

# Britain's Third Labour Government

*"This time there can be no alibis."*

For the third time Great Britain witnesses the spectacle of capitalism being administered by a Labour Government—though this time with a difference. The Labour Governments which entered office in January 1924 (for eleven months) and in June 1929 (for two years) had only minority representation in the House of Commons, and were dependent on the support of Members of Parliament belonging to the Liberal Party. This time the Liberal Party is almost wiped out (only twelve MPs in a House of 640), and the Labour Party has an overwhelming majority. There are 390 Labour MPs, and with the support of three ILP MPs, two Communists and some Independents and Liberals it can count on well over 400 votes as against about 210 Conservative MPs and others who will vote Conservative. As one of the Labour MPs writes

"Labour has no alibi left. If it fails to produce the goods—full employment, all-round national prosperity, international concord, health, homes and happiness for the whole people—it can fall back on no excuse."—(Garry Allighan, MP, *Daily Mail*, July 31<sup>st</sup>).

This time the Labour leaders have given away in advance the "alibis" they used in 1931 when they pleaded that their failure, and the secession of their leaders to form a National Government, was the result of an "economic blizzard"—the world industrial crisis—and of a "Bankers' ramp". They are going to nationalise the Bank of England and are naively confident that through a National Investment Board they can eliminate the normal capitalist trade cycle of expansion and depression. Nationalising the Bank merely means bringing this country into line with the rest of the capitalist world. As the *Manchester Guardian* points out "Great Britain is almost the only country in the world to have a privately owned central bank." (*Manchester Guardian*, August 2<sup>nd</sup>).

In an Election broadcast Mr Herbert Morrison, who occupies one of the most important Cabinet posts in the Labour Government, declared that the Employment Policy accepted by the late Government (in which, of course, the Labour Party was strongly represented),

"has quite a fair chance of smoothing out booms and slumps. The idea is very simple. It is one of Labour's basic ideas. It is to make sure there is enough spending power to buy enough goods to keep everyone at work making them. The thing can be done. Whether it will be done depends on how firm a grip the Government intends to keep on the spending policies of the great private industries." (*Daily Herald*, June 30<sup>th</sup>, 1945).

The experiment now being embarked upon is that of trying to run the capitalist system as if it were not a capitalist system. A Labour Government is going to try to straddle the class struggle and to represent at one and the same time the interests of the owning class, and of the class exploited by the owning class! Labour supporters expectantly and hopefully await the outcome. Socialists do not need to wait to prophesy failure.

After experiencing Labour attempts to run capitalism in Great Britain the workers will discover that Labour administrators cannot make capitalism function in any but the accustomed way.

The reasons for the Labour victory are many, though it must be admitted that hardly any observers expected the turnover of votes to be so large. Working class mistrust of the Tories, who had been dominant since 1931 in all the National Governments; the discontent and impatience with slow demobilisation of men in the Armed Forces, most of whom voted Labour; the usual desire of many electors to have a change; the feeling that the very acute housing shortage would best be tackled by a Labour Government—here are some of the factors.

How have the Capitalists taken the advent of "Socialism"? Their attitude may, perhaps, be described as one of waiting on events, worried but not seriously alarmed. The avowedly Capitalist Press is disposed to assume that the cautious Labour leaders will prevent any very drastic demands of the rank and file from being pressed. This is illustrated by the attitude of the Conservative *Daily Mail* (August 2<sup>nd</sup>), which urges the Labour Government to take steps to let the Press and public in the USA know that their ludicrous and dangerous doubts and fears" of the Labour Government are needless and misplaced. The *Times* (July 30<sup>th</sup>) accepts that the Labour Government may nationalise coal, at least part of the transport industry, and possibly electricity and gas supply, and is not greatly perturbed. It points out that "to bring public utilities under direct public control and possibly even outright public ownership is not wholly revolutionary; and coal is politically a special case." The *Times* goes on to plead that "with steel, or with manufacturing industries of any kind, the case is rather different", and takes comfort in the view that "the responsible leaders were more hesitant" than the rank and file on nationalisation, and that they may seek a further mandate from the electors before converting any *manufacturing* industry into a State monopoly.

The Liberal *Manchester Guardian* (July 27<sup>th</sup>) declared that "Banking opinion expects the Bank of England to be 'nationalised' but does not turn a hair at the thought". Mr Herbert Morrison recalled during the Election campaign (*Daily Express*, June 18<sup>th</sup>), that in 1932 the Tory Lord Beaverbrook was advocating nationalisation of the Bank of England in his *Daily Express*, and likewise it was Mr Morrison who stated in a speech on February 11<sup>th</sup>, 1944 "that more Socialism" (meaning State Capitalism) "was done by the Conservative Party, which opposed it, than by the Labour Party which was in favour of it". (*Times*, February 12<sup>th</sup>, 1944). Mr Morrison had in mind, of course, the nationalisation of Telegraph and Telephones and setting up of Public Utility Boards (which are the model the Labour Party will follow in its nationalisation schemes) such as the Metropolitan Water Board, the British Broadcasting Corporation and the London Passenger Transport Board. The last named was initiated by Mr Morrison and completed by the succeeding Tory Government.

A factor of importance from the capitalist standpoint is that the Labour Party is wholly committed when taking over industries to do so "on a basis of fair compensation" ("Let Us Face the Future", Labour Party, 1945, p. 7). Some capitalists—those in declining industries—can welcome a change which guarantees their investments against further depreciation since they may receive Bonds with a Government guarantee in place of shares dependent on the ups and downs of fortune of a private company; which recalls a curious comment made by the *Times*

(September 19<sup>th</sup>, 1942), in an article which urged its readers that "we must beware of the people who advocate Socialism in order to make the world safe for capitalists".

Doubtless the Labour Government will do away with the restrictive clauses on trade unions introduced by the Tories in their Trade Union Act of 1927. This in itself may have little direct effect in the direction of encouraging strikes, but it is certain that the rule of the Labour Government will be accompanied by many and large industrial disputes. A Tory Government at this time would be faced with much industrial unrest, but with a Labour Government there is no doubt that the trade unions will feel encouraged to make large demands for higher wages and shorter hours. This was doubtless foreseen by Mr Ernest Bevin, Minister of Labour in the Churchill Government, who has now become Foreign Secretary instead. The *Daily Express* (July 28<sup>th</sup>), published the following report from Stockholm of a statement made some time ago to a Swedish trade unionist. Mr Bevin is reported to have doubted a Labour Victory and to have said "Even if we win we shall have hard times before us. To convert industry to peace production with lower wages as a result will be an enormous problem". Like other governments in this dilemma the Labour Government may be tempted to make the adjustment by allowing prices to rise instead of lowering wages.

In one field the Labour Government will be tackling a problem that many leading capitalists and capitalist politicians are agreed has to be tackled, in order to prevent the interests of the whole capitalist class from being damaged, that is the problem of monopolies. Here the language of the Tory *Times* and of Mr Churchill in his calmer pre-election frame of mind, is identical with the views advocated by Mr Herbert Morrison in a series of speeches in recent years. Mr Churchill in a broadcast in 1943 said:—"There is a broadening field for State ownership and enterprise, especially in relation to monopolies of all kinds (*Manchester Guardian*, April 5<sup>th</sup>, 1943). And the *Times* put its view in words every one of which could have been lifted from one of Mr Morrison's speeches:—"It is a sound principle that, whenever competition is ousted by monopoly, the monopoly must come under Government control—though certainly not under Government management—either through a public utility corporation or by other means appropriate to the differing circumstances of different businesses" (*Times* Editorial, September 19<sup>th</sup>, 1942).

On Foreign Affairs Mr Bevin hastened to declare "British foreign policy will not be altered in any way under the Labour Government". (*Evening News*, July 26<sup>th</sup>). In this sphere and in handling India, Egypt, Palestine, etc., the Labour Government will be faced with many knotty problems, not of their own making or to any extent under their control, but arising inevitably out of the normal trade rivalry between the Powers. Here in a most glaring form is demonstrated the childishness of the Labour Party's belief that Labour Governments, by exercising goodwill, can keep capitalism and yet suppress its tigerish propensities.

To conclude we may repeat the words published in the SOCIALIST STANDARD in June 1929, when the last Labour Government entered office:--

"We deal elsewhere in this issue with the failure of Labour Government in Queensland. We prophesied that failure, and with absolute confidence we prophesy the similar failure of Labour Government here. No matter how able, how sincere, and how sympathetic the Labour men and women may be who

undertake to administer Capitalism, Capitalism will bring their undertaking to disaster. As in Queensland, those who administer Capitalism will find themselves, sooner or later, brought into conflict with the working class. Like their Australian colleagues, the Labour Party here will find themselves in a cleft stick. Having no mandate to replace Capitalism by Socialism, they have pledged themselves to solve problems which cannot be solved except by doing the one thing for which they have no mandate."

There is no need to add anything to that. It still stands, as those who have voted Labour will discover.

(September 1945).