

FOCUS

Zimbabwe

By the time the Tories came to power on May 3, 1979, there was little doubt that they intended to accord recognition to the Muzorewa regime. The Conservative Party Manifesto 1979 had stated that 'If the Six Principles . . . are fully satisfied following the present Rhodesian Election, the next government will have the duty to return Rhodesia to a state of legality, move to lift sanctions, and do its utmost to ensure that the new independent state gains international recognition.' The basis of the Conservatives' support of the Salisbury regime was that they saw it as the embodiment of the fight against communism in Zimbabwe. Their oft-stated wish to roll back socialism in Britain thus found expression in supporting the internal settlement against the Patriotic Front. Just before she became prime minister, Margaret Thatcher said, 'The problem isn't between whether you should have a white or black government, it's who shall be the black government.'¹

However, the reasoning on which the Tories based their open espousal of the Salisbury regime eventually began to crumble. They discovered that the United Nations and the international community was convinced that the April elections which had brought the Muzorewa regime into being were a farce. In black Africa, not a single country was willing to accord recognition to the state of Zimbabwe-Rhodesia. Also the Tory insistence on the six principles was not fulfilled as the African majority had not been given the same opportunity as had been given the whites to say whether or not the constitution was acceptable to them. In America, the Carter administration, despite the vote in the Senate supporting removal of Rhodesian sanctions, did not share the Tories' en-

thusiasm for the Muzorewa regime and was reported to be shocked on hearing Thatcher's statement in Australia regarding the lifting of Rhodesian sanctions.² The Americans still maintained faith in the type of diplomacy represented by the Anglo-American plan. That plan's envisaged economic aid to the future state of Zimbabwe held out the prospect of a more durable western influence in the form of the priorities which the new state would be forced to adopt to ensure continued receipt of that aid.

As time went on, cracks began to appear in the internal settlement structure as the participants started bickering among themselves and Bishop Muzorewa proved unable to stop the escalating war. Reverend Ndabaningi Sithole, who had alleged that the April elections were grossly irregular, was persuaded to end his boycott of government and parliament only after a trip to London. James Chikerema, once Muzorewa's first vice-president in the UANC, parted company with the Bishop and formed his own political party. This opposition and the war served to indicate that there was no basis for arguing in favour of the Salisbury regime as a viable entity.

During the Summit Conference of the Organisation of African Unity in Monrovia last July, African states without exception gave their support to the Patriotic Front and condemned the Muzorewa regime in no uncertain terms. The Americans felt somewhat vindicated in seeing the Tory government being forced to take serious account of this stance of the African community. The cost of not doing so had been demonstrated by the Nigerians who had unleashed a series of measures very damaging to British econo-

mic interests culminating in the nationalisation of British Petroleum on the eve of the Commonwealth Summit Conference in Lusaka held recently.

The first indication that the Tories were climbing down came in the form of their endorsement of the American demand that there be changes in the constitution of Zimbabwe-Rhodesia and a new referendum. The *Sunday Express* of July 29, 1979, saw this as a 'shattering change' in the Tory attitude and asked, 'Isn't it fantastic that a Tory government should act in this way?'

Thus by the time of the Commonwealth Summit last August, various factors had succeeded in softening the attitude of the Tories on Zimbabwe, but they had one card which they hoped they could still play on reaching Lusaka. They hoped that the militancy of the African states, such as had been demonstrated by the hard-line OAU resolution on Zimbabwe, if repeated in Lusaka, might supply the Tories with a justification for posing the recognition of Zimbabwe-Rhodesia as a moderate and realistic alternative. The frontline states of Angola, Botswana, Mozambique, Tanzania and Zambia were fully aware of this. On the eve of the summit, they held an emergency meeting at which it appears that calm but firm diplomacy was decided on as a common strategy against the Thatcher government.

So the Tories were effectively forced to change their plans on Zimbabwe, but the question is, to what? The nature of that change was expressed by Lord Carrington, the Foreign and Commonwealth Secretary, when he met a Muzorewa delegation in London towards the end of July. He told them that 'Britain's priorities were to keep the Commonwealth united, to preserve good relations with America and Europe, and to try to ensure the future survival of Zimbabwe-Rhodesia.' But these are precisely the objectives of the Foreign Office which is used to a more calculated defence of British interests abroad and which consequently has favoured the Anglo-American kind of approach. The Tories were thus made to realise that the continuance of imperialist interests in Zimbabwe demanded a common strategy on the part of the imperialists.

The fact that the Tory change of attitude was a victory for the Foreign Office was perhaps more evident after the Lusaka summit than at any other time. The Commonwealth communique released after the deliberations made no mention of the Patriotic Front, thus implicitly placing it on a par with the Muzorewa regime and totally contradicting the OAU resolution to which the African states attending the Commonwealth



photo: International Defence & Aid Fund

conference had previously contributed. That resolution recognised the Patriotic Front as 'the sole, legitimate and authentic representative of the people of Zimbabwe.' Thus with the influence of the Foreign Office restored, we can expect a more vigorous but subtle support of the Salisbury regime as used to happen during the heyday of the Anglo-American plan.

¹ *Time* (Europe), May 14, 1979, p. 13.

² *The Observer*, July 9, 1979; *Morning Star*, July 2, 1979.

³ *Sunday Express*, July 29, 1979.

Monetarism - does the City like it?

Are the City and big business circles giving their unqualified support to the drastic monetarist policies of the Tory government? There are already signs of doubts in some quarters.

The outlook for the British is depressing; all the main forecasting institutions, including the treasury, expect that national output will decline next year, or at best stagnate, and unemployment will rise. Investment in manufacturing industry, which has already ceased rising, is expected to fall. The Confederation of British Industry in its quarterly survey published at the end of July, forecast that company profits will fall this year and will drop even lower next year—in a situation where the profitability of manufacturing industry has been at a lower level in the 1970s than ever before and is lower than in the other main capitalist countries. In the words of the Chancellor of the Exchequer, the economic prospect is 'almost frighteningly bad'.

This is in part the result of a slowdown in the expansion of world trade. But it will also be a consequence of the policy of deflation which the Government is pursuing with fanatical zeal. As Wynne Godley, director of the Department of Applied Economics at Cambridge, wrote in the *Observer* of August 26: 'My belief is that the present policies will drive the economy into the worst recession since the 1930s, with no presumption that spontaneous recovery will occur at any stage'.

Naturally the government does not share this view. It believes that the fierce deflation will undermine the bargaining power of trade unions, raise the share of profits in net output at the expense of wages, and squeeze inflation out of the system, laying the basis for a great upsurge in output, investment and productivity. But in the City there is evidently some anxiety, expressed for example by a *Financial Times* leader on August 7: 'Faith in the Government's economic policy must be built on the hope that a currency and monetary squeeze will have its impact on inflation

before it destroys the profitability of large parts of Britain's manufacturing industry. This is a gamble and the stakes are higher than the Government would wish . . .'. And Sir Arthur Knight, chairman of Courtauld's, said at its annual meeting on July 18 that the high exchange rate of the pound had had a drastic effect on export margins, and unless positive action was taken to reduce the rate, the result could be 'long lasting and cause us to rethink our strategies'. He meant, presumably, that the company's plan for investment at home would have to be revised downwards.

A week before Sir Keith Joseph announced on July 17 that government regional aid to industry would be cut by nearly 40 per cent by 1982-3, the CBI sent him a memorandum urging caution in reducing regional aid during an economic recession before a reasonable level of profitability was achieved. On the day of Sir Keith's announcement, Sir John Methuen, CBI's director general, publicly repeated this warning in the midst of what the *Financial Times* described as 'a general tenor or criticism voiced by industry'.

However, when the CBI council met a few days later, its members evidently expressed their concern at the unduly critical nature of Sir John's remarks, and he said after the meeting that his members thought the Government 'had managed pretty well' and had met many of the points they had asked for. And when the CBI's gloomy forecast (quoted above) was published, Sir Ray Pennock, chairman of its economic committee

and deputy chairman of ICI, said that the forecast did not mean that industry had lost confidence in the Government, but it would like a cut in interest rates when the Government considered it right to do so (*Financial Times* 1/8/79). Evidently the CBI is torn between its loyalty to the Government and its serious concern at the prospect of falling demand and profits.

It is also significant that some of the most dedicated monetarists have shown signs of nervousness at the drastic character of government policies. Gordon Pepper, partner in the stockbrokers Greenwell and Co and a leading commentator on monetary matters, wrote in the *Observer* on August 12 that he feared the money supply was rising too slowly for comfort; the economy should be given time to react to changes in monetary policy, and 'if it is forced to react too abruptly, it will suffer quite unnecessary disruption'. Mr Sam Brittan, the arch-monetarist contributor to the *Financial Times*, has expressed his fears that government policy may be too rigid and inflexible.

Disillusion with the failure of Keynesian policies of demand management combined with incomes policy has resulted in a reaction in favour of an extreme form of monetarism, disengagement and reliance on market forces. As the disastrous consequences become apparent, the ground is perhaps being prepared when the third course, the alternative economic strategy of the labour movement could, if it can be developed in the right way, command widespread support.

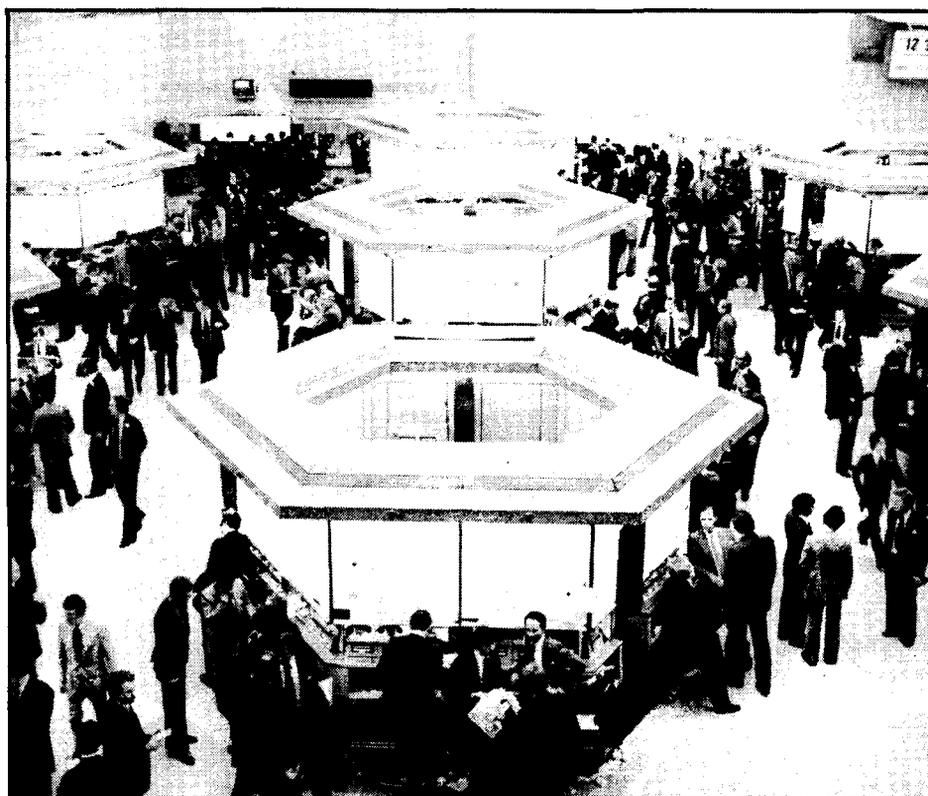
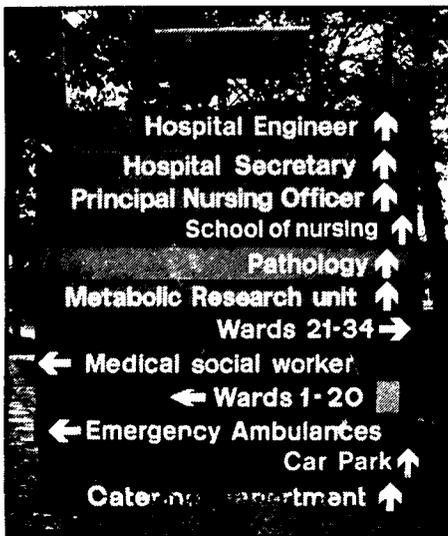


photo: Carlos Augusto 'IFL'



NHS Cuts

Hopeful cuts-watchers may dream of an action replay of the Clay Cross saga, this time inside the national health service, initiated by the spectacular disobedience of Lambeth, Southwark and Lewisham Area Health Authority¹ when faced by government demands for economy measures. If one metropolitan AHA can do it, even enrolling the conservative but powerful teaching hospitals, why not the provincial and less-well endowed Areas and Regions? The answer that punctures the dream is this: local government is not tightly and hierarchically organised on business-management lines; the national health service is. The relationship between central and local government allowed the Clay Cross councillors to resist central directives and survive for a period of time before being removed from their posts. With local support they were able to continue their campaign, through a new council, for longer. Whatever the reasons for their eventual defeat, they were able as a single detachment to fight a prolonged rearguard action against damaging legislation. The members of the Area Health Authority in Lambeth are in the opposite position. They have been removed from their posts 'at a stroke' without recourse to the cumbersome and treacherous legal procedures that democracy imposes upon the state. They have been replaced, instantly, by government supporters who will carry out the economy measures as prescribed. Opposition at lower administrative levels will have to face the prospect of the same fate—dismissal and replacement. For the individuals serving in a voluntary capacity on Area and Regional Health Authorities such dismissal is a political issue; for their salaried subordinates at the executive end of the whole apparatus, it is a matter of livelihood. Opposition from trade unions or the local population may be less compromised, and more likely

to influence judgements within the AHAs and RHAs, but their main effect will be to divert the cuts towards the weakest adjacent sectors. In the administration of the NHS, if nowhere else, the state plays a corporate game.

Perhaps the most important feature of the Lambeth AHA affair is the unusual set of political relationships that allowed an appointed body (the AHA) to defy the Government. A coalition of the medical profession, Labour councillors and assorted other appointed functionaries is not the commonest kind of pressure group encountered in medicine. Nor do the changing pacts and alliances of local medical politics usually endure so long—Lambeth AHA resisted the Labour government's efforts at cuts, with some success, and continued its intransigence until the recent showdown with Thatcher's cabinet. These characteristics have appeared because of the peculiarities of that part of south London, with its Labour-controlled councils represented on the Area Health Authority, and its three highly-active and ambitious teaching hospitals—Guy's, St. Thomas's and King's. Two of these three teaching hospitals (Guy's and St. Thomas's) have just completed major redevelopment programmes, and all three can claim to provide services to the whole of London, and in some cases to the whole of southern England. Such Regional and 'supra-Regional' facilities exist in the form of a kidney dialysis unit at Guy's, an advanced unit for the treatment of liver disease at King's, and the prestigious psychiatric hospital, the Maudsley.

This concentration of new facilities, all needing equipment and staffing, plus the inherently costly specialist units, strains the AHA budget. Any attack on that budget in turn threatens the new developments and specialist units directly and immediately, prompting eminent physicians and surgeons to condemn government directives in public. If the AHA's budget were less committed to the teaching hospitals, and the specialist units less vulnerable, I suspect the medical professions criticism would be proportionately less severe.

What will happen now that the focus of resistance, the AHA itself, has been disbanded? The newly-appointed 'loyal' administration will impose the cash cuts on the Area, leaving the managers at lower level to sort out the precise distribution of cuts with the interested professionals. It is at this stage that the medical profession's unity is most likely to evaporate, as each department and unit seeks to preserve itself. External pressure from trade unions and local pressure-groups may influence this process to some extent, but the world of the management committees at District level and below is largely closed to direct representation by non-professional

workers and consumers. The end result in the case of Lambeth AHA, may well be a reduction in some of the highly-specialised medical services provided by the teaching hospitals, at least for a time. Whether these reductions will persist, or whether the very influential hospitals will regain their finance at the expense of other activities—community services, for example—remains to be seen. The evidence suggests that the needs of the teaching hospitals will be a major determinant in the development of health services in south London, in the future as in the past. The weakest parts of the local health service will be forced into second place and hardest hit by economies: community nursing; health visiting; care of the elderly; and general practice.

In a less immediate way this conflict raises questions of long term planning and resource allocation in health care. Why was it necessary to rebuild two teaching hospitals in Lambeth AHA, rather than fund other projects—smaller, community-based hospitals, health centres, clinics? Why should so many highly specialised units be concentrated into one area? Why have units with Regional or supra-Regional functions developed under the control (and with the finance) of an Area Health Authority, rather than a more appropriate Regional or even National body? In the aftermath of the Lambeth AHAs dismissal the trade union and community campaigns against health cuts will come up against these issues, and will have to provide answers for some of them. Evolving specific and detailed policy for the local health services, penetrating the structure of control and command, and fighting for specific changes at each level of administration and planning, the labour movement could stem, divert and perhaps eventually reverse the cuts imposed upon Lambeth AHA. The development of that degree of co-ordination and co-operation between health workers, health service users and the wider labour movement *could* be the real yield of the Lambeth conflict. An escalating chain-reaction of disobedience and confrontation that shakes the DHSS and the Government is not on the cards.

¹ The NHS administration works on the principle of "delegation downwards, accountability upwards", in a three-tiered apparatus responsible to the DHSS. The NHS budget is distributed between 14 Regional Health Authorities, each of which allocates money to the Area Health Authorities under its control. The Areas delegate responsibility for day-to-day administration, and the application of policies to specific communities, to the lowest tier, the Health District. Members of RHAs, AHAs and District Management Teams are appointed, not elected (although elected councillors, trade unionists and professionals chosen by their peers may be nominated for appointment). The Health Authorities and the DMT are serviced by separate full-time staffs.



BNOC

The possession of oil and gas reserves is now seen by all countries as being a vital strategic factor outweighing their immediate economic benefits. Self-sufficiency in oil allows the possibility of smooth economic development not subject to external shocks of oil shortages or sudden price rises. The recent strength of the pound demonstrates how highly at least one section of opinion values the North Sea oil and gas reserves.

The control of these reserves is far too important to be left to a handful of multinational oil companies. That too is a lesson which is now understood by all countries in some degree. In particular all European countries have hedged the production and sale of oil and gas with a fairly tight ring of controls. The British state itself has four lines of control over its oil reserves. (Gas is treated somewhat differently in that almost all the gas produced has to be sold to a single agency, the Gas Corporation).

The first is the sale of exploration and development licences and the levying of royalties on oil produced. All oil in the ground belongs to the state; no individual even on land ever benefits from owning land under which is oil. The state sells licences for blocks of the North Sea under British control and attaches certain development conditions such

as requiring drilling to be undertaken in two years or the licence is forfeit. The second control is the Submarine Pipelines Act which gives the state quite wide powers to control the pace of oil depletion by requiring that all North Sea oil has to be landed in the UK unless special exemptions are given. This in effect prohibits pipelines going anywhere other than British territory. The third control is purely financial. The state has the power to levy a Petroleum Revenue Tax, an additional tax, over and above royalty payments and corporation tax which is related directly to the output of particular fields.

The final control is vested in the British National Oil Corporation (BNOC) set up by the last Labour government to form a direct state presence in the North Sea.

The purpose of BNOC is clear. The three lines of control mentioned above are all essentially negative; they allow revenue to be taken from oil development and they can prevent, for example, too rapid depletion of reserves. However the actual mechanisms of positive development, the investment decisions, were left wholly in the hands of the oil companies. The state could reject development plans put forward by the companies but it could not initiate them. BNOC was set up to remedy this deficiency.

The powers of BNOC are wide but, in practice, rather vague. The basis of BNOC was, first, a set of rather disparate interests in various oil fields from the National Coal Board oil group (a brave and rather successful attempt by the NCB to widen its energy interests) and the Burmah oil company which went bankrupt at around the time of BNOC's foundation. In addition, BNOC had the right to obtain a 51 per cent share of all North Sea oil. This was by no means as sweeping a power as it sounds for it was firmly stipulated that all acquisitions should be without loss to the oil companies and the financial base of BNOC was kept quite small. Certainly it was never given the financial muscle to buy 51 per cent of the fixed investment already made in such giant fields as Forties and Brent. With such operating fields, BNOC renegotiated the right to buy 51 per cent of produced oil at world market price. This normally was sold back directly to the producing company as BNOC possesses no refining facility. The procedure has a formal aspect; BNOC's oil in such cases is never actually segregated from the company oil but it does confer a degree of control over questions such as point of refining, export policy and so on. The control is however, in practice, decidedly limited. BNOC has not the staff to oversee all the oil which nominally passes through its ownership.

More important for BNOC, it was given important rights in new field development and in future exploration. Although not

given anything like full control, it got a seat at all the field development meetings and could take an active part in investment planning. Provided BNOC could put up the capital and provide the expertise, it could exert rather more influence than the veto powers previously held by the state. Both these vital factors were limited but, in time, BNOC has been able to develop a wide influence in the North Sea and is in fact the lead operating company on two major field developments.

In the area of future exploration, the Labour government made it clear that whilst BNOC involvement was not absolutely required for licences to be granted, companies wishing to go it alone would find their chances of obtaining licences severely hampered. It is not likely that the Conservative government will continue this policy.

It is in the light of this slow gathering of expertise and influence, that the recent government pressure for BNOC to sell some of its assets has to be seen. The North Sea is a difficult area for state intervention. The involvement of foreign oil companies and overseas capital is a necessity for there is neither sufficient expertise nor sufficient capital inside Britain. Nevertheless it is absolutely clear that national control will become more and more important. Development of the first giant fields is fairly easy. National interest and company profit coincide to a reasonable degree. But in the later stages, as the fields become smaller, as cooperative development of several fields becomes necessary and as the profits become smaller, interests diverge. It is at this stage that the presence of a BNOC able to take over from the companies becomes crucial.

There is no doubt that forcing BNOC to sell its stake in various fields under development will do nothing but damage to this strategic national perspective. It is not a particularly radical perspective. Every European country, including the France so admired by Mrs Thatcher, has a much tighter control over their countries' oil exploration programmes. Yet it is being jettisoned for the sake of a temporary reduction in the Public Sector Borrowing Requirement, a reduction which in itself will only increase unemployment levels and worsen an impending recession.

Contributors Steve Iliffe John Ngara
Mike Prior Roger Simon

Coming soon in Marxism Today
Mike Bleaney on the Tory economic strategy
Andrew Gamble on the Tory Party and Thatcherism
Peter Leonard on the welfare state
Agiit Singh on deindustrialisation

Thatcherism - The Impasse Broken?

Martin Jacques

Where is British politics going? This is a vital question, and some of the answers are unpleasant. Nonetheless they must be faced squarely — because they are crucial in establishing the priorities and practices of the left at a difficult and serious moment in British politics. The recent General Election has thrown into sharp relief certain underlying trends in British politics which we have previously either underestimated or even ignored. The left will do so now at great cost.



I. THE EVOLVING CRISIS

The Early Sixties: A Turning Point

Britain's decline is, of course, no new phenomenon. It dates back at least a century. But it has asserted itself with a new force — after an apparent lull — since the early sixties with profound consequences. Indeed, these years provide us with a new and critical point of departure in British politics.

The 1945 Labour government, under the impact of war and the radicalisation of the working class, carried through a series of major structural changes including nationalisation, the welfare state and full employment. At the same time, it sought to restore Britain's international position in the context of the new post-war situation. This involved the maintenance of the Empire and its legacy together with a major international military and financial role for Britain. The key here was the relationship with the United States; with the latter, given the weakness of other western powers and the onset of the cold war, seeking a special relationship with Britain.

Already, well before their return in 1951, the political centre of gravity in the country was shifting to the Tories. Once in office, they continued with aspects of Labour's domestic policies, for example the welfare state, and almost wholly with its external strategy. Given the relatively favourable international environment — including the pre-occupation of key competitors like Japan and West Germany with post-war recovery — this strategy was both viable and allowed relatively rapid economic growth (albeit lethargic by European standards). Indeed, the fifties saw rising living standards, full employment and a relative social stability (which was aided by the cold war). An unusual consensus characterised British society — presided over by the Tories — in which conflict appeared relatively marginal or at least contained.

By the late fifties, early sixties, this apparent picture of social harmony was being undermined. The first cracks in the cold war, the rise of CND, growing concern about the economy, together with other events, combined to create a new situation which served to undermine Conservative dominance and eventually enabled the return of Labour in 1964.

At the centre of this changing situation — though by no means the only factor — was Britain's economic position. By the early sixties, it was becoming increasingly evident that the 'new dawn' of the fifties had only been a temporary interregnum: Britain's relative decline had continued unchecked. The rapid growth of Britain's competitors exposed its underlying weakness. A strategy based on traditional imperial markets, sterling as a reserve currency and Britain as a major military power became increasingly difficult to sustain. As a consequence, during the sixties, there was a growing recognition, not least within ruling circles, that some kind of new response was required.

The Labour Governments 1964-1970

The return of Labour in 1964 occupies a central position in this changing context¹. Labour's victory stemmed partly from an increasing recognition of the seriousness of Britain's situation, and partly from a growing conviction of the need to modernise the economy and society. Here, Wilson's theme of the 'white hot technological revolution' and his attacks on the social archaism of the Tories struck a popular chord. Labour — in 1964 and even more in 1966 — succeeded in uniting large sections of the working class together with an important section of the middle strata around its appeal.