one to another. Co-operation in work and life will be the richer and more satisfying to the extent that it becomes a voluntary choice.

If we accept that individual people have an almost limitless potential

for growth and development, then we must seek to combine the ideas of equality and freedom. Why is it true that "No one is good enough to be another's master"? Because the fact of domination prevents the emergence of certain human talents, and maintains the power of a few at the cost of the stifling of many. While the many live lives which frustrate their possibilities of becoming what they have it in themselves to be, the few also commonly pay a costly price for their dominion: they suffer distortion of their personalities and the restriction of their common humanity. Loneliness is a disorder which strikes at all ranks in a world of rulers and ruled. Often the weak succumb to chemical addictions: power, the 'fix' of the strong, is perhaps no less an illness. It is for this reason, and not because of simple jealousies, that equality has always been and remains, a primary goal of all socialisms worthy of the name. It is simple to claim that such equality is the basis of real freedom in society, and certainly without it, many will remain unfree. A tortuous history has, however, taught all who are willing to see the evidence that freedom is an elusive goal.

Yet if the combination of goals is not easy, their separation leads us in the wrong direction. Equality without freedom will inhibit creativity, but freedom without equality will reproduce the subjugation and the domination, of some people by others. Socialism is a continuing and difficult search to find the best possible relationship between what can easily be, and usually are, incompatible commitments. The best that is possible in one generation, at one level of knowledge and technique, will not necessarily be the best for its successors. That is why one generation cannot bind another, and why the political process must remain open and accountable. Part of this openness requires that we see the continuing struggle against all inequalities as a process of widening personal freedoms in concerned joint action. Such freedoms cannot easily be handed down by lawgivers because their exercise is a key part of the work involved in establishing them. Legislators can unlock the barriers to freedom, but without people ready and able to enjoy it, it will be uneasily established. And the continuing problem, which asserts itself in different forms, is that inequalities ensure that commonly it is a work of minorities to generate understanding of the need for wider freedoms. At the same time, we must appreciate that a common struggle for greater areas of liberty establishes a collective advance, which is quite different from legislative intervention to guarantee personal rights, necessary though this may often be.

The basic personal right which is rejected by modern dictators is the right to join up with other people in voluntary associations of every kind. The right to organize to achieve whatever objectives one sets oneself, is the right to lobby and negotiate for change. In advanced democracies, governments would not only recognize but encourage such associations. They would invite them to participate to join in solving social problems,

and they would see them as a valuable social resource. That the Thatcher Government was so suspicious of the powers of trade unions or local authorities was one of the sure tests by which we could judge that it feared the democratic process and was jealous to keep powers in its own hands, at the centre.

The great crisis of centralization has become very clear in that part of the socialist movement which entered into the Communist fold. The exercise of central power in the Soviet Union, China and elsewhere, while it emerged from their struggle to survive in a hostile world, and enabled them to make certain advances which would otherwise have been impossible, nonetheless posed continuous problems for the peoples of those countries, and also for their governments. The more that initiative has been controlled, the more difficult it has been to stimulate it where needed. A wide variety of efforts are being made to cope with this difficulty, and it is now clear that Communist societies have no alternative but to democratize themselves by devising mechanisms which can create more free relationships between spontaneous and voluntary activities and governmental responsibilities. The very different kinds of reforms upon which both major Communist states are now embarked all assume experiments in openness and accountability. Their success would bring a transformation of global choices, not simply an improvement in their domestic conditions.

Capitalism also lacks choice. Its logic inevitably sets it on a centralizing path. Unlimited economic competition squeezes out losers and rewards victors. Ownership is concentrated into greater and greater powers. Huge multinational corporations merge, and ride over the world. A rapidly expanding share of world trade is in the hands of a tiny and diminishing handful of companies. A growing proportion of such trade consists of internal transactions within these companies themselves. The directors of such mammoth enterprises, however, just like the owners of little mills two centuries ago, know no law other than that of the balance sheet, even if today this is chewed through by computers or tomorrow it will be flashed across the world by optical fibres. If they pay national taxes, such companies do so out of politeness: they can avoid national regulation because they operate freely across frontiers, and their internal prices on the one side, and their published accounts on the other, reflect whatever compromises they decide to make with national fiscal policies. Such global power now means that most governments experience the most enormous difficulties in regulating national economic activity. Companies may threaten to move, in order to secure obedience whether from local or national centres of government.

To face up to such titanic forces the separate trade unions and labour movements in all the most developed countries need already to join their forces, and work out complementary and convergent policies. But this also means that slogans which were adequate in previous ages are no

longer enough. Where socialists used to aim at the nationalization of the means of production, distribution and exchange, we now need more radical objectives. Nationalizing some of the present high-tech multinational corporations will often mean taking possession of their buildings and yesterday's equipment, leaving all their vital activities, their current research and thus tomorrow's techniques, under control elsewhere. The substance will all too easily escape, leaving behind the shell.

Social ownership will need to move in two directions at once to answer this development. At one level, where necessary we can create new transnational public corporations, with international systems of industrial democracy and accountability. Such combines would already be highly functional in the key fields of telecommunications, aerospace and civil transport. They could resolve major problems in the transfer of new technologies, and these would occupy a strategic place in the most important growth industries. At the opposite extreme, we need to create a climate in which local and municipal co-operatives and corporations can flourish under democratic management. At either the great or the small level, the task of twenty-first century socialism may be simply stated as the socialization of the entrepreneurial function. This means that creative enterprise must be encouraged, not choked back: but it also means that the intimate bond between enterprise and greed, which was consecrated in the first days of the industrial revolution must now come to an end.

The development of new forms of public enterprise, relevant to the emerging post-industrial world, requires the invention of new modes of democratic co-operation. In these, we can see the continuing relevance of many old socialist prescriptions. Labour must employ capital, not capital, labour. If generations of enlightened managers have told us that labour is not a commodity, we still lack the economic structures to give force to their promises. If democracy is not to be locked out of the factory gates, then we shall need more than the relevant reforms of managerial structures: it will be necessary to develop the kinds of democratic logic which can tell us whether and when to over-rule the logic of the market place, and where and when to leave that logic unchallenged. Democracy must continuously expand, or it will die back. Its failure to expand into industrial life is a prime cause of the present crisis.

While democracy falters, monetarism has gone on the rampage. Blind followers of the market find themselves confronting every democratic advance in the workplace. If cheapness of production is the iron law which all must obey, then wage-slavery, softened by modern brainwashing, is the way to enforce it. The ruthless rule of the market place makes every factory a fortress and under it every employee feels his or her labour, be it never so technologically advanced, to be a form of bondage. But the reinstatement of the rule of the market does more than this. It roots out decent social priorities, and cuts down the instruments of

welfare, all painfully established in long years of struggles, negotiation, compromise and confrontation as pointers to a new society.

The appeal of the doctrine of market sovereignty rests upon folk memories which are not inaccurate. Time was when the development of exchange was in itself a liberatory force. "Town air is free air" was a famous motto in the middle ages, when guilds of artisans, self-governing, began to create an alternative society within the surrounding fog of feudal rules which blanketed the countryside. But as the philosophy of the market became dominant, so did its manifest inadequacies. Alongside the "invisible hand" which allegedly regulated and balanced production, there was also a very real invisible foot which kicked the producers into line. Town air was distinctly unfree in Victorian slums, and it is no purer in modern inner-city ghettos. While little groups of artisans could once and still sometimes do, find space to breathe and live in the market, today's giant oligopolies choke back the very freedoms out of which they grew. More and more areas of real human need find no prospect of satisfaction within the framework they establish. Profit is a poor regulator of compassion and compassion is commonly forced to rebel against its priorities.

Two centuries of experience have taught us that the market place will never offer satisfactory answers to the housing problem, or to the need for universal health care, or to the growth of needs for schooling of all kinds. Very large areas of all modern economies are necessarily best served by the establishment of welfare forms of distribution. Modern socialism will seek to expand these, in response to the wishes and needs of the people, and giving due consideration to social costs. There remain, and will for long remain, many areas of economic life which may be perfectly adequately conducted in the market place.

Yet nowhere can this be taken to imply that markets should be above control or criticism in the interests of humane priorities. Above all, socialists must face the shifting relationship between the value of quantities of products and the effect of their production on the quality of life. It is our faith that decisions about the quality of life are the main and most important decisions, and that such decisions must be carefully and deliberately made by the people. Laissez-faire means "leave it foul". If more production could be achieved by poisoning the rivers or the atmosphere, two centuries of capitalism have decreed that all must therefore drink and breath the necessary poisons. Now the scale of industry is such that the poisons blanket continents and exterminate whole species. To affirm the need for social decisions to control such pressures is to affirm our responsibility for maintaining an environment in which our children and their children may still be fitted to live. This affirmation is always a rebellion against commercial interests.

Today this rebellion needs stronger voices. Pollution threatens the protective ozone layer of the planet. Rising global temperatures threaten

the destruction of major granaries within a lifetime, and perhaps a meltdown of polar ice-caps of sufficient seriousness to submerge key regions, within a slightly longer span. The market, with its crisis of indebtedness, accelerates the destruction of rain forests. There is no "invisible" organ with the spontaneous capacity to regulate cosmic greed on the scale of modern capitalism. Only deliberate decisions will rescue us from self-destruction, if rescue is to be found in time.

The argument about the quality of life is necessarily a shifting argument. The evidence upon which it is based builds up to the point where opinions change. Often there are different interests which affect people's powers of perception. And the values which people form reflect a whole mesh of psychological needs, which also need to find expression. It is quite unimaginable that there could be an arbitrary way of resolving such an argument. It could be arbitrarily stopped, but short of that, it is a continuing process, and its name is pluralist democracy. Such democracy not merely entitles every opinion to a voice; but also upholds the right of every argument to an association. If people cannot join their forces to campaign and press their points of view, then they are not able to argue effectively. A democratic socialist movement will always be the home of contending groups, changing and learning in their interaction.

Such interaction is, however, prey to various kinds of petty abuse. If it is conducted without restraint, it can sometimes undermine the effective unity of the movement as a whole, and thus enfeeble its own capacity for change. The antidote to this abuse is perfectly simple, since every person is capable of forming a rational calculus, and judging whether and in what circumstances it is necessary or fruitful to press an argument.

Such an association of rational revolutionaries needs to develop a membership which understands the democracy of accountability and pluralism, and will not allow it to be over-ridden for special purposes, however worthy these may seem to be. There is no minority which has a right to forbid lesser minorities, and there are no creeds which place their advocates above the principle that leadership depends upon consent, and must therefore always be accountable.

The relevance of such a practical democratic style is increased by the scale of the problems which confront all our people as we move towards an inhospitable twenty-first century. Incredible new technologies are being perfected by gigantic multinational enterprises. National organizations, whether governments or trade unions, are less and less adequate to respond on an appropriate scale to the human earthquakes which are already resulting. Closer international co-operation absolutely requires heightened democratic involvement: otherwise it will only contribute to the loss of power which has already been far advanced by industrial process. Labour movements have, from their infant years, always aspired to a profound internationalism. Today, however, this internationalism has become a condition for human survival. The

advance of science and industrial technique has given us vast arsenals of nuclear weapons, and is about to move into an even more sinister growth in our capacity for evil. International co-operation, however, is still confined within institutions which had already become inadequate with the invention of dynamite. Yet, all the while, business is collapsing national frontiers, and imposing its own agenda on peoples who are still separated by a babel of different tongues. Worse than this challenge is the related problem, that capitalism remains quite incapable of assuring the development of the productive forces it has unleashed: that it remains unable to redistribute the resources it has concentrated, and underpin continued and stable social evolution. Entangled in slump and deep crises of underdevelopment, natural spoliation and unemployment, it appears more and more as a fatal incubus.

Democratic co-operation across frontiers invites us to move into a new age, and to use all our ingenuity to establish new institutions through which our peoples can recover political initiative, and reverse social injustice.

The socialism of the twenty-first century invites us to consider a most difficult agenda. The Labour movement has learnt many lessons in the struggles of two hundred years. Now we must apply these to the problem of creating a new and heightened international co-operation, for we shall either open a new century in which foreigners are abolished, or we shall succeed, instead, in abolishing ourselves.

2: A New Global Alliance?

Most West European Socialist Parties have not been doing too well in electoral terms during the economic difficulties of the present decade. As mass unemployment returned with a vengeance, Labour and Socialist votes might have been expected to soar. Instead, in many countries, they declined. Sometimes the conventional explanation for this is that heightened insecurity makes people more conservative. Sometimes it is argued that either insufficient radicalism, or excessively doctrinaire policies, have alienated socialist constituents. Sometimes it is said that all these things can be explained by changes in the social structure, in a modern variant of economic determinism. There is, in short, no lack of theory about our present predicament. That is why it is very useful that Socialist Affairs is seeking to collect some hard evidence about it. No doubt this will complicate the argument a bit.

In Britain, the nineteen eighties were preceded by the election of the Thatcher administration of 1979, following a "winter of discontent" in which low-paid workers in the public sector rebelled against severe pay restraints at a time of scorching inflation. This revolt was in turn conditioned by the imposition of austerity policies on the Labour Government by the International Monetary Fund, in what had become a traditional pattern of crises in the balances of payments resulting from attempts to break into sustained economic growth. More countries than one have been caught in this kind of vise, which fact alone should give pause to the kind of nationally-founded explanation which preoccupied the British left in the last years of the Callaghan Government and the earliest days of the new Thatcher regime. Perhaps the most widely discussed attempt to expound the issues confronting Labour at this time came from the Marxist historian, Eric Hobsbawm, in his paper "The Forward March of Labour Halted?" But although he advanced some cogent arguments, Hobsbawm's analysis shared the same limitations as those of the movement he was criticising.

Just at the moment that a purged and radical Conservatism seized control of the levers of power, determined to reverse the key elements of the postwar political consensus, the predominant forces of the Left,

including all the most able economists of Hobsbawm's own Communist Party, were embattled on behalf of an "alternative economic strategy" whose main outlines were entirely national. In its crude form this was capable of being misrepresented as "public-ownership plus import controls": but there were very much more sophisticated variants which comprehended the shifts in international economic power in a quite realistic way. Had Labour held on to office even after the trade union disillusionment of the late 'seventies, such a strategy would have had a chance, because of the sudden uprush of North Sea Oil, which could have sustained dirigism and growth far more harmoniously than had been possible in earlier decades. But oil revenues were in fact to be used for a quite contrary purpose: to underpin the Thatcher onslaught, financing unprecedented mass unemployment over a period of a decade, and thus shredding effective trade union powers, squeezing out declining and unprofitable industries, and undermining the balance of social power to the destructive detriment of institutions of welfare and public provision.

The prospects of an oil-based bolt for freedom were thus denied to the Labour Party. In this context, the undoubted halt in its forward march must now be interpreted very differently. 1979 came about as a result of a structural crisis which has gripped other European States, perhaps less completely, but everywhere to some extent.

This crisis should perhaps be described not primarily in terms of its effects on the advance of Labour organization, but more generally as a crisis of democracy. Contrary to the suppositions of the early socialists, workers' organization was only able to consolidate itself in national forms, for the very simple reason that the struggle for democracy, in the first place for Labour representation itself, turned around enlarging access to national parliaments, and establishing checks and balances affecting what were still mainly national industries. Trade unions could, it is true, create functional international linkages, but their bargaining efforts were mainly successful at the national level, and their political efforts were naturally designed to reinforce their industrial advance. The Allied victory in 1945 greatly reinforced the national democracies of Western Europe, and the following years did indeed see a "forward march" of Labour, even if at times, and in some places, this seemed uncertain about its direction and doubtful about maintaining its impetus. Here Hobsbawm's strictures could be impartially applied across Europe, to both socialists and communists.

The postwar European consensus of welfare and stable economic advance rested on the Keynesian economic order, established at Bretton Woods, which provided the democratic governments with more or less effective powers to manage demand, and, therefore, for a long time, to maintain full employment. This implied strong trade unions, and the settled participation of Labour in political life, albeit mainly in a subordinate, if secure and sometimes relatively congenial, role. But it

also largely left the management of supply to capitalist corporations, and the continued growth of these, whilst drawing strength from state management policies, led them to assume ever more cosmopolitan forms. As the transnational corporation became the dominant entrepreneurial form, so the Keynesian foundations themselves were steadily undermined. To be sure, wars and great political upheavals contributed to this process: but the process itself was continuous and unremitting.

The most important theoretical lessons of the British experiences of these global developments were drawn by Stuart Holland, who had been a personal assistant to Harold Wilson in the traumatic years of his first administration. In an important book, *The Socialist Challenge*, Holland developed the fundamental analysis which lay at the base of the alternative economic strategy, which was to be embraced by the whole of the left, throughout the 1970s, and even later. Holland showed that the failure of Keynesian management techniques to deliver controlled growth in Britain was part of a wider change which resulted from the growth of multinational corporations, able individually to circumvent and together to block national governmental policies over a wide range of matters. Between the macro and micro levels of economic analysis, Holland argued, we needed to see that there had arisen a meso-level represented by the giant corporations, which could subvert or nullify many of the decisions taken by macro-economic planners. Since giant companies accounted for a greater and greater proportion of world trade, and since much of that trade was now internal to specific corporations, devices like that of transfer pricing enabled corporations to avoid national taxation rules at will. The prices of transferred components could be charged at wholly fictional levels, in order to remove company resources from one area to another, without hindrance. Transnational subsidiaries would be favoured for straightforward company reasons, even when national trade balances were running adversely. In this way, too, big companies would play the exchanges, and develop responses to the next level of state management intervention. As they became less and less capable of controlling their national economies by conventional fiduciary means, governments were forced into the position of competitive borrowing in order to maintain the parities of their currencies. A Dutch auction of interest rates followed, reinforcing inflationary pressures.

Tony Benn has argued that his experience as Industry Minister shows that it is perfectly possible for national governments to control and limit damaging activities by individual multinational corporations. He cites his experience in granting oil exploration licences, or in dealing with big companies which were running large balance of payments deficits in their British outposts. If oil companies were unwilling to conform to the social standards prescribed by government, or to the extraction policies deemed necessary by ministers, they could be denied franchises, and under Benn

this sanction was employed with the necessary vigour. In a similar way, companies that were running identified deficits might be intimidated into rearranging their transfer prices in order to produce the required national surpluses: although the means of intimidation would require close control of purchasing policy by state agencies, something not always easily exercised. But there are two problems involved in this process. First, governmental intervention against a particular company is an altogether simpler and more straightforward business than governmental intervention in the (now, in most economic areas, dominant) transnational sector as a whole. The question is not whether governments can exercise power when they are dealing with a single recalcitrant enterprise: it is whether they can resume effective control of macro-economic policy, when the predominant economic powers have already largely escaped particular state circumscriptions. But the second problem arises even at the level of government intervention in the affairs of particular corporations. To intervene, governments must have accurate information, which is by no means always available on time. All efforts by European trade unions to impose standard accounting systems on companies operating in the European area have so far been frustrated. EEC attempts to develop European company law, and common company structures have also been circumvented.

Stuart Holland proposed a bold response to the growth of transnational economic power. It was necessary, he argued, to develop pincer movements between Labour Governments operating at the macro-economic level and trade union activists working at the meso-level. Through the device of planning agreements, determining the forward strategies of great companies, it would be possible to squeeze multinationals into conformity with social priorities. If this might have seemed a classically social democratic project, it was also deeply unwelcome in the offices of the great corporations. The Labour Party's commitment to this programme was reversed by Prime Ministerial intervention after impassioned appeals from industrialists. Hardly any planning agreements were ever concluded. The Wilson administration also backed off from the implementation of TUC policy on industrial democracy, which would have extended collective bargaining into the board room, on all key investment questions. As a package, the alternative economic strategy elaborated a number of convincing answers to the problems raised in Holland's analysis. But failure to implement those policies between 1974 and 1979 was failure to seize the initiative at a key time. Jokers will say that the alternative economic strategy has been like Christianity, in that it has never been tried. Indeed part of the attraction of Christianity comes from the fact that is designed to bear reiteration through the most widely divergent situations. Political policies are different. They are designed to meet specific problems, and no sensible person will try to apply them in different situations. After the

restoration of the new-style Conservative Government, and after the imposition of zealous policies of economic contraction, mass unemployment, retrenchment, and assaults on political pluralism, the physical scope for such policies was radically diminished. Stuart Holland's own conclusion was that international action, beginning on a European scale was increasingly becoming a precondition for the successful development of reform policies.

Recovery, development, and redistribution of resources would bring any separate national state into unanswerable economic difficulties, if it were not sustained by a group of similar states working in concert.

At first sight, it may seem to be unlikely that such co-operation could be forthcoming, even between Labour and socialist governments. But where is the alternative?

The parties of the Socialist International gave their answer in Lima, when they ratified the Programme, *Global Challenge*, published as the Manley-Brandt Report. The general framework of this Report is completely compatible with that of *Out of Crisis*, a perspective agreed between economists from the West European Socialist Parties in 1983. Both these documents owe a good deal to Holland's insights. The same framework of ideas was generally agreed by all the Socialist Parties of the European Community, in 1984, when, word for word, *Out of Crisis* found its way into the joint manifesto for the European Assembly Elections.

But in 1987 we heard a new voice on many of these themes. Mikhail Gorbachev, in his letter to the General Assembly of the United Nations, took up many of the same issues, and gave identical answers to them. It is hardly surprising that such cordial agreement was registered when Willy Brandt visited Moscow in April 1988. It must be said that such an accord is timely. Without it, our condition would be dire indeed. As we put it in the Appeal for a Disarmament and Development Initiative (DDI), launched by the Russell Foundation in 1987:

"...the world economy is disintegrating. Devaluation will not remedy the payments deficits of the United States and the United Kingdom. But these deficits are indications of trouble to come for other important currencies. The Casino economy against which Keynes railed is now worldwide. Whereas ten years ago 85 percent of foreign exchange transactions were to finance trade, the same share today feeds currency speculation.

Meanwhile, Africa is wracked by drought, disease and deprivation. Latin America is deep in crisis with unpayable debts and cuts in trade and living standards which threaten the stability of its new democracies.

Beggar-my-neighbour protection is on the agenda of GATT. But it is beggar-my-neighbour deflation, and the paralysis it brings to trade which is crippling the south, while the north slow burns with persistently high unemployment.

If the United States administration does cut its deficit by restraint, including arms cuts, to achieve a balanced budget by 1993, this could mean negative growth by that year in Latin America and Europe, increasing Western Europe's unemployment to twenty-four million.

The growth of trade between the Soviet Union and Eastern Europe and the rest of the world could fall nearly five-fold, to only half of one per cent a year. Trade and debt turbulence would threaten the collapse of the already insecure global trade and payment system.

It is for such reasons that we must offset reduced arms spending and support disarmament with increased development expenditure. We need to reverse beggar-my-neighbour policies with better-my-neighbour strategies aimed to:

1. Recover mutual spending and production — including public and social expenditure — and thus increase import and export trade, jobs and incomes;
2. Restructure power relations between North and South, East and West, with a rescheduling and writing down of the debt which inhibits development itself;
3. Redistribute demand towards those in the South who need it most, with beneficial effects on their own economies and welfare, and also on exports and jobs in the north.

In effect, we need to offset militarism and monetarism by new policies, both on disarmament and development.”

From this point onwards, we stand at the threshold of new possibilities. A new global alliance of democrats, for economic recovery and development, for common security and disarmament, and for recuperation of our damaged environment, is not only necessary, as it has been for a long time: now it begins to be thinkable, actually practicable. If Communism succeeds in democratising its structures, this co-operation with socialists becomes absolutely normal. At the same time, liberal democrats in the United States are becoming aware that the age of American hegemony is over, and that the United States is itself a major debtor. Large areas of common interest could be found, given the will, to create widespread joint action for progress in the first, second and third worlds. In the present worldwide crisis of indebtedness, whole families of nations find that their investment potential has been confiscated for years ahead. As we have seen, structural problems of great severity afflict most “advanced” economies even during times of relative upturn. And yet the crisis of recovery and development remains a crisis of nation states, of national democracy, and of sovereignty. Unemployed people in Spain or the Netherlands want jobs in Spain and the Netherlands, not some abstract upturn which passes over their heads. The political impasse of

the present crisis does not result from too much national sovereignty, but too little. National democracy has by no means been overtaken by accessions of powers to the UN, but bypassed and neutralised by arbitrary and unaccountable private economic powers. The most rigorous conservatives in Europe seek to solve the resultant problems, not by democratic advance in international co-operation, but by reverting to pre-democratic forms of laissez-faire, at any rate concerning the most potent corporations, actually abrogating or repealing those democratic powers which might be conceived to impede corporate aggrandisement.

In this painful world it is plain that democracy cannot simply jump over the states in which it has been confined. It is bound to seek to defend its national spaces, and to recover control over powers which have been filched from it. Today is not the day when democrats can afford to join in the lobby to annul rights which are proving all too difficult to preserve. And yet international co-operation, joint action between states and democratic agencies, becomes, increasingly, a prior condition for even the most limited success in the struggle against the effects of unbridled economic concentration.

Two contradictory imperatives now must find reconciliation. On the one hand, national independence and autonomy uphold themselves as still the most basic area of democratic advance. On the other hand, the growth of transnational economic power, and the unmanageability of its associated crises, demand a degree of international co-ordination which positively insists upon new democratic frameworks. Labour movements are bound to have difficulty with this dilemma. All too often, the need for international action can be advanced as an alibi for failing to do necessary things at a lower level.

International action is never easy, and the given frameworks of co-operation are all woefully inadequate. To develop useful channels needs, above all, the kind of popular alliance which can make international space, and recover the democratic scope which has been eroded at the national level.

How Labour and Socialist Parties will actually use the ground they regain in such an alliance will, of course, vary from case to case. But mutual support must inevitably constitute its core commitment. The evolution of industrial democracy will undoubtedly resume its convoluted course, different in one State from another. Precise national determinations about the mix between welfare and private provision of services will also vary. The regaining of the democratic initiative will perforce be a renewal of explicitly national power: but it can only be undertaken within a guaranteed background of international co-operation and support.

This seems to me to be the deep-structured response to electoral recovery by European socialists. Precise campaigning bids can only be settled by national parties on the basis of their collective experiences. But

once the agenda of cross-frontier co-operation is firmly established, the myths of conservative nationalism become unsustainable. Capital itself has created a new world disorder, and the real economic structure demands a rational countervailing response. Begin to insist on this, and we begin the long work of democratic recuperation.

3: A European Labour Forum

- (1) Mass unemployment is a continuing and growing problem throughout Western Europe. It not only inflicts great hardship on its direct victims, but also creates a climate of fear and uncertainty in the wider society. In the middle term, it is not easy to see how democratic institutions can live with sustained crisis of this kind. Already, the powers of trade unions have been seriously undermined in many areas. Many of the post-war advances in education are offset by the extension of youth unemployment to become a general expectation in certain regions and sectors of the economy. Hard-won advances for women employees are checked, and even reversed. Immigrant communities experience especial difficulties, and xenophobic tendencies are dangerously increased.
- (2) There are limits to the powers of national governments to mitigate these evils. It has become plain that it is necessary for governments to undertake joint action for recovery. A variety of proposals for such action have been canvassed. *Out of Crisis*, a project co-ordinating the efforts of economists and political leaders from many European Socialist Parties, was one very interesting attempt to analyze the present traumas, and offer a path to joint recovery. These arguments were substantially developed in the joint manifesto of the European Socialist Parties for the elections to the European Assembly in 1984. Subsequently they have been greatly expanded and further developed in the report of the Socialist International: *Global Challenge*.
- (3) It is clear that co-operation between governments is vitally necessary to any European recovery, and to any serious improvement in North-South economic relations. But like-minded governments do not all arrive in office at the same time. We must anticipate that those who favour such international co-operation may well find themselves more or less isolated when they take up office, often in conditions of great economic and social dislocation. To contend with such problems, it is more than ever necessary to deepen the co-

operation between Socialist Parties, so that this becomes effective at many different levels. It is no longer sufficient that leaders should reach agreement, desirable though this process remains.

- (4) We may take it that there are two broad strategies for meeting the threat of unemployment. The first consists of the development of measures for recovery and job creation. The second consists of measures to encourage work sharing, pre-eminently those involving shorter working time.
- (5) Neither of these broad strategies is confined to purely governmental initiatives. Local government and regional assemblies may play a considerable part in the working out of economic recovery measures, and indeed, in some countries de-centralization is seen as a major commitment. A network of local and regional agencies could thus make possible practical co-operation, improve technical and training services, stimulate trade, and at the same time intensify public pressure, by encouraging the growth of a European opinion in favour of concerted action against unemployment. This is, in a nutshell, the thinking behind Joint Action for Jobs.
- (6) The campaign for the thirty-five hour week, and now for a thirty-two hour week has engaged the ETUC (European Trade Union Confederation) and most of its national centres. There have been growing pressures for longer annual holidays, paid educational leave, maternity and paternity leave, and sabbatical periods. These might all be subsumed in the general goal of a thousand hour year, which could open a perspective for the middle term, and provide a linkage between otherwise separate issues. Shorter working time may be legislated, or agreed through the processes of collective bargaining. Within each of these broad streams there may be found many tributary approaches.
- (7) New activity in the local economy encourages all kinds of experiments in producer co-operation, environmentally safe production and social innovation. The modern movement for shorter working time relates directly to the growth of social leisure, as well as personal free time. It links to the demand for changes in family life, enabling men to play a much greater role in the development of their children. It thus becomes an issue of importance to women's groups, as well as trade unions.
- (8) Political movements seeking an alternative to the economic crisis should not neglect these important social forces. It will, in any case, be difficult to win public opinion for alternative policies without mobilizing such social resources. Slump creates fear, and increases the timorousness of large populations. To build confidence in an alternative, it is necessary to create strong networks of mutual

support. There is no reason why such networks should stop at the national level when we are seeking joint international responses by governments. Indeed, the development of such networks could be an important approach to the creation of that kind of public opinion which governments will need before they can act effectively in this way.

- (9) It is for these reasons that it would be useful to explore the possibility of a European Labour Forum for economic recovery. Such a forum would involve not only national political leaders, but also activists from the Parties, trade unions, women's organizations, and community groups. It might also seek the involvement of representatives of towns and regional administrations. There is a strong case for a large meeting consisting of many appropriate workshops, structured in a way to encourage networking, mutual assistance, and the development of public information.
- (10) This proposal does not at all involve the establishment of a new political movement. It could not work without the full and generous support of the existing movements, and a pre-condition for this would be complete respect for the existing policy commitments of each of these. Therefore such a forum should not be constituted as a deliberative assembly, and should not debate resolutions or form independent policies. Its role should be the exchange of ideas and the dissemination of information. If there were any projects of joint action, these would need to be agreed consensually between the sponsoring organizations.
- (11) If such principles could be agreed, quite a wide variety of organizations might then agree to join their forces in sponsoring such a forum. The organization of the forum in detail could be the work of a joint preparatory committee established by the sponsoring bodies.
- (12) A European meeting on this scale would not be easy to organize, but it would be worth the trouble. It would begin to provide tangible evidence of a will for change, and of the growth of co-operation at many different levels.



Perestroika



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