

THE LOCAL STATE AND THE PUBLIC SECTOR
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Notes for the Public Sector Commission and branch discussions, Feb. 25th 1981

This document concentrates on the local state, and is not a comprehensive review of what's going on in the public sector. It needs to be supplemented by the documents produced by the London Housing Group, Community Action, Fightback and other sources. (hopefully, comrades in health, the Civil Service, Universities etc could recommend appropriate reading...)

REVIEW OF CURRENT POSITION & STRUGGLES

The major conflict between Labour local authorities and the Tory central administration which some predicted (and many more hoped for) has not materialised, despite the further cuts announced in the Rate Support Grant in December. (More on this later). However, there have been a number of important local disputes, there has been an attempt to initiate a national campaign, and there is now the imminent prospect of industrial action by water workers and civil servants.

A reading of the recent left press tells us about some of the campaigns and struggles which have occurred or are still current:

- ** Bristol Busworkers - locked out for two weeks after refusing to collect higher fares imposed by Bristol Omnibus Company. 9 TGWU members were sacked, 300 suspended without even a proper hearing. A rally was held on 21st Feb with Tony Benn amongst others. On 22nd Feb. the workers agreed to a temporary settlement, whereby employees would be reinstated and fares frozen for a week (!) whilst approaches are made to the Transport minister for subsidies. Whilst the outcome is therefore as yet unclear, this very important dispute - a fine example of "positive industrial action" - has led to Bristol busworkers contacting others around the country with a view to a national campaign for cheap public transport.
- ** Dundee No to Council House Sales. Dundee Council is still defying the Government's legislation/sale of Council Houses. Several hundred tenants and workers invaded the Council chamber when the Scottish Office Reporter opened an official Government inquiry into whether Dundee was in breach of its statutory duties under the Tenants Rights (sic) Scotland Act 1980. Significantly, Dundee appears to have good support from shop stewards committees in the town. (They also had a very large contingent on the Unemployment demo in Glasgow)
- ** Scottish Tenants - attempts are currently being made to organise major rent strikes in Scotland against 31% rent rises.
- ** London Housing Action - seems to be several important campaigns - including Squatters, Wandsworth Tenants, and NALGO members refusing to implement Council House Sales, plus National Day of Action on Mar. 28th.
- ** Longworth Hospital Occupation (Oxford) - see February Big Flame
- ** Labeth Week of Action. UCATT/TGWU members in Direct Works went on strike for a week against cuts - other unions took various forms of action, including "working in" for nowt, and there was a fair sized demo. on Feb. 4th. Whilst there were also many weaknesses in the organisation, this event was still significant as a rallying point and as a rare example of industrial action on the cuts issue.

** Firefighters and waterworkers both breach 6% . Whilst the firefighters settlement didnt meet the full entitlement, being spread over 2 phases, it was nonetheless much more than had at first been offered - the threat of industrial action forced a revised offer. Similarly , the water workers have already got more than Heseltine's 6% limit before any industrial action, and may well get a better offer yet. However, these settlements contrast with the very poor deal obtained by the Council manual workers, and recommended by their executives - note the acceptance of 7% under the Tories as against the strikes against Callaghan's 5% limit in 1979. The only local government workers who've so far got anything like a good increase have been the police, who've already been guaranteed another rise well in excess of 6% thus making a nonsense of Heseltine's policy.

However , having outlined some of the struggles which have taken place (and there are many other less & well-known but equally significant local campaigns e.g. the victory of tenants in Telford in their campaign for better road safety on a dangerous ring road - persistent action, mainly by women led to the Tory County Council conceding new barriers and speed limits), it remains to be asked - WHY HASNT THE CUTS CONFLICT ERUPTED NATIONALLY - WHY HAVENT THERE BEEN 100 MORE CLAY CROSSES ??

LIMITATIONS OF COUNCIL LED CUTS CAMPAIGNS

Whilst the absence of a nationally coordinated Labour strategy to fight the cuts has seriously hindered amore militant stand by Labour authorities, it would be too easy to lay all the blame on the LP leadership and the TUC. Kaufmann, the new Labour spokesperson on the Environment has refused to guarantee indemnities under a future Labour Government to 'rebel' councillors, as argued for By Ted Knight from Lambeth , any other decision would have been highly suprising. Anyone still harbouring illusions about Labour support for militant councils , should remember the Clay Cross saga, and the repeated refusals to cancel all penalties on the rebel councillors . Roy Hattersley has publicly told Labour Councillors that the Labour leadership would not condone law breaking - every council had to pursue . its own policy . And it was not so long ago that a Labour Minister (Bill "gang of 3" Rodgers) was penalising labour South Yorkshire for its cheap Bus fares policy - this when Labour was in power at Whitehall.

A number of cumulative pressures make it highly unlikely that any Labour Council would defy the Government openly - unless they had an enormous mass movement , including their own employees unions , pushing them into the fray . There is the weight of advice from senior officers, always warning Councillors of legal implications ; there are the pressures already referred to from the national Labour leadership ; there is the fear of surcharge (Camden councillors stand to lose £2 mil. if found in the High Court to have acted "unreasonably" in awarding their manual employees £60 a week in 1979); there is the strong constitutionalism of the Labour Party itself, long wedded to the Parliamentary tradition. Few councillors have a concept of mass politics in which the Council is seen as a resource base for the mass movement. Ironically , as a Coventry comrade has pointed out in his excellent paper The Alternative Economic Strategy and the Struggle for Socialism , ITS THE MORE LEFT LEANING COUNCILS WHO ARE UNDERMINING THEIR OWN POSITION by hiking up the rates by such large amounts. They seem unable to grasp that in so doing they are making it harder to build the very mass movement they claim they'd like to see.

Some more astute Labour activists have pushed the kind of policies outlined by the Labour Coordinating Committee in their pamphlet "The Crisis in Local Government" - they argued for low rate increases, just to cover inflation, and nominal acceptance of Heseltine's cash limits. They said Labour Councils could then go out and argue for a NO CUTS position much more confidently, and use the time they had whilst the money lasted to organise a movement of support. If at the end, say in November, they hadn't got the support, they could levy a supplementary rate, and nothing would have been lost. Going out and campaigning after you've put the rates up 50%, as the Lothian Councillors were doing on the recent World In Action programme, may be brave but its hardly likely to galvanise enthusiastic responses. Anyway, it appears that the left Labour position of the kind advocated by the LCC (which also includes a variety of other tactics) has not been adopted by any Labour Council as yet.

THE TORY PROJECT - WHAT ARE THEY AFTER ?

Despite the limitations of local labourism, as outlined above, the Tories clearly are worried about Labour Councils who won't go along with their monetarist policies. They have therefore come up with legislation which for the first time allows the Government to penalise individual councils who spend more than the Government deems they ought to. At the same time they have shifted resources as a whole from the Metropolitan Districts to the Counties in a bid to boost Tory electoral prospects in the coming County elections, and also as part of a deal to get through parts of the Local Government Planning and Land Act which some Tory authorities were unhappy about.

The aim therefore is 3-fold. Firstly to reduce the overall level of local authority spending, both in absolute terms and as a proportion of total public expenditure. Second, to increase Whitehall control over spending plans of individual authorities (while relaxing some less important central controls), and Third, to seriously undermine and possibly wipe out Direct Labour Organisations (DLO's). How are they doing this ?

Finance. Local authority capital spending (new building etc) has been roughly halved in the last 5 years - it started under Healey. The Tories are now turning their attention to current, or revenue spending - 70% of which goes on wages and salaries. In the latest Rate Support Grant settlement, they hit current spending in 3 ways - (1) Reduced the overall target for local council spending by a further 3%. (2) Reduced the proportion given by Government to Councils in the form of grants from 61 to 60% - that is 60% of what the Government thinks councils should spend. (3) set cash limits of 6% for wages, and 11% for goods and services - both likely to be under-estimates, and therefore forcing Councils either to reduce their labour force, or to raise rates or both.

The Local Government, Planning and Land Act introduces a new system of block grant to replace the old Rate Support Grant. The idea is that Civil Servants will calculate what level of spending a council ought to make in order to achieve a certain standard of services. It will then set this against the rateable value of all properties in each authority, in order to work out a standard rate poundage. The grant given will then be the difference between what the standard rate poundage would fetch in and the approved spending levels, which will be called the Grant Related Expenditure. Any Council spending more than the designated amount could face penalties in the form of grants being reduced and ~~xxx~~ then clawed back.

The chances are that the next stage is a partial derating of industrial property, and then maybe the abolition of rates altogether.

This latest Tory thinking stems both from previous criticisms of the rating system (which led Thatcher to promise in 1979 that the Tories would look at alternatives), and a very effective campaign by the CBI, local chambers of commerce etc on the alleged damage being done to private capital by rate rises. When the Sheffield based steel firm, Firth Brown recently announced it wanted 1250 redundancies one of the four reasons it gave for its grave position was high rates.

The CBI argument is largely a lot of nonsense, but unfortunately has not been turned on its head as it should have been by the left, to argue the crippling effect on public services of interest charges, and the immense direct and indirect benefits accruing to capital from public services. To give an example: A large Sheffield firm employing 2,500, and with a rateable value of £450,000 pays £750,000 a year in rates. This sounds a lot, until you realise that the same firm is paying £3 mil. per year in interest rates/debt charges. To save this firm just £50,000 on its rates bill would require the council to slash £10 mil. off its budget, hitting essential services like education, social services etc.

Looking at manufacturing industry as a whole, the latest figures show that rates accounted for only 0.59% of total sales, and that rates have risen far less in recent years than energy costs, and the Retail Price Index. Furthermore, rates are a reckonable business expense for tax purposes, i.e. can be offset against taxable profits. And in some circumstances, as losses can be carried forward to reduce taxable profits in future years, a company doesn't have to necessarily be profitable in any one year to benefit from this rates allowance.

HOUSING BEARS THE BRUNT

Separate, but parallel to the attacks on other services, housing has been singled out by the Tories for a massive share of cuts. Taking inflation and the effects of Council House sales into account, probably well over 30% will have been cut in comparison to last year. Next year's allocation for the Housing Investment Programme will allow only 36,000 new houses to be built - a tiny fraction of what is required. As several reports have pointed out, we are on the verge of a new era of homelessness and housing decline without parallel in the last half century. But it's important to see that this is as much about ideology and politics as economics. The Tories are pressing home their advantage in a field in which Labour has failed badly on such issues as tenant control and rights, by pressing their philosophy of the "freedom to choose" and a nation of home owners.

EFFECTS AND PROSPECTS

It remains to be seen whether Heseltine will actually use all the penalties under the new legislation, whether Dundee will be hit, and whether the judges will deem Camden councillors to have acted with £2 mil. worth of unreasonableness. All such eventualities depend primarily on the political response of councils, unions and the consumers of services. (Remember Poplar 1921 when a massive popular campaign of protest got Lansbury and his mates out of the nick and prevented the poor of Poplar paying for the rich of the West End). Hence also the tragedy of Camden (see Feb. Big Flame) - if the Councillors had fought they could have sought a mass backing and prevented the divisions which of course the Tories are only too happy to foster.

It's clear that Heseltine is already getting most of what he wants. Cuts are being administered on a massive scale - in some Labour authorities too. Rents everywhere are going up by £3-25 or is steps towards that. And where Councils won't make big cuts in services, some are running down staff,

(adding in those sacked by Tory authorities , 1,000 jobs a week are being lost in local government), and large rate rises will be sought in April.

Of course it is still possible that the Tories may themselves seek a showdown with Labour Councils who raise the rates in order to maintain spending. After all , an estimated 40% of Councils are likely to be over the government's "threshold" for over-spenders , and higher rates do little to bring down inflation or reduce the money supply. All of which brings us to the key question posed by In and Against The State - that is will people support the councillors in such a confrontation ? The chances are that they won't , because of the lack of identity most working class people have with public services.

STRATEGIES & TACTICS

Our task is to help bring about a situation where people will fight for decent services , both because they want to take the Tories on , and because they can see what socialist services might be like and how they could benefit the majority and meet our needs. We have to rescue that kernel of communism that lies within the concept of services and public works run for use rather than profit , from the ravages both of monetarism and paternalistic labourism. For my money this means confronting both the immediate issues of saving jobs , defending conditions and wages and preventing cuts , and the longer term issue of alternatives. I'd like to pick out the following as key areas for further discussion in BF and the various rank and file groups , community groups etc we're involved in :

1. Working inside the Unions . In and Against The State is in my view weak on this aspect. There's a crucial role for fighting for both militant action now and socialist alternative ideas inside the public sector unions. We need to discuss our experiences of trying to build inter union links , both at a site/department/hospital level, and across and between authorities. (The main difficulty in my experience is how to challenge the power of fulltime officials). Further, what can we learn from the 10 years or so of rank and file ginger groups ? BF seems to have a good line on steering somewhere between the party building of the SWP who also scorn any contact with Councils or serious work in Trades Councils in some areas, and those who see everything in relation to the Labour Party.
2. Worker/Consumer links. In Sheffield , some DLO stewards have been speaking at tenants meetings , and have been discussing ways of involving tenants in talking about alternative plans for DirectWorks - there are many problems here - not least the lack of involvement of the "shop floor" in the DLO itself, but there are many similar initiatives around the country which need building on. In Brighton when the Council announced the closure of adult education, the staff in an adult education centre organised a round the clock week long "work-in" which brought in a lot of people who could see what kind of service was possible.
3. Mass Work. Sheffield BF does a Council Worker bulletin. Do any other branches ? Are base groups viable for this kind of activity ?
4. Policies/Reforms to press for. A local Income Tax ? Local autonomy even if at the expense of national standard provision ?
5. Rebuilding Community /tenants Organisations. In the context of mass unemployment, council house sales and cuts can standing in local elections still make a valuable contribution ? In my view that we have to stress the need for independent organisations , both in the community and in the unions - in order to distance ourselves from the Labour Party when necessary

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