British State Monopoly Capitalism and its Impact on Trade Unions and Wages

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Part I

We print below the first part of a paper prepared for a symposium on the 50th Anniversary of Lenin's "Imperialism" and the Centenary of Marx's "Capital", and organised at Prague in October 1967 by the World Marxist Review. *The second part will be printed in the February issue.*

BRITISH capitalism has developed through various stages until it has reached the present position in which the capitalist state is intertwined with the great banks and monopolies in state monopoly capitalism.

The main pressures (internal and external) on monopoly capitalism which have caused it to adopt greatly increased state intervention are the recognition of the faster economic growth of the socialist world, with its challenge to monopoly capitalism; the challenge of the working class at home in its determination to retain a high level of employment and achieve a steady advance in living standards; the slower development of British capitalism in relation to its chief capitalist rivals and the need for more overt and energetic state intervention to improve this; the need on the part of the great monopolies in the great capital intensive industries to concert their policies with the aid of the state (the so-called "indicative" planning) in order to maintain a high level of output and profits; the need of the monopolies and near monopolies to secure state aid for schemes of rationalisation (particularly automation) and to establish new lines of industry (i.e. computers) essential to the development of a modern capitalist economy and to subsidise traditional industries requiring to be rationalised.

Framework of Empire

British state monopoly capitalism is operating in the midst of the *political* dissolution of its former empire and the weakening of the position of the "City" of London as the financial centre of that empire. The direct political control of the former colonies has gone, but in most of the former colonies and spheres of influence (and particularly in some spheres of influence which have grown in importance in the recent period, like the oil regions of the Middle East) there are still massive investments.

The overseas and the military bases are not there as a survival from an empire that has disappeared. They are there to influence political and economic developments inside the countries where the investments are, and if necessary to interfere in their affairs with armed force. The British monopoly capitalists are, therefore, the staunchest supporters of the United States which is pursuing a global policy (in Europe, Latin America, South East Asia and Africa) for similar objectives.

This policy, however, has deadly repercussions on the comparatively backward British economy. The continuation of overseas investments at an exceedingly high rate, and the mounting overseas military expenditure, are formidable obstacles to securing a favourable balance of payments and to building up Britain's monetary reserves. All this renders the British economy prone to balance of payment difficulties, and when these occur speculation against the pound on the part of foreign merchants and banks influences the crisis. It leads to governments periodically introducing deflationary policies (credit restrictions, higher interest rates and pay freeze) in an attempt to support the pound. Thus the British economy is continually being thrown into recessions, which lead to a fall in investment and impede the growth of industry in comparison with its capitalist rivals.

The very considerable expenditure to preserve as much of the framework of the empire as possible puts British industry into a straitjacket as compared with the industries of other capitalist states. The present Labour Government, in common with past

Tory governments, does all in its power to strengthen this framework.

The Labour Government

The Labour Government came to office in 1964 with a programme for the modernisation of British industry. It set up a whole series of new state and semi-state agencies and ministries to help the great monopolies and near monopolies to attain a high level of economic development without getting into any economic crises.

A new planning department, the Department of Economic Affairs, was set up to organise the planning of the economy and to achieve a higher level of economic growth. This department has regional councils whose main object is to promote economic development in those regions of the British economy which were lagging behind the rest. An Industrial Reorganisation Commission was set up to promote the merging of firms and to help them to reorganise their technique. The Ministry of Technology is helping to promote technical development and to see that it is applied widely through industry.

None of these new ministries and state agencies has produced any concrete results, even of a kind feasible within the limits of capitalism. Faced with a balance of payments crisis the Labour Government abandoned its National Plan for an annual 4 per cent growth in the Gross National Product and went over to a policy of economic restriction which imposed a total pay pause and a further restriction of credit, measures which brought the economy to a state of stagnation.

Government Economic Policy

It was at this point that the National Board for Prices and Incomes (generally called the Prices and Incomes Board) was set up with the aim of regulating prices and wages and salaries, and began to use these powers with a certain amount of success in freezing all wages and salaries. It was less successful in its efforts to keep prices from rising. Understandably so, as the regulation of prices was never seriously intended but added to make wage regulations more acceptable.

After July 1966, this Board, backed by the Ministry of Labour, succeeded in imposing on all British industry a control over increases in wages and salaries very much greater than was ever imposed even during the two great wars of this century. The wages and salaries policy imposed by the Board was the culmination of the struggle which Labour and Tory governments alike have waged against the trade unions since the end of the war in 1945.

Despite the wide variety of economic policies operated by the Tory and Labour Parties under state monopoly capitalism, no means have been found by either party for solving or mitigating a key problem for the British economy, namely its proneness to balance of payments crises necessitating a slow-down of economic growth as short-term measures are applied to mitigate the crisis.

All governments have faced the impossible task of attempting to solve the problem without dismantling the imperialist framework, which is a barrier standing in the way of its solution. Because they have refused to attack the problem at its foundations repeated sacrifices have been imposed on the British people in vain.

The Labour Party continues this policy, seeking a solution within this restrictive imperialist framework. No long-term solution of the basic problem is in sight. Present policy can only reach a balance of payments surplus on the basis of keeping the economy working below capacity and increasing the level of the permanent army of unemployed. Government experts are well aware that no real impact is being made on the long-term balance of payments problem and that therefore if the economy were expanded the old balance of payments difficulties would recur.

It is unlikely that the people will tolerate the current stagnation for long. They will force some expansion of the economy at the risk of running into new balance of payments difficulties in the next two years.

The Department of Economic Affairs and the elaborate state institutions for forcing modernisation on the British economy that the Labour Government set up will continue to function. Steel is being rationalised on the basis of public ownership, and industries like shipbuilding, docks and aircraft, whose modernisation on the basis of co-operation between the state and the monopolies has been agreed upon, will go ahead with the current proposals despite obstacles presented by the credit squeeze.

More Monopolies

The intensive monopolisation of industry will be pressed forward. The Government will intensify its efforts for the merging of firms with a view to creating monopolies and near monopolies which will be able to instal larger productive units, capable of introducing automation and achieving large economies of scale. Managements will be supported in their attempts to undermine the workshop organisations of the trade unions. At all levels the bureaucrats of large-scale industry will exercise growing influence on the state apparatus, whatever government is in power.

A continuous effort will be exerted to keep under constraint the trade union movement, whose past activities in promoting wage increases have been stigmatised by the Labour Government as one of the sources of Britain's economic difficulties. To attempts of the Government and the TUC to undermine collective bargaining by a so-called wage restraint policy will be added the recommendations of the Royal Commission on Trade Unions, whose main weight will be directed against the autonomy and initiative of trade union workshop organisations.

These reactionary developments are being assisted by a growing monopolisation of communications represented by the growth of the great newspaper empires; the destruction of independent newspapers and magazines; the dominance of political broadcasting by right-wing Labour and Conservatives, and the promotion of a "consensus" view of monopoly capitalist and neo-colonialist policies by all television networks. The reactionary policies of the right-wing leaderships, and the dominance of the economy by the great business monopolies, will be protected by the monopolisation of the channels of information and opinion.

The stage of state monopoly capitalism on which the Tory right-wing Labour "consensus" is based perpetuates the present grossly unequal division of property, income and power between the classes. It is assumed that there will be no basic challenge to the power of the great monopolies in finance and industry, whichever government remains in power.

On the basis of this set-up the quarrels between the leaderships of the main political parties are marginal. There is growing co-operation between the Government, the unions and the great monopolies, with the growing influence of the latter on government policy and administration being plain for all to see.

The basic economic aim of this phase of capitalism, as enunciated by right wing Labour and Toryism alike, is to make the British economy (with its imperialist and class structure unchanged) more productive and to share the gains of increased production on pretty much the same grossly unequal basis as they are today—thus perpetuating all class exploitation and class privilege.

Pay Stops and Pauses

All the social and economic inequalities of class society are to remain. The institutions which have hindered the development of the British economy are to persist. Britain could be enmeshed in a process of political and economic drift in which its basic problems are allowed to become more acute.

This is the reactionary perspective created by the converging policies of the Tory and Labour leaderships in 1967.

The Labour Government is at the moment (October 1967) seeking to convey the impression that it will abandon this state interference with collective bargaining and revert to the autonomous collective bargaining with regard to wages, salaries and conditions of employment such as has prevailed in British industry throughout this century. *We believe that it is completely unlikely, unless compelled to do so by rising mass struggle.*

Since 1945 both Labour and Tory governments have sought to impose some kind of pay stop, whenever the British capitalist economy has got into balance of payments difficulties. The Labour Party, which got back to office in 1964, pretended it had discovered a policy for the planned expansion of the economy which would enable the economy to grow without balance of payment difficulties. When Labour became the Government, however, it found the economy in a balance of payments crisis of considerable dimensions. It never seriously attempted to *apply* this new policy, though it produced a "National Plan" in which its principles were stated. It is therefore virtually certain that whenever a balance of payments crisis occurs, the Government of the day will resort to severe credit restrictions and a pay pause. Apart from periods of balance of payments difficulties, Governments are likely to insist on having some kind of control over the wage and salary bargains and therefore some kind of "incomes policy".

It is absolutely certain when the existing stage of prices and incomes policy comes to an end in August 1968, whichever Government is in office will seek to perpetuate it in some shape or form. The competition between the various monopoly capitalist economies is continually increasing, and would reach a stage of the utmost intensity if Britain entered the Common Market.

Attack on Collective Bargaining

The operation of this type of policy in a major capitalist country, and the approach of capitalist governments in other major capitalist countries (France, Germany and Italy) to a similar policy, marks a major change in employer-worker relations which state monopoly capitalism is bringing about in all countries because state monopoly capitalism, realising that the biggest obstacle to implementing such a policy is the existence of an independent and free trade union movement, is desperately trying by all means to undermine free trade unionism and convert it into an 'agency of the state apparatus".

In the first post-war decade imperialist propagandists made great play with the existence of "free collective bargaining" in capitalist countries. This they contrasted not only with the regulation of wages in the fascist states which had just been wiped out, but also with the wage systems in planned Socialist economies. "Free collective bargaining" occupied a central place in the widely disseminated propaganda of the American trade unions, acting as the mouthpiece of the Central Intelligence Agency and State Department in developed capitalist countries and under-developed countries alike.

Now state monopoly capitalism is seeking to undermine collective bargaining everywhere. For this reason we believe that an account of the struggles around an incomes policy and for the preservation of the trade union rights won as a result of over a century and a half of bitter struggle, which has enabled them to at least partially redress the advantages the employing class has in a class society, will be of general interest to workers in all capitalist countries.

It ought to be noted, however, that British state monopoly capitalism has shown a greater sense of urgency in its attempts to establish a state regulated wage system and hence the need to undermine the concept of "free collective bargaining" because, as we have seen, Britain's attempts to restore her world position have created permanent conditions of balance of payments deficits which she is trying to resolve by cutting real wages as the alternative to jettisoning her imperialist policies outlined above. It is for this reason that British state monopoly capitalism, being more desperate, is frantically accelerating a trend which is visibly developing wherever state monopoly capitalism exists, albeit at a much more leisurely pace.

Why an Incomes Policy?

The question of an incomes policy has emerged in state monopoly capitalism mainly because of the growing bargaining power of the workers in a period of relatively full employment and in conditions of competition between capitalist and socialist systems in the world.

Whenever there is a relatively high level of employment which gives the workers certain advantages in collective bargaining the capitalist state is bound to intervene to help employers to limit the extent of wage and salary advances. Thus, during the first and second world wars, American and British governments intervened to restrain the wages movements in various ways, by compulsory arbitration and other devices. The Fascist governments in Germany and Italy in the 1930s had at the very centre of their policy the destruction of collective bargaining and the fixing of wages and salaries by compulsory arbitration. Throughout the whole history of the capitalist system, whenever for some special reason (usually wars) a labour shortage emerged, the state generally intervened to ensure that the workers did not take advantage of these circumstances to push up wages and salaries. That and not the existence of inflation in the post 1945 period is the main reason for the drive for a "wage policy" which would restrict the rise in wages and salaries.

For most of the lifetime of the capitalist system such situations did not arise. And when they did they were of short duration and hence the state reaction also assumed the character of emergency temporary measures. Economic growth at the beginning of the capitalist system in Europe was accompanied by the emergence of a reserve of unemployed workers. At the height of a boom this reserve tended to shrink; in the depths of a slump it invariably grew to monstrous proportions, so that, outside a few privileged skilled occupations, there were invariably more men than jobs. In such circumstances the capitalist class was only too pleased to allow wages to be fixed by individual or collective bargaining, because for most of the time there was the built-in mechanism of the reserve of unemployed which made it exceedingly difficult for any but the best organised groups of workers to push up wages, and led in general to the bargains struck as a result of "free collective bargaining" being to the advantage of the employing class.

In times of relatively good trade, such trade unions as there were pushed up wages slightly and sought to prevent the employers pushing them down when the slump came. So over the whole field of industry there was gradually built up, in each occupation, a conventional standard of life which the workers were prepared stubbornly to defend, and to improve whenever opportunity offered. Thus during the first world war, despite the resistance of employers and governments, British workers were able to push up wages and in most occupations succeeded in retaining some of their gains when the post-war slump came:

> "This strong downward pressure encountered trade unions whose membership had doubled since 1914, and who put up strong resistance to wage cuts. Though in one sense generally defeated, they succeeded in keeping the fall in money wage rates less than the fall in product prices". (Professor E. H. Phelps Brown in Symposium "Theory of Wage Determination".)

There were but few opportunities, in Britain at any rate, for improvement between the wars when the basic industries remained depressed and the existence of a larger mass of unemployed workers hampered the wages movement. Improvements in wages and conditions were sometimes the result not of national negotiations but of factory bargaining on incentive wages. Thus the workers in relatively prosperous areas like London and the Midlands could obtain by factory and local pressure what could not be obtained by national negotiations.

Where the workers in any given industry or craft stood in the league table of wages was not decided by any criteria of social justice but by the state of the labour market for the different types of labour plus the strength of the unions and the factory organisations.

After World War II

So it was only with the emergence of a prolonged period of a high level of employment after the Second World War that the capitalists, the governments, and the top ranks of the state bureaucracy became convinced of the necessity of restraining the wages movement of the workers. For what till then—the ability to improve real earnings and working conditions—was confined to small sections and spasmodic—now appeared general and consistent. An additional factor was the growth numerically, organisational and in militancy of the trade unions, as a result of anti-Fascist character of the war. The demand for a national wages policy did not arise from the mass of trade unionists nor their leaders (left or right) but from capitalists, academic economists, reformist intellectuals and sections of the state bureaucracy generally, because of the relative growth in effectiveness of the trade unions in extracting a more favourable bargain than hitherto.

In the year 1948 the Labour Government put forward a White Paper on "Personal Incomes, Costs and Prices" which recommended that there should be no general rise in personal incomes of any sort. This was accepted by a conference of Trade Union Executives in March 1948. Sir Stafford Cripps, the Chancellor of the Exchequer, explained the essence of this policy in his Budget speech a few days later:

> "We start with the proposition which is almost universally accepted, that the fixing of wages, salaries and conditions of work should be left to the voluntary agreement between the representative bodies of employers and workers. To those who have this duty we have appealed to pay full regards to the urgent needs of the hour. *There has been no fixing of any ceiling but we have stated that the country cannot now afford any general rise in personal incomes of any sort. We have stated that we have no objection to adjustments in special cases. Indeed we have envisaged adjustments in special cases*" (italics ours).

No Freeze for Profits

The most outrageous thing about this wage freeze is that it made no mention of profits but only "personal incomes". Companies could sharply increase their profits, but so long as they did not increase their dividends to shareholders they were regarded as conforming to the rule of "no general increase in personal incomes". The retained profits led, of course, to a rise in share values, so that shareholders could make capital gains and when the wage freeze experiment was over, the companies could, of course, increase their dividends to an amount which included the accumulated dividends withheld during the interim. In effect, the trade unions were greatly deceived by Sir Stafford Cripps.

From the point of view of holding down wage rates this policy was a limited success from the Government point of view. In 1948 the wage rates of all workers increased by 4 per cent as compared with a cost-of-living increase of slightly under 5 per cent; in 1949 the wage rates of all workers increased by 2 per cent against a cost-of-living increase of 4 per cent; in 1950 they increased by 5 per cent against a cost-of-living increase of 3 per cent. If the freeze was meant to improve Britain's economic position in relation to the outside world it failed. In September 1949 the pound was devalued, an event which was certain after a lag of a number of months, to increase prices in Britain.

Trade Unionists Defeat the Freeze

After the devaluation was beginning to raise prices the General Council of the Trade Union Congress told the workers in a statement adopted in November 1949 that they ought not to attempt to increase their wages rates to compensate for the increased cost of living; *in effect that they ought to accept a cut in real wages* (*i.e. wages measured by purchasing power*).

A further conference of trade union executives held in January 1950 endorsed the wages policy by a greatly diminished majority. The writing was however on the wall as far as the wage freeze was concerned. The General Council began to retreat under pressure from below. On June 20th, 1950, it issued a statement, "The TUC and Wage Policy", which said:

> "the General Council in the circumstances must adopt the practical course of recognising that there must be a greater flexibility of wage movements in the future than was envisaged in the policy approved by the Conference of Executives in January".

The Trades Union Congress meeting in Brighton in September killed the policy of wage restraint completely. It defeated the General Council's report (which contained the two statements from which we have quoted) by 3,898,000 votes to 3,521,000 and carried by 3,949,000 to 3,727,000 an Electrical Trades Union Conference resolution which called on the General Council "to abandon any further policy of wage restraint and at the same time urge the Government to introduce statutory control of profits".

Following this the unions started to put in demands for increased wages and in 1951 wage rates increased by 10 per cent and the cost of living by 11 per cent. The wages freeze had been repudiated in time, for prices were now rising rapidly not only on account of devaluation but on account of the stockpiling of commodities which followed on the outbreak of the Korean war in June 1950.

In the Fifties

Contrary to expectations the Conservatives, when they became the Government in 1951, did not attempt to revive the wage freeze, nor resist the attempt of the unions to push up wages. Weekly wage rates increased by 38 per cent between October 1951 and December 1955, earnings by 41 per cent and the cost-of-living index went up by 20 per cent. In the same period the gross trading profits of companies operating in the United Kingdom went up from £2,483 million in 1951 to £2,894 million in 1955. In that year another balance of payments crisis began to develop, so Mr. Butler, the Tory Chancellor of the Exchequer, rapidly changed his policy. In July 1955 he imposed hire purchase restrictions, a credit squeeze and investment cuts in the nationalised industries. In October he introduced an Autumn budget which increased purchase taxes all round. It was, in effect, the inauguration of the "stop-go" policy that was such a feature of the Tory period. In December 1955 Butler was replaced by Harold Macmillan, who promptly imposed more hire purchase controls, suspended the investment allowances (which Butler had introduced in 1954 to stimulate industrial expansion), and cut investment in the nationalised industries.

The Tories, fearing the trade unions' reaction to a Tory Government imposed wage freeze or state intervention, tried to achieve the same result by a subterfuge.

During late 1956 and early 1957 there were clandestine consultations in which the Tory Government attempted to induce leading employers' federations to resist wage advances. This was taken seriously by the engineering employers, who resisted the demand for wage increases thereby provoking an engineering strike.

In this situation the Government wavered and the engineering employers ultimately conceded an increase. Mr. Thorneycroft, as Tory Chancellor, instead tried yet another gambit—to restore the "good old pre-war days" by further tightening the credit squeeze in order to create sufficient unemployment to deter the unions from pressing for wage increases. He resigned four months later when the Government shrank from operating his policy to the full since a general election was approaching, but unemployment steadily climbed from 289,430 in September 1957 to 666,509 in January 1959.

In August 1957 Thorneycroft had appointed a "Council of Prices, Productivity and Incomes", the first of those "expert" bodies appointed by Tory governments to find justification for holding down wages. The unions, realising its purpose, refused to have anything to do with it. Its first report recommended that the Government should take measures to cut demand. This would lead to more unemployment than had been customary in the recent past, but the Council argued that if the public accepted this it would find that increases in prices, profits, wages and salaries would be brought under control. The recommendations of this Council (popularly known as the "Three Wise Men") had no effect.

In the mid-1950s it became evident that British economic development was proceeding at a slower pace than that of the main capitalist countries in Europe. So the question began to be asked as to what advantage was being gained by adopting credit squeezes to slow down the wages movement, if at the same time those squeezes were slowing down the rate of economic development in Britain as compared with those of other countries.

The OEEC Report of 1959

A committee appointed by the Organisation for European Economic Co-operation in June 1959 went into this question and came to the conclusion that while credit squeezes still had their place if Governments really wanted to prevent rising prices, they ought not to shrink from bringing direct pressure on the unions to prevent them from pushing up wages. (*The Problem of Rising Prices*, OEEC 1961.)

This report said that Governments must try and find out "What average increase in wages is appropriate to the economic situation and consistent with stability of the price level. . . . Having such a view, getting it known by the interested parties, and mobilising support for it as an objective towards which to work".

The report also pointed out that governments in most capitalist countries were the largest single employers of labour and that "an essential way in which the government should contribute to effective policy is by having a wages policy for employees in the public sector".

It must be underlined that this report talked about wages policy and not incomes policy throughout. When it was forced to face up to the question of price-fixing by the monopolies it blandly declared that if the workers were not creating an inflationary situation by pushing up wages, the monopolies could not possibly push up prices. The restriction of wage increases was the keynote of the policy. It was only a year later that another report, in an attempt to reduce trade union resistance, added that there ought to be restrictions of "non-wage incomes" also, and, as a demagogic afterthought, policies which basically aimed at restricting increases of wages and salaries began to be called "incomes policies".

Mr. Selwyn Lloyd, the Chancellor in the spring of 1961, adopted these proposals by announcing, alongside of a heavy deflationary budget a "Wages Pause".

To set an example to employers the government decided to stop all increases to all government employees, whether they were civil servant employees of the social services or working in the nationalised industries, and regardless of need, as suggested in the OEEC 1961 Report.

As large segments of public employees are amongst the lowest paid it was a vicious attack on those in greatest need.

The refusal to grant to the low-paid nurses a wage increase, taking advantage of the difficulties confronting nurses in taking strike action, roused the movement to the realisation of the meaning of government policy and was certainly a factor in the Tories losing the following general election.

New Economic Institutions

Around this time there emerged in Britain two institutions which were expected in different ways to implement government policy. The National Economic Development Council was set up to consider ways and means of promoting economic growth. Some leading employers believed that the French planning authorities had played a notable part in promoting a high rate of economic growth, and suggested that a similar type of machinery might be useful in Britain and persuaded Selwyn Lloyd, the Chancellor, to make the experiment. So a few days after the pay pause budget he invited the TUC and the employers to become part of the new Economic Development Council. The TUC made it clear that they would only join this body if it concentrated mainly on promoting economic growth and did not make pay pauses or wage restraint a major instrument in its policy. On this basis they joined it. They refused, however, to give evidence to the National Incomes Commission which was set up at the same time to investigate whether the wage and salary increases which were taking place conformed to the "national interest", i.e. whether they kept within the 2½ per cent "guiding light" which the government had announced in February 1962.

The main TUC argument was that the basic assumption on which this body was founded was that Britain's economic difficulties were due to the too rapid increase in wages and salaries and that other factors were being ignored. Because of this the National Incomes Commission was rendered ineffective. It did comment on various wage settlements but no one paid the slightest attention to it and after the election of 1964 the Labour Government killed it. Nevertheless, we will see that certain of its functions have been taken over by the National Board for Incomes and Prices set up to help operate the Labour Government's present "Incomes Policy".

In 1962 the National Economic Development Council bureaucracy asked the large industries, public and private, what rate of annual economic development they could achieve if the Government was doing its best to ensure that there was sufficient demand for all the products of industry. The various answers were then compared with each other to ensure that they more or less harmonised, and that any potential difficulties could be foreseen and removed. It was on this basis that they arrived at the conclusion that a 4 per cent annual growth in the British economy was possible, and that this would permit a "guiding light" of 3½ per cent annual increase of wages and salaries. The right wing of the Trades Union Congress pretended that this was a vastly different policy from that put forward by the National Incomes Commission and the government. Mr. Reginald Maudling, who was Conservative Chancellor when the NEDC report was published, accepted the target of 4 per cent growth and the word "planning" began to appear more frequently in Conservative speeches.

In reality nothing was changed. There had never been any doubt that the British economy was working below capacity for a number of years and that if there had been an all-round increased demand for its products it could have produced more. What had limited it was Britain's constantly recurring difficulties with its balance of payments and neither the NEDC nor the government had any policy for remedying this. All that the N.E.D.C did was to demonstrate that a 4 per cent growth in the British economy would need greater imports of foreign materials and equipment to sustain it and, therefore, there would require to be an increase of exports by about 5 per cent per annum in order to pay for them. There was neither policy nor plan for achieving this.

The NEDC recognised, however, that British exports paid for more than imports; for example, the troops and bases overseas. Beyond pointing out that the reduction of this expenditure was a political problem, they suggested nothing. Yet without a concrete policy for increasing exports and for reducing government expenditure on troops and bases abroad, there was no means of achieving a 4 per cent rate of growth. There was, therefore, no real policy drive to achieve the targets laid down by the NEDC. Nor was there any agreement on how to restrain the increases in prices and profits. The steam had gone out of the National Economic Development Council in the nine months before the General Election of 1964. Would Labour contribute anything now to this question when it became the government, or was the incomes policy a sheer will-o'-the-wisp?

(The second part of this article will be published in our February issue.)