

FABIAN

S O C I E T Y

FABIAN PAMPHLET 550

Labour's
First Year:
a sense of socialism



by Simon Crine

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Design: Tony Garrett
September 1991

ISBN 0 7163 0550 X

ISSN 0307 7523

Printed by The College Hill Press Limited (TU), London and Worthing

Published by the Fabian Society, 11 Dartmouth St, London SW1H 9BN

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Foreword

Chris Smith MP

For Labour to win a convincing general election victory three things are necessary. First, people have to be fed up with the present government. This, by and large, they are. An economy in the doldrums, a health service in danger, an education system in decline, a government patently running out of steam: the electorate's anger may perhaps have diminished a little with the departure of Mrs Thatcher, but the grim realities of life after twelve years of Tory rule are still very much with us, and voters know it. The desire for change is strong.

Second, people need to feel safe about voting Labour. This has also largely been achieved. The strenuous efforts of the Policy Review process during the last four years have meant that the programme offered by the Party is carefully considered, achievable, deliverable: aims that ought to be automatic for a serious party of government. It's all less grandiloquent and earth-moving than some might like, but it's an effective programme and it strikes a chord with real people with real needs and real votes.

In addition, however, there is a third component of which victory will be made. People have to feel not only safe about voting Labour, but a little excited too. Voters will want to know that life *will* actually be different under a Labour Government. They will want to have a sense that different values are being striven for; that prudence will not become an excuse for inaction but a means to real change. That is what this pamphlet is all about. It sets out, step by practical step, what we might realistically expect from a Labour Government in its first year of office. It demonstrates beyond peradventure that substantial progress can be made. No earthquakes, perhaps, but a lot of vitally important changes.

There is a disturbing tendency amongst some political commentators these days to make loftily dismissive claims that Labour's drive for the centre ground of politics renders it little different from the Tories. 'Where is the difference?' they cry. 'Isn't Labour playing it *too* safe? Where are the radical designs for the future? What is going to enthuse the electorate?' This pamphlet provides part of the answer to those questions. How can anyone listening to Kenneth Baker's statement removing basic human rights from refugees possibly believe that there is no difference? How can anyone who is even dimly aware of the Dickensian iniquities visited upon the neediest people in our society as supplicants to the Social Fund - devised and initiated, incidentally, by John

Major - possibly claim that there won't be any real change? There will, and this pamphlet makes the case clearly.

Inevitably, an account of Labour's first year concentrates primarily on the nitty-gritty on ministerial action and legislative change. There will be differences of approach and of philosophy, too, which will be as important if not more so. It will be a government that rediscovers the value of community: that holds fast the basic democratic socialist belief that the well being of the community and the dignity of the individual citizen are utterly interdependent. It will be a government that realises and accepts its responsibility to regulate and to support the economic operation of the free market - striving for precisely that balance between judicious intervention and free entrepreneurialism that has been the hallmark of the most successful post-war economies. And it will be a government that sees its goal as the achievement of opportunity for all, not just for the few. Conservatism has always held - and no more vitriolically that in the recent past - that if you look after the interests of the top end of society the rest will inevitably benefit as a consequence. It is a grotesque fallacy, and Labour's approach will demonstrate it to be so.

These fundamental differences of principle will identify themselves in action. The poll tax on its way out forever. A Scottish parliament being established. A right for every citizen to know what their government is up to. Pensioners securing a better standard of living. Section 28 wiped off the statute book. Patients becoming paramount in the Health Service once again. A government that takes a constructive lead in the developing process of European co-operation. And above all, a government that recognizes human value as well as the price tag.

It is only the perverse who would still seek to argue that nothing will change. A year is a short time, especially for a government faced with a starved economy, a crumbling infrastructure, and dire social need. No instant miracles can be promised. But after a year of Labour Government, you'll be able to see and feel and know that there's been a real change for the better.

Opportunity missed

1

Britons, according to Conservative Central Office, have never had it so good. More people own their own homes, run a car and go abroad for their holidays than ever before.

But the good news ends there: the Major/Lamont recession has hurt many of the gainers from the lotus years, especially those who worked in the burgeoning financial services or who took on a mortgage for the first time. Unemployment is climbing back towards the record levels of the mid-80s - the OECD predicts that it will be up to at least 2.75 million by early next year. Mortgage repossessions have trebled over the last year and ever more people are running up arrears. Many of them live in what were once thought to be the safe Conservative heartlands of the south east. They probably do not agree with the Chancellor that 'unemployment is a price well worth paying'.

There is another group of losers from the 1980s, who almost disappeared from political view, even if they were more obvious on the streets: the poor. Sir Keith Joseph used to shrug off criticism of the growing inequalities of the 1980s by saying that the new wealth would trickle down to the poor, making everyone better off. Leaving aside the morality of government sitting back and waiting for market forces to redistribute the fruits of economic growth, it just did not work. The House of Commons Social Services Committee, with a majority of Conservative members, tested the thesis on the first half of the 1980s and discovered that the living standards of the poor went up exactly half as fast as those of the population as a whole. There is no reason to believe that the figures will be any better for the second half of the decade. If there has been a trickle down, it has taken an inordinately long time.

As long as most people were better off, the political cost of ignoring poverty and inequality was low, and the Thatcher governments knew it. But the psychological gap between those who are in work - and having a hard time paying the bills - and those who are out of work has narrowed again. Suddenly, poverty looks just as it used to: one end of a spectrum of economic and political inequalities which affect everyone. There, but for the grace of God, could go anyone unlucky enough to be made redundant.

The great justification for all this was the 'British economic miracle', so beloved of Conservative leader writers. But no miracle ever took place. The

British economy did not grow as fast as it had in the much-maligned 60s and 70s (an average of 1.75% a year in the 1980s, including the benefits of North Sea oil, compared with 2% a year since the War) nor as fast as its competitors (industrial production rose over twice as fast in the United States and, awesomely, four times as fast in Japan). Some miracle.

Today, in the midst of the second Conservative recession, business failures are at record levels, manufacturing investment has fallen even more dramatically than in the 1980/81 slump and Britain has dropped to the bottom of the investment and job creation leagues for the major industrialised countries. It takes some doing to put a modern economy into reverse, but a combination of macro-economic mismanagement and micro-economic neglect, of which no self-respecting Christian Democrat government would dream, has done it. Mrs Thatcher's trick was to persuade the voters, or at least enough of them, that governments have no effect on the economy, unemployment or output. That is an illusion John Major has to prolong. The issue for Labour is not so much what to do with the economy but how to persuade the voters, who have been transfixed by ineluctable market forces, that something can be done.

Not Michael or Margaret

The new Prime Minister's greatest virtue for those who elected him was that he was neither Mrs Thatcher nor Mr Heseltine. It would be foolish to deny that John Major represents a welcome change of style at the end of the hectoring 80s. He is more emollient, more pragmatic and, disturbingly to Labour minds, more versed in the baser political arts than his predecessor. Note the abolition of the poll tax, the defusing of Conservative arguments over Europe, even the stealing of Labour clothes, like the recent decision to create an Environmental Protection Agency. But, in the essentials, Mr Major remains his master's voice, the inheritor of the dry individualistic tradition which has come to define modern Conservatism. Market forces, competition, choice, trickle down, dependency culture: the litany remains the same. Mr Major might not be as insensitive or wrong-headed as to suggest that 'there is no such thing as society' but 'me' still comes first.

Wittingly or unwittingly, however, the Prime Minister is helping the opposition parties to unpick the political and economic fatalism in which his predecessor gloried. His call for a classless society and the launch of the Citizen's Charter represent a tacit acknowledgement of the widening social divisions of the Thatcher years. The ostentatious wealth of those who benefited from the largest tax cuts - and now the largest pay increases - contrasts ill with the return of beggars to most major towns and cities. The Conservatives' philosophy and values do not equip them to tackle the divided society. Laissez faire economic policies mean less investment in people and technology and,

ultimately, more unemployment. Charity-take-the-hindmost social policies mean more poverty and less self-reliance.

A dispassionate verdict on the last 12 years is not that the majority of the British people are worse off than they were in 1979, but that the country's new found wealth should have been put to better use. The economy grew, but not as fast as it used to when the government had a hand on the tiller. North Sea oil provided a unique opportunity to invest in industry and infrastructure on behalf of the community, but the revenue was diverted to individual consumption. By the end of the 80s, there should have been less poverty and less public squalor, instead there was more. Britain was a meaner place to live, the social fabric coarser.

Britain could go further down the *laissez-faire* road in the 1990s and would probably still become richer than it is today. But it would also become a society scarred more deeply by poverty, insecurity and inequality. The public infrastructure of London and the other great cities would be left further behind by Paris, Frankfurt, Milan and Barcelona. It would also be an economy characterised by chronic unemployment, low skills and continuing decline relative to our competitors.

There is another road, which has served our major European partners well, at different times, over the last four decades. In France and Spain, they call it 'socialism', in Germany and the Scandinavian countries 'social democracy'. Aneurin Bevan said memorably that socialism was the language of priorities. My intention in this pamphlet is to link Labour's values and Labour's policies and so to sketch what a Labour government might do in its first year. I have selected some of the more urgent proposals from Labour's most recent programme, *Opportunity Britain*, and added some kites of my own. It does not pretend to be either an exhaustive or an authoritative list of priorities; just one impression of what a Labour government might be like.

I make three assumptions about the first year: first, there will not be much money around; second, the proposals must be popular, so that other parties would find it hard to oppose them; and, third, they should give a sense of what a Labour government would be like over the lifetime of a full Parliament. Taken together, I believe that the proposals add up to a programme which would demonstrate to the British people that things had changed for the better, and lay the foundations for the longer-term improvements to which Labour is committed.

2 Labour, markets and the real economy

The Financial Times said recently that 'the big question mark is not so much against Labour's macro-economic strategy, nor against its fiscal policy, it is simply against the Labour Party's attitude to choice and competition'; it might have said 'to markets'.

It is a question prompted by a history of debate in the Labour Party and trade unions about the proper degree of state ownership of industry and of government intervention in markets. In practice, of course, Labour governments have been committed to making the mixed economy work and, judging by growth rates, they have been rather better at this than Conservative ones. Next time around, there will not even be the arguments. It is almost impossible to find anyone to defend the command economy - the last nails have been banged in by the implosion of the eastern European economies. Seventy years of economic, social and political failure finally caught up with the communist regimes in the East and their fellow travellers in the West.

The next Labour government will take an essentially instrumental view of the market mechanism, neither deifying nor damning it, but simply asking whether it is serving people's needs. In practice that means holding the ring between the consumer, the producer and the public interest. It would not be too difficult for the new Labour government to outflank the *laissez faire* Major government on competition policy and take a harder line on monopolies and cartels. A proper competition policy would ask whether the *de facto* gas monopoly, the telephone duopoly, the brewers and bankers oligopoly really are in the public interest. An early review of the powers of the Monopolies and Mergers Commission and the Office of Fair Trading would be a good place for the new Trade and Industry Secretary to start.

If there are good reasons why competition cannot be engineered, as for example in electricity or water supply, then the issue becomes one of regulation. A Labour government should have no qualms about insisting on a tough

regulatory framework for the privatised utilities. Utilities exist not simply to print money for their directors and shareholders, but also to meet the long-term needs of their consumers. The regulatory offices should, I believe, set targets for consumer performance and environmental protection as well as for economy and efficiency. The regulatory process needs to be opened up to wider public scrutiny, perhaps on the lines of American regulatory commissions (cf Michael Waterson, *Regulation and Ownership of the Major Utilities*, Fabian Discussion Paper no 5).

If one role for government is to make sure that markets work to the advantage of the consumer, another is to guard the wider public interest. Private profits from pollution are environmental costs which everyone has to suffer. Sometimes prohibition will be required, sometimes fiscal measures will tilt the market in the right direction. The policy instrument should be chosen on the basis of practicality, not dogma. Thus, in my view, the new Labour government should move swiftly to ban the use of CFCs where alternatives are available, given the scale of the damage to the ozone layer. In the sphere of fiscal action, the Chancellor should replace Vehicle Excise Duty - the motorists' equivalent of the poll tax - and Car Tax with higher duties on petrol. An extra 60 pence per gallon is a small price to pay to create a market in fuel-efficient, low-pollution, small cars and to guide the consumer away from the gas guzzler.

Global opportunities

Many environmental problems cannot, of course, be tackled by any country acting alone. The new Labour government will have an unprecedented opportunity, in the summer of 1992, to move its international partners in the direction of sustainable development. The World Conference on Climate Change, to be held in Brazil in June, will enable Britain and the EC to put pressure on the US to improve its laggardly response to the threat of global warming. The Presidency of the EC, which the UK will assume for the second half of the year, will give Labour the chance to reshape the Community's environmental policies. The Party is already committed to a European Environment Charter; this should be accompanied by an expanded Action Programme on the Environment. Labour should also begin work on the creation of pan-European institutions which would benefit both Europe's Environment and the new democracies in the continent's East. These could include a European Environment Agency, an Energy Community and some form of pan-European co-operation on transport (of Adrian Hyde-Price, *The USSR and the West*, Fabian Pamphlet 548).

The next Labour government will start from the premise that where a market is not working, government should intervene. No modern industrial economy can wait for something, in the shape of market forces, to turn up -

2 the Lilley approach to industry. The Right is not disposed to recognise market failure, for to do so would be to strike at the heart of Thatcherite dogma. To those who are not of the faith, the problems are more obvious: the search for private profit turns into the search for the fast buck. In Britain, more than in most other advanced industrial countries, this manifests itself in low spending on research and development, training and new technology. It also manifests itself in a preference for Hanson-style take overs, break-ups and sales over the long-term building of industrial empires.

The new Employment Secretary will have to grapple immediately with market failure in the shape of the lack of adequate training. The European Commission says that Britain suffers a 'unique skills shortage', yet the Government's new Training and Enterprise Councils are short of the funds to provide the required number of training places. The proposed Training Levy on employers who fail to devote more than 0.5% of their pay bill to training should therefore be introduced immediately, and the proceeds channeled into the new Skills Fund, so that training can be provided for those who are not blessed with a good employer.

Regional targets

Another market failure can be seen in the regional development of the British economy. Unfortunately, but scarcely surprisingly, market forces have not spread the fruits of growth any more equally geographically than they have done socially. Industrial policy under a new Labour government will see a return to an active regional policy, after 12 years in which 'region' has been a dirty word to the DTI. However, it should be a different kind of regional policy from those of the 1960s and 1970s: in place of broadbrush tax incentives and subsidies, firms and sectors with the potential to grow should be targeted (see P Geroski and KG Knight, *Targeting Competitive Industries*, Fabian Pamphlet 544). The top priority for Labour's new Trade and Industry Secretary should be to set up the promised Regional Development Agencies. They have the key tasks of identifying growth points, creating the necessary infrastructure for expansion and advising businesses. The forerunners of the Regional Development Agencies in Scotland and Wales have proved notably successful at kick-starting new businesses and giving them a competitive advantage over their neighbours. English regions should quickly be given the same assistance.

One market in which the Conservatives have been happy to intervene over the last 12 years is the labour market. Rafts of employment and social security legislation have been designed to weaken trade unions and reduce the living standards of those out of work. The Thatcher government had a clear, if ruthless, strategy of benefiting the majority of those in work at the expense of the low-paid and unemployed. A new Labour government can be expected to balance the needs of all sections of the population more equitably.

The new Government will be faced with the great, and often legitimate, expectations of many sections of society, including its own supporters. There will, quite clearly, not be enough money to meet all these hopes. The primary mechanism for bringing home to the public and the Labour movement the tough choices which have to be made by governments will be the National Economic Assessment (NEA), which will bring together leading members of the new Labour government and its main economic partners in business and the unions, to review what the country can afford. However, there should be no illusions that this will herald a return to 'beer and sandwiches at No 10': it is one thing for a government to inform and consult the key economic players, including the trade unions, on tactics, and quite another for those players to dictate government economic strategy. Both the Labour party and the trade unions wish to avoid repeating the experiences of the late 1970s, when voters asked why, in spite of its close relations with the trade unions, the Government was unable to make its economic policies stick, whilst trade union members asked why their general secretaries were supporting a government of austerity. In the end, the hot-house relationship was seen to benefit neither side.

Fair pay

The first NEA is bound to look at pay, along with inflation, unemployment, investment and training, but it should not produce a pay policy. Few believe that an incomes policy is workable, let alone fair, in the British context. However, the new Labour government will have to take a clear view about what it pays its own employees, and this usually comprises the best indicator of what the government of the day thinks the country can afford. There should be no illusions here either: the Government will not be able to pay everyone more, and some hard choices will have to be made. Given Labour's commitment to revitalising education, the teaching profession and those who assist them are a deserving case.

A new Labour government will face expectations from its supporters on its commitment to a National Minimum Wage. The advantage of the minimum wage to an incoming Labour government is that it combines uniquely Labour's aspirations towards economic efficiency and social justice. Setting a low pay floor will be the first step towards preventing under cutting by low-paying firms and abolishing exploitatively low wages. Initially, Labour is committed to introducing the NMW at a figure of £3.40 per hour, around one half of male median earnings, but the intention is to increase it as and when the Chancellor judges that circumstances permit. In the end, only the government can decide what is affordable, but a Labour Government should listen to what business, the unions and those most concerned with poverty have to say about the practical effects of the minimum wage. Creating a Minimum Wage Commission representing all the main interest groups would provide the necessary

forum (cf Fred Bayliss, *Making a Minimum Wage Work*, Fabian Pamphlet 545).

The national minimum wage will also place Britain in the European mainstream, at one not only with socialist and social democratic parties but also with several Christian Democrat parties. Labour should sign the EC's Social Charter immediately it takes office, and the EC Presidency will enable it to press ahead with the Charter's accompanying Action Programme, securing progress on the draft Directives which have been blocked by the free-market intransigence of the Thatcher/Major governments. Without Community action to mitigate the social effects of '1992', the Single European Market could prove a very mixed blessing to many of Europe's citizens. Labour's willingness to co-operate with EC partners in this area will be a potent and widely-welcomed sign that Britain at last has a government which believes that economic liberalisation is not the only good.

Socialism in one Community

Incoming Labour governments usually inherit difficult economic situations from their Conservative predecessors. Market jitters on the day after the election put heavy pressure on new and inexperienced ministers. In 1964, faced with a mounting balance of payments deficit and a sterling crisis, the Wilson government initially chose orthodoxy and defence of the exchange rate. In 1974, the third Wilson government had to deal with the aftermath of the Barber boom: a balance of payments deficit, an unsustainable pay policy and high inflation. However, the next Labour government will start with two incalculable advantages over its predecessors.

First, membership of the European Exchange Rate Mechanism and the coordination of European finance ministers protects the pound from idle speculation. Labour advocated ERM-membership well before the Conservatives took Britain in, and the new government's approach will be clearly based on the recognition that Britain's economic future lies with an integrated and expanding European market. Whether this means moving to full Economic and Monetary Union will depend on many factors, especially the agreements reached at the current Intergovernmental Conference, and progress towards real convergence of the European economics. What is clear is that Labour's approach - tackling the supply-side problems of the British economy while co-operating positively with our European partners on macro-economic questions - will lay the foundations for genuine economic recovery, enabling Britain to enjoy the steady and sustainable levels of growth achieved elsewhere in western Europe, in contrast to the roller-coaster ride we have suffered under the Conservatives. In 1983 Labour was committed to socialism in one country. In 1991 it is committed to socialism in one Community.

The second factor working in the incoming Chancellor's favour will be that after the Lawson boom the Conservatives have had to start the cooling down process themselves. The worst for the British economy should be over by the time a Labour government takes power. However, that does not mean that there will be much room for manoeuvre on the macro-economic front in the first year. John Smith has made it very clear that there will be no dash for growth - the economy is just too fragile to absorb it without renewed balance of payments problems. The new Chancellor's first budget can be expected simply to set the framework for a return to growth after 18 months of the deepest recession since the War. Arcane tradition has dictated that spending announcements come in the Chancellor's Autumn Statement before the taxing decisions in the March Budget. Under Labour, the budget will combine tax and spending announcements, bringing Government belatedly into line with the prudent householder who considers income before spending plans.

Labour's budget priorities will reflect traditional Labour concerns: to increase living standards for everyone in and out of work, to reduce unemployment and to make a start on rebuilding health, education and the public services. The first year should see the first steps on the road to fair taxation, with a more progressive structure, more taxation bands, the top rate increasing to 50% and the ceiling on National Insurance contributions for top earners being removed.

There will not be any increase in income tax for the average taxpayer, but there will not be any cuts either. The contrast with the Conservatives is instructive: Mr Lamont is still pledged to reducing the standard rate of income tax to 20 pence as soon as he can. This says much about underlying values: Labour intends to devote the fruits of future economic growth to improving the public services and aiding industry; the Conservatives want tax cuts. It was ever thus.

3 Needs, rights and public services

Much though the Adam Smith Institute might wish otherwise, governments are not elected simply to maintain law and order, nor to preside dispassionately over market forces.

They are elected also to meet collectively those individual needs without which civilised life is impossible. Over the last 12 years, Conservative governments have challenged the very principle of collective provision in areas which had seemed entrenched in the post-war consensus: hence the iniquitous 'Social Fund' which replaces grants to the very poor with loans, and the introduction of charges for eye tests and dental check-ups. The semi-detached ideologues who egged the government on based their prescription on American new right thinking. They failed to note what America's lack of a national health system has done for the third of the population which cannot afford private insurance, or what the lack of decent social housing has done for people living in the inner city areas of New York or Chicago.

The socialist approach to basic rights cuts with the grain of the welfare state rather than against it. If private profit and market forces can be harnessed to meet basic needs, well and good. If they are not sufficient, it is the responsibility of government to step in and ensure that needs are met. In practice, some public services will be owned and run by government, others contracted to the private or voluntary sectors. Some will be universal, others selective. In some, the user will be expected to contribute, whilst in others the service will be free. But all are the ultimate responsibility of the duly-elected government. Meeting basic needs does not guarantee universal happiness, but it at least gives everyone a fair chance.

Whilst a new Labour government will not be agonising over the principle of collective provision, it will be concerned about the quality of the services to the consumer. Public expectations have risen enormously over the last few years, aided by the plethora of quick-fix citizens' charters. The days when consumers thought themselves lucky to get anything are gone. Failure to meet the higher standards the consumer expects will play into the hands of those

who wish to challenge not the means of providing the service but the service itself.

A Government which actually believes in the public services should lead to an improvement in the atmosphere but it would be naive to think that a Labour election victory will make change smooth. Trade unions have to represent their members' interests and expecting Nalگو to have a wider view of the public interest is neither fair nor realistic. That is the job of the Government and elected local authorities, who should take decisions accordingly. If the needs of the consumers are not met by directly-provided service, there is little alternative but to open it to competition. The best way of improving the delivery of public services, however, is to widen the involvement of consumers in managing them. The new powers afforded to school governing bodies and tenant management co-operatives to manage their own staff and resources, under the auspices of the local authority, could be a model for other public services.

Spending hopes are likely to run well ahead of what the new Labour Chancellor deems to be affordable in the first 12 months. It will take more than one Parliament just to put back into the health service or housing what was taken out in the 80s. Initial spending promises are limited to restoring the 1987 level of Child Benefit (already much depleted) and to increasing pensions, then linking them once again to prices and earnings. Other promises, such as the abolition of the Social Fund and the restoration to the very poor of their right to obtain grants from the state, would be relatively inexpensive and should be carried out in the early months of the new Government. Substantial increases in other areas of collective provision will have to wait for a return to economic growth. Yet in key areas such as health, education and transport, it is possible to identify parts of Labour's programme which either require no new money from the Exchequer, or else can be started in the first year, as examples of the direction in which Labour wishes to move the country.

Health: care before charges

Despite the grandiose claims, the practical effect of the introduction of the internal market in the National Health Service has been to create a two-tier service, based not on need but on profit. Fine for the few, but not for the many. The new Health Secretary will start to unravel the NHS internal market experiment - hospital opt-outs, budget-holding GPs and so on - and, in so doing, reassert the primacy of need over profit in health care. The Patient's Charter, designed to inform patients of their rights and what the Service can offer, will be a symbol of the new priorities after a decade of financial belt-tightening and managerial navel-gazing.

3 The top spending priority for the first year should, in my view, be the abolition of charges for eye tests and dental check-ups. No other health measure would be as likely to meet with public and, not unimportantly, party approval. Apart from being penny-pinchingly mean, the imposition of charges was one of the Thatcher government's most short-termist gestures, for the inevitable consequence was that eye and teeth problems, which used to be detected at an early stage, are now left until they become urgent. At that point, they cost the patient and the tax-payer much more to sort out.

To give new emphasis to preventive care and to allay mounting public concern about food safety, the Health Secretary and the Agriculture Minister should announce the setting up of the new independent Food Standards Agency within the first year. Given the legendary diffidence of the Ministry of Agriculture in dealing with pesticides, hormones, antibiotics and fertilisers, the Agency should be asked to carry out an immediate review of the impact of bio-chemicals on the food chain, working on the precautionary principle that the only safe food processes are ones where all the effects are known.

Given Labour's emphasis on preventive care, the health secretary should also move quickly to facilitate the extension of no smoking areas at work and in public spaces (and to ban tobacco advertising, except at the point of sale). He or she could go one step further in the direction of prevention by requiring that alcohol adverts carry government health warnings.

Education: business class for all

The level of public concern about standards in schools has reached a new pitch after years of spending cut-backs, reorganisations and teacher discontents. Kenneth Clarke's response has been to attack the principle of universality of provision: instead of seeking to improve the standards of all public sector schools, he has chosen to privilege the minority at the expense of the majority. Unchecked, the result will be a two-tiered service, where the parents with the sharpest elbows will go business class and the rest economy.

Although in the longer term Labour is committed to a steady increase in the proportion of national wealth devoted to education, the new Government is unlikely to have much extra money in the first year. Nevertheless, it must give an early indication of its commitment to improving standards all round. The new Education Secretary should move swiftly to honour the commitments to hand the new City Technology Colleges and opted-out schools back to the local authorities and to wind down the Assisted Places Scheme.

The savings from reintegration of the CTCs and opted-out schools should be put towards honouring Labour's popular commitment to expand nursery provision. Our nearest continental neighbours provide nursery education for nearly all their three and four year old children, giving them a solid base for future learning and, equally importantly, enabling their parents, particularly

women, to maintain their careers. Britain educates under half nursery age children. There could be no better symbol of Labour's commitment to universal education for every child, free at the point of delivery, than to make a start on the nursery programme in the first year.

Transport: travelling light

The transport world will be gratified to find that an incoming Transport Secretary carries less ideological baggage about private versus public provision or road versus rail than his Conservative predecessors. The first sign of an even-handed approach to transport investment should come with a simple administrative order that exactly the same cost-benefit criteria will be applied to the assessment of railways and roads. The case for electrifying track, modernising signalling or even building a new line will take into account social and environmental benefits as well as the anticipated rate of return.

Deregulation of bus services may have produced more bus-miles per passenger, but the price has been a smaller network of services and fewer buses outside peak periods. There are no controls on services or prices and, without competition, as in most rural areas, there is not much of a service left. The new Transport Secretary could win some early, cost-free plaudits from those who use the most popular form of public transport by bringing back local authority regulation of bus services. Local authorities do not need to run the services, just to regulate them again. Tory insistence on deregulation is yet another example of the obsession with free markets being pursued at the public's expense. Labour will take a more sensible view.

Planning for people

The last 12 years have seen a swing in the balance of power away from the long term social, economic and environmental needs of the community, as represented by elected local authorities, towards market forces and private profit. For example, the 80s saw successive Environment Secretaries engineering a 'presumption in favour of the developer'. The results of lifting rudimentary planning controls, such as office and industrial development permits, in a small and crowded island are plain to see: the over-heated south-east of England suffers housing shortages and congested road-space, whilst the north has the infrastructure but not the demand.

The new Labour Environment Secretary will have a different starting point: it is for the elected local authority to decide the correct balance between the interests of the commercial developer and the needs of the community. He or she should swiftly remove the presumption in favour of the developer and re-introduce the requirement that change of use of buildings requires planning permission. As an early sign of intent towards preservation of our dwindling

countryside, there should be a new presumption against development in the National Parks and Sites of Special Scientific Interest, and the usual planning controls should be extended to major farming and forestry developments and farm buildings.

It is not just the local community that needs to be empowered against market forces, it is also the individual citizen. Labour is already committed to introducing a third-party right of appeal where planning permission has been granted in contradiction to the local plan or where a local authority gives itself planning permission. At present, and symbolic of the current Government's sympathies, only the developer can appeal against planning permission. Most appeals have been upheld by Mr Heseltine.

If bad housing and homelessness are to be tackled effectively, house-building needs to return to the levels of which Conservative as well as Labour Governments were proud in the 1950s and 1960s, and the pool of homes for rent increased. The most efficient way of doing this would be to unshackle local authorities, so that they can respond to local needs. First, their planning powers should be expanded to allow them to require more rented housing in major developments and to avoid the creation of socially-unbalanced communities like London Docklands. Secondly, they should be free to spend capital receipts from council house sales on building new houses for rent. Neither measure would cost; and both should come in during Labour's first year.

The over-mighty state

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The Major government sees citizenship as a matter of consumer rights. The Prime Minister's 'Citizen's Charter' has very little to say about the citizen's relationship with the government or about the balance of power within the state.

The thought of addressing some of the inequalities of power and privilege excites apoplexy in the junior Home Office ministers who are entrusted with such 'unimportant' matters. A new Labour government should take a very different view. After the last 12 years there can be few higher, or more popular, priorities than altering the balance of power in favour of the individual citizen. For Labour, the bonus is that most of the changes will cost nothing, take little legislative time and win broad parliamentary support.

Conservatives used to criticise Fabian socialism for being too wedded to the state. The Webbs were particularly associated with what critics of collective provision dubbed the 'nanny state'. That strand of opinion never went unchallenged - Fabianism has always contained a range of views about the means to democratic socialism - and in recent years it has ceded ground to those who believe that the state should be an enabler of individuals. The irony is that the Conservatives have gone the other way: the authoritarian tendency which believes that the man in Whitehall knows best has won out over the upholders of local diversity.

The last decade has seen an unprecedented centralisation of power - Lord Hailsham's elected dictatorship made flesh - by a Government which failed to understand that diversity and dissent are strengths, not weaknesses, in a democracy. Local government has been emasculated by Whitehall's decision to take central control of local expenditure through the poll tax and the uniform business rate. The upper tier of metropolitan authorities, which regularly failed to return Conservative administrations, was abolished. Just in case any of the remaining defenders of local government had not got the point, the government has started to nationalise schools. There are now few buffers between a state which has become over-mighty and the citizenry. The price of this attack on pluralism has been a growth in tension between the inner cities and Scotland and London. A new Labour government must put at the top of its agenda the reconstruction of a pluralist democracy.

Labour's commitment to rebuilding governmental pluralism starts with local government. The poll tax (which will still be there next year under Mr Major's timetable) will be replaced by a revised rating system and the business rate will be returned to local authorities. Such a degree of fiscal independence, combined with a general power of competence, would free local authorities to respond to local needs and begin to rebuild the battered morale of those who work in local government.

The Labour government is committed to legislate for a Scottish Parliament in the first session of the new Westminster Parliament. (Similar arrangements for England and Wales will have to wait for parliamentary time.) The new Parliament will be a symbol of Labour's commitment to devolve power to the most appropriate level and bring the UK into line with our major European partners, where regional government is so much stronger. Labour is already committed to some form of proportional representation for the new Scottish body, which should make it much harder for another Mrs Thatcher to question its democratic legitimacy. Proportional representation should be introduced at the same time for elections to the European Parliament and local authorities. Both MEPs and councillors suffer from poor turn-outs and absurd swings, which undermine their authority.

Checks and balances

Supporters of regional or local government talk of regaining power from Westminster: the real problem is that much of it has already gone to Whitehall. Central to the rebalancing of Britain will be the enhancement of the powers of the legislature over the executive. The long-delayed arrival of the television cameras had the unintended consequence of opening the rituals of Westminster up to public scrutiny. For the first time since the failed Crossman reforms of the 1960s, there is the real prospect of some movement on hours and procedures to enable all MPs (not just resigning cabinet ministers) to spend some time with their families as well as doing their job properly.

The one beneficial constitutional innovation of the Thatcher years was the creation of a network of all-party select committees, shadowing the work of every area of government activity. However, neither Mrs Thatcher nor Mr Major was prepared to let them develop naturally - too many embarrassing reports from the Health Select Committee. The new Labour government should be brave enough to facilitate a strengthening of their powers to call witnesses, send for papers and produce reports, unaided by government whips. Given the increasingly important role that they are playing in scrutinising the work of the executive, select committees should be afforded an increase in research and administrative back-up (cf Peter Hennessy, *The Hidden Wiring*, Fabian Discussion Paper no 2).

Labour is already planning to bring the security services, so used to sheltering behind the skirts of the Home Secretary, under the immediate and continuing scrutiny of a special select committee of the House of Commons. Select committees should also have the power to approve government appointments to major public bodies. A Labour government should be generous in victory and resist the temptation to pack every public body, however important or unimportant, with party loyalists. Mr Major is following on where Mrs Thatcher left off, appointing party placemen to voluntary and paid posts, in defiance of the old unwritten agreement that every public body should have a mixture of party representatives and outstanding individuals. The unedifying misuse of patronage has undermined the pluralism on which democracy thrives. To avoid possible repeats in the future, the appointment of the chairman of the Arts Council and the new National Curriculum Council, to take but two examples from many, should not be in the sole gift of the Arts Minister and the Education Secretary, but subject to approval by the Education, Science and the Arts Committee. This measure would not cost anything and it would be seen as a much-needed boost to Parliament's role as the check on executive power.

Labour also plans to introduce legislation to provide for state funding of political parties, probably on the basis of votes received at the last election. Such a measure would be well received by the minority parties and by some Conservatives, who recognise that a healthy democracy requires independent political parties. A willingness to push this through in the first year would be a refreshing sign that the new government recognised the value of political plurality. With state funding should go a restriction on the total sum that could be spent on general election campaigns by all parties, centrally as well as locally.

Information is power

Labour is above all committed to the passage of a short Freedom of Information Bill, creating a statutory right of access to government information, in its first year. This is right in principle and has the added value of being likely to pass with the support of the minority parties and a small (but perfectly liberal) section of the Conservative Party. The Bill will be the first sign of a new openness in government. However, for the measure to have real effect, the new Labour Home Secretary will have to guard that officials do not exclude the 'Next Steps' agencies or quangos in the drafting of the legislation. Experience overseas indicates that the principles of the legislation need to be permissive rather than restrictive, if it really is to empower the citizen in his or her dealings with the agencies of government.

Measures of this kind to protect individual liberties are urgently required. The current Government's authoritarian tendencies are most evident in their

cavalier approach to such liberties: the risible ban on broadcast interviews with Irish paramilitary organisations, the blanket ban on trade union membership at GCHQ and Clause 28, which outlawed the promotion of homosexuality by local authorities (not, hitherto, thought to be a problem except by *Sun* leader writers). All must be repealed in the first session of the new Parliament.

Kenneth Baker's handling of refugees to this country provides the latest manifestation of governmental arrogance, laced with pettiness. In his desire to sift out the deserving political refugees from undeserving economic refugees, the Home Secretary has recently placed a new set of obstacles in the way of people wishing to enter Britain. In particular, he has proposed the effective nationalisation of Legal Aid work on behalf of refugees (to its credit, the government-funded UK Immigrants Advisory Service was not willing to co-operate) and swingeing fines for airlines which bring over refugees without proper papers. The irony is that, by his own figures, 90% of the refugees meet his department's criteria and are allowed in anyway. So, in the name of efficiency and economy, the government strikes at the dignity of every would-be citizen and increases the risk of sending some deserving refugees back to imprisonment, torture and even death. Underlying this are, of course, the essentially discriminatory nationality laws which the Conservatives put in place in the 1980s. These laws, and the new proposals for refugees, will present a new Labour government with an early test of justice and humanity.

Missed representation

The proposal to abolish refugees' eligibility for Legal Aid is part of a wider attempt to reduce the scope of free legal advice and representation over the last decade. Coverage of the population by Legal Aid has fallen dramatically, and according to the Law Society the number of solicitors willing to do such work has also fallen, because it is uneconomic. 40% of the population are in a litigation poverty trap: not poor enough for Legal Aid but not rich enough to sue. When the cut-backs in Citizens' Advice Bureaux and Law Centres are also taken into account, access to legal services for the majority of the population has been dramatically reduced. New rights, *a la* Charter 88, will mean very little to the ordinary citizen unless they are accompanied by access to legal services, starting with the rebuilding of the network of advice centres and the revival of Legal Aid.

Miscarriages of justice, from the Guildford four and the Birmingham six to the latest doubts about the Broadwater Farm three, and the judiciary's perceived unwillingness to accept that they may occasionally be wrong, have caused growing public alarm. The Runciman Commission will report early in Labour's first year and the new government should move swiftly to restore a

measure of faith in the judiciary by appointing an independent body to review possible miscarriages.

In the meantime, the incoming Labour government should exercise some quality control over those appointed to the bench. Given what age does to most of us, retirement should immediately be brought down from 75 to 70, and a parliamentary select committee should have the right to approve the Lord Chancellor's appointments to senior posts. The select committee route would do more to enhance scrutiny of appointments than a judicial appointments commission, which would probably make much the same appointments as the Lord Chancellor, without the accountability to Parliament.

Beyond gesture politics

Strengthening democratic institutions and protecting individuals' rights will do much to restore the balance of power between individual and state. However, Labour will also need to address the deep inequalities of power between social groups, to ensure genuine equality of opportunity.

The first woman prime minister did nothing to remove the glass ceiling on the advancement of women up the corporate ladder. The immediate appointment of a Cabinet Minister for Women will be a signal of the new government's good intentions, but early action to make a reality of equal opportunities will be required if the appointment is to be seen as more than a gesture. One thing the new Minister should do is to set a target of, say, 40%, for women on public bodies by the year 2000. Beyond this, an administrative order is all that would be required to introduce American-style contract compliance, which would direct government business towards firms with fair employment policies. This could be backed up by government awards for companies and public agencies that have effective programmes for appointing, training and promoting women and minorities. It is not simply a matter of equity. No society can afford to neglect the potential of half its population.

Conclusion

A former Conservative Arts Minister (one of the better ones actually) used to complain bitterly of the 'welfare state mentality' of the arts.

The phrase spoke volumes not just about the Government's attitude to the arts but about its attitude to a welfare state, which in its hey-day was the envy of our neighbours. The welfare state and the values it stands for - community and equality - have taken a battering over the last 12 years, but the institutions never disappeared and the values are coming back into fashion. Mrs Thatcher's governments engaged in a vast experiment in social engineering for inequality behind a rhetorical smokescreen about individual freedom and market forces. For all his empathy with the have-nots, John Major was a member of successive governments which reduced the social security net for the most vulnerable members of society, claiming that it only contributed to a 'dependency culture' amongst those who benefited.

The socialist starting point is that genuine individual opportunity implies a degree of equality both of opportunity and of outcome. It is the duty of governments to rein in market forces where they fail to meet the needs of the citizen, and to devote collective resources to basic needs like health, education, housing and social security. A new Labour government would start with a recognition that everyone has a right to a fair share of society's basic resources. If this means that governments have to intervene to reduce unnecessary or counter-productive inequalities, then so be it.

It is time to rehabilitate equality. Liberty and community have had their fair share of attention over the last few years, but a belief in greater equality, or social justice, is central to the socialist ethic. Previous Labour administrations met with some success in turning those values into practical policies (evaluations have become more favourable with the years). The Kinnock government will be judged by the same test.

The new debates within the party will be over the speed at which Labour's policy objectives - growth, jobs, training, a national minimum wage, fair taxation, better public services, more democratic rights and so on - can be met. Historically, Labour governments tend to inherit a mess, spend the next three or four years clearing it up and then vacate the space for the Conservatives.

The next Labour government should aim for a longer stay in power, for only then can socialism be stitched into the consensus.

Life for a Labour government is never easy, even when things are going well: Labour ministers have to juggle the realities of power with the aspirations and expectations of MPs, activists, trade unions, even the Fabian Society. The labour movement is not a cheerleader for Labour governments. The new Prime Minister should put an emphasis on keeping in touch with the wider party: individual party members, as well as party workers, have to be informed about the choices to be made.

The last Labour government lived in a world of high inflation, relatively low unemployment, and tri-partism between government, unions and business. After this recession is finally over, the next Labour government will face relatively low inflation, high unemployment and widening social divisions. The last government was a reluctant member of a loose Common Market, forever haggling over Britain's share of the bill for the iniquitous Common Agricultural Policy. The next one will be a willing member of a club whose rules require alliances with other states to get things done. The Callaghan government lived in the middle of the Cold War, the Kinnock government will have to grapple with the uncertainties of a multi-polar world.

The general elections of 1983 and 1987 were powerful reminders that national parties need national appeal. Socialism should never be reserved for the have-nots: no coalition of the dispossessed, no matter how colourful the rainbow, can win an election on its own. Greater equality, opportunity and social justice are in everyone's long-term interest. The lessons have been learnt. Labour can now prepare with confidence for its first year in office.

The programme I have sketched out is not a revolutionary quick-fix. Such attempted transformations end in tears and U-turns, as Francois Mitterrand discovered. I have tried instead to outline a programme which a Labour government could realistically expect to enact in its first year, even within the likely parliamentary and budgetary constraints. If this programme was followed, Britain would remain, after 12 months of Labour rule, a mixed economy welfare state. But it would have a Government committed to the long-term revival of the economy and the protection of all its citizens, instead of one which had abdicated responsibility. It would have a welfare system in which the users of public services were citizens with entitlements, not supplicants with begging bowls. Democracy would be devolved and pluralistic, not centralised and monolithic. These changes, evolutionary but fundamental, would give a sense of the ways in which British society would be transformed under Labour - a sense, in fact, of socialism.

Recent Fabian Publications

The USSR and the West: a medium-term strategy *Adrian Hyde-Price*. Pamphlet No 548. July 1991. £3.50 The West needs a medium-term strategy to bridge the gap between short term considerations of whether to aid the Soviet Union and long term visions of a common European home. The Soviet Union should be included in pan-European institutions such as an energy community or an environmental agency.

Economic Short Termism: a cure for the British disease *David Pitt-Watson*. Pamphlet No 547. July 1991. £3.50 If the problem of Short-termism in British industry is to be solved, we must first tackle the failings of both the City and industrial management. This pamphlet puts forward 16 specific recommendations of the Labour Finance and Industry Group.

Labour's Environment Protection Executive *Ann Taylor*. Discussion Paper No 6. July 1991. £5.00 Gives details of the structure, powers and responsibilities of Labour's proposed Environment Protection Executive, and explains how it will interact with local authorities and other existing institutions, and how it will raise revenue.

Regulation and Ownership of the Major Utilities *Michael Waterson*. Discussion Paper No 5. May 1991. £10.00 Regulation is necessary to prevent abuse of national monopolies but the type of regulation appropriate depends on the specific industry. For telecommunications, light touch regulation is sufficient, but for other privatised utilities US-style regulatory commissions should be tried.

South Africa: Out of the Laager? *Martin Plaut*. Pamphlet 546. May 1991. £3.50. A lucid and informed account of recent changes and prospects for peace, which argues that despite recent problems, the underlying pressures on both the government and the ANC make a negotiated settlement likely.

Making a minimum wage work *Fred Bayliss*. Pamphlet 545. May 1991. £3.50 A minimum wage could have major benefits for the low paid, without sparking off adverse economic consequences, but only if it is introduced gradually and the correct steps are taken to mitigate its effects.

Facts for socialists *ed Giles Wright*. April 1991. £3.00 Page-by-page summaries of the Conservative Government's record on issues such as the economy, education, housing, the environment, and Labour's policy proposals on each. Illustrated.

Targeting competitive industries *Paul Geroski and G K Knight.*

Pamphlet 544. April 1991. £3.50 To develop competitive advantage, clusters of geographically-concentrated industrial activity should be encouraged. The unevenness of economic development must be accepted. Policy needs to be sector-specific and locally-implemented.

The democratic deficit and the European Parliament *Juliet Lodge.*

Discussion Paper No 4. March 1991. £5.00 Governments operating within the EC framework are not subject to adequate democratic scrutiny. Attempts to plug this deficit by increasing the involvement of national parliaments are misplaced. It can only be done by increasing the powers of the European Parliament.

East meets West: policies for a common European home *Kevin Featherstone and John Hiden.*

Discussion Paper 3. February 1991. £5.00 The EC needs to define its Ostpolitik, which must include a timetable for East European states to join the Community. The EC would be better able to help, and to absorb new members, if it speeded up the process of its own economic and monetary integration.

A European environment charter *Nick Robins.*

Pamphlet 543. January 1991. £3.50 Outlines the case for an Environment Charter, on the lines of the Social Charter, to specify rights and obligations of the Community, member states and individuals. Also calls for an accompanying action programme of measures to be completed by the end of the century.

The hidden wiring: power, politics and the constitution *Peter Hennessy.*

Discussion Paper No 2. December 1990. £5.00 If Parliament is to function effectively, a vigorous Opposition, well-resourced select committees and 'awkward' backbenchers are all essential. This underlines the need to get the right calibre of individual into the Commons.

A public services pay policy *William Brown and Bob Rowthorn.*

Pamphlet 542. November 1990. £3.00 Calls for a Pay Advisory Commission, on the model of ACAS, to provide the data on which comparability exercises and pay negotiations can be carried out.

Telecommunications in the UK: a policy for the 1990s *Nicholas Garnham.*

Discussion Paper No 1. October 1990. £5.00 British Telecom should be broken up into ten regional companies, to improve services and management efficiency. Further, Labour should abandon its commitment to introduce a national broad-band fibre optic network, which would be expensive and of uncertain value.

Labour's first year: a sense of socialism

The next Labour government will take power at a time of economic difficulty. What will it be able to do, in the short term, to meet the expectations of its supporters and show the British public that something has changed for the better?

Simon Crine, General Secretary of the Fabian Society, outlines a series of measures which could be enacted during the first year, taking account of the budgetary constraints and the possible need to win the support of other parties. Some are already Labour policy, others are consistent with the Party's general approach. The measures include:

- the immediate introduction of the training levy and the national minimum wage, to begin to tackle the low-skill economy;
- an early start to the promised expansion of nursery education, financed by the savings from re-integrating CTCs and opted out schools;
- proportional representation for local and European elections, introduced at the same time as the new Scottish Parliament, to revitalise British democracy;
- a range of environmental policies, including the banning of CFCs and the replacement of Vehicle Excise Duty and Car Tax with higher petrol prices.

The author also considers what Labour should seek to achieve during the British Presidency of the European Community in the second half of 1992. Taken together, the proposed measures would lay the foundations for the long-term recovery of the British economy, as well as setting the Labour government on the road to the full achievement of its programme of gradual but fundamental change.

£3.50

The Fabian Society brings together those who wish to relate democratic socialism to practical plans for building a better society in a changing world. It is affiliated to the Labour Party, and anyone who is eligible for membership of the Labour Party can join; others may become associate members. For details of Fabian membership, publications and activities, write to: Simon Crine, General Secretary, Fabian Society, 11 Dartmouth St, London SW1H 9BN.