

LIVERPOOL



WHAT WENT WRONG?

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Liverpool: what went wrong?

May '83 to September '85

An article by Martin Thomas in *Socialist Organiser* of 3 October 1985 analysed the situation in Liverpool after the defeated strike vote on 22 September, and what had gone wrong since the election of the left Labour council in May 1983.

The jackals are out for a feast. The vote by Liverpool City Council workers against an indefinite strike will be used as a lever by every self-serving bureaucrat in the labour movement to "prove" that confrontation doesn't work.

In fact the 47 per cent strike vote indicates the opposite.

If Neil Kinnock and the national union leaders had supported the strike call, there would certainly have been a majority. And with the strike under way and solid, Liverpool would have been in a very strong position to win the £25 million it is demanding – a fraction of the central government grant cut from the city in recent years.

The big-business magazine *The Economist*, on 21 September, soberly outlined the odds:

"Suppose the Militants persist in saying no? Mr Baker's [the Tory minister's] trouble in this game of chicken is that he dare not, in the last resort, force Mr [Derek] Hatton [the council deputy leader] off the road... He can hardly afford chaos in Liverpool... Yet, except by giving way himself, he has little power to avoid it, if Mr Hatton and the council labour force – not necessarily the same thing – insist."

The treacher of Kinnock and the national union leaders is not, however, the whole story. Mistakes have been made in Liverpool, too, and they need careful analysis.

The story starts in May 1983. On May 5, as in three years out of every four, one-third of Liverpool City Council's seats were up for re-election. Labour won control of the council with tremendous gains – 11 extra seats, a 40% increase in the Labour vote.

Traditionally Labour has been weak in Liverpool but in 1983 it was

There was a strong Orange working class Tory vote. Since 1973 the city council had been the tawdry jewel in the Liberals' gimcrack local government crown, controlled by them with the help of the Tories.

Five thousand jobs cut in six years; high rents; not one new council house started for three years; moves to privatisation; and cuts all round – that was the Liberals' record.

In the fight against the Liberals the Labour Party had become stronger, more active, and more left-wing, and the council unions had developed a powerful joint shop stewards' committee.

Labour's election promises included no privatisation; a £2 rent cut; no spending cuts; a drive on housing repairs; 6,000 new council houses and 4,000 new council jobs.

Left-wing

There had been other left-wing Labour councils elsewhere promising similar things: Lambeth since 1978, the GLC since 1981, a clutch of left-wing London borough councils since 1982. On the whole they had done a bit better than their Tory or right wing Labour predecessors; but it was mostly a matter of responding to central government grant cuts by rate rises instead of cuts in jobs and services.

The left-wing councils were more benevolent administrators, but still administrators within the existing system. As administrators they frequently clashed with their workers. Their promises of struggle against the government got not further than rhetoric.

Liverpool, however, was partly different. The new council Labour group, unlike any other, was pledged not to raise rates to compensate for central government cuts.

Other left-wing Labour councils were alliances of individuals of different shades, held together more by the arts of committee room politics than by a definite strategy. In Liverpool the Militant tendency commanded a leading role in the Labour group; a majority in

the District Labour Party; and a strong presence in the council unions.

A unified strategy by the whole Liverpool labour movement was thus possible. And militant's national network should have made it easier to win national support for a struggle in Liverpool.

The new Labour council started well, building new houses, creating new jobs, going well over the budget prepared by the Liberals for 1983-4. By October the Tory government was already warning the council about 'overspending'. The council responded with a vigorous campaign among council workers and the local community. 20,000 people joined a march on 19 November.

By February 1984 Derek Hatton was explaining to Militant that "the crunch" would come "probably at the end of March".

"We will refuse to balance the books and this can be challenged in the courts by any creditor or ratepayer... The courts could then appoint receivers who could take over the financial control of the city council..."

A campaign committee mapped out plans to include a possible all-out strike from March 29.

But Labour's majority in the council chamber was only three – and a number of Labour right wingers declared that they would never vote for an unbalanced budget.

On budget day, March 29 – despite a one-day strike by council workers, and a huge, enthusiastic demonstration at the Town Hall – there was not a majority on the council for Labour's unbalanced budget or the Liberals' alternative budget.

The campaign continued right through to the council elections on May 3. Labour gained another seven seats, securing a solid majority for its unbalanced budget.

A survey by the University of Liverpool showed that 80% of council workers living in contested wards had voted, 75% of them for Labour. It also showed that they were ready to 'go over the top' with a local general strike and a rent and rates strike. According to a

poll published in June, 55% of Labour voters would back a general strike if the Tories sent in commissioners.

Meanwhile the miners' strike was at its peak. Nearly half the Notts miners were out, and the strike was 100% in all other major areas. On May 7 Arthur Scargill appealed for solidarity: "If ever there was a time to join with this union, to come out on strike . . . now is the time."

But things started going wrong. Instead of stepping up their campaign, pushing through the unbalanced budget and going fast and hard for confrontation, the Liverpool council leaders dawdled. The campaign dwindled. The unbalanced budget was not put to the council again. Instead, the council leaders went off to talk to Tory minister Patrick Jenkin.

On June 23 some 2000 delegates attended a labour movement conference in support of the council. But there were no specific plans for action. As Militant itself reported, "The mood of the conference was . . . more akin to a rally". Socialist Organiser put it less blandly: "Workshops planned for the afternoon were called off in favour of an orgy of self-congratulation about the 'strength of the Marxists'. For many delegates this was an annoying missed opportunity".

95%

What was going on? Militant continued to talk about "struggle", "campaign", "mobilisation", even "unavoidable confrontation". But their policy on rate rises has been subtly changed from "no rate rises to compensate for government cuts", to "no massive rate rises to compensate".

Early in July the council leaders announced a deal with the government. The Tories would give them a little extra money – much less than they were demanding – and permit various financial tricks to shift the problem into the next year. Liverpool could then get through with a 17% rate rise.

This, said Militant, was a 95% victory. Socialist Organiser commented: "According to Labour leaders in Liverpool, about 45% of the problem has been shifted to next year. In other words, the real confrontation has just been put off . . ."

"If Liverpool is to take on the Tories, then the time to do it is when the working class is involved in the biggest class war in a decade. 'Next year' there may well not be a miners' strike or a docks strike . . ."

In Liverpool, however, there was strong support for the deal. The prospect of immediate confrontation had been fading, and clearly the Tories had conceded *something*, if not 95%. No

council had ever before won concessions by standing up to the government.

The deal had a big impact on other Labour councils. Seeing the talks with the Tory minister and the failure to set a rate – and ignoring the campaign before May and the miners' strike – coun-

cillors thought they had hit on a way to defy the Tories and win concessions without going over the brink into illegality and direct action.

They argued that Labour councils – in particular, those facing the Tories' new rate-cap regulations – should refuse to set a rate at the normal budget time in April 1985.

And as budget time approached, in early 1985, the miners, against all odds, were still on strike. Liverpool would have a second chance to come to the crunch with the Tories under favourable circumstances.

On February 1, Militant reported: "With Liverpool's crisis worse this year, shop stewards back united campaign". Liverpool Labour believed that an unbalanced budget was best, but for the sake of unity would initially not set a rate. And then?

Miners

"Liverpool proved last year that a mobilised working class with a Marxist leadership at its head took on the Tories and won a major victory." Militant gave no more specific indication of what sort of mobilisation would be needed. It did not suggest that it would be more than the demonstrations and rallies that sufficed in 1984. And it gave no hint of any urgency about bringing the struggle forward so as to give aid to the hard-pressed miners and ensure the Tories were attacked on two fronts.

On March 2, just five days before Labour councils were due to vote in defiance of the government, the miners met at a recall conference. Unsure of the councils' determination, they decided to return to work.

Sadly, the miners' doubts were well-founded. The GLC and ILEA immediately broke the 'no rate' front, by setting legal rates. Ten Labour councils did refuse to set a rate. But by early June every one of them had backed down except Liverpool and Lambeth.

Liverpool was not central until June. In contrast to other councils, Hackney in particular, it faced no legal threats, and indeed Militant said (14 June) that because of the 1984 delay in setting a rate Liverpool "councillors remain technically in a 'legal' position."

But by June, once again, Liverpool council faced a sharp choice. Confrontation or not?

Councillors proposed a 20% rate rise which with some financial juggling would allow Liverpool to scrape through the year. The unions said no. So Liverpool set an unbalanced budget – 9% rate rise, £265 million expenditure, £148 million income – on 14 June. It demanded from the government the return of £29 million grant and £88 million penalties.

So far, so good. Maybe chances had been missed, but now, as Militant put it (21 June), "After two years of shadow-boxing . . . the gloves are off."

Instead of general calls for a "mass campaign", Militant said boldly: "Strike

to defend councils".

Despite everything, Liverpool was still potentially in a strong position. In 1972-4, a single tiny Labour council, Clay Cross, defied the Housing Finance Act, a Tory law to increase rents. The councillors were surcharged and disqualified. But the Tories never managed to collect the rent arrears. The Housing Finance Act was repealed by the Labour minority government in 1974, and the Tories have never tried to reintroduce it.

Liverpool could beat the government. It needed only two things: determination and unity, what the rate-capped councils had lacked.

They had talked of mobilisation, struggle, defiance, confrontation. But the councillors would only go "right up to" the brink, as Islington's Margaret Hodge put it, not over it.

They called for their workforces and local working class communities to unite with them. But it was a unity in which the workers were a stage army manipulated and manoeuvred according to the tempo of council chamber tactics.

Most of the rate-capped councils had, in their capacity as managers of the local state, conducted bitter disputes with sections of their workforces in the run-up to their defiance of the government. The workers still supported the councils when they showed some sign of fighting the Tories. But quickly they found that they were being manipulated again.

In July 1984, for example, Islington council declared, "If we were to give in to rate-capping, we would have to sack 750 of our staff." In March 1985, the council refused to set a rate, and called on workers to back it in a fight to the end with central government. Two and a half months later the council leaders announced that they had after all found financial tricks that would enable them to comply with rate-capping while making no cuts; they thanked the workers for their support and told them to go home.

Lesson

Other councils did similar Grand Old Duke of York acts.

One lesson was clear: a council seriously taking on the government would need to be absolutely open and honest about its finances. Otherwise right wingers would always be able to paralyse the struggle at the crucial point by producing this or that "new" financial trick to allow for some sort of muddling through.

Liverpool and Militant had shown more determination than councils like Islington. Would they now show enough determination and skill to win?

Unfortunately they didn't. Like the other left councils, though in a different way, they had drawn the wrong lessons from 1984. In truth, the concessions that Liverpool won from the Tories were a by-product of the miners' strike

and the willingness of a broad spectrum of the Liverpool working class to take direct action. Councils like Islington saw it as a victory for council chamber mock-heroics: the Militant in Liverpool, apparently, saw the crucial factor as their "Marxist leadership".

Militant has always had a mechanistic view of the world according to which increasing economic crisis will steadily and automatically bring triumphs and new recruits to "the Marxists". There is no need to adjust and develop this "Marxism" in line with living reality: everything has been foreseen and provided for in Militant's perspectives, and new events do nothing but confirm them. Less complacent Marxists are flibbertigibbet irrelevancies — "the sects".

The inbuilt arrogance of this view was given a boost by Militant's puffed-up self-satisfaction after July 1984. They felt themselves all-powerful. In October of that year they launched themselves into an utterly destructive and divisive conflict.

Sampson Bond, a Militant supporter, was appointed as council race relations officer against the strong opposition of the Black Caucus, a committee of black groups set up to liaise with the council under the Liberal administration.

Sam Bond

The Black Caucus said that Bond had got the job only because he supported Militant policies — policies that opposed any positive discrimination — and resolutely insisted that the problems of the black working class were no different from those of the white working class. Militant replied that the Black Caucus just wanted the job for their own people.

But the Black Caucus had after all been recognised by the Labour council as more or less representative of Liverpool blacks. Liverpool City Council NALGO boycotted Bond. The Trades Council, the council joint shop stewards committee, the regional TGWU, and most black groups, called for the appointment to be reconsidered. Militant climb down? Never!

The "Marxist leadership" tried to bulldoze all the objectors. A year later, the issue is still inflamed. The Black Caucus has moved from objections to Militant towards hostility towards the whole labour movement. Militant, outraged that the Caucus will not recognise the enthroned "Marxist leadership", denounces it as a gang of "pimps and gangsters" and has called the police against black demonstrators. The council joint shop stewards committee has been seriously strained and disrupted by the affair.

Despite all that, in June the joint shop stewards' committee voted unanimously to support the unbalanced budget. On July 26 Militant explained that this budget would mean the council running out of money around late August or early September — unless the

courts stepped in first.

Yet the council's campaign remained low-key compared to 1984. Instead of becoming bolder and sharper as the crunch came nearer, the coverage in Militant became vaguer and softer. The urgent calls for strike action were replaced by appeals for general 'support' in a long-term campaign. In late July, without explanation, the council budget was reduced from £265 million to £255 million, and the date at which the council would run out of money was put back to 'late November'.

What was happening? What were the council's plans? Workers in Liverpool and elsewhere weren't sure.

More and more emphasis in campaigning was put on the surcharges threatened against the councillors for not setting a rate until 14 June, rather than the prospect of the council running out of money. Yet those surcharges were a secondary issue.

The councillors (as Militant had indicated in its issue of 14 June) had a strong legal position on this point. And long before the legal processes were completed on that surcharge, the council was due to run into a position with its finances exhausted, the workers on strike, and the councillors in open and flagrant illegality!

Militant of 13 September summed up the confusion. Page 1 and most of page 3 were given over to the surcharges and a one-day protest strike against them on September 25. Two short and inconspicuous articles announced that the council would start running out of money at the end of September and that it planned to issue 90 days' redundancy notice to all employees!

On 16 September a council meeting was called to decide on the redundancy notices. Workers blockaded the Town Hall to stop it taking place. Council leaders joined the demonstration.

Why did they ever propose the divisive redundancy notices? "Purely a legal device", explained Militant. By discarding the need to budget for wages after December, the council could restore its credit and keep going longer. And not issuing the redundancy notices could make councillors liable to huge surcharges.

Council workers could see no sense in starting a fight for jobs by issuing redundancy notices so that any strike had to demand not only more money from central government but also reinstatement. And why this concern for petty legal devices? Was this confrontation with the government or wasn't it?

The redundancy notices policy was the exact opposite of what was needed to galvanise the Liverpool labour movement for a fight. Inevitably it was divisive, diversionary, confusionist. Inevitably it split the workers — section from section and shop stewards from the rank and file.

The 31,000 were asked to tamely accept dole cards and trust the council's promise to take them back on April 1. The workers — no more than a stage army in Militant's scenario — were being

put out to grass for three months. Instead of the councillors standing on the line and giving a self-sacrificing lead in the fight for the city they offered up the workers instead, demanding that the 31,000 passively give up their jobs at the say-so of people who were unwilling to put their own heads on the block. This wasn't Marxism — and it wasn't leadership either.

Within a few days the front had apparently been straightened out by Derek Hatton promising not to issue redundancy notices, and the stewards calling an all-out strike from September 25.

But immense damage had been done. The council should have explained clearly and in advance how and when it would run out of money; continued spending up to the last possible moment, thus forcing the banks and/or the senior council officials to take the responsibility for stopping wage payments; demonstratively stopped debt payments to the banks before wage payments; and brought the campaign to a climax by mobilising councillors and workers together to picket or occupy the offices of the officials or bankers refusing to pay wages.

That way everyone could have seen that the councillors were prepared to put themselves in the front line — that they were undertaking a real struggle against the government, not just a manoeuvre or a gesture.

As it was, many workers thought that the redundancy notices were a ploy to save the council three months' wages and get it through the year. Or was the strike call a version of the same thing? "I won't strike to bail out Derek Hatton", said some workers. They were wrong — but their confusion was not surprising in the circumstances.

In early September the city treasurer had come up with a scheme to get through the financial year by taking money from next year's housing repairs

Ballot

budget. This plan was now taken up by right-wingers and the Communist Party.

The media and the national Labour and trade union leaders also played their part in shaping the 53%-47% ballot result against strike action. But they had been hostile all along. It was the council's blundering tactics that gave them their opening.

And since the vote there has been worse. Militant declared that the vote was only a minor setback: its lead article on 27 September spoke blandly of "the success of our campaign"! And on that same day, 27 September, redundancy notices started going out — those same redundancy notices that had provoked a workers' demonstration to stop the council meeting on 16 September.

In the aftermath of the ballot defeat, the GMBU (in which Militant is strong) was swung to supporting redundancy notices. Militant explained: "This is purely a legal device to enable the coun-

cil to keep paying wages until 18 December... This device will give the councillors and the union (?) valuable time to extend the campaign of explanations ... - especially to the members of NALGO and the NUT, who had been against the strike.

For regaining lost ground inside NALGO the council's tactics could hardly be worse. NALGO is strongly against the redundancy notices; the council is like a general who prepares his shaky regiments for battle by trampling them underfoot in the course of his retreat! And insulting them too: both the NALGO members in general ('pen-pushers', not 'real' workers) and their leaders ('traitors') have been freely denounced and blamed for the ballot defeat.

In fact the NALGO branch leaders argued for a strike. Not as vigorously as was necessary, to be sure: wrongly but understandably, they were jaded and unenthusiastic after a year of being bounced around by Militant and trying to puzzle out what the council was really up to.

But the NALGO branch officials are not, and do not claim to be, "the Marxist leadership". They are trade unionists doing a trade union job as best they can. The job of "the Marxist leadership" is to win the confidence of trade unionists, not to lay down the line and denounce the trade unionists when they fail to live up to Militant's "perspectives".

"Success of our campaign"? By Monday 30 September 3,000 NALGO members were on one-day strike and marching through Liverpool's streets against the redundancy notices. Teachers picketed the building where bundles of redundancy notices were due to be issued to local teachers, and the council sent them out by taxi instead. At least one college principal has been suspended for refusing to issue redundancy notices.

Local NUT members, with the support of their members, are taking the council to court to stop the redundancy notices. A council committed to saving jobs will be in the ridiculous position of defending in court its "right" to issue redundancy notices - and probably losing the case.

The Tories could have cut the process short at any point - by getting someone to bring a court case to declare the unbalanced budget illegal, by telling the banks that Liverpool's credit was not good, or simply by stopping central government grant payments. They chose to wait and see - and now they can sit tight and watch the Liverpool labour movement wound and perhaps tear itself apart.

NALGO and the NUT have gone for the City Treasurer's option of "capitalisation", also favoured by the Liberals and the Tories. This means 'borrowing' money from next year's housing repairs.

As a device for retreat it is a lesser evil than the redundancy notices. In principle it could win time for a fight next April to ensure that enough money

was won from central government to return the money to housing repairs and maintain other services.

In practice it wouldn't. Particularly because of NALGO's and the NUT's opposition to the strike from 25 September, GMBU and TGWU see 'capitalisation' as a scheme to keep NALGO jobs safe while putting manual jobs at risk. 'Capitalisation' would be scarcely less divisive than the redundancy notices.

Any orderly retreat requires a fairly high level of trust in the people carrying out the retreat. And, as a result of Militant's blunders over the last 18 months and especially the last three months, that doesn't exist in Liverpool.

The first thing necessary to mend the situation is that the council should withdraw the redundancy notices.

According to Militant of 27 September, without the notices "The City Treasurer has said that he would refuse to sign cheques for fear of being liable for fraud".

Then let the councillors change the signature on the cheques and dare the State to prosecute them for fraud! If the City Treasurer or the banks try to stop them, let them organise demonstrations, pickets and occupations to highlight who is responsible.

Manoeuvres

Let all the council workers see that there is no question of manoeuvres, that the councillors are unambiguously in the front line, and that a strike is forced on them by the Tories and their agents, not by any political gimmick of the council. Let the issue be posed as the council and the workers jointly fighting the Tories in defence of jobs and services, rather than the workers being conscripted as rather bewildered foot-soldiers "to defend the 'council'" while the council pursues "legal devices".

Would such a change of tack re-create the necessary unity? Guarantees are impossible. But there is a chance. The council has a tremendous fund of goodwill won by its solid work, like the building of 4,000 new houses, and the basic arguments about Tory responsibility for local government cuts and the need for a fight have got through to many thousands of workers.

The full reasons for everything Liverpool council has done over recent months are not clear. The record suggests divided or unsure counsels. It is not clear exactly what the council leaders have in mind now. Not even they can believe that "Marxist leadership" can win support from people by means of issuing redundancy notices to them against their will and denouncing them.

A general pattern does however emerge from the council leaders' and Militant's policy since May 1983.

According to Militant's addled version of Marxism, iron laws of history drive the working class ever onward towards Marxist politics. The job of the

organised Marxists (i.e. Militant) in the meantime is to make general propaganda and build their own following.

Victory is inevitable in the long term; so why take risks now? If the situation is favourable now, it will certainly be more favourable in the future. And it makes no sense to risk positions, prestige and propaganda platforms for the sake of 'ephemeral' struggle.

So Militant have tried to maintain a delicate balance: on the one hand giving Liverpool a profile as a fighting, socialist council; on the other trying to make sure they keep the council in office and themselves in the leadership of the council.

At the crunch they may fight. But, contrary to all intelligent tactics, they have tried again and again to postpone the crunch and extend the time in which the council stands in opposition to the government but not quite in collision with it.

On 22 September, with the Liverpool council workers' vote against indefinite strike, that approach led to a serious defeat. The consequences of that defeat concern not only Militant but also the whole of the labour movement and especially the left.

There is a serious risk now of long-term division and dislocation in the Liverpool labour movement, and of the door being opened for witch-hunts against Militant and other leftists.

The left must do battle against the jackals and witch-hunters, and at the same time fight for a change of line by the Liverpool council and Labour Party.

October '85 to March '86

Martin Thomas updates the story from October 1985 to March 1986.

22 SEPTEMBER was indeed the turning point. Since then the Liverpool labour movement has been retreating rapidly, its disarray made worse by consistently clumsy tactics from the council leadership.

Militant's immediate response to the no-strike vote on 22 September had been, as we've seen, blandly to insist on "the success of our campaign".

The redundancy notices were issued. Militant insisted that they were only a 'legal device'. The GMBU, at least, would be on strike by the time the notices ran out; and there would be a campaign to win over the rank and file of the other unions.

At Labour Party conference (5-11 October) Derek Hatton withdrew a motion backing Liverpool "in the interests of unity" after an appeal from David Blunkett. Hatton agreed that Liverpool council would consult with Labour and trade union leaders.

Perhaps Hatton had little choice but to be conciliatory. But Militant was painting a different picture — one of great successes for its strategy.

"The mood in the city is hardening against a compromise", it said. "There are now signs that the mood in the unions previously opposed to the council is changing" (12 October).

Not so. On 11 October the council was forced to withdraw the redundancy notices because of the legal action brought by the NUT. Instead it found a new 'legal device'... to lay off the whole workforce from 1 to 28 January.

The council leaders explained that this would allow them to remain on the brink a little longer. Renewed financial juggling and an Appeal Court ruling in favour of Bradford and Notts councils had reduced the gap between Liverpool's income and expenditure: the 28-day lay-off would balance the budget and thus allow Liverpool renewed access to credit.

Editorial

A Militant editorial (18 October) gave the policy a would-be Marxist gloss — and retreated from the perspective of strike action. "As a result of the Appeal Court decision to declare illegal government financial penalties imposed on Bradford and Notts councils, Liverpool now has access to £7.7 million which otherwise would have been taken in penalties. Seeing the Liverpool councillors' determination to stand firm, a section of the ruling class has tried to draw the government back from the looming confrontation by making this concession.

"It has therefore become possible to reduce the period during which the council will have no money to pay wages from three months to four weeks. It would be preferable to have strike action before the lay-offs take place, but if the workforce decide that tactically it would be better to accept the lay-offs, then the responsibility will rest solely with Baker and the Tory government..."

Militant referred to the planned 28-day lay-off as the "Tory lock-out". This was just borrowing a cheap demagogic trick from right-wing and soft-left Labour councils who have evaded responsibility for their own cuts (imposed in response to central government pressure) by labelling them "Tory cuts". "Tory cuts" they are, on one level; but the whole question is whether Labour councils will turn the "Tory cuts" in central government finance into "Labour cuts" in local jobs and services. To cut all local jobs and services (bar volunteer-run emergency provision) for 28 days was no better a proposal than any other "Labour cut". And it was no basis to prepare for the "looming confrontation" so bombastically predicted by Militant.

In fact the council leaders spent most of their time looking for a compromise. A team of Labour local government finance experts, headed by Maurice

Stonefrost of the GLC, visited Liverpool.

David Blunkett of Sheffield talked about other Labour councils using their access to credit to help Liverpool.

But there were strings attached. The Stonefrost report demanded bluntly that Liverpool drop all its radical pretensions. A rate rise should be possible because the judge in the NUT case had indicated that Liverpool's existing rate was unlawful. That, together with some combination of rent rises, job cuts or a recruitment freeze, and capitalisation, would see Liverpool through the financial year. But then capitalisation alone could do that! Stonefrost minced no words: the rate rise and other measures were necessary not to scrape through the financial year, but to give some surplus in the year's budget, a sound basis for a balanced legal budget in 1986-7, and an assurance of good behaviour in future.

Blunkett was not so explicit. But, reading between the lines, it looked as if he was demanding similar political conditions for his aid programme.

It was a curious picture. Liverpool's best friends were the bankers, still fairly willing to lend. The Financial Times explained why. Liverpool, like all local authorities, had vast assets, and so lending to it was almost risk-free. Even the prospect of a local general strike and a semi-revolutionary confrontation with the government need not faze the bankers. Either the council would win and get more money from the government, or the government would win and impose a new administration which would make cuts; either way the banks would get their money back.

Soft left

While business calculation made the bankers relatively friendly, the leaders of the labour movement were unrelentingly hostile. The soft left — people like David Blunkett — were more subtle than Neil Kinnock, but hardly less dangerous. Their offers of assistance were designed less to help the council than to promote an anti-Militant bloc within Liverpool Labour. Blunkett was the star speaker at the launch rally for 'Liverpool Labour Left' on 3 November. Although pressure from genuine non-Militant leftists restrained LLL from coming out plainly for surrender on the council budget and a witch-hunt within the party, that is certainly what its leaders worked for.

Maybe we shall never know, but it cannot be impossible that the Labour leaders, especially prominent local government figures, were using their connections in the City to persuade bankers *not* to give Liverpool an easy escape route.

The jackals were indeed out. The 20 November National Executive Committee would decide to set up a kangaroo-court 'inquiry' into Liverpool District Labour Party. Allegations of bureaucratic practices within the DLP — some true, but none of them new revelations, and all of them no worse

than the behaviour in many other DLPs and CLPs across the country — were scraped together to give a respectable cover to a political witch-hunt against Militant.

Kinnock, the soft left, and their allies in the Communist Party (which has influence among the leaders of the Liverpool NUT and NALGO) were all acting true to form. But the question was: would they get away with it?

Kinnock and the CP had not changed. Before 22 September they had been just as hostile to militant class-struggle politics. But they had not felt confident enough to openly denounce Liverpool City Council. The council's fighting policy had had a solid majority in the council workforce. Liverpool NALGO's leadership includes CPers, but also people closer to Trotskyism; up until 22 September the leftists had the upper hand.

Lay-off

22 September radically shifted the balance of forces. But even then much of the damage could have been repaired by a sober, honest and skillful policy.

Militant pursued no such policy. The 28-day lay-off reinforced the hostility of many NALGO members. Given its isolated position, Militant had to try to create some alliance with the better sections of the broader left; in fact its policy towards the rest of the labour movement swung madly between idiotic attempts to co-opt it ("Labour NEC backs Liverpool fight", read the surreal headline in Militant of 25 October) and siege-mentality sectarianism. There was in fact no effort to do anything in unions like NALGO except to recruit odd individuals to Militant.

And the old tactics-from-above continued. Week after week Militant insisted that the only alternatives now in Liverpool were drastic cuts or an all-out fight. Everyone knew this was untrue; that there were alternatives, undesirable but less drastic, like capitalisation. Instead of arguing against those alternatives honestly and patiently, Militant just blustered. At the same time, the shape, size and schedule of the all-out fight which was nominally its alternative were left vague. Talk about it maybe being 'tactically better' to accept the 28-day lay-off (i.e. a peculiar form of cuts) undermined the will for a fight. Pro-Militant shop stewards who toured the labour movement for support indicated, in fact, that they would prefer to postpone any fight until the spring; stopping debt payments before then might be desirable, but (so Islington South Labour Party, for example, was told by a guest speaker from Liverpool) it would lose support by being seen as a "Trotskyist or anarchistic" act.

Council services began to wind down for lack of cash. Libraries could not send out reminders for overdue books because they had no stamps. Workers had to paste together bits of scrap paper to make envelopes. Heating was turned down. And still the workers did not

know exactly what was going on above their heads.

Finally, on 22 November, they found out. The council backed down, with a deal which was (as Militant of 29 November put it) "based on capitalisation of housing expenditure". It got a £30 million loan from Swiss banks. The condition was attached that the council must stay legal in future. (Although it could be said that a promise to a bank to keep the law ties you no more than the law itself already does, such a promise certainly hinders any campaign to mobilise workers). The package meant cuts, though only very marginal ones.

Retreat

And the workers soon discovered: (1) that these cuts had in fact already been made, by the partial rundown of services in the period when the council was running out of cash; (2) that the loan had been negotiated as far back as August. In other words, the retreat had already been made, under cover of blustering slogans about an offensive, before it was announced.

It is not possible to 'lead' workers like this for long without suffering the consequences. In March the courts decided that the Liverpool councillors,

together with Lambeth's, should be surcharged and disqualified for delay in setting a rate. As we have seen, the Liverpool councillors had believed that they were quite in the clear legally when delaying a rate until 14 June. In terms of legal argument they were right. But court decisions, especially in uncharted territory, are not determined by pure logic. By March Tory-minded judges knew that their whole class demanded revenge on Liverpool and reckoned that that it would be safe to take it.

Kinnockism

Tragically their reckoning is not far out – or so it seems so far. A protest strike and rally against the court decision gathered only 400 workers. NALGO boycotted it. A workforce once almost solid behind a policy of class struggle has now been swung in its majority behind Kinnockism – and to curse and denounce Kinnock and the CP, though justified, does not explain how that happened.

Prospects for next year's Liverpool city budget are grim. The council is rate-capped. Its deal with the Swiss banks commits it to stay within the law. The rest of the local government left has collapsed comprehensively, and

the labour movement generally is at its lowest ebb of combativity for some time. Given the state of the Liverpool council unions, the council leaders are not even talking about a confrontation strategy. The nearest they have come to an answer is that the council should set a 'spending limit' instead of a budget – committing it to cut spending without committing it to cut specific jobs or services.

Likewise with the witch-hunt inside the Labour Party. Support for the democratic rights of the Militant comrades is visibly weaker now than in the previous witch-hunt of 1983. There is no campaign on the lines of 'Labour Against the Witch-hunt'.

Honest

Any small Marxist tendency which found itself at the head of a struggle as big as Liverpool's would be likely to make mistakes. The Bolsheviks, after all, made many mistakes in 1905 and 1917! Genuine Marxists differ from sectarians and opportunists not by never making mistakes, but by an honest and rigorous political method which enables them to keep workers' trust and to learn from mistakes.

Updating the story to October 1986.

As we reprint this pamphlet in October 1986, Militant's supporters in Liverpool are in full retreat.

What was once the front rank of the local government fight against the Tories is now the parade-ground for a witch-hunt which hits not only Militant but also many others on the left.

Every socialist must fight that witch-hunt. But we must also learn the lessons of the defeats that set it going.

Suspended

Nine leading Militant supporters in Liverpool have been expelled from the Labour Party. Constituency Labour Parties have had to accept those expulsions on pain of being suspended – and one of them, Broadgreen CLP, has been suspended nonetheless.

When Labour's right wing expelled five members of the Militant editorial board in 1982, they had a hard time of it. This purge has been much easier, and the Labour leaders have been able to

use it as a springboard for a broader attack on the Left. Without a qualm, they have just imposed a parliamentary candidate on Knowsley North CLP, on the grounds that a 'Labour Against Militant' candidate might stand if the CLP's probable choice, non-Militant leftwinger Les Huckfield, ran for Labour.

The Labour Party Young Socialists is under attack.

Courts

But Militant have not even tried to stir up a wide campaign against the witch hunt. Instead they have relied on the courts.

They have suffered a major political defeat: but instead of analysing it and learning from it, they have only become more bombastic.

The Liverpool expellees refused to use their speaking time at Labour Party conference (35 minutes between them). This move further discredited them with the Labour rank and file; the only possible explanation of such stupidity seems to be that there were sharp internal divisions among the Militant supporters.

Yet Militant (3 October 1986) blind-

ly proclaimed: "The support for Marxist ideas, far from declining, is on the contrary, poised to take a huge leap forward". They announced (once again) plans for a daily paper.

Marxists are tested not only by triumphs and great struggles, but also by defeats and retreats. Militant has failed this test too, both nationally and in Liverpool.

Liverpool's budget for 1986-7 set an overall expenditure figure implying cuts, but no specified cuts. Militant supporters explained that this was yet another 'device', and the cuts would be fought. But, beneath the bombast, there was no fight.

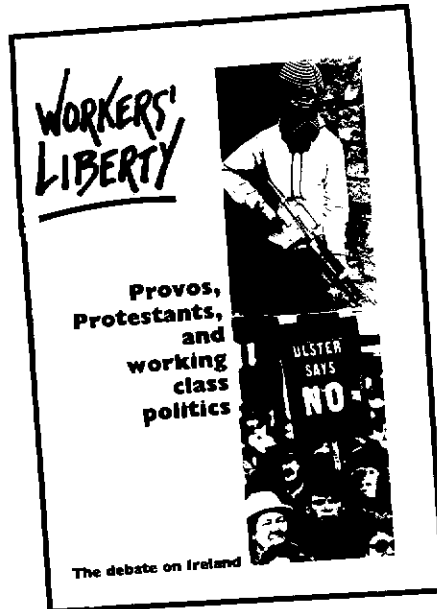
'Painless'

On 28 July Liverpool council's chair of finance, Tony Byrne, told a local Labour meeting that it would be 'necessary' to cut about £12 million. £10 million of this would be 'painless', but the other £2 million would not.

Militant supporters voted to endorse this plan, while Socialist Organiser supporters voted against and many abstained.

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