

Signs of the times

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Big events like the Covid outbreak bring changes to society. Here is James Forsyth, political editor of *The Spectator*, in *The Times* on 29 January.

'Globalisation made the world much richer. Covid, though, has shown the need for national self-sufficiency in crucial areas and the dangers of excessive reliance on one country, especially an authoritarian dictatorship such as China.

So when the pandemic ends the government must pull off the balancing act of protecting free markets while building national capabilities in telecoms, biotech and other key industries.'

The free market *and* national capabilities? Sounds awfully like what existed before Mrs Thatcher took office in 1979.

Another sign of change was the publication a week earlier¹ on the *Telegraph* website of a striking essay by Professor Lee Jones² which included these paragraphs:

'The more disturbing conclusion is that the British state is so lacking in basic vision and leadership, its bureaucratic institutions are so divorced from meaningful delivery capacities that it cannot even provide security to its own citizens.

This is not a product of one government's incompetence. It reflects deep-seated changes in the way state power is conceived and organised – by political parties of left and right, not just in Britain but in many other "advanced" economies. A system built around dispersing responsibility, accountability and control is, unsurprisingly, irresponsible, unaccountable, and not in control of its fate.'

¹ <<https://tinyurl.com/yr3ydaec>> or <<https://www.telegraph.co.uk/global-health/science-and-disease/rolls-royce-skoda-pandemic-has-exposed-britains-failed-regulatory/>>. This was not behind the *Telegraph* paywall when I looked last.

² Reader in International Politics at Queen Mary University of London. This is a condensation of his 'Covid-19 and the Failure of the Neoliberal Regulatory State', (co-authored with Australian Professor Shahar Hameiri) in the *Review of International Political Economy*.

Forsyth implicitly and Jones explicitly are condemning the neoliberalism we have had in this country since 1979. Jones more or less wants to recreate the world which existed before the Tory Party began tearing it all down in the name of freedom (while lining the pockets of its friends and supporters in the City of London).

Other commentators on the right think we are already on the way back to the 1970s. Take Jeremy Warner's piece in the *Daily Telegraph* on 7 March.³

'Shock horror, under Sunak's plans we end up with the highest tax burden since the 1960s; for obvious reasons, that's drawn a lot of comment.

Rather less remarked on is that at "just" 35pc, it would still be considerably lower than is common on the Continent, and almost certainly also far short of the sort of spending the *Tory party, now reborn as big state interventionists, seem to aspire to.*

Downing Street wants to have its cake and eat it too, to coin a phrase; it wants to spend like Germany and France, but tax like the United States [. . . .]

If now the party of big state spending, it will have to face up to the truth and raise levels of personal taxation to match.' (emphasis added)

The IEA

According to the Director-General of the Institute for Economic Affairs (IEA), Mark Littlewood, we are well on our way back to Butskellism. I hadn't seen 'Butskellism' used for years, possibly decades, but there it was in *The Times* on 8 March in the title of a piece by Littlewood: 'Butskellism is back. Expect an economic future of simply muddling through'. But Butskellism wasn't 'simply muddling through'. The term came from merging the name of Conservative Chancellor of the Exchequer R A Butler with that of Labour Chancellor Hugh Gaitskell and was coined in the mid 1950s, when there was a considerable consensus across the major political parties in the UK about how the economy should function.⁴ In effect, the post-WW2 creation of a mixed economy was accepted: the Conservatives did not propose privatising those bits of the economy which had been nationalised, did not propose breaking-up the National Health Service, and did not argue that the economy should be left to

³ 'The big lie at the heart of Rishi Sunak's spend now, pay later Budget' at <<https://tinyurl.com/p4zpx7rw>> or <<https://www.telegraph.co.uk/business/2021/03/07/big-lie-heart-rishi-sunaks-spend-now-pay-later-budget/>>

⁴ 'The differences between the right of the Labour Party and the left of the Conservative Party were so small that a new word, Butskellism, was coined to describe this middle-ground consensus.' John Blundell in 1984 at <<https://reason.com/1984/08/01/what-to-make-of-margaret-thatc/>>.

market forces. Littlewood commented that

' . . . there is now broad agreement across the dispatch box over the desirability of the state to maintain and even increase its reach and its grasp across economic policy. Support for any reforms that allow the freeing-up of market mechanism are almost wholly absent from the policy proposals of either main party.'

The IEA has been arguing in favour of market solutions since the mid-1950s and can be reasonably described as the progenitor of Thatcherism. For Littlewood and his ilk, the return of anything resembling 'Butskellism' would be a nightmare and an absurdity. Littlewood gives us the IEA's view of the UK's post-war economic history under Butskellism.

'The consensus between the parties over swathes of economic policy from the 1950s to the 1970s did not serve the UK well. Growth was sluggish compared to European neighbours. Industrial strife and bouts of high inflation were the norm.'⁵

How accurate is this? Yes, economic growth was relatively sluggish compared to some other European countries but there is little agreement on the cause of this. Germany, for example, had high economic growth in the immediate postwar years as it rebuilt its economy and its cities after WW2, helped by the US loans of the Marshall Plan. But it spent nothing on armed forces while the UK government spent 6-7% of its budget on them, preparing to fight the imaginary 'Soviet threat' and trying to hang on to the Empire. There is a very nice graph showing UK economic growth since 1945.⁶ This was positive, and roughly between 2.5% and 5%, for almost the entire 1945-2019 period. The only years with negative growth were 1974 and 1975, 1980 and 1981, 1991 and 2008 and 2009. 1974-75 was the consequences of Edward Heath shutting things down after his 'dash for growth'; 1980-81 was the recession caused by the Thatcher/Lawson high interest rate policy; 1991 was the John Major recession – another attack of high interest rates; and 2008-09 was the global banking crisis. So Littlewood's first point is half true, at best.

His second point – 'bouts of high inflation [were] the norm' – withstands as little examination as his first. The data on the annual rate of inflation since 1945⁷ shows that in the period of Butskellism, which Littlewood dislikes so

⁵ Against the 'declining Britain' theories of the people like the IEA is David Edgerton. His most recent book *The Rise and Fall of the British Nation: a Twentieth Century History* is reviewed in a very interesting essay by Scott Newton at <<https://reviews.history.ac.uk/review/2307>>.

⁶ <<https://www.statista.com/statistics/281734/gdp-growth-in-the-united-kingdom-uk/>>

⁷ <<https://tinyurl.com/6p7tapke>> or <<https://docs.google.com/spreadsheets/d/1KCPTCEaGSi90EaoQVzSyEh8xzPSolWwaXd3iwSjw0sU/edit#gid=0>>

much, there was only one such bout of high inflation, in the mid 1970s. This was caused by a combination of Edward Heath's 'dash for growth' and the rise in the price of crude oil.⁸

His third point is 'Industrial strife was the norm.' Again, this is half true at best. Yes, there were some major industrial disputes, notably with the miners in 1972 and 1984, and in the car industry. But 'the norm' is a wild exaggeration. However, let us accept that the UK had terrible industrial relations and many more days were lost through strikes here than among our continental neighbours. Further, let us agree that this contributed to the electorate voting Conservative in 1979, after the notorious Winter of Discontent.⁹ How did we get to that, politically? The final steps are clear. Seeking to reduce the inflation inherited from the government of Edward Heath, the Callaghan government tried to impose a pay settlement on the public sector of the economy in 1978 which would have meant a cut in the real wages of those affected. Cue: strikes, the Winter of Discontent, Mrs Thatcher and the end of social democracy in the UK. I was thinking about that when I noticed this paragraph:

'As to when it [the slow-motion collapse of social democracy] started . . . I once interviewed Barbara Castle . . . She was very clear: it began with the Labour government being unable to introduce industrial democracy in 1969 because of opposition led by the trade unionists Jack Jones and Hugh Scanlon, and her great rival in the Labour Party, James Callaghan. In her view "that was the moment".'¹⁰

In a review of Willie Thompson's history of the Communist Party, John Torode¹¹ also referred to the Barbara Castle proposals on industrial reform and attributed a significant role in their rejection to the Communist Party of Great Britain (CPGB).¹² Did the CPGB have such a role? Academic research and comments by participants suggest that a major part in the frustration of the Castle-Wilson proposals was indeed played by the The Liaison Committee for

⁸ I discussed how Heath was conned by the bankers into introducing the Competition and Credit Control Act which produced the great credit boom of 1972/3, which triggered inflation, at <<https://www.lobster-magazine.co.uk/free/lobster60/lob60-062.pdf>>.

⁹ See, for example, <<https://libcom.org/history/1978-1979-winter-of-discontent>>.

¹⁰ <<https://tinyurl.com/c9d95489>> or <<https://thequietus.com/articles/29627-the-sea-view-has-me-again-uwe-johnson-in-sheerness-patrick-wright-interview>>

¹¹ Not to be confused with the host of BBC TV's Masterchef. This Torode was a staffer at the *Guardian*. He left Labour, joined the Social Democratic Party and stood as an SDP candidate in the 1983 general election.

¹² *The Independent*, 1 October 1992.

the Defence of Trade Unions; and that committee was a front for the CPGB.¹³

Moscow gold

In the conclusion of my essay *The Clandestine Caucus*¹⁴ I discussed the fact that MI5 chose to allow the Soviets to fund the Communist Party of Great Britain. They had known about the money – literally bags of used notes from a Soviet embassy official – since the late 1940s. The Soviet invasion of Hungary in 1956 saw the CPGB's membership drop by between a quarter and a third.¹⁵ Had this 'Moscow gold' been revealed in – say – 1957, the party's membership would have been further reduced. A rump CPGB, without Soviet funding, would have been less able to build its networks in the British trade union movement, the opposition to the reform of British industrial relations in the 60s and 70s would have been less effective, and something like the Wilson-Castle proposals on industrial relations reform might well have been enacted.¹⁶

Margaret Thatcher believed that there was a Communist threat to the UK.¹⁷ That was part of her appeal to the right-wing Tory/spook network in

¹³ See, for example, <<https://tinyurl.com/umxdfthc>> or <<https://www.socialistworld.net/2021/02/27/how-militant-trade-unionism-in-britain-defeated-the-1971-industrial-relations-act/>>

A study of the role of that Liaison Committee in seeing off the Heath and earlier Castle-Wilson plans, concludes that it was a front for the CPGB. See <<https://tinyurl.com/bnu-a9n9h>> or <https://www.researchgate.net/publication/229810384_Organizing_the_Militant-s_The_Liaison_Committee_for_the_Defence_of_Trade_Unions_1966-1979>.

For a current view from the Communist Party of the committee's role, see <<https://tinyurl.com/ykyczjzs>> or <<https://challenge-magazine.org/2020/11/03/the-battles-of-the-past-can-inform-todays-struggles/>>.

¹⁴ Which is on this site and (without my permission) elsewhere on the Net.

¹⁵ See 'The Papers of the Communist Party of Great Britain', at <<https://archiveshub.jisc.ac.uk/search/archives/d76d879f-8a16-32bc-9c3a-df6f705340d5>>, and John Schwarzmente, 'The impact of 1956 on the Left in Western Europe' at <<https://tinyurl.com/3d86da2c>> or <<https://static1.squarespace.com/static/52246121e4b0aab34639cd24/t/587cfb2db6594ac53868341/1484585775420/John+Schwarzmanel+-+The+impact+of+1956+on+the+Left+in+Western+Europe.pdf>>.

¹⁶ Harold Wilson, Barbara Castle and Edward Heath looked enviously at West Germany's industrial system in which – loosely – the economy was run by the government, unions and capital working together.

On the creation of the German system see <<https://tinyurl.com/ypkmpw62>> or <https://strathprints.strath.ac.uk/54060/1/Zahn_HSIR_2015_German_codetermination_without_nationalization_and_British_nationalization.pdf>. On this account the Germans more or less stumbled into their successful system of codetermination.

¹⁷ She read Frederick Forsyth's novel *The Fourth Protocol* twice. In that, directed by the KGB, Ken Livingstone becomes Prime Minister, ousting Neil Kinnock. (Forsyth said he got the idea from MI5.) Thatcher *believed* stuff like this. I discussed this in 'Truth twisters: notes on disinformation' in *Lobster* 19.

the mid-70s who ran her for leader of the Conservative Party. Thanks to MI5 *not* revealing the Party's Soviet funding, the CPGB remained a force within the British labour movement. But the only significant operation the Party seems to have mounted in the post-WW2 era prevented change to the UK's industrial relations system, damaged the Labour Party and helped get Thatcher elected.¹⁸

Why did MI5 protect the CPGB? We don't know. But there are three possible explanations. The first is the desire to have the CPGB act as a honeytrap. Who are the potential subversives? See who joins, or works with, the Party.

The second is its role as a means of smearing people who offend/threaten the status quo. This is what happened in the 1970s. Because of the Soviet link, sections of the British right were able to argue the following: Moscow controls the CPGB; the CPGB controls the unions; the unions control the Labour Party; therefore Moscow controls the Labour Party. Absurd though this sounded to anyone who knew anything about the British labour movement, this was genuinely believed by sections of the British right, the military and the intelligence and security services. The belief in the 'communist threat' fuelled the covert activities of the 1970s and early 80s, from the 'private armies' episode in 1974/5 though to the shooting of Sergeant Speed in Leeds city centre in 1984, described in this issue of *Lobster*.

The third explanation is that MI5 was told by their US counterparts to leave the arrangement alone. In the USA the FBI's Hoover had two of his agents, the Childs brothers, collecting the money for the CPUSA from Moscow.¹⁹ Had MI5 exposed the Moscow funding of the CPGB, calls for similar action in the US might have disturbed that arrangement.

¹⁸ Thus, in its own terms, a considerable success; theoretically, all steps on the way to a more politically conscious and active working class . . .

¹⁹ <<https://nsarchive2.gwu.edu/NSAEBB/NSAEBB375/>>

Famously, Hoover told a State Department official in 1963: 'If it were not for me. . . there would not be a Communist Party of the United States. Because I've financed the Communist Party, in order to know what they are doing.' Anthony Summers, *Official and Confidential: The Secret Life of J. EDGAR HOOVER* (London: Gollancz, 1993) p. 191. The evidence of the Childs brothers acting as couriers for the Soviet money suggests Hoover was exaggerating his 'financing'.