

13311
w

The Week

**EUROPEAN
BANKERS
EXPECT
TOUGH
BUDGET**

A NEWS ANALYSIS FOR SOCIALISTS
Vol. 5, No. 15. 14th April, 1966

6^D

**“NO DISMAY
IN THE CITY”**

—STOCK EXCHANGE GAZETTE

54 Park Road, Lenton, Nottingham

Subscription : £2 per annum and pro rata

Editorial
CONTENTS

Page	1	Editorial.
"	2	"Week" correspondent proscribed by South Africa.
"	3	Luftwaffe seeks bases.
"	4	U.S. & West Germans use Hebridean island as base.
"	5	European bankers expect a harsh budget.
"	6	Common Market coal crisis.
"	7	West German officers' plan for Vietnam.
"	8	Leicester C.S.E.
"	9	Communist Party candidates in the General Election.
"	10	Some features of the 1966 General Election.
"	12	Not dismay in the City over Labour's victory.

REFLECTIONS ON THE GENERAL ELECTION

This issue of our journal has several items on the results of the General Election - this is no accident, we believe that it is necessary for all socialists to take stock and to examine their tactical and strategic orientation. First of all, one must have a factual basis to work upon and this is what we have asked our correspondents to provide. Secondly, there needs to be a free discussion, unblurred by dogmatic considerations, on the next steps for left-wingers, inside and outside the Labour Party. We hope to help in both respects in our columns. In addition we shall be arranging discussions in certain localities between the staff of The Week and its readers and supporters. In the meantime we ask all our readers to contribute to the discussion - short articles please - on the overall position. Thirdly, there must be a certain amount of empiricism in our approach; we haven't all the information at our disposal. What is more, whether or not the Government's policies will hinder or help the formation of a broad left wing in the labour movement depends upon the subjective responses of a whole layer of people.

As we understand it, the great debate which is taking place now in the inner circles of the establishment is whether Britain should prove the seriousness of its intention to solve its economic problems by a tough incomes policy, or by stern deflationary measures. It seems likely that the former policy will prevail although treasury officials are known to be pressing Mr. Callaghan hard in favour of the latter. Perhaps we will not know the outcome of this debate until May 3rd (Budget day). It is also almost certain that the new Labour Government will throw in some measures - increase of taxation on businesses, gambling taxation - to prove that their incomes policy is "fair". This comes out very clearly in the comments of the Stock Exchange Gazette on the result of the election. Nobody denies that the Government will be forced - in the absence of a bold socialist policy - to seek to solve Britain's economic ills at the expense of putting the unions and the workers "in their place", but for left wingers the pace at which the Government proceeds with this and the tactics they use are all important. If we do not understand this question very clearly we can either fall behind a radicalisation of sections of the unions or get isolated. Our paper, which serves no other purpose than that of servicing the formation of a broad left wing current in the labour movement as a whole, on a clear political programme, will do its best to assist the left in working these problems out. Our columns are open - let the debate begin.

I JOIN THE ROLL OF HONOUR by C. van Gelderen

Dr. Verwoerd's Apartheid Government has its own "Honour's List". It consists of list of people banned under the "Suppression of Communism Act". To my own astonishment and pride, the Government Gazette Extraordinary, published in Pretoria on April 1st, 1966, includes me in a list of 46 people not at present living in South Africa, who may not be quoted in South Africa. It is surely significant that this government which has just been returned with an overwhelming majority by the exclusively white electorate of South Africa, has so little confidence in its own strength that it fears the word of an "emigre" who left South Africa as long ago as 1935.

Others included in this list include Arthur Goldreich, the Rivonia trialist who made a spectacular escape, and Vivian Ezra, who was also named in the Rivonia trial but escaped to Bechuanaland, Anthony Eastwood, son-in-law of Abraham Fischer, the barrister who defended the Rivonia prisoners and is now himself on trial, Dennis Higgs, whose kidnapping from Zambia in 1964 caused an international incident, and Ronald Segal, editor of the special Africa series published by Penguin Books (which presumably will now be sold in South Africa without his prefaces, if they are allowed to be sold at all.) Also included are Can Temba, a former Johannesburg journalist who has been tipped as Swaziland's future Minister of Education when that territory achieves its independence, and, surprisingly, Todd Matshikiza, who composed the music for "King Kong".

It is interesting to note that the 46 names are published in two separate lists - one for "whites" and one for "non-whites". Even in its official publications, the Verwoerd Government practices its pernicious racialist theories. What a pity they cannot overcome the technical difficulty of printing the Government Gazette in black and white !

THE 1966 "SOCIALIST REGISTER"

The 1966 edition of the "Socialist Register" is announced for publication on April 15th. Edited by Ralph Miliband and John Saville, its contents include The Labour Government and Beyond (Ralph Miliband), The Italian Left (Lelio Basso), The Crisis of Belgian Social Democracy (Marcel Liebman), The Spanish Left : Illusion and Reality (L. Torres), British Trade Unionism in the Sixties (John Hughes), Yugoslavia's Crossroads (B. McFarlane), European Capitalism and World Trade (Michael Barratt Brown), Natural Science and Human Theory : a Critique of Herbert Marcuse (Peter Sedgwick), The Outlook for Africa (Basil Davidson), Varieties of African Socialism (J. Mohan), The New Class and Rebellion in the Congo (J. Gerard-Libois), Problems of Socialism in South East Asia (Malcolm Caldwell), India and Pakistan ; Twenty Years After (V. H. Kiernan).

The "Socialist Register" is available as a paperback at 15/0, or cloth bound at 30/0. "Week" readers who do not already have the earlier editions of the "Register" will be particularly interested in the special offer of complete cloth-bound sets of the 1964, 1965 and 1966 editions for 45/0 (or any two sets for 30/0).

LUFTWAFFE SEEKS BASES

The West German Foreign Minister, Dr. Schroder, undertook last week a friendly and diplomatic visit to Spain and Portugal to negotiate over flying rights for the Luftwaffe to and from the Western German NATO base now being built at Beja. According to the "Guardian" report, the Franco regime was not so eager to concede the overflying rights as the West Germans might have expected. The Spanish Foreign Minister, Mr. Castiella, stated that his Government "would gladly come to an understanding with those nations which had a 'positive' and 'noble' attitude towards Spain, which presumably includes West Germany." However, Spanish newspapers hinted that some of West Germany's allies were not so 'positive' and 'noble', and that this created difficulties. It appears that a bargain will be struck whereby the overflying rights will be granted if West Germany manages to speed up the negotiations between Spain and the Common Market. The final communique issued states that West Germany would try to do this, and also refers to a 'strengthening during recent years of the traditional friendship between Spain and the Federal Republic.' Dr. Schroder was presented with the Grand Cross of the Order of Isabella.

Dr. Schroder's visit to Portugal was apparently more immediately successful. Dr. Salazar is no doubt more than pleased about the recent West German attitude towards Portugal. The extent of German military and economic aid which is used to suppress the liberation movement in the Portuguese colonies far exceeds that of any other country. Most of Germany's light ammunition is now made in Portugal, and West German capital investment in Portuguese industries is now quickly overtaking that of traditional investors, which were the British firms. As a result of all this it is small wonder that the Portuguese Government was not reluctant to grant an air-force base to the Luftwaffe at Beja. It is perhaps significant that Beja was, in 1962, the scene of Portugal's first attempt at an armed uprising against the Salazar regime.

LONDON C.S.E. A Date for Your Diary

7.30 pm., Friday, April 15th.

"Adam's Arms", Conway Street, London, W.1.
(nearest Underground, Warren Street)

Subject : RHODESIA - WHAT NEXT ?

With one tanker at Beira, another at Durban, several more reputed at sea, and with the African States growing increasingly exasperated, the forthcoming London C.S.E. meeting could scarcely be more topical. The subject deserves the widest possible audience, and "Week" subscribers in the area are asked to play their part in publicising the meeting.

U.S. USE BRITISH ISLAND FOR NUCLEAR WAR PRACTICE

The renewed use of the Hebridean island of South Uist for nuclear war practice by the U.S. and West German army units was strongly condemned by Alex Kitson, President of the Scottish Trade Union Congress. Commenting on the British Defence Ministry's recent announcement that five U.S. army units, followed by four German units, would practise firing sergeant missiles in South Uist from July to September, he said it was "a scandal that must be stopped". This is the second time that the Labour Government has granted these "live firing practice" facilities in the Hebrides. Kitson said "as far as I am concerned, no such facilities should be granted anywhere in Britain... I am opposed to the training of foreign troops ... Just as the removal of the U.S. Polaris base at Holy Loch is still an essential, so is protest against this latest decision that will greatly disturb trade unionists and peace movement supporters throughout Scotland."

U.S. AIDS GHANA COUP

Signifying their approval of the changed situation in Ghana, the U.S. Government will supply Ghana coup authorities with more than 2.6 million pounds sterling worth of surplus agricultural commodities under an agreement signed in Accra on April 3rd. An official press release issued by the authorities announced that these agricultural commodities included about 25,000 metric tons of wheat flour, 20,000 tons of rice, 5,000 tons of yellow corn, and cotton, vegetable oil and leaf tobacco. Most of these commodities will be shipped to Ghana within the next 6 months. Additionally, two U.S. airforce planes arrived in Accra on March 30th, carrying 25 tons of tinned milk- the first shipment of the 500 tons of tinned milk promised earlier.

WEST GERMANY GRANTS AID TO GHANA COUP AUTHORITIES D.P.A. report

The West German Government has decided to grant a "development aid" of 40 million marks to the coup d'etat authorities of Ghana and to send a government delegation to visit Ghana.

U.S. CONDITIONS TO AID FOR LATIN AMERICA from "Novedades"

At a reception on March 31st, U.S. ambassador to Mexico stated that if the Latin American countries wanted to obtain loans from the U.S.-"they must buy our goods. Congress is opposed to these countries buying goods from whatever place they like with loans granted by us". He threatened the recipients with extension of "aid" if they would not spend the money in the United States market. Mexican recipients of U.S. loans, apart from paying a 6% interest, have to buy goods from the United States at a price of 20-30% higher than from other markets. For example, the Mexican Altos Hornos steel plant which obtained a loan of 28,800,000 pesos from the U.S., during its establishment, had to import all equipment from that country. The U.S. companies which had granted that loan were "entitled" to take one dollar from each ton of goods imported from the U.S. as "remuneration" for a period of fifteen years.

The April 10th Sunday Times Business News carried the following report by Peter Wilsher from Frankfurt:

"The massive credit facilities arranged by Britain with the European central banks, as part of the effort to stave off last September's sterling crisis, ran out on March 15. But they have been renewed for another three months, until the middle of June. This, it is understood by leading monetary authorities here, was agreed by the bankers in order to help tide the £ over the immediate election period. But any question of the facilities being "institutionalised" or put on a more permanent basis, will have to be carefully reconsidered in the light of Mr. Wilson's economic policies, now that he has a solid majority. The shape of Mr. Callaghan's May Budget is bound to be regarded as a crucial indicator.

"The European bankers make a clear distinction, not always appreciated in Britain, between the health of the outer sterling area, and the balance-of-payments problem of the domestic U.K. economy. The first they are prepared to support, as vital to the stability of the whole international monetary structure; the second they regard as strictly Britain's business, to be got right by her own efforts. Having said that, however, it is widely believed here that a really tough, successful effort to get the balance-of-payments into credit by end-1966 for the first quarter of 1967, as Mr. Callaghan has repeatedly promised, would open the way to easing the problem of dealing with the huge £900 million debt incurred to the International Monetary Fund and others during the last 17 months' defence of sterling.

"Specifically, it is thought that, if Britain is in surplus, and able to pay off the first £350 million of the debt, which falls due in October-November 1967, then the majority of the central banks making up the Group of Ten would be prepared to consider some method of funding the much larger second half, which at present is due for repayment by 1970.

"This, by itself, of course, would not in any way solve Britain's fundamental dilemma, of carrying the responsibility of a key international trading currency, while her own internal economy is continually under strain. But there are encouraging positive hopes here in Germany's banking capital that real progress is now being made towards fundamental world monetary reform - the only way in which Britain will finally get off the worst of her economic hooks....."

U.S. EXPECTS \$2 BILLION TRADE GAP THIS YEAR

from an economics correspondent

Economic experts in Washington are saying that on current performance the U.S. payments gap for 1966 might run as high as \$2,000 million (£710 million). This would be a sharp reversal of the trend: last year saw the figure reduced to 1.3 billion dollars. There are two basic reasons for this development:

(1) The U.S. economic potential for 1966 has been revised to a figure of a gross national product of a minimum of \$730 billion. This revision implies a big reduction in export surplus.

(2) The strain of the Vietnam war. It is expected that the war will cost a minimum of \$500 million and could go to \$1 billion. This is the cost in payments terms, and does not include the effects of inflation upon U.S. export prices which result from the huge military expenditure.

30,000,000 TONS EXCESS COAL OUTPUT IN COMMON MARKET BY 1970

Common Market coal production will exceed demand by 30 million tons in 1970 if the member states continue to subsidise their collieries at current levels, according to a statement issued by the High Authority of the European Coal and Steel Community last month. Effective demand for Community coal is expected to be running at 170m. tons a year by the end of the decade, while output is estimated at 200m. An excess of 10m. tons has already been forecast for this year. Producers, their governments and the High Authority are now all intensely concerned about the European coal industry's declining competitiveness against cheap U.S. imports, oil and gas. However, as yet there is no agreement on what should be done. The colliery owners have asked the High Authority to declare an emergency situation in the industry, impose a special duty on all imports and possibly introduce a system of Community production quotas as well. But there has been no official support for this idea so far.

In defence of their request, the producers point out that imports have risen from 17.7m. tons in 1960 to nearly 30m. tons in 1965, and go on to argue that the High Authority took similar steps to protect the steel industry against foreign competition in 1963. On the other hand the High Authority feels that additional protection for coal would only raise steel costs and encourage substitution by other forms of energy. At the moment it seems most interested in using the crisis as a lever to make the member governments decide just how much coal capacity they are prepared to pay for in the future.

The changing position is illustrated by a table which was published in the latest issue of European Community

Community energy supply

Source	Percentage of total supply		
	1964	1965	1966 (estimate)
Coal	41	38	36
Lignite	7	6	5
Oil	42	45	48
Natural gas	4	4	4
Primary electricity (mostly hydro-electric)	6	7	7

The net result of these trends is most clearly shown by what has been happening in Belgium. Since 1958, 66 coalmines, with a total output capacity of 9m. tons a year, have been closed down in Belgium. all of them in the Walloon areas in central Belgium and the Borinage area. On the other hand in the Flemish speaking area of Campine a stable workforce produced 9 to 10 million tons of coal a year. But this appearance of stability was misleading, for it was only maintained by general short-time working, rising stocks, and by direct state subsidies.

This was the background to the decision by the Belgian Government to close the Zwartberg mine, which sparked off the riots which led to two deaths. The Belgian Government also plans, during 1966, to close down another 5 mines in the Walloon area, leading to an output reduction of one million tons. It seems likely that coal could vie with agriculture in becoming a major cause of friction between the members of the Community. The question of Britain's entry, with its excess capacity, would aggravate this problem.

West German troops should be sent to Vietnam to improve morale and establish Bonn as the most trustworthy ally of the United States. This is the main theme of a sensational secret "position paper" drafted by staff officers at the Bundeswehr (West Germany army) Staff Academy at Hamburg-Blumenburg. The text of the secret position paper, which was drafted in 1964, has just reached East Berlin, where it was published on March 19th by "Neues Deutschland, the leading GDR newspaper..... Here are the key extracts: "After the First World War, the German officer was oppressed by the fact that he had served in an army which had not gained the laurels of victory. In order to maintain the morale of the troops, and prepare them for the inevitable great tasks awaiting them, the officer had to create a psychological atmosphere in which he could train his soldiers not only in the traditions of Prussian-German soldierliness, but in which he could also forecast the fruits of these virtues - the crown of victory.

"When conscription was re-introduced in 1935, it was immediately linked with the entry of the young Wehrmacht into the so-called demilitarised Rhineland. This was not the baptism of fire, but together with all the following actions - Austria, Sudetenland, Czechoslovakia - this provided a psychological boost for the soldiers, and which made the task of the officers far easier. By taking part in the Spanish Civil War, the Wehrmacht was able to cover itself with glory. It was able to decorate itself with the fruits of victory, and prove the superiority of German soldiers and German war material. When the Bundeswehr was formed, there were similar problems to those encountered after the First World War. Even experienced soldiers could not avoid the depression caused by the unconditional surrender of the Wehrmacht....As a substitute for the feeling of victory we had at least the consolation of being allied with that group of victors which saw its potential enemy in the East, just as we did. But amongst influential allied military circles only a small elite group regards German soldierliness as a model to be copied. In the NATO staffs German officers are respected for their abilities, but remain isolated from the officers of our NATO partners, who still harbour resentments. The other NATO officers are linked by the knowledge of their joint victory."

The position paper then surveyed the possibilities for the Bundeswehr to prove its value as a treaty partner, and referred to the suggestion a few years ago that Bundeswehr units should be sent to Cyprus; in this case, it was concluded, a correct decision had been reached that this would involve West Germany in conflicts with a number of NATO states. The study continued: "For various reasons, a Bundeswehr action in the Cyprus conflict could not be recommended; but there is today a favourable opportunity which should be grasped in South East Asia, particularly in South Vietnam....Participation by a Bundeswehr contingent would prove what a true partner in the alliance the Federal Republic is. Since the Pentagon will not be able to continue taking half measures, victory is certain; and the decisive factor is that the Bundeswehr would then share in this victory. A further consequence should not be overlooked: action by Bundeswehr units would greatly increase the standing and authority of the Bundeswehr with all NATO partners, above the USA. In the eyes of the world a victory for the USA and South Vietnam would look as though it had only become possible as a result of the help and participation of the Bundeswehr...The young Bundeswehr needs a clearly visible success, this would not only strengthen the argument that Germany has the right allies this time, but would also show our partners in the alliance that they must take into account this Germany and this Bundeswehr.."

The first meeting of the newly formed Leicester C.S.E. was held on Tuesday 5th April at the Globe Hotel. Peter Price, Acting President, Nottingham City Labour Party, outlined the origins, aims and purpose of the C.S.E. His pungent discourse stimulated a useful discussion - and future plans were formulated.

A wet night, General Election backwash and closeness to Easter could excuse the attendance of a dozen in a big city, despite intensive leafletting of the Wilson Election Rally and direct approaches to some two dozen socialists. However, the sparseness of numbers surely demonstrated the need for grassroots work, down-to-earth educational activity and sustained examination of the workings of the "affluent society" where chronic euphoria and continued full-employment mask the deep-seated economic weakness of British industry.

We have a serious nucleus of trade unionists and Labour Party workers who already want to prepare the movement for the critical times ahead. With the cooperation of University members some pioneer research and survey projects will be undertaken. "Organise, educate, agitate and the future is ours."

THE VIETNAM SOLIDARITY CAMPAIGN ON THE MARCH

by Pat Jordan

An outstanding weakness of this year's Easter March was the political confusion displayed in relation to Vietnam. From the slogans carried and chanted, one would not have thought that since last year's march there had been the dramatic sharpening of the Vietnam conflict. One would not have thought that a bestial colonial war was being waged against a small nation by the most powerful military complex the world has ever known. One would not have thought that crimes comparable with practically everything the Nazis had done were being committed daily in South Vietnam. However, the intervention of the Vietnam Solidarity Campaign in the March did something to restore the balance.

The most positive and striking thing the Campaign achieved was the manufacture and distribution (mostly sold) of over 500 National Liberation Front flags. This act alone brought people to think about and talk about the character of the Vietnam war and the attitude the movement should take towards it. The most significant feature was that the bulk of the marchers were very sympathetic to the idea of identifying themselves with National Liberation Front; the opposition to the idea came from a small pacifist and Anarchist minority. However, the discussions revealed a great deal of confusion - even from those who very much want an N.L.F. victory - about the question of negotiations. There is no doubt that a large proportion of the marchers found it difficult to distinguish between the Campaign's line of opposition to putting pressure on the Vietnamese to negotiate, and the accusation of being in favour of war. On the other hand, the very discussions provoked by the activity of the Campaign enabled a great deal of educational work to be done on this question.

Apart from many thousands of an appeal to people to support the Vietnam Solidarity Campaign, supporters of the Campaign distributed 2,000 copies of a message from Lord Russell which welcomed the proposed demonstrations against the American Embassy. This demonstration took place in three waves, the first of which, several hundred strong, took place under the banner of the Campaign.

COMMUNIST PARTY MAKES NO PROGRESS IN ELECTION

By Martin Turner.

The British Communist Party made no progress on the parliamentary road in the General Election, all 57 candidates losing their deposits. To see how they fared, one just has to compare the votes obtained this year, with the votes obtained in 1964, in the 35 constituencies which the C.P. contested both years. The results were:-

<u>Constituency</u>	<u>1964 vote</u>	<u>1966 vote</u>	<u>Change</u>
Aberavon	1,260	1,620	+360
Coventry (East)	1,138	1,368	+230
Dunbarton (East)	1,771	1,548	-223
Fife (West)	3,273	1,542	-1,731
Govan (Glasgow)	1,378	1,103	-275
Goole	1,165	952	-213
Hornsey	1,255	1,184	-74
Scotland (Liverpool)	725	779	+54
Battersea (North)	471	650	+179
St. Pancras (North)	1,140	1,253	+113
Stepney	2,454	2,209	-245
Openshaw	1,947	1,473	-465
Motherwell	1,565	1,508	-57
Newcastle upon Tyne	532	404	-128
Pontypool	1,329	897	-432
Sheffield Brightside	1,356	989	-367
West Lothian	610	567	-43
Willesden (West)	1,130	1,140	+10
Birmingham Small Heath	926	477	-449
Dagenham	1,070	1,373	+303
Dundee (West)	1,229	1,217	-12
Gorbals (Glasgow)	1,339	819	-520
Springburn	950	867	-83
Hayes and Hastington	873	695	-178
Leeds (South)	928	714	-214
Llanelli	1,061	1,211	+150
Islington (South West)	1,377	756	-621
Southwark	1,594	1,404	-190
Luton	567	586	+19
Mitcham	657	580	-77
Neath	2,432	1,632	-800
Nottingham (North)	1,579	1,070	-509
Rhondda	3,385	2,348	-1,037
Swindon	944	838	-106
Wigan	988	858	-130
<u>Total</u>	<u>46,405</u>	<u>38,741</u>	<u>-7,664</u>
	or a loss of 16.5%		

These figures must be very worrying for the C.P. leaders as this was the most expensive election campaign they have ever run, involving a tremendous amount of work for hundreds of C.P. members.

SOME FEATURES OF THE 1966 GENERAL ELECTION

by Dave Windsor

The Economist of April 9th carried some very useful data on the voting at the General Election. Probably the most significant thing to come out was the relative shift in voting in the last three elections:

Year	Conservatives % of poll	Labour % of poll	Liberals % of poll	Others % of poll	% swing to Labour compared with previous election
1959	49.4	43.8	5.9	0.9	-1.11
1964	43.4	44.1	11.2	1.3	+3.14
1966	41.99	47.9	8.5	1.7	+2.66

	Votes	votes	votes	votes
1959	13,763,128	12,216,166	1,642,527	240,917
1964	12,002,406	12,205,606	3,099,091	348,905
1966	11,418,453	13,065,981	2,327,533	452,689

	Seats	Seats	seats	seats
1959	366	258	6
1964	304	317	9
1966	253	363	12	2

It should be noted that the figures for "others" are distorted for the 1966 election because the speaker is included in this category.

What these figures reveal is that the cumulative effect of two elections was to reverse the electoral position of the Tories and Labour - Labour having approximately the same number of seats in 1966 as did the Tories in 1959. But when it comes to voting it is a different picture: the Tories having lost 1,350,000 odd votes, but Labour having increased its vote by only 800,000 odd. The voting for the Liberals is much more complicated to assess because of the big difference in the seats they contested. But in general we can say that two biggest factors bringing about this change have been: (1) the loss by the Tories of about 10% of its voting strength; and (2) the vagaries of the British electoral system which cause a large number of seats to change hands with the small percentage of votes. On the latter point, one can note that in the 1964 election Labour's vote was actually down but they obtained 59 more seats.

The overall figures for changes in voting between the 1964 election and the 1966 were: Labour up by 860,000, Liberals down by 770,000 (to a large extent explained by the smaller number of candidates) and Tories down by 585,000. The difference between the losses of the Tories and Liberals and gains of Labour is accounted for by the fact that 400,000 fewer people voted at all. The drop in turn-out - from 77.0% to 75.8% - took place despite the fact that the 1966 election was fought on a brand new register and the 1964 one on old one. Anyone experienced in electioneering will know that the actual drop in turn-out must have been much higher; perhaps twice as high as the figures indicate. The abstentions occurred almost entirely in safe seats, and the tendency was much more marked in safe Labour than safe Tory seats.

The swing to Labour amounted to 2.66, as compared with predictions of the polls of $3\frac{1}{2}$ (Daily Mail NOP); $4\frac{1}{2}$ (Daily Telegraph Gallup) and $7\frac{1}{2}$ (Daily
continued over/

Express). Another feature of the election was the evenness of the swing. Unlike the 1964 election the Tories failed to gain a single seat from Labour and in half the constituencies the swing to Labour was between 2 and 4 per cent. In only 22 of the 630 constituencies was there a net swing to the Tories, and in only a dozen was the swing to Labour more than 7%. There were three small variations in this general picture: first, there was a bigger swing to Labour in the big cities (4%) than in the rural areas (2.3%); Second, there was a clear tendency for the areas which had swung most to Labour in 1964 to slow down their extra swing this time, and for those that had swung least in 1964 to catch up. Thirdly, although the swing to Labour was exactly the same in seats where Liberals withdrew as in those where they fought again, there was by contrast a distinctly higher swing to Labour (4%) where new Liberal candidates appeared.

In searching for an explanation to some of these features we can note: (1) everything indicates that a sizeable chunk of tradition^{al} Tory support has become extremely disillusioned with the Tory Party; (2) the working class and sections of the middle class remain loyal to Labour seeing it as the only practical political instrument for them; (3) that the influence of the mass media is still tending to "even out" political variations in the country; (4) that in some areas the electorate seemed to take a conscious decision as to how best to defeat the Tories, witness, the Liberal retention of Orpington and their gain of Colne Valley as against the dropping of Liberal votes in practically every constituency where they came third in 1964; and (5) that where in 1964 the Tories had managed to reverse the general swing by utilisation of the immigration issue (Smethwick, some Birmingham seats) this factor no longer applied.

It is early yet to say how the relationship between left and right in the Parliamentary Labour Party has been affected by the intake of new MPs. One thing is certain, however, there has been nothing like the increase in the number of left-wingers which took place in 1964. We can be very pleased to welcome Joan Lester and one or two others to Parliament but everything indicates that there is a much^{bigger} proportion of "right of centre", non-traditional working class, university lecturer types in Parliament now. This is disturbing not only because of the diluting of the left but also because this newer type of MP will be less sensitive to trade union pressure.

In summing up we can say:

(1) although Harold Wilson's victory was impressive (the only time a Labour Government has improved its electoral position after having been in power) it rests on a flimsy basis. The political complexion of the Government is determined by less than 3% of the electorate: if the 800,000-odd^{extra} people who voted Labour this time switched back again the Tories would be in a good position. When one considers the influence of the mass media, the way comparatively small events can influence the polls and the fact that Labour is going to be compelled to take "unpopular" measures (that is, in the absence of a bold socialist programme) the loss of 800,000-odd votes is small fry.

(2) that, on the other hand, the working class still looks to the Labour Party as the only way it can influence British politics - a factor which all left wingers must face, no matter how distasteful (I have deliberately not gone into the fate of non-Labour Party radical candidates - as is well-known they did universally badly); and

(3) the Tories have suffered a very bad set-back because of their failure to overcome an outdated reputation and to solve internal differences.

The following editorial which appeared in the April 8th issue of the Stock Exchange Gazette is an interesting indication of the attitude of investors towards the Labour Government:

"There was no dismay in the City over the election result and the stock market withstood it without a quiver. There was no dismay over the £27m. downturn in the gold and dollar reserves, probably the only honest figures we have seen in the last 18 months. The City, in short, is by no means despondent about the future of Britain and neither should be investors. To use a phrase much bandied about by Mr. Wilson during the election campaign the City's view is "that options are wide open." There is stability and an absence of "electionitis" for the first time for several years, and if by that over-used word "pragmatism" is meant Mr. Wilson's ability to face up to reality, and to reject dogma if dogma does not work, the prospects of a solution being found to our economic problems are a good deal brighter this week than they were before polling day.

"At this stage everybody knows that profits are going down and that most dividends in the next 18 months will at best be maintained. But the investment world is astonishingly calm in the face of this prospect, possibly because it is becoming very sophisticated. The majority of buying powers on the stock exchange is now in the hands of executives as distinct from the owners of companies, and executives can usually take a much calmer view of the future than individuals whose personal fortunes are at stake. ...To a large extent Mr. Wilson and his Government have regained the respect of the City by showing their ability to learn new tricks fairly quickly, even if this has meant casting away the shadows of Keir Hardie. The City is now so hardened to the idea that the Budget will be really tough that we expect there will be some sighs of relief around 5.30 p.m. on May 2 when Mr. Callaghan sits down. There is, for instance, talk of a 42½% corporation tax, although Mr. Callaghan put 40% as the maximum figure and many hopeful company boards have calculated their own accounts on the optimistic basis of 35% tax. The difference between the two latter rates amount to £150m. additional taxation on company profits and this will probably enable Mr. Callaghan, Mr. Brown and Mr. Wilson to turn around and explain to the unions why something has to be done over demarcation disputes, lightning strikes and wage claims.

"The way the "pragmatic" mind of Mr. Wilson is working will show first in the Queen's Speech, which will presumably reveal the priority to be given to the re-nationalisation of steel and the basis of compensation...Many observers consider that Mr. Wilson will continue to find priorities ahead of this embarrassing affair, which has ceased to have political substance except on the back benches....It is not without significance that steel shares have fallen since election day and this is not entirely due to the realisation that compensation terms need not necessarily be those which were laid down initially in the White Paper. The new idea is that if steel re-nationalisation comes about at all it will be on a different basis, under which a super Iron and Steel Board would be in charge as an alternative to the Government directly buying the equity capital.

"Will Mr. Callaghan dare to introduce a per capita tax on employees in order to relieve the obvious "storage" of Labour by so many companies? He could well do this unless he feels that deflationary forces are already at work on a scale sufficient to make companies cancel or slow down expansion projects...If,...the Budget shows that the new Government has the courage and determination really to get to grips with Britain's long-standing economic problems, the long-term outlook will be vastly improved and share prices could reflect this. Investors should be cautious but by no means daunted by that Labour majority of 97."

NOTTINGHAM CSE POSTPONED by Geoff Coggan.

Our apologies are due to members, and to our invited speaker, Ray Thorpe of the T&GWU, for a second postponement of the meeting called for Friday April 15th.

With local Labour Parties wound up during the General Election campaign it has not been possible for the Nottingham City Party to meet to decide local election policy. With the Municipal Elections now only weeks away this has necessitated the calling of a special emergency meeting of the City Labour Party for Friday, April 15th. In view of the importance of this, the CSE meeting called for the same evening has been cancelled.

A new date, and further details of Nottingham CSE's forthcoming programme will be announced in next week's "Week".