

Labour must confront the financial establishment

Two major problems now confront the Labour party – and each needs to be differentiated from the other: viz., the election of a leader, and the formulation of a programme for long term success. As Andrew Marr pointed out in the previous issue of the NS and as repeated in the editorial, the way “the party speaks ... (is) vastly more important than who the next leader is.”

The reason for this is that none of the five or so candidates present an obvious ideal choice. All are defined as occupying an indefinable place along the left/right divide by a variety of criteria. In addition, all are defined according to their support or apathy towards “business” or “wealth creation,” but again, this is a meaningless guide to real intent.

The Labour party long ago reneged on any convictions it may formerly have held on the future of the financial-industrial system. When it speaks about “business” or “wealth creation,” these terms can only be understood in the established or orthodox sense in which they actually exist today. And as the Tories are far better at playing the game of both, it is unlikely that the voter is going to opt for Labour in managing the economy more effectively.

And if “business” or “wealth creation” means advancing the polarisation of wealth between the super-rich and the rest as it is acted out at the present time, then anyone who believes in a just and equitable society is unlikely to approve of such a system irrespective of where their political allegiances may lie.

Hence Labour needs to emerge from its almost exclusive status as a public sector movement, and grapple constructively with the problems of capitalism as it once attempted almost a century ago. This entails formulating a new vocabulary drawn from a new understanding and perspective of the financial-industrial system, so that Social Wealth Creation is contrasted clearly with Unsocial Wealth Creation with all its abuses.

If there was an ideal candidate for the Labour party who promised *real* change in reforming the financial-industrial system in boosting home-based productivity, and creating a truly just and equitable society, it would be necessary to go back for more than two decades. The year 1992 was a crossroads for the Labour party, and its outcome was a disaster for the integrity of its progress and underlying principles. The failure of Bryan Gould to gain the leadership of the party was a tragedy beyond comprehension as he was seemingly the only candidate and leading politician at the time (and since) with an in-depth understanding of the essentials of business and social wealth creation.

Not only did he have a sound grasp of general economic issues, but more significantly, he understood the mechanisms of funding industrial investment and

the role of the banks in facilitating this. As a shadow cabinet minister between 1986-94, and as the author of numerous Fabian tracts and several major books, viz., *A Future For Socialism* (1989) and *Goodbye To All That* (1995), it might have been thought that his political status and intellectual authority would have carried him forward to greater success at the time. The outcome was a bitter disappointment, and turning his back on the party, he returned to his native New Zealand to be appointed Vice-Chancellor of Waikato University.

It may be asked as to what motivated his sudden departure from Britain, which, in view of his political success until that date, was extraordinary. The real reasons may never be known, but one may speculate on the possibilities. It may be taken as almost certain that his critique of the financial establishment and the role of the banks upset leading figures in the City and that this was brought to his attention and to that of other leading Labour party members who may have been seen as rivals. This may easily have resulted in a nasty spate of in-fighting concocted by the Machiavellian intrigues of City magnates.

The fact that much smaller fry than a shadow cabinet minister in the Commons have been targeted by representatives of the City makes it all the more probable that the latter made evident their dislike for the views of Bryan Gould. The discretion with which any such approaches may have been made in no way diminishes the extent of the underlying threat.

The City of London has long been hypersensitive not only to criticism of the financial establishment but also to any discussion suggesting the need for change of any kind. This raises a serious question since it touches on the necessity for democratising institutions directly affecting us all, or more bluntly, it amounts to a question of blocking the possibility for extending democratic rights where they are urgently needed in raising the material standards of the majority.

In elaborating on this matter and in demonstrating I am not the victim of paranoia, I must refer to an episode brought to my attention by two colleagues with whom I formerly worked in promoting the reform of the financial-industrial system. When I published my first pamphlet, *New Life For British Industry* in 1985, it attracted the attention of a senior official of a public authority, and when we met, we soon realised our ideas coalesced, and we set about founding the Campaign For Industry (CFI). George T. Edwards and John C. Carrington had shortly before been students at Edinburgh University engaged in a comparative research project on banking institutions in varied major economies and they were appalled at what they uncovered.

Whilst British banks and allied institutions lent short-term at high rates of interest to enrich a small investing elite on a usurious basis; those in Continental Europe and amongst the Far East Tigers, concentrated on the purpose of employment-giving industrial investment for the enrichment of the majority populations of their nation states. Edwards and Carrington had at once uncovered the major underlying cause for Britain's catastrophic industrial record in the post-War period. This resulted in their writing four groundbreaking books, all

published by Macmillan, over the next ten years. The first two, *Financing Industrial Investment* (1979) and *Reversing Industrial Decline* (1981) were authored jointly.

It was at that point that the City of London began to take a curious interest in these remarkable men. They were approached at first with compliments on their perspicuity and intelligence, and then with offers of permanent highly-paid posts accompanied with the perks of worldwide travel and luxury cars – but only on condition they would cease their line of research and return to financial orthodoxy. John Carrington, who was then a director of British Telecom, declined to accept any of the lucrative inducements but was sufficiently cowed never to set pen to paper again – at least not on that topic. In fairness, however, I should add he was nonetheless prepared to lend his name as a board member of the CFI.

George Edwards, on the contrary, an abrasive Scot (who was eventually elected Vice-Chairman of the CFI) was sufficiently outraged to defy his tempters by telling them he would stand by his principles. He was then confronted by the threat that steps would be taken to ensure his dismissal on the grounds that as his employer was the Post Office and that as the latter was a savings institution, he should not be allowed to risk casting a shadow over their operation.

Edwards then went on to write, *How Economic Growth & Inflation Happen* (1984), and, *The Role of the Banks in Economic Development: The Economics of Industrial Resurgence* (1988), in which he called on readers to support the Campaign For Industry. He was then seconded by the Post Office for a two-year period to work for another institution, and subsequently he was released from their employment.

The above story may be depressing but in the search for truth in striving for a just and equitable society it should act as a stimulus to resistance against the secretiveness of a world that only flourishes in the half-light.

At the start of this article I referred to Bryan Gould in the past tense. I now want to refer to him in the present tense. It is true that his name has almost been wiped from the memory of existence – certainly from that of the Labour party. Few satisfactory references to him are found through Google or Wikipedia. It is as if history had been re-written by the power brokers, and as in ancient Egypt, as if his image had been erased from stone. The good news, however, is that he is very much alive and the author of two recent books: viz., *Myths, Politicians & Money: The Truth behind the Free Market* (2013), and more recently, together with John Mills (another outstanding economist I have known personally), *Call To Action: Britain's Economic Problems & How They Can Be Solved*.

The following is taken from the blurb of the first book: “Recent revelations by whistle blowers only add to the sense that powerful forces control our lives and that we have no say in what they decide. There is, in general, a distinct loss in confidence in the democratic process.” The book, “exposes why politicians

around the world distort economic policy against the interest of ordinary people, how neo-liberalism has been allowed to rise to prominence.”

The following is taken from the blurb of his latest book: the authors “provide a searing critique of the decisions behind the current UK economic policy and provide a clear step-by-step account of how to revive it, with little or no increase in inflation. Things cannot go on as they are – this book delivers a fresh roadmap to improve our quality of life and Britain’s economic stability for future generations.”

The chance of persuading Bryan Gould to stand as leader of the Labour party may be negligible, but would it be beyond the bounds of possibility to persuade him to stand as a special policy adviser? In an age when leading politicians are incapable of writing their own speeches or hardly possess the capacity for thought, he would stand as a giant amongst midgets in view of those now posing with ideas of grandeur. How well known are his latest books to the Labour party leadership? How well read are they amongst the broader membership?

Unfortunately, it is a well-known fact in publishing circles that the vast majority of political texts achieve minimal sales, and hence inevitably, the slow development of new ideas and desirable reforms in improving the life of peoples and the stability of nation states. Political science does not capture the imagination of the many, and is too complex for others. Perhaps the human brain is not of sufficient size to sort out the grain from the chaff, or is just too impatient to comprehend the complexities and mechanisms of what Carlyle dismissed as “the dismal science.”

In view of these difficulties, of which I have long been aware, the only effective mode of communication for the political sciences is to use the emotive language of secular ethical values addressed to men and women irrespective of culture, status, or nationality, etc. Politics should never be an esoteric study but always a universal study addressed to all, since all are included within the remit of its authority. For this reason, in my book, *Social Capitalism in Theory & Practice*, I have sought to use a vocabulary of key words that ordinary people may adopt in expressing their innermost feelings on political issues. That is, words that express their likes and dislikes, and helps to make sense of their wishes and the environment in which they live.

I might conclude by remarking that Bryan Gould has already achieved in his writings what I suggest above. He may also fulfil those two requirements addressed at the start of this article, viz., offer a programme for the long term success of the party, and if he may not accede to the leadership, then at least he may be adopted as the intellectual father of the party.

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