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Labour's Choice: the Fabian debates



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Labour's choice: the Fabian debates

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The leadership debate

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Bryan Gould's opening statement

If we are to learn lessons from our general election defeat, and win next time, we have to face some uncomfortable facts. We made real progress in 1992. We returned to Westminster with 40 additional seats. But there was a 7% gap between us and the Tories in our share of the popular vote. That is a substantial defeat in anybody's terms.

That defeat forces us to conclude that the strategy which produced a fourth election defeat in a row has failed. 'One more heave', simply changing the face at the top, a 'safety first' policy which concentrates on eliminating mistakes and waiting for the Tories to lose, will simply not be good enough. It would mean that once again we had failed to undertake that political education of the electorate without which we cannot hope to counter the bias of much of the media. Nor is there any future in turning the clock back. If we cannot win next time by re-running the 1992 campaign, still less can we win by re-running the campaigns of 1987, 1983 or 1979.

There is no point in simply reconfirming our appeal to those who are already convinced. We need to understand those voters who have yet to be convinced. The leadership of our Party must have some experience of what it means to fight and win in those areas outside our heartlands - those areas which at present deny us power and which will do so again unless we rethink our appeal to them and show that we understand their aspirations.

That does not mean moving on to some mythical centre ground. The Tories will always be more convincing guardians of the status quo than we are. On the contrary, we have to offer distinctive and positive reasons why people should vote Labour. We must give them a real sense of the difference a Labour Government will make to their lives. At the heart of that appeal must be a commitment to run the economy differently. We must be prepared to challenge monetarist orthodoxy. Labour's policy must give priority to those who live and work in the real economy, not to the short-term interests of the money economy and the City.

Labour must above all put full employment centre stage. It is full employment which gives us the chance to make the distribution of wealth fairer, and which offers a real route out of recession to each individual and to the economy as a whole. We must also offer people the chance to make something of themselves, not only through the greater participation in wealth creation offered by full employment, but also by increasing the rewards available to

ordinary people - through the minimum wage, greater rights as employees, more control over lifetime contributions to pension funds, greater stakes through employee share ownership plans.

We must pay more attention to closing the gender gap which continues to disfigure our electoral performance. In other countries, left and progressive parties attract more support from women, not less. We have to frame our policies to meet women's needs and interests. We have to involve women more at every level of our movement - and only quotas will do that. We have to recognise that women are turned off by the macho style of our politics, and will demand a less adversarial approach and a more democratic way of running our own affairs.

We must acknowledge the demand for a constitution which equips us for the 21st century. We must not fall into the Liberal trap of believing that electoral reform is all that matters, though the Plant Committee must now be encouraged to complete its work speedily. Their recommendations should be submitted - along with other important issues like decentralisation and devolution, a Bill of Rights, the future of the second chamber - to a constitutional convention open to voluntary bodies, trade unions, local government, the churches and other parties.

That is a good example of how we can build a more consensual style of politics - not through pacts or deals, but by establishing common ground with others on issues like the need for pluralism in our system of government, the environment and education, where we can show that the Tories are in a minority.

Above all, the Labour Party must do what it was created to do - challenge orthodoxy, oppose vested interests, refute conventional wisdom - on behalf of all those who want a fairer society and one that operates more genuinely in the community interest. A leadership which takes the Party forward on a positive and radical agenda can unlock the great energies of the Labour movement and the best instincts of the British people to create a great radical reforming Labour Government to carry this country through to the 21st century.

John Smith's opening statement

Tonight I want to speak about the future of Labour, not about our past. We start on that future in the wake of our fourth election defeat. We will only succeed if we grasp the need to make radical changes. We need to offer a new and positive programme of policies that are relevant to Britain as it will be at the end of this century.

Most people today do not live in poverty. That does not mean that our commitment to tackle poverty is any less relevant. On the contrary, it is all the more important if we are to avoid a permanent underclass. But it does

mean that we face a new challenge of designing a strategy for social justice and economic opportunity that will benefit the minority, while gaining the votes of the majority who must pay for it. I have proposed a Commission on Social Justice - a new Beveridge - to take a fresh look at tax and benefits and to build a consensus for change to a fairer system.

We live in a society which is increasingly individualist. People define their ambitions in terms of how they can improve their own skills and opportunities, how they can provide more security for their own family, how they can improve their own home. Labour must show we are on the side of the individual against vested interest, particularly on the side of the consumer against big business. Of course individual interests are often best served by common services such as a National Health Service and public education, but we will only keep public support for them if we show we are on the side of the individuals who use them, not the institutions who provide them.

Women want an equal part in that new society, and must be given new opportunities at work and in public life. We can start now by making sure women are properly represented at all levels in the Labour Party and that women voters see women MPs and councillors given a high profile in our public campaigning.

Britain is now one of the most centralised states in Europe. I was the Minister who worked on the devolution bills of the seventies and I believe the case for devolving power is even greater today. I am committed to ensuring a Parliament for Scotland, an Assembly for Wales and devolution to the regions of England. I believe Britain needs a renaissance of local government to restore local democracy as a creative force for meeting local needs and not just a passive agent for the delivery of national policies. And I believe Labour must embrace the case for a Bill of Rights to protect the individual from central power.

Our policies must be relevant, not only to the Britain of today, but to the modern world. That means recognising that the world is a smaller, closer place in which actions in one nation can affect every other. When the rainforest is destroyed in Brazil, the climate in Britain is damaged. There is no future for Britain in isolationism. I believe our future is in Europe, but in taking a lead in Europe, in policies to stimulate growth and higher employment, a lead in widening the membership of the Community. The task, of course, is not just to understand the world, but to change it. The programme I am offering would make Britain fairer, more open, more rewarding, and more internationalist.

The other task a leader must undertake is to complete the building of a membership democracy in the Labour Party on the basis of one member one vote. There is no future for Labour as a membership party if our members find they are taken for granted. I believe that as a democratic party Labour must be led by a leader who is accessible and who listens to members as well as speaks for them.

Strengthening the Labour Party's democracy does not mean weakening our relationship with the trade union movement. Our values and principles are shared with the trade unions, as is our history. In modernising our systems of election and in reforming the block vote I believe we can build a new partnership with the trade union movement that will be stronger because it encourages the participation of individual union members and healthier because it is fairer between Party and unions.

The people who pay the price for Labour's defeat are the millions who looked to us to bring them hope - hope of work, hope of a decent home of their own, hope of a pension on which they could make ends meet. We must speak for them. But as Leader of the Opposition I would seek to speak not just for the minority who voted Labour, but for the majority who did not vote Conservative. In all our actions we must remember that our task is to persuade that majority who did not want a Conservative Government that next time they need a Labour Government.

Question: Do the candidates agree that the Labour Party should oppose the Maastricht Treaty, particularly since the Treaty lays down that no member state of the European Community will be able to borrow more than 3% of its GDP to finance its public spending commitments?

John Smith. I do not think we should oppose the Maastricht Treaty. We should draw attention to the Government's failure to incorporate the Social Charter, but if we voted against the Treaty it would be interpreted as opposition to the process of Economic and Monetary Union (EMU). I have been a supporter of the European Community for over twenty years, and I am not going to change my view now, because the longer I see it in practice, the more committed I am to a more integrated Europe, both economically and politically. I see enormous opportunities in the future for Britain taking a lead in a Europe in which, post Cold War, there is the exciting possibility of breaking down divisions between East and West.

On the question of the 3% limit, what the Treaty actually says is not that member states are prohibited from borrowing more, but that if a member state exceeds this target, the Council considers the situation, and it is open to member states to argue that the deficit is only a temporary situation. Italy will almost certainly have to argue this if it wants to join the single currency on anything like the timetable that is proposed. It is not clear how binding a rule this will be. The Council has the power to fine member states which run excessive deficits, but there is a process of political decision taking which precedes any fine. It is not automatic. Finally, a country which was running excessive deficits over a long period would have troubles quite apart from the Treaty.

Bryan Gould. My worry is that the Treaty may be leading us down a course

to EMU which will simply mean a recipe for deflation on a Europe-wide scale. If that happens, it will reinforce the current operation of the Exchange Rate Mechanism (ERM), which is also forcing deflation on the European economy because the obligations are not symmetrical. All the commitments rest on the weaker currencies and economies, which have to deflate in order to stay within the ERM band.

Maastricht correctly identifies the problem of convergence - the need to have our economies performing in roughly the same way before we take on the obligations of a single currency. But it defines that convergence exclusively in monetary terms: the proportion of borrowing to GDP, the level of interest rates and a number of other ways which can easily be met, provided you are prepared to do enough damage to your economy, by way of deflation. We could do a service not only to ourselves, but to the rest of the European economy, if we were to argue for a better range of convergence criteria - criteria which are relevant to the real economy, such as levels of employment, levels of growth, balance of payments performance. Those are the things that really matter, and I think we would find substantial support across Europe if we had the courage to put forward that sort of agenda.

I am in favour of a European Central Bank. But the Maastricht Treaty makes clear that this bank will be free of all political control. We on the left in politics have always argued that questions of economic and monetary policy are too important to be handed over to the bankers. They are matters of political and democratic decision.

One final point: one of the problems of moving towards EMU without paying regard to the real economy is that this may well prove to be a means almost as effective as the Berlin Wall of keeping out the nascent economies of Eastern Europe, which may be unable to live with the required disciplines.

John Smith. I do not disagree with the notion of creating much wider convergence criteria, and certainly agree that we should take the lead in creating an impetus towards growth and emphasising employment. But we must show that we are behind the process of EMU.

Question: Since the 'contented majority' now appear to decide the outcome of elections, were the Labour Party's tax policies in the Shadow Budget a big mistake?

Bryan Gould. This is a point being made regularly to me during the course of the leadership election. As anyone who worked for us during the campaign observed, tax was a problem for us, particularly in London and the South East. In acknowledging that, I do not want to claim that terrible mistakes were made. There is no point in going back over that ground. But my view is that we should not go to the electorate in 1996 or 1997 with the same policies, because they would reject us again.

Our mistake was not so much the detail of our proposals, but the fact that we had so little else to say to middle income people. This group needed some

evidence that we were offering a convincing route out of recession, greater benefit and reward for their participation in wealth creation, more guarantee of jobs, more guarantee of rights as employees. They did not just want to hear about tax.

Attention has been focused on the groups we intended to tax more severely. Of equal importance are these we intended to benefit. There is actually very little evidence that our proposals on pensions and child benefit, admirable though they were, were received with any great gratitude by the potential recipients. In other words, it is not just the tax, but also our rather old fashioned tendency to treat people in large groups, as welfare recipients. People see themselves as individuals, and the role of government is to empower them. A socialist project should be concerned to do this. There should be no lessening of our determination to create a more equal society. But we have to do it in a rather more up to date way.

People feared that they would be caught by our tax increases, eventually if not straight away. We appeared to place a cap on their aspirations. We have to move onto a wider agenda that is concerned with distribution as well as redistribution, full employment, the minimum wage, greater stakes in people's enterprises. Redistribution alone is simply too narrow.

John Smith. I do not think the Shadow Budget was a big mistake. We had spending commitments - £1 billion on the NHS, £600 million on education, increasing retirement pensions by £5 and £8, and restoring the level child benefits, all of them fairly moderate proposals. I do not think there is a single member of the Labour Party who disagrees with any one of them. The shadow chancellor has to show the country honestly and clearly how these commitments would be paid for. We did that in the Shadow Budget by taking the upper limit off national insurance contributions, on the simple principle that there should not be a different rate for higher income earners. We also asked people at the higher income range to pay a little more income tax. That is a redistributionist policy and I strongly defend it. But these two measures together still meant that the top rate of tax was less than it was until 1988, so it was not dramatically bold.

What I would like to know from those who criticise the Shadow Budget is: were they going to cut these spending commitments, and if not, how they would have presented the commitments to the electorate if they had not adopted our revenue raising proposals? I have a simple rule about this: if you make commitments, you have to show honestly how they are to be paid for. I think you get great respect, and certainly increase your credibility, if you can do that convincingly. What happened to us was a gross misrepresentation of our tax policies by the wholly dishonest 'tax bombshell' campaign, which made the ludicrous proposition that people would pay an extra £1250 on the standard rate of income tax. It was that campaign of lies and distortion which too many people believed. I defend the Shadow Budget and, more importantly, the

principles which lay behind it. If we are going to change it, we had better change our spending commitments, and be honest about it when we do.

Question: Should we consider freeing resources for our spending plans by doing away with universal benefits and targeting benefits at those who need them most?

John Smith: My Commission on Social Justice would look at a whole range of issues. We have both universal and selective benefits throughout our system. I find it hard to imagine some things, such as child benefit, being anything other than universal.

But it would be helpful, in going through the policy making process, if we had a sort of balance sheet approach. Everyone who suggests new spending should be asked at the same time to consider how the money could be raised. I also think we should try to get a consensus wider than just the Labour Party on this, which is why I favour inviting experts and people from other political parties who share our general view to come and help in the work of that Commission. If we put on the nation's agenda the argument that two thirds of us cannot live in reasonable comfort and leave a third out in the cold, locking them out from meaningful participation in society, I think there is a majority in the country in favour of breaking down that two-thirds/one-third divide.

Bryan Gould: I am very much in favour of trying to build consensus with other groups and even, in some circumstances, other political parties on issues of this sort. But I do not think it is sufficient, on a matter of very great political significance such as universality versus selectivity, to suggest that it is a purely technical matter which we should hand over to a group of experts. We ought to have a view of our own.

The evidence is surely overwhelming that if we abandon universality and move towards means testing, we run very great risks which damage those whom we are trying to benefit. A recent report from the University of Oxford on the take-up of family credit showed that all the familiar weaknesses of means testing - reluctance, confusion, fear of rebuttal - came into play. The first and overriding priority is to ensure that benefits get to people who need them. If they go also to people who do not need them, the right way of dealing with this is to claw them back through the tax system. This is not a new principle. But we should be moving towards a single, universal system of tax and benefit transactions. Modern computerisation makes this eminently feasible. This is the way to ensure that money goes to those who truly need it, while avoiding the problem of means testing. We should not concede at this stage that we are prepared to tolerate a wide degree of means testing.

We should also move beyond thinking simply in terms of benefits. Some of the resources available should be used to enable, for example, women with children to seek their own economic salvation. We should be looking at much improved child-care schemes, so that women can participate in the jobs market. That is what people want, not always to be treated as welfare

recipients.

Question: As self-interest now seems to be the dominant factor in deciding how people vote, can altruism ever be revived and, if not, can Labour ever be elected?

John Smith: This is right at the heart of the issue. If I thought that the future for the Labour Party was simply to collect a series of self-interests, string them together and hope we could get elected on that basis, I would not have anything to do with it. Labour is about altruism. The philosophy of democratic socialism is based on a moral view of life, and that must shine through everything we do. We start from moral principles and go out to devise practical policies to implement them. If there is no morality in it, it is not worth having.

We should not conclude that because we put an altruistic case at the election, and lost, that altruism is finished. No one ever achieved anything without standing by their principles and fighting for them. If people did not believe in our principles, we would not have the NHS, decent housing, public education. I am for an altruistic party, without any apology at all. On this, I would not shift an inch.

Bryan Gould: I have always liked Oscar Wilde's famous aphorism that the great advantage of socialism was that it removed the need to be altruistic. What he meant was that socialism is a system of distributing wealth and power in society, in which people may well still feel the impulse to be generous, but this does not have to be relied on. We should be looking much more at the way wealth is distributed initially. We should bring people in as participants in that process of wealth creation, rather than expecting all the weight to be born by taxation as the redistributive mechanism.

I do not recommend that we follow the Conservative strategy of offering goodies to the electorate. But we do need to offer things which will look attractive and make people believe that they will acquire something of value under a Labour government. Policies such as the minimum wage, full employment, employee share ownership plans, rights of control over pension funds. The Maxwell debacle has rightly raised concerns over the latter. Do any of us have any idea about where the money we have contributed to pension funds actually is, how much it would be worth if we could trade it or borrow against it? That is the sort of idea we should be developing - ideas which can appeal to the public interest but also to the individual.

Question: Given Neil Kinnock's advocacy of one member one vote for parliamentary selections, and your own criticisms of the trade union vote in the leadership college, what future do you see for the block vote?

John Smith: My own view is that the trade unions should not be involved in electing the leader. This should be for party members and MPs. It will be open to any candidate to challenge the new leader under a new system any

year, provided they can get nominations from 20% of the Parliamentary Labour Party. If you cannot get 55 MPs to nominate you, it is pretty doubtful whether you should be standing as leader of the Labour Party. On parliamentary candidate selection and reselection, I support the Kinnock proposal.

I am very anxious that we preserve the relationship with the trade unions. They are part of our history; we share values and principles with them. The block vote needs to be reformed, but in a way which keeps the Party and the unions working together, because we have massive joint interests, and must maintain our close fraternal alliance. We have to do some thinking about this, rather than rushing to quick-fix judgements. I think we need to set up a committee to look at this over perhaps a year or so, to look at new ways in which the trade unions can be more positively involved in the work and decision making process in the party, maintaining the alliance but reflecting it in a different way.

Bryan Gould: I was the first to suggest a party committee of enquiry into this whole question. On the electoral college, I agree that we should move as quickly as practicable to one member one vote. I disagree with John on the requirement for 20% of the PLP to nominate a candidate, at least when there is a vacancy. On parliamentary selection, I agree again that one member one vote is the right idea. But I want to see individual membership being opened up to individual trade unionists, by virtue of their payment of the political levy. That should qualify them, if they so choose, as individual members of the Labour Party, so that they do not feel excluded.

On conference and the NEC, we should take great care to preserve the link with the trade unions, though perhaps not with the same weight that it has at present. The link should be preserved not just because of our history and traditions, but because it provides an input from the real world of work into all our deliberations and activities. I think it is also time that people in the Party spoke up for the valuable role which unions play within society. They have had an extremely difficult decade or more, and it is up to the Labour Party to stand up for the very great benefits which they have brought to working people in the country.

Question: Should MPs have their own section in the leadership college, or should it be genuinely one member one vote?

Bryan Gould: We have to make up our minds whether we have a one member one vote system or not. If we do, the trade unions would be much more resigned to the new situation if they could see that it applied across the board. MPs should have perhaps exclusive rights of nomination, but one member one vote should apply to everybody.

John Smith: I believe that MPs and MEPs should be actively involved. The leader has to lead the Party in Parliament as well as in the country. I disagree with Bryan on this. It is vital that MPs and MEPs be kept in the process, sharing the right of election with ordinary members.

Question: After a fourth election defeat, should Labour accept that it cannot win on its own, and strive for a realignment of the forces on the left, or are the differences with the Liberal Democrats far too great?

John Smith: I do not favour any merger or combination with Liberal Democrats or any other party. Political parties do not own votes. You cannot give instructions to people - apart from the fact that it is not right to do this, they will not do it anyway. I suspect that Labour votes would go to Liberals, but I am not so sure that Liberal votes would come to Labour.

We must not become defeatist; we made significant gains in important parts of the country. I am confident about the future of Labour, confident that we can win another election without going in for fancy electoral tricks. That does not mean that we cannot campaign on issues with other people who share our views or part of our views. As we campaign, we should not be exclusivist or sectarian. We should look constantly to broaden our appeal, to speak for all those who did not vote Conservative, as well as those who voted Labour.

Bryan Gould. We have to strike the right balance between a sober contemplation of how much is left to do and acknowledgement of the fact that we were the only party to come back after the election with substantially increased representation. Paddy Ashdown's offer to lead a new anti-Tory consensus is a tremendous example of chutzpah. He is the strategist who has declared that his ultimate aim is to destroy the Labour Party. If he now wants to act as a junior partner in a progressive consensus on the left, he will have to swallow quite a lot of his own words. He will also have problems carrying some of his own party with him.

But the real problem with a pact is simply that it would not work. The three million Liberal voters who would favour the Tories rather than ourselves would simply slope off and vote Tory. We would not have solved our problem, which is to widen our appeal to a range of voters who at present do not support us. The way to tackle this problem is to develop a wider appeal by building consensus on a range of issues: the environment, education, constitutional reform. We do this not through formal pacts, but through co-operations, not just with other political parties, but also with churches, trade unions, voluntary and campaigning bodies.

Question: What is your position on electoral reform?

Bryan Gould: We must now accept that there is a widespread demand for constitutional reform. We are operating a nineteenth century constitution as we approach the twenty-first century. I have been very attached to that constitution - I used to earn my living teaching constitutional law. But I now recognise that many aspects of it need to be brought up to date, including, possibly, the electoral system. I want the Plant Committee to complete its work rapidly, and its recommendations, together with a range of other constitutional issues, to be submitted to the Constitutional Convention which I would

like to see set up.

I believe that there is a widespread commitment to a pluralistic system of government in this country, which we simply do not have at present because of the winner-takes-all attitude in Westminster elections. But there are various ways of achieving this pluralism. A proper devolution and decentralisation of power would mean that political control could no longer be exercised over local and regional government. This would be the surest course towards pluralism in the country.

John Smith: I agree with the need for constitutional change. I am increasingly worried by the weakness of Parliament in the face of executive power. On proportional representation, the fact that governments are elected on minorities is increasingly causing concern, as is the increasing geographical polarisation into blocks that are heavily Labour and blocks that are heavily Conservative. That is not healthy for this country. So there is a strong case for looking at our electoral system again. But you cannot just make a snap judgement; there are 300 different varieties of proportional representation. I would put one condition - the link between the individual MP and the individual constituency must be maintained. Actually I do not think that will ever change in this country anyway. The case for proportional representation has been made more strongly than before, but I have not yet reached a conclusion, and we need the Plant Commission to help us do so.

Question: What is your position on abortion?

John Smith: I exercised the right of conscience and disagreed with party policy last time around. This does not mean that I am anti-abortion. I was concerned about the time limit, and voted for a lower limit than was actually brought in. But we cannot go on endlessly debating this matter and changing the law, and I am therefore happy to accept the situation as it now stands. But I think the Labour Party should always allow, on issues which raise such deep moral questions, a right of conscience.

Bryan Gould: I base my view clearly on the principle that this is not a decision which I should be taking - either I as a man or I as a legislator. It is entirely a matter for the conscience of the individual woman concerned. It is not the business of legislators, particularly a body with a majority of male legislators, to be laying down the law in advance. Of course there comes a point where the foetus is viable, when it is rightly to be regarded as a person. Then the law must intervene, as it does. But short of that, the matter must be left to the individual - it is a woman's right to choose.

Question: With the collapse of both the Soviet and the Swedish road to socialism, what does it mean to be 'on the left' in the 1990s.

John Smith: There is an absurd attempt being made, particularly by the right wing press, to suggest that the corrupt, inhuman Communist regimes of the former Soviet empire were somehow analogous to the democratic socialism in which we believe. Swedish socialism, on the other hand, is not dead. This

approach argues that we must produce good public services, create opportunities for everyone in the economy and society as a right of citizenship. We have to keep the link between economic efficiency and social justice, not just because we want a balance between the two, but also because unless this link exists, as it does in most members of the European Community, there cannot be either a socially just society or an economically efficient one.

Bryan Gould: I agree that the demise of Eastern European socialism is an almost unalloyed benefit for us. We no longer have the incubus of that perversion of socialism to contend with. I also agree that it is far too early to write off Swedish social democracy. It remains an extremely attractive and successful model for us to emulate. But I agree with the basic thrust of the question, which is that the left needs to answer the question 'what do we stand for?'

My own view is that to be 'on the left' means favouring a diffusion of power. Socialism is not just about responding to capitalism. We have responded to capitalism because that has been the great concentration of power. But socialism is a response to the natural tendency of every society to concentrate power in a few hands - the capitalist or the landowner or the employer or the bureaucrat. We want to diffuse power in order to empower each individual to realise his or her full potential in society. The notion of the individual in society is central. As socialists or social democrats - whatever term we chose to use - we recognise that our individual well-being depends more on our position in society than on any individual luck or strength or cleverness. It is society which makes life possible and pleasurable for us all. It is society which strengthens the individual. And the reward which society receives is that each individual, having achieved full potential, then contributes more to society. That is what the left stands for - the combination of individual freedom and social responsibility, based on the diffusion of power.

Bryan Gould's closing statement

Much of the discussion has centred on the question of the sort of party we wish to be. The party I would wish to lead would be committed to diffusing power and enabling individuals, a party which would give people more control over their own lives. It would make full employment the central aim, and give people a stake in the economy, so they would not have to rely on welfare in order to feel they were making a contribution.

The same principle - the diffusion of power - should apply to government. We have had enough of winner-takes-all at Westminster. We are the most centralised economy in the advanced world. We have to reverse the process of centralisation, spreading power to the regions and reviving local government.

We must also diffuse power in our own party. Policy must be made not by the elite, but by the membership. This makes it all the more important that

the membership should be broadly-based and representative of the electorate.

This is a programme true to our socialist principles, but meeting those individual aspirations that the Tories have exploited and we seem to have ignored. The combination of individual achievement with social and collective support is what Labour would bring to government.

John Smith's closing statement

I believe in the need to build economic strength and social justice together. The most vivid example of this link is education and training. It is no good now having a small managerial elite, because ceaseless innovation and information technology require that every employee in the company is adaptable and inventive. So education must go right down through the community. Our most precious resource is the skill of our people. I believe in the extraordinary potential of ordinary people, if it is released by imaginative government.

The key to successful redistribution is creating more wealth. It is easier to redistribute - which we must be compelled to do because of the inequalities of income and wealth which are still prevalent in our society - on a rising curve of prosperity. You cannot redistribute on a declining curve because the politics of envy will kill it stone dead.

We need to modernise our antiquated constitution. It is over-centralised, insufficiently pluralistic and our parliament is founded on the illusion that it is an effective check on the executive. It is not. The longer I am there, the more I see how impotent it is. I am a passionate decentralist, and want to see power diffused in the way it is in Germany.

We have the great excitement of the Cold War having come to an end, and as the East-West problems fade, or at least change fundamentally their character, we must now address the North-South problems which are an affront to our conscience. There is too much poverty, too much misery, too much unemployment in the world. This must be high on our agenda.

Finally, we must modernise our party, to make it more effective, more democratic, to make it the most effective force in British politics. I am confident that we can win the next election, provided we believe in ourselves and in the values that brought us into politics.

2 The deputy leadership debate

Margaret Beckett's opening statement

The Labour Party is the party of hope, aspiration and change. One of the saddest aspects of the defeat we have just experienced is that it represents not just disappointment to the many who worked long and hard for victory, but a further postponement of opportunity, a further denial of hope to many who looked to us for the chance to fulfil their aspirations.

I am at one with those who reject the notion of 'one more heave' - if by that we mean we must not rest on our laurels, expecting incremental change to bring victory next time. We must modernise our organisation and policy-making as well as moving forward in policy itself. The deputy leader has, I believe, an important role to play in contributing to such developments. I want us to make the regions the powerhouse for mass membership recruitment, centres of organisational expertise and a core element in policy development. Regional conferences could become the focus, not just for electing members to the new policy commission, but for regional parties to make their distinctive contribution to the party's rolling programme.

I propose that the Party set up a Citizenship Commission, all-party and including other interested bodies - of which the Fabian Society might be one - to set a fresh agenda for the terms of political funding and thus of political debate. A simpler, fairer, more logical tax and national insurance system could be developed, but because so many benefits are still linked to contribution records, it requires a new social insurance scheme too. For this reason I welcome John Smith's proposal for a new Social Justice Commission. I would want it to take as its first task a profound and far-reaching assessment of poverty in Britain, on the scale of the work done by Booth or by Rowntree - a Poverty Census. I believe the results would come as a considerable shock to many Britons and create a demand for action. A new social insurance scheme could also set a fresh framework for us all. The work and family patterns of today are almost a lifetime away from those of Beveridge's day, yet it is his assumptions which continue to dominate.

In the years ahead, as we move slowly out of recession, declining numbers of school leavers in the workforce will re-invigorate the demand to retain or refresh the skills and talents of women in the workforce. We need to give fresh prominence to the support structures we will need - flexible patterns of work or child care, new opportunities for training. For this reason, as well as to tackle the backlog of skill shortage or lost opportunity that neglect of our education system has created, I believe we need to develop an Education

Charter, a lifetime entitlement to study.

The deputy leader can and must make a contribution to the overall work, but just as important is the communication of our ideas, attitudes and policies, particularly to women electors. I want to be only one among thousands of women at every level in our movement who are making and are seen to be making their contribution.

Bryan Gould's opening statement

In many respects, the Party will demand of its deputy leader the same qualities that it demands of its leader. I am not one of those who says that there is no job for the deputy to do. At the least, the deputy has to be ready and able to step into the shoes of the Party leader at Prime Minister's question time, and able to take the heat when it is necessary to deflect attacks made on the leader. We need as deputy leader someone of the calibre required to do that part of the job properly.

The deputy leader should be the member of the leadership team who represents the party activist and ensures that the voice of individual members is heard. We have turned too far towards a top-down style of leadership. 'Activist' has become a dirty word. Yet the election showed that in many instances a high level of local activity can make a difference. That is why we must, through reforming our internal democracy and ensuring proper participation in policy making, make membership something worth having. In my experience, there is no difficulty recruiting new members; the problem is keeping them, and we will do that only by placing a proper value on members.

I want to see a boost to individual membership by allowing and encouraging levy-paying trade unionists to qualify by virtue of that payment for individual party membership. This would provide a much increased role for trade unionists as individuals, and might even allow us to reduce the subscription.

We must also do much more to attract and retain women members at all levels of the Party. Quotas are essential, but so is a change in the way we do things, so that we are less macho and confrontational. One of the way we can do this is by directing our attention outwards, away from our own preoccupations. Too much of activists' time is taken up 'managing' the Party. We should become more campaign-oriented, using the expertise and involvement of local activists to spread our message beyond the Labour Party - as school governors, members of local pressure groups, tenants' representatives.

The deputy leader should complement the leader by bringing something extra to the leadership team. The deputy should in my view be the focus for new thinking and policy innovation, and should if possible represent an important range of opinion in the Party which the leader does not necessarily encompass. There is a great deal to be said for a balanced ticket, and I believe that, in whatever capacity, I would be an important and valuable part of that balance.

John Prescott's opening statement

It has never been my intention in this election to launch and re-launch my policy manifesto - it is the role of the Party with full consultation to develop policies. Already in this election throw-away lines have called into question our relations with the trade unions, public ownership and the universality of benefits, without any proper analysis of the cause of our defeat. We cannot rush these judgements.

I re-affirm the basic message that I have long campaigned for, that party organisation should be given as much priority as policy. Since I stood for the deputy leadership in 1990 and argued the need for better organisation, we have lost another election. We cannot afford to win another campaign but lose another election. I believe that the deputy leader should lead the revival in the Labour Party's organisation, membership and finances which is vital to our success in the next general election. The deputy should relieve pressure on the leader, who is the shadow Prime Minister in Parliament, by not taking a major portfolio. Instead, the deputy should devote all his or her energies to building our organisational strength and putting the heart back into our campaigning.

Our membership continues to fall and is now at an all-time low. Our financial situation is bordering on crisis. Our election machine is centrally organised and not sufficiently flexible to local and regional variations. Labour needs to become a mass democratic party, able to organise effectively throughout the UK. Like our sister parties in Europe, we need a million members in regular contact and correspondence with the party, campaigning locally to help counter the influence of the Tory tabloids and effect genuine political change at a local level.

In the absence of state funding for political parties and big business contributions, Labour needs a mass membership for financial stability. Every new 100,000 members brings in £1 million income. If we recruit one person per branch per week, we would have a million new members in three years. This would increase our finances four-fold. The subscription fee has often been a barrier to new members. Conversion of political-levy paying trade unionists to full party membership must receive serious consideration. Other ideas such as differential subscription rates and packages for family membership must be part of a full review. And we need a fresh, radical look at the use of technology to service members and assist the party's management and communications, not to alienate them once they have joined. For example, direct contact enables us to make meetings more flexible and welcoming for certain groups, especially women. We need to target members in professional groupings, housing organisations, trade unions and so on. These key organisational improvements must be overseen by the deputy leader with the elected political authority of the movement.

Question: Do the candidates agree with Jack Cunningham's assertion that Clause 4 is outdated and should be scrapped?

Margaret Beckett: No. There is a lot more in Clause 4 than people tend to remember. Only part of it refers to public ownership: the rest is about international co-operation, putting forward party policy and so on. Secondly, it would give the wrong signal to the party. I was recently asked whether I still agree with public ownership, as if one had to be either all for it or all against it, on any terms. When I pointed out that there were circumstances in which I would want to see a return to public ownership - for example in the water industry - though not a return to the public corporation, it seemed to be a source of some surprise. Over the next five or ten years some of the privatised monopolies may bring private ownership in some sectors, particularly the utilities, into disrepute, and we will want to look again at new forms of public ownership. But I hope that next time we will get the form right.

Bryan Gould: I do not believe that it would be right to abandon Clause 4. First because I do not think the case has yet been made for doing so. Those voters who have failed to support us over the last four elections have not done so because of Clause 4. There are many other issues about which they are concerned. Secondly, I agree that it would be giving the wrong signal. It would imply that in the process of modernising the party, which we clearly have to do, we were cutting ourselves off from our roots and principles. And we all know what happened to the party that set itself up without roots and principles. In Shirley Williams' famous phrase, it did not last very long.

Thirdly, Clause 4 should be retained because, for those who bother to read it rather than relying on paraphrases by our opponents, it is actually an admirable and moderate statement of the sort of society that many of us would want to see. 'Common ownership' embraces a whole range of things, well beyond nationalisation. It embraces co-operatives, employee share ownership plans and many other things which aim to spread ownership and diffuse power within society. 'The best available system of popular administration and control' - what better definition is there of what we should be trying to achieve in the public sector? In other words, Clause 4 properly read and interpreted is not quite the electoral albatross it is portrayed to be and I think we would do more damage than good in trying to get rid of it.

John Prescott: The problem with Clause 4 is that we tend to assume that 'nationalisation' is posed against 'privatisation', and we are embarrassed about it. The real question is whether there is any role for public industries and public accountability, and I think that that case has been proven. It was the Tories who brought in public owned utilities in the early 1930s, because of the huge capital requirements. The need is just as great today as it was then. Our whole telephone system in Hull is publicly-owned, by the local authorities, and is far ahead of Telecom in its technology, in providing for old people, in its services. It even has technology to trace obscene calls.

What matters is often not whether it is publicly or privately owned, but whether it is well or badly managed, and whether the workers feel the management is good. The railway industry is a good example. The public does not want to see BR privatised. But there is a tremendous requirement for capital investment to modernise the system. We are not going to get the money from the Treasury. So I proposed to change the silly Treasury rules and allow private capital to come into British Rail. This does not run counter to Clause 4, it is simply a way of using public industries in a modern manner. We need to rethink how to use public ownership, instead of arguing about whether we need Clause 4.

Question: Do the candidates agree that UK defence expenditure should be steadily reduced to the average of the West European members of NATO, thus releasing £6 billion to fund defence diversification, investment in manufacturing industry and improvements in social services?

John Prescott: All three of us voted for this on the National Executive. It was not accepted by the leadership, but it was endorsed by Party Conference. That policy was right then and it is right now. But it is not an easy proposition. The workers in those industries want to know where their future employment is coming from. We won Barrow at the General Election because the workers there knew that there would be no more Trident submarines ordered and that the diversification agency we were proposing would be relevant to their concerns. They saw a role for the state in helping them move their skills into something else. Given the questions about whether we can increase tax and redistribute, defence expenditure must be one of the things we consider.

Margaret Beckett: I did vote for this on the NEC. I have always thought that the first instalment of the peace dividend, certainly under a Labour government, would be in the potential to release skills from the defence industries, where so much of research and development effort is concentrated, which hurts our economy. As Chief Secretary, I would have wanted to see as much money released from the defence budget as fast as possible. But there is a real problem - a properly planned and managed process can add to employment and strengthen the economy, but if you just scrap projects and leave people to fend for themselves, you will add considerably to unemployment. That is what I fear will happen over the next few years.

Bryan Gould: I confirm that I also voted for this proposition on the NEC and that remains my view, with two conditions. First, we must always assure the British people that we will put the defence of this country first, as the leadership has rightly insisted. Secondly, tying ourselves to an arithmetical average, which itself might move, should probably be avoided. But it is nonsensical for this country, with its record of comparative economic failure, to be still struggling along with a much higher defence burden than any comparable European country. It is a post-imperial hangover, which we have

been unable to jettison. We still believe that we have a world role, which justifies our spending more than other countries on having troops posted around the world.

If we could integrate our defence effort more with European defence policy, as I am sure will happen, that might provide a relatively painless path to reach European levels of defence expenditure. In parallel, we should certainly concentrate the resources that are made available on defence diversification, not just to save the jobs, but also to save the skills.

Question: If Labour cannot persuade people to pay higher taxes, how can universal welfare benefits be provided? Should Labour target such benefits and, if not, how can our spending commitments be met?

John Prescott: The advantage of universality is that it reaches all those who need it. Under targeting, those who need it do not get it. This has to be in the balance when we consider whether we can afford universality. The essential question is: do we need a higher level of taxation to finance benefits? This leaves out the possibility of growth. In Europe, they generally have much better benefits; in some cases these are financed through lower tax rates, and in some case higher tax rates. They have been able to convince their people of the need for that. I am not prepared to concede, although there is something in the argument, that we have reached the level of tax that can properly be imposed. We might have to argue the justification for higher taxes more strongly. We have not yet done the proper analysis of the causes of our election defeat. Was it that people did not want to pay any more tax, or that they believed the lie that they would have to pay £1,000 more tax?

Margaret Beckett: It is right to consider the question of universality versus selectivity. But I agree that the starting premiss is not proven. One reason why we need to persuade those who can afford it to pay a little more tax is to get the mix between universal and targeted benefits right. John Prescott is right to point out that targeted benefits too often fail to reach their targets. That is not just because the system is complicated or the process is humiliating. It is also because the marginal rate of tax payable in those circumstances is nearer to 96p in the pound than 40 or 50p, so there is a very considerable disincentive to people to make claims. Also, of course, universal benefits are simpler, cheaper and more efficient to administer.

There is one overwhelming reason why we have to have what I have called a poverty census as part of the Social Justice Commission, and that is to assess what the patterns of poverty are going to be in three or four years time. A lot of people will be retiring with close to their full SERPS entitlement. The average level of pensions will therefore rise quite considerably. But this will conceal the fact that there will be almost no increase for the near one million pensioners currently living below the poverty line who do not claim means tested benefits, not only because the process is humiliating, but also because

they are the generation who regard it as charity. A Labour Party that ignored the needs of these people would be one that none of us, I think, would want to be in.

Bryan Gould: I do not buy the argument that universal benefits have become so expensive that we must abandon them in favour of selectivity. The evidence that means-tested benefits do not do the job is overwhelming. Universal benefits are simpler and cheaper to administer. And there is nothing wrong - indeed it is a familiar principle - with clawing back through the tax system.

On the question of whether we have reached the ceiling of a tolerable tax burden in this country, again I simply do not accept this. But we cannot address this in isolation from wider questions about how we run the economy. If we can run it more efficiently, we will produce the resources to enable us to meet our commitments and cut tax rates. People will be willing to pay a greater amount of tax if their income is increased and the rate is reduced. Economically, therefore, we are not in a zero-sum game. The real answer lies in challenging current monetarist orthodoxy. If we will not challenge this orthodoxy, which ties us to high interest rates, an overvalued exchange rate and all the deflationary pressures that this entails, and then come to the electorate proposing higher taxes, people are not going to be very pleased.

At the last election, we allowed the whole area of macro-economic policy to be presented as if there was no longer any dispute between the parties. If that was truly the case - and I hope it was not - then we had given up the central point of the Left's case: that we must have political control over the economy to achieve objectives such as full employment. I suspect in fact that this was true, which depresses me considerably.

John Prescott: We did have a debate in the Shadow Cabinet about realignment of currencies. Bryan Gould and I did challenge the strategy on the ERM and other matters though ours was a minority view. The Shadow Cabinet took the tactical view, particularly on going into the ERM, that it gave us an advantage over the Tories who were not at that stage prepared to go in. Once they did, we had severe doubts about the rate at which the pound entered. But we could not have debated the realignment of currencies in public just before an election.

There was no disagreement in the Shadow Cabinet about tax and national insurance because we all took the view that if we were going to pay for our promises to increase pensions and child benefits, this was one way of doing it. We also thought it was justified because it was progressive and redistributive.

Margaret Beckett: I do not myself conduct Shadow Cabinet discussions in public, even on a Fabian platform. It has been suggested that our tax policies lost us the election, and I agree with John Prescott that we do not yet know if this is true. If it was not the policies themselves, but the lies that were told about our policies, then it does not matter very much what our policies are.

This is something we also have to tackle: how to communicate our policies across a Tory barrage.

I am not entirely sure what Bryan Gould means when he says that economic policy was a no-go area between the parties. Whether we like it or not - and we like it in varying degrees on this platform - we have been for some time full members of the European Community. An elected British government did sign the Single European Act, which committed us to joining the exchange rate mechanism. Labour was also committed to the ERM, which placed certain constraints on what we could say. That is part of being a member of the European Community. When the Government took the pound into the ERM, Labour had a number of conditions, as did the Government. We tried very hard to get onto the public agenda the fact that neither set of conditions had been met. We failed because the press were totally uninterested.

On the question of the currency rate, one of the conclusions I draw from the very poor trade figures released recently - and it is a very worrying conclusion - is that we no longer have the manufacturing capacity to supply our own needs. Devaluation may not therefore lead to anything other than increased interest rates.

Question: How would the candidates address the party's links with the trade unions, in particular the block vote?

John Prescott: We should avoid the damaging quick fix approach that we have seen in the last few years. We need to look at exactly what the relationship with the trade unions should be. I fervently believe in the relationship: we are a federal party, with trade unions, socialist societies and Constituency Labour Parties. I believe in one person one vote. I do not find it an acceptable proposition that people who belong to other political parties should be selecting Labour MPs or the leader of the Party. But in other areas, where trade unions as trade unions had a view on policy, I was not too concerned that that view was reflected through representatives at Conference. Trade unions will be a very important part of our future development, although the relationship may be expressed in different ways. Unions used to split their block votes up to 1953, and I think this should be looked at again. Members of Parliament have a block vote for however many thousand members we represent. Constituency parties in their own way have a block vote. The difference with the trade unions is that their votes do not necessarily all represent Labour Party members. We have to convert them to membership. The reality is that state funding for political parties is not going to be introduced, and most of our funding comes from trade unions. This is a fact which we ignore at our peril.

Bryan Gould: I welcome the NEC's decision to start a full scale review of the relationship. We should not take any one aspect of the relationship in isolation. I have argued for a long time that we should move rapidly to a one member one vote system for the election of the leader and deputy leader and the selection of parliamentary candidates. MPs should have exclusive rights

of nomination, but thereafter only one vote, so that as the trade unions give up their block votes, so does the PLP. However, trade unionists should be encouraged to exercise the rights as individual members of the Labour Party, by being allowed to use their payment of the political levy to qualify them as individual members. This would help reconcile trade unions to the move to one member one vote.

On policy making, I see no objection in principle to the Party having two categories of member. The real question is the balance to be struck between the different categories, and I do not think anyone would defend the current balance. But whatever the outcome of these deliberations, I am certain that while one member one vote is quite right for some purposes, we would be extremely foolish to be pushed into breaking our links with unions. That would be to deny our roots and principles, and to cut ourselves off from an input from the real world of work and from a real force for radicalism. We should see the trade union link not as an inescapable obligation, but as a source of strength.

Margaret Beckett: The review must be a means to change, not an alternative to change. There is widespread agreement across the movement that we need change. The agenda must be set by us, not by the newspapers. If we are to have a new settlement - and there is great merit in this - let us make it one which will endure. Nothing would be more damaging to the relationship than to be forced repeatedly to change because we had not got it quite right. We must not repeat the mistake of the electoral college.

There are many ideas floating around both the trade union movement and the Labour Party about which new form the link might take. I agree with John Prescott that one member one vote could be applied to constituency parties as well as trade unions. We could consider making affiliated members full members by virtue of their payment of the political levy, as Bryan Gould has suggested, but we have to look at the financial and other implications.

The trade unions are one of the prime sources of strength to the Labour Party. They keep the Labour Party's feet on the ground in office and out of it. They offer a channel of communication with a lot of people who can only realise their aspirations through their membership of trade unions. It would be a tragedy if we allowed ourselves to be pushed away from this.

Question: Gerald Kaufman suggested before the last election that Britain should retain its nuclear weapons until every other country got rid of their weapons. Do you agree?

Margaret Beckett: After the Gulf War and the collapse of the Soviet Union, we have to look again at the question of defence. It is strange that life seemed much safer with heavily armed blocks facing each other. Clearly Britain has to participate in and encourage the process of disarmament. On this specific question, the answer must lie in an international agreement. Nuclear proliferation is one of the most serious dangers that we face, especially with fragmenting countries. It is hard to see how nuclear proliferation can be prevented

if every country wants to keep nuclear weapons while other countries have them. An international framework, to which Britain could contribute, would help prevent proliferation and develop verification and enforcement techniques.

John Prescott: This is a difficult problem, especially when you are asked to disagree with one of your own colleagues. I am not convinced that we should keep nuclear weapons while others have them, but I accept Gerald Kaufman's view that the way out of the problem is through negotiation. Proliferation is now far greater than it was. The cost of nuclear weapons is enormous. But this is a matter for debate and reassessment within the Party. It would be far better if we stuck to making policy at Party Conference, rather than over lunch or in newspaper articles.

Bryan Gould: The existence of nuclear weapons poses two problems - the familiar one of the huge arsenals of the great powers, which the end of the Cold War gives us a chance to tackle, and the proliferation of nuclear weapons to unstable or undemocratic countries. We must pursue a policy which addresses both of these problems, using our own position to promote multilateral disarmament among the great powers, but also emphasising non-proliferation. If we insist on being the last people to possess nuclear weapons, there is a logical problem with proceeding satisfactorily to a conclusion of either of these processes. It would be unfortunate if we were seen to be an obstacle to scaling down nuclear arsenals and preventing proliferation.

Question: What is your attitude to European Economic and Monetary Union (EMU)? Would you accept or reject this unconditionally, and if not, what are the conditions?

John Prescott: I am not convinced of the case for EMU. I think this would be part of a federal Europe, which I am against. People have been declaring that we must move towards EMU for years. I will believe it when it comes about.

The requirement for member countries to have convergence is a major problem. I do not think this much convergence can be achieved. The same issues come out with the Exchange Rate Mechanism (ERM) when it was suggested that we could lay down the conditions on which to join. I expressed the view in the Shadow Cabinet that it was not possible to achieve the objectives we set down. Look at the CAP. There has still not been a fundamental reform, and will not be, because of the politics of the structure. The notion that countries with a budget surplus would redistribute this to other countries is unrealistic. So I was prepared to support the convergence arguments because, quite frankly, I did not think they could be achieved.

Bryan Gould: We set down a number of conditions before we joined the ERM: that the obligations should be symmetrical, that there should be an increase in resources given to regional funds and a co-ordinated reflation, and that we should enter at a competitive rate. The problem with those conditions,

as I foresaw, was that as soon as we entered we dropped the conditions, and gave wholehearted and unconditional support to the Government. I think that was a mistake. The consequence is that we are now defending an overvalued exchange rate, with all its results: destruction of our manufacturing industry, increase in imports, penalisation of exports and so on. More importantly, the ERM does not operate in the symmetrical fashion which we identified as being necessary. All the obligations fall on weaker currencies and weaker economies, which have to deflate to maintain their currencies within the permitted bands. This is unfair and very damaging. There should be an equal obligation on the Deutschmark, on the German economy to reflate, so that instead of being a deflationary pressure, the ERM would become more equitable.

My own view is that a realignment of currencies is inevitable and that it would be to the Labour Party's advantage to say so now. And we should press for a reform of the ERM to achieve the symmetry I have described.

On the steps laid down towards a single currency, we are in danger of repeating the same mistakes. The Maastricht Treaty rightly accepts that a single currency would be too oppressive a burden unless the economies had converged. But it defines the convergence criteria exclusively in monetary terms: interest rates, PSBR and so on. We could converge in that sense, but only at the price of doing enormous damage to our real living standards, our real economy, our real trading performance. I am not opposed to a single currency, but if we are serious about making it work, we must define convergence in terms that really matter, such as similar performance on unemployment, growth rates, balance of payments. Those are the things that matter. If we were prepared to take the lead on that sort of argument, we would be supported by many other members of the European Community.

As soon as one offers an argument of this sort, which is critical or even just analytical about some aspect of our membership of the EC, the easy jibe is 'that is an anti-Market position'. We must get away from that arid division between those who in the 1970s thought that membership was good or bad for Britain. We need to consider what the agenda should be not only for ourselves but for the whole of Europe, so that it does not remain the unemployment black spot of the world economy.

Margaret Beckett: It appears that not only do we not read each other's speeches, but we also do not necessarily read our policy documents. Bryan Gould correctly listed our conditions, but said that as soon as we entered the ERM they were abandoned. John Prescott claimed that they were unrealistic anyway. The conditions had in fact been extensively discussed with the socialist government in France, the German SPD and others. We understood that they were quite acceptable to our community partners, which is why we kept on pressing for them. It is not the case that as soon as we entered the ERM our conditions were abandoned. We referred on many occasions not only to our own, different approach, but also to the fact that the Government had

had its own conditions which it had abandoned.

I am always cautious about the politics of 'I would not start from here'. Whatever we think about the terms and conditions on which the Government took us into the ERM, which were undoubtedly extremely harmful, we are now there. The question is whether we stay there, whether we are part of a general or an individual realignment, and whether we go forward towards EMU. We are not free to act on our own. On EMU, I wholeheartedly agree with the terms which Bryan says ought to be the terms of convergence. Indeed I was under the impression that they were the policy of the Labour Party. What does alarm me is that the draft structures for the Central Bank are precisely what one would expect from a group of central bankers asked how precisely they would like to exercise control over the European economy. No one, as far as I can judge, shares the British Labour movement's concern about this.

Question: What would you do if Party Conference voted for a policy, by the requisite majority, with which the leader of the Party disagreed? Would you support the leader, or Conference, or would your decision depend on your attitude to the resolution concerned?

Bryan Gould: One's own personal view is of course one of the important factors. We go into politics to exercise this sort of judgement. The decision is always an amalgam of different factors, so it is impossible to say in advance, without knowing the issue. I do believe that Conference is the sovereign policy making body of the movement. I also believe that the deputy leader owes loyalty to the leader, but this should not necessarily be overriding. There will be occasions when, as part of a balanced leadership team, the responsibility of the deputy would be to express that balanced view.

Margaret Beckett: I have always taken the view that Conference determines Party policy. However, I would hope that any disagreement between Conference and the leader would be dealt with carefully, with the leader trying to reconcile his view with that of the Party. It is not my way to disagree with colleagues in public. I express disagreements moderately forcefully in private, but once a policy has been agreed, I abide by it.

John Prescott: This problem arises because the deputy leadership is seen as a sinecure for those who did not get the top job. Neil Kinnock and Roy Hattersley had completely different policies on a range of issues. I therefore offer to defuse this conflict by defining the job in a different way, in terms of organisation. The logic of that is that you might move eventually towards abolishing the post of deputy leader. There is an argument about whether the job in its present form is justified. Clearly the leader and deputy leader need to work closely together and not show divisions. But there has been too much 'back me or sack me' from the leadership in the past few years. A bit more consideration for the views of the membership would be welcome, whoever is elected. The key is a different style of leadership.

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