

Full Employment: The big idea which Labour will not defend

Text of an address by **Hugh Roberts** on 1 October 1990, to a fringe meeting of the Ernest Bevin Society at the Labour Party Conference.¹

I think many of you will be aware that the latest unemployment figures have shown yet another major rise, and all the evidence suggests that there is worse to come. Some experts have forecast that no fewer than 300,000 more jobless will be added to the figures over the next year. There was an article in one of yesterday's Sunday papers quoting the view of John Eatwell, who is, as you know, one of the economic advisers to the Labour leadership, that manufacturing output is going to fall by 10% a year over the next few years. It is estimated that over 80,000 jobs in engineering alone will go over the next years as well as around 100,000 in construction. And a group called Cambridge Economic Consultants have forecast that no fewer than one million jobs in manufacturing will disappear by the year 2000.

In other words, the present reality and the prospect for the foreseeable future are one of permanent, and growing, mass unemployment.

You will probably also be aware that the latest retail price index puts inflation at 10.9%. I can remember a time when we were told that inflation led to unemployment and that when inflation was brought under control you would find the unemployment figures going down. Well, inflation was reduced to low single figures by the Thatcher government in the mid-1980s while unemployment remained high. We have also been told that deflationary policies that unavoidably create unemployment would reduce inflation. But we now find that inflation is back up into double figures.

In other words, this government is extraordinarily vulnerable on the issues of unemployment and inflation.

We should not forget that the Thatcher government came in, in July 1979, on the basis of a campaign that made a major issue of unemployment. The world discovered Saatchi & Saatchi when it found itself looking at massive posters of dole queues with the legend: '*Labour isn't Working*'. This government is undoubtedly extremely vulnerable on these issues – or would be if Labour could exploit this opening effectively. But Labour cannot exploit this opening, because it does not effectively oppose what is going on. It does not effectively oppose what the government is doing. For it, too, accepts permanent high unemployment.

Two years ago, Neil Kinnock, in his speech at Conference, announced Labour's conversion to a principled acceptance of the capitalist order, principled in the sense that it accepts that the economy would be run on capitalist principles indefinitely, not principled in any other sense. What he did not say is that Labour accepts permanent mass unemployment. But

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Labour does accept it. And the acceptance, in a thoroughgoing way, of the capitalist system implies the acceptance of the mass unemployment that goes with it.

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Last night I attended a fringe meeting of a very worthy body called the *Campaign for Work*, chaired by Molly Meacher, and featuring on the platform Tony Blair MP, Paul Boateng MP, Michael Meacher MP and Alan Tuffin of the UCW. Now, you would have thought that, if there was one fringe meeting where the issue of full employment would have been ventilated properly, it would have been one held by the *Campaign for Work*. I picked up some of the *Campaign's* literature and found that the *Campaign* is, indeed, formally committed to working to convert Labour to full employment policies. But not one of these four platform speakers dealt with the issue of mass unemployment; not one of them dealt with the question of full employment.

Alan Tuffin, in the course of his speech, listed a number of major issues that Labour needs to tackle: low pay, women at work, Europe, manufacturing industry; not a word about unemployment. Tony Blair, in the course of his speech, made the passing remark that “a primary function of government is to sustain full employment”. It would seem that he agrees with us. But this was only a passing remark in a speech devoted entirely to another issue. And it was a remark, moreover, that clearly took Michael Meacher by surprise, for in his own speech Meacher alluded to this statement by Tony Blair and said how very glad he was that Tony had said that. But is this to be taken seriously? If you look at the latest statement of Labour policy, *Looking to the Future*, you will find nothing about mass unemployment, nothing about restoring full employment. This Labour Party is not in any way committed to the issue. The commitment that it used to state, very vigorously, even as late as the early 1980s, in the course of attacking Thatcherism, has now been definitively abandoned.

Now, there is mounting evidence of the enormous threat to the social fabric of this country as a direct consequence of permanent mass unemployment. In the old days, that is to say before the war, mass unemployment of course generated major strains on society. It was the condition which bred fascism, among other things. But there was an extent to which mass unemployment was accepted by society insofar as it was regarded as a kind of natural calamity, as something that was inevitable, something you could not do anything about because it followed logically from a system that was regarded as eternal in some sense. And there were in those days in Britain many institutions and mechanisms that functioned very effectively to legitimise the prevailing social order. The power of religion was very important, as were patriotism and the monarchy. There was a ruling class then which still had a great deal of legitimacy in terms of its place in society and was governed, to some extent, by a very paternalistic ethos, an ethic of public service, and was able on that basis to secure a good deal of deference from people. At the same time, insofar as there was popular protest against the conditions of mass unemployment, this was articulated and represented vigorously within the system by the Labour Party and the trade unions. So, in other words, there were outlets within the British political system for resentments and grievances.

All those conditions have now disappeared.

Since Keynes we know that mass unemployment is not unavoidable. Between 1940 and 1970 we had almost three decades of virtually full employment – certainly 25 years of it. That

experience is an historical fact that is part of the collective memory of the British people. My father has never been unemployed. I have been unemployed for the last two and a half years, but my father and his generation enjoyed permanent full employment. Moreover, the old, paternalistic, ruling class has been swept away by the Thatcherites, religion has lost its grip on people's reflexes and, above all, popular anger and protest arising out of mass unemployment and all that it implies is no longer being given a proper outlet in the Labour Party and in the trade union movement.

The results are seen in the massive evidence of a growing social breakdown. We have recently had the figures for an unprecedented crime wave, particularly in London, and what is interesting is the massive growth in crimes against property. There is increasing evidence of a major drugs problem, we have the continuing problem of racism, there is, more generally, a collapse of public morality at all levels, the disappearance of civilised public and social behaviour in large cities, increasing homelessness. It is impossible to cross London without encountering beggars these days.

All this follows, as night follows day, from the systematic application of the social philosophy summed up by Maggie Thatcher in the famous statement, "there is no such thing as society".

Labour spokesmen have deplored that statement. I remember Tony Blair himself writing an effective article in *The Times* taking Maggie up on that point. But they have only opposed that philosophy with debating points.

"There is no such thing as society" is a philosophy that virtually makes inevitable anti-social behaviour at all levels. When a government is effectively ripping off public assets through rampant privatisation, and when its cronies in the City are increasingly being caught out in all kinds of dubious behaviour, it is hardly surprising that ordinary people should feel that, in such circumstances, a certain amount of theft is simply doing what everybody else is doing.

"There is no such thing as society", as a social philosophy, follows directly from the Thatcherite attitude to unemployment, which was summed up by Norman Tebbit in the memorable phrase, "On your bike". "On your bike" sums up a position which basically says this: the state has absolutely no responsibility to provide employment; each individual must become an entrepreneur, an enterprising vendor of his or her labour-power, competing with his or her fellow workers, fellow unemployed, to secure scarce jobs. It is a philosophy which, when put into practice, destroys social solidarities of all kinds. It is a philosophy which, when put into practice, complements the other processes that are going on as a result of Thatcherite policies and has the general effect of atomising society. It creates a dog-eat-dog world.

Labour's answer to this is 'training' – a term that is becoming virtually a kind of panacea in the current Labour leadership's rhetoric. But, if we look at what is being proposed on training – and we certainly accept that training is something that needs to be invested in and promoted very vigorously – what it amounts to is helping individuals, whose skills have become redundant or obsolete or who are yet to acquire skills, to become effective and enterprising vendors of their labour-power by adding value to their labour-power through the acquisition of skills. In other words, it is a proposal *within* the essential framework defined by Norman Tebbit. It is not a proposal that in any way subverts that framework or that philosophy. It deals with the problems faced by each individual seeking to compete effectively in a labour market which is totally biased against the supply side – a buyer's market and one which is destined to remain so. It does nothing about the aggregate problem of unemployment.

So Labour cannot exploit the unemployment situation or the inflation figures. It cannot oppose Thatcherism on any ground of principle and does not wish to do so.

Some of you may have seen a newspaper interview with John Smith last week in which he spoke about this very frankly – and I like frankness and I respect it. He said, “I don’t believe in Big Ideas.” It is now becoming a theme in a lot of media commentary that Labour lacks a Big Idea. Well, it doesn’t want one. There is a vacuum, it does not wish to have Big Ideas. Which means, of course, that it is situating itself on the ground of the Big Idea brought in over the last eleven years by Thatcherism, the Big Idea of rampant capitalism, an atomised society, and all that that entails. And because there is a vacuum at the level of Big Ideas in the Labour Party, given that a lot of the old, somewhat muddle-headed, ideology has been definitively defeated, there is now a competition to fill the vacuum from the trendy left, with such notions as ‘Citizenship’ and ‘the Democratic agenda’ and so on. In other words, there is a tendency to fill this vacuum with waffle, given that people are not addressing the fundamental problem, which is unemployment, and demanding its opposite, full employment.

Full employment should be the central objective of a revitalised socialist politics within the British Labour Movement.

If we look at the achievement of the only Labour government that has ever really done anything useful, the Attlee-Bevin government of 1945-51, we can see that there were really four pillars to the achievement of that government. There was the effective enactment of the Beveridge proposals for social security and national insurance. There was the creation of the National Health Service. There was the establishment of a public sector, giving Labour, in principle at any rate, control over the commanding heights of the economy. And there was the achievement of full employment.

It seems to me that the achievement of full employment was in many ways the most remarkable aspect of what that government did, because, of course, full employment under war conditions was not unprecedented. There had been something approaching full employment during the First World War as well as during the Second World War. But immediately after the First World War you had an immediate return to mass unemployment. The great achievement of the Attlee-Bevin government was to sustain full employment *after* the Second World War; to bring about the demobilisation of the British armed forces without allowing mass unemployment to return. And not only did they do that, so successful were they in preserving full employment after the war, that they established the commitment to full employment as the common ground of British party politics. The Conservative Party itself had to accept that commitment to full employment, and it knew very well that it had to accept it; it could not do battle electorally against the Labour Party unless it, too, undertook seriously to preserve full employment. And that is what it did, and that consensus endured for the next twenty years. That was the measure of the achievement of the 1945-51 Labour government.

The other point about full employment is that it was, in its own terms, a very radical development precisely because it is subversive of the capitalist system. It eliminated the trade cycle of boom and slump. It transformed the balance of class power in industry. It completely changed the position of the workforce vis-à-vis management. But it also increasingly tended to transform the balance of class power in society as a whole and thereby opened up major prospects for subsequent advances along the socialist road by subverting capitalist mechanisms and making socialist solutions to the problems arising out of that necessary. It put the working class in the saddle; it gave the working class a position in society that it had never had before.

But – and this is a point which I think has never been fully grasped – it also *actually made possible* the Welfare State.

We are now seeing major cuts in all kinds of benefits, and attacks on the National Health Service that are becoming more and more radical. There is now a very important and influential ginger group within the Conservative Party called *No Turning Back*, which has just published its proposals, and those proposals will effectively set the agenda of the next Conservative government if the Conservatives win the next election. They involve the complete dismantling, to all intents and purposes, of what is left of the National Health Service and the rest of the Welfare State.

The Labour Party deplores this, but it does not connect this to the issue of mass unemployment. But the point about mass unemployment is that it puts enormous strains on the Welfare State. It puts strain on the services and the benefits that the state undertakes to provide. The more people there are out of work, the greater is the burden that has to be carried by the rest of the population in work producing global output. So we are getting a situation where fewer people in work are supporting a growing number of non-producers. And if we combine the fact of mass unemployment with that of the aging of the population as a whole we can see why it is inevitable that benefits and services will continue to be cut, why it is inevitable that the Welfare State will continue to be diminished in all respects. You cannot have an effective Welfare State and permanent mass unemployment.

The question must arise: why, given all this, has Labour reneged on its former commitment to full employment? It seems to me that there are a number of reasons. One is that it failed to cope with the new problems thrown up by full employment in the 1960s and 1970s, especially the problem of inflation. And, because it failed to cope with those problems then, instead of learning from its failures and working out what it should have done, so that it can have a clear conception of what it should do in future to come up with an effective solution, it is doing the easy thing, and the intellectually dishonest thing, of assuming that its failure to solve those problems was because those problems cannot be solved; those problems are insoluble and therefore we can forget all about them. But it is also because the Labour Party *has been allowed* to renege on its commitment by the trade union leaderships, and I think that this is a very fundamental aspect of the situation.

At first sight this might seem surprising, when one bears in mind how the trade unions themselves have suffered enormously as a result of rising unemployment. They have lost enormous chunks of their memberships as a result of it, they have lost a lot of their bargaining power and, of course, they have lost virtually all of their general influence on government policy. The government pays no attention whatever to the trade unions these days on general economic policy matters, whereas fifteen years ago the views of the trade unions had to be taken into account all the time. You might think, therefore, that the trade unions would recognise that they have a vested interest in the return to full employment. Well, the evidence suggests that they take the opposite view, since it is quite clear that, given the extent of the backing from the trade unions for what the Labour leadership is now doing – and that backing has grown rather than diminished over the last few years, it has become more comprehensive, more general and more solid. It is clear that there is a consensus within the trade union leadership that underpins Labour's abandonment of the full employment commitment.

One of the reasons for this, historically, is that the trade unions could not see in the 1960s and 1970s that they needed, themselves, to produce solutions to the problems of inflation and low productivity that were created by the way in which their own power had been enhanced in conditions of full employment. This was for several reasons. To some extent, the trade unions were in the grip of an ideology which licensed and legitimated their own irresponsibility. The most extreme example of this ideology, that "it's not our problem", was perhaps Scargillism.

But the fact is that Scargillism was simply the left extreme of a spectrum of opinion which really spanned the movement as a whole. "It's not our problem it's not our responsibility; that is management's problem, the government's problem." This was a point of view which completely ignored the transformation in the balance of power that had occurred as a result of full employment. And if you have power, then you have responsibility; there is no point in passing the buck. But they did so, partly because they were underestimating the extent of the transformation that had occurred, and partly because a good deal of the pressure in terms of debate and ideology was coming from a section of the Left which actually believed, quite coherently, in irresponsibility as a long-term tactic in order to bring about a breakdown of the economy, in order to have a revolution, in order to have socialism. This was the actual outlook of an important element of the Left in those days.

But I think, more generally, even without that rather madcap Leftism that someone like Arthur Scargill very consistently and, in his own way, sincerely has expounded, there was a more general fact that the trade union apparatuses remained wedded to the routines of free collective bargaining and were unprepared to look beyond those practices and those habits.

Now, the most lucid of them could see that they needed to do that. Jack Jones, in the mid-1970s, could see that the consequences of full employment, the massive enhancement of trade union power, meant that trade unionism as he had known it since the 1930s was, in a sense, at the end of its tether, at the end of the road. It had got to the top of the mountain and only three things could happen: it could fall into the abyss, or it could learn to do something else and take off in a new direction, or it could allow itself to be forced back down the mountain. And it is of course the last of these which has happened.

Because Jack Jones could see that something had to give, he wanted to preserve the power that the working class had won by getting the working class to start using that power responsibly and positively and imaginatively. But his proposals for incomes policy and industrial democracy were defeated within the trade unions, having been opposed – by a bitter irony – from the Labour Left.

The point is that the Labour movement had to develop, given the progress it had made, it had to *move* beyond the old free collective bargaining approach, and it decided not to.

Last night, in the course of his speech, Alan Tuffin made the remark that "we've had enough of the Thatcher government, we're sick of this eleven years of free-for-all." But it was the decision of the Labour movement to return to the free-for-all, the decision of the Labour movement in 1976 to have a return to free collective bargaining, which is the free-for-all. And Thatcherism was the logical complement of that at the level of government three years later. It was the unions which chose the free-for-all.

The result of all this – a tragic development of which those that like to style themselves as 'Left' have been in the vanguard – is that the entire trade union movement now has adopted the philosophy of the EEPTU. "We are all Hammondites now" in the trade union movement. We all accept capitalism as eternal and we all accept what that implies: amongst other things, mass unemployment and the threats to the social fabric arising out of that. And this position – the way in which the trade union consensus to preserve the routines of free collective bargaining *at all costs* has meant that the Labour movement has abdicated its role in British society – was graphically illustrated when we had this major riot over the poll tax in London a few months ago.

The thing that was most striking about that massive demonstration in London that then degenerated into a riot was that the Labour Party and the Labour Movement *were absent from it*. There was a political vacuum there. The responsibilities of the Labour Party and the

Labour movement to capture and canalise and control but also effectively articulate and represent this frustration and anger had been abdicated. The vacuum was being filled by all kinds of foolish or childish or irresponsible politics, essentially of an anarchistic kind. Two days later, the TUC had its 'rally' against the poll tax in the Central Hall, Westminster. *Ticket Only*. The People riot outside, and the TUC demonstrates to all with eyes to see its comprehensive irrelevance to what is happening in Britain by holding a Ticket Only rally, as if this was some kind of buffet reception in honour of some trade union leader about to be presented with a gold watch on his retirement.

It is because of this colossal abdication of responsibility by the Labour movement and the Labour Party that you are now having a genuine problem of democracy. People in the *New Statesman* or on the various fringes of the party who are talking about democracy are not talking about something which is not a problem. There is a problem, because Thatcherism is not actually being opposed effectively on the ground of principle.

There was an article in the paper yesterday which actually said that there is majority support in the opinion polls for incomes policy, that the British people would actually like to see a return to incomes policy. Nobody *mentions* incomes policy in political debate. It is a taboo word. There is undoubtedly a majority in the country which is sick to death of what Thatcherism is doing to British society and has a principled objection to what Thatcherism is doing to British society. Yet we have a Labour Party that at the level of principles is actually in complicity with Thatcherism. And we therefore do have a growing problem of democracy in this country, because democracy in this country rests on the combination of Government *with Opposition*, and we have got Government without effective Opposition. Popular resistance to government and resentment of government is not being adequately represented in the political system.

We should recognise, in relation to the underlying issue of full employment, that, in crucial respects, the pass was sold in the 1960s and 1970s. There is no doubt at all that there were quite a lot of people in the leadership of the Labour Party who understood, in a somewhat superficial way, the problem that needed to be faced then. There is no doubt that Harold Wilson understood it, that Barbara Castle understood it. If you read the first volume of Tony Benn's diaries, he clearly saw that a new approach was needed in terms of coping with the kinds of problems that were inevitably being generated by the new conditions of full employment, and so did Peter Shore and numerous other people. They vaguely recognised what needed to be done. But they failed to make the case to the working class in the trade union movement. They could not take on the forces of inertia and conservatism within the trade union movement and defeat those forces by the sheer force of coherent argument and conviction, and they backed down.

And, of course, part of the problem, as I have already suggested, is the responsibility of the Left. Part of the problem has been the tendency within British Socialism to conceive of socialism itself as something that is in a sense the Kingdom of Heaven on Earth, Jerusalem, the End of History, where everything suddenly reaches a final state of blissful harmony, and where there are no further conflicts and where everything is in a sense *simplified*. What that frame of mind was unable to cope with was the fact that the very achievements of the Attlee-Bevin government that were socialistic in tendency and potential meant that life was becoming more complicated, not less, and that the Labour movement needed to respond to those new complexities and learn how to cope with them by developing its own politics. So there was this general failure, to some extent attributable to an essentially childish, unrealistic, mythical attitude to socialism.

But, I think, underlying that and the extent to which those inadequate ideas could have such terrible consequences was the attitude of the working class itself towards full employment and the other great gains made in 1945-51. They did not experience these tremendous gains in a way which enabled them to envisage the future political development that needed to be made. It seems to me that the basic attitude within the working class was to experience these changes as the satisfaction of a long-standing demand for Justice that was at last being conceded, rather than seeing that what was happening was that the working class was in effect coming to power at numerous levels in the society and the economy, and therefore needed to face the challenge of power and develop its political capacity to take on, increasingly, the role of government and management in the working class interest. Instead there was a tendency to think, "Well, at long last we've got what we want, what we've been demanding. We can now revel in it, luxuriate in these new conditions." And what was not understood was that, if that was the attitude, then sooner or later those conditions would be taken away, as they have been by Thatcherism.

There is no doubt that, in policy terms, what is central is the question of incomes policy, the words which nobody in Conference is going to dare utter. The point about incomes policy is that it is essential if you are to sustain the conditions of full employment, because the conditions of full employment make the old routines of free collective bargaining obsolete.

Full employment inevitably generates inflation. Inflation is not an evil. Inflation is a necessary feature of a socialist, full-employment, economy. The trick is to keep it at a manageable level.

Inflation means that demand at any particular moment is exceeding supply. It is therefore a motor for growth. It is a signal that you have to increase output. The problem in Britain during the 1960s and 1970s was that this signal was not being acted upon. It was not triggering the necessary response to increase output to bring about a new equilibrium between demand and supply, and the result was that either there developed a vicious spiral of cost-pull, wage-push inflation, or there was a tendency to suck in imports at the expense of the balance of payments. The problem was, in other words, that conditions in production were preventing the proper response to the signals being transmitted by rising prices. And the reason for this was the extent to which basically the outlook of the Labour movement at the point of production was that "it's not our responsibility". There was a situation where the bourgeois class was historically exhausted, no longer had the power to manage effectively in the capitalist fashion, it had lost that power, it had just lost it completely, and where the working class was basically refusing to step into the breach and start having an effective, positive attitude to promoting production in order to preserve an equilibrium in a full employment economy.

There is therefore no question, for socialists, of ducking the issue of incomes policy. It is central to any serious commitment to full employment as a major programmatic objective. And the argument, which can be stated very simply, is that the social consensus in this country requires the preservation of the Welfare State; the Welfare State itself requires full employment or something very close to it, otherwise you are simply not generating a sufficient surplus to finance the benefits and services that are required; full employment itself, in order to be sustained, requires a functional incomes policy; and a functional incomes policy itself requires the development of a socialist politics capable of making the case to the Labour movement, profoundly, convincingly - not just patching up some kind of deal with the trade union leaderships - but so that the realisation enters into the world view of the Labour movement at every level that it needs to go beyond the old routines of trade unionism,

of free collective bargaining, appropriate to earlier conditions, if it is to advance and come into its own.

So, income policy puts demands on the Labour movement to face issues and take decisions, instead of taking the soft option of leaving those decisions to market forces. It requires both the trade unions and the Labour Party – and especially the Left of the Labour Party – to develop beyond the old habits, the restrictive practices and self-indulgent rhetoric, and the cheap cynicism which is the medium within which all those practices and rhetoric continue to flourish.