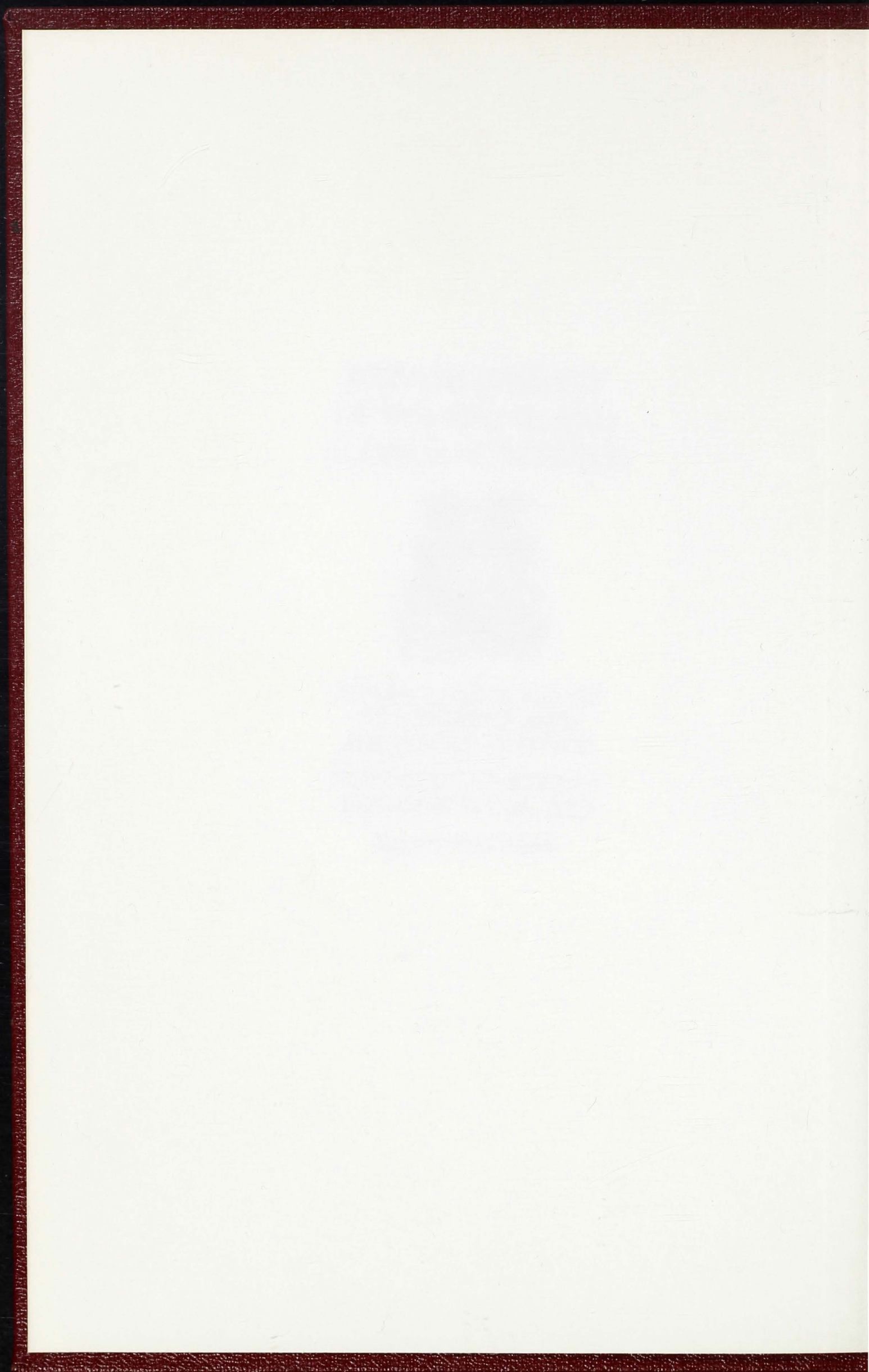


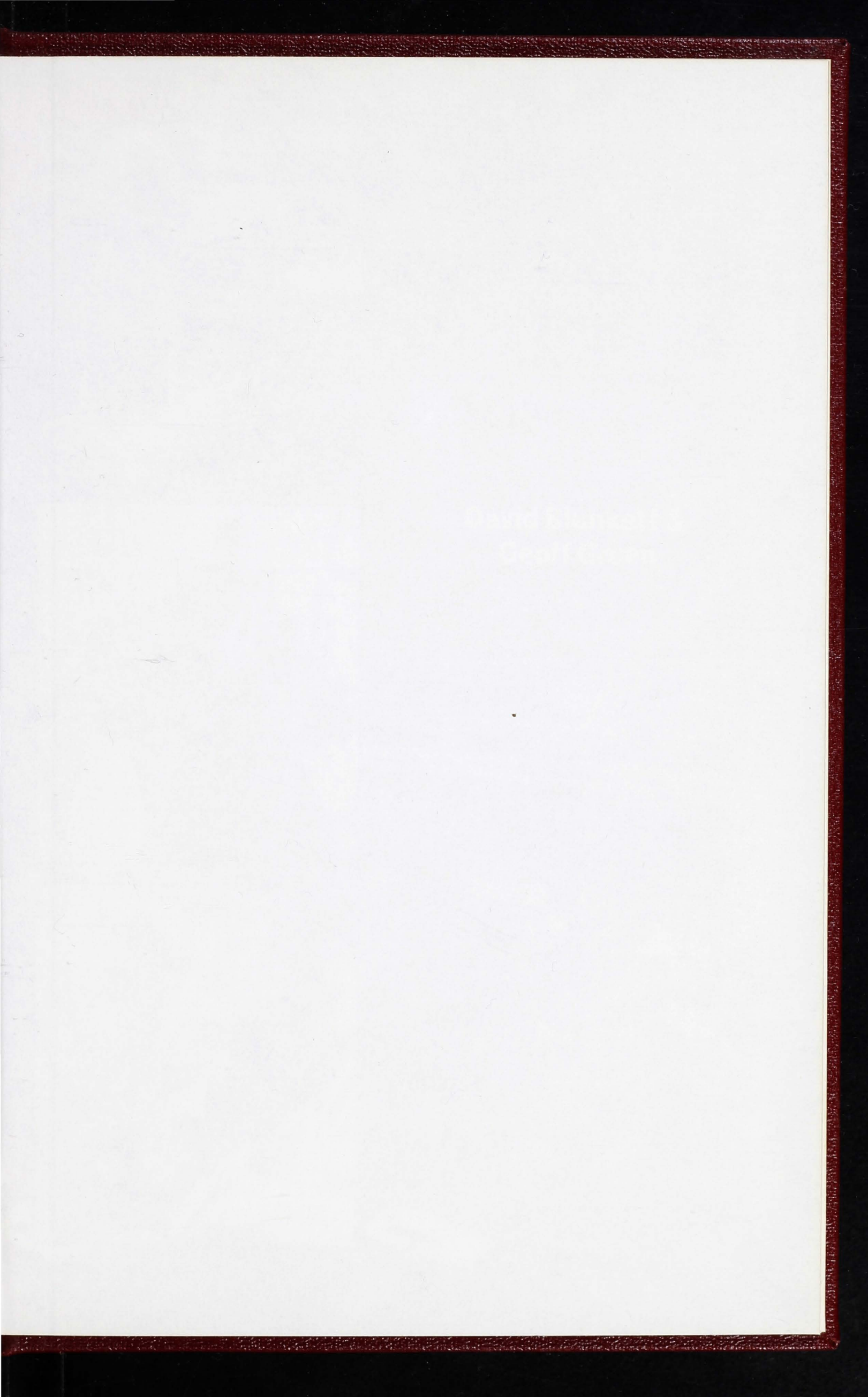
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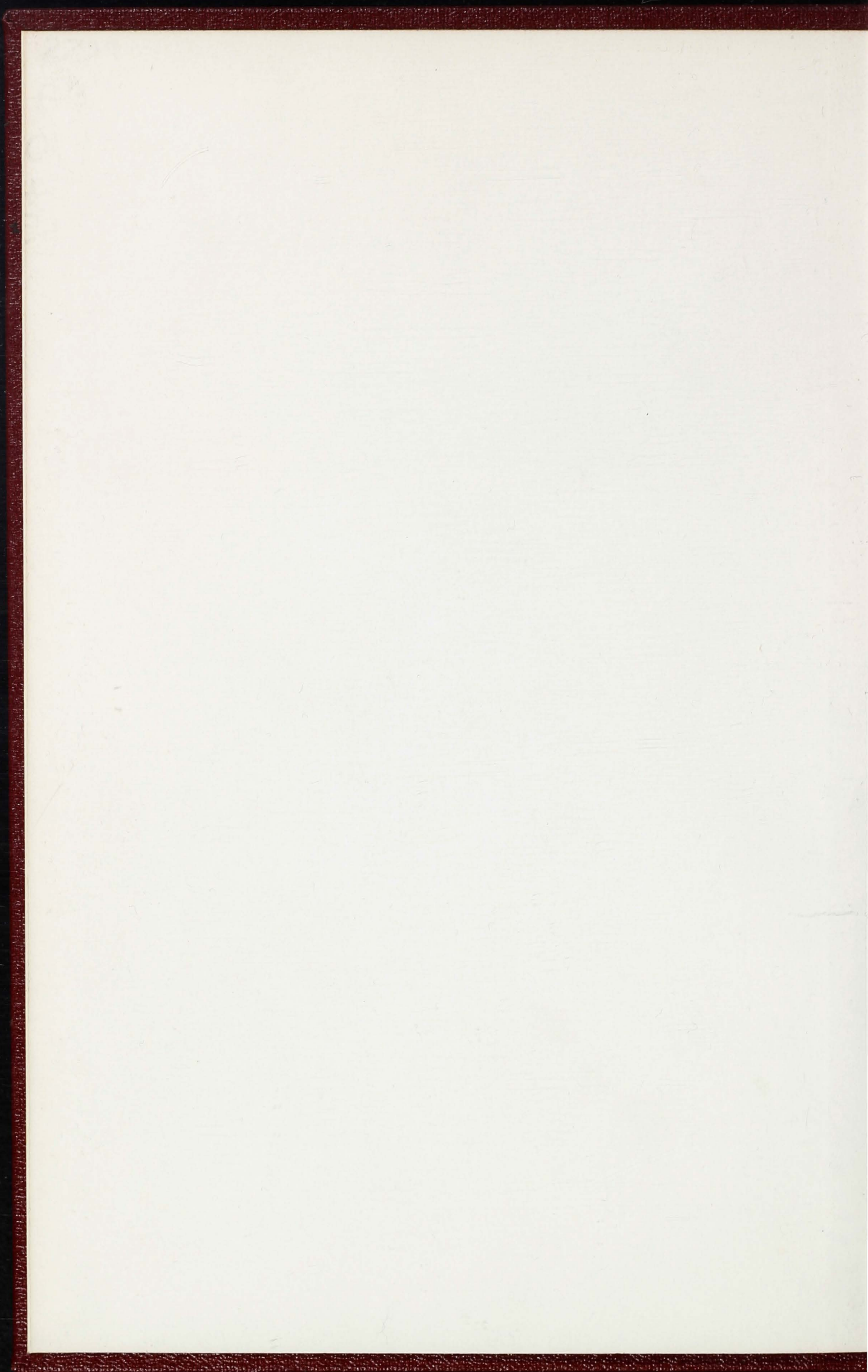


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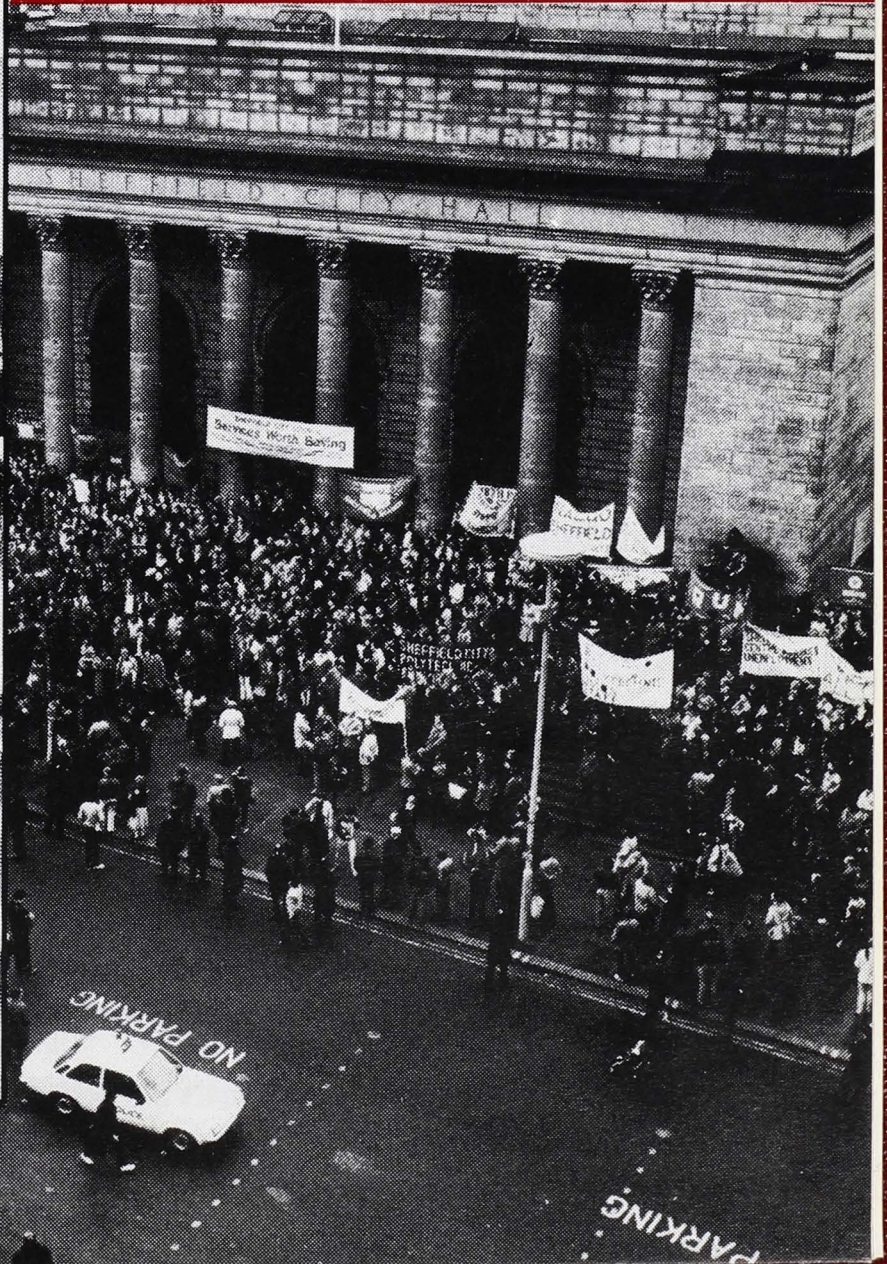
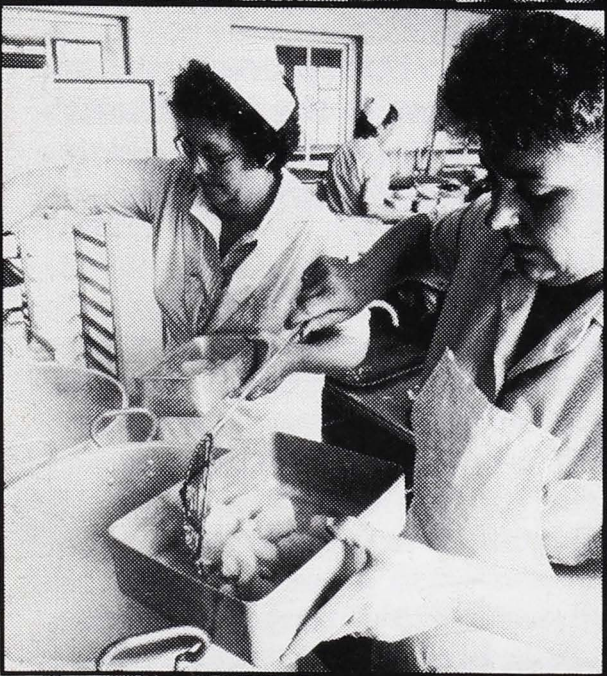
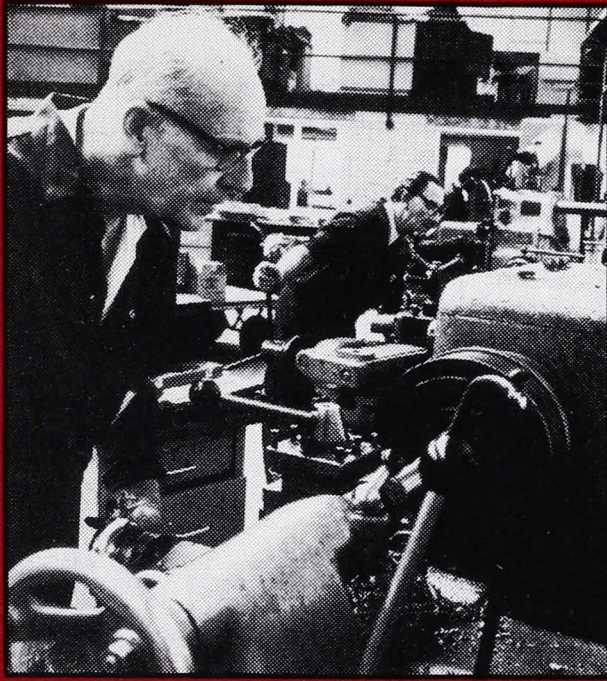
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Fabian Society
No. 491

Building from the Bottom

The Sheffield Experience

David Blunkett &
Geoff Green



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Building from the Bottom: the Sheffield Experience

chapter

1	Introduction: Winning the Argument	1
2	Relating Economic to Social Strategy	3
3	A Local Economic Strategy	7
4	Workplace Democracy: Changing the Social Relations	15
5	An Alternative Social Policy	20
6	Conclusion	28

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The authors would like to acknowledge the contributions of fellow members and officers of Sheffield City Council, especially officers of the Employment Department; and of those who have worked on the Manifesto Working Groups of Sheffield District Labour Party.

This pamphlet, like all the publications of the Fabian Society, represents not the collective view of the Society but only the views of the individuals who prepared it. The responsibility of the Society is limited to approving the publications it issues as worthy of consideration within the Labour movement.

October 1983
ISBN 7163 0491 0
ISSN 0307 7535

Photographs Martin Jenkinson
Designed & printed by Blackrose Press (TU)
Photoset by Range Left Photosetters (TU)

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1. INTRODUCTION: WINNING THE ARGUMENT

During the 1979 General Election campaign, many Labour supporters said 'Margaret Thatcher is the best asset we have got'. She embodied the simplistic, deeply selfish and individualistic world of a vicious right wing strain of Conservatism. They thought the electorate would reject it. They grossly underestimated our opponents. The Conservatives not only won that election, but in succeeded in winning the 'hearts and minds' of ordinary working people and their families. Materially, two Conservative Governments have inflicted untold misery on millions of people coping with unemployment and the destruction of welfare services. Politically, (even without the Falklands) they have achieved the incredible feat of not only maintaining public support, but changing the climate of opinion, transforming the whole atmosphere of debate. Conservative ideas more than Labour's disarray won them the 1983 General Election.

This pamphlet seeks to re-establish the importance of ideas in winning the political battle for Labour. We argue throughout that we can win only by reconnecting economic issues with social issues. The major political question is not simply a choice between economic strategies, Conservative or Labour, to meet generally agreed social priorities. These priorities (except the most abstract notions of universally good health and adequate shelter) are themselves under attack. The determination and confidence of Margaret Thatcher's Conservative Government has created a perceptible shift in the social and political climate of the country. The Welfare State had been an essential part of the long post-war political consensus. Conservatives and social democrats together may have disagreed with socialists by arguing for a market economy, but all agreed

that its excessive inequalities should at least be tempered by collective social provision. It is this 'welfarism' which is now being undermined.

The new Conservative strategy has two aims. The first is to destroy the working class tradition of 'collective' or 'community' approaches to organising social well-being, and to replace it by an individualistic self-centred approach, often disguised by the otherwise legitimate term: 'family' ("I want the best for me and my family"). Second, and related, is to implant a perception of society where individuals compete and look after their own interests as commodities or factors in a consumer-oriented market place. As workers they compete to sell their labour and skills as a commodity. As consumers they act as individuals in purchasing for their own needs and requirements - a new version of

democracy. Extending this view of market forces from the economic market place into all aspects of life requires not simply encouragement by the Government, but determined demolition of the collectivist ethos which stands in its way.

Our challenge is built on the experience of the community of Sheffield under attack from a hostile government. It is not primarily a negative exposure of either government weakness or the wider contradictions of capitalism. That is more easily done by members of a powerless parliamentary opposition or by socialist academics abstracted to the margins of their polytechnics and universities. Our analysis comes instead from the difficult but positive struggle to implement socialism in a great city which has been almost continuously controlled by Labour since the 1926 General Strike. Our ideas come out of trying to create an administration which might prefigure a wider socialist society. Our local constituency – the people of Sheffield – we describe as a ‘community’ because it conveys a sense of shared experience and interdependence. The collective organisation required to underpin solidarity between carers and cared for, tenants and construction workers, parents, children and teachers, those in work and those on the dole, is built around principles long embodied in the trade union movement. Following Labour’s second General Election defeat in a row, and with a weakened Parliamentary Labour Party, we see Labour local councils, whether in cities, towns or counties, as the focus for socialist resistance and advance on the political wing of our movement, mirroring trade union resistance on the industrial wing.

The marriage of principle and practice spelt out in the following chapters – the illustrations of Sheffield City Council activities – should not be read as any definitive description of achievement. Progress is slow and there is much to learn. Like the pioneers of municipal socialism

we started out with certain basic principles. We have kept to them, tried to avoid fudging and retained our electoral support. But their application to the complex world of local government has refined, reinforced, even challenged our strategy for social and economic change. If we have learnt one lesson in common with other Labour controlled councils, it is that our services have to be improved before they can be supported by their users and defended against our opponents. No one will easily defend a socialist principle (like for example direct labour) if it is encapsulated in a service (like council house repairs) which is paternalistic, authoritarian or plain inefficient. So the first and consistent principle behind Sheffield City Council’s yearly budget has been “to maintain our existing level of services and overall job numbers” in the teeth of government opposition. And Sheffield has been widely acclaimed by socialists for doing so. But the stand is untenable unless we continuously review, improve and make more accountable the service we provide. Equally important then are our second and third budgetary principles, to “switch resources to reflect our changing social and economic priorities” and to “ensure we provide services sensitively and efficiently.”

It is a long way from abstract principle down to earth with a bump, but the distance must be travelled and re-travelled if we are to hold out a realistic vision of socialism. Struggling to save what we have achieved in our cities and towns motivates and involves men and women in the democratic struggle for socialism. It gives strength and solidarity, creates resistance, builds in the end a mass movement. But it is also the opportunity to re-think the fundamental questions about ‘why and how’. Labour’s task in the coming years must be creatively to combine theory and practice. It must encourage its members through their personal experience to raise the key questions of how wealth is created,

how value is created, and how we should distribute the fruits of our natural assets and endeavours.

2. RELATING ECONOMIC TO SOCIAL STRATEGY

We are losing the battle of ideas. Our vision of a socialist society is fading. Our explanation of economic decline and social despair is in retreat. We are back to the 1930's, not just economically but politically too. Then, as now, mass unemployment did not automatically trigger a socialist revival or a commitment to an alternative economic and social strategy. Quite the reverse: a National government of Conservatives and Labour defectors was elected in 1931, and again in 1935. The Parliamentary Labour Party was numerically weak and politically ineffective. Socialist resistance to government policies was led by certain towns and cities. For much of the 1930s Labour controlled Sheffield, Glasgow, Derby, Hull, Norwich and Stoke, half the London boroughs and twenty industrial towns in the North. Then and now the practical application of social policies to protect the working classes was the primary responsibility of local administrations. In their struggle to implement progressive policies in a hostile economic climate they laid foundations for the physical and social construction of our cities by the post war Labour Government and, because of the consensual strength of these ideas, by its Conservative successors also.

The Limits of Social Democracy

Our challenge, 50 years later, comes from

the similar experience of administering a broad range of services of the City of Sheffield in a nationally bleak and uncompromising political climate. And first it must be said that the task is more difficult now

because of concessions of principle made by Labour Government ministers in the past. They were, first of all, material restrictions on local government expenditure which obviously predate these last Conservative administrations; back, most famously, to Anthony Crosland's announcement that "the party's over". Equally, they were ideological concessions. Labour spokesmen in government and opposition have agreed that the wealth of this country, and in any other capitalist economy, is created by private industry and spent by the public sector. They distinguish, then, a productive private sector and a non-productive public sector. Logically, it follows from this general economic assertion that candy floss is productive, an extra stair rail for a handicapped person is not. Rubber ducks, plastic gnomes and fruit machines create wealth; council houses, school text books and wheelchairs dissipate it. Should those distinctions be too crude then a supplementary argument is brought to the rescue. No matter what the product, goods or services, its worth revolves around whether it is produced by the public or the private sector. Thus the home helps who are employed in increasing numbers by Sheffield City Council are thought to be a bad thing, if not intrinsically, then because the nation cannot afford them; whereas the Home Angels, the parallel private service for those who can afford it in the private market, are a good thing.

An economic definition which is essentially social democratic in origin thus ends up supporting – or at least not denying – Conservative arguments for privatisation. This underlines the need for a clear socialist analysis of production and social expenditure. The social democratic wing of the Labour Party has always separated the two. The first, they argue, constrains the second; the nation can only spend what it can afford. Throughout the prosperous 1950's and 1960's the two sectors grew in parallel, a material expansion in the wel-

fare state shelving for a time internal party disputes about the balance between public and private expenditure. A slowdown in economic growth and consequential run-down in social expenditure by two Labour Governments brought the contradictory pressures to a head. At the beginning of this period of economic stagnation and decline Anthony Crosland argued the social democratic case most famously. After defeat in 1979, Joel Barnett, who had fought to contain public expenditure as Chief Secretary to the Treasury, retained the distinction between a productive private sector and a spendthrift public sector in an article which declared it "Time to re-examine the dogmas with a low growth economy" (Guardian, 19 June 1979):

"If we don't want Sir Geoffrey's rolled-back (public sector) boundaries to be permanent, we in the Labour Party will have to draw up our own. It would be as well to recognise now that some areas of public expenditure that have become almost an Ark of the Covenant of socialism may have to be sacrificed for higher priorities."

Our view is that the struggle for democratic control of total national resources can only be successful if we reject these economic myths embraced by the Conservative Party and half-accepted at all levels within the Labour Party.

Producing for Need

Our alternative owes something to the popular planning ideas developed by shop stewards in Lucas Aerospace, as well as being a reflection of our own experience. But it has never really been integrated into the economic strategy pursued by the left wing of the Party. For them, too, there is a primary distinction between a productive economy and a programme of social expenditure. Successive versions of an Alter-

native Economic Strategy which stem from *Labour's Programme 1973* are still essentially confined to extending central state control over the economy, and so increasing its productivity and efficiency. The implication is that Britain can then afford greater social expenditure. It has the ring of Morrisonian nationalisation: a great many resolutions to the Labour Party Conference for the last 10 years are so many variations on the old Clause IV which figured in the revisionist debates of the early 1960's – control over the means of production, distribution and exchange, the commanding heights of the economy. This programme is often translated into 'putting the nation back to work', or 'saving the country's manufacturing industry'. But these narrow interpretations could so easily be taken as an end in themselves, social expenditure following as a by-product, an affordable benevolence out of successful economic regeneration. Our clear aim in contrast is to reinstate the central relationship between alternative economic policies and a social strategy. In short we should produce for need.

What is required then, is an economic strategy and a social strategy which go hand in hand. If a socialist economy really is about controlling the *means* of production, distribution and exchange, then social policy is about *ends*, about putting the wealth and resources so created at the disposal of the community. Few socialists would disagree with this argument in the abstract. The challenge is to translate it into practice. Instead of goods and services being defined in money terms (their exchange value), they are defined by usefulness. The steel produced in Sheffield is important then because it serves the useful purpose of making surgical instruments or wheel-chairs for the disabled, not because the process of steel making produces a profit which is taxed to subsidise the national health service. If we can reassert this interpretation of products and services, then it is easier to uncover who

created them and to make the social connection between producer and user. The producers of Sheffield's steel are currently defined in market terminology as companies making a profit or loss, sometimes able to pay taxes, more often receiving subsidy. According to our different definition steel producers are those people who work in the industry, on the shop floor or in offices, using their experience and skills, drawing on the raw materials and machinery produced by their colleagues in other industries. A social strategy then is to put at their disposal, and at the disposal of the community of which they are part, the wealth and resources *they* have created. The slogan "from each according to their means, to each according to their needs" should not mean handing out the surplus to those who cannot afford to live in a market economy. It means a reordered society; it means the restructuring of our economy and the use of our resources for the benefit of all.

The Bridge of Local Experience

These ideas are not new. They stretch back to Marx's distinction between use and exchange value, and have formed an essential plank in many socialist programmes since. But they are on the wane, vulnerable to counter-attack as idealistic or unworkable because we have failed to convince through everyday experience in our cities and towns those who must be won over to support for a broader socialist society. We cannot expect any general acceptance of collective ownership, control of the economy, or of universal social provision if people remain unconvinced or hostile to the local expressions of these principles because they are either inefficient or unaccountable. How, for example, will council tenants be won over to the nationalisation of the building industry if their weekly experience

of the Council's direct labour organisation is that it is inefficient and remote from their control? They will not be persuaded by the theoretical arguments of an incoming Labour Government if their local experience tells them otherwise. Equally, a central Labour administration will lose support unless it draws in the everyday experience of working people: not just the general opinions they hold on a range of issues, but the skills they can offer because they have applied socialist principles locally. Steelworkers know what is wrong with the steel industry because they have worked in it; they would resent any central state intervention which did not build on their experience. Women who have experienced the physical battering of husbands and lovers have worked out locally some solution or temporary refuge; they would rightly criticise any government, local or central, which, in co-ordinating a broader response, ignored the lessons of their local struggle.

A start in making the connections between local experience and wider economic and social strategies can be made in local government. It will not always be the best place to continue the fight, but with a hostile central government and a trade union movement currently enmeshed in a defensive economism because of the great economic slump, it gives us a singular opportunity. For the central questions cannot be ignored in our towns and cities. In levying a local rate each year on industrialists and householders we are obliged to reconcile our traditional re-

sponsibilities for education and welfare with our disintegrating local economic base. The connection between the local economy and social expenditure is a live political issue. All local authorities are necessarily concerned with democratic accountability. Labour controlled councils must be especially concerned that there is not a mass upsurge to defend either local services or local democracy; how they defend their very existence cannot be postponed. Sheffield Labour Party's 1982 manifesto shows that defence is also an opportunity to explore how to build mass support for a socialist administration:

"We intend with the commitment and co-operation of those who work for us and those who receive services to change the way in which services are delivered to make them more sensitive and responsive. We intend to extend democracy within the workforce to generate ideas and the power to implement changes. We intend to harness the needs of the community to the productive capacity of local industry; to link the industrial worker with those providing essential services in the public field. To this end our industrial and employment policies, which reflect a modern version of the pioneering work done by our predecessors, will take the democratic framework of local accountable government into the fields of manufacture and service industries. We will thereby link the process of democracy at work with the needs of the local community in their widest sense."

3. A LOCAL ECONOMIC STRATEGY

In any regeneration of the economic and industrial life of the country, local initiatives in themselves will only play a small part. But they can make a wider political impact; not only committing people to new kinds of work experience but winning them over to a vision of a very different kind of society. Multi-national companies dominate our national and local economies and socialism must challenge them by controlling the 'commanding heights', but to prepare the way and sustain positive support from our people we must avoid structures which destroy the innovatory process of building from the bottom.

Economic Planning and Local Initiative

It is difficult to reconcile local initiative and local accountability, the processes which release creativity and uncover latent skills, with the other important socialist concept of economic planning. It is easier to relegate one or the other. Yet our experience of the dramatic decline in Sheffield's steel making capacity these last few years makes clear the connection between local production and national demand. Sheffield's major industrial area, the Lower Don Valley, has been devastated. Only five years ago its factories employed 40,000 people in steel making and the downstream processes of stamping, forging, and engineering. Now only half that number of people are employed. Factories have closed, some have been demolished, and the new half empty factory units are beleaguered in a great new wasteland. Sheffield City Council is planning to improve the environment and re-

establish a social infrastructure, and is currently supporting combinations of local steel workers in their fight against further job reductions. It cannot be done in isolation from the wider economy, capitalist or socialist.

Sheffield's special and bulk steel industries have been in structural decline since the early 1970's. Despite a whole series of mergers and rationalisations which has shifted control from local industrialists to financial conglomerates, their successive owners have been unable to compete with European and Third World producers. An international slump has further depressed demand for Sheffield steel products. Any amount of local organisation cannot escape that reality. And in a more rational alternative, a planned economy, local production would still depend on national need: it is inconceivable that all our stainless steel, bright bars and forgings could be consumed in Sheffield. Their allocation according to social priority must ultimately depend upon collective ownership of the means of

production, distribution and exchange. Anything done at local level should not be seen as an alternative to bringing about a dramatic shift towards democratic socialist change from a national level. Clearly, the international and national ramifications of economic and industrial activity outweigh any possibilities of socialist change taking place in isolated pockets in individual local areas. It is therefore as part of a total national jigsaw and not as separate endeavours that local community responses must be seen.

Against Remote Bureaucracies

Economic planning is, then, essential to a socialist economy. Many people accept the principle. But equally, the way successive Labour Governments have begun to implement it in practice has lost much of that support. National plans, planning agreements, sector working parties and a range of activities associated with National Enterprise Board initiatives will fail unless they actively involve the community. Putting the resources of the community at the disposal of working people is not helped by massive bureaucratic processes which currently deter or even destroy their personal efforts. Regional Agencies and certainly Regional Planning Councils or secretariats may well make a contribution to macro-economic planning but appear irrelevant to those working on the ground. Similarly, the public corporation can hardly be held up as an example of the way in which nationalisation has committed ordinary people to socialist ownership of the wealth they have created.

A shift in resources and power towards ordinary working people and their families has clearly not been achieved by the magic formula of nationalisation or benevolent legislative change. It does not take a genius to calculate the response of those working

in manufacturing industry to questions about the relevance of sector working parties or well-meaning plans arrived at after discussion at national level. Waiting for the 'next Labour Government' to change the world, to legislate for democratic control and the economic millennium, will not do. Parliamentary action cannot miraculously change the world, nor should it. This is not to deny the central role of the state: a framework for local opportunity depends upon a massive national swing of resources behind working people. However, the political strength needed to bring about that change and sustain it requires the active rather than passive involvement of local communities. We must win their heart and minds. As the Sheffield Brightside CLP resolution to the 1981 Labour Party Conference put it:

"Only with a partnership between an identifiable local community and a government committed to social ownership and control will people understand and commit themselves to the programme of regeneration and redistribution of our vast resources".

The Vital Role of Local Government

Local government has a vital part to play in persuading people to relate their local experience in workplaces or communities to a broader advance to a better society. But there is little doubt that the yawn of boredom, which is the traditional public response to anything related to local government, has been reflected inside the Labour Party at national level for many years. When in opposition fighting the Conservative Governments Labour has paid lip service to local democracy. General Election manifestos have been at best ignorant of it, sometimes antagonistic. To read the traditional rhetoric, one would have to believe that housing, edu-

cation, personal social services, transportation and leisure facilities, were administered directly from Whitehall. Whilst some civil servants and anti-socialist politicians would wish this to be true, an embryo of democratic freedom at local level still manages to survive.

When in office, Labour Governments have used local government as a convenient screen behind which non-socialist policies have been imposed on ordinary working people and their families. We have carried the can of national failures. If we can overcome this legacy and show that local council activity is relevant to the well-being of people in the community it serves, then we must not confine ourselves to a dwindling number of services, but play a part in the industrial and commercial life of the area. If we genuinely believe in social ownership and democratic control of economic and industrial activity through direct intervention, then logically local government, as well as and not instead of central government, should be a vital tool in this process. Indeed the more distant prospect of a Labour Government after a second successive General Election defeat gives the primary task of reconstruction to those working in the regions and in our cities and towns.

So what can local councils do? It has to be recognised at the outset that the material impact they can have in reversing the trends of national and international capitalism is extremely limited. In particular, a local authority, even when working in conjunction with other organisations, is unlikely in the present economic and political climate to be able to make a major contribution to the numbers of jobs created and preserved. However it can use its particular position within the local economy to set up small scale demonstration projects designed to explore and illustrate the planned production of goods and services to tackle unmet needs in the community. It can use its political authority to provide leadership

and resources to workers facing job loss. The key to the successful implementation of these projects is to recognise that work has to be carried out in conjunction with the people who produce the goods and services and with those who need and use them. It is a Utopian vision that 'workers' plans' spring up overnight as a reaction to the threat of redundancies. Such alternatives arise out of struggle and are generated by dialogue and discussion between workers in different state departments and plants and firms and industries. Local councils can provide a constructive framework by taking two kinds of initiative: first, helping plan the local economy; and second, supporting greater democratic control over each productive unit within it. This chapter will examine the first.

Planning the Local Economy

(i) Research – Take first the broader task of relating resources to needs. The general principles of an economy geared to social priorities were outlined in the last chapter. Already local authorities make some of these connections in practice. But it is an exercise traditionally limited by the range of services they provide. We really need a better grasp of how the state relates to the local economy. So the first task is to investigate the structure of local industry – its products and processes, ownership and control – to see how it might be bent to meet social priorities efficiently. In Sheffield this is a major responsibility of the Council's new Employment Department (though in time the City Treasury too will be weaned away from an almost exclusive concern with internal accountancy).

Almost from the beginning we recognised that we could never gain a comprehensive grasp of the local economy, even if that contentious concept were accepted, nor could there be a realistic

blueprint – a centralised plan for how to manage it – because this presumes resources and power clearly beyond the capacity of the local state. Instead the Department's research section has concentrated on those elements of the economy which provide some focus of resistance or socialist change. Research is then primarily a resource to local workers and the local community. So, for example, investigation into the steel industry in 1982/3 was part of a steel campaign which serviced trade union representatives from a number of local firms: British Steel Corporation, Firth Browns, Doncasters, Umbrako, Barworth Flockton and others. The intention was to make these discussions the basis for developing a more elaborate alternative plan for the industry within the context of an alternative economic strategy which will generate demand for steel products; hence the local campaign for railway electrification which brought together the Joint Shop Stewards Committee at GEC Traction (Sheffield), the Confederation of Shipbuilding and Engineering Unions No. 28 District, and the two rail unions ASLEF and the National Union of Railwaymen.

In other institutions this kind of investigation is often in danger of becoming too academic and remote from those workers it is ultimately designed to serve. In the Employment Department the pressures are the other way, to sacrifice a thorough long term overview in order to meet information deadlines set by workforces or communities who have reached a critical stage in their negotiations with owners and managers of industry. The balance is a difficult one, but there is no doubt that an investigation geared to the needs of local people and drawing on their experience and priorities provides a much more realistic overview of the local economy than a survey conceived in a rarefied institution and paid for by a hostile government, or those with capital to spare.

(ii) The impact of local state expenditure – In Sheffield we have looked again at the early pioneers of municipal enterprise to see if a restatement of their principles might revive our current council activities and allow us to expand into new fields of economic activity. But equally important in forming our ideas have been the consistently negative Government pressures to privatise those services we already run and to cut the local rates, especially those paid by local industry. This has forced us to re-examine and restate the basic interdependence between the local state and the local economy. Local authorities' primary task has always been to provide socially useful services – housing, education, care of the elderly and handicapped and environmental health. Carrying out these functions makes them an essential part of the economic life of any community. They raise rates and spend vast amounts of community funds. Their employment of people generates in turn important economic activity which supports and stimulates a vast range of employment opportunities not directly related to the services of the authority.

This activity, along with the purchasing power of the local authority, can significantly affect jobs in industry and commerce with a chain reaction effect which has often been grossly underestimated. The monetarist argument of central government is a simplistic view that industry creates wealth and the public sector spends it; that rate demands 'crowd out' investment in industry and lead to redundancies. The evidence to support this position is slim. Anecdote and hearsay are no match for an avalanche of redundancies in cities where councils have reduced expenditure to government guidelines. In our 1983 Budget leaflet we were able to show how Birmingham, under successive Labour and Conservative administrations, had "cut its 56,000 workforce by 7,000 – making redundant teachers, building workers, architects, home helps, care-

takers and dinner ladies". Yet there had been no private sector revival to complement this. "As local people are reminded daily by their MP's and local newspapers, the West Midlands economy and that of Birmingham in particular is devastated. Unemployment in Birmingham remains substantially higher than in Sheffield"; and much of the difference is directly attributable to local authority redundancies.

In contrast, Sheffield City Council provides socially useful employment for a stable workforce of around 31,000. Our home helps and teachers surely make as much contribution to our economy as stockbrokers or steel workers employed by the private sector. Council spending in 1983 on goods and services from 900 local firms – worth around £20m – stimulated the local economy and sustained private sector employment. We do not know precisely how it does so nor how we can make the maximum impact. That remains an important strategic task for the local authority as a whole – departments co-ordinating social provision with the local economy. Building houses, schools, roads or old peoples homes, all draw in the resources of the local economy, not merely in construction, but in the production of materials, equipment, furniture and fittings. Proposals to put thousands of building workers back to work through a new housing programme are meaningless without plans years in advance to ensure that both the land and the designs are ready and waiting for action.

Equally, local authority procurement policies could be tailor-made to the capacity of the local economy, as a first step towards their better integration. It is often the workers themselves within the local authority, those struggling to save their jobs in industry, and the neighbourhood itself, who can see the obvious things which require producing. They can see where goods are inadequate for the task in hand or where they are simply not available at all. Skills, initiative, land, property and

equipment, all exist within the locality and yet stand idle or are misused in the drive for private profit. Local authorities in any one area, or a range of particular authorities carrying out a specific function, require the provision of goods and materials which they themselves could produce. The examples of municipal enterprise of the past could now become updated to the community enterprise of the present day. It is not such a radical departure from the past. Major nationalised undertakings – gas, water and electricity – now taken for granted were the innovatory children of 19th and early 20th century local government.

(iii) **Finance** – Local authorities are the biggest financial institutions investing in Britain's provincial cities. But this dominant position is limited both by their legal powers and by their politically contentious rating base. It is difficult enough to maintain our traditional social expenditure. Even if Sheffield Council were legally able to invest more than the product of a 2p rate in local industry, there are political limits to the amounts which can be raised from working class householders. We must look for external finance, and it seems logical to tap into pension funds generally and specifically those controlled by local councils. The principles underlying their investments should be the same as those governing the people's bank which supports the Mondragon Co-operative, in Northern Spain. When a Sheffield delegation visited the bank – the Caja Laboral Popular – in March 1981, we found it uses the money of the people to re-invest in those people. By making available resources to support the endeavours of those people in creating work, it stands in stark contrast to the idiocy of the financial institutions in the United Kingdom. Easy, short term profitability and rapid gain at the expense of the long term viability of the community itself are rejected in favour of carefully planned and well thought through investments which

may expect no return for three years or longer. Investment is in the lives of the individuals and the well-being of the community. Low interest rates for some balanced by considerable long term gains for others put the CLP in a powerful but not over-riding position. The people and the co-operatives are, of course, the bank and the future of the bank depends on those people and the community around. Its money is not placed safely abroad yielding profit at the expense of the local community, but essentially depends on the prosperity which it helps to create. Such are the principles which should guide our own financial institutions. There is a strong case for dismembering the large conglomerates into regional and local banks, restricted to raising and lending money in the local communities – a first step towards bringing together the real wealth producers, politically as well as economically.

It has been difficult in practice to secure the co-operation of even those pension funds which are most clearly entrusted with the deferred wages of local workforces. The West Midlands County Council, leader in the field, has gained for productive local investment a proportion of the new money flowing each year into its workers' fund, in order to secure the industrial and therefore rateable base upon which local authority employees ultimately depend for their livelihood. But it has been a long and hard struggle, hedged around by narrow definitions of what is an acceptable return on an investment. And there are problems of accountability even in that limited success. Investment decisions are effectively distanced from democratically elected councils or workers' representatives. The 'arms length' institutions designed by progressive councils to get around certain legal requirements bring a danger of substituting one smoke filled room for another. Unless those in the smoke filled room are actively accountable to their members they can easily be seduced by the capitalist logic of their

professional advisers – merchant bankers, estate agents and stockbrokers.

During 1982 and 1983 the West Midlands County pension fund investment most evident to the people of Birmingham was the construction of a prestigious office block and banking hall next to the Central Post Office, since the names of councillors on the investment panel were there for all to see in letters one foot high. No doubt the intention is to invest in socially useful production but it is difficult in practice to escape the pressures to conform to a traditional equation of property development – especially since a by-product is construction jobs. In Sheffield then, where we do not even nominally control the pension fund, and where thinking at the County level (which does) has not matched that of the West Midlands, our aim is not primarily to shift large amounts of capital from one investment to another in an unreformed capitalist economy. Rather it must be actively to involve our local people in their pension fund so they themselves can make the connection between the wealth they have created by their labour and its investment in the economy. Leaving aside formal questions of control, our aim is to develop in Sheffield projects which unite workers and users; which need for their creation the accumulated wealth of past labour; and which benefit the wider community. These projects are then put up to the pension funds for them to act upon. A good example (the subject of a great deal of local discussion in 1982 and 1983) is the Combined Heat and Power Project which recycles the surplus heat produced in electricity power generation. If coal is used as a primary energy source it would benefit the local mining industry. On the other hand, the system is so fuel efficient that great numbers of residents living in 'fuel poverty' would for the same outlay be able to afford warmth and comfort. But large amounts of capital investment are required to build a new power station and a piped system for carrying heat to the community.

What better investment, we ask our colleagues in the National Union of Mineworkers, is there for the National Coal Board Pension Funds?

(iv) **Harnessing the private sector** – A local authority can only intervene systematically in the local economy if it is equipped with both an analysis of local industry and a realistic assessment of the resources it can make available. Even then there is a major dilemma. On the one hand we must plan and implement a long term strategy which harnesses private to public sector enterprise or creates partnerships within the public sector. On the other hand there is political pressure to resolve short term crises – whether or not to bail out a firm which employs a great many local people but does not fit into any plan. There is a danger that this ‘fire-fighting’ will obliterate planned intervention. In the first two years of its operation it seemed that Sheffield’s new Employment Department might succumb. More than 500 firms, partners, individuals or potential co-operators applied for routine assistance; many were on the brink of bankruptcy. Only very crude guidelines existed to channel through certain kinds of project and exclude others. Officers were sinking beneath a barrage of requests. These pressures were compounded by major crises – when for example the workforce of Viners sought first to rescue this famous cutlery firm, and when that failed, to form a workers co-operative. Hostility to the Viners rescue by other cutlery firms and their employees finally persuaded the Employment Committee that many of their resources were simply propping up one firm at the expense of others in the industry who may become more marginalised as a direct result of intervention. There are two lessons. First, to develop an overview of the industry or sector as a whole as a prelude to planned intervention. Sector working parties have developed this work. Second, following a cool appraisal of those early, heady days, it is clear that the Department cannot have

much impact on overall job numbers within an established industrial sector, so the emphasis should be on reforming (by planning agreements or otherwise) the working conditions of those who remain employed.

Though ‘new technology’ often evokes feelings of uncontrollable change, we have paradoxically been able to plan our intervention much more systematically in this field than others. From the beginning we adopted certain principles, drawing on the experience of Lucas Aerospace Shop Stewards gained drawing up their alternative product plan. First, the Employment Committee has emphasised a ‘user centred’ design approach so that the final product meets a real community need, as opposed to developing a product and *then* searching for a market. Good examples are hygiene aids for the disabled, a hearing aid for the profoundly deaf and an advanced dehumidifier aimed at alleviating condensation damage to property. Product development is geared to local community needs so that the City Council, as purchaser of products and services, can, through its Employment Department, plan production for social need relatively protected from the vagaries of the market. Production could be within the public sector or by co-operatives dedicated to working closely with us as part of a common plan.

Second, we aim to develop within Sheffield the technology based industries which preserve skills and jobs, and draw on Sheffield’s resources of knowledge and expertise to develop new employment. Third, we want ‘human centred’ manufacture and design systems, in contrast to those which relegate men and women to machine appendages. So we reject ‘technological determinism’ – the fatalistic belief that the trend of current developments is inevitable and must be fully exploited and implemented to maintain a competitive position within the local economy. It is a rejection, in short, of the essentially social democratic separation of productive processes (which, they say, the state should leave alone) and the final products (which

in aggregate, they say, should be shared out a little more equally than the market alone would dictate). In Sheffield our alternative will take time to implement fully in practice. The product development companies formed jointly with the local University and Polytechnic, the Development Centre (arising from the established ITEC) and the Metal Information Centre are all in the first phase of their development.

(v) Economic planning and environmental planning – Lastly, in developing a framework for local economic initiative, economic planning must go hand in hand with environmental and socio-economic planning. The way our cities are rebuilt should reflect our social and economic priorities. Until the 1960's their physical structure was a legacy of Victorian capitalism. In the 1970's, and specifically after Peter Shore's inner city initiative in 1976, the economic conception of inner city decline, like regional imbalance before it, was social democratic. Capital was to be encouraged into the problem areas and indeed into most local authority areas by a series of inducements or concessions and by publicly funded infrastructural works. There was no question of controlling investment, minimally negotiating planning agreements or, more radically, gearing it directly to meet social priorities. Instead, a soundly based capitalist economy was encouraged (by Labour as well as Conservative controlled councils) as necessary for the expansion of local welfare provision; home helps would be paid for from the surpluses generated by local industry and commerce.

'Bribing' large scale enterprises (including multi-nationals) to an area simply shifts the deck-chairs on the Titanic. The Tory Government's emphasis on gestures such as Enterprise Zones and Urban Development Corporations are examples of this. Experience shows that billions poured into the private enterprise begging bowl has often enabled companies to make massive profits without any net gain in

employment. Any continuation of this discredited process inevitably leads to the same defeats and disillusionment as in the past. Do we really want local authorities competing for largesse, passed down by a paternalistic parliamentary process, competing for crumbs from the multi-nationals' table?

In Sheffield we have rejected that approach. Regeneration must come from the bottom not the top, from the actions of countless ordinary people working in creative combination. But the free market destroys or distorts community endeavour, binds innovation to risk, and rewards those few groups who own land and commercial property and capital more than those who develop and produce the necessities of a humane society. The 1983 Labour Party Manifesto commitment was quite clear:

"We shall take explicit powers to link land use planning firmly with the economic and social planning of local authorities."

In Sheffield the District Labour Party Manifesto Working Group on the Environment, meeting for the first time in 1982, developed a strategy which will subordinate council owned property and land to the wider economic and social requirements of this community. Accordingly after the local elections the committee structure within the Council was reorganised to put that commitment into effect – the Estates Department which previously reported to a separate committee whose primary aim was to maximise capital receipts and rents from Council owned property and land is now accountable to the Planning and Environment Committee. Equally important there is an increasing recognition by officers that land and property can be organised to promote community initiatives rather than the speculative requirements of private developers. The pleasant environment planned to replace the dereliction of Sheffield's industrial East End is for the people of Sheffield as workers or users, not for the bearer of footloose capital driving up the

motorway from London. The proposed 'Technology Campus' in the city centre is not a 'science park' to attract capitalist entrepreneurs in competition with 50 other locations. Instead it will provide the physical framework which best draws in local creativity and expertise, reinforces the benefits of co-operation rather than individual gain and subordinates technical advances to community needs.

To summarise, these are five elements in planning a local economy geared to social needs, fitting together a complex jigsaw of local resources. But if building from the bottom is more than simply stitching together local initiatives, then it requires cohesion and control at the regional and national level. The socialist transformation of these wider economies would reflect and in turn be reflected in the activity at community level where people could genuinely identify and play their part in what was going on. Clearly, the problem

of linking industrial sectors with the new approach requires considerable care if regional development agencies are not to emerge as a new bureaucratic and conservative force. A different kind of regional assembly should draw its power from below rather than from above; local authorities and local trade union organisations would nominate the membership of a new regional coordinating body along the lines of *An Alternative Regional Strategy* by MP's John Prescott and Tom Pendry. At a national level this alternative would be given coherence by the socialist policies of a Labour Government. One way would be to request all local authorities to draw up 'industrial policies and programmes' just as county authorities are currently requested to draw up structure plans. But it would take a radically different approach to avoid the alienation from previous structures and institutions devised to carry out a shift towards a socialist Britain.

4. WORKPLACE DEMOCRACY: CHANGING THE SOCIAL RELATIONS

Equally as important as economic planning is democracy within each of the resource units – within the financial institutions, the planning agencies and particularly the factories and workshops which make socially useful products. And here too local authorities can play a critical part. There are some general principles which apply equally to local

government and local industry. Just as we must work hard to involve the great mass of people in implementing essential public services, so our intervention in the local economy necessitates an acceptance of a wide ranging programme for industrial democracy. For traditional local government this poses as radical a change in thinking and practical working as it does for the centralist bureaucracies of the national corporations. Without this radical change we are doomed to the bureaucratic centralist stereotype offering little more to the individual than a change of signature on his or her redundancy notice.

The Local Authority as a Model Employer

There are a number of practical steps we can take to give workers more control over the labour process, over their day to day pattern of work. Indeed, because it is unlikely that the local authority can make a major contribution to the number of jobs created or preserved in the private sector, it is probably around the reform of social relations that it can make the most impact. In Sheffield we do not claim to have achieved the ideal: there is criticism and continuing debate about the great differences of income, the low pay of certain manual and clerical grades, the bonus system of payment for construction and maintenance workers, the under-representation of minority groups and women in senior positions. On the other hand it is generally agreed by the Labour movement that the Council's record on these matters is much better than most of the private sector and exemplary on job security, union recognition, hours and conditions, health and safety and training, particularly of apprentices. Taken together these arrangements can provide a kind of model for other workforces. And in many instances we are in a position to bargain for an extension of good working practices in the private sector. For example, tendering conditions for private building contractors have been tightened so that they

match the procedures we adopt for our own direct labour – minimum health and safety regulations, a standard ratio of apprentices to craftsmen, the elimination of lump labour. These conditions might be extended to the 900 or so local firms who supply other goods and services to the council. They are already codified in the planning agreements drawn up by the Employment Department to govern aid to private industry.

Co-operatives

Planning agreements are defensive; they increase the bargaining power of a workforce but do not remove the fundamentally antagonistic relations between capital and labour. Company owners still retain the assets of the company and cream off as much of its surplus as the unions will allow. Work patterns reflect this conflict. We cannot ignore the central economic forces of our market economy, but there are alternative forms of organisation which challenge its political and ideological supremacy.

Sheffield City Council's 1981 delegation to Mondragon was primarily to find out what kind of support and help local and central government might be able to give similar ventures in Britain. That over 17,000 jobs had been created in the past 25 years, in modern manufacturing industry

as opposed to service or part primary producing co-operatives, made the visit to Northern Spain particularly important. Like all co-operatives within a capitalist framework, the Mondragon experiment involves compromise and accommodation to the economic realities of the private enterprise market, but the ethos and the purpose are not those of capitalism. They are, in short, one and only one democratic option for those looking for a socialist way forward giving an identity and sense of purpose to those who take part, and providing the dignity and self-respect which flows from genuine involvement in that crucial aspect of life: employment.

This community identity has a great deal to show us; and not in a parochial and narrow sense. It makes us realise that grandiose schemes which fail to touch those for whom they are intended, slogans which merely rely on investment targets and sector growth, without recognising who it is that will achieve those ends, are nothing short of paternalist betrayal. Individuals joining the Mondragon co-operative movement provide a money stake. But this is less important than their commitment to collective work. People do not become capitalists because they have a stake in the undertaking for which they work. It is the obtaining and creaming off of surplus value from the efforts of the people to those who have made no contribution to the process of production, at the expense of those giving their labour, which distinguishes capitalism from the genuine investment of the community.

There are, of course, dangers recognised by the people themselves. The problems of co-operatives working in an alien market economy provide numerous pressures to respond and conform. The danger of isolation and syndicalism is appreciated by the wide range of Mondragon people who are happy to talk in Spain's new found democracy. There are similar dilemmas in Sheffield. The City Council has contributed to the local co-

operative movement by granting it funds to pay for two full time development workers. And in the first year half a dozen industrial co-operatives had been created; nothing yet on the scale of Mondragon, but a success story nonetheless. However, in the current recession it is difficult to find work and some of them rely on sub-contracts from their former employers: Aerex Resurrected Machinists (ARM) on making components for Edgar Allen Aerex, the Parkway Co-operative on sub-contracting work from the Davy Corporation. Large multi-national companies have a vested interest in fostering this dual economy, cutting overheads and increasing their sensitivity to market fluctuations by farming out component production or assembly. The new co-operators on the other side of the market equation might well find themselves squeezed by any downturn in demand from their monopoly consumer and lower their incomes in order to survive. It is a form of self-exploitation made bearable only by the ideology of co-operation: wage cuts of a similar order would be resisted by those same workers in a traditionally capitalist firm.

One way out of the dilemma is for the co-operators to disentangle themselves from a single dominant consumer by developing new products. The Employment Department's product development officer, a recruit from the shop stewards combine which produced the Lucas Aerospace Alternative Plan, is contributing to this. It is important to reinforce the connections between socially progressive forms of organisation and socially useful products. Without a set of social objectives our mainstream industrial co-operatives might easily be sucked into producing, if not nuclear bombs, then the components out of which they are built, or the machines which make the components, or the machines which make the machines which make the components. In the end, of course, all things are connected and simple morality should not arbitrate on the

cut-off point. Instead we can begin to create an alternative product demand, locally at first as an example, which recognises that social priorities can only be met by goods and services.

Practically, a local authority can guarantee demand for co-operatively produced goods. For example, there have been extensive 3-way discussions between Sheffield City Council, willing in principle to introduce an energy saving heat pump into its council housing stock, the MONS Co-operative of machine-tool builders capable of making it, and Sheffield Works Department Shop Stewards whose members would want to install it. In practice these discussions have lagged behind the parallel development of a service co-operative, Traffic Systems, which in 1982 won its first major contract with South Yorkshire County Council to maintain traffic light control units. Not only is this an initiative from redundant GEC workers wanting to serve the broader community with their skills; it has also broken the stranglehold of big firms who had charged twice or even three times as much for the same service. The two examples do underline both connections of principle and practical alliances which can be forged between workers. Of course, even in such an arrangement, the co-operative depends upon local authority contracts and that contractual system is underwritten by a cash nexus. But some of the uncertainties and inefficiencies which contracting usually creates, wasteful competition for short term pieces of work, redundancies followed by overtime and in turn lay offs, might be lessened by joint planning between the local authority and producer co-operatives.

Municipal Enterprise and Direct Labour

In 1932 the Sheffield City Council Labour

Group introduced their booklet *Six Years of Labour Rule in Sheffield* by restating the principles behind their administration:-

"The programme upon which Labour appealed for support was wide but plain and definite in its purpose. Its mainspring has been wherever possible to use the great municipal machine for the improvement of the City and bring the greatest health, educational and cultural benefits to the people. In the trading departments Labour increased the services and reduced the costs so that the benefits of municipalisation would be for the many, and not a comparatively few wealthy ratepayers."

Direct labour was clearly a central plank. Before they took control of the City in 1926, the local Labour movement had long campaigned for a direct labour organisation capable of avoiding the building trade rings of private contractors who inflated house construction costs and made enormous profits in the post-First World War building boom. This was the first municipal enterprise to be set up after the election. It was followed by Britain's first municipal printing department and in 1929 by a municipal abattoir. By 1932 Sheffield City Council was even building all its trams.

It should be remembered that Liberal and Conservative controlled City Councils introduced direct labour for house construction in the 1890's and bought out private gas, water, electricity and tramway undertakings. So the principles behind municipal enterprise have always been ambiguous – on the one hand, they serve the interests of capital, providing a sometimes unprofitable but necessary infrastructure; on the other hand, they can underpin progressive forms of organisation. Our first task then, before considering new forms of municipal enterprise, has been to rediscover the principles behind those we already have, not in the abstract, but alongside those who work for them or use their services. The impetus has come

from external events: Conservative government pressures have focused our work. In April 1981, a section of the 1980 Local Government, Planning and Land Act came into operation. Direct labour organisations were to be forced away from providing a building, repair and maintenance service according to need, into a contracting company operating for profit. Clearly, Sheffield Works Department was threatened; caught between a no redundancy policy on the one hand, and on the other, a workload threatened both by cut-backs in capital expenditure and the new legislation. The political dilemmas facing councillors were similar to those experienced with the sale of council houses. They might concede principles (in this case the no redundancy policy) because they did not have the support of the wider Labour movement, crucially in this case, the commitment of the workforce and their tenant consumers. Our immediate aim, therefore, was to support the Works Department workforce, through the Joint Shop Stewards Committee, and tenants through the Sheffield Federation, in jointly building an expanded and more effective service. This does not imply a dogmatic defence of existing work practices, or a defence of the Works Department as socialist simply because it is administered by the City Council. Instead it is a re-examination and rediscovery of the basic principles of direct labour and the evolution of a strategy hand in hand with reforms designed to make the service more useful and accountable. Neither tenants nor workers will easily support a service as a political principle if it does not satisfy their practical needs.

This early concern to defend direct labour and ensure the 'no redundancy' policy has been so successful that the workforce has actually expanded in a period of national contraction. The main vehicles for giving our work a focus are the Joint Works Group and the Municipal Enterprise Working Group. The Joint

Works Group brings together on a monthly basis a delegation of elected trade union shop stewards from the workforce, a delegation of tenants representatives from across the City convened by the Sheffield Federation, and Labour councillors from the Works Panel and Housing Committee. The Group has worked on a range of issues covering expansion of the activities of the Department: making the working arrangements in the Department more efficient and effective; making the workings and work of the Department more accountable to tenants and workers; exploring the causes and cures of dampness in housing; the inefficiency and inequality of the bonus systems of wages payments; monitoring private contractors; trade union and tenants education; induction and training of workers; and publicity campaigns in support of the Works Department. Formal reports and proposals about improvements to the service are argued through and connections between departments and policies are related to an overall political strategy of expanding direct labour. Proposals for the improvement of cyclic maintenance (Rotawork), the expansion of joinery work and carrying out security services within the Works Department instead of using private contractors have been pursued by the Group. Other ideas under exploration are skip hire and window cleaning services. There have been problems reconciling the involvement of the workforce in the political direction of the Department with the needs of management and consequently the white collar union (NALGO) representatives initially withdrew from the Group. As a result of the work of the Group the policies of the Council towards direct labour and procedures for worker involvement have had to be clarified and this experience has been invaluable in providing insights into the further involvement of users and workers in service development in Departments such as

Libraries, Printing, Family and Community Services and Recreation, and setting the scene for modern municipal enterprise.

To summarise: we have shown how bridges can be built between local experience and broad social priorities. There is an alternative to the powerful ideology of the Conservative Government, but it

will not come out of the remote disciplines of the nationalised industries or a House of Commons Committee Room. Planned production for social needs is universal in its conception but to make sense to ordinary people, to win their hearts and minds, it has to be part of their creative experience.

5. AN ALTERNATIVE SOCIAL POLICY

It would have been politically unwise for the Thatcher administration to attack frontally the community values of inter-dependence and mutual support. They are too close to their belief in charity and voluntarism. They had therefore to create a general climate in which the ideology of individualism is encouraged by changing material circumstances. Government economic policy has political as well as economic objectives. It is not merely a belief that monetarism will work according to the narrowly capitalist criteria of improved productivity and output. The deliberate creation of unemployment has not simply weakened the economic bargaining strength of trade unions and increased profitability. Again, the impact is primarily political. If the trade unions are weakened then so is the Labour Party. Most important of all is undermining that collective experience which comes from participation in trade union activity at all levels. Unemployment does not simply demoralise – it separates and segregates former workers into individual rather than interactive units in the political and economic system. The lessons of the inter-war years have been learnt well. It is clear that acquiescence and not revolution is the hallmark of the British worker under attack. Demoralisation and fear lead to lethargy and despair.

Alongside this process is the onslaught on public service provision. Privatisation of both national and local government services is not merely to provide for greater profit and exploitation of community assets; it plays an essential part in changing the social climate. The privatisation of the education service (including the use of the Manpower Services Commission), and the application of consumerism to health, public housing, essential public protection and welfare and leisure services, are aimed at challenging the existing acceptance of social provision. The individual contract of the market place is to displace community interdependence. The improvements in public provision through municipal enterprise and later national government intervention are all to be reversed. Any challenge which provides a living example of successful public enterprise will receive short shrift. Hence the apparently inexplicable time and energy taken in trying to destroy the public transport cheap fare experiments which clearly do not threaten any national economic strategy.

There is a regional dimension to the attack – a North-South split. The communities which have learnt the hard way the lessons of interdependence are the very ones most heavily under siege. Scottish and Northern towns and cities, close knit around mining, heavy engineering, textiles and steel, are being economically destroyed as the nation's manufacturing capacity is subordinated to multi-national capital. These are the areas where a strong Labour movement generally controls county and city councils. These are the administrations which are most willing to make a stand against central government, but most susceptible to being undermined because past paternalism has weakened their popular support. So the dual attack on local government as an organ of community expression, and the trade union movement as a defence mechanism for those in work, is coupled

with a clarion call to those who are tired of bureaucracy.

Collectivism has, to some extent, sown the seeds of its own downfall through the welfarist approach to the provision of services and the centralist parliamentary benevolence which has led to unattractive and often unresponsive public corporations and administrative bureaucracies. The response to the attack launched on it has often been unimaginative and defensive. It has not led to an aggressive change in winning over people to participate in their own services and socially-owned undertakings; instead provision and facilities have been allowed to deteriorate so that they confirm, rather than refute, the half-truths which form the tirade against them. Playing on prejudice, frustration and political illiteracy is not too difficult for the skilled manipulator. The bewilderment of the opponent merely speeds the process still further. Where a fight is offered, then a combination of legislative change, psychological warfare and media barrage often take their toll.

Service 'Delivery' or Community Participation

So how should Labour controlled authorities respond? They must rebuild popular support not only through the Party machinery, but by internal reorganisation too, by continually re-examining how best to relate their resources and organisation to the community outside the Town Hall. They are currently failing (with notable exceptions like South Yorkshire buses) to attract mass support for the services they provide, whether they be housing, welfare, education, recreation or transport. A major problem is the way they are 'delivered'. We have not provided services *with* people, we have provided them *for* people. Therefore our commitment has been to some sort of paternalistic socialism

where we say "Give us a chance and we will do it for you". We have done that at national level and at local level. We end up being defensive. We are defensive about the role of tenants in housing, defensive about the role of parents and teachers, and defensive about the role of so-called 'clients'. Central and local government services end up being something given to people out of the grace of our good hearts and not something they are participating in and feel to be theirs.

If we are going to get a coherent policy, we need to talk about the way we deliver what it is that we are supposed to be doing on behalf of the people. As socialists, we need to think about the relationship of those we employ with the community for whom they work and to examine the relationship of those who are elected to represent that community with those same people. The interface between the people who are getting something and those who are delivering it, either as elected members or as paid workers, is vital.

If we take social services as an example, we should examine how we deal with the provision of services for the elderly. Are old people's homes somewhere that is separate and isolated from the community in which they are placed, a kind of retreat that people are put into when they are no longer able to cope in their own homes, away from their friends, neighbours and family on whom they normally relied in what we now call the 'community network'? Or is a community home literally that – an actual part of the community, a living part, where people are coming in and out, helping, supporting; where residents are treated as human beings and not as clients. The same question is being raised at national level about how social workers relate to community action and community work. Are social workers part of the community or do they come in from outside as professionals, delivering their expertise to people?

In Sheffield we have tried to create a

climate in which all council workers can examine and convey how their jobs relate to the priorities of the City Council. We have encouraged them to indicate how their organisation might more sensitively respond to the needs of its users. In the last few years there has been immense government pressure on local authorities to cut back their expenditure. Fear and job insecurity normally lead to retrenchment. Budgetary contraction normally stifles innovation. So our task has been more difficult than it would have been in the boom years of the 1960's or the relatively expansionist phase of the 1970's. Our first step then was to assure our workforce in a series of departmental meetings and *Crisis Bulletins* that there would be no redundancies and no overall job loss. Otherwise it might appear (even slip into) a work study exercise favoured by Conservative controlled councils and their business consultant friends. A second step was continually to clarify the overall priorities of the City Council and the value of the services it provides; because if the workforce themselves are not so persuaded, then the great mass of people outside the Town Hall certainly would not be. This almost defensive strategy, the Save Our Services campaign of 1981 and 1982, was forced upon us by central government. But the energy it released, meetings organised by adult education and community workers in halls and centres across the city, has spilled over into a re-examination of where each department is going and how each person fits in.

It has not been easy. It is admittedly difficult to persuade some trade union activists that socialism is not simply about spending money, but equally a question of organisation and accountability (especially when financial restrictions create a suspicion that this new emphasis is pragmatic). Similarly, it remains difficult to get officers to justify the work they do not merely by precedent. There can be no fixed blueprint for how best to respond to

changing patterns of need. It cannot be done in the abstract. Most progress is made when concrete issues of accountability throw up questions of principle. In the Joint Works Group government legislation has promoted wide ranging discussion on the principles behind the service. This applies equally to the Joint Housing Committee and Tenants Group meetings which review tenancy conditions, new construction and modernisation procedures. Most of all the connections between administrative practice and political principle have arisen in debate about decentralising housing and social services into districts of the City. The issues have not been just about efficiency (though this is an important element in municipal socialism) but about political direction and accountability. If, for example, social workers are to be relieved of much management control without, as a dissenting member of the Barclay Committee put it, becoming "a captainless crew... heading in the gusty winds of populist rhetoric with presumption as their figurehead", then how do they become more responsible to the people in their patch? If they are to relinquish their curative role of treating personal problems, and instead regard their 'clients' more as political and social beings – as tenants, parents, pensioners or shoppers – then should they, as some leading local councillors argue, live in the community they serve? It is certainly a question which has exercised the minds of even the most radical social workers currently commuting in from the better parts of Sheffield.

Decentralisation

Like many other progressive councils, Sheffield is experimenting with the decentralisation of services, both in management terms and in operational service delivery and community partici-

pation. The ease with which Thatcher and her colleagues have been able to use the understandable antipathy to bureaucracy to promote so called "free market forces" as a liberating alternative to local and central representative government processes is remarkable. Yet the alienation from the very public services and industries which are socially owned graphically illustrates the distance between public bodies and those they seek to serve. To go beyond better communication or consultation to real delegation of both management and political decision-making brings its own problems. Clear lines have to be drawn between those decisions which affect overall policy resource distribution and political priorities, which must remain a collective and to some extent central process; and the decisions which can and should be taken by neighbourhoods, tenants, community groups, or service recipients.

Sheffield found out the hard way that contradictions emerge rapidly if clarity is lacking in putting out issues to the community. If you have decided to abolish corporal punishment and school uniforms there is no point in asking people to debate *whether* you should, although they might debate meaningfully *how* you should, and they may choose to debate *whether* you should, regardless of 'the mandate'. The exercise has to be credible and effective. The results have to be better than existing experience and the participation has to be genuine. Community development workers, Adult and Community Education resources are all vital in ensuring that moves to real involvement are not open only to the educated and articulate, the loud voice or the organised elite already having access to complex and bewildering procedures, but to all those with a desire to play their part.

Lessons from those who have progressed rapidly on the path of area management and patch based service delivery show that with rising expectations, gen-

erated by information, accessibility and acceptability, comes the danger of frustration, disillusionment and disappointment. Not because things have not improved, but because rising expectations cannot be met without dramatically increased allocation of resources. But if the ballot box is to surpass the bank balance for deciding how we distribute our wealth and order our lives together, then democracy must work and liberty and freedom must be seen to come from socialist solutions. If the democracy we seek in the working environment, in the decision-taking within the financial institutions who currently hold so much power, or in the community which they should be serving is to exist for millions of ordinary people, rapid and drastic changes are needed. Outdated defensiveness and the clinging to past mistakes must go. We must challenge trade union practices and re-grading claims leading to mindless obstruction as socialists and not as employers playing gamekeeper turned poacher. Sheffield District Labour Party's 1983 manifesto summarises well both the opportunities and the dilemmas:

"If we are properly to rid ourselves of unnecessary bureaucracy and make the service more locally accountable, this will not be done merely by decentralising offices. The location of power and responsibility also has to shift back to local communities. Too many decisions (the allocation of telephones or caseloads, for example) are taken by centrally based senior officers, and the result is delay and insensitivity. We believe a much greater proportion of the decisions, including the allocation of resources, should be taken by those workers in direct contact with the public. To achieve this change we pledge first of all to update and issue clear statements of policy so that reasonable consistency can be achieved. Second, we will develop a structure which will enable decisions to be taken jointly by field, residential, day care workers and users where

all are actively involved. Obviously it will not mean that staff are given a free hand to ignore policies, priorities and guidelines and if decisions are not in future to be passed up for managers to determine, then workers will need to accept that the decisions they take will sometimes be challenged and they will be expected to justify these decisions if so challenged."

A Co-ordinated Social Policy

Sheffield Labour Party's 1983 manifesto marked a break with Labour welfarism which has dominated the Party locally as well as nationally for 30 years. It mirrors the emphasis of the City's Labour pioneers on redistributing wealth, not benevolently or residually from surpluses accumulated by industrial and commercial ratepayers, but by extending public control over production, distribution and exchange: in other words, preventing economic inequalities rather than compensating for them. Nevertheless we are faced in practice with a range of local authority services which could be redistributive, and probably are not. Can we then make for a more equal society by discriminating positively in favour of the disadvantaged? Can we tackle poverty by concentrating our efforts where they are most needed, rather than where the traditional power base has ensured they have gone? Can we tackle causes not symptoms and put our weight behind those people who often so loyally put their faith in us? Instead of muddled expediency, could we have the kind of positive discrimination which supports all those fighting to rid themselves of oppression and exploitation, arising from the negative discrimination so obvious in sexual, racial and physical differences within our distinctly unequal society?

The short answer is, with difficulty. We do not yet have figures which show the

geographic distribution of council resources in the City together with a measure of how far they compensate for the inequalities so clearly reaffirmed by the 1981 Census. If we did, then they would probably show how the mainline programmes of the major spending departments are shaped more by tradition and precedent than radical reappraisal of need. Discussion and exhortation may cut through the complexity of superficial appearance to the basic causes of inequality, and counteract departmental inertia. Meanwhile we must show the way with our pinprick of an Urban Programme which at least makes clear our target groups and how the limited money available is to be allocated between them. However it becomes clearer, as our understanding of the inner city increases, that mainline council policy may create the problems in the first place. Few socialists would deny that in Sheffield a consistently large programme of public investment in the inner city has avoided the excessive dereliction of cities like Liverpool, Manchester and Glasgow. But it cannot be denied also that the design and construction of much of the inner-city stock, combined with our allocation policy, has come close to creating ghettos of unemployed and otherwise disadvantaged people.

The great gaunt Hyde Park and Park Hill complexes, and the 1930's walk up flats right in the city centre, vividly illustrate the need for discussion with potential users about how to meet their needs as well as providing the resources. It is not just a question of corporate management within the authority, but a real sensitivity, a real service to the people of Sheffield, providing something of use rather than an abstract commodity. If we are to get a response from them then we must look at social policy as a whole and not each service in isolation. When people want help, they do not want to be told that it is nothing to do with Social Services, or it is

nothing to do with Education, or perhaps you had better go somewhere else! When they look to the community to support them, they expect the local authority to provide services across the board. They expect Education, Social Services, Housing, Recreation and Planning to talk to each other, to talk about real issues such as how to help handicapped people, how do we cope with stress in a community, how to deal with the problems of growing old. In how many local authorities are those issues being thrashed out – not what policy we are going to have this year in Education – but what policy are we going to have this year for children, what policy are we going to have this year for the elderly or for disabled people?

We should start talking about the issues that matter to people and not the historic specialisms that local authorities have developed. Obviously there are lots of examples where decisions taken by one department are disastrous for the provision of services by another. A large number of local authorities are unable even to co-ordinate the benefits and rights services that they give to people. People go to one department and fill in a great pile of forms and are told that perhaps they might well be entitled to something else in Education or Housing if they would take themselves along there. They manage to get there, and if they are in a wheelchair, they find that the office has been placed down three flights of stairs and there's no lift. When they finally get there, they are told "Fill in this pile of forms". They fill them in with their heads spinning and they are lucky if they can read the jargon because nobody has consulted the Adult Education Department on literacy. Instead of it being easy, it becomes a major exercise in initiative and ingenuity to get what you are entitled to, and that is an absolute disgrace.

We are now looking towards an era where we can say to someone coming to our door, "Never mind about the fact that

your problem is not for social services, you will be helped, guided and encouraged to take up all you are entitled to, to get the services you need and not necessarily the services you first asked for." If we are going to do that, the need is not for corporate management in the sense of setting up a centralised bureaucracy who hold management team meetings and talk about it regularly each week. The need is for people on the ground, councillors and workers, actually to look at the way in which they are delivering services, to get together, talk about it in a human sense with the people themselves who require services. The Council's aim, particularly in the last two years, has been to encourage the active involvement of inner city residents in shaping the future of their areas. Some councillors live in the priority areas, most of them in the wider inner city area. And many council officers spend much of their working day there. But they alone cannot sustain the vitality of each community. Helping the residents themselves to give expression to complex needs, supporting their aspirations, is an essential part in regenerating our city. It is not primarily a question of responding to individual grievances but of supporting their collective contribution to the life and well being of their neighbourhood. The aim is not only to provide resources which can be managed by locally based volunteers. Equally it must be to jointly determine a framework in which all the intricate dimensions of the City's mainline policies are accountable to their users and subject to their democratic participation.

Agencies of Change

We must involve those people who work in the field to provide the services. Without denigrating professional skills, we must nevertheless deploy them within a consciously political framework of cause

and effect. It is no good counselling somebody on how to manage on a cut in supplementary benefit when what they want is a decent income. It is no use trying to counsel somebody on how to cope with the stress of a young family and child battering when what they need is rehousing. We must help the teacher and professional housing or social worker to be able to see their role clearly in terms of community action. That means the people who work for local authorities have got to be committed to a new type of politics. They are not expected to be members of the Labour Party, but they should have a commitment not to an isolated individual but to the community itself. These workers should be able to see that they are part of community action, that they are part of the political education with a small 'p'. Then the whole of our services can be thrown behind working people, the local state used as an example of what we could do as a socialist government at national level.

Commitment to the broad aims of a socialist council should extend up to the top of the officer hierarchy. So often the enthusiasm and innovation of those who work in the field are stifled by layers of bureaucracy, even an arrogance by senior officers that they have nothing to learn from people who are technically their subordinates. We must then (and have in Sheffield begun to) open up a freer, more creative dialogue between councillors and the whole range of local authority workers, getting away from the traditional system where policy is decided between chairmen and chief officers.

This is not the same as arguing for a wishy washy pluralism in which every view point is equally valid. An active, creative district Labour Party should itself produce and continuously review a local manifesto, and the Labour Group on the Council should be accountable to it. Council departments should, therefore, be geared towards its implementation, their officers bringing skills and experience to make it effective.

The result is a partnership of equals; councillors are technically in charge but they cannot develop the services they provide without the active, creative support of the workers they employ to run them. This is why the principled commitment of those workers right the way up the hierarchy is so vital. Senior management cannot, for example, run a direct labour organisation, defend it against government attacks, think of ways, and encourage their workforce to think of ways, of making it more responsive to users' needs, if in principle they do not support it, or support it lukewarmly against Conservative and big business alternatives. The campaign to defend South Yorkshire's cheap fares policy illustrates the point even more vividly. If officers believe in it they will find ways to defend it. In 1982 they came close to undermining it. With a range of legal interpretations available on whether the cheap fares policy was legal after the Law Lords ruling on the GLC initiative they chose to run for cover. Only the concerted actions of the Labour Party and committed councillors saved the day.

Finally, we must relate the work of a local authority to all the other agencies operating in a city or town. A first step is some sensible co-ordination between the services each provides. A second is to reshape the policies of what are often inadequately accountable bodies according to democratic socialist principles. So often in a district there are local representatives sitting on various local branches of the central state, on Health Service committees, university councils and Manpower Service Commission panels. We know from the work of local authorities just how much the responsibilities of these bodies overlap. Yet there is no clear policy towards them. Local Party manifestos have in the past dealt with local authority responsibilities only. We need to rethink new local forms of accountability.

In Sheffield we have made a start with the Health Care Strategy Group. There was a recognition that despite an effective socialist majority on the old District Health Authority, largely comprised of local authority nominees, there was no real development of socialist health care in the City. Our nominees were in some ways relegated to being regarded as managers, who might prevent excesses such as the reintroduction of pay beds into the National Health Service, but who did not have the links with sympathetic workers in the field to argue creatively an alternative. The Health Care Strategy Group, sponsored and financed by the City Council, draws into a fragile yet creative alliance delegates from the health trade unions, the Socialist Health Association, the Community Health Council, Trades Council, District Labour Party, Labour Group and Socialist Women's Health Groups. Many agenda items are short term reactions to chronic underfunding of the service, but gradually they are consciously welded together into a health strategy for the City which emphasises primary, preventative, community health care in contrast to the curative, high technology hospital based service currently favoured by the medical profession and their business friends. We support the Health Group in widening horizons to overcome the artificial ground rules which legally hem in the local democratic institutions of the community. The contradiction between strong local support and little effective action to commit a greater share of resources to preventative care and to democratise the Health Service requires major debate about the representative processes in this area. We should consider how the community health parts of the National Health Service could be brought back again under the wings of locally accountable local government.

6. CONCLUSION

It is no accident that the Tories have chosen to launch a bitter and devastating attack on local government, and on socialist Labour councils in particular. Along with trade unions, socialism in the community provides not just a defence but a real alternative to our opponents. The Tories know that examples of community enterprise and social ownership and democracy at local level threaten their re-structuring of our economic and social relationships. To destroy socialist initiative at local level is seen by them as destroying the last areas of Labour's strength and with it the base from which to rebuild a committed socialist party with real popular support.

If we are to have a cause rather than a fragmented set of policies, no matter how valuable, then we are by necessity required to set out an alternative set of values to those of the Thatcher Government. We must spell out why the economics of the market place and private enterprise itself create an unacceptable society, and how the concept of community can form an alternative to that of greed and self-interest as the only motivator of innovation and initiative. This pamphlet does not pretend to offer all the answers, but it does set out ideas which reflect libertarian, democratic socialist values in a community setting. We have argued that the work of the early pioneers of local government showed how community, rather than private, interests could solve the major social and economic obscenities of the past; and sought to suggest how their example can be reflected in the technological era of the late twentieth century.

The Labour Party is the only major political force which grew from the grass roots upwards, placing people in Parliament to enable the community itself to carry out the work it had begun. Whether through trade unions in industry, or local government in the community, men and women turn to Parliament to enable the resources of the State to be thrown behind them in bringing about radical change. They did not hand over their task, believing that parliamentary Socialists could legislate

benevolently for the millenium. Today the task of building a mass movement requires the same vision and commitment as the democratic socialists of the past displayed in the formative days of the Labour movement.

It is important that the Party nationally reflects the movement in the country. The Party must draw upon the radical experience of socialist councils who now provide a fertile source of ideas and energy for socialist reconstruction. Socialist local government also provides a wealth of organisational experience which in recent years has not been so obvious at national level in the Party. We have drawn lessons from sometimes bitter local experience whilst the Labour Party is in opposition nationally. And the single most important lesson is that we must improve our services before we can defend them. We must bridge the gap with democratic machinery which releases the potential of our workforce and encourages active democratic involvement by all our people. If we can stimulate the community action that brings people into the Party and get them to relate their local community problems to a sense of political purpose, then we have begun to change society. All the talk about socialism, all the talk about a new radical approach is useless unless it commits ordinary working people with us. Having won the hearts and minds of our people, we simply cannot fail.

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Building from the Bottom: the Sheffield Experience

With a second right wing Conservative Government firmly entrenched for the years immediately ahead, only Labour controlled local administrations have any opportunity to apply in practice social and economic policies to protect working people. David Blunkett and Geoff Green argue that today, as in the 1930s, it is Labour local authorities which, in their struggle to implement progressive policies in a hostile economic climate, can offer the focus for socialist resistance and advance and lay the foundations for social reconstruction. They describe the local economic and social strategies being pursued in Sheffield – Britain's fourth largest city – where in May 1983, despite reductions in Government grants and subsidies amounting to £258 for every household over four years and consequent rate increases to avoid cuts in jobs and services, Labour increased its share and took an absolute majority of the vote. They stress that Labour councils must improve their services in order to be able to defend them, but believe that local socialist initiatives can establish in a community setting an alternative set of values to those of the Thatcher Government.

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