

Where is Labour's future?

Leading Labour party members have delivered a devastating critique of the way their party conducted the campaign for the general election. I feel that perhaps much of the criticism of the leader at the time was unfair, and in any event, blame and recrimination is not going to restore the fortunes of the movement. It is now necessary to concentrate on new and constructive proposals alone if we are to emerge from what many regard as a fathomless pit.

There is a general consensus amongst leading commentators that the party must concentrate on “wealth creation” and the aspirations of the middle majority. Wealth creation is indeed an all-important concept but only if understood in benefiting the majority. The term “wealth creation” is in itself utterly meaningless as it may be interpreted to mean an economic system exclusively promoting the super-rich and investors in polarizing wealth in society; or in furthering the interests of some other particular group in another form of oligarchic society; or in pursuing the interests of all in the broader dissemination of wealth.

Most right wing governments in modern democracies try to argue that their economic system strives to benefit the majority population, but in this they are usually either dishonest or more often self-deluded. The ideology of neo-liberalism was designed by a small group of clever men to appeal to the majority, but the falsity of its outcome, and total un-workability from so many perspectives, has been amply demonstrated, particularly since 2008.

The same may be said about “profit” as “wealth creation.” Those on the left have traditionally deplored “profit” as exploitative, arguing that production should be for “use” and not for profit. I have argued at length that profit is not only good but that we should seek its maximization, but only if profit is defined in serving the interests of the majority. That is, profit should be used in seeking to maximize commercially viable productivity (in serving consumer needs); and then for necessary re-investment for expansion and innovation; followed by rewarding producers according to fair distribution along the lines of skills and status; and then employee internal shareholders (to include directors) whose power should override any external influence in matters of ownership; and lastly, dividends payable to external investors.

All this entails a thorough understanding of the business process and the formulation of extensive reforms of the financial-industrial system. It is not sufficient to have an understanding of the “capitalist process” as understood by Marxists or traditional socialists (irrespective of whether the latter may regard themselves as Marxists or not), as the capitalist system in the 20th century has evolved in such a way as to defy all the old convictions that are now discredited. This has led inevitably to misunderstanding and confusion throughout the left, and ultimately to the Labour party turning its back on any attempt to comprehend

the world of business. This has been compensated apparently by the satisfaction of remaining a public sector party contented with offering patches of reform here and there on the periphery of society.

It should not be concluded from the above that there have not been prominent business people, who as members of the Labour party, have not put themselves forward as proponents for serious radical reform of the financial-industrial system. And here I must draw on my personal experience as a Labour party activist between 1994-2008. As a member of the Labour Finance & Industry Group, responsible for advising the front bench, I came into contact with leading bankers, manufacturers, and even stockbrokers, who were intent on reforms for the fairer distribution of wealth and extending the power of ordinary working people.

We were divided into specialist groups for discussion and the preparation of reports, and on one occasion, on request, I even stood for the chairmanship of the LFIG. Until the late 1990s the group achieved excellent preparatory work through the keen professionalism of its 300 or so members, but on the election of the Labour government in 1997 everything changed. A number of the specialist groups were either closed down or “put on ice,” and it quickly became apparent that “new ideas” or “reform” of any kind were no longer welcome.

Overnight the association became part of the orthodox financial-industrial establishment, and within several weeks many of my friends had either fallen away from the association or formally offered their resignation. With the advent of Blairism, and to the astonishment of many, the Labour party was to maintain the principles of Thatcherism under another name, and in regard to business policies, little has changed since that time.

In the shorter term Blairism ensured the credibility of Labour in the eyes of the electorate, but in the longer term it merely enabled the continuation of a discredited financial-industrial system under a new label. The myopia of the Labour party on the reality and mechanisms of business were now redoubled as they cooperated with the worst aspects of Rentier capitalism and the polarization of wealth. The irony is that for a short period the party flourished and gained a popularity it had not enjoyed since shortly after the post-War period.

The longer term result of this is the present catastrophe and the predictions of some that the party may not regain power for a generation or more. In view of this situation a mitigating factor may be borne in mind, viz., if the Labour party may be accused of failing to understand the mechanisms of business in all its complexity, so too may most of the population. Even a great part of the business population, especially those in manufacturing and the primary industries, never properly understood the implications of Thatcherism and how it was ruining the wealth creating base of the country.

In what way, therefore, should the party attempt to re-orientate its thinking in preparation for the future? A two-pronged approach is called for. Firstly, it is necessary to understand the sociological changes of society and the world of

work, without which realistic forward-looking policies are impossible to formulate. There must be a base or dialectic on which to construct practical proposals. In my book, *Emergence of The New Majority*, I not only analyse these changes in identifying how different sectors of society think and act today, but illustrated how Labour party members tended to cocoon themselves in the comfort zone of their own ideology and so misinterpreted the outside world.

Secondly, it is necessary to discriminate between Social and Unsocial wealth creation, in covering all aspects of business. A new vocabulary needs to be formulated for the discussion of business and the financial-industrial system, for without such a vocabulary there can follow no effective decision-making or further action. Such a vocabulary should comprise terms that are not only factually descriptive and fit within a rational system but are ethically emotive in differentiating good from ill.

The following pairs of contrasting values have been discussed in depth in my book, *The People's Capitalism*, concerned with the lay person and his (or her) relationship with the world of work, and in, *Prosperity in a Stable World*, concentrating on the internal management of industry:- Social Wealth Creation versus Unsocial Wealth Creation; Productive (or Social) Capitalism versus Rentier (or Unsocial) Capitalism; Productive Profitability versus Rentier Profitability; and, Productive Purpose versus Rentier Purpose.

In view of all the unanticipated developments in the evolution of capitalism over the past hundred years, the purpose of the left should not be its destruction but rather its absorption and transformation in best serving majority interests. The first purpose of Labour or any movement of the left should surely be concerned with overseeing the management of the financial-industrial system, as indeed was that purpose in this country until approximately 1924, rather than fiddling with minor matters on the periphery of society.

The Labour party is now offered an ideal opportunity for renewal, and this is made evident not through the disaster of the general election, but through the emergence of the 90% middle middle majority with its new economic issues not addressed by any of the current parties. The significance of today's society is not marked by an equal split between the Working and Middle classes, as these were known in the past, but rather a heterogeneous 90% confronted by the 2½ % super-rich at the apex of society and the 7½ % unfortunates comprising an underclass at its base. If the Labour party cannot unite this 90% heterogeneous middle majority into comprehending the reality of its true economic situation, then it is unfit for any kind of future.

In regard to the question of unifying all sectors of our population we cannot ignore the significance of the SNP and its future impact on parliamentary life in Westminster. A huge cloud is now threatening peaceful relationships between the nations of the north and south and the Scots are fully aware of this. The constant gesture of the SNP in extending "the hand of friendship" to the English is only met by suspicion and the cold shoulder of apprehension. Both Scots and English

anticipate the possibility that relationships could descend to the level at the time of the Jacobite Uprising in 1745-46, when Scots were stoned in the streets of London.

This must never be allowed to happen nor need it be necessary. When Scots express their resentment against the “Westminster system” that is not the root cause of their complaint. Their real resentment is against the overwhelming “power” of the south, or more accurately, the malign power of the City of London that has subdued the all-party parliamentary system to serve its interests. All this is clearly reflected in their manifesto and entire thinking of the SNP. A financial-industrial system that by default discriminates against home-based productivity is for obvious reasons more strongly felt in Scotland than in England, although the entire UK is the victim of its malign force.

Hence the Labour party should concentrate intelligently on those aspects of the financial-industrial system which call for urgent reform in promoting Social as opposed to Unsocial wealth creation, so that housing and property in all its forms is fairly distributed to the broader population. The aim of the Labour party should not be to blindly attack the City of London (as may have been the purpose of the far left in the not-so-distant past), but rather to empower those professionally competent bankers and others with the vision and intent for real change in society. In this way the Labour party may constructively cooperate with the SNP and other parliamentary groups for a better Britain – and at the same time diffuse that tension between SNP MPs and their other colleagues in the Commons.

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