

'LOCAL GOVERNMENT AND THE TORIES ATTACK'

1. THE TORIES' ATTACK

Local government cuts did not start with the Thatcher government. It was the 1974-9 Labour government which dramatically reversed the expansion of local authority spending and services characteristic of the early '70s.

In 1975-6 local authority spending was 15.5% of national income; by 1978-9 it was down to 12.8%, the same percentage as 1982-3. Big cuts by right-wing Labour councils, and big rate rises by more left-wing ones (like Lambeth), had already started long before the Tories took office in May 1979.

The present Tory government, however, is concerned not only to cut expenditure but also to beat down nonconformist councils. Thus:

1. It has continued and sharpened the Wilson-Callaghan policy of cutting central government money for local councils. In 1975-6, central government grant accounted for 66.5% of local authority spending. By 1978-9 it was down to 60.8%. For 1984-5 it is scheduled to be 52%.

According to the Guardian (21.10.83):

"The severity of this regime is compounded by the way the Government has fixed the spending targets. Low-spending councils were told in August that they could spend 3 per cent more in cash in 1984-5 than their budgets this year. After allowing for inflation, this means that they are being asked for a difficult but achievable squeeze.

"The highest-spending councils have been told, however, that they must spend 6 per cent less in cash next year. After allowing for inflation, this implies a real terms cut of 11 or 12 per cent.

"It is privately admitted in Whitehall that cuts of this magnitude are totally unrealistic in a single year. Mr Jenkin's new penalty system, however, will ensure that councils failing to achieve them will be severely punished".

2. The Tories have specifically targeted 'high-spending', Labour-controlled, inner-city authorities. These authorities have suffered disproportionately in the grant cuts. In addition the Government has acquired, and is acquiring, further direct powers to penalise them.

In 1984-5 the following penalties will apply:

Government target overspent by:	Penalty 1984-5	Penalty 1983-4
1%	2p on rates	1p on rates
2%	6p on rates	2p on rates
3%	14p on rates	7p on rates
4%	23p on rates	12p on rates
Each further 1%	A further 9p	A further 5p.

Councils have three sources of income: charges (rents, etc.), central government grant, and rates. Rates are a property tax levied on occupiers. Each property has a 'rateable value' corresponding to a notional rent, and estimated every so many years by a central government valuer. The council can then fix a 'rate' of so many pence in the pound on those rateable values.

The Tory scheme means that central government fixes a target level of spending for each authority. For each amount that the authority spends over that target level, the government withdraws an amount of central government grant equivalent to so many pence on the authority's rates.

To get an idea of the effect, suppose we have an 'overspending' council with a rate of about 150p in the pound. Suppose it wants to take an item of expenditure which would amount to an extra 1% on its spending. If rates cover half of its budget, that means a 2% - or 3p - increase in the rates. But then the

council loses the equivalent of a 5p rate (this year) or a 9p rate (next year) in central government grant. So in fact it has to raise the rates by 8p (this year) or 12p (next year). To offset the Tories' demanded 11% real cut, it has to raise rates by 132p (next year).

The GLC is 53% over its target expenditure (1983-4), so it gets no central government grant anyway and cannot be further penalised in this way. Greenwich is 21% over, Southwark 17%, Lambeth 10%, Islington 9%.

The Government is now seeking to introduce powers which, as from 1985-6, will enable it directly to instruct individual councils to cut their rates. It has had such powers in Scotland since 1982. In July this year, for example, four authorities, including Lothian region and Glasgow district, were ordered to make rate cuts totalling £19 million.

3. Other Government measures to restrict councils in specific areas include legislation restricting Direct Labour Organisations, and the anti-union laws, which make union-labour-only clauses in council contracts unlawful.

4. The Government plans to abolish the Greater London Council and the metropolitan authorities as from 1986-7. Their functions will be transferred partly to lower-tier councils, and partly to a variety of specialist boards with representatives from these lower-tier councils.

The May 1985 local elections will be cancelled, and for 1985-6 the authorities will be run by a special transitional arrangement. For the first three years central government will have direct control over the budgets, rates, and staff numbers under the new arrangements.

2. LABOUR AND THE LOCAL AUTHORITY CUTS

The official Labour Party leadership line on these measures has been predictable: to protest; to talk vaguely about resistance and fighting back; but explicitly to exclude confrontation with central government, and thus to leave Labour councils in the role of humane (or not-so-humane) administrators of the Tory measures.

The leadership of the TUC and the local authority unions in particular has gone along with this.

More interesting has been the record of the Labour left in local government.

The late '70s and early '80s saw a whole stream of Labour leftists displacing right-wingers in Labour council seats. Many of these leftists, typefied by Ken Livingstone, were markedly to the left of the traditional Tribune Labour Left mould.

This new left, however, has failed the rest of the class struggle. That, it seems to me, is the necessary conclusion from a serious examination of the record.

A convenient starting point is summer 1978, when the Socialist Campaign for a Labour Victory (the initial sponsor of SO) was launched. The SCLV platform included the call to 'freeze rents and rates'. A wide range of Labour leftists signed it without complaint. Some - like Ted Knight in Lambeth - had already levied big rate rises, but if pressed would presumably have replied that these were just a very short-term expedient.

As late as January 1979, Mike Davis, soon to become one of the theorists of the rate-rises strategy, could write in SO:

"Already, some London boroughs are choosing to raise rates in order to maintain services. But... socialist councillors' first task is to mount a massive campaign with all working class and community organisations... A refusal to pay interest charges, together with a big campaign of agitation, could force the government either to step in with the necessary finance or face serious industrial action from trade unionists".

In June 1979 SO called a 225-strong conference in London on Labour and local government. A document for the conference signed by 35 councillors, including Ted

Kirght, Val Veness, and Ken Livingstone, stated that, "Rate rises can only be a stop-gap measure".

An amendment from Workers' Action, proposing instead immediate organisation for a fight against central government, was lost by a two-to-one majority. In the next issue of SO Mike Davis theorised the rate-rise line: "We opposed rate rises as the solution. But we also argued that if rate rises were used as a means... of buying time to prepare popular resistance, they could be defended..."

Among those most vocal preaching this line was Ted Knight, leader of Lambeth council, and the most prominent 'local government leftist' of that period. Rate rises, he argued, were the only serious way to fight for a policy of 'no cuts'.

What did he 'buy time' for?

A few weeks later, at the beginning of July, he ordered a 4 $\frac{1}{2}$ % package of cuts in Lambeth.

A revolt by the rank and file of the Lambeth Labour Parties forced Knight to revoke these cuts and launch a campaign of agitation. Despite the council's record, this campaign got an excellent response, with demonstrations, days of strike action, and two well-attended national conferences.

But the political basis of the campaign was shaky from the start. Socialist Organiser in November 1980 commented on the statement drafted for the first national conference:

"The statement hinges the whole cuts fight on a general strike by council workers in January 1981. The unvoiced let-out clause is that if the unions do not meet this arbitrary deadline, then the Labour councils will go ahead, include cuts and rate rises in next spring's budgets - and claim they have no alternative".

And so it proved. In April 1980 Lambeth went for a 4% rate rise and a £1.60 rent rise. In April 1981, panicking in the face of working-class anger against the rate rises, they went for 10% cuts.

These first short cycle of events contained many of the essential elements which were to recur later.

A leftist group 'took power' in the established structures of local government, without a clear perspective without a prior mass campaign on the basis of that perspective. In Lambeth this feature was especially marked: Knight's 'base' was essentially nothing more than a personal power position within a not-very-left-wing council Labour group.

Unclear as to their perspectives, the leftists went for rate rises as a way of 'buying time' and in the meantime hoped for another force to launch the desired struggle. When that other force - the industrial 'big battalions' - failed to turn out on schedule, the leftists opted for 'doing the best they could' within the existing structures.

This capitulation had a demoralising effect on the whole Lambeth labour movement and especially the left. Asked in 1981 to speak at a Socialist Organiser day school on the role of Marxist councillors, one of the very few councillors in Lambeth who opposed the rate rises replied bitterly, "The role of Marxist councillors these days seems to be making cuts".

In the course of 1979-80, Ted Knight had re-established strong connections with the degenerate 'Marxists' of the 'Workers Revolutionary Party', who cynically provided a 'theoretical' justification for the capitulations. (This was later extended to the launching of the WRP-connected 'Labour Herald'. At the Labour Party special conference at Wembley in early 1981, 'Labour Herald' sellers could be observed making their support for rate rises their main selling pitch). And as the leftist councillors adapted themselves to the limits of established local government, so in turn other leftists adapted themselves to the limits of the councillors.

In the summer of 1980 a substantial grouping of such leftists hived off from Socialist Organiser to launch London Labour Briefing.

In Lothian, a 'no cuts' declaration by the regional Labour council met a fate similar to Lambeth's. The key role, there, however, was played by the trade union bureaucracy. At the crucial moment, a special TUC delegation went up from London to tell the councillors that they must back down. The councillors were helpless, in the end, essentially because their efforts at arousing working-class industrial action had been channelled through the local trade union officials, rather than by a direct appeal to the rank and file. When the officials told them to capitulate, they were stranded.

Here again, the leftist councillors had been guilty of a sort of 'adventurism'. They had 'seized power' without serious political preparation in terms of mass agitation, and without being part of an organised socialist force which spanned both Labour Party and trade unions. They had been bewitched by 'leftist' victories within the narrow confines of Labour Party committee rooms which actually represented very little. And so they did not seize the power. The power seized them.

5. BASTIONS AND FORTRESSES

With the election of a left-wing Labour GLC in May 1981, however, new opportunities seemed to have opened up.

London Labour Briefing thought so. Its exuberant 'special victory issue' declared, "London's ours", and in it Ken Livingstone wrote:

"No-one will be left in any doubt that the GLC is now a campaigning organisation and a bastion of power for the labour movement in a national context".

There was some difference from Lambeth and Lothian. The adoption of a left-wing manifesto and left-wing candidates for the GLC had been the product of a definite organised effort, around LLB. There was some sort of strategy, the next stage being the creation of a phalanx of left-Labour borough councils in London in May 1982. (And in May 1982 LLB could indeed hail 'Fortress Islington').

The GLC manifesto declared boldly:

"A Labour GLC and Inner London Education Authority will resist any cuts and demand that the Tory government provides the necessary finance to maintain and improve all council services. Understanding that the Tory government does not listen to pleas but only responds to pressure, a Labour GLC and ILEA will appeal to the Labour and trade union movement to take action, including industrial action, to support its stand.

"Mass opposition to Tory policies led by a Labour GLC could become the focal point of a national campaign against the cuts, for an immediate General Election and a Labour Government".

The new GLC Labour leader, Ken Livingstone, was asked by SO; would the Labour GLC be prepared to be the first to take on the Tories, instead of hiding behind the claim that only several councils together could mount successful resistance?

"Yes", he replied. "Having set our policies, and having got a solid bloc within the GLC Labour group that isn't prepared to compromise on them, we have no alternative but to lead".

But once again the left had allowed itself to be intoxicated by phrases and symbols. Whatever words assiduous left-wingers in the manifesto drafting parties had managed to slip through, the Labour movement in London was not committed to a serious fight. Worse: the left had failed to fight within the movement for a hard commitment, preferring instead to have 'power' on the basis of half a commitment.

Livingstone stressed (SO, 4.4.81) that the GLC policies were "something like the Alternative Economic Strategy. Not in any sense revolutionary - because the Labour Party isn't at that stage".

But this idea of a half-way stage, radical but "not in any sense revolutionary", was as delusory in local government politics as it is in national politics.

We commented in Socialist Organiser: